



The **GTM** **GREATER TUBATSE** **MUNICIPALITY**

South Africa's first democratic platinum city

OVERSIGHT REPORT

2013 / 2014

FINANCIAL YEAR

CHAIRPERSON'S FOREWORD

• *Madam Speaker, the Chairperson of the Municipal Council of GTM, Cllr. Q. M. Moeng;*
• *His Worship, the Mayor, Cllr. R. S. Mamekoa;*
• *The Chief Whip of Council, Cllr. S. M. Nkosi;*
• *Honourable Members of the Principal Committee of Council;*
• *Chairpersons of the Section 79 Committee of Council;*
• *Honourable Councillors*
• *Magoshi*
• *The Municipal Manager*
• *Managers present*
• *Distinguished Guests*

I greet you all in the name of good governance !

The Municipal Public Accounts Committee was established on the 08th July 2014, after Council resolved to restructure all Council Committees.

The MPAC function is in accordance with the Municipal Legislation such as Municipal Finance Management Act, Municipal Systems Act, Guideline for Establishment of Municipal Public Accounts Committee and in particular the Supreme Law of the Republic of South Africa, the Constitution.

The Council referred the 2013/2014 Annual Report , AG Report and Mid-Year Report to MPAC for review.

Our task was challenging in that most of our members are new in this Committee and an attempt to frustrate our programme was also experienced. Some activities were partly done, public hearing conducted but could not solicit inputs due to time constraints.

With reference to the above, the MPAC public hearing of the 125/03/2015 was postponed due to lack of responses from the Mayor and was rescheduled for the 23rd March 2015.03.26

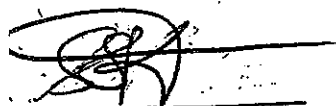
We appeal to Management to make use of the advice of the Audit Committee and to prioritise the audit finding, because this is the only way forward to good governance.

In conclusion, we appreciate the support of the Auditor-General, the Audit Committee and the Administrative Support Staff.

Madam Speaker, with your permission allow me to present the 2013/2014 Draft Oversight Report to Council.

The Draft Oversight Report consists of the following :

- Introduction
- Legislative Mandate
- Public Hearing
- Recommendations


Cllr. S. S. Kgoete
MPAC Chairperson

27/03/2015
Date

1. Introduction

In terms of the Municipal Finance Management Act and the Municipal System Act, municipalities must prepare an Annual Report for each financial year. The purpose of the Annual Report is to :

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

The 2013 / 2014 Annual Report was tabled in Council on 29 January 2015. After the tabling of the annual report, the first step MPAC met with the Auditor-General for briefing.

The following figures illustrate processes which MPAC followed in compiling the Oversight Report 2013/2014

^step 1 : Council refers Annual Report / AFS / AG Report Resolution No

^step 2 : MPAC reviewed the reports

^step 3 : Development and findings of preliminary questions

^step 4 : Briefing by the Auditor-General

^step 5 : Preliminary questions adopted and forwarded to the Mayor

^step 6 : Receives responses to questions from the Mayor

^step 7 : MPAC analyses responses

^step 8 : Convene a public hearing for Administration to account

^step 9 : Report back to Council (31 March 2015)

i) Further oversight processes are as follows :

The general public including other stakeholders, Magoshi, Ward Committees and Interested Parties were invited to the Public Hearing held on the 23rd March 2015 at the Civic Centre, Municipal Chamber;

ii) The Annual Report was disseminated at strategic points throughout the municipal area inviting comments;

iii) MPAC convened a meeting to review the Annual Report, AG Report and Mid-Year Report on the 13 – 15 March 2015, work programme is attached.

The above processes were concluded within two (2) months February and March 2015.

NB. The final step the Oversight Report is to be tabled to Council on the 31st March 2015 at the Civic Centre's Municipal Chamber.

Listed below are Members of the Municipal Public Accounts Committee :

(i)	Cllr.	Kgoete	S. S.	Chairperson
(ii)	Cllr.	Makofane	I. T.	
(iii)	Cllr.	Riba	M. E.	
(iv)	Cllr.	Maroga	R. L.	
(v)	Cllr.	Maile	R. M.	
(vi)	Cllr.	Manotwane	R. R.	
(vii)	Cllr.	Lesinya	T.	
(viii)	Cllr.	Komane	T. D.	
(ix)	Cllr.	Hlatšwayo	B. E.	

Councillor Hlatšwayo B. E. did not participate during the review processes of the Annual Report, AG Report and the Mid-Year Report due to work commitment.

Administrative Support Staff

(i)	Mr	Mphego	S. S.	Council Secretary
(ii)	Ms	Nkosi	N. M.	Committee Co-ordinator

Legislative Mandate for the Oversight Report

"Section 129(1) of the Municipal Finance Management Act (Act No 56 of 2003) states that the Council of the Municipality must consider the Annual Report of the Municipality by no later than two (2) months from the date on which the Annual Report was tabled in the Council, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council has :

- Approved Annual Report with or without reservation;
- Rejected the Annual Report; or
- Has referred the Annual Report back for revision of those components that can be resolved;

Legislative Requirements		
Financial Matters (MFMA)		
1.	The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General.	AFS submitted tot AG were not audited by the Internal Audit, due to late submission.
2.	The Auditor-General's report on the financial statements of the municipality and the entity	Compliant AG report included in the Annual Report
3.	Any explanations that may be necessary to clarify issues in connection with the financial statements.	Complied with laws and regulations and Audit Committee Report.
4.	An assessment by the accounting officer on any arrear on municipal taxes and service charges, including municipal entities.	Compliant adequate assessment was included the Annual Report
5.	Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.	Action plan in place to address. AG's queries, most issues in AG action plan require technical skills which current Personnel do not have in Finance.
6.	Recommendations of the Audit Committee in relation to the AFS and audit reports of the Municipality and its entities.	Audit Committee Report was noted by Council without any recommendations.
Allocation Received and Made (DORA)		
7.	Allocations received by and made to the municipality.	Compliant allocation received was disclosed
8.	Information in relation to the use of allocations received.	Information was properly disclosed and for which projects in the annual reports.
9.	Information in relation to outstanding debtors and creditors of the municipalities and entities.	

Disclosure in Notes to AFS		
10.	Information relating to benefits paid by Municipality and entity to Councillors, Directors & Officials	Disclosed in the Annual Report.
Municipal Performance (MSA 46)		
11.	The annual performance reports of the municipality	The Performance Report are included in the Annual Report
12.	Performance of municipal entities and municipal service providers	Disclosed in the Annual Report.
General Information		
13.	Agreements, contracts and projects under Private-Public Partnerships	Information on PPP provided however the Municipality is the process of concluding the PPP agreement.
14.	Service delivery performance on key services provided	Compliant refer to Annual Report
15.	Information on long terms contracts.	Disclosed
16.	Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations	Disclose in the Annual Report
17.	Three (3) year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	Information not included in the Annual Report
18.	Timing of Reports	Compliant
19.	Payment of performance bonuses to municipal official	No Assessment conducted, hence no bonus paid.
20.	To what extent have projects planned in the previous year, have been carried over to the next financial year ?	There were projects earmarked for implementation 2013/2014 financial year, multi-year implementation approach.
21.	Are the Council and the Community satisfied with the performance of the Municipality ?	No client satisfaction survey was conducted. The last survey was conducted in 2010 / 2011 by CoGHSTA.

Public Consultative Meeting

The public consultative meeting was supposed to have been conducted in accordance with the MPAC programme, it was scheduled for 12/03/2015, but it was postponed because management did not furnish responses timeously and the public hearing was held on the 23/03/2015, inputs from all stakeholder could not be solicited.

The Public Hearing was advertised on the Steelburger Local Newspaper on the 20th March 2015 and the local Radio Station of Tubatse FM.

In view of the above MPAC recommends that the Council approves the 2013/2014 Annual Report with the following reservations :

1. that Council implement the capacity building policy for the municipality staff;
2. that Council mandates the Accounting Officer to implement Section 32 of the MFMA Act 56 of 2003, for unauthorised, irregular or fruitless and wasteful expenditure;
3. that the Accounting Officer institute disciplinary proceeding to none committed Officials.

The Greater Tubatse Municipality

MPAC Work Programme for the Second Quarter Performance Report

<u>Date</u>	<u>Activities</u>	<u>Venue</u>
3 - 15 February 2015	Review & Analysis Annual Report and Mid-Year Report	Blydepoort Forever Resorts
6 February 2015	Questions formulated forwarded to Auditor General (by Internal Audit)	
3 February 2015	MPAC Meeting with Auditor General to consolidate questions	G.T.M Boardroom
2 March 2015	Public Participation: All Stakeholders 1. Three (03) Ward Committee per Ward; 2. Magoshi; 3. All Coucillors; 4. Members of the Public.	Municipal Chamber
6 March 2015	Oversight Report Annual and Mid-Year reports (Special Council)	Municipal Chamber


Cllr. Kgoste S.S
Chairperson: MPAC

24/03/2015
Date

THE GREATER TORONTO
MULTI-MEDIA
PUBLIC NOTICE



Public Hearing

23 March 2015 @ 10:00

Council Chamber

1. OPENING
2. ROLL CALL & APOLOGIES
3. INTRODUCTIONS
4. REMARKS
5. PURPOSE OF THE MEETING
 - 5.1 QUESTIONS REGARDING :
 - 5.1.1 AG'S REPORT
 - 5.1.2 ANNUAL REPORT
 - 5.1.3 MID-YEAR PERFORMANCE REPORT
6. ANNOUNCEMENT
7. VOTE OF THANKS – BY THE SPEAKER
8. CLOSURE



The ~~GM~~ GREATER TUBATSE MUNICIPALITY

South Africa's first democratic platinum city



MEMO

TO : THE SPEAKER CLLR QM MOENG
FROM : THE MAYOR CLLR RS MAMEKOA
DATE : 19 MARCH 2015
SUBJECT: RESPONSE OF THE QUESTIONNAIRE FROM MEMBERS OF MPAC

The matter above bears reference

Attached please receive the responses to questions raised by MPAC on 2014/2015 Mid-year performance report, 2013/2014 Draft Annual Report, and on Auditor General's report on Property, Plant and Equipment.

I hope you will find this in order

Yours in Governance

R. Mamekoa
The Mayor
CLLR RS Mamekoa

19/03/2015
Date

Acknowledge

Received by: P. Maepa
Date: 19/03/2015
Signature: [Signature]
Time: 09:51

Address:

Kastania Street
P.O. Box 206, Burgersfort, 1150
Tel: (013) 231 1000
Fax: (013) 231 7467
Website: www.tubatse.co.za



MEMO

TO : MAYORS OFFICE
FROM : ACTING MUNICIPAL MANAGER
DATE : 18 MARCH 2015
SUBJECT : RESPONDS TO QUESTIONS RAISED BY MPAC ON AUDITOR
GENERAL'S REPORT

Questionnaires from members of MPAC on Auditor General's Report

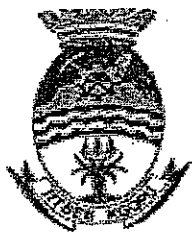
Property, Plant and Equipment

1. *The A.G identified a number of assets belonging to the Municipality that were not included in the accounting records and financial statements. Why? (Paragraph 4)*

It should be noted that the service provider for assets was appointed very late and did not have enough time to compile the assets register, there was no review of the report by either the Internal Audit and the Audit Committee hence several mistakes were not corrected. But care has been taken to ensure that the assets register is corrected and the service provider to assist with assets will be given enough time to correct such

2. *The A.G was not able to physically verify items of property, plant and equipment amounting to R93, 3million, as the Municipality did not maintain adequate records for the identification of property, plant and equipment. Why? (Paragraph 5)*

There was no proper coordination of the internal activities in the process of audit and as such there were several delays and time was no longer on AG to physically verify the information, this was a result of assets register being done late



MEMO

3. *The Municipality did not adequately assess at reporting date whether there were any indications that assets might be impaired, as required by S.A Standards of GRAP 21 Impairment of non-cash-generating assets. Why? (Paragraph 6)*

The Asset Register was being built from scratch as the previous Asset Register did not correlate with what is on site. As a result of this, all the entries were new and as a result of this the records were being placed in at values that were already reduced in a lot of instances. It is the Asset Register subsequent to this one that will contain impaired values because some of the Assets will become impaired from their initial recognition.

4. *There is an adjustment relating to property, plant and equipment stated at R1 449 089 504billion for 2013 and R1 451 634 697billion for this financial year. Why did you not provide the A.G with the supporting documents? (Paragraph 6)*

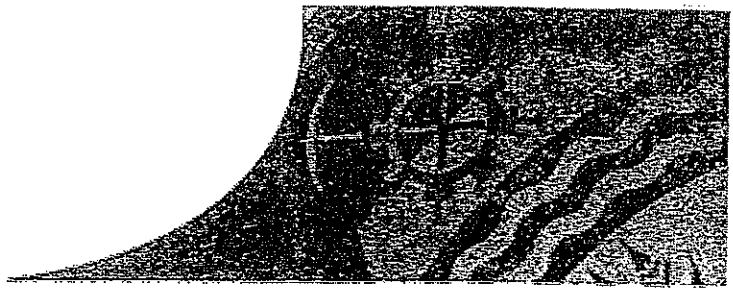
Due to system challenges the adjustment done were not thoroughly captured into the venus system and this cause the problems in a way that information from the system, the assets and any supporting documents were not reconciling, this was also raised in 2012/2013 financial year and being corrected from the 2013/14 financial year, AG will be given opportunity to do interim audit on the opening balances.

5. *The Municipality did not account for retentions amounting to R2 906 756million for assets that were capitalised in 2012-2013 in accordance with the requirements of S.A Standards of GRAP 3 Accounting policies, estimates and errors. Why? (Paragraph 7)*

Opening balances were not corrected and reviewed on retentions, prior year error note was also not included in the notes to the annual financial statements, this was due to the lack of review on the annual financial statement submitted.

6. *The accumulated depreciation disclosed as per financial statements are misstated by R4 147 126million as the Municipality did not calculate the depreciation as per accounting policy. Why? (Paragraph 8)*

This was an error of transfer in the spreadsheet. It has been addressed and corrected.



MEMO

7. *The underlying accounting records of the Municipality did not in all instances include sufficient details of infrastructure assets to enable the A.G to perform a physical verification of these assets. Why? (Paragraph 9)*

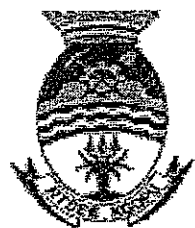
It should be noted that that the service provider for assets was appointed very late and did not have enough time to compile the assets register, there was no review of the report by either the Internal Audit and the Audit Committee hence several mistakes were not corrected. But care has been taken to ensure that the assets register is corrected and the service provider to assist with assets will be given enough time to correct such.

8. *As assets could not in all cases be found at their recorded locations, how can the adjustment relating to infrastructure assets stated at R1 331 121 149billion for 2013 financial year and R1 330 538 539billion disclosed in note 3 to the financial statements necessary. Why were some assets not found at their recorded locations as per assets register? (Paragraph 9)*

Additions to the annual financial statements were necessary, the challenge was that those adjustment could not be passed into the financial system due to capacity challenges and lack of timeous support from the system providers.

9. *The A.G was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property, plant and equipment. Why in the previous years the closing balance is not the same as the opening balance? (Paragraph 10)*

The municipality submitted a revised asset register and the office of AG approved the register to be re-audited, however there were still numerous challenges on the information provided, assets verification after the audit has been done in trying to correct the challenges which were stipulated, inconsistencies was also due to late appointment of the service provider.



MEMO

- 11. The AG was not able to determine whether any adjustment to additions stated at R54 556 969 million in the financial statements was necessary. Where are those roads and bridges that are worth R54 million? Why were they not shown to the Auditor for verification? Paragraph 11**

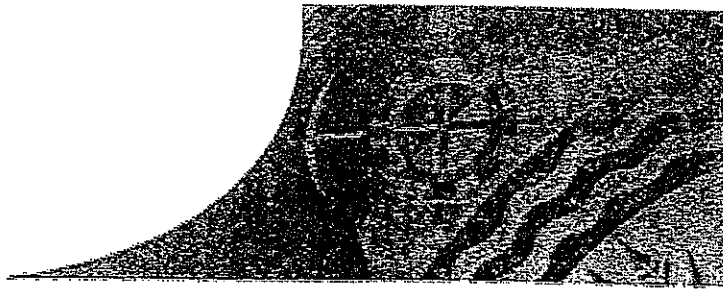
Additions to the annual financial statements were necessary; the challenge was that those adjustments could not be passed into the financial system due to capacity challenges and lack of timeous support from the system providers.

- 12. The municipality did not review the residual values and useful lives of property, plant and equipment at each reporting date, in accordance with S.A Standards of GRAP 17 property, plant and equipment. Why did Municipality not view the residual values and useful lives of property, plant and equipment as required by the South African standards of GRAP 17? (Paragraph 12).**

The Asset register was being compiled from scratch and as a result not all the residual lives of the assets were reviewed, the lives of other assets whose economic useful lives were exhausted were extended, this is a process and couldn't be completed on time and as such resulted in the findings.

- 13. The AG identified assets such as computer equipment, furniture and fittings and other assets to the value of R21 182 154 million which were incorrectly classified as infrastructure assets. Why? (Paragraph 13)**

Classification of information was not done up to the required standard, misclassification of assets are material in nature, the error has been corrected in the updated assets register, this was an oversight due to lack of review of the annual financial statement



MEMO

14. The A.G was not able to obtain supporting documents for journals passed to the amount of R 153 794 681 million, as internal controls were not established over recording and safe keeping of records. The A.G was also unable to determine whether any adjustments relating to property, plant and equipment stated at R1 449 089 504 million 92013: R1 451 697 million) and in the financial statements was necessary. Why were supporting documents for these journals not given to the Auditors? (Paragraph 14)

All journals approved should be accompanied by the supporting documents and care was not exercised to ensure that all journals are supported; this was as a result of poor maintenance of management of records.

15. The net carrying amount of property, plant and equipment is misstated by R8 383 120 million (paragraph 15)

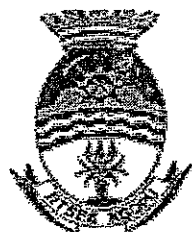
This was as a result of lack of review of the annual financial statements

16. The A.G identified difference to the amount of R 714 066 688 million between the amount that was disclosed as property, plant and equipment per the 2013 closing balance and the 2014 opening balance . Why the closing balance and the opening balance differ with R71 million?(paragraph)

The adjustment and the posting to the Venus was a challenge because at that particular time it was only the service provider would have assisted with the transactions, the request from was also not made on time for trial balances to be corrected, the trial balance that was provided to the AG was not complete.

17. The A.G. identified a number of investment properties belonging to the municipality that were included in the accounting records and financial statement at no value. Why investment properties were were recorded without values?

The responses to the above questions were submitted to AG and not agreed upon and the recommendations were given on to be disclosed in the future, the query was more on a technical level and guidance will be sought from AG during the interim audit.



MEMO

Personnel cost

18. Why were supporting documents regarding journals passed to the amount of R86 412 950million not given to the Auditors for auditing? (Paragraph 18)

Journals were passed manually and could not be passed to the system due to system challenges and journals were not passed accordingly as they were not thoroughly supported, currently all journals are being filled with the necessary supporting documents.

General expenses

19. Why did the Municipality not provide sufficient supporting documents to the A.G? (Paragraph 19)

Management of records was a big problem in the municipality for the previous financial year, records were provided late, others seized by the Hawks, and other documents were just missing.

20. The A.G was unable to obtain journals passed to the amount of R60 828 225Million as internal controls were not established over recording and safekeeping of records. Why was A.G not given supporting documents for the journals passed amounting to R60 828 225million? Who is responsible for keeping this documents? (Paragraph 20)

Journals were passed without supporting documents as internal controls on the safekeeping of documents was not established; this is the responsibility of the chief financial officer or any person acting on the position. Currently all the journals are being supported before approved.

MEMO

Cash flows statement

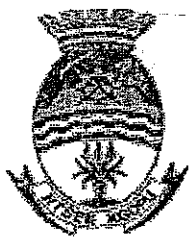
21. S.A Standards of GRAP 2 cash flows statement requires that the Municipality summarises its operating, investing and financing activities. The A.G was unable to obtain sufficient appropriate audit evidence to confirm an amount of R72 572 023million included in other non-cash items in the cash flow statement. The entity's records did not permit the application of alternative procedures. Why were the cash flow statements not prepared in accordance with South African standards of GRAP 2? Is it lack of skills or reluctance to do one's work? (Paragraph 22)

Service provider to prepare the Annual financial Statements was appointed very late and with little support coming internally in terms of provision of information and no in-depth knowledge from service provider for the preparation of the Annual Financial Statements. The municipality did not have the capacity internally for cash flow statement.

Revenue

22. The A.G was unable to obtain sufficient appropriate audit evidence on commission received as internal controls were not established over water meter reading. The Municipality used estimates for the whole financial year. Why were meter readings not done throughout the whole year and for the previous years? (Paragraph 23)

This was the district municipality competency to appoint or to do meter reading and unfortunately the meter readers were appointed very late in June to take the actual readings, the function has since been taken by the district.



MEMO

23. During 2013 financial year the A.G reported that he was unable to obtain evidence of journals passed for revenue to the amount of R6 392 195million, as internal controls were not established over recording and safe keeping of records. Why did you not provide A.G with those documents? Why were the prior year misstatements not corrected? Why is there no internal control? (Paragraph 24)

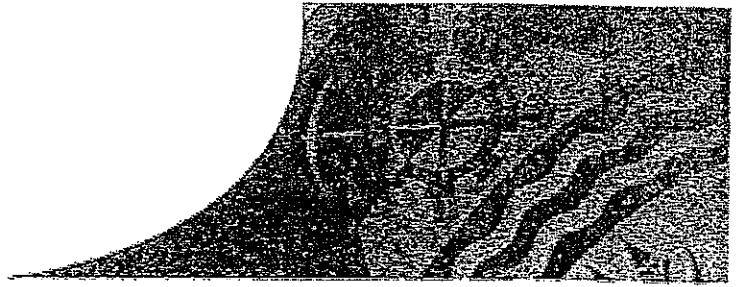
Journals were passed without supporting documents as internal controls on the safekeeping of documents was not established, this is the responsibility of the chief financial officer or any person acting on the position. Currently all the journals are being supported before approved.

24. The AG was unable to obtain sufficient appropriate audit evidence about revenue received as the municipality did not recognised traffic fines revenue in line with S.A Standards of GRAP 23 revenue from no- exchange transactions and GRAP 1 Applying the probability test on initial recognition of revenue. Why did you not recognise traffic fines revenue in line with South African standards of GRAP 23 and GRAP 1? Is it lack of skills or reluctance to do the job? (Paragraph 25)

There was lack of capacity in terms of the implementation of GRAP 23 and workshops are being attended to enhance the capacity in terms of the implementation of the standard

25. Again, the A.G was unable to obtain the journal passed to the amount of R45 683 658 million as internal controls were not established over recording and safe keeping of records. The A.G could not determine whether the adjustments to revenue stated at R321 602 544 million (2013) and R269 332 401 million in the financial statements were necessary. Why were supporting documents regarding journals passed amounting R45 683 658 million not given to A.G (paragraph 26)

Journals were passed without supporting documents as internal controls on the safekeeping of documents was not established, this is the responsibility of the chief financial officer or any person acting on the position. Currently all the journals are being supported before approved



MEMO

- 26. The A.G was unable to obtain supporting documents for the journals passed to the amount of R14 367 711 million as over recording and safe keeping of records. Why were supporting documents regarding journals passed amounting R14 367 711 million not given to the A.G? Who keeps those documents? (Paragraph 27)**

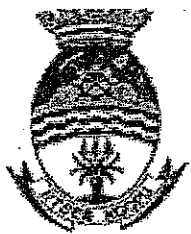
Journals were passed without supporting documents as internal controls on the safekeeping of documents was not established, this is the responsibility of the chief financial officer or any person acting on the position

- 27. Why were the revenue on grants overstated by R17 633 895 million and unspent conditional grants understated by the same amount of R17 633 895 million? Paragraph 28**

Overstated of grants was as a result of lack of review of annual financial statements, care has been taken to ensure that grants will be stated as they are and we are currently reviewing them on a monthly basis.

- 28. Why did the municipality not recognise all its revenue in accordance with South African Standards of GRAP 23? Why were amounts rolled over from the previous year not included for revenue of financial performance? (paragraph 29)**

Roll over amounts should be included in the adjustment budget once approved by National Treasury in November for every year, had financial statements reviewed this would have been detected and corrected accordingly



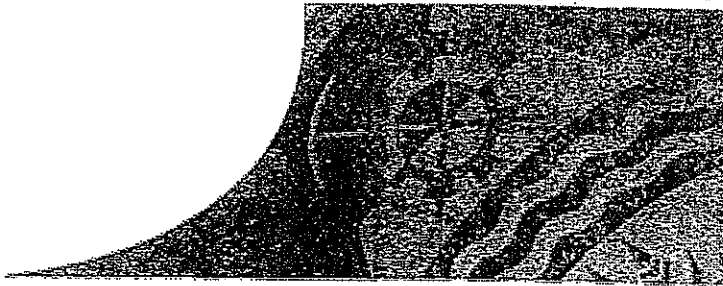
MEMO

29. The A.G was unable to obtain year end journal passed to the amount of R10 000 00 million, as internal controls were not established over recording and safe keeping of records. Consequently, the A.G was unable to determine whether any adjustment to cash and equivalents stated at R108 638 895 million (2013) and R86 285 631 million in the financial statements were necessary. Why was A.G not given supporting documents regarding journals passed to the amount of R10 000 000 million? Paragraph 30

Journals were passed without supporting documents as internal controls on the safekeeping of documents was not established, this is the responsibility of the chief financial officer or any person acting on the position. Currently all the journals are being supported before approved.

30. *The cash and cash equivalents disclosed are misstated by R15 260 868million as the cash book balance as per general ledger amount does not reconcile to the bank statement. Consequently, the A.G was unable to determine whether any adjustments to cash and cash equivalents stated at R108 638 895million (2013 and R86 285 631million in the financial statements were necessary. Why? (Paragraph 3*

This happened as a result of lack of monthly reconciliation of the cash book balance and the general ledger, and had the Internal Audit and Audit Committee reviewed the annual financial statements this would have been resolved before finalization of the annual financial statements.



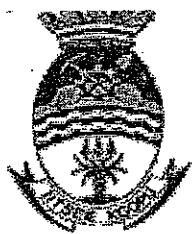
MEMO

31. The A.G identified differences to the amount of R18 029 903million between receivables presented in the statement of financial position and the debtors age analysis. The entity did not recognise the differences. Consequently the A.G was unable to obtain sufficient and appropriate audit evidence to satisfy himself as to the correctness of the receivables presented in the financial statements. Why? (Paragraph 32)

The receivable and the age list did reconciliation was not done on a monthly basis, hence there was a difference between the two, care has been taken to ensure that the revenue report, receivables and section 71 reports are reconciled monthly.

32. The A.G identified differences to the amount of R3 193 877million between the external confirmation for commission on water related transactions and amounts disclosed per annual financial statements. Consequently the A.G was unable to obtain sufficient appropriate audit evidence to satisfy himself as to the correctness of the receivables stated at R1 437 356million in note 10 to the financial statements. Why? (Paragraph 33)

Reconciliations between the district and the municipality on water related transactions were not thoroughly done and hence the difference, this was also as a result of annual financial statements not reviewed.



MEMO

- 33. The Municipality did not provide sufficient allowance for impairment on long outstanding receivables as the Municipality did not consider all irrecoverable debtors. Consequently provision for doubtful debts was understated by R4 512 542million and total receivables was overstated by R4 512 542million. Why? (Paragraph 34)**

Impairment used for the budget of 2013/14 was captured in the AFS notes instead of the impairment at end 2014. This happened as a results of annual financial statements not reviewed, however we have looked into the whole population and we will be addressed in the current financial year.

Other interest bearing liabilities

- 34. The A.G identified differences to the amount of R2 564 692million between the external confirmation from the Development Bank of Southern Africa on loan transactions and amounts disclosed in the annual financial statements. The Municipality's record did not permit the application of alternative procedures. Consequently, the A.G was not able to obtain sufficient appropriate audit evidence to satisfy himself as to the correctness of the other financial liabilities stated as R15 299 940million as per note 13 to the financial statements. What is your response? (Paragraph 35)**

Communication between the service provider and internal was a challenge during the preparation of the AFS and actions have been taken to ensure that statements are received from DBSA on loans immediately after year end, on a quarterly basis the loan statements are being received, reconciled and supporting documents kept in a file.

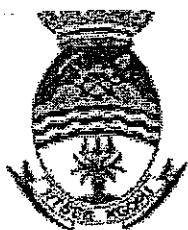
MEMO

35. The A.G was unable to obtain information to substantiate the provision for environmental rehabilitation disclosure in the annual financial statements for the year ended 30 June 2014 to the amount of R4 489 282 million. Management could not provide supporting documentation for this provision . The A.G was not able to confirm the estimates for provisions reflected at R6 771 861 million in the financial statements was necessary. Why did you not give the A.G supporting documents to support R4 4million? (paragraph 37)

Provision for environmental rehabilitation was not provided for, the figures for 2012/13 financial year were disclosed, hence there were no supporting documents for it, the finding is acknowledged and will be corrected in the 2015/16 financial year

36. The A.G identified leave provisions to the amount of R10 439 740 million that were not included in the accounting records of the Municipality and not disclosed in the financial statements. Consequently the A.G was unable to obtain sufficient appropriate audit evidence to satisfy himself as to the correctness of provisions presented in the financial statements. Why was this leave provisions of R10 4million not disclosed in the financial statements? (Paragraph 37)

Management of leave remained a major challenge in the municipality, for the period under review the municipality did not have the HR Manager as another root cause apart from the lack of review of annual financial statements.



MEMO

The A.G identified to the amount of R4 719 162 million between the amount of that was disclosed as provision per the 2013 closing balance and 2014 opening balance. The Municipality could not provide an explanation or supporting documentation for the differences noted consequently the A.G was not able to determine whether any adjustments to the provision stated at R678 536 in note 16 to the financial statements were necessary. (Paragraph 38).

Opening balances were not reviewed and corrected before the preparation of the annual financial statements, and once you move with incorrect opening balances it renders lot of balances including provisions incorrect, the matter is being addressed and supporting documents are being sourced in this regard.

37. As per note 38 to the annual statements, the Municipality has disclosed R3 662 000 million as contingent liabilities. In addition, it has been established that the Municipality is involved in litigation claims with service providers to an amount of R113 732 319million, this amount has been excluded from the disclosure. Therefore contingent liabilities is understated R113 732 319million. Why? (Paragraph 39)

List for contingent liabilities was provided to the service provider for financials on time, currently the municipality is in a process to maintain the list of claims against the municipality. Had the financials being reviewed this disclosure item would have been detected and corrected.

38. The municipality could not provide contract files and other supporting documents for contracts committed to R2 481.896million (2013) and R28 990 000million. There were no alternative audit procedures that Auditor General could perform to obtain reasonable assurance that contracts were committed. Consequently, the AG was unable to obtain sufficient audit evidence satisfy himself as to whether any adjustment relating to commitments as disclosed in note 38 to the financial statement were necessary. Where are those files? (Paragraph 40)

Management of records remained a challenge in the municipality for the 2012/3 and 2013/14 financial year as mentioned, however measures we put in place that no payment approval without supporting document for any kind of transactions and other documents were being retrieved since the measure was introduced.

MEMO

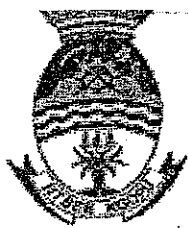
40. The A.G identified commitments to the amount of R64 574 670million that were included in the financial statements. As the Municipality did not maintain adequate records for commitments, the A.G was unable to determine the full extent of the understatement in commitments as it was impracticable to do so. Consequently the A.G was unable to determine whether any adjustment relating to commitments stated at R2 481 897million (2013: R14 529 252million) in the statement of financial position was necessary. Why? (Paragraph 41)

Report on commitments as disclosed in the annual financial statement were not included in full hence there were discrepancies on the list of commitments and the amount as per the AFS, commitments refers to the projects which are not completed in the current year but there is a commitment to complete in a year to come (Multi-year projects), contract register will be kept to ensure that commitments are thoroughly accounted for

Lease commitments

41. The lease commitments disclosed as per financial statements are overstated by R3 776 914million as the lease commitments amount does not agree to the supporting documentation. Consequently the A.G was unable to obtain sufficient appropriate audit evidence to satisfy himself as to the correctness of lease commitments presented in the financial statements. Why lease commitment is overstated by R3 776 914million? (Paragraph 42)

This was a result of lease register not maintained and lack of review of the financials, lease register will be kept and reconciled.



MEMO

Trade and other payables

42. The A.G identified differences to the amount of R2 906 935million between the disclosed amount for trade and other payables per the 2013 closing balance and the 2014 opening balance. The Municipality could not provide an explanation or supporting documentation for the differences noted. Consequently the A.G was unable to determine whether any adjustments to the trade and other payables stated at R38 895 325million in note 17 of the financial statements were necessary. Why? (Paragraph 43 & 44)

Correction of opening balances was not effectively done before the preparation of the financial year in order to correct the opening balances, also to note is the fact that a discloser note on "prior year errors" was omitted from the notes to the annual financial statements, this was a gross mistake and it will be included when opening balances are corrected, the root cause is non review of the annual financial statements

Budget information

43. The Municipality did not present the statement of comparison of budget and actual amounts in accordance with the S.A Standards of GRAP 24, presentation of budget information in financial statements. The A.G further noted that the Municipality did not disclose the explanation of the material variances between the budget and the actual amounts. Material variances were noted between the budget and the actual amounts. Why? (Paragraph 45)

GRAP 24 requires the municipality to present the budget statement information on the annual financial statements but however such was not done, during the AG period it was detected but unfortunately AG could not allow the adjustment to it as it was an unknown error and due to the materiality is not allowed, care has been taken to ensure that for 2015/16 financial year such will be included.

MEMO

44. During 2013, the AG reported that the Municipality procured goods and services amounting to R49 703 321million in contravention of the Municipality's procurement policy requirements. Due to lack of appropriate proper procurement system at the Municipality, the AG was unable to confirm whether the disclosure regarding the irregular expenditure in the financial statement was complete. (a) Why normal processes were not followed? (b) Why was the irregular expenditure not recorded?

The position of the Supply Chain Manager has been vacant for quite sometime due to long legal processes, and management did not play an oversight in ensuring that all supply chain processes are being followed, currently the deviation report is being kept monthly and reported quarterly, supply chain management training has been provided to all bids committees, management and supply chain official

45. The Municipality could not provide tender files and other supporting documents for contract awarded amounting to R25 182 284million (2013: R66 777 763million). There was no satisfactory alternative audit procedure that the AG could perform to obtain reasonable assurance that contracts were awarded in accordance with the supply chain management regulations. Consequently, the AG was unable to obtain sufficient appropriate audit evidence to satisfy himself as to the completeness of irregular expenditure as disclosed in note 44 to the financial statements. Why the Municipality did not supply AG with tender files and relevant documents? E.g. awards. (Paragraph 48)

Other tender files were retrieved but late, others seized by the Hawks, and other files could not be easily located due to poor maintenance of the records.



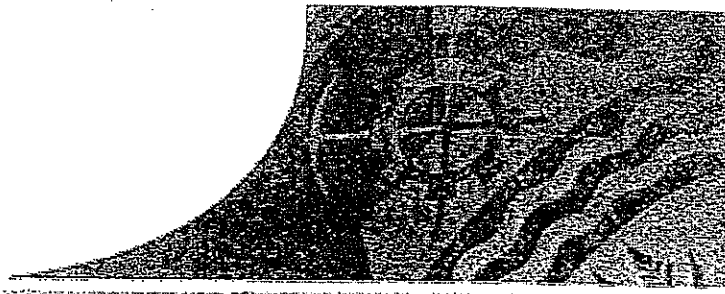
MEMO

46. The AG identified the differences of the amount of R21 568 518 million between the amount that was disclosed as irregular expenditure per the 2013 closing balance and the 2014 opening balance. The Municipality could not provide an explanation or supporting documentation for the differences noted. Consequently the A.G was unable to determine whether any adjustments to the irregular expenditure stated at R7 607 725 million to the financial statements were necessary. When are they doing to be given to the A.G Why there were differences between the 2013 closing balance and 2014 opening balance? (Paragraph 49)

Different amount was due to non correction of the opening balances and lack of review of the annual financial statements, the process is ongoing to ensure that the supporting documents are sourced and to be submitted to the AG in the next audit circle.

47. Municipality did not include full particulars of unauthorised expenditure in the notes to the financial statements. The municipality incurred unauthorised expenditure amounting to R9 611 733 00 as a results of overspending of the total amount appropriated for the votes in the approved budget, resulting in unauthorised expenditure being understated by the same amount. With reference to note 42 to the financial statements R77 687 230 million was disclosed as unauthorised expenditure, resulting in unauthorised expenditure being cumulative understated by R9 611 733 00 . Why did the Municipality overspend without the approval of the Council?(Paragraph 50)

Completeness of the amounts as disclosed in the annual financial statement was a result of financial statements compiled late and not reviewed, all section 32 expenditures are being investigated, to be reported accordingly and to fully disclose in the annual financial statements. Strict budget control measures are currently in place to ensure that we are not spending more than what is appropriated.



MEMO

48. The Municipality did not reconcile differences between the financial statements and underlying accounting records. Why did the Municipality not reconcile the differences between the financial statements and the underlying accounting records e.g. the trial balance under paragraph 51. (Paragraph 51)

The service provider (BCX) has been called to assist in clearing uncertainties in the financial system, we try harder to clear incorrect allocation in the system and ensure that correct votes are used at all times, the 2014/15 annual financial Statements will be prepared from the trial balance that is extracted from the financial system. Late compilation of the annual financial statements and the non review resulted in the underlying records not corresponding to the annual financial statements.

Aggregation of immaterial uncorrected misstatements

49. *The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements making up the statement of financial position. As the accounting officer what happened that the Municipality arrived to this situation of disclaimer and what are the future plans to assist the Municipality to improve. (Paragraph 52)*

AFS for 2013/14 financial year were having lot of mistakes on them as they were prepared very late, audit committee refused to audit them as the period submitted to them was very short and late, no support from the service provider for system to assist in dealing challenges. AFS preparation plan is in plan to ensure that AFS for 2014/15 will be of qualitative nature and submitted for review on time.

Hope to find the above in order.

Kind regards,



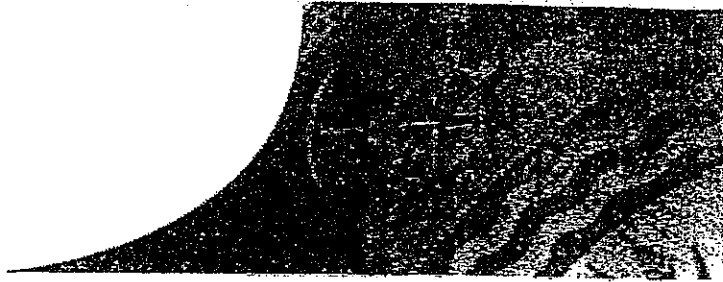
MM Moja
Acting Municipal Manager

2006 Burgersfort 1350
3) 231 7000
3) 231 7487
www.tubatse.co.za



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MEMO

TO : MAYORS OFFICE
FROM : ACTING MUNICIPAL MANAGER
DATE : 18 MARCH 2015
SUBJECT : RESPONDS TO QUESTIONS RAISED BY MPAC ON 2013-14 DRAFT ANNUAL REPORT

Kindly find the responses regarding the abovementioned matter detailed as follows:

Questionnaires from members of MPAC (2013/14 Draft Annual Report)

Finance Department

1. Service Charge. Over budget and collected less, why?

Service Charges-The municipality is under-collecting due to various challenges being experienced due to the fact that we cannot fully implement credit control policy as we do not have powers and function on water, but however poor collection is handed over to the debt collectors.

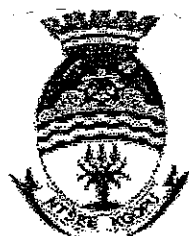
2. Rental of Facilities. Under estimation, why?

The lease agreements entered into before were not market related and the current Council has since reversed such agreements.

3. Other own Revenue. Over budget of 231,5% variance, why? Specify other own Revenue.

Under estimation of budget was since corrected during budget adjustment.

- Interests received
- Traffic fines
- Selling of tender documents
- Rental of properties



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15. Municipal Building. Under spending, explain?

Initial SLA provided for maintenance by GTM and after consultation with the Landlord, the Municipality and the Landlord are now sharing maintenance of the building.

16-18 Community Services. Under spending? Why?

Description	2013/2014 Annual budget/ allocations	2013/2014 Budget-spent	Challenges
Community Services Admin	R9 434 425	R7 927 160	Budgeted positions not filled
Protection services	R16 351 863	R11 706 135	Delays in acquiring traffic vehicles and motor bikes.
Libraries	R3 816 507	R2 718 286	Library material was procured at a lower amount than anticipated and this constitute a saving.

19- Economic and land development service administration. Less spending why?

The under spending was due to late appointment of service providers

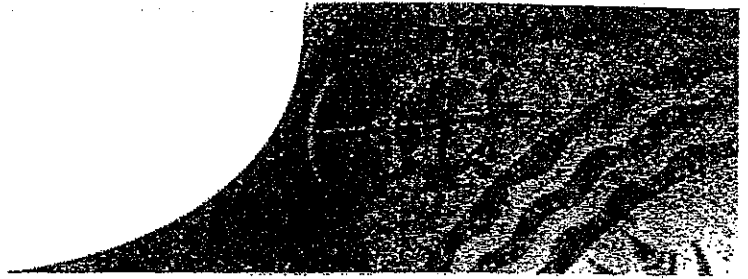
Operational Transfers and Grants.

Municipal systems improvement adjusted-890 000spending 890 000. Why?

No overspending incurred. Human error during Typing

20. MIG. Under spending. Why?

Vacancy of the supply chain manager position led to the under spending of MIG funds



MEMO

21. INEP. Over spending. Why?

No overspending was incurred. A letter of commitment to the tune of R15m was received from the Minister on the 04th November 2013 and the budget was not adjusted as required.

22. NDPG. Overspending .Why?

There was no over spending incurred.

Council Remuneration Grant

23. Cash Flow from Operating Activities. Under spending why?

- Not under spending.

24. Sales of goods and services. Underspending why?

- Poor collection than expected.

25. Grants. Over spending. Why?

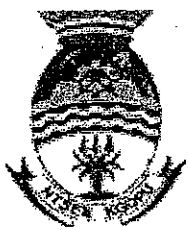
- Additional funds were received from National Fiscas

26. Interest received. Under budgeting why?

- We received more than anticipated. That is good performance

27. Other receipts. You must specify this other-under budget.

- Sales of tender documents
- Traffic fines
- Leases
- Rental of building
- Building plans



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MEMO

28. It's a saving on overtime and implementing of austerity measures.

29. **Suppliers.** Over spending why?

- There is a savings

30. **Service charge.** Under budget. Why?

- Poor debt collection.

31. **Other payments.** Explain other payments-specify? Why actual is not there?

- That actual is the one for the supplier.

32. **Other cash items.** Under budget-Overspending, explain those other cash item

- These are remuneration
- Contractual agreements
- Repairs and maintenance

All other items not mentioned under these are cash items.

N.B This MM's Office Report is dated 2012/2013. Is it a mistake or are you giving us a wrong report?

It is not a mistake it is a correct report. The 2012/13 that reflect on the report is a baseline, it reflect the performance of the municipality on the particular KPI in the previous financial year. It is a requirement that the report should make a comparison of the previous financial year and the year under discussion.



MEMO

Municipal Manager Office

1. Communication over spending explanation needed?

There was no overspending. A virement of R57000.00 was done to compensate R300000 for the purpose of printing annual report and IDP.

2. Communication SOLMA Conducted at Leboeng. R576 628,68 was spent without budget, why?

There was no SOLMA conducted during the financial Year under review and in state R576 628.68 was spent on launching Operation Mabone.

3. Risk Management. R100 000.00 was budgeted for but not spent? Risk and Fraud awareness workshop conducted one for Ward Committee, CDW and one for Public? Why?

This amount was not spent in full because the indicator was withdrawn during mid-year reviews; and the other reason is that we decided to conduct Risk Awareness by ourselves.

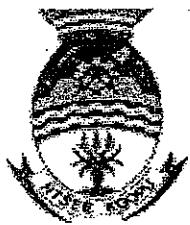
Among other things this money was budgeted for the training of Risk Management Committee Members; However the training was organized but unfortunately the workshop did not materialized as it was not approved; hence we underspent on this item.

4. Audit. R32 945, 80 was spent without budget? Why over spending without budget?

A virement was done on other line function item

5. IGR. R20 000 was budgeted – R50 000 spent without explanation.

Delays in Supply Chain Unit.



MEMO

6. **Performance Management. R100 000 budgeted – not spent without challenge?**
R 50 000 not spent without challenge? Why?

R100 000 was budgeted for the binding/compiling of 2012/13 Annual report. The approval of the Annual report was delayed instead of approval by 31 March 2014, the report was approved in July 2014 and that delayed the compilation and the binding of the Annual report. Secondly the SCM processes were prolonged and the last minutes the services provider was terminated because he/her failed to meet targets and the project was re- advertised. Now a new service provider is appointed to complete the project.

R50 000 was allocated for development/binding of the SDBIP. The process was delayed by longer the service provider took to do the job, who at the end failed to perform and was terminated at last minutes and the project was not done. It is the same service provider who was developing the Annual report.

7. **Development of 2014/15 IDP. R200 000 not spent without challenges? Why?**
An amount of R600 000.00 was budgeted for and spent during the Financial Year under review.

8. **Revenue Enhancement. The budget was 19 143385 – over spending 23 171 786 with challenge? Why?**
Caused by the high number of litigations

Economic Local and Development Department

1. **LED Business Development. Over spending budget was R700 000 – spent R123 955? Why over spending?**
The Department had spent R439 296.45 which constitutes underspending as a result delayed in SCM processes

2. **Revenue Enhancement. Budget R175 464 404 – spent R10 569 705 under spending? Why?**

Correction: R17 546 404 was a departmental budget; reasons for poor expenditure is due to delays on supply chain processes.



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NB: There was neither overspending nor under spending at all.

3. Town Planning. R7538 spent without budget? Why?

R12059 spent without budget? Why?

R15035, 60 spent without budget? Why?

R125605 spent without budget? Why?

R11192 spent without budget? Why?

All these figures (with -) they represent revenue /income (**not expenditure**) generated by the department e.g town planning application fees. This was also projected on the department revenue collection.

Community Service Department

1. Traffic. Why there is a budget and no expenditure? (1st row on expenditure column procurement processed was stalled in Supply chain, why were they installed

- Some of these programmes were conducted in conjunction with the District and the Department of Transport Limpopo.
- SCM Manager Position not filled. Lack capacity.
- It's not a roll over project. Its own funding.

2. Environment. Why is it 10% on development for terms of reference? (4th row on annual performance column). Why the project was dropped? Is it a roll over project? (4th row on challenge and mitigation column).

- Terms of reference dictates the end product.
- The project was dropped due to delays from supply chain
- No it's not a roll over project its own funding.



MEMO

3. **Traffic.** Why the project was dropped. It is a roll over project? (5th row on mitigation column)
 - Delays from the supply chain unit. Lack of capacity due to non-filling of the SCM manager position.
 - No it's not a roll over its from own funding
4. **Licensing.** Why the project was dropped. It is a roll over project? (6th row on the mitigation).
 - Delays from the supply chain unit. Lack of capacity due to non-filling of the SCM manager position.
 - No it's not a roll over, it's from own funding.
5. **Social development .** How did you execute the disaster without the budget? Why there is no challenge were by there were no disaster reported?
 - There is no budget allocated as the KPI measures the percentage of disaster cases reported and responded to within 12 hours
6. **Disaster management .** why is there no challenge and no expenditure on the money budgeted?

Most of the Disaster relieve material were provided by the District municipality and the Province
7. **Public Participation.** Why have you under spent?

The budgeted amount was correctly calculated for the Ward Committee stipends.
The expenditure is dictated by meetings held/attended by ward committees.
8. **Public participation.** Why there is no challenge though the budget is not utilised?

Workshop for Ward committees was conducted by CoGHSTA at no costs.



MEMO

9. **Social Development.** Why spend R41681.00 but there is no budget.

The budget used for implementation of meeting resolutions was sourced from Sports, Arts and Culture votes.

10. **Library.** Supply chain delayed the purchasing of 300 new books, explain in which way?

- Delays from the supply chain unit. Lack of capacity due to non-filling of the SCM manager position. This resulted in new books delivered during 2014/2015 financial year.

11. **Public participation.** Why did you overspend with R150538,98(R30000.00) and there is no challenge?

There was a budget of R30 000.00 for library programmes. However, the budget was not spent because the activities were included in the cluster events held with the Department of Health, ASA Metals and Steelpoort Valley Outreach(NPO) as funders.

12. **Social development.** why did you not spend R80000,00 while there is no challenge?

The budget was not spent because name boards facilities were donated by social partners.

13. **Social development.** Why did you not spend R50000,00 while there is no challenge?

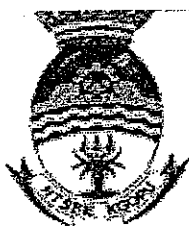
Facilities were under retention.

14. **Environment.** Why did you not spend R100000.00 while there is no challenge?

Equipments were purchased in 2012/2013 financial year and were still in good condition in the year under review. Internal capacity (personnel) was utilized.

15. **Environment .** how did you achieve the target while you did not spend the expenditure of R100 000.00

No breakdown of equipments was experienced during the year under review.



MEMO

16. Why did you duplicate the Community Services Department Report?

The duplicating of the report was not intentional but a human error.

Corporate Service Department

1. **H.R. Why the budget of R70 000 was not spent of bereavement policy for staff and sporting policy?**

The was no liquid money cash flow but on budget it was there

2. **H.R. Why the budget of R1 000 000 was not spent of Organisational Structure?**

The Municipality could not procure a qualified service provider with the required software to design the organizational reengineering by then, so the money was re-in fenced for the re-engineering which then roll-over until the finalization of the Service provider.

3. **H.R. Capacity needed as there was lack of capacities from HR Manager and Senior HR Officer who were working on the project resigned. Why?**

Capacity building was conducted

4. **H.R. Why budgetary constraints on employee satisfaction survey while there is a budget of R400 000? Why put less budget?**

This is prioritized on phases because the overall budget from the previous quotation was over R1M. phases 1-3

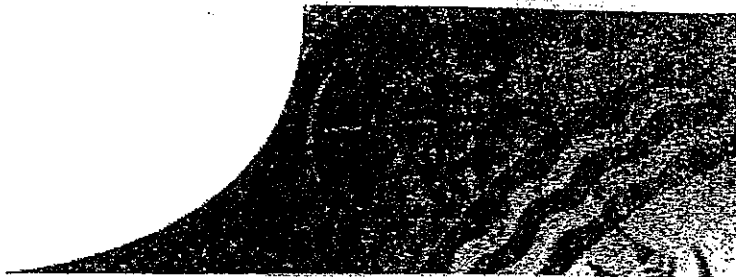
5. **H.R. Why did you not spend the R350 000 on OHS Audit?**

The was no liquid cash flow but on budget it was there



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MEMO

6. *H.R. Why did you over spend R155 925.10 on hygiene standards for office cleanness instead of spending R150 000.00?*

The general public consumption in sanitation caused the hike in the overall increase in spending

7. *I.G.R. Why was there no dedicated person to perform tasks while there is a budget for it?*

No explanation

8. *Special Programs. Why did you not utilise all the money (R500 000)? And say there was budget constraint? (spent R252 252)*

The word budget constraints was improperly used instead it was a cash flow problem. No liquid money.

The other contributing factor was the budget adjustment that influenced the total overall budget allocated at the end of a reporting financial year.

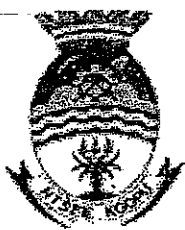
In short there was budget cut offs that contributed to either under spend or over spend

9. *Special Programs. Why did you not utilise all the money (R35 000)? And say there was budget constraint, what about the remaining budget? (spent R13 100)*

The word budget constraints was improperly used instead it was a cash flow problem. No liquid money.

The other contributing factor was the budget adjustment that influenced the total overall budget allocated at the end of a reporting financial year.

In short there was budget cut offs that contributed to either under spend or over spend



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10. Special Programs. Why did you not utilise all the money (R45 800)? And say there was budget constraint, what about the remaining budget? (spent R28 240)

The word budget constraints was improperly used instead it was a cash flow problem. No liquid money.
The other contributing factor was the budget adjustment that influenced the total overall budget allocated at the end of a reporting financial year.
In short the was budget cut offs that contributed to either under spend or over spend

11. Special Programs. Why did you not utilise all the money (R45 800)? And say there was budget constraint, what about the remaining budget? (spent R20 440)

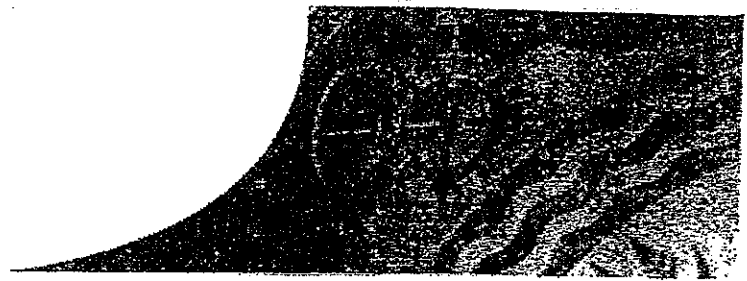
The word budget constraints was improperly used instead it was a cash flow problem. No liquid money.
The other contributing factor was the budget adjustment that influenced the total overall budget allocated at the end of a reporting financial year.
In short the was budget cut offs that contributed to either under spend or over spend

12. Special Programs. Why did you not utilise all the money (R150 000)? And say there was budget constraint, what about the remaining budget? (spent R90 096)

The word budget constraints was improperly used instead it was a cash flow problem. No liquid money.
The other contributing factor was the budget adjustment that influenced the total overall budget allocated at the end of a reporting financial year.
In short the was budget cut offs that contributed to either under spend or over spend

13. I.G.R. Where does the expenditure (R49 428 731) come from? And where is the budget?

In IGR we don't have a Million Rands budget and our budget is R300 000.00



MEMO

14. Expenditure. *Your budget was R63 401 511, why did you over spend?
 (R66 154 637)*

The overspending is within the acceptable limits. The overspending should not exceed 15% and the Department has overspend by 06%.

Technical Department

1. Project Management Unit. Why the budget of R400 000 was not spent?

The KPI was not fully accounted for as the Technical Director since resigned

2. Project Management Unit. Why the budget of R3, 5m was not spent? And only R1, 325,479.57.

The KPI was not fully accounted for as the Technical Director since resigned

3. Project Management Unit. Why annual performance (1554.3km) exceeds the annual target (1500km)? But there is under expenditure?

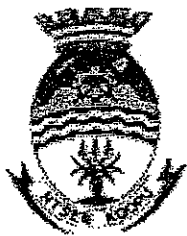
The under expenditure is on roads and storm water vote whereby a budget provision were made to appoint Service provider for road maintenance, that procurement processes did not materialise.

4. Project Management Unit. There is an expenditure of R546 210.91, where is the budget?

The project is budgeted under Internal roads upgrading for an amount of R3 880 000.00

5. Waste Management Unit. There is a budget of R13 000 000 and only R638 400.00 was spent, why spend less?

The budget was incorporating PPP private contractor expenses; the said expenditure only covered Technical advisors. The remaining portion would be expended once the successful PPP private contractor is appointed and secured funding.



MEMO

6. **Waste Management.** Why is there non-collection capacity when annual performance (4 923) exceeds the annual target (4 472).
The targets are exceeded as a result of outsourced collection services, i.e. using private contractor in all serve points.
7. **P.M.U. Budget (R760055), expenditure (R690 044) is above standardised material various and why less expenditure?**

All MIG projects are funded from one allocation. Provision is made through the Division of Revenue Act (DoRA) wherein projects with savings should be declared as such, and be allocated to other projects with insufficient funding.(projects allocation swapping)

8. **P.M.U. Budget (R5198 182), expenditure (R4992 640.00) is above standardised material various and why less expenditure?**

All MIG projects are funded from one allocation. Provision is made through the Division of Revenue Act (DoRA) wherein projects with savings should be declared as such, and be allocated to other projects with insufficient funding.(projects allocation swapping)

9. **P.M.U. Budget (R3650 000.00), expenditure (R2508 638.00) is above standardised material various and why less expenditure?**

All MIG projects are funded from one allocation. Provision is made through the Division of Revenue Act (DoRA) wherein projects with savings should be declared as such, and be allocated to other projects with insufficient funding.(projects allocation swapping)



MEMO

10. P.M.U. Budget (R5066 545), expenditure (R3411 644.00) is above standardised material various and why less expenditure?

All MIG projects are funded from one allocation. Provision is made through the Division of Revenue Act (DoRA) wherein projects with savings should be declared as such, and be allocated to other projects with insufficient funding.(projects budget/allocation swapping)

11. P.M.U. Budget (R3900 000.00), expenditure (R3256 319) is above standardised material various and why less expenditure?

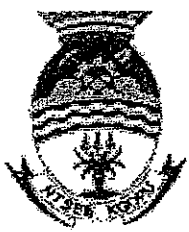
All MIG projects are funded from one allocation. Provision is made through the Division of Revenue Act (DoRA) wherein projects with savings should be declared as such, and be allocated to other projects with insufficient funding.(projects allocation swapping)

12. P.M.U. Budget (R7479 999), expenditure (R3118 344.00) is above standardised material various and why less expenditure?

All MIG projects are funded from one allocation. Provision is made through the Division of Revenue Act (DoRA) wherein projects with savings should be declared as such, and be allocated to other projects with insufficient funding.(projects allocation swapping)

13. P.M.U. Budget (R2400000), expenditure (R2729 821) is above standardised material various and why less expenditure?

All MIG projects are funded from one allocation. Provision is made through the Division of Revenue Act (DoRA) wherein projects with savings should be declared as such, and be allocated to other projects with insufficient funding.(projects allocation swapping)



MEMO

- 14. P.M.U.** Is the Kgautswane /Mokutung AccessBridge Project a multi -year project?
Is there any record on progress of works due to weather?

All MIG projects are funded from one allocation. Provision is made through the Division of Revenue Act (DoRA) wherein projects with savings should be declared as such, and be allocated to other projects with insufficient funding. (projects allocation swapping)

- 15. P.M.U** On resealing of Burgersfort roads, what has disturbed Supply Chain Management to make it on time? What caused the delay? Specify?

Bid Committee Finalised the procurement process late. That caused the delay of the resealing of Burgersfort Road.

- 16. P.M.U** Burgersfort Storm water Drainage, what has disturbed Supply Chain Management to award on time? What cause the delay? Specify?

Tender for procurement of Engineers closed on 05th September 2013 and actual appointments of Engineers were made on January 2014. This resulted in 04 months delays in the procurement processes.

- 17. P.M.U** Praktiseer Streets, on mitigation you say capacitation of Supply Chain Management, in what sense?

Building capacity at Supply Chain Management (SCM) Unit through conducting training courses to Bid Committee members. Price Waters Coopers (PwC) conducted a training on Supply Chain Management during February 2015

- 18. P.M.U** Ohrigstad Streets, on mitigation you say capacitation of Supply Chain Management, in what sense?

Building capacity at Supply Chain Management (SCM) Unit through conducting training courses to Bid Committee members. Price Waters Coopers (PwC) conducted a training on Supply Chain Management during February 2015



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MEMO

19. P.M.U Burgersfort internal Streets, on mitigation you say capacitation of Supply Chain Management, in what sense?

Building capacity at Supply Chain Management (SCM) Unit through conducting training courses to Bid Committee members. Price Waters Coopers (PwC) conducted a training on Supply Chain Management during February 2015

Hope to find the above in order.

Kind regards,

MM Moja
Acting Municipal Manager

MEMO

TO : MAYORS OFFICE
FROM : ACTING MUNICIPAL MANAGER
DATE : 18 MARCH 2015
SUBJECT : RESPONDS TO QUESTIONS RAISED BY MPAC ON 2014/15 MID-YEAR PERFORMANCE REPORT

Kindly find the responses regarding the abovementioned matter detailed as follows:

Questionnaires from members of MPAC (2014/15 Mid-Year Performance Report)

Municipal Manager's Office

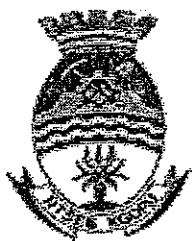
1. *Risk Management. 2 security company performance reports submitted to management as a target but one done. Please specify that necessary equipment to generate the report?*

Security monitoring system.

2. *PMS. Development of SDBIP – There is no target and performance in that regard. What are the challenges?*

The development of SDBIP for the coming financial year starts in the third quarter of the financial year, therefore the target for the development of the SDBIP is in the third quarter and performance will be reflected in the third Quarter

3. *Implementation of Council resolution for Municipal Manager's Office. Can you furnish MPAC with the list of resolutions implemented?*



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MEMO

1. Kastania Street
P.O. Box 205, Bulwerston 1150
Tel: (013) 231 1000
Fax: (013) 231 7467
Website: www.tubatse.co.za



MEMO

List is hereby attached

Progress on council resolutions for Municipal Manager

Date of Council meeting	Council resolution Number	Item	Resolution	Progress	Challenges	Mitigation
04/08/2014	SA06A/2014	Expired Contract of the Acting Municipal Manager : (Ms M. A Monyepao)	1. that Council notes the expiry of the Acting Municipal Manager's contract which expired on the 31 st August 2014;	1. Noted	None	None
			2. that the Special Council sitting was scheduled for the 29 August 2014 to consider this item failed to meet the required quorum;	2. Noted	None	None

MEMO

			3. that as a result, the Municipal Administration is run by Officials without the Accounting Officer as from 01 September 2014;	3. Noted	None	None
			4. that the Council approved secondment from the MEC of CoGHSTA in Limpopo Province of a person in the position of Acting Municipal Manager for a period not exceeding three (3) months, and / or until the appointment of the Municipal Manager, whichever comes first, as per	Approved and two officials acting MM is seconded from CoGHSTA	None	None



MEMO

				Government Gazette Notice No. 37245, of 17 January 2014.			
	SA06B/2014	Expired Contract of the Acting Chief Financial Officer : (Mr M. W Maepa)	1. that Council notes the expiry of the Acting Chief Financial Officer's contract which expired on the 31 st August 2014;	1. Noted	None	None	
			2. that the Special Council sitting was scheduled for the 29 August 2014 to consider this item failed to meet the required quorum;	2. Noted	None	None	
			3. that as a results, the Municipal	3. Noted	None	None	

10

MEMO

23/08/2014	A151/2014	Operation Mabone Electrification Programme	January 2014	1. that the report on Operation Mabone Electrification Project be referred back to MPAC for investigations on the delays for implementation between the Greater Tubatse Municipal Admin and the Service Provider in person and table the report to Council within 14 days with all attachments on the activities of the PSC;	1. The report was referred back to MPAC as per council resolution		
	A192/2014	2015 / 2016 IDP and Budget Process Plan		1. that Council approved the 2015 / 2016 IDP and Budget Process Plan for adoption;	1. Approved	None	None

MEMO

			2. that the final 2015 / 2016 IDP and Budget Process Plan must be published in the local newspapers for the attention of all stakeholders including members of the community.	2. Published	None	None
	A193/2014	2014 / 2015 Communication Strategy	<ol style="list-style-type: none"> 1. that the Council approved the 2014 / 2015 Communication Strategy; 2. that the Corporate Calendar be flexible to accommodate other events that might be brought by other Spheres of Government into our Municipality. 	1. Approved	None	None
	A194/2014	2014 / 2015	1. That the Council	Approved	None	None

MEMO

		Performance Management Framework	approved the 2014 / 2015 Performance Management Framework.				
	A195/2014	2014 / 2015 SDBIP	1. that the Council noted and approved the 2014 / 2015 SDBIP (Service Delivery Budget Implementation Plan).	Council noted and approved the 2014/15 SDBIP	None	None	
	A196/2014	2013 / 2014 4 TH Quarter Performance Report	1. that the Council considered and approved both the 3 RD and the 4 TH Quarter Performance 2013/2014 Reports; 2. that 3 RD and 4 TH Quarter Reports be taken to MPAC for oversight.	1. Council approved 3rd and 4th Quarter 2013/14 Reports 2. 3rd and 4th Quarter reports referred to MPAC for oversight	None	None	

MEMO

A197/2014	Expiry of Employment Contracts of Directors Corporate Services and Community Services	1. that the Council noted the Expiry of Contracts of Directors for Corporate Services and Community Services;	Noted	None	None
		2. that the Council approved the report to commence with the Recruitment Processes for filling vacant positions;	2. Recruitment conducted and the interviews done	None	None
		3. that the Council noted the attached Government Notice 21 in Gazette No. 37245, dated 17 January 2014, (Commencement Date : 17 January 2014).	3. Noted.	None	None
			1. Noted		

MEMO

A201/2014	Replacement of Democratic Alliance (DA) PR Councillor R. F. Lourens	<p>1. that Council noted that Councillor Roelof Lourens has resigned as a PR Councillor for the DA on the 4th August 2014;</p> <p>2. that Council has sworn Mr Kutullo Mohlala, ID no. 880517 5533 08 6 as a new DA Councillor on the 23rd September 2014, replacing Cllr. R. F. Lourens;</p> <p>3. that Councillor Roelof Lourens was an ExCo member for GTM, he is replaced by Councillor Lethabile Joseph Kgwedi, ID</p>	None	None	None
		<p>2. Mr. Kutullo Mohlala is sworn in</p>	None	None	None
		<p>3. Cllr. Kgwedi L.J appointed Exco - member</p>	None	None	None

MEMO

04/09/2014	SA07/2014	Appointment of selection panel for short listing and interviewing of Municipal manager's post	no 741011 5766 08 5 as an ExCo member with effect from the 23 rd September 2014.	That the item be referred back to Executive committee to ascertain legal issues pertaining to the appeal to CCMA by the former municipal manager	The item was deferred back to Executive committee as per council resolution	NONE	
	SA08/2014	MPAC Report	1. That the SA08/2014 be referred back to MPAC for further processing within 14 days 2. That council having fully considered the 2012/13 Annual report of the municipality and the representation thereof, adopt the oversight report and the council	1. The report was referred back to MPAC for further processing 2. The Annual report was approved with reservations as reflect from paragraph 6 to 25 of the A.G. report	None	None	

MEMO

11/11/2014	A05/2014	Report on Solid Waste Management Unit : July 2014	<p>approves the Annual report with reservations as included in the Auditor General's report from paragraph 6 to 25</p> <p>1. that the Council noted the progress made regarding the service provision;</p> <p>2. that the Municipal Manager facilitate participation of all relevant Senior Managers on the procurement of PPP and report to Council within 30 days.</p>	<p>The report was noted by council</p> <p>All relevant senior manager participate in Procurement of PPP</p>	<p>None</p> <p>None</p>	<p>None</p> <p>None</p>
	A45/2014	2014 / 2015 1 st Quarter Performance Report	<p>1. that the Council noted the 2014 / 2015 First Quarter Performance Report;</p>	<p>The report was noted and referred to MPAC for scrutiny</p>	<p>None</p>	<p>None</p>

MEMO

			2. that the report be referred back to MPAC for scrutiny.	2. The report referred to MPAC for scrutiny	None	None
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MEMO

4. Collection. Where are the calendars because it is late already?

The calendars were delivered and distributed on the 27th February 2015. There was a delay by the Service provider to deliver on time.

5. Legal/By laws. What are the challenges? And what would you do to remedy the situation?

Greater Tubatse Municipality is lacking the capacity to enforce by laws. The Municipality must capacitate (training of current staff and recruitment of new personnel) to enforce the by-laws.

6. IDP. Can you furnish MPAC with what do you mean by saying insufficient funds because this is a mid-year performance report?

The unit was only budgeted an amount of R200 000 (Two hundred thousand rands only) for the development of the 2015/16 IDP. The budget was reviewed during the adjustment processes.

Finance Department

1. On the implementation of the Council resolution KPI is 50% where is the other 50%? When would it be implemented?

Council resolution implemented by the department except for the one that has to deal with review of the SCM policy which the department is busy with after completing the training on SCM. SCM policy to be reviewed during the fourth quarter.

ELD

1. Page 3/13. Unavailability of funds, why don't you estimate properly not waits for budget adjustment?

The budget and the IDP were not fully aligned and that error has been rectified

2. 11/11/2014 and 29/01/2015 are the dates for ordinary council meetings held, why didn't you submit report on those dates?

Two reports were submitted to



MEMO

3. **Page 13.** Last column in the mid-year target it is indicated you would do 10% monitoring and evaluation. 10% workshop on business skills, 10% workshop on by-laws, 20% on issuing of permits, 10% on allocation of hawkers, 10% development of database. These seem not been done. Why are they not done and what is the mitigation thereof?

3.1. The following activities were achieved, stakeholder engagement, distribution and retrieval of application forms for Praktiseer, Burgersfort and Dilokong

3.2. The remaining activities could not be achieved due to fact that construction of market stalls is still in progress.

4. **Page 14.** Can you please explain to MPAC why the R-values are negative? The negative sign represents income/profit.

Community services department

1. **Page 18, row 4.** When will the EPWP beneficiaries be available
EPWP beneficiaries are available.
2. **Page 20, row 7.** Why there is no challenge when you did not implement all EXCO-Makgotla

The outstanding resolution viz. Establishment of Learners licensing Station, was taken in the first quarter 2014/2015 financial year and will only be budgeted for in 2015/2016 financial year.

Corporate Services Department

1. **Page 21 Row 1.** How long does the establishment of training committee going to take?
Done. Within the next thirty calendar days.
2. **Page 21 Row 4.** What causes delays in capturing of leave records?
Employees staying with the leave books for too long. Leave books are now centralised in the Corporate department.
3. **Page 21 Row 7.** How long will the Bursary Policy take?
Done. Within the end of this calendar month.
4. **Page 22 Row 10.** How soon will the appointment of OHS Committee be done?
Done. OHS committee has been appointment and they are currently undergoing training to be done.

MEMO

5. Page 23 Row 1. Progress is 8 not 9 as Mokutung is duplicate. Why?
Human /typing error.

Technical Services Department

1. Page 27, Row 5. Why don't you put graders in clusters as per Council Resolution?

The fuelling system used to re-fill graders and other heavy machineries is not conducive as the current fuelling point is centralized at Burgersfort Town. Graders are subjected to driving long distances to their respective work station (clusters) and frequently drive back every two (02) days in order to re-fill fuel at Burgersfort Town.

Lack of filling station centres on other parts of Cluster areas (i.e. Leboeng) impact negatively on the operational strategy to cluster graders. Proposal to utilize e-fuel

system or possibly review the current contract with fuel supplier to explore transportation of fuel by accredited fuel service providers were submitted to Finance Department for cost beneficiation analysis and consideration.

2. Page 27, Row 6. When does cluster of grader zone going to be implemented?

The clustering of graders operational strategy is depended on the effective running of the fuelling system used to re-fill graders and other heavy machineries.

Presently a proposal to review the current fuelling system which made provision of utilizing Burgersfort Total Filling Station as sole supplier, has been submitted to Finance Department to consider the use of e-fuel card system or engagement of accredited fuel service providers to reach graders at their respective working stations (clusters).

3. Page 28, Row 1. Why do you allocate something that has not been budgeted for?

The budget and the IDP were not fully aligned and that error has been rectified

MEMO

4. *Page 29, Row 4. Why did you not plan in time the development issue of insufficient capacity?*

The Key Performance Indicator (KPI) was attached to an individual performance score card/ Focus Area of the Director Technical Services whom since resigned on December 2014. Hence the KPI was not fully accounted for.

5. *Page 29, Row 6. What challenge caused you not to meet the 70% target? (5% remaining)*

Early closure of Suppliers due to festive recess led to the municipality not to achieve the remaining 5% target.

6. *Page 31, Row 2. Why no budget when the project reflects on SDBIP?*

The budget and the IDP were not fully aligned and that error has been rectified

7. *Page 31, Row 6 & 7. What is the meaning of R 2 in the progress column?*

The "R" letter is incorrectly captured into the report as a result of typing error. The "2" means a total number of targets achieved.

8. *Page 32, Row 1, 2, 3, 4, 5, 6, and Page 33, Row 1 & 2. Why submissions of execution plan/ works programme was not done? What was the delay?*

There were some contractual disagreements with the Service Provider at that time and that has since rectified subsequent to the addition of other villages in terms council resolution SA01/2014. Currently the programme is underway and sites are been handed over to contractor to commence with the work.

Hope to find the above in order.

Kind regards,



M. Moja
Acting Municipal Manager