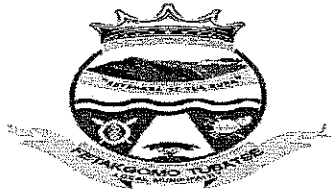




FETAKGOMO TUBATSE
LOCAL MUNICIPALITY

OVERSIGHT REPORT
ON
2017/2018
ANNUAL REPORT



FETAKGOMO TUBATSE
LOCAL MUNICIPALITY

SUBMISSION

SUBMISSION TO	: MUNICIPAL COUNCIL
FROM	: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
DATE OF MEETING	: 28 MARCH 2019
ITEM NUMBER	: SC57/2019
TITLE/SUBJECT	: OVERSIGHT REPORT ON COUNCIL RESOLUTION SC40/2019 (2017/2018 ANNUAL REPORT)
REF/COMMITMENT NR	:

1. Subject:

MPAC's Oversight Report on council resolution: **SC40/2018 (2017/2018 Annual Report)**

2. Purpose

The purpose of this submission is to table the Oversight Report on the 2017/2018 Annual Report to the municipal council for adoption as per section 129 of MFMA, no.56 of 2003. Chairperson this is in compliance with section 121(1) of MFMA read together with circular 32 which prescribes that municipal council should deal with Annual Report within nine months after the end of the financial year.

3. Background

Chairperson, MPAC is a committee of Council established in terms of section 79 of Municipal Structures Act no 117 of 1998 as amended. This committee is mandated to strengthen the oversight in the performance of municipality on behalf of the council. Chairperson, during the Council Meeting held on the 28 February 2019, Council referred the 2017/2018 Annual Report to the Municipal Public Accounts Committee for further scrutiny. Section 121(2) of MFMA and circular 32 of same stipulate clearly the objectives of the Annual Report which among others are:

- ❖ to provide the record of activities of the municipality,
- ❖ to promote accountability to the local communities of the decisions made,
- ❖ to provide information that supports the revenue and expenditure decisions made,
- ❖ to provide report on performance in service delivery and budget of the municipality.

MPAC is hereby confirming that the 2017/2018 Annual Report was scrutinised and interrogated in line with the mandate as alluded above by the said pieces of legislations. Chairperson, MPAC can further confirm to Council that this oversight report was compiled as the result of robust engagement with management through written and verbal questions and responses, and also through discussions in a meeting with them.

4. Discussions

Chairperson, during the MPAC meeting held on the 08th March 2019 at Fetakgomo Tubatse Municipality Head Offices 3rd Floor Boardroom, the committee resolved to organise a session on which the report would be scrutinised. The session was held on the 13th to 15th March 2019 at regional office, Apel.

Chairperson, during the scrutiny of the report, the committee has identified a number of issues which according to MPAC contributed to the underperforming of the municipality in achieving all targets and resulted in a lot of audit queries. The committee resolved during session to compile questions for clarity which were adopted by the meeting held on 19th March 2019 and submitted to management for written responses. The committee also requested a meeting with management on the 22 March 2019 to clarify verbally the responses and follow-up questions. Unfortunately the meeting could not materialize due to Management commitments and was rescheduled for 25 March 2019 at municipal head office, Burgersfort, at 10h00.

4.1. Meeting with Management on the 25 March 2019

During the meeting the committee members posed questions verbally and management responded verbally to the questions and follow-up questions. Chairperson the Council is hereby referred to **annexure A** for MPAC questions and responses from management. **(Questions and Responses attached as ANNEXURE A)**

The committee can confirm to this august Council that they have robustly engaged the responses received from the management. Chairperson, while the committee was satisfied and concurred with the number of responses, there are others which posed some doubts into the capacity of some officials with regard to their responses. The committee also questioned the authenticity of some of the responses especially question 5.1. on the questionnaire regarding updates on Radingwana sports complex. Chairperson, the committee has visited the project on two occasions and what was reported does not tally with the work on the ground. Chairperson, the committee also raised a concern on the way the officials were economic with their responses. Most of the responses could not give details and this invited a number of follow ups which ultimately dragged the meeting for too long. Question two (2.1) on the questionnaire regarding acquiring of water and electricity licenses crafted from the information taken on page 19 of the Annual Report.

Chairperson the committee has also rejected some of the responses for not being relevant to the questions as posed and some not speaking to the 2017/2018 Annual Report. The responses for the following questions were referred back for reworking, i.e. Question 10 on suspensions p131; Question 7.1. on Top Ten risks for 2017/2018 p57; Question 18.1. on procurement and contract management p245.

The meeting Chairperson heard about the commitments from the Acting Municipal Manager and Acting Chief Finance Officer in enforcing compliance in the municipality. A compliance unit was established to this effect. In order to address Auditor General's audit queries, a comprehensive audit action plan was put in place. This will assist in addressing previous and current audit findings. The meeting was also briefed about new control measures for invoices. If this is implemented, it will address the query regarding late payments of invoices. Chairperson, it was during the meeting whereby management also committed itself of preparing interim Annual Financial Statements in advance in order to have enough time for reviewal.

The meeting also reflected on how the municipal assets are controlled. Management has indicated that they are working on the improvement of the entire municipal internal control system including assets management system. This will ensure effective control and management of all municipal assets currently in use and those not use including those in Apel regional office.

The meeting had a view that intensive feasibility study was not undertaken on information and assets during the process of merging the two municipalities.

Chairperson, the meeting also raised concern regarding traffic congestion in Burgersfort during peak times. A committee is worried regarding the prolonged process of constructing the by-pass (West ring road) in Burgersfort. The construction of the road will ease traffic congestion in the town. The meeting also reflected on the possibilities of pursuing another option of constructing East ring road. It was during the meeting whereby suggestions were made for the municipality to embark on processes of facilitating rehabilitation of the Ohrightstad-Penge road.

Chairperson, the committee has raised its discontent regarding the flouting of supply chain management processes. The Auditor General has also raised a number of queries regarding the non-compliance and violation of MFMA which resulted in unauthorized, irregular and fruitless and wasteful expenditures. It is because of the flouting of pieces of legislation that the municipality has incurred the unauthorized expenditure of R300 893 769, the irregular expenditure of R191 408 404 and fruitless and wasteful expenditure of R10 546 734. The committee was worried about these violations of legislation and made clear in the meeting that they will be facilitating investigations. The meeting also heard about the 2017/2018 budget which was not cash backed because of investments on VBS.

4.2. Municipal Public Participation with community structures.

Chairperson, section 127 of MFMA 56 of 2003 mandated the mayor to make Annual Report public and invite communities to make representations. The municipality is currently embarking on a number of structural meetings to solicit representations from various structures regarding the 2017/2018 Annual Report. This programme started on the 25 March 2019 to 27 March 2019. Chairperson, this report will however fell short of inputs from various stakeholders as the programme was still running at the time of drafting the report. This will necessitate our recommendations to the council to approve the report with reservation based on the finalization of public participation programme.

4.3. Public Participation with communities and various stakeholders.

Chairperson in terms of MFMA sec 127 (a) (i) (ii) the Draft Annual Report should be made public for the communities to make representations. As per the above legislative dictates, the municipality came up with Public Participation Programme on 2017/2018 Draft Annual Report which started on the 25th March 2019 to 27th March 2019. The Public Participation programme was led by the Mayor with the help of the executive committee.

Chairperson, this report will however fell short of inputs from communities as the programme was still running at the time of drafting the report. This will necessitate our recommendations to the council to approve the report with reservation based on the finalization of public participation programme.

4.4. Findings of the MPAC on 2017/2018 draft Annual Report.

Chairperson, MPAC can attest to this council that, while scrutinizing the 2017/2018 Annual Report the following issues were identified.

- 4.4.1. According to 2017/2018 Annual Report, the municipality had 241 targets as planned, at the end of the year only 165 targets were achieved which amount to 68% and 76 targets (32%) were not achieved.
- 4.4.2. The municipality had the 105 findings from AG from previous 2016/2017 financial year. By the end of financial year 67 (64%) out of 105 findings were addressed and 38 (36%) findings recurred in the 2017/2018 financial year.

4.4.3. The following were amongst the Top ten risks for 2017/2018 financial year.

- ❖ Loss of institutional memory,
- ❖ Unauthorized movement of assets,
- ❖ Non-compliance with SCM legislation,
- ❖ Inadequate IT and records management.

4.4.4. Municipality has limited land for development. Most of the land is under private, state and tribal authority. Municipality has on positive note received a piece of land in Apiesdoring from DRDLR by the end of 2017/2018 financial year.

4.4.5. Municipality has 548 positions on its organogram. Presently there are 332 occupied positions and 216 vacant positions. In terms of gender representation in our current workforce, 193 employees are male and 139 are female.

4.4.6. Incorrect reporting on The MIG projects of Motodi sport complex and Tubatse high mast light. The status of the two projects is zero while the expenditure is R165 958 and R3 248 472 respectively on p230.

4.4.7. Municipality has acquired a land at Apiesdoring for the construction of Burgersfort stadium though there are indications of financial constrains for its development.

4.4.8. The financial statements submitted for auditing were not prepared in all material respects in accordance with requirements of section 122 (1) of the MFMA as per AG's report.

4.4.9. The AG's report indicates that contracts were awarded to bidders who did not submit a 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).

4.4.10. The AG's report indicates that Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services in contravention of SCM regulation 27 (2) (a).

4.4.11. Municipality has incurred an unauthorized expenditure of R300 893 769.

4.4.12. Municipality has incurred an irregular expenditure of R191 408 404.

4.4.13. Municipality has incurred a fruitless and wasteful expenditure of R10 546 734.

5. Organisational and personnel implications.

The Oversight report will assist the municipality and Officials to take care of their responsibilities when preparing Annual Reports.

6. Legal Implications

- Section 121(1) of MFMA 56, 2003 stipulates that in each year, municipalities must prepare annual report in accordance with chapter 12.
- Section 129 of MFMA 56, 2003 stipulates that council of municipality must adopt the oversight report.
- Circular 32 of MFMA prescribes that after an Annual Report has been tabled, the Oversight Report need to be compiled.
- Section 127 (5) (a) (i) (ii) stipulates Annual Report to be public and communities to make representations.

7. Financial Implications

The municipal finances must be used effectively.

8. Risk Implications

Non-compliance to legislation will lead to audit queries.

9. Communication

Office of the Mayor, Office of Municipal Manager and Communities.

10. MPAC Recommendations:

- 10.1. that Council approves the 2017/2018 Draft Annual Report with reservations based on the following:
 - i. investigation be done on unauthorised expenditure of R300 893 769; irregular expenditure of R191 408 404 and fruitless and wasteful expenditure of R10 546 734.
 - ii. report about investigations be brought to Council before the end of this financial year, 2018/2019.
 - iii. at the time of drafting the report, there were no inputs and comments from various stakeholders.
- 10.2. the Auditor General's audit queries of the current and previous financial year be addressed.
- 10.3. that municipal manager submit audit action plan on quarterly basis to the Council.
- 10.4. that investigation be done on Auditor General's 2017/2018 queries regarding procurement and contract management.
- 10.5. that management should thoroughly review the Annual Financial Statements in time before submitting to Auditor General.
- 10.6. that departments always submit supporting documents as evidence to the achieved targets to council on quarterly basis.
- 10.7. that municipal manager liaise with Cogesta to request interns to assist asset management unit in managing the municipal assets.
- 10.8. that municipal manager facilitate workshop for MPAC members regarding preparations of Annual Financial Statements.
- 10.9. that municipality cause the mines to assist in fixing water boreholes and broken pipes in the communities.
- 10.10. that municipal manager invite department of public works in the province to clarify its programme of road maintenance in the municipality.
- 10.11. that municipal manager facilitate processes of rehabilitating Ohrighstad-Penge road to alleviate congestion on R37 road.
- 10.12. that Council notes the attachments supporting this report.

11. Contact Person

Cllr Mphethi N D

Chairperson MPAC

Mphethi ND

Cllr Mphethi N D

Chairperson: MPAC

27/03/2019

Date

ANNEXURE "A"



FETAKGOMO TUBATSE LOCAL MUNICIPALITY

TO : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

CC : THE MAYOR, CLLR PHALA TN

FROM : ACTING MUNICIPAL MANAGER, NTSHUDISANE MJ .

DATE : 22 MARCH 2019

SUBJECT : 2017/2018 ANNUAL REPORT MPAC QUESTIONNAIRES.

The above subject matter bears reference.

Kindly find the below answers to the MPAC questionnaires.

1. Failure to achieve performance indicators. p21 and p125.

Municipal Manager, on page 21, the concluding paragraph of the Mayor's foreword, table/figure 02, the municipality had 241 performance indicators during the year under review but by the end of financial year only 165 indicators were achieved which equals to 68% as stated.

1.1. What caused the municipal's failure to achieve the set performance indicators?

Answer: Prolonged procurement process which led to late appointment of Service Provider.
None responsive in tenders,
Litigations between the municipality and Service Providers
Insufficient finance to perform the work.

1.2. Why there was such underperformance, 43% on Spatial Rational?

Answer: The following KPIs couldn't be achieved as a result of late appointment of service provider:

- a. Rationalisation of SDF
- b. Development of wall to wall LUS
- c. Development of Burgersfort Ext 10 (Erf 479)
- d. Land Tenure security upgrading
- e. Land Invasions and Response strategy
- f. Housing Sector Plan
- g. Formalisation of informal settlements

The aforementioned failure attributed to underperformance as stated above.

1.3. What actions are in place to correct the failure?

Answer: The Municipality has appointed a panel of town planning consultants to be utilised as and when required for period of 36 months.

2. Water authority and electricity provision license. p19.

2.1. How far is the task team in acquiring water and electricity licenses for the municipality?

Answer: Draft Feasibility Study Reports Produced for both water and electricity license.

3. Burgersfort Stadium. p20.

3.1. How far is the administration in identifying and acquiring a suitable land for the construction of Burgersfort stadium?

Answer: The project was supposed to be implemented in terms of commencing with feasibility study to provide alternative suitable options for land acquisition. Unfortunately the project was stalled due to financial challenges that the Municipality is facing. However, the project has been referred to Technical Services Department for implementation. Further reporting in the 2019/20 FY would be reported from that Department.

4. Traffic congestion in Burgersfort Town. p20.

4.1. Can the committee be updated on the progress regarding the construction of the by-pass (west ring road) which will alleviate traffic in town when completed?

Answer: The project is still at planning phase i.e acquiring road servitudes.

The land expropriation notice was ratified by Council around first quarter however the approval was subject to evaluation of identified properties for purpose of compensation within 90 days from the date of approval. Unfortunately evaluation was not done due to deficiency of money to pay the service provider for work done (Expropriation notice) which resulted in service provider stalled sanctioning of evaluator to evaluate the identified properties within specified period.

5. Sport complexes. p23.

5.1. Can the committee be updated with the progress regarding the completion of Radingwana sport complex?

Answer: The project is practically complete. Currently the Contractor is busy on site finalising all outstanding activities.

5.2. What are the municipal's plans regarding utilisation of the sport complexes after being completed?

Answer: For all sporting codes and events

6. The report on page 27 talks about grants and there is a grant for INEP which indicates dash on the column for budget and received. p247.

6.1. What happened with the INEP grant?

Answer: The Grant was never been utilized due to Operation Mabone Project being interdicted by the Contractor.

6.2. Why the grant was not used for its intended purpose?

Answer: The funding is a conditional grant and was never being used, but only to be returned back

7. Top Ten Risks for 2017/2018. p57.

7.1. An update on how these risks are being mitigated?

Answer: Community Services: Ineffectiveness of Traffic flow and enforcement

The traffic unit has received 45 Traffic Controllers from Department of Transport to relieve the Municipality from its traffic congestion that is being realized. Furthermore the municipality appointed 21 Points men to ease traffic flow and to supplement the existing manpower.

Corporate Services

- a) Ineffective administrative leadership or ineffective management: We have to conduct briefing sessions as and when there is new policy, and there is no new policy. LLF now started to be functional. No new employees in the second quarter so inductions could not be conducted. All grievances of employees are monitored and attended to.
- b) Unethical behaviour and conduct: No inductions conducted in the second quarter since there were no new appointed employees.
- c) Leaking of confidential information: We have addressed this anomaly in our Corporate Services Departmental meeting and emphasised the necessity of complying with the requirements of oath of secrecy. As a results no such cases reported in the second quarter.

8. Free Basic Electricity (FBE). p69.

8.1. Can the committee get an update with regard to the status of FBE in the former Fetakgomo communities?

Answer: The last configured number of beneficiaries was 3484 and only 3025 beneficiaries collected tokens in 2017/18 FY June.

8.2. Some of the people who were receiving electricity tokens from former Fetakgomo are no longer receiving, why?

Answer: Previously there was no communique received at our offices regarding the matter and this will be investigated through Eskom

8.3. Why in the AG's report, p246 there is an indication of no evidence in support of the target achieved?

Answer: Technical Services Department submitted the evidence but AG felt that it was not sufficient.

9. Regravelling of roads. p246.

9.1. Your target for road regravelling was 16 and you achieved 36. How did you manage to achieve to that level? Was there any budget or target adjustment? Give details for your response.

Answer: Some of the Roads were done internally, i.e. 21 Roads and others utilising Service Provider (15 Roads). There was no budget adjustment or Target adjustment.

10. Suspensions. p131.

10.1. Can the committee be updated on the status of these suspensions?

Answer: Among the four implicated senior officials in the report. Two of them, Mr. GT Ratau and Mr. MF Maredi resigned before disciplinary action could be instituted against them. Mohlala JNT' contract expired before the investigations, the publication of the outcome and recommendations were made. The current Municipal Manager, Mrs. NP Busane is undergoing disciplinary hearing wherein the matter has been remanded to 15/05/2019.

11. Library programmes. p100.

11.1. How far is the progress regarding the construction of the two libraries, Makua and Praktiseer libraries?

Answer: The designs are completed and due to budgetary constraints we are unable to proceed with construction.

12. Repairs and Maintenance. p225 and p226.

12.1. Why the municipality failed to spend the whole budgeted amount for repairs and maintenance? (Spent 53% and failed to spend 47%)

Answer: - It was requested by the Municipal Manager that issuing of quotations be discontinued and part of which the money would be reserved Operation Mabone Project.

12.2. Why the expenditure amount of R50 099 473 on p225 differs with the one stated on p226?

Answer: The correct figure as captured in the Financial Statement for 2017/18 is R96847,088 and R50 099 473 is for 2016/17.

13. 2016/2017 MIG Spending. p230.

13.1. Can the committee be clarified with regard to the status and expenditure part on Table/Figure 44, whereby status for both Motodi sport complex and Tubatse high mast light is zero (0%) whereas there is an amount for expenditure?

Answer: The amount reflecting on Motodi was for designs and accumulating from previous financial year

- The amount on the High mast Lights was for previous work done that was still owed to the contractor and remained unpaid due to the interdict of the project.

Auditor-General's Report.

14. 2016/2017 Findings. p30.

14.1. Why the municipality failed to address some the 105 AG's findings for 2016/2017?

Answer: 57% of the issues raised by the AG was corrected the remaining 37% was linked to the compilation of the AFS. However the current status is at 60% i.e. effective of the Steering Committee and meetings are held on weekly basis (Fridays).

14.2. How far are you in addressing these remaining findings?

Answer: A comprehensive audit action plan has been put in place to address the 2017/18 AG findings. All findings including the repeat findings are addressed simultaneously. The last audit steering review dashboard showed that the percentage of action is 60% complete, 3% not started and 37% in progress.

15. Property, Plant and Equipments. p238.

15.1. How far is the municipality in addressing AG's query no.3, 4 and 5 regarding property, plant and equipment?

Answer: A comprehensive audit action plan has been put in place to address the 2017/18 AG findings. All findings including the repeat findings are addressed simultaneously. The last audit steering review dashboard showed that the percentage of action is 79% complete, 2% not started and 9% in progress.

16. Investment Property. p238.

16.1. How far is the municipality in addressing AG's query no. 6, 7, 8 and 9 on Investment Property?

Answer: A comprehensive audit action plan has been put in place to address the 2017/18 AG findings. All findings including the repeat findings are addressed simultaneously. The last audit steering review dashboard showed that the percentage of action is 79% complete, 2% not started and 9% in progress.

17. Irregular Expenditure. p239.

17.1. Why the municipality did not include particulars of irregular expenditure in note 34 to the financial statements?

Answer: The particulars of the irregular expenditure was included in note 44 on the financial statements, please see attached copy (p 77&78 of the AFS)

17.2. How far is the municipality in establishing adequate systems to identify and report on all irregular expenditure?

Answer: The municipality has started enforcing compliance to SCM processes and regulations. BID committees are being trained on changes in the regulations quarterly.

17.3. How far is the municipality in addressing the stated R191 408 404 irregular expenditure?

Answer: This is up to council to pronounce on the course of action to be taken after the MPAC has investigated and recommended to council.

17.4. Can the committee be updated with the details of the stated R191 408 404 irregular expenditure.

Answer: R114 103 302 is the opening balance from previous financial years. Please find details of the R77 305 102 attached herewith.

17.5. How far is the municipality in dealing with VBS issue?

Answer: We have instituted disciplinary actions against senior officials implicated in the report. We have lodged creditors claim with the appointed liquidator in terms of the liquidation application granted in favour of the South African Reserve Bank. Council has resolved and mandated the accounting officer to institute criminal action against the implicated, including those resigned, for violation of the MFA and further that council has resolved and mandated accounting officer to institute civil recovery action against the implicated officials for violation of the FMA provision.

18. Procurement and Contract Management. p245.

18.1. Why and which contracts were awarded to bidders who did not submit a declaration on whether they are employed by state or connected to any person employed by state?

Answer: The said bidders declared the MBD 4 in the initial appointment. However, in this particular instance the MBD 4 forms were not attached on these particular packages. The CSD reports were attached on the packages and the CSD report indicated that they are not working for the state.

18.2. Why Bid specifications for some of the tenders were drafted in a biased manner?

Answer: There was no biasness in this respect because the requirements were for contractors who had experience in construction of a sports complex. This was a specific requirement because construction of sports complex is not necessary like constructing a road or bridge because a sports complex has different structures like laying an Astra tuff field. The AG was engaged on this one but they insisted that it is construction regardless.

19. Expenditure Management. p246.

19.1. Why the municipality is failing to always pay its suppliers within thirty days as required by section 65 (2) € of MFMA?

Answer: There are two known reasons why the creditors are not paid within 30 days.

1. The first reason is that user departments received invoices directly from the service provider. These invoices were in turn kept by the departments for a long time and by the time they took these invoices to finance for processing it was already too late. This was caused by lack of document transfer procedures.

The second reason was a result of lack of cash in the municipality coffers, resulting in the invoices being kept in the archives until there is cash available.

19.2. Who were responsible for not taking reasonable steps to prevent the unauthorised expenditure of R300 893 769?

Answer: The former CFO and Municipal Manager during the 2017/18 financial year were responsible, unfortunately they both are no longer with the municipality.

19.3. Can the committee be updated with the details (breakdown) of this unauthorised expenditure?

Answer: R3 221 843 is the opening balance from previous financial years. Please find details of the R297 671 926 attached herewith

19.4. Who were responsible for not taking reasonable steps to prevent the fruitless and wasteful expenditure amounting to R10 546 734.

Answer: The former CFO and Municipal Manager during the 2017/18 financial year were responsible, unfortunately they both are no longer with the municipality.

19.5. Can the committee be updated with the details (breakdown) of the stated fruitless and wasteful expenditure?

Answer: R8 759 298 is the opening balance from previous financial years. The information could not be found hence it was given to the CFO by the Service Provider. The matter will have to be investigated further.

20. Asset Management. p246.

20.1. How far is the municipality in establishing effective system of internal control for assets as required by section 63(2) (c) of MFMA?

Answer: The municipality is currently working on the improvement of the entire municipal internal control system including assets management system. The current progress on the implementation of the issues by AG (regarding the internal control weaknesses) is at 36%, while most of the issues are currently in progress at 64%. The arrival of the support team, such as completion of a request form for use of a council vehicle. Completion of a trip authority is mandatory. Vehicle inspection before and after is being enforced. Just one of the many controls introduced.

21. Internal control deficiencies. p248.

21.1. Why there was no detailed review of financial statements?

Answer: Preparation of the annual financial statements started very late in August 2017 because of the confusion of placement resulting from the merger. By the time the AFS were completed exactly on the 30th August 2017, the following was a submission date, so there was no time to review the AFS.

21.2. How far is the municipality in establishing an IT governance framework?

Answer: It is already established and approved by council.

21.3. Why the internal control monitoring mechanisms of the audit committee and the internal audit are not functioning optimally?

- ✓ **Answer:** There were delays in preparation of the Annual financial statement hence there was no much time for both internal Audit and Audit Committee to review the financials. Financials were completed for submission to AG and other stakeholders on the 31 of August 2018, therefore it was not possible for both internal Audit and Audit Committee to play an over side to the financials.

- ✓ With regard to performance information, Internal Audit reviews performance of the municipality on quarterly basis. The report of Internal Audit is discussed in the Performance Committee meeting were the committee make recommendations to management to rectify deficiencies as reported by the Internal Audit and Performance Management specialist , however those resolution and or advises are not being implemented by management.

22. Building Plans. p243.

22.1. Building plans were identified and approved but not included in the reported achievement why?

Answer: Apparently there is no procedure manual to outline procedure on administration of building plans as a result building plans are administered on discretionary basis.

The procedure manual hereof is being developed and is expected to be finalised not later than March 2019.

Kind regards,



MJ Ntshudisane

Acting Municipal Manager

25/03/2019

Date