



**MINUTES OF MPAC MEETING HELD**

**DATE:** 7<sup>th</sup> March 2019

**TIME:** 09H00

**VENUE:** COUNCIL CHAMBERS

*Annexure*

AGENDA ITEMS	DISCUSSIONS/RESOLUTIONS	RESPONSIBLE PERSON	DUE DATE
1. Opening & Welcome	The chair read the notice of the meeting as confirmation that the MPAC meeting was correctly convened	Chairperson	
2. Apologies	Non, since that all committee members were present		
3. Attendance	Attendance register was signed by all present		
4. Absent	Non		
5. Confirmation of the agenda	<p><b>Amendments on the agenda</b></p> <ul style="list-style-type: none"> <li>• The motion on the misuse and abuse of municipal vehicles</li> <li>• MPAC workplan</li> <li>• Section 32 of the MFMA no: 56 of 2003, report on irregular and waste full expenditure reports</li> <li>• Newspaper publications on MPAC functions</li> <li>• Preparation of oversight report of the Annual Report</li> <li>• Audit action plan</li> <li>• Update on projects</li> </ul> <p><b>Mover by councillor R Lessing</b>  <b>Seconded by councillor S Edwards</b></p>	Committee members	
6. Announcements	Non		
7. The motion on the misuse/abuse of state resources (Mayoral Vehicle and Administration Fleet) date 05/11/2018  Council Resolution	<ul style="list-style-type: none"> <li>• The MPAC Chair, Cllr I Williams recused herself from the meeting by the time this item was discussed, because of Conflict of Interest on the matter.</li> </ul>	Councillor S Edwards	



<p>a) That Council to give Authority to MPAC to Investigate the matter and report back to Council in the next Normal Council Meeting</p> <p>Mover by Councilor G Ngesi Seconded by Councilor E Sulliman</p> <p>Council Resolution No: NC 40/01/2019</p>	<ul style="list-style-type: none"> <li>• Councilor E Sulliman volunteered to serve as the Interim Chair for the sole purpose of presiding over the motion item, supported by councillor S Edwards.</li> </ul> <p><b>Presentation of the Motion</b></p> <ul style="list-style-type: none"> <li>• Councilor S Edwards tabled the motion and elaborated by mentioning the following</li> <li>• That she saw the KLM 1 and Library vehicles at the by-elections in the Siyancuma Municipality, Douglas on the 15<sup>th</sup> August 2018</li> <li>• Two KLM officials</li> <li>• Former Acting Speaker and Councilor R Lessing were together, councillor R Lessing was asked to recuse himself from the meeting since he was implicated, and councillor Lessing complied.</li> <li>• Councilor Edwards further elaborated that, she (c/r Edawads), councillor G Ngesi and Councilor R Losper now the Mayor, discussed the matter and concluded that the three of them must make an appointment to meet with the Municipal Manager in order to report the matter and to request the MM to provide the following information             <ol style="list-style-type: none"> <li>1) Information on the authorisation of the two vehicles that travelled to Siyancuma Municipality, Douglas for the by-elections.</li> <li>2) How much was spent on fuel</li> <li>3) Names of officials who accompanied the former Acting Speaker and councillor R Lessing to Douglas</li> <li>4) The Lock book</li> <li>5) Information from the Tracking device</li> </ol> </li> <li>• The councillor also mentioned that Mr Babuseng of the DA also saw the KLM Vehicles at the by-elections and put the matter on social media (face book)</li> </ul> <p><b>Response by the MM</b></p>	
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	<ul style="list-style-type: none"> <li>• The MM requested that all councillors mentioned to have been part, must do so by submitting written statements in order to allow councillors implicated to respond in writing as well and report back to the committee on the matter presented</li> <li>• The meeting resolved that bullet No: 4 on the Motion be removed, since that it is not necessary for investigation.</li> <li>• Councillors I Williams and R Lessing where called back to the meeting and councillor I Williams resume the position of the Chair and continue with the rest of the other items in the agenda.</li> </ul>		
8. MPAC Workplan	<ul style="list-style-type: none"> <li>• The Admin officer was tasked to develop MPAC Workplan and circulate it amongst committee members.</li> </ul>		
9. Section 32 of the MFMA no: 56 of 2003, report on irregular and waste full expenditure report	<ul style="list-style-type: none"> <li>• Deferred to the next MPAC Meeting</li> </ul>		
10. Newspaper publications on MPAC functions	<ul style="list-style-type: none"> <li>• Deferred to the next MPAC Meeting</li> </ul>		
11. Preparation of Oversight Report of the Annual Report	<ul style="list-style-type: none"> <li>➢ The MM outlined the procedure on the Oversight Report             <ul style="list-style-type: none"> <li>• That MPAC must ask questions</li> <li>• MPAC must make recommendations (e.g to add more people in the finance section) the committee must say so if they see the need.</li> <li>• MPAC must be hard towards management and general staff</li> <li>• That the MM must appear on request or by invitation from MPAC to answer questions</li> <li>• The CFO and Technical Manager must answer questions from MPAC</li> <li>• MPAC can call any official to appear before MPAC to answer question</li> <li>• MPAC can also inspect projects that are running and also check progress</li> </ul> </li> </ul>		MM



	<ul style="list-style-type: none"> <li>• MPAC must be able to inspect what was reported to have been done whether was it done.</li> <li>➤ <b>The background on the Annual Report</b></li> <li>• The Annual report is for 2017/2018 FY</li> <li>• The report includes information from the Mayoral and Municipal Manager organization overview and also provide the demarcation as to how the municipality is. The number of population, education, how many people are employed, how the social structure looks like, underground water, and the environmental analysis.</li> <li>• It further gives information on the purpose of the Mayor's Office, the MM office, CFO office, Technical dep Office and Corporate dep Office and Finance</li> <li>• It gives the governance part, meetings attended</li> <li>• How many committees do we have and how many meetings did take place</li> <li>• What transpired council has been operating with an acting Mayor, no staff was available in that office, that the ward committees where established in the last quarter of the last financial year in 2017/18 and the committees where not sitting as scheduled and affected the work that was supposed to have been done.</li> <li>• In the year 2017/18 the Audit Committee can now sit as scheduled and the implementation of an audit dry run in the month of May and June 2018 this has shown a lot of improvement by so doing.</li> <li>• There were no permanent senior staff, the municipality operated only on the acting MM and acting CFO, now the MM and the CFO were appointed on the 1<sup>st</sup> March 2018, the municipality has overachieved with regard to appointment of the CFO, because the requirements at Plenary Municipality is to have a Bcom Degree and our CFO has a South African</li> </ul>	
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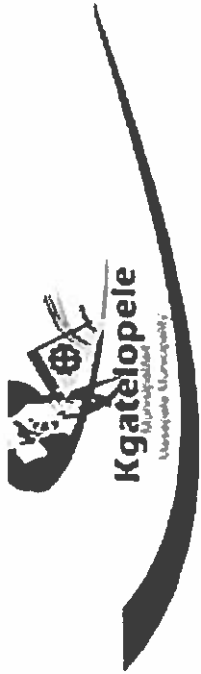
	<p>Professional Institute Membership which is equivalent to Chartered Accountant.</p> <ul style="list-style-type: none"> <li>• In June 2018 the municipality appointed a Senior Admin Officer, someone with LLB Degree qualification was needed in order to implement an HR Strategy and be able to advise council on legal matters, and our legal issues has decreased from where we come from, we do not have a lot of Litigations and we are no more frequenting the courts like we used to.</li> <li>• The Municipal Manager was mandated to headhunt an individual for the appointment of the Technical Manager as per council resolution and the process of headhunting succeeded and the Technical Manager was appointed in the new financial year of 2018/19</li> <li>• Deputy CFO was also appointed with the main purpose of compiling AFS</li> <li>• The Municipality is having a full complement of Senior Staff at senior Level now.</li> <li>• KLM has prepared the Mid-Year AFS and we are the only one who has prepared the Mid-Year AFS and the Auditor General was requested to come and Audit KLM on the prepared Mid-Year AFS for the first six months.</li> <li>• The Risk Management Officer was appointed</li> <li>• Anti- Fraud and Corruption Register was developed and is place</li> <li>• Risk has made a lot of progress and is overtaking other sections.</li> <li>• Our website has been not functioning properly, we are in the process of revamping it.</li> </ul> <p>➤ <b>Challenges confronted the municipality internal and external 2018/19 FY</b></p> <ul style="list-style-type: none"> <li>• The Challenges are listed in the Annual report</li> <li>• The job evaluation has not being done in the year 2017/2018.</li> </ul>	



	<ul style="list-style-type: none"> <li>• The district job evaluation joined committee was established to do job evaluation in category B municipalities and is currently in Tsantsabane municipality and will come over to Kgatelopele once finished in Tsantsabane.</li> <li>➤ <b>Noting</b></li> <li>• The municipality has complied in terms of the MFMA to table the Annual Report to council on time, which was done on the 23<sup>rd</sup> January 2019 Special Council Meeting.</li> <li>• The Municipality has complied by tabling the Audit Action Plan adopted by council on the 23<sup>rd</sup> January 2019 Special Council Meeting</li> <li>• The Municipality has complied to make the Annual Report Public as per the MFMA within 7 days it is placed in the Library and in the municipal web-site and the community is encouraged to interrogate that information.</li> <li>➤ <b>Reports Submitted</b></li> <li>• Annual report</li> <li>• Audited Annual Financial Statement</li> <li>• Audited Annual Performance Report</li> <li>• Audit Action Plan</li> <li>• Management Report from the Auditor General</li> <li>• The report were successfully submitted to COGHSTA</li> <li>• Legislature</li> <li>• Submitted to Provincial Treasury</li> <li>• SALGA</li> <li>• After the finalization of the Oversight Report and recommendations, the process of printing the Annual Report will commence after the Special Council Meeting of the 27<sup>th</sup> March 2019.</li> <li>➤ <b>Audit Outcome by the CFO</b></li> <li>• The CFO apologised for being late for the meeting</li> </ul>	
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	<ul style="list-style-type: none"> <li>• The Audit Report was completed and signed off by the 30<sup>th</sup> November 2018.</li> <li>• The Municipality currently stand at a Disclaimer of Opinion</li> <li>• During the period under review of the Annual Report 2017/18, there were key aspects that was picked up by Auditor General</li> <li>➤ <b>Key Aspects</b></li> <li>• Cash &amp; Bank, which talks to cash handling including bank reconciliation, what you have on the system and what you have in the bank, issues of the bank reconciliation comes from the 2014/15 FY, it comes from the system point of view, its either called Bucks in the system that they correct or the statements are not pulling through.</li> <li>• Senior Management Team (SMT) resolved that a bank recon be reported in every SMT meeting in order to improve the situation and to be on time, so that by the end of the financial year there is no issue with the bank recon</li> <li>• The other issue is the charging of interest and collection rate, we have a law collection rate as mentioned in the 2017/18 FY Audit</li> <li>• AG highlighted Collection V/S Non collection, and will the municipality ever be able to collect the R65 Million from the community and business.</li> <li>➤ <b>Finding on Property Plants and Equipment</b></li> <li>• Vehicles, Infrastructure, Parks and lights, buildings and all equipment that are used to deliver services to the community</li> <li>• AG did not Audited our movable assets, such as La-Tops, tables during the Audit of 2017/18 FY, because of the differences found on the System and the AFS</li> <li>• In the Mid-Year Audit, the movable Assets will be Audited at the end of March.</li> <li>• Under receivables from exchange transactions, talks to, they could not get enough information from the system that the municipality charges</li> </ul>	
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	<p>all consumers, but because of discrepancies in the system lacked credibility</p> <ul style="list-style-type: none"> <li>• The commission paid to CG Cell (pre-paid vendor) was misclassified under the wrong heading, and it will be corrected in the new financial year</li> <li>• The creditors list given to the AG, the list and the statements agree, but the Financial Statements does not agree with the creditors list.</li> <li>➤ <b>Finding on Revenue</b></li> <li>• Incorrectly classification, e.g traffic fines paid cannot be classified as income for the municipality, only the commission part of it, instead it must be classified as agency fees on behalf of the department of Safety and Liaison</li> <li>➤ <b>Finding on Expenditure</b></li> <li>• Lack of supporting evidence or the supporting to motivate was not enough, more needs to be added so that when someone looks at the file or document he/she should be able to follow as to what transpired in the passed or what is happening with that particular matter.</li> <li>• Employees related costs, salaries and allowances</li> <li>• The matter relates to the Chief Traffic Contract, where there is still a letter that talks about allowances for the chief Traffic of which it is still not the case any more and the Audit keeps asking for prove of that allowance.</li> <li>• No ghost employees was found in our pay system</li> <li>➤ <b>Finding on VAT</b></li> <li>• The municipality pay VAT SARS on money that was actually paid out not creditors we have on the system and the system works on creditors we do not pay all creditors at the same time, so they keeps on compering what is in the system and what was paid to SARS and keeps on coming up during every Audit.</li> </ul>	
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	<p>➤ <b>Irregular Expenditure</b></p> <ul style="list-style-type: none"> <li>● No investigation or write off in terms of irregular expenditure and it keeps accumulating every year, the Audit feel there is no consequent management. MPAC was starting with investigations and was still figuring as to how to do investigation. The same applies to <b>Unauthorised Expenditure</b> whereby no investigations were conducted, AG felt that the amounts were not disclosed, so we need to update our registers.</li> </ul> <p>➤ <b>Questions Raised by Committee Members</b></p> <ul style="list-style-type: none"> <li>● What is the process leading up to a tender advert?</li> <li>● Since there is a budget for the project and the process was correctly followed, does the officials working on the bid do know the value amount of the project when awarding the tender?</li> <li>● How can the municipality cost effectively get a new system? Since that we are experiencing problems for years with the current SAMRAS System.</li> <li>● The AG indicated that supporting documents are not sufficient, but AG should have mentioned for which documents are needed.</li> <li>● Can the committee request progress report on the implementation of the Audit Action from deferent departments?</li> <li>● What was the finding regarding mSCOA?</li> </ul> <p>➤ <b>Responses by Senior Management</b></p> <ul style="list-style-type: none"> <li>● The SCM process start with the priority issues, e.g we identify the need to build a recreational facility, the project unit will draft specifications in order to indicate this is what we are looking for, the structure how it will look and what is needed. From there on it gets approved, goes to the bid specifications committee and the Project Technician will explain what is required, then the Bid specification committee will discuss and highlight the scope of work, after the Bid Specifications it gets approved for</li> </ul>	
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	<p>advert, then it is where the requirements are looked at (does it require CID, Tax Clearance, BBBEE Certificate, Municipal Rates Accounts, Registrations, CSD all this items will be list in the advert) we have to comply with what the Policy state and also SCM Regulations, once the advert is completed, it is then reviewed and signed for advertisement. After that, given the advert date, then follows the site meetings (briefings), Closing of Tender, contact people for clarity in terms of questions of clarity.</p> <ul style="list-style-type: none"> <li>• When doing the procurement plan, there is an estimate on the budget e.g for the building and R200,000. Is budgeted for the building, but once the tender process unfolds after the tender stage the tender is evaluated, adjudication process is followed and if bids submitted exceeded the budgeted amount, the process will pause, and a decision will be made as to what to follow, but at the time of procurement there is a budget approved that will be used throughout the process</li> <li>• The process of assessing to change the system we are currently having has started and contacted National Treasury on it, National Treasury released a statement where they used to have contracts with service providers with the financial systems that you can directly go in to without going the tender process where negotiated prices was done, but the contract was cancelled based on other requirement that were not achieved. But we have to go the tender process, but we need to ensure that what is it that is needed for the system to do for municipality, of which the deputy CFO is currently busy with that.</li> <li>• To install the new system comes with a huge cost.</li> <li>• On the supporting documents, AG does not specifically naming which documents must be submitted, AG avoiding that in future if another AG comes to Audit, the municipal officials will refer to the previous Audit to say the previous Audit said we can do this not that when supporting documents are needed. AG advised that sufficient supporting document</li> </ul>	
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	<p>are needed in order for if someone looks at the badge must be able to understand,</p> <ul style="list-style-type: none"> <li>• Audit Action Plan has been developed and distributed to different department to work on it</li> <li>• On mSCOA there was a finding relating to the opening balances they way it was broken up, the CFO and Deputy CFO are currently looking in to that, and on mSCOA item to item is linked together</li> <li>➤ <b>Overall View on Projects by the Technical Manager</b></li> <li>• <b>Water supply Source</b></li> <li>• Boreholes and Telemetry System was installed to monitor water losses</li> <li>• The Sanitation Sewer Service project is anticipated to be completed by the end of May 2019.</li> <li>• 200 households are not connected to the main infrastructure sewer network.</li> <li>• The Integration between the Technical and Finance Departments in terms of meter reading from certain point</li> <li>• Since the year 2014 DWS never published the Blue Drop Status of Municipalities.</li> <li>• The mines has not submitted their green drop status report, and assessment that was done by MVD</li> <li>➤ <b>Questions raised by committee members</b></li> <li>• Which department or Official is responsible for Fleet Management? Because there are vehicles standing broken at the workshop without explanation.</li> <li>• It there any penalties that can be instituted against the service provider regarding Oxidation Ponds Project?</li> <li>• Was there any investigations done for the underground water levels?</li> <li>• What is the budget for the cleaning of the environment (Clean Up Project) in the community?</li> </ul>		
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	<ul style="list-style-type: none"> <li>• People wanted to know what happened to the R65000. That was made available for the Cleaning Up Project</li> <li>• There is a dissatisfaction amongst some community members that it is only ANC Volunteers they see being involved in the Clean Up Project and they will be paid out of the R65000.</li> <li>➤ <b>Response by management</b> <ul style="list-style-type: none"> <li>• Fleet is the corporate service department function and it support every department who needs transport</li> <li>• Security is also placed under Corporate Service Department</li> <li>• The Avanza vehicle is now back from repairs</li> <li>• All vehicles must be repaired and there is there is a plan as to how to solve fleet problems in the municipality.</li> <li>• There is no budget for the Clean Up Project.</li> <li>• Town planning division is currently sending letters to the owners of erf's to build structures on their plots, since that their plots are used as dumping site and they do not comply, their erf's will be taken away from them and re-sell it to other interested people who are seeking land.</li> <li>• Initially R65000. Was sourced from the Office of the MM and from Technical Department and placed in the Office of the Mayor for the Clean Up Project. But Tanhill Constuction volunteered to make available their machinery for cleaning up, Danielskuil Steenwerke also volunteered to assist with the TLB for the same purpose</li> <li>• No tender was advertised and no tender awarded, since that there are people who volunteered to help with the cleaning up</li> <li>• The R65000. Is no more available since people come forward to volunteer with the cleaning up.</li> <li>• There is no problem for people to volunteer with the cleaning up in the area they live irrespective of political party affiliation, because they live in the community, everybody is welcome to help.</li> </ul> </li> </ul>	
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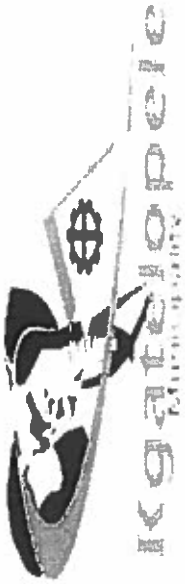
	<ul style="list-style-type: none"> <li>• Communities are still unable to see the improvement that the municipality trying to do.</li> <li>• In terms of the under ground water levels, the water is still fine and our under ground water is linked with the First Eye of Kuruman, so there still plenty of water.</li> <li>• In terms of penalties it must be first be determined as to whether the issue for the delay in the completion of the project on time, was it on the contractor site or not, the result of the assessment will determine that.</li> </ul> <p>➤ <b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• To register infrastructure projects to MIG</li> <li>• 4 critical major sewer pumps needs urgent attention</li> <li>• Electricity By-Law must be enforced</li> <li>• Removal of illegal dumping is under way and how to ensure that illegal dumping is stopped</li> <li>• Regular communication between the Finance and Tech Departments</li> <li>• Idwala Lime Mine must repair the swimming pool</li> <li>• That a community meeting be convened in order to explain the R65000. Issue</li> <li>• That before any ward community meeting, councillors and officials must meet to determine a uniform agenda, so that one message is conveyed to the community on any matter</li> </ul>	
<p><b>12. Audit action plan</b></p>	<p>To be presented in the next MPAC Meeting</p>	
<p><b>13. Closure</b></p>	<ul style="list-style-type: none"> <li>• The chair thanked councillors and officials present</li> <li>• The Chair adjourned the meeting</li> </ul> <p>Confirmation as true reflection of the MPAC meeting.</p> <p>  Hon. Cllr. T Williams  MPAC Chairperson  Date: 7<sup>th</sup> March 2019</p>	<p>Chairperson</p>



**GLOSSARY**

- CLLR:** Councillor
- CHAIRPERSON:** MPAC Chairperson
- MM:** Municipal Manager
- CFO:** Chief Financial Officer
- AG:** Audit General
- IA:** Internal Audit

Minutes prepared by the Admin Office (MPAC Secretary)



ATTENDANCE REGISTER FOR MPAC MEETING, DATE: 07 MARCH 2019

VENUE: COUNCIL CHAMBERS, TIME: 09:00am

NO.	NAME & SURNAME	TEL NO/Cell	E-MAIL	SIGNATURE
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9.				
10.				
11.				
12.				

MPAC VIRTUALLY MANAGED TO TAKE PLACE, ALL COMMITTEE MEMBERS  
WILL BE PRESENT.