

GREATER LETABA MUNICIPALITY



OVERSIGHT REPORT ON 2014/15 ANNUAL REPORT (MARCH 2016)

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ANNEXTURES TO THE OVERSIGHT REPORT

- Minutes of the MPAC Public hearing on Annual report 2014/15
- Attendance registers

1. Tittle page

Oversight Report on 2014/15 Annual Report



2. INTRODUCTION AND BACKGROUND

2.1. Introduction

The purpose of this report is to present to Council the report of the oversight committee on the 2014/2015 annual report of Greater Letaba Local Municipality for consideration and adoption by Council.

2.2 Background

Council is vested with the responsibility to monitor the performance of their respective municipality, as requested by the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). This oversight responsibility of Council is particularly important for the process of considering annual reports.

The MFMA and MSA recognise that Council has a critical role to play to ensure better performance by municipal departments and entities. There now exists an explicit linkage between the strategic goals set by Council through the IDP, which are translated into the budget, and the delivery of those goals, which is reported in the Annual Report.

It is important for Council to ensure that the budget gives effect or expression to priorities contained in the IDP. A good budget will lay a basis for better oversight and cement the contract between the Executive/Council, the administration and the public.

The MFMA gives effect to financial management reforms that place greater service delivery responsibilities on managers and makes them more accountable for performance. Whilst, in the first instance it is left to the mayor or the Executive Committee to

resolve any performance failures, ultimately the Council is vested with the power and responsibility to oversee both the Executive Committee and the administration.

Separation of roles

The separation of roles between the Council and administration is intended to strengthen the oversight function of Councillors. Good governance and effective oversight and accountability are predicted on there being this separation of functions. It is fundamental for the achievement of the accountable system of local government.

Council oversees the performance of the administration through Council and committee meetings. The mayor provides the link between the Council and administration and is responsible for regular monitoring and for tabling reports before the Council.

Therefore, the administration is responsible for the day-to-day operations. This separation avoids conflict of interest and a “referee/player” situation.

The MFMA further assumes a separation between Councillors serving on the Executive Committee (i.e. the Mayor or Executive Committee) and non-executive councillors.

This separation is vital to ensure Council maintains oversight for the performance of specific responsibilities and delegated powers to the Mayor or Executive Committee.

The MFMA gives Council a number of financial management tasks to fulfil its oversight role.

The adoption of an “Oversight Report” is one such task.

Municipal Finance Management

MFMA Act No 56 of 2003 – on municipal financial manager

(Role of Municipal Officials)

Accounting officer fiduciary duties

The accounting officer of a municipal entity must:-

- i) Exercise utmost care to ensure reasonable protection of the assets and records of the entity.
- ii) Act with fidelity, honesty, integrity and in the best interest of the entity in managing the financial affairs of the entity.
- iii) Disclose to the municipality all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the municipality.
- iv) Seek within the sphere of influence of that accounting officer, to prevent any prejudice to the financial interests of the parent municipality or the municipality.

The accounting officer may not:-

- i) Act in a way that is inconsistent with the responsibilities assigned to accounting officers of municipal entities in terms of this Act; or
- ii) Use the positions of privileges of. Or confidential information obtained as accounting officer, for personal gain or to improperly benefit another person.

Section 77: Top Management Financial Delegation

The top management of a municipality's administration consists of:-

- a) The accounting officer;
- b) The Chief Financial Officer;

- c) All senior managers who are responsible for managing the respective roles of the Municipality and to whom powers and duties for this purpose have been delegated in terms of the act;
- d) Any other senior officials designated by the accounting officer;
- e) The top management must assist the accounting officer in managing **and** co-ordinating the financial administration of the municipality.

Section 78: Senior Management in Financial Management

Each Senior Manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within the respective areas of responsibility to ensure that the municipality is carried out diligently , effectively, efficiently, economically and transparently;

- (a) That there is a system of financial management and internal control;*
- (b) That the financial and other resources of the municipality are utilised properly;*
- (c) That any unauthorised, irregular or fruitless and wasteful expenditure is reported;*
- (d) That all revenue due to the municipality is collected;*
- (e) That the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary;*
- (f) That all information required by the accounting officer for compliance with the provisions of this Act is timorously submitted to the accounting officer; and*
- (g) That the provisions of this Act, to the extent applicable to that senior manager or official, including any delegations in terms of section 79, are complied with.*

Section 101: Reports and Reportable Matters

The accounting officer of a municipal entity must report, in writing, to the municipality any financial problems of the entity, including:-

- (a) Any impending or actual:-
 - (i) under collection of revenue due;
 - (ii) short falls in budgeted revenue;
 - (iii) overspending of the entity's budget;
 - (iv) delay in the entity's payments to any creditors; or
 - (v) overdraft in any bank account of the entity for a period exceeding 21 days; and

(b) Any steps taken to rectify such financial problems.

The accounting officer of the municipality must table a report referred to in this subsection in the municipal council at its next meeting.

Section 102: Irregular, Fruitless and Wasteful Expenditure

On the discovery of any irregular expenditure or any fruitless and wasteful expenditure:-

Management of the municipal entity must promptly report in writing to the Mayor and municipal manager of the municipality and to the Auditor General:-

- a) All particulars of the expenditure;
- b) Any steps that have been taken;
- c) To recover the expenditure, and

d) To prevent a recurrence of the expenditure.

Management of a municipality must promptly report to the South African Police Service any:-

- a) Irregular expenditure that may constitute a criminal offence; and other losses suffered by the municipal entity which resulted from suspected fruitless and wasteful expenditure;
- b) Other losses suffered by the municipality which resulted from suspected criminal conduct

Section 171: Financial Misconduct – Accounting Officer

The accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently:-

- a) Contravenes a provision of this Act;
- b) Fails to comply with a duty imposed by a provision of this Act on the
- c) Makes or permits, or instructs another official of the municipality to make and
- d) Provides incorrect or misleading information in any document which in terms of regulations of this act must be-
 - i) Submitted to the mayor or the council of the municipality, or the other organ of the state, or be
 - ii) Made public

Section 171: Financial Misconduct – CFO (continued) +

The Chief Financial Officer of a municipality commits an act of financial misconduct if that officer deliberately or negligently:-

- a) Fails to carry out a duty delegated to that officer in terms of section 79 or 81;
- b) Contravenes or fails to comply with a condition of any delegates of a power in terms of section 79 and 81;
- c) Makes or permits, or instruct another official of the municipality to make an unauthorised, irregular or fruitless and wasteful expenditure; or
- d) Provides incorrect or misleading information to the accounting officer.

Section 171: Financial Misconduct – Senior Manager (continued)

A senior manager or other official of a municipality exercising financial management responsibilities and to whom a power or duty was delegated in terms of Section 79, commits an act of financial misconduct. If that senior manager or official deliberately or negligently:-

- a) Fails to carry out the delegated duty;
- b) Contravenes or fails to comply with a condition of the delegated power or
- c) Makes an unauthorised, irregular or fruitless and wasteful expenditure; or
- d) Provides incorrect or misleading information to the accounting officer for the purposes of a document referred to in this subsection.

3. METHODOLOGY

In order to formulate its opinion on the annual report and present its comments thereon, the MPAC committee enquired from the accounting officer (AO) on the issues listed hereunder and sought evidence, where necessary. The MPAC committee also discussed the contents of the annual report with the accounting officer and management staff in one MPAC committee meeting dated 11 March 2016. The issues MPAC enquired on are, amongst others:

- a) Discuss recovery plan with management, Audit committee and MPAC.
- b) Consequence measures to be followed by management

4. RESOLUTIONS AND STATEMENTS

The Municipal Public Accounts Committee (MPAC) of Greater –Letaba Municipality, having fully considered the 2014/15 Annual report of the Municipality on behalf of Council, the representations thereon, and in accordance with the provisions of Section 129(1) of the Municipal Finance Management Act, resolves that:

- 2.1 Council **ADOPTS** the MPAC Oversight report with reservations.

5. Schedule for considering the 2013/14 Annual Report

The following advert was adopted for publishing the 2014/15 Annual report and inviting members of the public to make comments and submissions to the 2014/15 Annual report.

PUBLIC NOTICE

PUBLICATION OF 2014/15 ANNUAL REPORT AND INVITATION FOR COMMENTS AND INPUTS

Greater Letaba Municipality has adopted its 2014/15 Annual Report during its ordinary council sitting held on the 29th January 2016. This is in line with the provisions of Section 121 (1) of the Municipal Finance Management Act 56 of 2003.

Local communities, interested stakeholders, parties, structures and organisations within Greater Letaba Municipality area of jurisdiction are invited to submit written presentations in respect of the 2014/15 Annual Report.

Copies of the 2014/15 Annual Reports will be available during working hours from 07h30 to 16h30 Monday to Friday at the following places: Greater Letaba Municipality 's main Offices, Senwamokgope Sub-office, Kgapane Sub-Office, Mokwakwaila Sub-office, Modjadjiskloof Library, Soetfontein Library. Alternatively the report can be accessed by visiting our website at www.greaterletaba.gov.za

Any person who cannot read or write may come during office hours to the PMS Office in the Municipal Managers Office, Office No D6.

For more information, please contact Refiloe Malungane Tel: 015 309 9246 Fax: 015 309 9419 or email: refiloem@glm.gov.za , Office no D6 at Greater Letaba Municipality (Main Offices), 44 Botha Street. Modjadjiskloof.

Mrs T.G. MASHABA

MUNICIPAL MANAGER

6. MPAC PROCESS PLAN

ACTION PLAN FOR MPAC – 2015/2016



TYPE OF MEETING	DATE	TIME	VENUE
Project Visit	03 July 2015	To be determined	Projects to be identified
Receiving sec 71 report from the accounting officer	09 July 2015	Working hours	Office of the support staff
Working Session	16 July 2015	10h00	Mayor's Boardroom
Project Visit	06 August 2015	To be determined	Projects to be identified
Receiving sec 71 report from the accounting officer	13 August 2015	Working hours	Office of the support staff
Working session	12 August 2015	10h00	Mayor's Boardroom
Receiving sec 71 report from the accounting Officer	10 September 2015	Working hours	Office of the support staff
Strategic planning session	16-18 September 2015	To be determined	To be determined

Working session	24 September 2015	10h00	Mayor's Boardroom
Public Hearing on 1 st Quarter Report	23 October 2015	10h00	Chris Hani Community Hall
Quarterly Council meeting			
Project Visit	06 November 2015	To be determined	Projects to be identified
Receiving sec 71 report from the accounting Officer	11 November 2015	Working hours	Office of the support staff
Working session	25 November 2015	10H00	Mayor's Boardroom
Project Visit	04 December 2015	To be determined	Projects to be identified
Receiving sec 71 report from the accounting Officer	14 December 2015	Working hours	Office of the support staff
Receiving sec 71 report from the accounting Officer	13 January 2016	Working hours	Office of the support staff
Working session	12 January 2016	10h00	Mayor's Boardroom
Public Hearing on 2 nd Quarter Report	22 January 2016	10h00	Mokwawaila Community Hall
Quarterly council meeting			

Consideration of the Annual report	04 February 2016	09h00	Mayor's Boardroom
1. Development and adoption of questions on the Annual report 2. Receiving Sec 71 report from the Accounting Officer	10 February 2016	Working Hours	Offices of support staff
MPAC submit questions to the Accounting Officer	11 February 2016	Working Hours	Office of the Accounting Officer
MPAC meet to consider responses from the Accounting Officer	23 February 2016	10h00	Mayor's Boardroom
MPAC meet with Management for clarity seeking on the Annual report	26 February 2016	10h00	Mayor's Boardroom
MPAC conduct public participation on Annual report	04 March 2016	10h00	Kgapane Hall
MPAC issue public notice for public hearing	07 March 2016	Working Hours	Office of the support staff
Receiving Sec 71 report from the Accounting Officer	09 March 2016	Working hours	Office of the support staff

Public Hearing on Annual report	18 March 2016	10h00	Kgapane Hall
MPAC meet to consider and adopt recommendations on the Annual report to council	22 March 2016	10h00	Mayor's Boardroom
Quarterly council			
Project Visit	05 April 2016	To be determined	Projects to be identified
Receiving Sec 71 report from the Accounting Officer	13 April 2016	Working hours	Office of the support staff
Working session	20 April 2016	10h00	Mayor's Boardroom
Project visit	06 May 2015	To be determined	Projects to be identified
Receiving Sec 71 report from the Accounting Officer	11 May 2016	Working hours	Office of the support staff
Working Session	26 May 2016	10h00	Mayor's Boardroom
Project Visit	08 June 2016	To be determined	Projects to be identified
Receiving Sec 71 report from the Accounting Officer	15 June 2016	Working hours	Office of the support staff
Public hearing on 4 th Quarter report	24 June 2016	10h00	SRDA Hall

Quarterly council			
Tracking the implementation of Council Resolutions	On-going	On-going	On-going



7. THE ANNUAL REPORT

7.1 Process followed:

- a. The MPAC obtained evidence that the community and stakeholders were notified about availability and locations where the annual report would be accessed, Community and Stakeholders were called upon to submit comments on the annual report to specified address or to the designated official and the time frames which had to be adhered to. The oversight committee did not receive any comments submitted by the community or other stakeholders on the annual report. The municipality advertised in media to inform the public about the public hearing on the 2014/15 Annual report.
- b. The MPAC invited AGSA for a briefing session with all members of council on the 12th of February 2016
- c. The public hearing was held on the 14th of March 2016.

7.2 Probing of the Annual Report

Audit finding	Question by MPAC	Response	Recommendations
<p>Procurement of services were deliberately split into parts or items of lesser value of money to avoid complying with regulations</p> <ul style="list-style-type: none"> - Manager SCM and CFO did not ensure that procurement of goods or service is in line with SCM regulations 	<p><u>Question 1</u></p> <ul style="list-style-type: none"> - Why has management not hired a single service provider for the whole program on a fixed amount to avoid splitting of orders? - What action has 	<p>This was not deliberate splitting. The services which were procured were from different directorates, the requests were not brought in at the same time. At the time of procuring the services it</p>	<ul style="list-style-type: none"> - Management must ensure that all the planned activities are advertised and call for service providers that qualify for the project and appoint on time to avoid splitting of

	<p>management taken to avoid the occurrence of the same situation again?</p> <ul style="list-style-type: none"> - Why has management failed to comply with GLM SCM regulations section 12(3)? 	<p>was not easy to detect that it could be a split. Other items were bought as emergency while others as the usual stores items.</p> <p>Management has taken an initiative to advertise these services like loud hailing, supply of electrical supplies and other services. The advertising will enhance compliance with laws and regulations, fixed term contractors will be appointed in line with legislation. The appointment of fixed term contractors will address findings to avoid issues which appear to be unnecessary splitting.</p>	<p>orders.</p> <ul style="list-style-type: none"> - All directorates are encouraged to do their requisitions on time particularly on the calendar activities (council, imbizos, public participations and IDP and budget activities) - Management must comply with GLM SCM regulation 12(3)
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<p>The winning Service providers have not submitted the declaration of interest</p> <ul style="list-style-type: none"> - SCM and Assets failed to implement the stipulations of the Municipal SCM regulations and ensure that only suppliers that have submitted declarations of interest are awarded quotations or tenders 	<p><u>Question 2</u></p> <ul style="list-style-type: none"> - Why did management award projects to service providers who did not submit declaration of interest to the municipality as dictated by SCM regulations paragraph 13(c)? - Was a guide for accounting officers published by national treasury in October 2005 exempted management from following GLM SCM regulations? - What measures has management taken to prevent the occurrence of the same? 	<p>Management agrees that there was an omission in that the service providers which were not registered in the data base did not complete the declaration of interest forms and it was unavoidable to use them. These are companies like Mercurius Motors, JV Hidroliés BK for electrical maintenance.</p> <p>The guide for the accounting officers is developed by national treasury. Where legislation is not clear the guide details and explains the operating criterion which is in line with act and</p>	<ul style="list-style-type: none"> - CFO must ensure that all service providers in the data base have completed the declaration of interest form, failing which, that service provider must not be utilized for any service. - The accounting officer must ensure that all guides serve in council before they are regarded as legislation - Council must make sure that unreasonable non-compliance which is made deliberately, the accounting officer must pay the price. - Portfolio committee
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	<p>- What are the consequences of not adhering to applicable policies and laws?</p>	<p>regulations. The legislation states that the service providers doing business with the municipality need to fill in the declaration forms (MBD 4). The guide states that procurement less than R30 000, PPPFA may not apply which includes declaration of interest.</p> <p>The services which are above R30 000 are advertised for seven days as for formal quotation and bids for 21 days minimum.</p> <p>Non-compliance to laws and regulations result in irregular expenditure and audit findings.</p>	<p>concerned must monitor the previous and future non-compliance</p>
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<p>Written or verbal quotation were not obtained for services above R10 000</p> <ul style="list-style-type: none"> - Purchase requisitions are submitted late to supply management regulation to procure from service providers. 	<p><u>Question 3</u></p> <ul style="list-style-type: none"> - Why has management failed to comply with section 12(1)(c) of MFMA? - What measures has been taken to ensure that written quotation are obtained from least three different prospective suppliers for procurements of transaction value over R10 000 up to R 30 000(VAT included)? 	<p>Management could not comply with legislation due to the supply chain policy which was in place and approved by council.</p> <p>The municipality has reviewed the supply chain policy and the policy is now in line with the regulation and it prescribes minimum three quotations. For all catering services we are now requesting three quotations.</p>	<ul style="list-style-type: none"> - Management should ensure that all prescribes of legislations are fully adhered to without fail.
<p>The bid specification did not specify the minimum threshold for local production and content prescribed in the relevant NT instruction note</p> <ul style="list-style-type: none"> - SCM manager and CFO did not ensure compliance with the 	<p><u>Question 4</u></p> <ul style="list-style-type: none"> - Since AG is saying the issue is not resolved, what is management going to do to 	<p>Management has developed specifications which comply with national treasury instruction note. The local content is now included in</p>	<ul style="list-style-type: none"> - The Accounting Officer must ensure that the specifications on local content are adhered to.

<p>Preferential Procurement Regulations 2011</p>	<p>resolve the matter?</p>	<p>the specifications.</p>	
<p>The winning Bidder did not submit an original/valid certified copy of Tax clearance certificate from SARS.</p> <ul style="list-style-type: none"> - The manager and the CFO did not ensure that tenders are awarded to suppliers that submitted an original/valid certified copy of Tax clearance certificate from SARS 	<p><u>Question 5</u></p> <ul style="list-style-type: none"> - Paragraph 14 of Preferential Procurement regulation 2011, states that no tender may be awarded to any person whose tax matters have not been declared by SARS to be in order, so why has management awarded tenders to 27 companies whose tax matters are not declared by SARS to be in order? - What measures are being taken by management to avoid non-adherence of prescribed legislations? 	<p>Management agrees that in the time of audit the AG did not find the tax clearance certificate in the file. The supply chain office has a challenge of office space for records keeping and some documents are lost in the process. The AG was furnished with tax clearance when responding to the finding and AG confirmed that the matter has been cleared. The filing has improved and the check list is attached to each file to check on completeness of the attachments in the file.</p>	<ul style="list-style-type: none"> - The Accounting Officer must ensure that before making any appointment of the service provider, documents are verified. - Any contract or tender to be awarded must meet all the requirements set, failing which, any irregular expenditure incurred, and the accounting officer will be held liable for the expenditure.

		There is still a challenge of office space.	
<p>Functionality was not used as an evaluation criterion whilst the invitation to tender and bidding documents did not indicate that it would be used.</p> <ul style="list-style-type: none"> - The specification committee did not review the specifications thoroughly to ensure that they comply with the Municipal SCM Regulations 	<p><u>Question 6</u></p> <ul style="list-style-type: none"> - Why was SCM regulation section 28(1) (a) (i) not complied with? - How is management going to resolve the issue relating to kgosi monene because it was audited for non-compliance in 2013/14 and again in 2014/15? 	<p>The specification of the bid was not clear in terms of functionality. The evaluation committee had to evaluate on functionality even when it was not specified. The bidders were all subjected to the criteria of evaluation. The municipality has advertised the Security services at the moment and all aspects of functionality have been included and will later be used as an evaluation criterion. It will not be easy to go back and correct the evaluation and specification then.</p>	<ul style="list-style-type: none"> - The evaluation committee must evaluate according to the advert in terms of SCM regulation 28(1)(a)(i)

<p>Quotations exceeding R30 000 were not evaluated in accordance with the preference point system as prescribed by the PPPF Act.</p> <ul style="list-style-type: none"> - The Manager SCM and CFO did not ensure that the quotations exceeding R30 000 were evaluated in terms of PPPF Act No.5 2000 	<p><u>Question 7</u></p> <ul style="list-style-type: none"> - Why did management award 5 companies tenders even when they were not evaluated in accordance with the Preference point system as prescribed by PPPF Act? - The SCM manager and the CFO failed to comply with SCM regulation 2(a) (b) (ii) of PPPF Act no.5 2000? - What has management planned to do to avert the occurrence of the same issue? 	<p>The transactions identified by AGSA were emergencies that is the reason why the procurement processes were not adhered to. For example, electrical materials and water maintenance were emergencies.</p> <p>Preference system (80/20) was not used by the SCM Manager and the CFO because the transactions were emergencies. Quotations system has been used and the appointment was based on the lowest quotation.</p> <p>Preference point system will be considered in future when</p>	<ul style="list-style-type: none"> - The preference point system must be considered when dealing with emergencies in line with preference point system as prescribed by PPPF Act.
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		dealing with emergencies and all relevant returnable documents will be sourced from service providers.	
<p>Composition of the bid specification committee could not be verified</p> <ul style="list-style-type: none"> - The SCM manager and CFO did not ensure that a bid specification committee is established and those minutes of meetings are retained. 	<p><u>Question 8</u></p> <ul style="list-style-type: none"> - Why minutes of the bid specification committee were not provided to AG when they needed them for auditing? - Did management verify whether or not that those who formed part of the bid specification committee did or did not submit bids for the 54 projects in question as reflected in the management report note 14. <p>Why did management fail to comply with SCM regulations</p>	<p>Minutes of the Bid specification committee were not provided to the AG when they requested them for audit due to the fact that the municipality advertised for the appointment of the consulting services to design and develop the specifications (Bid document) for the project. The engineers also determine the CIDB grading required for the project. The construction tender is advertised based on</p>	<ul style="list-style-type: none"> - Management must adhere to SCM regulation 27(1) and must also submit required documents on time.

	<p>section 27(1)</p>	<p>consulting Engineers designs and bid documents. The specification (completed designs) will be submitted to specification committee to evaluate and rectify the specification.</p> <p>The bid specification committee has been properly composed.</p>	
<p>The bid evaluation committee was composed of officials from departments requiring the goods and services</p> <ul style="list-style-type: none"> - The Accounting Officer did not ensure that the bid evaluation committee consists of officials from the department requiring the goods and service. 	<p><u>Question 9</u></p> <ul style="list-style-type: none"> - The Accounting Officer did not ensure that the bid evaluation committee consist of officials from the department requiring the goods and service, why? - Why has management failed to respond to AG on the 	<p>The management had a challenge in agreeing with AG on the finding. The evaluation committee is chaired by an officer from INDEP and the other members are from corporate services, PMU, community services and finance. The</p>	<ul style="list-style-type: none"> - Management must furnish AGSA with required information on time to avoid such queries.

	<p>finding?</p>	<p>matter was even cleared during the Audit Committee meeting with AG.</p> <p>The finding was responded to and our records and emails can prove that.</p>	
<p>Construction project were not registered in the register of construction contracts with the CIDB within 21 working days</p> <ul style="list-style-type: none"> - The Accounting Officer did not monitor or review compliance with CIDB regulations. 	<p><u>Question 10</u></p> <p>Management has not complied with CIDB regulation 18(1) for Contractors who have accepted written offers to the Municipality within 21 working days, why?</p> <ul style="list-style-type: none"> - If ever they were registered, why was proof of registration with CIDB not provided to AG for verification? - Why has management not responded to AG's finding on the matter? - As a consequence measure, 	<p>Some of the projects are appointed late and these affect the registration of service providers on the website. The AG was given proof that the projects were registered on the website and this was supposed to have been cleared. The finding was responded to and our records and emails can prove that.</p> <p>Management still to work on the program of evaluation</p>	<ul style="list-style-type: none"> - The Accounting Officer must make sure that when projects are advertised, they must be appointed on time after closing date to avoid non-compliance with CIDB regulation 18(1)

	<p>what did management do to address this non-adherence?</p>	<p>and adjudication and that the municipality be able to comply with the requirements of CIDB</p>	
<p>The winning bidder's accounts for municipal rates and taxes and municipal services charges were in arrears for more than 3 months</p> <ul style="list-style-type: none"> - Management did not review or monitor the evaluation and adjudication processes to ensure compliance with laws and regulations. 	<p><u>Question 11</u></p> <ul style="list-style-type: none"> - Management did not disqualify bidders whose municipal accounts for rates and taxes were in arrears for more than 3 months, why has management not monitored or review the evaluation and adjudication process to ensure compliance with laws and regulations? - Why has management not responded to AG's findings? 	<p>Management agrees that the municipal rates and taxes were in arrears. The aspect of materiality on the amount in arrear was taken into consideration. The finding was responded to and our records and emails can prove that.</p>	<ul style="list-style-type: none"> - The Accounting Officer must no longer appoint bidders whose municipal rates and taxes and municipal charges are in areas.
<p>Officials of the municipality did not disclose in writing the full</p>	<p><u>Question 12</u></p> <ul style="list-style-type: none"> - What has management 	<p>All employees in supply chain have disclosed their interest</p>	<ul style="list-style-type: none"> - The Accounting Officer must ensure that all

<p>particulars of the benefit to the council of the municipality.</p> <ul style="list-style-type: none"> - Municipal employees do not declare their interests as required 	<p>planned to do to prevent the issue of officials not disclosing in writing their interest again?</p> <ul style="list-style-type: none"> - Did employees in particular those in SCM disclosed their business interest to council? 	<p>by filling of the required forms. In this case the AG worked on the hearsays as the CK of the service provider does not include the employee in question. The finding was responded to and our records and emails can prove that.</p>	<p>employees declare their financial interest.</p> <ul style="list-style-type: none"> - The Accounting Officer must not allow any company which where a municipal employee is amongst directors of the company to do business with the municipality.
<p>Formal written quotations were not obtained</p> <ul style="list-style-type: none"> - Management did not review and monitor the process of procuring goods and services to ensure compliance with laws and regulations. 	<p><u>Question 13</u></p> <ul style="list-style-type: none"> - Why has management not obtained formal quotations were as SCM regulation 11(2) provides for the procurement of goods and services by way of formal written price quotations for procurement of transaction value over R10 000 up to 	<p>The quotations were obtained; the challenge is the policy which was not in line with legislation. The service providers for accommodation and catering were appointed with one quote in line with supply chain policy.</p> <p>The procurement of loud</p>	<ul style="list-style-type: none"> - The Accounting Officer must adhere to the reviewed regulations.

	<p>R200 000 (VAT included)?</p> <ul style="list-style-type: none"> - Who was responsible for acquiring those quotations? - What measures were taken to prevent the same to happen again? 	<p>hailing has been advertised to resolve the unnecessary findings. For fuel and property evaluation the tenders were advertised and appointed.</p> <p>The quotes are sourced by SCM section as the custodians of the function.</p> <p>The policy has been reviewed and it has been aligned with the legislations and regulations.</p>	
<p>Winning service providers did not declare that its director or members are in the service of the state.</p> <ul style="list-style-type: none"> - The CFO and Manager: SCM and Assets failed to implement the stipulation of municipal SCM regulations and ensure 	<p><u>Question 14</u></p> <ul style="list-style-type: none"> - SCM and Assets failed to implement the stipulations of the Municipal SCM Regulations and ensure that only suppliers that have submitted declarations of 	<p>The service providers appointed are in our data base. The interest is declared when they fill in the forms to register on the data base. The only challenge is the process of checking with</p>	<ul style="list-style-type: none"> - Council must look into possible ways of getting a system that will enable the municipality to check for the status of employment of directors of companies.

<p>that only suppliers that have submitted declarations of interest are awarded quotations or tenders</p>	<p>interest are awarded quotations or tenders, why?</p> <ul style="list-style-type: none"> - Why has management failed to respond to AG's findings? 	<p>treasury the status of the employment with the state. It is easy with sector departments because they have systems to check, but the municipality depends on treasury and it might take too long. It will be user friendly if municipalities can be given access to be able to check on their own.</p> <p>The finding was responded to and our records and emails can prove that.</p>	
<p>HR: Compliance: senior position not advertised within 14 days after council approval</p> <ul style="list-style-type: none"> - Management did not monitor and review compliance with Gazette 	<p><u>Question 15</u></p> <ul style="list-style-type: none"> - Why the position of the CFO was not advertised 14 days after approved by council? - Why management failed to respond to the finding by 	<p>The post of the CFO was advertised in 2013 of which is prior the publishing of the Regulations on Appointment and Conditions of Employment of Senior</p>	<ul style="list-style-type: none"> - All budgeted senior post must be advertised within 14 days after the approval by council.

	<p>AG?</p> <ul style="list-style-type: none"> - What measures has been taken to prevent the same to happen again? 	<p>Managers as quoted by AGSA. It must be indicated the delay was caused by consultation with COGHSTA.</p> <p>An explanation was given to AGSA that the post was advertised prior to the Regulations and the matter was considered resolved.</p> <p>Currently posts are advertised within 14 days after approval by Council.</p>	
<p>Non-compliance with the minimum competency level regulation</p> <ul style="list-style-type: none"> - Management did not review or monitor compliance with the minimum competency levels. 	<p><u>Question 16</u></p> <ul style="list-style-type: none"> - Management has not complied with regulations on minimum competency level section 13 and 14, why? - What measures are taken by 	<p>The minimum competencies has been submitted to COGHSTA and not to National treasury as per the Regulations.</p> <p>The municipality has</p>	<ul style="list-style-type: none"> - Management must comply with minimum competency level section 13 & 14

	<p>management to prevent the same to happen?</p>	<p>responded to the finding and submitted to AGSA.</p> <p>The competency report has served in Council and has been submitted directly to National Treasury.</p>	
<p>The bid evaluation committee did not evaluate the bidder's ability to execute the contract</p> <ul style="list-style-type: none"> - Roles and responsibilities of both the evaluation and adjudication committees were not clearly outlined. 	<p><u>Question 17</u></p> <ul style="list-style-type: none"> - Why management has not clearly outlined the role for both the evaluation and adjudication committees? - What measures are taken by management to prevent the same to happen? 	<p>The bid evaluation committee evaluated and bid adjudication committee adjudicated, the only difference is where the evaluation committee will miss a task like issue on evaluating on functionality the bid adjudication committee will see it as a gap and correct.</p> <p>The roles of both committees are clearly</p>	<ul style="list-style-type: none"> - Management must comply and clearly outline the role of both the adjudication and evaluation committees.

		outlined in line with AG's recommendation	
<p>The auditee does not have a policy/strategy that defines the main purpose and objective for appointing consultants.</p> <ul style="list-style-type: none"> - Management does not have policy or strategy that defines the main purpose and objective for appointing consultants. 	<p><u>Question 18</u></p> <ul style="list-style-type: none"> - Why is the municipality not having a policy or strategy to define the main purpose and objective for appointing consultants? - Management has not responded to AG's findings, why? - What measures are taken by management to prevent the same to happen? 	<p>The municipality has been using supply chain policies and regulations to appoint the consultants for designs and even for finance services. Management has checked with other municipalities and there is no specific policy beside SCM policies. Management still to work on this matter following AG recommendations, and we will also request AG to advise.</p> <p>The finding was responded to and our records and emails can prove that.</p>	<ul style="list-style-type: none"> - Council must develop a policy.

		The policy will be developed before the decision of appointing consultants is finalized.	
<p>Consequence management: investigation reports were not submitted to council, relevant provincial treasury and the national treasury.</p> <ul style="list-style-type: none"> - Management did not review or monitor compliance with laws and regulations 	<p><u>Question 19</u></p> <ul style="list-style-type: none"> - Why did management not comply with regulations on financial misconduct procedure and criminal proceedings 6(3)? - Management has not responded to AG's findings, why? - What measures are taken by management to prevent the same to happen, if not why? If yes, what are those measures? 	<p>Report have been submitted to COGHSTA on a quarterly basis although not serving in council nor submitted to provincial and national treasuries.</p> <p>The municipality has responded to the finding and submitted to AGSA.</p> <p>The report has already served in council.</p>	<ul style="list-style-type: none"> - Management must ensure that all reports relating to misconduct they serve in council before they are submitted to COGHSTA and Treasury.
<p>The reason for deviating from</p>	<p><u>Question 20</u></p>	<p>These deviations could not</p>	<ul style="list-style-type: none"> - The Accounting Officer

<p>normal supply chain management processes were not report to council.</p> <ul style="list-style-type: none"> - SCM and CFO did not prepare and present the deviation register to council 	<ul style="list-style-type: none"> - Why deviations on 25 companies on note 51, page 96 not reported to council as required by SCM Regulations 36(2)? - Management has not responded to AG's finding, why? - Is the deviation register presented to council? - Why management failed to comply with SCM regulation 36(2) - What measures are taken by management to prevent the same to happen? 	<p>be reported on as they were covered by the SCM policy. It was clearly raised by AG that our policy is not in line with legislation. The policy has been reviewed and all the deviations were identified, ratified and listed. The list was taken to council and later submitted to AG were it was rejected.</p> <p>The finding was responded to and our records and emails can prove that.</p> <p>The Deviation register for 2014/15 will be corrected and updated with all omissions.</p> <p>Training was conducted by</p>	<p>must make sure that all deviations are reported to council within the stipulated time frame as per municipal SCM regulations sec 36(2)</p> <ul style="list-style-type: none"> - All deviations must be reported to council quarterly.
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		<p>KPMG to help officials to understand legislation and cap all the deviations.</p> <p>The 2015/16 deviation have been submitted to all stake holders and seems to be complete.</p>	
<p>Official did not declare to the accounting officer details of any private or business interest.</p> <ul style="list-style-type: none"> - Employees do not declare their interest. 	<p><u>Question 21</u></p> <ul style="list-style-type: none"> - Why was SCM 46 (2) (e) not adhered to by management? - Were officials in the SCM made aware that they must declare their business interests, if no why? And if yes, how many has declared? - What measures are taken by management to prevent the same to happen? 	<p>All employees in supply chain have disclosed the interest by filling the required forms.</p> <p>In this case the AG worked on the heresays as the CK of the service provider does not include the employee in question.</p> <p>The finding was responded to and our records and emails can prove that.</p> <p>Management will ensure that all employees in supply</p>	<ul style="list-style-type: none"> - The Accounting Officer must ensure that all employees declare their financial interest. <p>The Accounting Officer must not allow any company where a municipal employee is amongst directors of the company to do business with the municipality.</p>

		chain disclose their interest annually.	
<p>Councillor did not disclose full particulars of a benefit to the municipal council.</p> <ul style="list-style-type: none"> - The councillor did not declare his interest. 	<p><u>Question 22</u></p> <ul style="list-style-type: none"> - Section 5(2) A of Municipal Structures Act Schedule 1: code of conduct for councillors was not fully adhered to by both management and the councillor concerned, why? - Were all councillors made aware on the importance of declaring their business interest? If no why? if yes, how many have declared? - What measures are taken by management to prevent the same to happen? 	<p>The Councillor has disclosed his financial interest by completing the financial disclosure form, although the business partnership was not indicated. Councillors were informed about the importance of disclosing their financial interests.</p>	<ul style="list-style-type: none"> - All misconduct by Councillors must be reported to the rules and ethics committee in case where such a committee does not exist, they must be reported to office of the Speaker. - That council must ensure that the rules and ethics committee is established. - All councillors are encouraged to disclose their financial interests and their business interests including their directorship or partnership of any company or

<p>Depreciation is misstated</p> <ul style="list-style-type: none"> - CFO did not review depreciation calculated and ensure that it is accurate. 	<p><u>Question 23</u></p> <ul style="list-style-type: none"> - Why did the CFO failed to review depreciation calculated and ensure that it is accurate? - Why has management fail to respond to AG's finding? - What measures are taken by management to prevent the same to happen? 	<p>The depreciation on the items raised was calculated correctly and the items were already on residual value. The matter was responded to AG and they did not update their records. Depreciation has been updated in the asset register. All assets are reconciled monthly and all items in the asset register have correct depreciation values.</p>	<p>business</p> <ul style="list-style-type: none"> - All depreciation must be calculated correctly and documents must be submitted on time to AGSA.
<p>Inventory: incorrect valuation method and stock card & fuel register details</p> <ul style="list-style-type: none"> - Management did not review and monitor the stock cards and fuel register to ensure that they are updated with accurate information. 	<p><u>Question 24</u></p> <ul style="list-style-type: none"> - The accounting officer did not adhere to section 62(1) (b) of MFMA, why? - Why were the dip stick readings on fuel not taken? 	<p>The Stores clerk was still new in the section and not trained. The error that was made by stork clerk wa picked up by the supervisor. The issue is now resolved</p>	<ul style="list-style-type: none"> - Management must adhere to MFMA 62(1)(b) - Management must intensify the training of officials at stores.

	<ul style="list-style-type: none"> - Who was responsible for taking the readings? - What measures are taken by management to prevent the same to happen? 	<p>and the Stores clerk has been trained.</p>	
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4.3 Recommendation

MPAC recommend that council consider the oversight report with reservations.



Cllr Baloyi M.J
MPAC Chairperson

