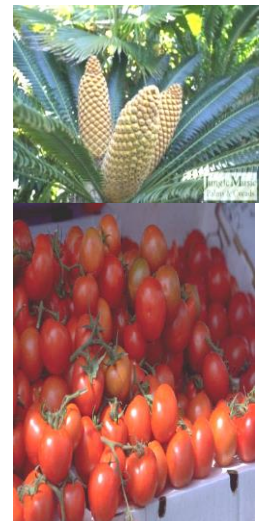


GREATER LETABA MUNICIPALITY



OVERSIGHT REPORT ON THE 2015/16 ANNUAL REPORT

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ANNEXTURES TO THE OVERSIGHT REPORT

1. Title page

Oversight Report on 2015/16 Annual Report

2. Resolutions and Statements

The Municipal Public Accounts Committee (MPAC) of Greater –Letaba Municipality, having fully considered the 2015/16 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 without reservations.

2.2 That Administrators **CONSIDERS** recommendations made by the Committee.

3. Schedule for considering the 2015/16 Annual Report

The following advert was adopted for publishing the 2015/16 Annual report and inviting members of the public to make comments and submissions to the 2015/16 annual report.



PUBLIC NOTICE

PUBLICATION OF 2015/16 DRAFT ANNUAL REPORT AND INVITATION FOR PUBLIC COMMENTS AND INPUTS

Greater Letaba Municipality has adopted its Draft 2015/16 Annual Report during its council sitting held on the 30th January 2017. This is in line with the provisions of Section 46 (4) (a) of the Municipal Systems Act 32 of 2000 and Section 127 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 2015/16 Annual Report.

Copies of the 2015/16 Annual Reports will be available for inspection 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**

5. Questions raised by MPAC

As Section 79 committee, MPAC has amongst other responsibilities to develop oversight report which derives from the 2015/16 Annual report on behalf of council guided by MFMA section 129.

Audit Findings	Question by MPAC	Responses by Management	Comments by MPAC
<p>Note 6: On Property, Plant and Equipment</p> <p>Assets belonging to the Municipality to the value of R621 325 267 were not recorded in the accounting records as required in terms of GRAP 17.</p>	<p>1. Who supposes to have kept records for plant and equipment of the municipality?</p> <p>2. Why records were not kept?</p>	<p>1. Chief Financial Officer-Mankgabe MF Assistant Director Asset and supply chain-Thoka BJ Chief Admin Officer Asset-Sesene A</p> <p>The paragraph as per the audit report relates to assets found on the floor which were not recorded in the assets register</p> <p>The figure of R621 325 267 represents the total assets value of the Municipality as per the assets register. The assets which were not recorded in the assets register have undetermined values and cannot amount to R621 325 267. The value of the assets with undetermined values will be determined during the asset verification.</p> <p>Verification. It was a misstatement of R77 637.03 that management adjusted on electricity and movable assets because there was no review of the fixed asset register to ensure that opening accumulated depreciation balances are accurate and that the fixed asset register complies with GRAP requirements and the MFMA.</p> <p>2. The assets were omitted due to time constraints resulting from delay in the procurement of the professional services for assets verification. Management have since corrected the problem by advertising early</p>	<p>1. MPAC request that omitted assets be quantify with their value(s) and be referred to MPAC for verification.</p>

		for 2016/2017 financial year.	
<p>Note 7: Municipality did not review residual values of useful lives of assets as results assets to the value of R35 034 535 had a zero net carrying amount while still in use.</p>	<p>1. Which asset is AG's report referring to and who was supposed to review the residual values? and 2. Why was the residual value not reviewed?</p>	<p>1. The amount relates to the entire population of electricity infrastructure as per the asset register. It affected one transformer at Old Age home in Modjadjiskloof which is still in use.</p> <p>Chief Financial Officer-Mankgabe MF Assistant Director Asset and supply chain-Thoka BJ Chief Admin Officer Asset-Sesene A</p> <p>2. The residual values and useful lives were reviewed as at year end 30 June 2016. There was no need to impair as the asset was still in a good condition.</p>	<p>1. The committee request to test the matter with AG</p>
<p>Note 11: Irregular Expenditure: The Municipality made payments in contravention of the SCM requirements, resulting in irregular expenditure of R63 712 715: (2015: R27 975 655) as the Municipality did not implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive</p>	<p>1. Why is the management continuing to contravene SCM or is it done deliberately? 2. Who was the official responsible? 3. What was it for?</p>	<p>1. This was not done deliberately. The reasons for irregular expenditure incurred relates to:</p> <p>*Bid Committee Minutes i.e Specification committee minutes were submitted but had problems of dates which contradicted the dates for advertisements. This was after an employee who was responsible from SCM got involved in an accident and gadgets that had minutes got lost and there was no back up.</p> <p>SLAs were developed. The first step after awarding is to issue an appointment letter which states clearly an acceptance letter</p>	<p>1. The committee is not convinced with the response and request that it be accorded time to make further investigations on the audit finding.</p>

<p>and cost effective. I was unable to determine the full extent of the understatement by alternative means. Consequently, whether any further adjustment relating.</p>		<p>must be sent and an SLA must be signed before commencement of duty</p> <p>*Insufficient training of SCM. *SCM unit is not fully capacitated in terms of human capital..</p> <p>2. Management and bid specification committee.</p> <p>Management: Municipal Manager – Mashaba T.G CFO- Mankgabe MF Director Corporate Services- Dr. Letsoalo MB Director Community Services – Mogale D.I Assistant Director Asset and Supply Chain – Thoka BJ</p> <p>Bid Specification Committee Mamatlepa L. Malungane R. Smith E. Nhlane G Moshobane T</p> <p>Development of SLAs Chuene K</p> <p>2. Projects for security and fuel. These included quotations and tenders.</p>	
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<p>Note 16: Material Losses: As disclosed in note 42 to the financial statements, material losses to the amount of R2 120 855 on electricity distribution losses were incurred as a result of illegal connections, faulty meters, incorrect readings and other sundry distribution losses.</p>	<ol style="list-style-type: none"> 1. Who is responsible for meter readings? 2. Why were the faulty meters not replaced? 3. Why illegal connections were not disconnected? 4. What is the unit rate for billing prepaid users for electricity in particular? 5. For how long has the municipality used the billing unit rate that is currently used? 6. How much is unit rate that the municipality is billing the prepaid users? 	<ol style="list-style-type: none"> 1. Assistant Director: Revenue – Ragolane P.; Revenue Accountant – Kubayi D.; Metre Reader – Sithabane S. 2. Because they are due to be replaced with split meters at Mokgoba village. The project will be implemented in the current financial year (2016/2017). For Modjadjiskloof. it will be catered for in 2017/18 budget. 3. All illegal connections were identified and disconnected after the losses were already incurred. The municipality always disconnects illegal connections as and when they are identified. 4. The unit price is 88.00 Domestic 83.66 Indigents 5. For 12 months starting from the 1st July 2016 to date. 6. The unit price is 88.00 for Domestic and 83.66 Indigents 	<ol style="list-style-type: none"> 1. With these finding, the committee is satisfied and recommends that it be condoned.
<p>Note 17: Unforeseen and Unavoidable expenditure: As disclosed in note 33 to the financial statement, the municipality incurred unauthorised expenditure amounting</p>	<ol style="list-style-type: none"> 1. Why was the vote overspent? 2. Who is responsible for monitoring the spending of votes? 3. Which votes are highly affected? 	<ol style="list-style-type: none"> 1. Because of under budgeting for bursary scheme for members of the public. The vote overspent by an amount of R2.1 million and provision for bad debts which amounted to R7.9 million. Adjudication and awarding of bursary scheme took place after budget adjustment. It is also difficult to determine how debts will grow. 2. Manager: Mayor s Office – Dr Mokoena 	<ol style="list-style-type: none"> 1. There is contestation of figures between Auditor General and the Management of Greater Letaba whereby AG has picked an amount of R 9

<p>to R9 393 411 due to votes being overspent.</p>		<p>MD 3. Office of the Mayor</p>	<p>393 411 and management is accounting for R 2.1 million for under budgeting for bursary scheme for members of the public and R 7.9 million for provision of bad debts, so MPAC request time to test the matter with AG so that council is advised properly.</p>
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<p>Note 36 & 37 The total unforeseen and unavoidable expenditure incurred exceeded R5 million, in contravention of Municipal Budget and Reporting Regulation 72.</p>	<p>1. Why the municipality incurred a total of R5 Million on unforeseen and unavoidable expenditure which was not approved by the Mayor in contravention of MFMA section 29 (2) (b)? 2. Who was responsible for authorising the expenditure without the approval of the Mayor? 3. Which votes benefited from the unauthorised and unforeseen expenditure?</p>	<p>1. Because the amount incurred (R2.1 million for bursaries) was below R5 million and the R7.9 million was a non-cash item. Doubtful debts are accounted for at the end of the year. A disclosure was made but it was put under emphasis of matter.</p> <p>2. Municipal Manager – Mashaba TG CFO – Mankgabe MF The approval did not require the MAYOR’S authorization because of the reason given in 1 above. There was a resolution taken in Council regarding the matter (Resolution no: A1415/26/08/2016).</p> <p>3. The vote in the office of the Mayor.</p>	<p>1. While awaiting portfolio of evidence in a form of council resolution copy and journals, MPAC request extension of mandate to probe the matter further and test with AG on the audit finding.</p>
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<p>Note 38: Annual Financial Statements: Financial statements submitted for auditing were not prepared in all material respect in accordance with the requirements of section 122 of MFMA. The Material misstatement identified by the auditors in the financial statements was not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.</p>	<p>1. Why the submission of the financial statement for auditing was not prepared in all material respect in accordance with the requirements of section 122 of the MFMA? 2. Who was responsible for preparing and submitting?</p>	<p>1. The Financial Statements were prepared in all material respect in accordance with the requirements of MFMA. During the audit the AG found errors and omission in the financial statement which resulted in the Para. 38. Some of the errors were adjusted during the audit with the permission of the AG. 2. CFO – Mankgabe MF Assistant Director Budget and Reporting – Mamatlepa L Accountant – Makhubela N Assistant Accountant – Baloyi L</p>	<p>1. While awaiting portfolio of evidence in a form of SLA between the municipality and a service provide who assisted in compiling the annual financial statement, MPAC request extension of mandate to probe the matter further and test with AG on the audit finding</p>
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<p>Note 39: Procurement and Contract Management: Non - Submission of the required information Goods and services with a transaction value of R395 108 below R200 000 were procured without obtaining the required price quotations, in contravention of SCM Regulation 17 (a) and (c).</p>	<ol style="list-style-type: none"> 1. Why goods and services were procured without obtaining the required price quotations? 2. Who was responsible for sourcing those quotations? 3. Why he/she did not source the quotations upon procuring goods and services to the value of R395 108? 	<ol style="list-style-type: none"> 1. The nature of these services (loud hailing and accommodation) did not allow sufficient time to follow SCM processes. In the case of loud hailing the service provider was engaged because poor attendance of an imbizo at Jamela village. 2. Chief Financial Officer- Mankgabe MF Assistant Director: SCM – Thoka BJ Acting Acquisitions Officer – Moshobane T 3. The nature of these services loud hailing and accommodation did not allow sufficient time for SCM processes to be followed 	<ol style="list-style-type: none"> 1. The committee requested to know as to for which activity was that which led to karibu been chosen as the only place that could take the large capacity of delegates in the district. 2. Portfolio of evidence in a form of quotations must be submitted to the committee for further probing, hence the committee request for the extension of mandate.
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<p>Note 40: Quotations were accepted from prospective bidders who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulations 16 (b) and 17 (b).</p>	<p>1. Why quotations from bidders who were not in the municipal data base accepted? 2. Who invited and accepted those quotations even bidders are not within the municipal database? 3. What remedial action taken since SCM regulation 16 (b) and 17 (b) was contravened? 4. Who are those bidders?</p>	<p>1. It is impractical to develop a database for accommodation because quotations are sought as and when officials and councilors attend training and it is in different places. There was no service provider in the database who would provide the needed services.</p> <p>2 Chief Financial Officer- Mankgabe MF Assistant Director: SCM – Thoka BJ Acting Acquisitions Officer – Moshobane T</p> <p>3. The Municipality is now using National Treasury Central Supplier Database (CSD)</p> <p>4. Hotels and catering of meetings, events etc.</p>	<p>1. While names of companies will be submitted to the committee, MPAC therefore request to probe the matter further.</p> <p>2. MPAC further request to be provided with legislation that empowers the accounting officer to conceal names of service providers in a public hearing</p>
<p>Note 41: Goods and services of a transaction value of above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19 (a)</p>	<p>1. Why goods and services of a transaction value of R200 000 were procured without inviting competitive bids? 2. Who procured goods and services of transaction value above R200 000 without inviting competitive bids? 3. What remedial action was taken to ensure that the matter does not</p>	<p>1. The transaction in question was not supposed to be subjected to competitive bidding. Management had advertised on the municipal website as RFQs. The understanding of AG was that the items were purchased from the same supplier.</p> <p>2. Chief Financial Officer- Mankgabe MF Assistant Director: SCM – Thoka BJ Acting Acquisitions Officer – Moshobane T</p> <p>3. No remedial action was taken because the municipality was not at fault.</p>	<p>1. The committee is satisfied with the responses and recommends that the matter be condoned.</p>

	occur again?		
<p>Note 42: Threshold for local content of designated sectors procurement was not properly applied in accordance with requirements of Preferential Procurement Regulation 9.</p>	<p>1. Why local content on designated sectors procurement not properly applied? 2. Who supposed to make sure that the local content is applied? 3. What measures are taken to make sure that the local content is followed?</p>	<p>1. The supply chain officials did not have a clear knowledge of items categorised under local content. 2. Chief Financial Officer- Mankgabe MF Assistant Director: SCM – Thoka BJ Acting Chief Admin Officer SCM – Ngolele J 3. The Supply Chain Management Policy has been reviewed to cater for local content.</p>	<p>1. After a confirmation by the accounting officer that training for SCM officials will be taken into consideration, the committee note the response since that SCM regulations and policies keeps on changing and training should be continuous. 2. The committee request to be privileged with the kind of trainings that SCM officials and bid committees has already undergone.</p>

<p>Note 43: The preferential point system was not applied in procurement of goods and services above R30 000 as required by the section 2 (a) of the PPPFA 2000 (Act no 5 of 2000) and SCM regulation 28 (1)(a)</p>	<p>1. Why is the preferential point system not applied on goods and services above R30 000? 2. Who was expected to have applied the preferential point system for those goods and services? 3. Which bidders benefited?</p>	<p>1. It was impractical for the municipality to source quotations especially in the case of booking of accommodation and flights. Looking at the nature of the service. Loud hailing was done due to the reason that there was poor attendance by community members for an imbizo at Jamela.</p> <p>2. Chief Financial Officer- Mankgabe MF Assistant Director: SCM – Thoka BJ Acting Acquisitions Officer – Moshobane T</p> <p>3. Services providers for loud hailing, hotels and agencies.</p>	<p>1. The committee is satisfied with the response but calls for cost curbing measures in making sure that it should not be all the meeting that the municipality loud hails but only for strategic meeting such as IDP & Budget and Quarterly Imbizos.</p>
<p>Note 44: Contracts were awarded to bidders based on the preferential point that were not calculated correctly in accordance with the requirements of the PPPFA and its regulations.</p>	<p>1. Why awards were made to bidders based on the preferential point system that was not calculated correctly? 2. Who was supposed to have calculated the preferential point system before awarding bids? 3. What measures are taken to ensure that the same does not occur again? 4. Who are those bidders benefited?</p>	<p>1. It was a human error in calculations.</p> <p>2. Bid Evaluation Committee Rababalela E Stoltz E Kgatla G Ngobeni H Moshobane T</p> <p>Bid Adjudication Committee CFO- Mankgabe MF Director Corporate Services- Dr. Letsoalo MB Director Community Services – Mogale D.I Assistant Director Asset and supply chain – Thoka BJ</p> <p>3. Calculations must be confirmed</p>	<p>1. The committee requested for the formula used to calculate and it was confirmed that it will be taken through the calculations for future purposes</p> <p>2. The committee request that it be allowed to further probe</p>

		<p>correct by the secretary of each committee for consequence management.</p> <p>3. Training of Bid Committees. 4. It affected 3 x projects for street paving.</p>	<p>the matter as per audit finding.</p> <p>3. The committee will test the matter with AG</p>
<p>Note 45: Contract awarded to bidders that didn't score the highest in the evaluation process in contravention of section 2 (1)(f) of the PPPFA.</p>	<p>1. Why awards were made to bidders that did not score the highest? 2. Who made the award even when the bidder did not score the highest? 3. What measures were put in place to correct the matter? 4. Which bidders benefited?</p>	<p>1. Because it was a human error in calculations.</p> <p>2. Bid Evaluation Committee Rababalela E Stoltz E Kgatla G Ngobeni H Moshobane T</p> <p>Bid Adjudication Committee CFO- Mankgabe MF Director Corporate Services- Dr. Letsoalo MB Director Community Services – Mogale D.I Assistant Director Asset and supply chain – Thoka BJ</p> <p>Municipal Manager – Mashaba T.G</p> <p>3. Training of Bid Committees. 4. There are 3 x projects for street paving</p>	<p>1. The committee notes the response by the accounting officer that indeed human errors can lead to municipality being sued, the committee recommends whenever an error is identified, the report should be deferred back for corrections and Bid committees are advised to start processing bids as soon as they closed to enable them to have ample time to detect errors and correct them rather than doing</p>

			<p>the work in the eleventh hour.</p> <p>2. The matter be investigated further and tested with AG.</p>
<p>Note 46: Contracts were awarded to bidders who did not submit declaration on whether they are employed by the state or connected to any person employed by the state as required by SCM regulation 13(c).</p>	<p>1. Why award was made to bidders who did not submit declarations? 2. Who awarded the contract? 3. Who is the bidder whom did not submit the declaration?</p>	<p>1. Declarations were submitted but could not be tracked because of poor record keeping. 2. Municipal Manager – Mashaba TG. 3. Its 4 x Service providers for street paving.</p>	<p>1. The committee request to test the matter with AG since there is contestation between audit finding and the response by management</p>
<p>Note 47: Section 112 (j) of the MFMA and SCM regulation 44 were contravened by awards which was made to providers who were in the service of the municipality and whose directors are in the service of the municipality</p>	<p>1. Why award was made to a provider who was in the service of the municipality? 2. Who is the person that was awarded contract while in the service of the municipality? 3. What consequence measures taken to rectify the matter?</p>	<p>1. The Municipality including government does not have a system to detect the conflict of interest. The Municipality relies on the MBD 4 - Declaration of Interest forms. Bidders are sometimes dishonest rather than reflecting the truth about their companies and themselves. 2. Municipal Manager – Mashaba T.G. 3. The Municipality is in consultation with Treasury to design system to detect conflict of interest.</p>	<p>1. The committee requests to further probe the matter as per audit finding and test with AG.</p>
<p>Note: 48 Person in the service of the municipality who had a private or</p>	<p>1. Why contract was awarded to a person</p>	<p>1. The bidders didn't disclose their interest as per the MBD 4 forms. 2. Various companies as reflected</p>	<p>1. The committee will consult office of the speaker in relation to the matter in the audit report</p>

<p>business interest in contract awarded by the municipality failed to disclosed such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for councilors issued in terms of MSA , the code of conduct for staff members issued in terms of MSA.</p>	<p>who had private or business interest in the municipality and failed to disclose such interest?</p> <p>2. Who are those people who failed to disclose their business interests?</p> <p>3. Were there any consequences measures taken upon the said person(s) who contravened SCM Regulation 46(2) (e) and MSA code of conduct for both</p>	<p>in the management letter.</p> <p>3. The identified companies and their directors have been black listed by municipality until such time when they will be complying.</p>	<p>that affect councillor(s)</p> <p>2. The committee further request the extension of mandate to probe the matter further.</p>
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	councilors and officials?		
<p>Expenditure management</p> <p>Note: 49 Reasonable steps were not taken to prevent unauthorized expenditure ,irregular, fruitless and wasteful expenditure as required by section 62(1)(d) of MFMA</p>	<p>1. Why steps were not taken to prevent unauthorized expenditure ?</p> <p>2. Who was supposed to have taken steps to prevent unauthorized, irregular fruitless wasteful expenditure ?</p>	<p>1. Appropriate steps were taken but there were still unauthorized expenditure, Irregular, Fruitless and wasteful expenditure identified by AG.</p> <p>The steps taken by management included:</p> <ul style="list-style-type: none"> • Appointment of bid committees as per the AG’s recommendation. • Review of Supply Chain Management Policy. • Approval of budget availability before issuing orders. • Paying of creditors within 30 days.. <p>Management are strengthening these controls to avoid further recurrence.</p> <p>2. Municipal manager- Mashaba TG CFO- Mankgabe MF Director Corporate Services- Dr. Letsoalo MB Director Community Services – Mogale D.I</p>	<p>1. The committee has noted the response.</p>

		<p>Unauthorized expenditure was reduced from R 54 635 707 to R 939 3411</p> <p>Irregular increased from R27 975 655 to R63712 715,</p> <p>Fruitless and wasteful expenditure increased from R 21 668 to R 99 460 as identified by identified by AG.</p>	
<p>Note: 50 The municipality did not have effective systems of expenditure control and including procedures for the approval or authorization as required by section 65(2)(a) of the MFMA</p>	<ol style="list-style-type: none"> 1. Why are there no systems in place? 2. Whose is responsible for making sure that there are systems in place? 	<ol style="list-style-type: none"> 1. Systems of expenditure controls are in place but there were weaknesses in the system as identified by the AG. Management are continuously committed to ensuring that these systems are operating effectively. 2. The Municipal Manager – Mashaba T.G CFO- Mankgabe MF Director Corporate Services- Dr. Letsoalo MB Director Community Services – Mogale D.I 	<ol style="list-style-type: none"> 1. The committee has noted response.

<p>Assets management</p> <p>Note: 51 Municipality's assets were not valued in accordance with GRAP as required by section 63(2)(b) of the MFMA</p>	<ol style="list-style-type: none"> 1. Why assets were not valued in accordance with GRAP standards? 2. Who was responsible for valuing the assets? 3. Which assets were affected? 	<ol style="list-style-type: none"> 1. The Municipality assets were value as per the GRAP standards, The AG did not consider the adjustments of previous years, which are change in useful lives and impairment. 2. CFO-Mankgabe MF Assistant Director Supply Chain-Thoka BJ Chief Financial officer-Mankgabe 3. .Transformers, buildings, highmast lights and vehicles. 	<ol style="list-style-type: none"> 1. The committee will test the matter with AG since there is contestation between the audit finding and the response by management
<p>Note: 52 The municipality did not have effective system of internal control for assets as required by MFMA sec 63(63)(2)(b) and 96(2)(b)</p>	<ol style="list-style-type: none"> 1. Why there was no system in place? 2. Who was responsible for making sure that system is in place? 3. Is the municipality currently having effective systems of internal control? 	<ol style="list-style-type: none"> 1. The system of internal controls over assets is in place with weaknesses as identified by the AG. The control system includes: <ul style="list-style-type: none"> • GRAP Compliant Asset Register • Annual verification of assets • Assets Inventory sheets 2. CFO-Mankgabe MF Assistant Director Supply Chain- 	<ol style="list-style-type: none"> 1. The committee will test the matter with AG since there is contestation between the audit finding and the response by management.

		<p>Thoka BJ</p> <p>Chief Financial officer- Mankgabe</p> <p>3. Yes, Management has implemented improvement in the system to avoid any further weaknesses.</p> <p>One of the weaknesses is lack of review due to time constraints.</p>	
<p>Revenue Management. Note: 53 A credit control and debt collection police was not implemented as required by section 96(b) of the MSA and section 62(1)(f)(iii) of the MFMA</p>	<ol style="list-style-type: none"> 1. Why were credit control policy not implemented ? 2. Who is supposed to implement credit control policy? 	<ol style="list-style-type: none"> 1. The policy is in place and it was implemented. There were long outstanding consumers identified by the AG who were not paying their Municipal accounts timely. The most affected area is Ga-Kgapane. Service recipients are not paying for services advancing the failure of the municipality to provide quality and reliable services. 2. Chief Financial Officer- Mankgabe MF Assistant Director Revenue- Ragolane P Accountant Revenue-Kubayi D 	<ol style="list-style-type: none"> 1. The committee will test the matter with AG since there is contestation between the audit finding and the response by management 2. The committee further recommends that quality services are rendered in both the townships(senwamokg ope and Kgapane)

<p>Consequence management Note: 54 and Note 57 Unauthorized expenditure incurred by municipality was not investigated to determine if any person is liable for the expenditure as required by section 32(2(a) of the MFMA</p>	<ol style="list-style-type: none"> 1. Which are those expenditures which are not investigated? 2. Where they referred to a council committee for investigations? 3. Who was supposed to have referred them to the committee? 	<ol style="list-style-type: none"> 1. This includes, expenditure on Bursaries amounting to R2.1 million and Provision for bad debts R7.9 million which is a non-cash item. 2. Yes, the item was tabled in council and council condoned. 3. Council 	<ol style="list-style-type: none"> 1. Portfolio of evidence will be submitted to MPAC which includes a council resolution copy on the referral of the matter to council committee for investigation.
<p>Note:55 Losses resulting from unauthorized expenditure were not always recovered from liable person.</p>	<ol style="list-style-type: none"> 1. What losses are those? 2. What remedial action was taken to avert these? 	<ol style="list-style-type: none"> 1. The expenditure on bursaries amounting to R2.1 million and Provision for bad debts amounting to R7.9 million which is non-cash item. There were no losses. 2. Management has 	<ol style="list-style-type: none"> 1. The matter will be tested with AG. 2. The committee request extension of mandate on the matter.

		<p>implemented controls to ensure that all spending variances are addressed during budget adjustments and through correct allocation of budget.</p>	
<p>Note: 56 Authorization of unauthorized expenditure was not done through an adjustment budget as required section 32(2)(a)(i) of MFMA</p>	<ol style="list-style-type: none"> 1. Why authorization of unauthorized expenditure not done through adjustment of budget as required by MFMA? 2. Who supposed to have made sure that authorization of unauthorized expenditure should be done through adjustment? 	<ol style="list-style-type: none"> 1. The expenditure was incurred after approval of the budget adjustment. The expenditure was unavoidable as bursaries were only awarded in February and the municipality did not envisage the over expenditure. 2. Manager in the office of the mayor-Mokoena MD 	<ol style="list-style-type: none"> 1. The committee will test the matter with AG

<p>Leadership. Note:59 Leadership developed action plan but was not fully implemented.</p>	<ol style="list-style-type: none"> 1. What were the challenges which lead the leadership to failing to implement action plan fully? 2. Who was responsible for the implementation of the action plan? 	<ol style="list-style-type: none"> 1. The action plan was implemented, but there were additional findings identified by the AG during the year under review. 2. Management The Municipal Manager – Mashaba T.G CFO- Mankgabe MF Director Corporate Services- Dr. Letsoalo MB Director Community Services – Mogale D.I 	<ol style="list-style-type: none"> 1. The matter will be tested with AG
<p>Note: 61 Consultants were appointed to perform functions which would have been done by municipality staff.</p>	<ol style="list-style-type: none"> 1. Why consultants were hired to perform functions that would have been done by municipal staff? 2. Which are those functions that warranted the municipality to appoint consultants? 	<ol style="list-style-type: none"> 1. Consultants were only appointed for the functions which require special expertise. 2. The functions includes: <ul style="list-style-type: none"> • Actuarial valuation of retirement bonuses (long service awards and medical aids) • Assessment of useful lives for assets • Impairment of assets 	<ol style="list-style-type: none"> 1. The matter will be tested with AG 2. The committee request to be cleared as to in terms of the audit finding, who is responsible of compiling the Annual financial statement and assets register.

	<p>3. Which departments are affected?</p>	<ul style="list-style-type: none"> • Review of GRAP financial statements • Determination of provisions for doubtful debts • Determination of provision for land fill site • Projects designs and drawings <p>3. Finance department and Technical department</p>	
<p>Note: 63 The municipality did not implement proper record keeping in timely manner to ensure that complete, accurate information is accessible and available to support financial and performance reporting</p>	<p>1. Why proper record keeping was not implemented? 2. Who was responsible for making sure that proper record keeping is implemented?</p>	<p>1. Record keeping is in place, documents were there were but misplaced. 2. Assistant Director Supply chain-Thoka BJ</p>	<p>1. The committee has noted the response and commit to monitor a commitment by the account officer that within a period of two months, offices will be having adequate and proper records filling system</p>

<p>Note: 64 Management did not implement daily and monthly processing controls as a result performance reports was not adequately reviewed for accuracy</p>	<ol style="list-style-type: none"> 1. Why did management fail to implement processing controls? 2. Who is responsible for processing those controls? 3. What measures were taken to prevent the occurrence of the same? 	<ol style="list-style-type: none"> 1. The performance reports controls are in place for institutional performance. The challenge is with regard to cascading of individual performance because there is no approved PMS policy for categories below section 54 and section 56 managers. 2. Assistant Director: PMS- Malungane RS 3. The process of cascading PMS is in progress. The municipality has an approved PMS Framework. 	<ol style="list-style-type: none"> 1. The matter will be tested with AG since there id a contestation of ideas between the Auditor General and the Management team
<p>Note: 65 The municipality did not prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information</p>	<ol style="list-style-type: none"> 1. Why accurate and complete financial and performance reports not well prepared? 2. Who supposed to have well prepared the reports? 	<ol style="list-style-type: none"> 1. The reports were prepared accordingly, the only errors identified by AG when assessing the POE and since the matter was immaterial and AG allowed adjustments. 2. CFO – Mankgabe MF Assistant Director: PMS – Malungane RS 	<ol style="list-style-type: none"> 1. The matter will be tested with AG
<p>Note: 66 Compliance with</p>	<ol style="list-style-type: none"> 1. Why laws and regulations were not 	<ol style="list-style-type: none"> 3. Management is always committed to ensure that the Municipality complies with 	<ol style="list-style-type: none"> 1. The committee will test the matter with Auditor General

<p>applicable regulations and laws was not adequately reviewed and monitored</p>	<p>adequately reviewed and monitored? 2. Who is responsible for reviewing and monitoring compliance with laws and regulations?</p>	<p>applicable laws and regulations. 4. MM – Mashaba TG CFO- Mankgabe MF Director Corporate Services- Dr. Letsoalo MB Director Community Services – Mogale D.I</p>	
<p>Governance Note: 67 Municipality did not fully implement appropriate risk management activities to ensure that regular risk assessment, including consideration of IT risks were conducted to mitigate internal controls deficiencies.</p>	<p>1. Why municipality did not fully implement appropriate risk management activities? 2. Who is responsible for the implementation ?</p>	<p>1. Risk management activities are in place, there were just few weaknesses identified by the AG which management is busy addressing 2. Management and audit committee</p>	<p>1. The committee note the response and recommend that the matter be condoned since the Risk chairperson is appointed.</p>
<p>Note: 68 The audit committee did not adequately perform its oversight function as management did not always provide the audit committee with timely feedback on progress made on implementation of</p>	<p>1. Why has management failed to provide timely feedback to audit committee on progress made on implementation of corrective measures that</p>	<p>3. Feedback was provided to Audit Committee. The only challenge was that the AG action plan was not fully implemented. 4. MM – Mashaba TG CFO- Mankgabe MF Director Corporate Services- Dr. Letsoalo MB Director Community Services – Mogale D.I</p>	<p>1. The committee recommends that Auditor General remedial action plan be implemented in full failing which the accounting officer should take responsibility of non-implementation of the remedial plan. 2. Audit committee must be provide with requested documents in time.</p>

corrective measures,	<p>made the audit committee not to adequately perform its oversight function?</p> <p>2. Who is responsible of giving feedback to the audit committee?</p>		
<p>Note: 69 The internal audit unit was not adequately capacitated to carry out its function</p>	<p>1. Why the internal audit unit not adequately capacitated?</p> <p>2. Who is responsible of making sure that the unit is capacitated</p>	<p>1. Due to budget constraints related to compensation of employees. An Intern has been appointed during the current financial year.</p> <p>2. Management and Audit Committee</p>	<p>1. The committee has noted the response</p>
<p>Note: 70 There was a slow response in implementing the recommendations made by the internal auditors. Furthermore, there is lack of commitment in ensuring that the internal audit recommendations are implemented</p>	<p>1. Why management showed less commitment in implementing recommendations of the internal auditors?</p> <p>2. Who is responsible of implementing the recommendatio</p>	<p>1. Recommendations from Internal Audit were implemented. There was other recommendation which were still in progress of been implemented as at year end resulting in this AG conclusion.</p> <p>2. All departments within the Municipality</p>	<p>1. The committee will test the matter with Auditor General.</p>

	ns of the internal auditors?		
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The Committee urges Council to consider the report without reservations.

Cllr Manyama M.I
MPAC Chairperson

