

BUFFALO CITY METROPOLITAN COUNCIL

- NOTE:
1. The attached report is the report referred to as MATTER ARISING REPORT 12 IN SUPPLEMENTARY BOOK 3, PAGE 611 of the COUNCIL meeting scheduled for 27 March 2024.

OVERSIGHT REPORT

2022/2023

*Prepared by the Municipal Public Accounts Committee of the
Buffalo City Metropolitan Municipality*



***In Compliance With Municipal Finance Management, 56
of 2003, Circular 32 On The Analysis Of The Annual
Report 2022/2023***

*Office of the Municipal Public Accounts Committee
265 Oxford Street
East London*

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1. FOREWORD OF THE CHAIRPERSON

The Municipal Finance Management Act, 56 of 2003 assigns specific responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report. Given the process required by Council to effectively undertake its oversight role, the establishment of the Municipal Public Accounts Committee of Council provides the appropriate mechanism through which Council can fulfil its oversight responsibilities. Municipal Public Accounts Committee's primary role is to consider the Annual Report, receive input from the various role-players and prepare a draft Oversight Report for consideration by Council.

The preparation of this Oversight Report is in accordance with Section 129 (1) of the Municipal Financial Management Act, 56 of 2003, which stipulates that a Municipal Council must consider the Annual Report and refer the Annual Report to an Oversight Committee, and that the Oversight Committee must prepare an Oversight Report containing comments and recommendations. The Council must at the adoption stage of the Oversight Report state as whether it-the Council-has approved the Annual Report:

- with or without reservations;
- has rejected the Annual Report; or
- has referred the Annual Report back for revision of those components that can be revised.

Circular 32 of the Municipal Finance Management Act, Act 56 of 2003 recommends that Council should consider the establishment of an Oversight Committee under Sections 33 and 79 of the Municipal Structures Act 1998. The Circular states that this Committee and, if needed, sub-Committees, could be responsible for the detailed analysis and review of the Annual Report and then drafting an Oversight Report that may be taken to full Council for discussion. Such Committee, according to Circular 32, may receive and review comments made by the public and also seek inputs from other Councillors and Council Portfolio Committees.

Section 130 of the Municipal Finance Management Act, 56 of 2003 stipulates that public participation must be a central element of all processes relating to an Annual Report. In so doing, the aforementioned section instructs that the meetings of a Municipal Council or Committee established by Council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be open to the public and any organs of state.

As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:

- Invite written submissions from the local community or organs of state on the Annual Report.
- Make public all meetings at which the Annual Report will be discussed.
- Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report.
- Engage in a process of public participation on the Annual Report.

Annual Financial Statements

During the analysis of the Annual Report, the Committee noted that the Municipality received a qualified audit opinion by regressing on the management of the following issues:

- Property , plant and equipment
- Service charges
- Commitments

The audit further draw management attention to the following matters:

- Restatement of corresponding figures
- Material losses and impairments

- Underspending on conditional grants

Performance Information

It is concerning that the auditors as per paragraph 25 of the audit report, after auditing the performance information, could only perform procedures for the purpose of reporting material findings only, and the auditors could not express an assurance opinion or conclusions. In simple terms this means that the audit opinion on performance information is a disclaimer.

The following objectives presented in the annual performance report were selected to measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest:

- A Green City
- A Connected City
- A Spatially Transformed City
- A Well Governed City

It is also concerning that when audit was done on the various indicators measuring the achievements of the above objectives, some supporting evidence was not provided for auditing, and where it was provided, material differences between the actual and reported achievements were identified. These various indicators are the following:

A Green City

- Number of coastal water samples taken for monitoring purposes
- Number of inland water samples taken for monitoring purposes

A Connected City

- Percentage of surfaced municipal roads lanes which has been resurfaced and resealed
- Installed capacity of approved embedded generation on the municipal distribution network
- Percentage of unsurfaced road graded
- Percentage of valid customer application for new electricity connection processed
- Km's of new municipal road network
- Percentage planned maintenance performed
- Km of gravel road upgraded to surface standard

Spatially Transformed City

- Percentage of total water connections metered

A Well Governed City

- Number of informal settlements enumerated and classified (in terms of NUSP or equivalent)
- Percentage of wastewater treatment capacity unused

Compliance With Legislation

The Municipality was found wanting in complying with legislation due to inadequacy on internal controls on the following compliance matters:

- Annual Financial Statements
- Strategic Planning and Performance Management

- Assets Management
- Revenue Management
- Expenditure Management
- Human Resources Management
- Procurement and Contract Management
- Consequence Management
- Environment Management

Material Irregularity

Furthermore, council should note that the auditor have also reported on material irregularities identified during the audit and on the status of material irregularities as previously reported in the prior year audit report. The following are the material irregularities identified during the year under review, which the auditors are still evaluating the accounting officer's submission and the findings will be reported in the next audit:

- Loss of revenue from rental of municipal properties

Status Of Previously Reported Material Irregularities

Asset Management

Preliminary investigation is that a cost-benefit analysis was performed in the 2021/022 financial year and in 2022/2023 financial year the municipality completed the fencing of the road and submitted an application to Infrastructure South Africa on 3 July 2023 to secure funding for phase 3 of the project and the outcome of the application has not been confirmed.

Revenue for water services not calculated

Several actions were implemented to resolve the material irregularity, a follow-up actions were performed and no further occurrence of material irregularity loss of revenue from unbilled water was identified.

Revenue for refuse removal services not calculated on a monthly basis

Several actions were implemented to resolve the material irregularity, a follow-up actions were performed and no further occurrence of material irregularity loss of revenue for refuse removal services was identified.

The Committee would be recommending to Council to resolve that Management develop Key Commitment Register on the findings of the Auditor General and on the actions stated by Management on responding to question raised by the Committee on the analysis of the Annual Report and report to Council on a quarterly basis.

Finally, I would like to extend special appreciation to the members of Municipal Public Accounts Committee for their contribution, dedication, and hard work in ensuring that this report was compiled and tabled in Council on time. I would also like to thank the administration staff, the Technical Advisory Team for their administrative support in compiling the Oversight Report. It has been a very difficult period as some of the meetings could not quorate due to unavailability of some members. The matter has been escalated to the Speaker and the Chief Whip and we will be waiting for their guidance.


CHAIRPERSON
CLLR SAKHUMZI CAGA

2. INTRODUCTION

The annual report is submitted to Council by the Executive Mayor and the Accounting Officer and is part of the process for discharging accountability by the executive and administration for the performance in achieving the goals and objectives set by the Municipality for the financial year under review. The oversight report is considered to be a report of the municipal Council reflecting on the annual report.

Council is responsible to oversee the performance of the Municipality as required by the Constitution, Municipal Finance Management Act, 56 of 2003, and the Municipal Systems Act, 32 of 2000. The Oversight Report is the final step in the annual reporting process of a Municipality. Section 129 (1) of Municipal Finance Management Act, 56 of 2003 requires the Council to consider the annual report of its Municipality and the municipal entities under its sole or shared ownership within nine months of the end of the financial year under review and to adopt an oversight report containing the Council's comments on the annual report.

The purpose of the annual report is to:

- Provide a record of the activities of the Municipality;
- Provide a report on performance in service delivery and targets against the budget;
- Provide information that supports revenue and expenditure decisions made; and
- Provide accountability to the local community for the decisions made.

The final step of reporting is for the Municipality to consider and adopt the annual report in light of the findings contained in the oversight report. In terms of the guidelines, the oversight report must be compiled by the Municipal Public Accounts Committee in consultation with members of the community and interested parties and stakeholders in terms of the provisions of Section 129 of the Municipal Finance Management Act, 56 of 2003.

The Municipal Public Accounts Committee appointed by the municipal Council in accordance with the provision of Section 79(1)(a)(b) and (c) as well as Section 33 of the Municipal Structures Act, 117 of 1998, to amongst others, analyse the content of the annual report on its behalf.

Buffalo City Metropolitan Municipality's Municipal Public Accounts Committee, which was established in 2012 consisting of ten (10) members. The current Committee was constituted following the election of Councillors during November 2021.

The Annual Report 2022/2023 was tabled in Council in January 2024. This was done in compliance with section 127(2) of the Municipal Finance Management Act, 56 of 2003 which states that the mayor of the Municipality must, within seven months after the end of the financial year, table in the municipal Council the annual report of the Municipality and the municipal entity under the Municipality's sole or shared control.

Council then referred the annual report to Municipal Public Accounts Committee for a detailed analysis of the annual report and community and stakeholder engagement, after which the Committee will compile an oversight report for consideration of the annual report and adoption. The Committee appointed a service provider to assist the Committee on the technical aspects of analysing the annual report and on the compilation of the oversight report.

The Municipal Public Accounts Committee also embarked on a public participation to solicit questions and/or comments on the Annual Report 2022/2023. After the question and/or comments were consolidated, the Committee went through them and drafted recommendations to Council which were presented to Council during a Council meeting held on 27 March 2024.

3. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

In terms of section 121 of the Municipal Finance Management Act, 56 of 2003, the Municipality must prepare and adopt the annual report within a period of nine (9) months after the end of the financial year in terms of Sections 127 and 129 of the Act. The Municipality is further required to deal with the annual report in accordance with the following provisions of the Act:

Section 127

Submission and tabling of the annual report in Council within seven (7) months after the end of the financial year, and submission of the annual report to public participation process in terms of Section 21A of the Municipal Systems Act, 32 of 2000, inviting the community to submit comments on the annual report.

Section 129

Consideration of the annual report by Council within two (2) after the report has been tabled in terms of Section 127 of the Municipal Finance Management Act, 56 of 2003 and subsequent adoption of the Oversight Report containing the Council comments on the annual report, which must include whether Council has:

- Approved the annual report with or without reservations.
- Reject the annual report; or
- Has referred the annual report back for revisions of those components that can be resolved.

And submission of the same to the relevant authorities.

4. COMPOSITION OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Municipal Accounts Committee consists of ten Councillors of which one seat is vacant constituted as follows:

Name and Surname	Designation	Party	Gender
1. Cllr Sakumzi Caga	Chairperson	African National Congress	Male
2. Cllr Anele Gunyazile	Member	African National Congress	Male
3. Cllr Mziyanda Hlekiso	Member	Economic Freedom Fighters	Male
4. Cllr Pumezo Jaxa	Member	African National Congress	Male
5. Cllr Anathi Majeke	Member	Democratic Alliance	Female
6. Cllr Mandisa Joy Mashiya	Member	African Transformation Movement	Female
7. Cllr Bongiwe Sauli	Member	African National Congress	Female
8. Cllr Lukanyiso Mzekeli	Member	African National Congress	Female
9. Cllr Geoffrey Keith Walton	Member	Democratic Alliance	Male
10. Vacant	-	-	-

5. OVERSIGHT REPORT 2022/2023 ON THE ANNUAL REPORT PROCESS

Section 130 of the Municipal Finance Management Act, 56 of 2003, stipulates that public participation must be a central element of all processes relating to an annual report. In so doing, the aforementioned section instructs that the meetings of a municipal Council or Committee established by Council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organs of state.

As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:

- Invite written submissions from the local community or organs of state on the annual report.
- Make public all meetings at which the annual report will be discussed.
- Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the annual report.
- Engage in a process of public participation on the annual report.

Pursuant to the above, the Municipal Public Accounts Committee develop a schedule by which it was going to implement its oversight processes and inviting communities and interested parties to its meetings. Below is the scheduled meetings and the number of members of the Committee who were in attendance where the Committee solicited responses from various directorates. These meetings were both for internal validation and scoping activity; as well as public engagement open to Buffalo City Community.

Date	Agenda	Venue	Councillors in Attendance
06 March 2024	Training of Committee members	New Council Chambers	5
07 March 2024	Analysis of the annual report	New Council Chambers	4
18 March 2024	Departmental engagements	City Hall East London	Cancelled due to non-attendance of Councillors and the meeting could not quorate.
19 March 2024	Sites visits	Various projects but this was cancelled to continue with departmental engagements which was scheduled for the 18 March 2024-At East London City Hall	6
20 March 2024	Compilation of the Annual Report	Council Chamber Auditorium	Cancelled due to non-attendance of Councillors and the meeting could not quorate.

Based on the non-attendance of members of the Committee to the set meeting dates the chairperson engaged with the service provider in compiling the oversight report to Council after engaging with the Speaker and the Chief Whip to provide guidance on how to proceed as the failure to table the oversight report will be a non-compliance from Council to provide an oversight function on executive and administration.

6. ANNUAL REPORT CHECKLIST

Content of the Annual Report	Yes/No
a) Annual Financial Statement of the Municipality	Yes
b) Auditor General Report on the Annual Financial Statements	Yes
c) Annual Performance Report of the Municipality prepared by the Municipality in terms of Section 46 of the Municipal Systems Act, 32 of 2000	Yes
d) Auditor General's report in terms of Section 45(b) of the Municipal Systems Act, 32 of 2000	Yes
e) An assessment by the accounting officer of any arrears on municipal taxes and services	Yes
f) An assessment by the Municipality's accounting officer of the Municipality's performance against measurable performance objectives referred to in Section 17(3)(b) for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the relevant financial year	Yes
g) Particulars of corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (c)	No
h) Any explanation that maybe necessary to clarify issues in connection with the financial statements	
i) Any information as determined by the Municipality	Yes
j) Any recommendations of the municipal audit Committee	Yes
k) Any other information as may be prescribed	Yes

7. HIGH LEVEL ANALYS OF THE ANNUAL REPORT

Segment	Findings	Recommendations
Table of contents		
Chapter 1	Headings without page numbers-Error bookmark not defined <ul style="list-style-type: none"> • Component A • Component B-Executive Summary and its segments 	Correct the table of contents to capture the correct sequence of page numbering
Chapter 2	Headings without page numbers-Error bookmark not defined <ul style="list-style-type: none"> • Governance • Component A: Political and administrative governance • Component B: intergovernmental Relations • Component C: Public Accountability and Participation • Component D: Corporate Governance 	Correct the table of contents to capture the correct sequence of page numbering
Chapter 3	Headings without page numbers-Error bookmark not defined <ul style="list-style-type: none"> • Service Delivery Performance • Component F: Health 	Correct the table of contents to capture the correct sequence of page numbering
Chapter 4	Headings without page numbers-Error bookmark not defined <ul style="list-style-type: none"> • Component A: Introduction to municipal workforce • Component B: introduction to municipal personnel • Component C: Capacitating the municipal workforce • Component D: Managing the workforce expenditure 	Correct the table of contents to capture the correct sequence of page numbering
Chapter 5	Headings without page numbers-Error bookmark not defined <ul style="list-style-type: none"> • Chapter 5 • Chapter 5: Financial Performance • Component A: Statement of Financial Performance • Component B: Spending Against Capital Budget • Component C: Cash Flow Management and Investment • Component D: Other Financial Matters 	Correct the table of contents to capture the correct sequence of page numbering

<p>Appendices</p>	<p>Headings without page numbers-Error bookmark not defined</p> <p>Appendices Appendix B Committees and Committee Purposes Appendix C: Third Ter Administrative Structure Appendix D: Municipal Powers and Functions Appendix E: Ward Reporting Appendix G: Recommendations of the Municipal Audit Committee 2022/2023 Appendix H: Long Term Contract and Public Private Partnerships Appendix I: Municipal Entity Service Provider Performance Appendix J: Disclosure of Financial Interest Appendix K: Revenue Collection Performance by Vote Appendix K (i): Revenue Collection Performance by Vote Appendix(ii): Revenue Collection Performance by Source Appendix M(i) Capital Expenditure-New Assets Programme- Exclusive of Vat Appendix M(ii): Capital Expenditure-Upgrade/Renewal Programme Inclusive of VAT Appendix N: Capital Programme By Projects (2022/2023</p>	<p>Correct the table of contents to capture the correct sequence of page numbering</p>
<p>Chapter 1</p>	<p>Background information</p> <p>The whole paragraphs were outside the text box and without a T number, the annual report template of 2012 requires that the paragraphs be written in the text box and the text box allocated a T number</p>	<p>Paragraphs be written inside the textbox provided for in the annual report template of 2012 and allocated a T number.</p>
<p>Chapter 1</p>	<p>There is a picture of the Executive Mayor in the middle of the background information without any explanation other than the Executive Mayor’s picture and name</p>	<p>This picture should be deleted, or its purpose be explained as all the political leadership’s pictures are captured under political governance segment of the report</p>

Chapter 1	The background information includes the vision and mission statements, core values, strategic objectives, and pillars of the Municipality	This information should be removed from the background information as it forms part of the Executive Mayor's Foreword.
		The background information should explain the rationale behind the compilation of the annual report and the objective it strives to achieve referring to the prescripts of the law
Chapter 1	Executive Mayor's Foreword The whole paragraphs were outside the text box and without a T number, the annual report template of 2012 requires that the paragraphs be written in the text box and the text box allocated a T number	Paragraphs be written inside the textbox provided for in the annual report template of 2012 and allocated a T number
Chapter 1	There is a page covered by the face of the City Manager with no information	Remove the City manager's face on the page and insert an identity card size picture where the municipal manager is providing his overview
Chapter 1	City Manager's Overview The whole paragraphs were outside the text box and without a T number, the annual report template of 2012 requires that the paragraphs be written in the text box and the text box allocated a T number	Paragraphs be written inside the textbox provided for in the annual report template of 2012 and allocated a T number
Chapter 1	Background data The whole paragraphs were outside the text box and without a T number, the annual report template of 2012 requires that the paragraphs be written in the text box and the text box allocated a T number	Paragraphs be written inside the textbox provided for in the annual report template of 2012 and allocated a T number Even no inconsistencies were identified, management should ensure that the background data forms the basis of the planning document regarding the baseline indicator and informs the measures put in place to address the backlogs

Chapter 1	<p>Population details</p> <p>There were no totals provided for the three years reported on. According to our calculations, the total population as per the table provided is 783 764, this should also be read with Settlement Type Table later on in the report which stipulate that the population is 858 000, which gives a difference of 74 236 persons.</p> <p>The source was not credited below the table provided</p>	<p>Management should ensure that they report consistently and accurately to ensure that the report is useful, correct, and valid</p> <p>The source should be credited, e.g. Statistics South Africa Community Survey 2016 or Statistics South Africa Census 2022</p>
Chapter 1	<p>Households</p> <p>No inconsistencies were identified</p>	None
Chapter 1	<p>Socio-economic status</p> <p>No inconsistencies were identified</p>	None
Chapter 1	<p>Settlement Type</p> <p>See Population details above</p>	See population details above
Chapter 1	<p>Natural resource</p> <p>No inconsistencies were identified</p>	None
Chapter 1	<p>Service Delivery Overview</p> <p>The whole paragraphs were outside the text box and without a T number, the annual report template of 2012 requires that the paragraphs be written in the text box and the text box allocated a T number for the following heading:</p> <ul style="list-style-type: none"> • Water and Sanitation • Electricity • Solid Waste Management Services • Proportion of households with access to basic Services • Comment on access to basic services • Comment on backlogs • Comments on mitigation measures 	Paragraphs be written inside the textbox provided for in the annual report template of 2012 and allocated a T number

Chapter 1	<p>Financial Health Overview</p> <p>The Municipality adjusted its revenue budget figure downward from R 9 606 514 to R 9 596 661 during the mid-year budget process.</p>	<p>This should have been a warning that the Municipality is not collecting as originally planned and put measures in place to address the challenge.</p> <p>Decreasing revenue collected against the revenue billed is a clear sign that the debt book is increasing, and this will increase the interest revenue but will put a burned on the provision of debt impairment and debtors to be written off and may lead to a qualification paragraph on service charges if the root cause is not addressed.</p>
Chapter 1	<p>Operating Ratios</p> <p>These figures have been included in Chapter 5 and the Annual Financial Statements and have been audited.</p>	<p>Management to report consistently throughout the report</p>
Chapter 1	<p>Comment of financial ratios</p> <p>The whole paragraphs were outside the text box and without a T number, the annual report template of 2012 requires that the paragraphs be written in the text box and the text box allocated a T number for the following heading:</p>	<p>Paragraphs be written inside the textbox provided for in the annual report template of 2012 and allocated a T number</p>
Chapter 1	<p>Capital Expenditure</p> <p>Annual Financial Statements have been audited and the capital expenditure figures in Chapter 5 should be the same as that of the Annual Financial Statements</p>	<p>Management to report consistently throughout the report</p>
Chapter 1	<p>Comment of Capital Expenditure</p> <p>Annual Financial Statements have been audited and the capital expenditure figures in Chapter 5 should be the same as that of the Annual Financial Statements</p>	<p>Management to report consistently throughout the report</p>
Chapter 1	<p>Organisational Development Overview</p> <p>This segment should be read together with Chapter 4</p>	<p>The Committee has engaged with the directorate and raised certain questions which were responded to.</p>

Chapter 1	Auditor-General Report This segment should be read together with Chapter 6	Audit Report was taken into account when the analysis was done
Chapter 1	Statutory Annual Report Process No inconsistencies were identified	None
Chapter 1	Structure And Components Of 2022/2023 Annual Report No inconsistencies were identified	None
Chapter 1	Comment On The Annual Report Process No inconsistencies were identified	None
Chapter 2	Chapter 2 A high level analysis shows that paragraphs were outside the text box and without a T number, the annual report template of 2012 requires that the paragraphs be written in the text box and the text box allocated a T number	Committee to validate the information provided that it is talking to the actual setup in governance structure of Council and other spheres. Paragraphs be written inside the textbox provided for in the annual report template of 2012 and allocated a T number
Chapter 3	Chapter 3 Chapter 3 have been audited and the audit report has identified certain risks which have been raised in the audit report Paragraph 25 of the Audit Report gives a disclaimer audit opinion and this is substantiated by paragraph 47 regarding the strategic planning and performance management: The performance management system and related controls were inadequate as it did not describe how performance planning/monitoring/measurement/review/reporting and improvement processes should be adequately managed, as required by municipal planning and performance management regulation 7(1)	Management should develop and approve Standard Operating Procedure For The Compilation And Storage Of Performance Information-Portfolios Of Evidence-On The Service Delivery And Budget Implementation Plan And Operational Plans

Chapter 4	Introduction No inconsistencies were identified	None
Chapter 4	Component A: Introduction To The Municipal Personnel A high level analysis shows that paragraphs were outside the text box and without a T number, the annual report template of 2012 requires that the paragraphs be written in the text box and the text box allocated a T number	Paragraphs be written inside the textbox provided for in the annual report template of 2012 and allocated a T number
Chapter 4	Employee Totals, Turnover And Vacancies We looked at the figures to check if they correspond with employee provided in Chapter 3 as per the reporting template	None
Chapter 4	Policies No inconsistencies were identified	Management to ensure that all reviewed Human Resources Policies are in line with the Municipal Staff Regulations of 2021
Chapter 4	Injuries, Sickness And Suspensions No inconsistencies were identified	None
Chapter 4	Table 177- Table COVID-19 activities carried out during 2021/2022 The table depict the year 2021/2022 and the year under review is 2022/2023, they may indicate that the information provided is of prior year not the year under review	Management to provide accurate, useful, valid, and relevant performance information for reporting
Chapter 4	Occupation Reason provided for why employees are paid above the evaluated notch are not sufficient	Management to provide sufficient and substantial reasons of deviating from paying employees as per their notch
Chapter 5	Chapter 5 Chapter 5 talks to the audit report	Ensure that all audit findings are addressed and corrected.

Chapter 6	<p>Audit Report</p> <p>The audit report has identified financial risks and inadequate internal controls regarding the management of the finances and the collating, implementation, monitoring, and reporting mechanisms in the Municipality</p>	<p>Ensure that all audit findings are addressed and corrected.</p>
Appendices	<p>Appendices</p> <p>These are supporting documentation and working sheet to the compilation of the annual report</p>	<p>Discrepancies found should be corrected</p>

8. COMMENTS ON THE COMPONENTS OF THE ANNUAL REPORT

Legislative Requirement	Compliances	Response	Recommended Correction Action
Section 121(3) of the Municipal Finance Management Act, 56 of 2003-Annual Financial Statements	Have Annual Financial Statements of the Municipality and that of the municipal entity been included in the annual report	Yes Refer to pages 809-931: Audited Consolidated Annual Financial Statements for the year ended 30 June 2023	None
	Are both the annual financial statements and annual performance report been audited	Refer to pages 932-1036 Audited Annual Financial Statements for the year ended 30 June 2023 of the Buffalo City Metropolitan Municipality	
	Are the Annual Financial Statements compliant with GRAP	Refer to pages 1173-1238 Audited Annual Financial Statements for the year ended 30 June 2023 of the Buffalo City Metropolitan Development Agency	None
	Is the audit report been included in the tabled annual report	Yes Refer to pages 142-572: Chapter 3-Service Delivery Performance (Performance Report Part 1) and pages 573-591: Component K- Organisational Performance Scorecard and pages 809-1036: Consolidate annual Financial Statement and Annual Financial Statements respectively	None
	Any explanations that may clarify issues in connection with the financial statements	No 2. In my opinion, except for the possible effects of the matters described in the basis of qualified opinion section of this auditors report, the consolidated and separate statement of financial statements present fairly, in all material respects, the financial position of the group as at 30 June 2023, and its financial performance and cash flow for the year ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of Municipal Finance Management Act (Act 56 of 2003(MFMA) and the Division of Revenue Act of South Africa (Act No.5 of 2022)(DoRA)	The management should ensure that the Annual Financial Statements present fairly, in all material respects, the financial position of the Municipality and need not be corrected during the regulatory audit to ensure compliance.
	Is the audit report been included in the tabled annual report	Refer to Page 685- Report of the Auditor-General to the Eastern Cape Provincial Legislature and the Council on Buffalo City Metropolitan Municipality and its municipal entity	None
	Any explanations that may clarify issues in connection with the financial statements	Yes Refer to Page 685- Report of the Auditor-General to the Eastern Cape Provincial Legislature and the Council on Buffalo City Metropolitan Municipality and its municipal entity	None
	Any explanations that may clarify issues in connection with the financial statements	Refer to the notes to the Annual Financial Statements on pages 809-931	None

Legislative Requirement	Compliances	Response	Recommended Correction Action
Section 121(3) of the Municipal Finance Management Act, 56 of 2003-Annual Financial Statements	<p>Any assessment by the accounting officer on arrears on municipal taxes and service charges</p> <p>Any comment by the Audit Committee in relation to the Annual Financial Statements and the Annual Performance Report</p>	<p>Yes</p> <p>The taxes and services, as intended in section 121(3)(e) Refer to pages 862-863-Note 9-11 and pages 898-899-Note 40 and 41</p> <p>Yes</p> <p>Refer to pages 802-803-Financial Reporting</p>	<p>the management to address the audit finding by implementing adequate internal controls to ensure that all properties are billed and recorded</p> <p>Management to implement the concerns raised by the Audit Committee on the material irregularity and the regression of the audit opinion from the unqualified to a qualified audit opinion</p> <p>Management should also disclose UIF, and W in the Supply Chain Management as has been disclosed in Note 58-60 on pages 914-916 of the Audited Consolidated Annual Report.</p>
Supply Chain Management Regulations and Policy	Has certain disclosures of the supply chain management matters been included in the annual report	<p>Yes</p> <p>Refer to pages 669-674-Supply Chain Management</p>	<p>Management should come up with adequate internal control to curb irregular expenditure which for the year under review is at an unacceptable amount of R 11 056 718 756.00</p> <p>None</p>
Section 123 of the Municipal Finance Management Act, 56 of 2003-Division of Revenue Act	<p>Has the Municipality had any allocations per Division of Revenue Act delayed or withheld</p> <p>Is there any disclosure on allocation made by the Municipality to organ of state, municipal entity or other Municipality</p>	<p>Yes</p> <p>Refer to page 891-Note 33 and 34: Government Grants and Subsidies, Capital Grants and Fire Levy respectively</p> <p>Yes</p> <p>Refer to pages 878-88-Note 17 and 891-Note 33 and 34: Government Grants and Subsidies, Capital Grants and Fire Levy respectively</p>	<p>Management should give reasons why the whole grants was not utilised and what measures they are going to put in place that this does not repeat itself going forward. The total unspent conditional grants for the year under review is R 255 178 690.00</p>

Legislative Requirement	Compliances	Response	Recommended Correction Action
Section 123 of the Municipal Finance Management Act, 56 of 2003-Division of Revenue Act	Are all compulsory disclosures contained in the notes to the Annual Financial Statements Has the Municipality complied with the conditions of the grant	Yes Yes	None None
Section 124(3)-Disclosures of Councillors, directors and officials in the notes to the Annual Financial Statements	Have the salaries, allowances and benefits paid to Councillors and the municipal manager, chief financial officer and senior managers been disclosed Is there a statement by the accounting officer, stating that salaries, allowances and benefits paid to Councillors are within the upper limits of the framework envisaged in Section 219 of the Constitution	Yes Refer to pages 892-897-Note 35-36:Employee Related Costs and Remuneration of Councillors respectively Yes Refer to page 616: Introduction to Workforce Expenditure	None Management should also state that Councillors and senior managers' benefits and allowances paid are within the upper limits of the framework envisaged in the Constitution, not only that increases were within the gazetted amounts annually
Section 124(3)-Disclosures of Councillors, directors and officials in the notes to the Annual Financial Statements	Have arrear for rates and service owed by Councillors, in which the arrears was more than 90 days been disclosed including the name of the Councillor Have salaries of the board of the municipal entity, chief executive officer and senior managers been disclosed	No Yes Refer to pages 1225-1227: Note 22-23-Employee Related Costs and Remuneration of Directors respectively	Management should disclose the names of the Councillors whose arrear amounts are more than 90 days None
Section 46 of the Municipal Systems Act, 32 of 2000-Annual Performance Report	Has the performance report been included in the annual report Have all the performance targets set in the budget, service delivery and budget implementation plan, service agreements and annual performance plans been included in the report Does the performance evaluation in the annual report compare actual performance with targets expressed in the budget and the service delivery and budget implementation plan approved in the financial year	Yes Refer to pages 142-572: Chapter 3-Service Delivery Performance(Performance Report Part 1) and pages 573-591:Component K- Organisational Performance Scorecard Yes Yes	Management should provide adequate internal control to ensure that the reported performance is useful, reliable, accurate and valid to so that the paragraph 47 of the audit report is addressed. None None

Legislative Requirement	Compliances	Response	Recommended Correction Action
Section 46 of the Municipal Systems Act, 32 of 2000-Annual Performance Report	<p>In terms of key functions or services, how has each performed</p> <p>To what extend have targets been met</p>	<p>Unsatisfactorily</p> <p>The regulatory audit has identified that the reported actual performance reported did not have sufficient evidence to substantiate the reported achievements</p>	<p>The Municipality should develop a Standard Operating Procedure For The Compilation And Storage Of Performance Information-Portfolios Of Evidence-On The Service Delivery And Budget Implementation Plan And Operational Plans to substantiate the actual performance against the planned performance</p>
	<p>Are Council and community satisfied with the performance</p>	<p>Poor</p> <p>The Auditor General did not provide opinion on the achievement of targets as there was no sufficient audit evidence to substantiate the reported performance achievement</p>	<p>The Municipality should develop a Standard Operating Procedure For The Compilation And Storage Of Performance Information-Portfolios Of Evidence-On The Service Delivery And Budget Implementation Plan And Operational Plans to substantiate the actual performance against the planned performance</p>
	<p>What actions have been taken and planned to improve performance</p>	<p>No</p>	<p>Hold quarterly community meetings and conduct community satisfactory surveys to measure the degree of satisfaction level by the communities</p>
	<p>Does the targets set in the budget, service delivery and budget implementation plan agree the targets set in the performance agreements of the municipal manager and senior managers</p>	<p>To develop a Standard Operating Procedure For The Compilation And Storage Of Performance Information-Portfolios Of Evidence-On The Service Delivery And Budget Implementation Plan And Operational Plans</p> <p>Yes</p>	<p>Compilation of Portfolio of Evidence with useful, reliable, accurate and valid actual performance information</p> <p>None</p>

Legislative Requirement	Compliances	Response	Recommended Correction Action
Section 46 of the Municipal Systems Act, 32 of 2000-Annual Performance Report	Does the report evaluate the efficiency of mechanism applied to deliver the performance outcomes	Yes, but those performance results were not supported by adequate performance evidence	To develop a Standard Operating Procedure For The Compilation And Storage Of Performance Information-Portfolios Of Evidence-On The Service Delivery And Budget Implementation Plan And Operational Plans
	Considering the audit report and opinion and the views of the audit Committee, is performance considered to be efficient and effective	No	Management to ensure that adequate supporting evidence is provided to substantiate the actual performance reported
	What actions have been taken and planned to improve performance	No Refer to pages 676-683 for the remedial action taken.	Management should provide remedial actions that are going to address the root causes of each audit finding raised with clear timeline to curb the recurrence of the audit findings
Performance of municipal entities and municipal service providers	Has assessment been included in the annual report on the performance of the municipal entities	No This uniform approach has contributed to the Municipality having repeat audit findings for the 2022/2023 financial year as compared to the 2021/2022 financial year.	Management
	Has the assessment been included in the annual report on the performance of all contract service providers	Yes The annual report of the municipal entity has been included separately in the annual report.	None
Section 127(2), 130(1)(2)(3) of the Municipal Finance Management Act, 56 of 2003, and Section 21A of the Municipal Systems Act, 32 of 2000-Public Participation	Was the public invited to the Council sitting where the annual report was considered	Yes Refer to pages 739-754: Appendix I-Municipal Entity Service Provider Performance Schedule	None

Legislative Requirement	Compliances	Response	Recommended Correction Action
Section 127(2); 130(1)(2)(3) of the Municipal Finance Management Act, 56 of 2003, and Section 21A of the Municipal Systems Act, 32 of 2000-Public Participation	Did the accounting officer make public the annual report	Yes	None
Section 127(2); 130(1)(2)(3) of the Municipal Finance Management Act, 56 of 2003, and Section 21A of the Municipal Systems Act, 32 of 2000-Public Participation	Was the annual report submitted to the Auditor General, Provincial Treasury and Department of Corporative Governance and Traditional Affairs	Yes	None
Written Comments	Did the Municipality receive any written submission on the annual report	No	Council should intensify its awareness campaign to show community the importance of taking active participation in municipal affairs.

9. QUESTIONS AND RESPONSES ON THE ANNUAL REPORT

9.1 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S QUESTIONS

9.1.1 QUESTION RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE DIRECTORATE OF PUBLIC SAFETY AND MANAGEMENT RESPONSES

Page	Section	Issue	Question/Intervention/Recommendation	Response from the Departments
438	Introduction to policy	Establishment of BCMIM Metro City police and yet to be approved by the MEC	1. Why is it part of the report by the Management? 2. If its yet to be approved by the MEC?	<ul style="list-style-type: none"> The Annual Report is a standard reporting template from National Treasury. It makes provision for the reporting to be done on Metro Police Services. It must be noted that BCMIM does not yet have an established Metro Police Service & is currently reporting on the two sections viz, Traffic Services and Law Enforcement Services. However, progress on the Establishment of Metro Police must be reported on in the Annual Report. The Directorate was informed in the past to ensure that this section is covered in terms of progress on the Establishment of Metro Police.
413	Refurbishment of the beach front	Beach front is beautified but still informal car washes along the beach	1. Why is the Department not working with other depts including law enforcement to devise plans to redress the informal car washes along the beach, and enforce the by-laws?	<ul style="list-style-type: none"> The refurbishment of the beach front was reported under the Directorate of Solid Waste and Environmental Management . Refer to page 413 of the Annual Report. There is no car-wash by-law . However, in terms of law enforcement - visible and daily patrols are being undertaken to ensure that offenders/car owners are being fined on a daily basis to stop this practice from continuing and we have seen progress in this regard. The draft car wash by-law which was drafted by the Directorate of Economic Development & Agencies is currently at the workshop for Councillors stage. The DPS & ES is currently consulting with the DED & A regarding the identification of a site for the car washers to operate from near the beachfront. This measure will assist in addressing this informal sector of the public. The Directorate also works very closely with Infrastructure Services (identification of water sources in the beach front) and Solid Waste and Environmental Services (waste management).

Page	Section	Issue	Question/intervention/Recommendation	Response from the Departments
417	Introduction to health instruction, food and abattoir licensing and inspection etc.			<p>Not for this directorate</p> <ul style="list-style-type: none"> The function is a competence of Municipal Health Services and falls under the Directorate of Solid Waste and Environmental Services. Public Safety & Emergency Services participates in the joint multi-stakeholder operations on Compliance of Spaza shops and other food establishments and issues fines for transgressions in terms of their powers and functions.
426	Health hygiene campaigns	Inspection to spaza shops	1. Why are the big business are not inspected for health standards compliance?	
454	CCTV	Challenges experienced	1. Are the cameras effective in controlling crime in the City?	<ul style="list-style-type: none"> CCTV cameras are but one of the methods that are implemented to abate crime in the city. There has not been any scientific study that has been conducted to test the effectiveness of CCTV in controlling crime in the City. However, the following features demonstrate that in public spaces where there is surveillance by way of CCTV cameras: <ol style="list-style-type: none"> Members the public that make use of the CCTV focus areas perceive that the CCTV Improves public safety in these areas. Offenders and potential offenders perceive that that there is a high risk of being apprehended should they commit a crime in the CCTV focus areas. CCTV cameras have assisted in the improvement of detective work and apprehension of criminals in the city. CCTV cameras are not only those of the city but also SAPS and Private Security Companies. These stakeholders work together to ensure the effectiveness of CCTV cameras in controlling crime in the city. There are joint operations on a weekly basis undertaken between Law Enforcement Services, SAPS and various Stakeholders in the City to manage and control crime. <p>Yes, footage is kept for between 14 and 30 days. The time is variable depending on the amount of data it captures.</p>
			1. The is a general operation of the CCTV devices able to keep the information needed efficiently for the user?	

Page	Section	Issue	Question/Intervention/Recommendation	Response from the Departments
455	CCTV - table 124	CCTV must be centralised	1. How is the management in doing such, and what is the progress?	<ul style="list-style-type: none"> • Table 124 indicates a project on the roll- out of CCTV cameras in the city. • In terms of progress, the procurement processes are underway and are now at an advanced stage but depend on the availability of budget to award as well. • There is a CCTV control room in the city, and it is functional. • The control room is manned by Law Enforcement Services. • Of note is that BCMIM undertook a study tour on the 9th of March 2022 to eThekweni Metropolitan Municipality, engaging in discussions with officials at eThekweni Municipality, regarding the Smart City concept, which assisted BCMIM in learning and preparing for the implementation of the Smart City Strategy in the City. • The Public Safety & Protection Services Department then engaged with various Directorates within BCMIM to collect data from their current systems, to establish and verify their compatibility with the current CCTV Control Centre situated at the Fleet Street Fire Station. • A Progress Report was then submitted to Council on the 6th of September 2022, as per Council Resolution No. VMMC 314/22, on the centralization and integration of the Closed-Circuit Television Network System. • Investigations on the feasibility of an integrated control room together with SAPS in terms of the Safer City Project are underway. • This work is being done with other Intelligence agencies as well. Further details cannot be divulged for Security reasons.
467 and 480	Fire services	Budget non-spending	1. The Department must explain why was there non spending of the budget?	<ul style="list-style-type: none"> • Due to the financial constraints at the commencement of the 2022/2023 financial year, the budgets for all own funded projects were blocked for expenditure as from July 2022 until March 2023. • Fire & Rescue Services submitted the requisite Memoranda to Finance Department requesting the unblocking of votes so as to proceed with procurement of various projects, however such was not able to be concluded within the remaining three months of the financial year in question. • Funding was rolled over accordingly, and procurement continued in 2023/2024.

Page	Section	Issue	Question/Intervention/Recommendation	Response from the Departments
482	Fire engine procured	Buying truck to be delivered next financial year	1. Why is the Management not aligning the budget and planning i.e. buying a truck in a financial year to be delivered next financial year? How is it affecting the efficiency and performance of the work?	<ul style="list-style-type: none"> • Planning is aligned with the budget for the financial year however it must be noted that procuring a specialised firefighting engine (Water Tanker, Major Pumper etc) through Formal / Government Transversal Tender takes approximately twelve months from date of order to delivery. • To build an imported fire engine, the chassis cab must be manufactured abroad, which can take up to three months, whereafter the manufacturing of the superstructure and the fitting of the specialised items e.g. the specialised pump, takes another six months. • Further to this, the shipment with the complete delivery takes approximately three months.
491	status of disaster management centre capacity	capacity affecting status of disaster centre management	1. What is the Dept doing about this?	<ul style="list-style-type: none"> • The Emergency Services department comprising of Fire and Rescue Services and Disaster Management (DM), has been working closely with Internal Audit (IA) and Risk Management (RM). • An internal audit was conducted on the institutionalisation of the DM function in the metro. • A report on the findings was developed by IA and was subsequently tabled by IA to Top Management and Council with recommendations. • Critical areas emanating from the IA report, were identified, and registered on the institutional risk register. • In order to address the capacity issues of the disaster centre management some of the key strategic objectives as outlined in page 492 of the 2022/2023 Annual Report were implemented. There are additional projects that are planned in the 2024/25 financial year.
491	Technical radio network		1. How are these networks working with other networks of the other sections or directorate?	<ul style="list-style-type: none"> • The Tactical Radio Network (TRN) aims to create a two-way radio communication network for the Directorate of Public Safety encompassing Fire and Rescue, Disaster Management, Traffic and Law Enforcement Services respectively. • The project is rolled-out as a pilot project, hence, its emphasis on the Directorate of Public Safety. • Interested directorates may upon the completion of the project, facilitate from their own budgets means to enhance their two-way radio connectivity to the network.

Page	Section	Issue	Question/Intervention/Recommendation	Response from the Departments
492	Strategic objectives	Issue	How far are is the progress with these strategic objectives, and how the working relations with risk management?	<p>To date the following strategic objectives have been addressed:</p> <ul style="list-style-type: none"> • Establish functional Disaster Risk Management, IGR structures by June 2023. • A Disaster Management Forum and interdepartmental Committee have established and are functional. • Development and adoption of a Public Disaster Management Protocol by June 2023. • The Final Disaster Management Response, Recovery and Rehabilitation Protocol was developed and was approved by the CM on 16/02/2024 and has been presented to the Portfolio Committee on 07/03/2024. • Development and implementation of Community Education, Training and Awareness campaigns by June 2023. • An annual calendar for Community, Education, Training and Awareness Campaigns was developed And submitted to be incorporated into the institutional calendar. • Integrated awareness campaigns are conducted on an on-going basis as Indicated in page 512 of the report. • Review of the Disaster Relief Policy by June 2023. • A review of the quantity list of the disaster relief distress packs was done in 2023 . • A review and development of a comprehensive disaster relief policy is planned in 2024/25. • The establishment of a disaster relief coordination task team to be done by end June 2024. • Source and secure funds for the establishment of a new compliant disaster management centre by June 2023 • A budget of R22.5 million has been allocated for the development of a new, compliant DMC during the MITREF period (2023 – 2026). • An exercise to identify a site including identification of existing buildings for consideration was done. • Spatial Planning and Development Directorate is assisting the Directorate to implement the most viable option within the legal framework of procurement and Council approval. • The Directorate enjoys healthy working relations with both Internal Audit and Risk Management. • As indicated, risk areas affecting the institutionalisation of the DM function was submitted to risk management.

9.1.2 QUESTION RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE DIRECTORATE OF ENVIRONMENTAL MANAGEMENT AND MANAGEMENT RESPONSES

Page	Section	Issue	Question/Intervention/Recommendation	Responses
193	Introduction to Waste Management	The annual report refers to four privately owned transfer stations.	1. This information should be verified for accuracy and updated in the Annual Report.	The Directorate acknowledges the identified misrepresentation of information by the custodian of the annual report. This has since been modified in the draft annual report for further adjustment by the Executive Support Directorate.
194	Waste Management Activities and Interventions undertaken	It is reported that the City procured additional fleet in the year under review to improve Waste Management Services.	<p>1. In the previous financial year, it was reported that new fleet was purchased. Can the Committee be provided with the total (accumulative) number of fleet?</p> <p>2. Confirm the total fleet purchased in the year under review.</p> <p>3. How many are there currently being fixed (not operational) and how many are operational?</p> <p>4. How many are leased from private owners and what is the cost thereof?</p>	<p>Confirmation Of Fleet Purchased In The Previous Financial Year: 2021/2022</p> <p>➤ The fleet purchased in 2021/2022 financial year was as a result of the changes made during the mid-term review process (see Annexure A).</p> <p>➤ The original budget was R4 148 415 and after adjustment it went up to R8 148 415.</p> <p>➤ These changes enabled the directorate to purchase the following fleet:</p> <ul style="list-style-type: none"> ❖ 3 x bakkies: for Solid Waste Management Services - 1 for each region- Coastal, Midland and Inland. ❖ 6 x bakkies: for Solid Waste Management Services - 2 for each region - Coastal, Midland and Inland. ❖ 6 x bakkies: 3 for Environmental Management Services and the others are for Solid Waste Management Services - 1 for each region ❖ 2 x crew cabs; 1 for Solid Waste Management Services - Midland Region and another one is for Grass Cutting & Vegetation Control Section ❖ 1 x compactor truck - for Solid Waste Management Services - Midland Region ❖ 4 x polos: for Solid Waste Management Services - 1 for each region and the other one is for the Rapid Response Team – Coastal Region ❖ 3 x 4 ton trucks: for Solid Waste Management Services - 1 is for Coastal Region and 2 are for Midland Region ❖ 4 x Suzuki sedans: for Solid Waste Management Services - 1 for each region and 1 for Municipal Health Services <p>➤ The distribution of these vehicles were key in ensuring that service delivery standards are upheld.</p>

Page	Section	Issue	Question/Intervention/Recommendation	Responses
194	Waste Management Activities and Interventions undertaken	It is reported that the City procured additional fleet in the year under review to improve Waste Management Services.		<p>Confirmation Of Fleet Purchased In The Financial Year Under Review :2022/2023</p> <ul style="list-style-type: none"> ➤ The fleet purchased in this financial year was from a total budget allocation of R8 000 000 and was necessitated by the changes made during the mid-term review process (see Annexure B). ➤ These changes enabled the directorate to purchase the following fleet: <ul style="list-style-type: none"> ❖ 2 x cherry pickers: 1 for Vegetation Control - Coastal Region and the other one is for Grass Cutting – Inland Region ❖ 5 x four-ton crew cab trucks: 1 for Grass Cutting – Midland Region, 1 for Beaches, 2 for Rapid Response Team - Coastal Region and the last one is for Grass Cutting - Coastal Region ❖ 1 x seven-ton crew cab truck: Solid Waste Management Services - Inland Region ❖ 2 x tractors with bush-cutters: 1 is shared between Midland and Inland Regions and the other one is for Coastal Region <p>Status Of Solid Waste Fleet: 2021/2022 Financial Year And The Financial Year Under Review See Annexure C.</p> <p>The City upgraded Kayzers Beach and Kidds Beach garden transfer stations to the tune of R264 235 through installation of guard rails. The project was completed and later capitalised in the asset register.</p>
201	Comment on Waste Management Service Overall	It is reported that two transfer stations in the coastal region were upgraded in the year under review.	1. What is the progress in this regard?	
644	Comment on Backlogs	Under Waste management, the department reports that backlogs are attended to through expansion of refuse removal services to all new housing as notified by the BCMM Human Settlements Directorate.	1. The Committee has noted inconsistency in the information provided in the annual report, as what is reported on page 194 bullet no5, implies that there are no backlogs. Can this be clarified?	<p>Page 194 of the draft annual report speaks to the clustering of areas for improved service delivery efficiencies. The clustering of areas was to ensure that the City does not experience any refuse collection backlogs as was the case before. In this current financial year, the City has indeed maintained the status quo.</p> <p>Furthermore, page 644 seeks to amplify the narrative provided on page 194. This issue was discussed at length with the Auditor General during 2022/2023 audit wherein the directorate explained the difference between providing services in the formal and informal areas respectively. In the latter areas, both parties agreed that the service is a moving target and for that reason there is no backlog in the year under review.</p>

9.1.3 QUESTION RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE DIRECTORATE OF EXECUTIVE AND SUPPORT SERVICES AND MANAGEMENT RESPONSES

Page	Section	Issue	Question/Intervention/Recommendation	Responses
	Solid Waste	Report contained in the annual report is different from the what the directorate submitted	This report has not been quality assured, and it was he finding of MPAC all the previous financial years. Directorate of Solid Waste and Management said the report that was submitted to the annual report is different from what is in the annual report. This was said in the public hearing and what is the response now?	<p>Just like the previous FYs. BCMMM appointed editors to assist quality assure/edit 2022/2023 annual report compiled by BCMMM staff</p> <p>There is an error in capturing of transfer station, e.g., in Chapter Three, T 3.4.1, paragraph 2 was meant to say, ONLY Gonubie Garden Transfer Station was privately owned NOT the other three listed there. After work by editors, they erroneously reflected</p>

9.1.4 QUESTION RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE DIRECTORATE OF FINANCE AND MANAGEMENT RESPONSES

Page	Section	Issue	Question/Intervention/Recommendation	Responses
680	Auditor General Opinion 2022/2023	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, non-current assets and expenditure items identified by the auditor in the submitted annual financial statements were subsequently corrected resulting in a qualified audit opinion	<ol style="list-style-type: none"> Given the fact that this is a repeat finding what mechanisms were put in place to prevent the recurrence of this non-compliance? Was the Audit Action Plan implemented and monitored to address this repeat finding? and if so, why is it a repeat finding? Why does the management continue to submit statements that are not prepared in all material respects in compliance with the provisions of the MFMA? 	<p>An Audit Action Plan has been developed with the following short-term interventions being introduced:</p> <ul style="list-style-type: none"> Daily, weekly, and monthly reconciliations to be performed; correcting journals to be processed timely. Interim AFS to be prepared and Internal Audit to perform independent review. Prepare and implement an AFS timetable to ensure the general ledger is closed timely in order for the information to be ready for preparing the AFS. The approved AFS timetable to provide sufficient for Top Management; Internal Audit; Audit Committee and National Treasury to conduct review before the final submission of AFS to Auditor General. The Audit controller to ensure that on a quarterly basis progress on implementation of the Audit Improvement Plan is submitted to Audit Committee and Mayoral Committee for oversight. <p>Executive Support Services</p>
680	Auditor General Opinion 2022/2023	The SDBIP for the year under review did not include service delivery targets for some quarters, as required by section 1 of the MFMA	<ol style="list-style-type: none"> Why were service delivery quarterly targets not included in the SDBIPs, as required by section 1 of the MFMA? How is the management going to address the gaps identified in the SDBIP regarding the exclusion of service delivery targets in some quarters? 	<p>Executive Support Services</p>
681	Auditor General Opinion 2022/2023	An adequate management, accounting and information system which accounts for assets not in place, as required by section 63(2)(a) of the MFMA	<ol style="list-style-type: none"> What could be the cause for inadequate management on information system and accounting system, as per section 63(2) of the MFMA? What measures are in place to ensure that adequate accounting and information system which accounts for assets is in place as required by section 63(2)(a) of the MFMA? 	<ul style="list-style-type: none"> Accounting and information system is a set of rules, principles, policies, objectives, SOPs and GRAP standards that are implemented by Finance on a daily basis to mention just a few. These as required by MFMA are available and implemented, however, there are instances where there could be disagreements in interpretation and application with AG(SA) due to lack of GRAP definitions in some cases. Usually these cannot be resolved during the audit due to the limited time-Timeline: May 2024 The Department has consulted National Treasury to seek advice on the grey area in GRAP standards. Conducting a research to develop a policy that defines are processes to bridge the gap and close the interpretation issue. The policy will be presented to Council in May 2024 for adoption once agreed with Treasury and AG(SA) Consulted with all the user Departments and advised them to develop a specific SOP that focus in these matters-Timeline: May 2024

Page	Section	Issue	Question/Intervention/Recommendation	Responses
676 - 683	Auditor General Opinion 2022/2023	An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA	<ol style="list-style-type: none"> Why is the system not put in place as required by law? How is the management going to enhance the system of internal control for assets? 	<p>Responses</p> <ul style="list-style-type: none"> Internal controls are in place and implemented by the Department, however, there was a disagreement with AG due to the interpretation of GCC and GRAP-Timeline : May 2024 The Department is the process of developing a policy document to be approved by Council. The document will bridge the gap between GCC and GRAP by defining concepts that are not defined by GRAP Already consulted National Treasury and Internal Audit, once the document is finished will also be discussed with AG(SA) We have also strengthened communication and cooperation with user departments-Timeline : May 2024
676 - 683	Auditor General Opinion 2022/2023	<p>An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 63(3)(e) of the MFMA</p> <p>An effective system of internal control was not in place.</p>	<ol style="list-style-type: none"> Why was there no system in place for effective internal control of revenue? How is the management addressing the audit finding that an adequate management, accounting and information system which accounts for revenue was not in place as required by sections 63(2)(e) and (f) respectively? 	<ul style="list-style-type: none"> Regarding the completeness of Revenue related to the Sewerage Pans, the Building Plans inform the Billing System of the numbers to bill. The AGSA could not place reliance on the Building Plans or the information on the Building Plans System, and therefore an alternative source of data in the form of physical verifications was agreed upon. Management has developed a methodology with clear timelines and presented it to AGSA to complete the physical verification of the entire Pans population, as well as any adjustments that are required to be made. The target date for all data collection is 31 May 2024 and implementation of any amendments will be completed accordingly
676 - 683	Auditor General Opinion 2022/2023	Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d)	<ol style="list-style-type: none"> Why is irregular expenditure allowed to increase year after year? What mechanisms is management going to put in place to curb irregular expenditure going forward? 	<ul style="list-style-type: none"> Majority of the IE emanates from multiyear contracts which are key in the implementation of service delivery projects and infrastructure maintenance. Cancelling these contracts without replacing them will put the Municipality in a risk of not being able to deliver on its mandate and unable to spend the allocated budget and grant funding. That being said an IE reduction strategy has been developed and adopted by Council, as irregular. The investigation of these irregular contracts has been conducted and reports have been submitted to the MPAC for processing and recommendation for write-off to the Council thereafter. There is an Institution wide IE reduction strategy that has been developed by the institution and adopted by Council. That strategy is aimed at eradicating IE in the institution and Finance plays a pivotal role in the implementation of the strategy. Root cause analysis is conducted to identify, and main source of the IE transaction and training of BID Committees is arranged on an annual basis and SCM reforms are being rolled out to improve controls.

Page	Section	Issue	Question/Intervention/Recommendation	Responses
681	Auditor General Opinion 2022/2023	Some of the goods and services with a transaction value of above R 200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids.	<ol style="list-style-type: none"> Why were the goods and services to the value of R200 000 procured without inviting competitive bids? Are there consequence management actions taken to put an end to this act? What is the management doing to curb non-compliance with supply chain management laws and regulations, in particular to curb the procurement of goods and services with a transaction value above R 200 000.00 without inviting competitive bids as required by Section 19(a) of the Supply Chain Management Regulations? 	<ul style="list-style-type: none"> Procurement of goods and services for transaction above R200 000 (now R750 000) is done through open tender system as required by law. There are no instances where goods above this threshold were procured without following a proper procurement process. The disagreement with AGSA is where these goods and services were procured using panel contracts for the procurement of goods which are capital in nature. This matter which has been elevated to National Treasury for intervention as management is of the view that there is nowhere in law where this is disallowed No consequence management taken as explained above that there were no instances that this occurred.
681	Auditor General Opinion 2022/2023	Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids.	<ol style="list-style-type: none"> What mechanisms does the management have in place to address the deviations that were non-compliant? 	<ul style="list-style-type: none"> All deviations are reviewed by the City Manager prior to approval. The deviation is used as a last resort after exploring all available options to reduce the number of procurement deviations in the organization. The review process assesses that all the justification meets all the requirements as stipulated in the regulations and SCM policy.
681	Auditor General Opinion 2022/2023	Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods and services	<ol style="list-style-type: none"> Why is the Municipality not applying systems to curb biasness towards certain service providers? How is the Municipality addressing the biasness of the bid specification Committee towards certain service providers above others? Is this not a serious violation of the provisions of section 217 of the constitution of the RSA? What action has been taken to prevent the recurrence of this finding? 	<ul style="list-style-type: none"> All tender specifications are drafted by end user departments based on their specific need or demand. The bid specification Committee reviews the bid specification as part of due diligence to ensure that a fair and transparent competitive bidding process is followed for the City to provide effective and efficient service delivery to our communities. Bid Committees are structured with multi-disciplinary teams to ensure among other things that there is objectivity, skill, competency and eliminate biasness in the Committees. The Committee composition, structure and performance is reviewed by the Accounting Officer on a regular basis and changes are made where necessary to enhance performance. Bid Specifications Committees were provided with training on an annual basis to ensure that tender specifications are crafted correctly in compliance to the SCM policy and NT guidelines and in an unbiased manner.
676 - 683	Auditor General Opinion 2022/2023	The preference point system was not applied procurement of goods and services as required.	<ol style="list-style-type: none"> Why has the preference point system not applied? How is the management ensuring that the point system is always applied when procuring goods and services? 	<ul style="list-style-type: none"> The SCM Policy 2023/24 was revised and adopted in July 2023 aligned to the PPR2022. All procurement processes are aligned to the National Treasury guidelines and the Preferential Procurement regulations of 2022. The procurement evaluation criteria and preference point scoring are clearly stated on all advertisements published and contained within the MBD6.2 of bid specification documents

Page	Section	Issue	Question/Intervention/Recommendation	Responses
676 - 683	Auditor General Opinion 2022/2023	Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for contracts in accordance with section 18(1) of the CIDB Act.	<ol style="list-style-type: none"> 1. Why were the contractors not registered with the CIDB and not qualifying for contracts? 2. How did the contractors who were registered with CIDB qualify for contractors despite stipulation of section 18(1) CIDB Act? 	<ul style="list-style-type: none"> • CIDB is not applied to all contracts and the grading requirement is determined by the nature of work. • Service providers are required to submit proof of registration with CIDB when applying for a specific contract that require CIDB (mainly construction contracts and related services). • Companies CIDB certificate/printout must be valid and have the necessary CIDB grading when applying for a tender/bid. • During the bid evaluation process all CIDB certificates/ printouts are verified to ensure compliance with the SCM Policy and CIDB Act.
676 - 683	Auditor General Opinion 2022/2023	The performance of contractors or providers were not monitored monthly. Similar non-compliance was reported in the prior year.	<ol style="list-style-type: none"> 1. Was the Audit Action Plan implemented and monitored to address this repeat finding? and if so, could it be that the plan was not effective? 2. Why is it that the performance of contractors was not monitored monthly? 3. What internal controls is management going to put in place to ensure that this finding does not repeat in the current financial year? 	<ul style="list-style-type: none"> • AGSA could not accept that not all contract requires monthly meetings with minutes to prove that there was contract management. • The institution as a control used the signing of invoice as proof that service was received in good order. • This in more on the annual contracts that are used for repairs on an ad hoc basis across the Municipality. • Project based contracts are monitored regularly with minutes for those performance meeting kept on the file. • This is however not practical for ad hoc repairs contracts where the service is once off. • In these instances, reliance for the service being rendered satisfactory is based on the signed invoice by the recipient of the service rendered by the service provider. • The use of the contract module will effectively improve contract management within the institution based on the benefits the systems offers: <ul style="list-style-type: none"> o Only active contracts can be utilised o The early detection of contracts due to expire The monitoring of contract expenditure o End user departments must ensure that all relevant documentation (progress reports/minutes of meetings/contract extensions/variation orders/contract amendments/SIA's) of contracts must be uploaded onto the system

Page	Section	Issue	Question/Intervention/Recommendation	Responses
676 - 683	Auditor General Opinion 2022/2023	The contract performance and monitoring measures were not in place to ensure effective contract management as required by section 136(2)(c)(ii) of the MFMA.	<ol style="list-style-type: none"> Why is the management disregarding contract performance monitoring measures as per the provisions of section 136(2)(c)(ii) of MFMA? Has management developed an out in place monitoring measures to ensure effective contract management? What consequence management action has been taken to prevent further occurrence of this non-compliance? 	<ul style="list-style-type: none"> Contract management and performance is monitored by end user departments (Project managers) for project based assignments. However, when service providers delivered services/goods in accordance to the scope of work required by the end user department the invoice will be stamped and signed to process for payment as acknowledgement to satisfactory services rendered by the service provider (this is done as there are no meetings held for delivering goods or rendering ad hoc services which is mostly done by the panel contractors. As part of continuous improvement, to further ensure that performance of service providers is monitored on a regular basis an evaluation of performance form, has been developed that will rate the service delivery of a service provider that must be completed and signed off by the end user department and attached to the invoice in order to process the payment. No consequence management has been taken as the municipal personnel has followed the approved SOP in managing and monitoring the performance of the service providers.
- 683	Auditor General Opinion 2022/2023	The Municipality was also qualified on overstating the asset register by accounting for work in progress figures (WIP), going forward	<ol style="list-style-type: none"> Why was management overstating the asset register by including "WIP" in their accounting? How is management going to address this issue to ensure that it does not become a repeat audit? 	<ul style="list-style-type: none"> The asset register was not overstated by the inclusion of WIP (it is correct to include it), however, the WIP register itself was found to have been overstated by not deducting the value of the damages in those projects that are in WIP, this is part of the policy that is being developed to clarify GCC vs GRAP-Timeline: May 2024 Had workshops with user Departments to sensitize them about their WIP balances. Encouraged the departments to capitalize all projects as they become complete. Requested departments to have monthly meetings to discuss WIP and Impairment Busy establishing an Infrastructure Committee to deal with GCC requirements and align with GRAP. Internal Audit will also do a special review of WIP-Timeline: May 2024
676 - 683	Auditor General Opinion 2022/2023	Some of the irregular expenditure by the Municipality was not investigated to determine if any person is liable for the expenditure as required by section 32(6) of the MFMA Cases of irregular expenditure that constituted a criminal offence were not reported to the South African Police Service, as required by section 32(6) of the MFMA	<ol style="list-style-type: none"> Why is management not applying consequence management on irregular expenditure as per section 32(b) of MFMA? Why were active cases that constitute criminal offences not reported to SAPS? 	<ul style="list-style-type: none"> On an annual basis after the completion of audit and issuance of Audit report the Section 32 Report is prepared and submitted accordingly to all the structures as required. This year's report is due to be submitted in the upcoming Council meeting All matters that constitute criminal offence are referred to Legal services for further investigation, advice and processing of criminal procedures.
	Auditor General Opinion 2022/2023	Supply Chain Management	<ol style="list-style-type: none"> Why isn't there a mention of bid Committees in the report? 	<ul style="list-style-type: none"> It was not included as there was no mandatory requirement to do so, we can however include it if it is deemed necessary.

9.1.5 QUESTION RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE DIRECTORATE OF SPORT AND RECREATION AND MANAGEMENT RESPONSES

Page	Section	Issue	Question/Intervention/Recommendation	Directorate Responses
520	Component H	Nu 2 swimming pool under refurbishment.	1. This is a copy and paste of the report that was reported the previous financial year. Why is this?	<ul style="list-style-type: none"> This is not copy and paste but the project became stale (no work was done/no progress) because of the contractual dispute that led to the Contractor leaving the Site. The Contract was terminated late in 2023.
520		Not reported on all activities they do.	1. We put to you that you are under reporting, do you want to respond?	<ul style="list-style-type: none"> The report covers all activities the Directorate does, but some areas are covered in the Table and some in the Narrative (Explanation) as the Annual Report is a structured Template. For future Annual Report a detailed Narrative/Explanation will be given below the Table to draw the relationship between the Table and the Explanation.
524	Capital expenditure 2023	Projects are listed nothing reported on them.	1. Why is the list of projects and but no content and no reporting on them?	<ul style="list-style-type: none"> The report covers all activities the Directorate does, but some areas are covered in the Table and some in the Narrative (Explanation) as the Annual Report is a structured Template. For future Annual Report a detailed Narrative/Explanation will be given below the Table to draw the relationship between the Table and the Explanation.
525	Comment on the performance of Sport and Recreation overall	Reported no challenge in the nu 2 swimming pool but it is known that there are challenges.	1. Why is this? If we put to you that you under reporting, how would you respond? 2. What is the state of the project now?	<ul style="list-style-type: none"> The challenges were Contractual in nature and the Directorate deliberately did not give details of the merits and demerits (content) of the process that was dealt with Legally by two Parties. As much as the Contract is terminated which enables the continuation of work on-site, the Legal process on other areas of dispute are still pending.

9.1.6 QUESTION RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE DIRECTORATE OF HUMAN SETTLEMENT AND MANAGEMENT RESPONSES

Page	Section	Issue	Question/Intervention/Recommendation	Directorate Responses
202	Introduction to human settlements 3rd Paragraph	BCMM will establish land acquisition plan	<ol style="list-style-type: none"> Do you have land acquisition plan? If you are establishing it, please report the progress on that establishment? 	<ul style="list-style-type: none"> Land management policy. Disposal and acquisition policy. Functionality of SPD. We submit a request of 150 ha every financial year and depending on the availability of funding we do not always get what we requested. Most of our land is procured through USDG funding that has been significantly shrinking lately. Done by Executive support through public participation
203	Introduction to human settlements 2nd Paragraph	The paragraph written in a questionable manner.	<ul style="list-style-type: none"> How possible that the people will understand what the Council structures are? 	
213	Free basic service and indigent support T 3.5.7	This paragraph is a copy and paste of the previous Annual report	<ol style="list-style-type: none"> Why is this happening? 	<ul style="list-style-type: none"> Finance functionality
213	Free basic service and indigent support	Upgrading informal settlements	<ol style="list-style-type: none"> Have you already done, if so, please provide update? 	<ul style="list-style-type: none"> Through our schedule 4b grants we are addressing the upgrading of informal settlements. We must note though that this is transversal by nature (cuts across the metro) We also have budget limitation as we entirely depend on the allocation that is made by the NDoH
216	T 3.6.5	Indigent policy information not updated Targets are always aimed below	<ol style="list-style-type: none"> Why is it not updated? Why is this trend? 	<ul style="list-style-type: none"> Indigent policy is a function of Finance (Revenue Section) Performance targets are set (in case) within the parameters of limitations in terms of the budget allocation and in some cases affected by poor performing service providers. Therefore as the department we allow for possible non-performance and have measures in place to remedy the situation when it arises. Work was never completed on site, not even a single house was built. 15 % of service were done but we had to terminate the service provider due to poor performance. The retention was held to address the damages as per the norm \ for remedial work on services that were started and left at various stages. The retention held by the metro will cover any wasteful expenditure incurred as a result of the service provider vacating the site. Retention was not paid out to the contractor. We went to tender in December 2023 and are currently busy with assessment at BEC level envisaging to have the contractor appointed by the end of May.
28 and 30 of the Management report	CNIP Victims housing project Note 113 to 121	Security officers for the housing	<ol style="list-style-type: none"> Why were there no security to guard the houses after the completion of works? How much it will cost to fix the damages sustained after the incident? What effort done by the management to recover the wasteful expenditure in the case? Is there any consequence management effected? Is the new contractor appointed at this stage? 	

9.1.7 QUESTION RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE DIRECTORATE SPATIAL PLANNING AND DEVELOPMENT AND MANAGEMENT RESPONSES

Page	Section	Issue	Question/Intervention/Recommendation	Directorate Responses
262	SDF Strategic Focus	Backlog on rezoning applications	<p>1. The delay in the processing of rezoning applications has negative implications for City Development and Investor confidence</p> <p>1. What measures are in place to address the backlogs?</p>	<ul style="list-style-type: none"> • First step is to consult the relevant responsible person failing which communication is sent to affected Heads of Departments when delays are experienced on behalf of the City Manager. • Applications are submitted to MPT without the comments form certain departments as the last option
262	SDF Strategic Focus	Backlog on rezoning applications	<p>1. What is the reason for the delays in processing these application?</p>	<ul style="list-style-type: none"> • Late responses from other Directorates for Spatial Planning and Development to consolidate the report for tabulation to the relevant structure. • Some applications require input from the Provincial Departments and SANRAL and can only be processed once comments from the external bodies have been received. • Applicants do not provide the additional required information on time.
262	SDF Strategic Focus	Backlog on rezoning applications	<p>1. What is the accumulative number of outstanding applications? (T.3.10.2)</p>	<ul style="list-style-type: none"> • 85
262	Building Maintenance Division	Quality Assurance/Completeness of information provided	<p>1. Capex Projects executed by the Building Maintenance contracts branch not provided</p> <p>2. This should be rectified</p>	<ul style="list-style-type: none"> • Information requested from SCM not from Property Management
696	Property Management Department/Leases	The reporting is inadequate and inaccurate in not referring to any of the challenges as evident from the AG having raised regarding the management of property	<p>1. The AG has found that the City is failing to collect rentals in respect of its properties</p>	<ul style="list-style-type: none"> • SPD provides information to Finance to conduct the billing, and monthly meetings are held to ensure information is common.
696	Property Management Department/Leases	The reporting is inadequate and inaccurate in not referring to any of the challenges as evident from the AG having raised regarding the management of property	<p>1. Why is there no reference in the report to the fact that the City is not managing leases of its properties diligently</p> <p>1. What is the status of the leases in question?</p>	<ul style="list-style-type: none"> • The finding from the Audit are addressed as part of the Audit Improvement Plan • Lease register has been prepared and gaps are being closed as per the Audit Action Plan and was submitted to AG for 2022/2023 FY. The last activity of the AAP is the automation, it should start by April 2024.

9.1.8 QUESTION RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE DIRECTORATE CORPORATE SERVICES AND MANAGEMENT RESPONSES

Page	Section	Issue	Question/Intervention/Recommendation	Directorate Responses
Page 593 and page 60	HRM HRDP	Inconsistency on the Table 171 and Table 17		Table 171 – is correct and reflects total of 5252 employees. Table 176 is corrected to reflect 5252 employees instead of 5404 see corrected table.
Page 601 and 602	HRPD	Information about covid 19 is copy and paste from 2021/22 annual report	Table 177 – Table Covid 19 – activities carried out for 2021/2022 – must be removed as the figures are for the previous financial year.	Page 601 Table to be removed.
Page 541 and page 83, paragraph 2 and 86 paragraph 3	HRM	Inconsistent reporting some were not appointed at the time.		<p>Page 83 to be corrected as follows:</p> <p>The post of HOD: Public Safety & Emergency Services was vacated on 28 February 2023, and recruitment processes are currently being undertaken to fill the post. (This sentence to be removed)</p> <p>Page 86 to be corrected as follows:</p> <p>The post of HOD: Public Safety & Emergency Services must reflect as Acting HOD Public Safety & Emergency Services.</p> <p>Page 541 to corrected as follows:</p> <p>The recruitment process is currently underway for the vacant funded post of Head of Directorate for Public Safety and Emergency Services, which has been advertised. (This sentence to be removed)</p> <p>Page 83 to be corrected as follows:</p> <p>The post of HOD: Public Safety & Emergency Services was vacated on 28 February 2023, and recruitment processes are currently being undertaken to fill the post. (This sentence to be removed)</p> <p>Page 86 to be corrected as follows:</p> <p>The post of HOD: Public Safety & Emergency Services must reflect as Acting HOD Public Safety & Emergency Services.</p> <p>Page 541 to corrected as follows:</p> <p>The recruitment process is currently underway for the vacant funded post of Head of Directorate for Public Safety and Emergency Services, which has been advertised. (This sentence to be removed)</p>

Page	Section	Issue	Question/Intervention/Recommendation	Directorate Responses
Page 593	HRM	Staff complement.	Does the management conform to these standards?	Total 5252 70% core staff 30% support
Page 602 Table 177	HRPD		Why does the management copy and paste the information from the previous financial year?	Please refer to response above page 601-602 as it makes reference to the same table.

9.2 COUNCILLORS AND WARD COMMITTEE INPUTS

The Municipal Public Accounts Committee considered the requirements of Section 127(5) of the Municipal Finance Management Act, 56 of 2003, and conformed:

- i) That the annual report was made public and submitted to relevant authorities as required.
- ii) No comments were received from municipal Councillors and ward Committee members as at the date of the sitting of the Committee.

9.3 PUBLIC AND INTERESTED PARTIES COMMENTS ON THE ANNUAL REPORT

The Municipal Public Accounts Committee considered the requirements of Section 127(5) of the Municipal Finance Management Act, 56 of 2003, and conformed:

- iii) That the annual report was made public and submitted to relevant authorities as required.
- iv) No comments were received from local community and interested parties as at the date of the sitting of the Committee.

9.4 PROJECT SITE INSECTION REPORTS

Project name	Status as per annual report	Source(s) of funds	Project start date	Project completion date	Cited concerns for site-visit	Physical verification of the project by MPAC	Status of the project	Comments and Recommendations
Court Crescent	100%	Own funding	12.12.2022 revised works on Gantt	30.03.2023	Quality of completed works/plan	1. The project is completed Closeout report?	To determine extent of Completeness	<ul style="list-style-type: none"> Non-attendance of meetings by Committee members Sought the Speaker and the Chief Whip's intervention
Water world Fun Park	100%	Own funding	01.03.2020	30.11.2023	Casual application of project management discipline/contract rules	1. The project is complete - closeout report. 2. Determine the exact project cost?	To determine the extent of Completeness	<ul style="list-style-type: none"> Non-attendance of meetings by Committee members
Construction of Settlers way road	98%	Own funding	18.03.2021	29.07.2023 revised to 13.09.2023	Quality of workmanship as per remainder of works programme report.	1. What could have been unforeseen in the scope of works-Military Road? Causing the escalation of Project Costs. Presence of Site Manager	<p>The revised date of completion was due to weather conditions.</p> <p>Latest status to affirm management reports/align with MPAC findings</p>	
CNIP Victims Housing Project	% Physical status (Engineering structures, pre-housing construction stage 275 top structures)	Mixed funding (Own funds; NHBRC grants)	21.04.2022	10.02.2022	Safety of material on site; procure services of replacement contractor; procurement is taking longer. Any latest development facilitation report with key stakeholders on site delays.	1. Protection of installed structures and site material. 2. Presence of Project Manager / Site Manager	<p>Management stated that replacement of a contractor is at procurement stage as of 16.01.24.</p> <p>Why should it take about six months to replace a contractor on an already delayed project?</p> <p>Exactly what was done on the AG cited findings?</p> <p>What is the completion date of the project?</p>	<ul style="list-style-type: none"> Sought the Speaker and the Chief Whip's intervention

Project name	Status as per annual report	Source(s) of funds	Project start date	Project completion date	Cited concerns for site-visit	Physical verification of the project by MPAC	Status of the project	Comments and Recommendations
Upgrading of Currie St-R72 Road	% Physical status Phase 2 Sleeper site re-alignment stage	Own funds	30.05.2022	30.10.2022 Revised completion date 16.11.2023 Already beyond date of project completion; No indication of estimated completion;	Project management discipline is lacking ; claims per work flow documentation need to be aligned to the programme of works-to enable a seamless authorisation per scheduled activity. To avoid cost overrun. Escalation of project costs due to delayed completion? Presence of site manager is critical?	1. Disbursement of claims vs. works progression on site leading to progress at ff: 2. Aligning Fitzpatrick-Commercial-Currie 3. Fitzpatrick-Bowls/Buffalo Park Drive-Commercial 4. Upgrading at Currie-Tutton Terrace-Fleet	Emerging risk amount to R3 366 00 due to Asphalt surfacing, uncontrolled quantities to be mitigated as part of optimising costs. Already costs amounting to R1 600 189.00 could not be validated because of poor project controls. Site Manager to induct Counsellors on the current programme of works on site: what has been done and what was planned. This should be able to match the validated fees claimed and attest to or put more meanings to the AG findings on Asphalt surfacing. Show roads ownership?	<ul style="list-style-type: none"> • Non-attendance of meetings by Committee members • Sought the Speaker and the Chief Whip's intervention

Project name	Status as per annual report	Source(s) of funds	Project start date	Project completion date	Cited concerns for site-visit	Physical verification of the project by MPAC	Status of the project	Comments and Recommendations
NUJ Swimming pool	96% (the exact status tba on site by the project controller/Site Manager)	Own funding	Pending info	Date is still unknown?	Valid reasons for delayed project completion; confirm concerns raised by the community on workmanship quality on site.	Expect Site manager / Project controller on site; debrief on current programme of works - status. Water works system.	The project underwent micro-management focus by Executive Mayor late last year. To date there is no confirmation of completion date.	Non-attendance of meetings by Committee members Sought the Speaker and the Chief Whip's intervention

9.5 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON DIRECTORATE PUBLIC SAFETY RESPONSES TO QUESTIONS RAISED

Issue	Committee Questions	Management Response	Reservation
<p>Establishment of BCMIM Metro City police and yet to be approved by the MEC</p>	<p>1. Why is it part of the report by the Management? if its yet to be approved by the MEC?</p>	<ul style="list-style-type: none"> The Annual Report is a standard reporting template from National Treasury. It makes provision for the reporting to be done on Metro Police Services. It must be noted that BCMIM does not yet have an established Metro Police Service & is currently reporting on the two sections viz, Traffic Services and Law Enforcement Services. However, progress on the Establishment of Metro Police must be reported on in the Annual Report. The Directorate was informed in the past to ensure that this section is covered in terms of progress on the Establishment of Metro Police. 	<p>None</p>
<p>Beach front is beautified but still informal car washes along the beach</p>	<p>1. Why is the Department not working with other departments including law enforcement to devise plans to redress the informal car washes along the beach, and enforce the by-laws?</p>	<ul style="list-style-type: none"> The refurbishment of the beach front was reported under the Directorate of Solid Waste and Environmental Management . Refer to page 413 of the Annual Report. There is no car-wash by-law . However, in terms of law enforcement - visible and daily patrols are being undertaken to ensure that offenders/car owners are being fined on a daily basis to stop this practice from continuing and we have seen progress in this regard. The draft car wash by-law which was drafted by the Directorate of Economic Development & Agencies is currently at the workshop for Councilors stage. The DPS and ES is currently consulting with the DED and A regarding the identification of a site for the car washers to operate from near the beachfront. This measure will assist in addressing this informal sector of the public. The Directorate also works very closely with Infrastructure Services (identification of water sources in the beach front) and Solid Waste and Environmental Services (waste management). Not for this directorate The function is a competence of Municipal Health Services and falls under the Directorate of Solid Waste and Environmental Services . Public Safety and Emergency Services participates in the joint multi-stakeholder operations on compliance of spaza shops and other food establishments and issues fines for transgressions in terms of their powers and functions. 	<p>None</p>
<p>Inspection to spaza shops</p>	<p>1. Why are the big business are not inspected for health standards compliance?</p>	<p></p>	<p>None</p>

Issue	Committee Questions	Management Response	Reservation
Challenges experienced	<p>1. Are the cameras effective in controlling crime in the City?</p>	<ul style="list-style-type: none"> • CCTV cameras are but one of the methods that are implemented to abate crime in the City. • There has not been any scientific study that has been conducted to test the effectiveness of CCTV in controlling crime in the City. However, the following features demonstrate that in public spaces where there is surveillance by way of CCTV cameras: <ul style="list-style-type: none"> ○ Members the public that make use of the CCTV focus areas perceive that the CCTV improves public safety in these areas. ○ Offenders and potential offenders perceive that there is a high risk of being apprehended should they commit a crime in the CCTV focus areas. ○ CCTV cameras have assisted in the improvement of detective work and apprehension of criminals in the City. ○ CCTV cameras are not only those of the City but also SAPS and Private Security Companies. ○ These stakeholders work together to ensure the effectiveness of CCTV cameras in controlling crime in the City. ○ There are joint operations on a weekly basis undertaken between Law Enforcement Services, SAPS and various Stakeholders in the City to manage and control crime. 	None
	<p>1. The is a general operation of the CCTV devices able to keep the information needed efficiently for the user?</p>	<ul style="list-style-type: none"> • Yes, footage is kept for between 14 and 30 days. The time is variable depending on the amount of data it captures. 	None

Issue	Committee Questions	Management Response	Reservation
CCTV must be centralised	1. How is the management in doing such, and what is the progress?	<p>Table 124 indicates a project on the roll-out of CCTV cameras in the City.</p> <ul style="list-style-type: none"> In terms of progress, the procurement processes are underway and are now at an advanced stage but depend on the availability of budget to award as well. There is a CCTV control room in the City, and it is functional. The control room is manned by Law Enforcement Services. Of note is that BCMM undertook a study tour on the 9th of March 2022 to eThekweni Metropolitan Municipality, engaging in discussions with officials at eThekweni Municipality, regarding the Smart City concept, which assisted BCMM in learning and preparing for the implementation of the Smart City Strategy in the City. The Public Safety & Protection Services Department then engaged with various Directorates within BCMM to collect data from their current systems, to establish and verify their compatibility with the current CCTV Control Centre situated at the Fleet Street Fire Station. A Progress Report was then submitted to Council on the 6th of September 2022, as per Council Resolution No. VMIMC 314/22, on the centralization and integration of the Closed Circuit Television Network System. Investigations on the feasibility of an integrated control room together with SAPS in terms of the Safer City Project are underway. <p>This work is being done with other Intelligence agencies as well. Further details cannot be divulged for Security reasons.</p>	None
Budget non-spending	1. The Department must explain why was there non spending of the budget?	<ul style="list-style-type: none"> Due to the financial constraints at the commencement of the 2022/2023 financial year, the budgets for all own funded projects were blocked for expenditure as from July 2022 until March 2023. Fire and Rescue Services submitted the requisite Memoranda to Finance Department requesting the unblocking of votes so as to proceed with procurement of various projects, however such was not able to be concluded within the remaining three months of the financial year in question. Funding was rolled over accordingly, and procurement continued in 2023/2024. 	<p>The Committee notes with concern that management budgeted for certain votes but decided to block spending on those votes and explanation given that funding was rolled over accordingly is not correct as budget compilation can only be done by using one of the following budget compilation criteria:</p> <ul style="list-style-type: none"> Zero budgeting; Performance budgeting; and Incremental budgeting

Issue	Committee Questions	Management Response	Reservation
Buying truck to be delivered next financial year	1. Why is the Management not aligning the budget and planning i.e. buying a truck in a financial year to be delivered next financial year? How is it affecting the efficiency and performance of the work?	<ul style="list-style-type: none"> • Planning is aligned with the budget for the financial year however it must be noted that procuring a specialised firefighting engine (Water Tanker, Major Pumper etc) through Formal / Government Transversal Tender takes approximately twelve months from date of order to delivery. • To build an imported fire engine, the chassis cab must be manufactured abroad, which can take up to three months, whereafter the manufacturing of the superstructure and the fitting of the specialised items e.g. the specialised pump, takes another six months. • Further to this, the shipment with the complete delivery takes approximately three months. 	None
CapaCity affecting status of disaster centre management	1. What is the Dept doing about this?	<ul style="list-style-type: none"> • The Emergency Services department comprising of Fire and Rescue Services and Disaster Management (DM), has been working closely with Internal Audit (IA) and Risk Management (RM). • An internal audit was conducted on the institutionalisation of the DM function in the metro. • A report on the findings was developed by IA and was subsequently tabled by IA to Top Management and Council with recommendations. • Critical areas emanating from the IA report, were identified, and registered on the institutional risk register. • In order to address the capacity issues of the disaster centre management some of the key strategic objectives as outlined in page 492 of the 2022/2023 Annual Report were implemented. • There are additional projects that are planned in the 2024/25 financial year. 	None
1. How are these networks working with other networks of the other sections or directorate?		<ul style="list-style-type: none"> • The Tactical Radio Network (TRN) aims to create a two-way radio communication network for the Directorate of Public Safety encompassing Fire and Rescue, Disaster Management, Traffic and Law Enforcement Services respectively. • The project is rolled-out as a pilot project, hence, its emphasis on the Directorate of Public Safety. • Interested directorates may upon the completion of the project, facilitate from their own budgets means to enhance their two-way radio connectivity to the network. 	None

Issue	Committee Questions	Management Response	Reservation
Strategic objectives	1. How far are the progress with these strategic objectives, and how the working relations with risk management?	<ul style="list-style-type: none"> • To date the following strategic objectives have been addressed: <ul style="list-style-type: none"> ○ Establish functional Disaster Risk Management, IGR structures by June 2023. ○ A Disaster Management Forum and Interdepartmental Committee have established and are functional. ○ Development and adoption of a Public Disaster Management Protocol by June 2023. ○ The Final Disaster Management Response, Recovery and Rehabilitation Protocol was developed and was approved by the CM on 16/02/2024 and has been presented to the Portfolio Committee on 07/03/2024. ○ Development and implementation of Community Education, Training and Awareness campaigns by June 2023. ○ An annual calendar for Community, Education, Training and Awareness Campaigns was developed And submitted to be incorporated into the institutional calendar. ○ Integrated awareness campaigns are conducted on an on-going basis as indicated in page 512 of the report. ○ Review of the Disaster Relief Policy by June 2023. ○ A review of the quantity list of the disaster relief distress packs was done in 2023 . ○ A review and development of a comprehensive disaster relief policy is planned in 2024/25. ○ The establishment of a disaster relief coordination task team to be done by end June 2024. ○ Source and secure funds for the establishment of a new compliant disaster management centre by June 2023 ○ A budget of R22.5 million has been allocated for the development of a new, compliant DMC during the MTREF period (2023 – 2026). ○ An exercise to identify a site including identification of existing buildings for consideration was done. ○ Spatial Planning and Development Directorate is assisting the Directorate to implement the most viable option within the legal framework of procurement and Council approval. ○ The Directorate enjoys healthy working relations with both Internal Audit and Risk Management. ○ As indicated, risk areas affecting the institutionalisation of the DM function was submitted to risk management. 	None

9.6 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON DIRECTORATE OF ENVIRONMENTAL MANEGMENT

Issue	Committee Questions	Management Response	Reservation
<p>The annual report refers to four privately owned transfer stations.</p> <p>It is reported that the City procured additional fleet in the year under review to improve Waste Management Services.</p>	<p>1. This information should be verified for accuracy and updated in the Annual Report.</p> <p>1. In the previous financial year, it was reported that new fleet was purchased. Can the Committee be provided with the total (accumulative) number of fleet?</p> <p>2. Confirm the total fleet purchased in the year under review.</p> <p>3. How many are there currently being fixed (not operational) and how many are operational?</p> <p>4. How many are leased from private owners and what is the cost thereof?</p>	<ul style="list-style-type: none"> • The Directorate acknowledges the identified misrepresentation of information by the custodian of the annual report. • This has since been modified in the draft annual report for further adjustment by the Executive Support Directorate. <p>Confirmation Of Fleet Purchased In The Previous Financial Year: 2021/2022</p> <ul style="list-style-type: none"> ➤ The fleet purchased in 2021/2022 financial year was as a result of the changes made during the mid-term review process (see Annexure A). ➤ The original budget was R4 148 415 and after adjustment it went up to R8 148 415. ➤ These changes enabled the directorate to purchase the following fleet: <ul style="list-style-type: none"> ❖ 3 x bakkies: for Solid Waste Management Services – 1 for each region- Coastal, Midland and Inland. ❖ 6 x bakkies: for Solid Waste Management Services - 2 for each region - Coastal, Midland and Inland. ❖ 6 x bakkies: 3 for Environmental Management Services and the others are for Solid Waste Management Services - 1 for each region ❖ 2 x crew cabs: 1 for Solid Waste Management Services - Midland Region and another one is for Grass Cutting & Vegetation Control Section ❖ 1 x compactor truck - for Solid Waste Management Services - Midland Region ❖ 4 x polos: for Solid Waste Management Services - 1 for each region and the other one is for the Rapid Response Team – Coastal Region ❖ 3 x 4 ton trucks: for Solid Waste Management Services - 1 is for Coastal Region and 2 are for Midland Region ❖ 4 x Suzuki sedans: for Solid Waste Management Services - 1 for each region and 1 for Municipal Health Services <p>The distribution of these vehicles were key in ensuring that service delivery standards are upheld.</p>	<p>The Committee noted that management appointed editorial services provider who was not properly monitored and reviewed to ensure that credible, accurate and valid performance information is submitted</p> <p>The Committee notes that fleet was eventually purchased but is concerned that the budget initially approved was R 4 148 415.00 but increased by 96% to a whopping R 8 148 415.00</p>

Issue	Committee Questions	Management Response	Reservation
<p>It is reported that the City procured additional fleet in the year under review to improve Waste Management Services.</p>		<p>Confirmation Of Fleet Purchased In The Financial Year Under Review :2022/2023</p> <ul style="list-style-type: none"> ➤ The fleet purchased in this financial year was from a total budget allocation of R8 000 000 and was necessitated by the changes made during the mid-term review process (see Annexure B). ➤ These changes enabled the directorate to purchase the following fleet: <ul style="list-style-type: none"> ❖ 2 x cherry pickers: 1 for Vegetation Control - Coastal Region and the other one is for Grass Cutting – Inland Region ❖ 5 x four- ton crew cab trucks: 1 for Grass Cutting – Midland Region, 1 for Beaches, 2 for Rapid Response Team - Coastal Region and the last one is for Grass Cutting – Coastal Region ❖ 1 x seven – ton crew cab truck: Solid Waste Management Services - Inland Region ❖ 2 x tractors with bush –cutters: 1 is shared between Midland and Inland Regions and the other one is for Coastal Region <p>Status Of Solid Waste Fleet: 2021/2022 Financial Year And The Financial Year Under Review See Annexure C</p>	<p>The Committee notes that fleet was eventually purchased but is concerned that the budget initially approved was R 4 148 415.00 but increased by 96% to a whopping R 8 148 415.00</p>
<p>It is reported that two transfer stations in the coastal region were upgraded in the year under review.</p> <p>Under Waste management, the department reports that backlogs are attended to through expansion of refuse removal services to all new housing as notified by the BCMM Human Settlements Directorate.</p>	<p>1. What is the progress in this regard?</p> <p>1. The Committee has noted inconsistency in the information provided in the annual report, as what is reported on page 194 bullet no5, implies that there are no backlogs.</p> <p>2. Can this be clarified?</p>	<p>The City upgraded Kaysers Beach and Kidds Beach garden transfer stations to the tune of R264 235 through installation of guard rails. The project was completed and later capitalised in the asset register.</p> <ul style="list-style-type: none"> • Page 194 of the draft annual report speaks to the clustering of areas for improved service delivery efficiencies. • The clustering of areas was to ensure that the City does not experience any refuse collection backlogs as was the case before. • In this current financial year, the City has indeed maintained the status quo. • Furthermore, page 644 seeks to amplify the narrative provided on page 194. • This issue was discussed at length with the Auditor General during 2022/2023 audit wherein the directorate explained the difference between providing services in the formal and informal areas respectively. • In the latter areas, both parties agreed that the service is a moving target and for that reason there is no backlog in the year under review. 	<p>None</p> <p>None</p>

9.7 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON DIRECTORATE OF EXECUTIVE AND SUPPORT SERVICES

Issue	Committee Questions	Management Response	Reservation
<p>Report contained in the annual report is different from the what the directorate submitted</p>	<ol style="list-style-type: none"> 1. This report has not been quality assured, and it was the finding of MPAC all the previous financial years. 2. Directorate of Solid Waste and Management said the report that was submitted to the annual report is different from what is in the annual report. 3. This was said in the public hearing and what is the response now? 	<ul style="list-style-type: none"> • Just like the previous FYs. BCMIM appointed editors to assist quality assure/edit 2022/2023 annual report compiled by BCMIM staff • There is an error in capturing of transfer station, e.g., in Chapter Three. T 3.4.1 paragraph 2 was meant to say, ONLY Gontubie Garden Transfer Station was privately owned NOT the other three listed there. After work by editors, they erroneously reflected 	<p>The Committee notes with concern that management has confirmed that the report that was submitted for audit purposes was not accurate, useful, reliable and valid and had to be adjusted during the engagement sessions.</p>

9.8 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON DIRECTORATE SPORT AND RECREATION

Issue	Committee Questions	Management Response	Reservation
Nu 2 swimming pool under refurbishment.	<ol style="list-style-type: none"> This is a copy and paste of the report that was reported the previous financial year. Why is this? 	<ul style="list-style-type: none"> This is not copy and paste but the project became stale (no work was done/no progress) because of the contractual dispute that led to the Contractor leaving the site. The Contract was terminated late in 2023. 	<p>The Committee is concerned that no narrative was provided in the annual report as to the reasons that brought up the contractual disputes which led to the contractor leaving the project site and also provide the legal and financial implication of terminating the contract.</p>
Not reported on all activities they do.	<ol style="list-style-type: none"> We put to you that you are under reporting, do you want to respond? 	<ul style="list-style-type: none"> The report covers all activities the Directorate does, but some areas are covered in the Table and some in the Narrative (Explanation) as the Annual Report is a structured Template . For future Annual Report a detailed Narrative/Explanation will be given below the Table to draw the relationship between the Table and the Explanation. 	<p>None but the Committee will follow up in the next analysis to check if narrative is provided that draws out the relationships between the tables and the explanations</p>
Projects are listed nothing reported on them.	<ol style="list-style-type: none"> Why is the list of projects and but no content and no reporting on them? 	<ul style="list-style-type: none"> The report covers all activities the Directorate does, but some areas are covered in the Table and some in the Narrative (Explanation) as the Annual Report is a structured Template . For future Annual Report a detailed Narrative/Explanation will be given below the Table to draw the relationship between the Table and the Explanation. 	<p>None but the Committee will follow up in the next analysis to check if narrative is provided that draws out the relationships between the tables and the explanations</p>
Reported no challenge in the nu 2 swimming pool but it is known that there are challenges.	<ol style="list-style-type: none"> Why is this? If we put to you that you under reporting, how would you respond? What is the state of the project now? 	<ul style="list-style-type: none"> The challenges were contractual in nature and the Directorate deliberately did not give details of the merits and demerits (content) of the process that was dealt with Legally by two Parties. As much as the Contract is terminated which enables the continuation of work on-site, the Legal process on other areas of dispute are still pending. 	<p>The Committee is concerned that the Directorate is saying they deliberately withheld the details of the contractual dispute from Council.</p> <p>The Committee is of the opinion that any contractual disputes should have emanated from the service delivery agreement signed by the Municipality and the contractor which is already of public knowledge and the Directorate should only refer Council to those clauses that have been breached.</p>

9.9 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON DIRECTORATE HUMAN SETTLEMENT

Issue	Committee Questions	Management Response	Reservation
BCMIM will establish land acquisition plan	<ol style="list-style-type: none"> Do you have land acquisition plan? If you are establishing it, please report the progress on that establishment? 	<ul style="list-style-type: none"> Land management policy. Disposal and acquisition policy. Functionality of SPD. We submit a request of 150 ha every financial year and depending on the availability of funding we do not always get what we requested. Most of our land is procured through USGDG funding that has been significantly shrinking lately. Done by Executive support through public participation 	None
The paragraph written in a questionable manner.	<ol style="list-style-type: none"> How possible that the people will understand what the Council structures are? 	Finance functionality	The Committee is concerned that the response does not address the question instead defer it to another Directorate
This paragraph is a copy and paste of the previous Annual report	Why is this happening?		The Committee is concerned that the response does not address the question instead defer it to another Directorate
Upgrading informal settlements	<ol style="list-style-type: none"> Have you already done, if so, please provide update? 	<ul style="list-style-type: none"> Through our schedule 4b grants we are addressing the upgrading of informal settlements. We must note though that this is transversal by nature (cuts across the metro) We also have budget limitation as we entirely depend on the allocation that is made by the NDoH Indigent policy is a function of Finance (Revenue Section) 	None
Indigent policy information not updated	<ol style="list-style-type: none"> Why is it not updated? 		The Committee is concerned that the response does not address the question instead defer it to another Directorate
Targets are always aimed below	Why is this trend?	<ul style="list-style-type: none"> Performance targets are set (in case) within the parameters of limitations in terms of the budget allocation and in some cases affected by poor performing service providers. Therefore as the department we allow for possible non-performance and have measures in place to remedy the situation when it arises. 	The Committee notes with concern that management says they allow for a possible non-performance, this already is a recipe for underperforming as official already plan for underperformance
Security officers for the housing	<ol style="list-style-type: none"> Why were there no security to guard the houses after the completion of works? How much it will cost to fix the damages sustained after the incident? What effort done by the management to recover the wasteful expenditure in the case? Is there any consequence management effected? Is the new contractor appointed at this stage? 	<ul style="list-style-type: none"> Work was never completed on site, not even a single house was built. 15 % of service were done but we had to terminate the service provider due to poor performance. The retention was held to address the damages as per the norm\ for remedial work on services that were started and left at various stages. The retention held by the metro will cover any wasteful expenditure incurred as a result of the service provider vacating the site. Retention was not paid out to the contractor. We went to tender in December 2023 and are currently busy with assessment at BEC level envisaging to have the contractor appointed by the end of May. 	The Committee is concerned that management only refers to retention fee even though management also acknowledges that no single house was built and only 15% of te work was done on termination. Management should provide the details of the remaining projects fund for the 85% that was not done on termination excluding the retention fees.

9.10 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON DIRECTORATE SPATIAL PLANNING AND DEVELOPMENT

Issue	Committee Questions	Management Response	Reservation
Backlog on rezoning applications	1. The delay in the processing of rezoning applications has negative implications for City Development and investor confidence		The Committee is concerned that its question was not responded to, and this is denying communities the right to information
Backlog on rezoning applications	1. What measures are in place to address the backlogs?	<ul style="list-style-type: none"> • First step is to consult the relevant responsible person failing which communication is sent to affected Heads of Departments when delays are experienced on behalf of the City Manager. • Applications are submitted to MPT without the comments from certain departments as the last option 	The Committee notes with concern that there seems to be lack of cooperation between and amongst departments in the Municipality where provision of services cuts across.
Backlog on rezoning applications	1. What is the reason for the delays in processing these applications?	<ul style="list-style-type: none"> • Late responses from other Directorates for Spatial Planning and Development to consolidate the report for tabulation to the relevant structure. • Some applications require input from the Provincial Departments and SANRAL and can only be processed once comments from the external bodies have been received. • Applicants do not provide the additional required information on time. • 85 	None
Backlog on rezoning applications	1. What is the accumulative number of outstanding applications? (T.3.10.2)		None
Quality Assurance/Completeness of information provided	1. Capex Projects executed by the Building Maintenance contracts branch not provided 2. This should be rectified	<ul style="list-style-type: none"> • Information requested from SCM not from Property Management 	The Committee notes that incomplete information was provided and upon raising the matter the Directorate referred the matter to another Directorate
The reporting is inadequate and inaccurate in not referring to any of the challenges as evident from the AG having raised regarding the management of property	1. The AG has found that the City is failing to collect rentals in respect of its properties	<ul style="list-style-type: none"> • SPD provides information to Finance to conduct the billing, and monthly meetings are held to ensure information is common. 	The Committee notes with concern that the explanation given does not address the issues raised
The reporting is inadequate and inaccurate in not referring to any of the challenges as evident from the AG having raised regarding the management of property	1. Why is there no reference in the report to the fact that the City is not managing leases of its properties diligently	<ul style="list-style-type: none"> • The finding from the Audit are addressed as part of the Audit Improvement Plan 	The Committee notes with concern that management always refer to a detailed Audit Action Plan that has been uploaded on the National Treasury Audit Action Plan Website, but the Audit Action Plan is not included in the Annual Report as required by law
	1. What is the status of the leases in question?	<ul style="list-style-type: none"> • Lease register has been prepared and gaps are being closed as per the Audit Action Plan and was submitted to AG for 2022/2023 FY. The last activity of the AAP is the automation, it should start by April 2024. 	The Committee notes with concern that management always refer to a detailed Audit Action Plan that has been uploaded on the National Treasury Audit Action Plan Website, but the Audit Action Plan is not included in the Annual Report as required by law

9.11 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON DIRECTORATE OF FINANCE

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements for the current assets, non-current assets and expenditure items identified by the auditors in the submitted financial statements were subsequently corrected resulting in a qualified audit opinion.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<ol style="list-style-type: none"> Given the fact that this is a repeat finding what mechanisms were put in place to prevent the recurrence of this non-compliance? Was the Audit Action Plan implemented and monitored to address this repeat finding? and if so, why is it a repeat finding? Why does the management continue to submit statements that are not prepared in all material respects in compliance with the provisions of the MFMA? 	<p>An Audit Action Plan has been developed with the following short- term interventions being introduced:</p> <ul style="list-style-type: none"> Daily, weekly, and monthly reconciliations to be performed; correcting journals to be processed timeously. Interim AFS to be prepared and Internal Audit to perform independent review. Prepare and implement an AFS timetable to ensure the general ledger is closed timeously in order for the information to be ready for preparing the AFS. The approved AFS timetable to provide sufficient for Top Management; Internal Audit; Audit Committee and National Treasury to conduct review before the final submission of AFS to Auditor General. The Audit controller to ensure that on a quarterly basis progress on implementation of the Audit Improvement Plan is submitted to Audit Committee and Mayoral Committee for oversight. Why does the management continue to submit statements that are not prepared in all material respects in compliance with the provisions of the MFMA? 	<p>The Committee noted with concern that the Auditor General gave a qualified opinion for the 2022/2023 financial year with matters of emphasis which most of them were repeat audit findings.</p> <p>The mentioned Audit Action Plan was not included in the Annual Report as required by law and those detailed required corrective actions to be taken were not provided during the Committee engagement with the Directorate of Finance</p>
<p>The performance management system and related controls were inadequate as it did not describe how the performance measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance regulation 7(1).</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>		<p>During the engagement it was identified that this findings is justified as management could not provide feedback as to whether there is a proper Standard Operating Procedure For The Compilation And Storage Of Performance Information-Portfolios Of Evidence-On The Service Delivery And Budget Implementation Plan And Operational Plan.</p> <p>This matter was also concerning as the Audit Action Plan was not included in the Annual Report which is purported to contain the detailed required corrective actions to be taken and was also not provided during the engagements.</p>	

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>The SDBIP for the year under review did not include the service delivery targets for some quarters, as required by section 1 of MFMA.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<ol style="list-style-type: none"> Why were service delivery quarterly targets not included in the SDBIPs, as required by section 1 of the MFMA? How is the management going to address the gaps identified in the SDBIP regarding the exclusion of service delivery targets in some quarters? 	<p>Executive Support Services</p>	<p>It is concerning that no proper review and assurance processes were in place to ensure that the SDBIP includes the service delivery targets for all the quarters.</p> <p>This deficiency was also supposed to be corrected during the Adjustment SDBIP processes during February as required by section 54(1)(c) of the MFMA.</p> <p>This matter was also concerning as the Audit Action Plan was not included in the Annual Report which is purported to contain the detailed required corrective actions to be taken and was also not provided during the engagements.</p>
<p>An adequate management, accounting and information system which accounts for assets was not for assets was not in place, as required by section 63(2)(a) of the MFMA</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<ol style="list-style-type: none"> What could be the cause for inadequate management on information system and accounting system, as per section 63(2) of the MFMA? What measures are in place to ensure that adequate accounting and information system which accounts for assets is in place as required by section 63(2)(a) of the MFMA? 	<p>Accounting and information system is a set of rules, principles, policies, objectives, SOPs and GRAP standards that are implemented by Finance on a daily basis to mention just a few.</p> <p>These as required by MFMA are available and implemented, however, there are instances where there could be disagreements in interpretation and application with AG(SA) due to lack of GRAP definitions in some cases. Usually these cannot be resolved during the audit due to the limited time. Timeline: May 2024</p> <p>The Department has consulted National Treasury to seek advice on the grey area in GRAP standards. Conducting a research to develop a policy that defines the processes to bridge the gap and close the interpretation issue.</p> <p>The policy will be presented to Council in May 2024 for adoption once agreed with Treasury and AG(SA)</p> <p>Consulted with all the user Departments and advised them to develop a specific SOP that focus in these matters</p> <p>Timeline: May 2024</p>	<p>It is concerning that management did not have adequate systems to managing, accounting and information systems which accounts for assets.</p> <p>This practice ultimately will lead to our Asset Register no compliance with GRAP, and in particular GRAP 17, and it might even not reconcile with the General Ledger</p> <p>This matter was also concerning as the Audit Action Plan was not included in the Annual Report which is purported to contain the detailed required corrective actions to be taken and was also not provided during the engagements.</p>

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<p>1. Why is the system not put in place as required by law? 2. How is the management going to enhance the system of internal control for assets?</p>	<p>1. Internal controls are in place and implemented by the Department, however, there was a disagreement with AG due to the interpretation of GCC and GRAP-Timeline : May 2024 2. The Department is the process of developing a policy document to be approved by Council. The document will bridge the gap between GCC and GRAP by defining concepts that are not defined by GRAP. 3. Already consulted National Treasury and Internal Audit, once the document is finished will also be discussed with AG(SA) 4. We have also strengthened communication and cooperation with user departments-Timeline : May 2024</p>	<p>It is concerning that management did not have adequate systems to managing, accounting and information systems which accounts for assets. This practice ultimately will lead to our Asset Register no compliance with GRAP, and in particular GRAP 17, and it might even not reconcile with the General Ledger. This matter was also concerning as the Audit Action Plan was not included in the Annual Report which is purported to contain the detailed required corrective actions to be taken and was also not provided during the engagements.</p>
<p>An adequate management, accounting and information systems which accounts for revenue was not in place, as required by section 63(2)(e) of the MFMA. An effective system of internal control for revenue was not in place, as required by section 63(2)(d) of MFMA.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<p>1. Why was there no system in place for effective internal control of revenue? 2. How is the management addressing the audit finding that an adequate management, accounting and information system which accounts for revenue was not in place as required by sections 63(2)(e) and (f) respectively?</p>	<p>1. Regarding the completeness of Revenue related to the Sewerage Pans, the Building Plans inform the Billing System of the numbers to bill. The AGSA could not place reliance on the Building Plans or the information on the Building Plans System, and therefore an alternative source of data in the form of physical verifications was agreed upon. 2. Management has developed a methodology with clear timelines and presented it to AGSA to complete the physical verification of the entire Plans population, as well as any adjustments that are required to be made. 3. The target date for all data collection is 31 May 2024 and implementation of any amendments will be completed accordingly</p>	<p>It is concerning that management did not have adequate systems to managing, accounting and information systems which accounts for revenue management. This practice ultimately will lead to revenue not accounted for fully and non-compliance with GRAP, and in particular GRAP 20, and it might lead to inaccurate billing processes. This matter was also concerning as the Audit Action Plan was not included in the Annual Report which is purported to contain the detailed required corrective actions to be taken and was also not provided during the engagements.</p>

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<p>1. Why is irregular expenditure allowed to increase year after year? 2. What mechanisms is management going to put in place to curb irregular expenditure going forward?</p>	<p>Majority of the IE emanates from multiyear contracts which are key in the implementation of service delivery projects and infrastructure maintenance. Cancelling these contracts without replacing them will put the Municipality in a risk of not being able to deliver on its mandate and unable to spend the allocated budget and grant funding. That being said an IE reduction strategy has been developed and adopted by Council, key aspect of the strategy is the cancellation of the contracts that have been declared as irregular. The investigation of these irregular contracts has been conducted and reports have been submitted to the MPAC for processing and recommendation for write-off to the Council thereafter.</p> <p>There is an Institution wide IE reduction strategy that has been developed by the institution and adopted by Council. That strategy is aimed at eradicating IE in the institution and Finance plays a pivotal role in the implementation of the strategy. Root cause analysis is conducted to identify, and main source of the IE transaction and training of BID Committees is arranged on an annual basis and SCM reforms are being rolled out to improve controls.</p>	

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>Some of the goods and services with a transaction value of above R 200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<ol style="list-style-type: none"> 1. Why were the goods and services to the value of R200 000 procured without inviting competitive bids? 2. Are there consequence management actions taken to put an end to this act? 3. What is the management doing to curb non-compliance with supply chain management laws and regulations, in particular to curb the procurement of goods and services with a transaction value above R 200 000.00 without inviting competitive bids as required by Section 19(a) of the Supply Chain Management Regulations? 	<ul style="list-style-type: none"> ● Procurement of Goods and services for transaction above R200 000 (now R750 000) is done through open tender system as required by law. There are no instances where goods above this threshold were procured without following a proper procurement process. The disagreement with AGSA is where these goods and services were procured using panel contracts for the procurement of goods which are capital in nature. This matter which has been elevated to National Treasury for intervention as management is of the view that there is nowhere in law where this is disallowed ● No consequence management taken as explained above that there were no instances that this occurred. ● Procurement of Goods and services for transaction above R200 000 (now R750 000) is done through open tender system as required by law. ● There are no instances where goods above this threshold were procured with following a proper procurement process. ● The disagreement with AGSA is where these goods and services were procured using panel contracts for the procurement of goods which are capital in nature. ● This matter which has been elevated to National Treasury for intervention as management is of the view that there is nowhere in law where this is disallowed. 	<p>The Committee is concerned with management response that irregular was brought by using the panel of contractors for procurement of goods and services which are capital in nature but does not say whether the process followed was as required by the procurement regulations and policy.</p> <p>The Committee notes that some of the irregular expenditure is as a result of prior year bids but is still concerned of the amount of irregular expenditure incurred in the year under review due to deviation.</p> <p>Management also admit to escalating the matter to National Treasury but does not indicate as to whether the deviation and irregular expenditure where submitted to Council for consideration as Council by law is the only authority to deal with such transactions and to make a decision.</p>

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<p>1. What mechanisms does the management have in place to address the deviations that were non-compliant?</p>	<p>All deviations are reviewed by the City manager prior to approval. The deviation is used as a last resort after exploring all available options to reduce the number of procurement deviations in the organization. The review process assesses that all the justification meets all the requirements as stipulated in the regulations and SCM policy.</p>	<p>The Committee is concerned that management response does not explained why it was impractical to invite competitive bids as the auditors identified that it was actually practical to invite competitive bids</p>
<p>Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods and services</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<ol style="list-style-type: none"> 1. Why is the Municipality not applying systems to curb biasness towards certain service providers? 2. How is the Municipality addressing the biasness of the bid specification Committee towards certain service providers above others? 3. Is this not a serious violation of the provisions of section 217 of the constitution of the RSA? 4. What action has been taken to prevent the recurrence of this finding? 	<ul style="list-style-type: none"> • All tender specifications are drafted by end user departments based on their specific need or demand. • The bid specification Committee reviews the bid specification as part of due diligence to ensure that a fair and transparent competitive bidding process is followed for the City to provide effective and efficient service delivery to our communities. • Bid Committees are structured with multi-disciplinary teams to ensure among other things that there is objectivity, skill, competency and eliminate biasness in the Committees. • The Committee composition, structure and performance is reviewed by the Accounting Officer on a regular basis and changes are made where necessary to enhance performance. • Bid Specifications Committees were provided with training on an annual basis to ensure that tender specifications are crafted correctly in compliance to the SCM policy and NT guidelines and in an unbiased manner. 	<p>It was identified that for a particular project, specification were drafted to favour a certain service provider who eventual was appointed and this is concerning</p>

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>The preference point system was not applied procurement of goods and services as required.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<p>1. Why has the preference point system not applied? 2. How is the management ensuring that the point system is always applied when procuring goods and services?</p>	<ul style="list-style-type: none"> The SCM Policy 2023/24 was revised and adopted in July 2023 aligned to the PPR2022. All procurement processes are aligned to the National Treasury guidelines and the Preferential Procurement regulations of 2022. The procurement evaluation criteria and preference point scoring are clearly stated on all advertisements published and contained within the MBD6.2 of bid specification documents 	<p>The Committee is concerned that management response does not stipulate how the point system, clearly captured in the regulations and policy, will be implemented effectively as the finding system it was not applied</p>
<p>Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for contracts in accordance with section 18(1) of the CIDB Act.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<p>1. Why were the contractors not registered with the CIDB and not qualifying for contracts? 2. How did the contractors who were registered with CIDB qualify for contractors despite stipulation of section 18(1) CIDB Act?</p>	<ul style="list-style-type: none"> CIDB is not applied to all contracts and the grading requirement is determined by the nature of work. Service providers are required to submit proof of registration with CIDB when applying for a specific contract that require CIDB (mainly construction contracts and related services). Companies CIDB certificate/printout must be valid and have the necessary CIDB grading when applying for a tender/bid. During the bid evaluation process all CIDB certificates/printouts are verified to ensure compliance with the SCM Policy and CIDB Act. 	<p>The Committee is concerned that management did not say why contractors not registered with CIDB were used and what mechanism management is going to implement to stop this practice.</p>

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>The performance of contractors or providers were not monitored monthly. Similar non-compliance was reported in the prior year.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<ol style="list-style-type: none"> 1. Was the Audit Action Plan implemented and monitored to address this repeat finding? and if so, could it be that the plan was not effective? 2. Why is it that the performance of contractors was not monitored monthly? 3. What internal controls is management going to put in place to ensure that this finding does not repeat in the current financial year? 	<p>AGSA could not accept that not all contract requires monthly meetings with minutes to prove that there was contract management.</p> <ul style="list-style-type: none"> • The institution as a control used the signing of invoice as proof that service was received in good order. • This in more on the annual contracts that are used for repairs on an ad hoc basis across the Municipality. • Project based contracts are monitored regularly with minutes for those performance meeting kept on the file. • This is however not practical for ad hoc repairs contracts where the service is once off. In these instances, reliance for the service being rendered satisfactory is based on the signed invoice by the recipient of the service rendered by the service provider. • The use of the contract module will effectively improve contract management within the institution based on the benefits the systems offers: <ul style="list-style-type: none"> ○ Only active contracts can be utilised ○ The early detection of contracts due to expire The monitoring of contract expenditure ○ End user departments must ensure that all relevant documentation (progress reports/minutes of meetings/contract extensions/variation orders/contract amendments/SIA's) of contracts must be uploaded onto the system 	<p>The Committee noted that this is a repeat audit finding and management does not come up with alternative measures to address the findings</p>

Finding	Remedial Action	Committee Questions	Management Response	Reservation
<p>The contract performance and monitoring measures were not in place to ensure effective contract management as required by section 136(2)(c)(ii) of the MFMA.</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<ol style="list-style-type: none"> 1. Why is the management disregarding contract performance monitoring measures as per the provisions of section 136(2)(c)(ii) of MFMA? 2. Has management developed an out in place monitoring measures to ensure effective contract management? 3. What consequence management action has been taken to prevent further occurrence of this non-compliance? 	<ul style="list-style-type: none"> Contract management and performance is monitored by end user departments (Project managers) for project based assignments. However, when service providers delivered services/goods in accordance to the scope of work required by the end user department the invoice will be stamped and signed to process for payment as acknowledgement to satisfactory services rendered by the service provider (this is done as there are no meetings held for delivering goods or rendering ad hoc services which is mostly done by the panel contractors. As part of continuous improvement, to further ensure that performance of service providers is monitored on a regular basis an evaluation of performance form, has been developed that will rate the service delivery of a service provider that must be completed and signed off by the end user department and attached to the invoice in order to process the payment. No consequence management has been taken as the municipal personnel has followed the approved SOP in managing and monitoring the performance of the service providers. 	<p>This finding is related to the finding above and the same concerned are shared on this one too.</p>
<p>Some of the irregular expenditure by the Municipality was not investigated to determine if any person is liable for the expenditure as required by section 32(6) of the MFMA Cases of irregular expenditure that constituted a criminal offence were not reported to the South African Police Service, as required by section 32(6) of the MFMA</p>	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMIM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<ol style="list-style-type: none"> 1. Why is management not applying consequence management on irregular expenditure as per section 32(b) of MFMA? 2. Why were active cases that constitute criminal offences not reported to SAPS? 	<ul style="list-style-type: none"> On an annual basis after the completion of audit and issuance of Audit report the section 32 report is prepared and submitted accordingly to all the structures as required. This year's report is due to be submitted in the upcoming Council meeting All matters that constitute criminal offence are referred to Legal Services for further investigation, advice and processing of criminal procedures. 	<p>Section 32 Report were not submitted to Council on a quarterly basis as required by law for Council to refer them to MPAC for investigations with recommendation to Council.</p> <p>This is a compliance matter and if not addressed will be raised in the current year regulatory audit.</p>

Finding	Remedial Action	Committee Questions	Management Response	Reservation
Supply Chain Management	<p>MFMA Circular 113-Municipal Finance Management Act No 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by the Internal Audit on a bi-annual basis.</p>	<p>1. Why isn't there a mention of bid Committees in the report?</p>	<p>It was not included as there was no mandatory requirement to do so, we can however include it if it is deemed necessary.</p>	<p>It is concerning that management states that there is no legal obligation to state the functioning of bid Committees in the report whereas supply chain management is required to be narrated in Chapter 1. and 5 of the annual report template.</p>

9.12 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON DIRECTORATE CORPORATE SERVICES

Issue	Committee Questions	Management Response	Reservation
Inconsistency on the Table 171 and Table 17		<ul style="list-style-type: none"> Table 171 – is correct and reflects total of 5252 employees. Table 176 is corrected to reflect 5252 employees instead of 5404 see corrected table. Page 601 Table to be removed 	None
Information about covid 19 is copy and paste from 2021/22 annual report	Table 177 – Table Covid 19 – activities carried out for 2021/2022 – must be removed as the figures are for the previous financial year.	<ul style="list-style-type: none"> Page 601 Table to be removed 	None
Inconsistent reporting some were not appointed at the time.		<ul style="list-style-type: none"> Page 83 to be corrected as follows: <ul style="list-style-type: none"> The post of HOD: Public Safety and Emergency Services was vacated on 28 February 2023, and recruitment processes are currently being undertaken to fill the post. (This sentence to be removed) Page 86 to be corrected as follows: <ul style="list-style-type: none"> The post of HOD: Public Safety & Emergency Services must reflect as Acting HOD Public Safety & Emergency Services. Page 541 to corrected as follows: <ul style="list-style-type: none"> The recruitment process is currently underway for the vacant funded post of Head of Directorate for Public Safety and Emergency Services, which has been advertised. (This sentence to be removed) Page 83 to be corrected as follows: <ul style="list-style-type: none"> The post of HOD: Public Safety & Emergency Services was vacated on 28 February 2023, and recruitment processes are currently being undertaken to fill the post. (This sentence to be removed) Page 86 to be corrected as follows: <ul style="list-style-type: none"> The post of HOD: Public Safety & Emergency Services must reflect as Acting HOD Public Safety & Emergency Services. Page 541 to corrected as follows: <ul style="list-style-type: none"> The recruitment process is currently underway for the vacant funded post of Head of Directorate for Public Safety and Emergency Services, which has been advertised. (This sentence to be removed) 	None

Issue	Committee Questions	Management Response	Reservation
Staff complement.	Does the management conform to these standards?	Total 5252 70% core staff 30% support	None
Information of the 2021/22 financial year	Why does the management copy and paste the information from the previous financial year?	Please refer to response above page 601-602 as it makes reference to the same table.	The Committee is concerned that there is lack of first and second review and assurance process in place to ensure that relevant, accurate, useful, reliable and valid information is provided

9.13 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON COUNCILLORS AND WARD COMMITTEE IMPUTS

The Municipal Public Accounts Committee notes with concern the lack of written submissions on the annual report from municipal Councillors and ward Committee members.

9.14 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESERVATIONS ON PUBLIC AND INTERESTED PARTIES COMMENTS ON THE ANNUAL REPORT

The Municipal Public Accounts Committee notes with concern the lack of written submissions on the annual report from the public and interested parties.

10. MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003 SECTION 32 REPORT

The Municipal Finance Management Act, 56 of 2003, requires that the Annual Financial Statements be compliant with the Generally Recognized Accounting Practice. In consideration of the Auditor General Report, the financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of the Municipal Finance Management Act, 56 of 2003.

Municipal Public Accounts Committee considers, this revelation in a serious light because this practice exacerbates the problem of the Municipality to not achieving a clean audit, it must also be acknowledged that this factor contributes volumes in the opinion of the Auditor General as an area of non-compliance.

The annual performance report included in the annual report complies with the requirements legislations but lacks in the substantiating information contained in the portfolio of evidence as the Auditor General found out that the evidence submitted was not sufficient enough for the auditor to provide an opinion on reported performance information.

The annual report was not complying fully with the requirement of Section 121, in particular Section 121(3)(g) of the Municipal Finance Management Act, 56 of 2003, as the annual report did not include particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d). this corrective action are contained in the Audit Action Plan which management has maintained that it is developed and the details of which have been uploaded on the National Treasury Audit Action Plan Website.

The Division of Revenue Act requires that the Draft Annual Report must disclose:

- Details of conditional grants received from the National and Provincial Sphere;
- Municipal Infrastructure Grant,
- Financial Management Grant,
- Expanded Public Works Programme Grant,
- Department of Water and Sanitation Grant,
- Water Services Infrastructure Grant,
- Details of grants made to any organs of state:

The Division of Revenue Act requires that the Draft Annual Report must disclose the extent to which conditions of grants have been met and the information relating to outstanding debtors and creditors of the Municipality as well as information relating to the benefits paid to Councillors, senior managers and the rest of other officials.

The Municipal Public Accounts Committee awaits to see improved performance with the august responsibility bestowed on this Committee, this responsibility is to investigate and make recommendations on:

- Unauthorised Expenditure
- Irregular Expenditure
- Fruitless Expenditure, and
- Wasteful Expenditure

There is a continuing trend of various and series of unwanted expenditures in the Municipality. The Municipality has received a qualified Audit Opinion. Auditor General alludes to lack of proper planning and the failure to adhere to internal controls and oversight. The lack of oversight by management and a discretionary negation of Standard Operation Procedures are among the reasons that compliance is compromised.

11. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS

The Municipal Public Accounts Committee considered the fact that the City received a qualified audit opinion for the 2022/2023 Financial Year. This outcome is a regress as compared to the previous financial year where the Municipality received an unqualified audit opinion with matters of emphasis. In light of the said findings, the Committee hereby:

- Requests Council to accord it an ample time to process the UIF and W with the assistance of the Internal Audit Office through the signing of Memorandum of Understanding between the Committee and the Audit Committee specifying areas of assistance and terms of reference and thereby submit a report to the Council before the end of the financial period 2023/2024.
- Recommends that monitoring be done by the accounting officer and submit a report to Municipal Public Accounts Committee on a monthly basis on the implementation of the Audit Action Recovery Plan in line with the Auditor's General findings.
- Recommends that management develop a Key Commitment Register of the Audit Report and Management Letter with clear timeframes and report to Council on the progress made with portfolio of evidence on a quarterly basis.
- Recommends that there must be consequence management on non-follow through of irregularities in Supply Chain Management Office.

12. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESOLUTION

Following the above reservations by the Municipal Public Accounts Committee, it is resolved that:

1. Council adopts this Oversight Report on the Draft Annual Report 2022/2023.
2. In terms of Section 129 (1) of the Local Government: Municipal Finance Management Act, 56 of 2003 Council approves the Annual Report 2022/2023 with reservations.
3. Oversight Report be submitted to the Eastern Cape Provincial Legislature by the Accounting Officer in terms of Section 132 (2) of the Local Government: Municipal Finance Management Act, 56 of 2003.
4. Council takes note that the Municipal Public Accounts Committee with the assistance of the Internal Audit Office through a signed Memorandum of Agreement between the Committee and Audit Committee with clear terms of reference, will be investigating all the cases of Unauthorised, Irregular, Fruitless and Wasteful expenditures and that a report on this will serve before Council before the end of the current Financial for a resolution.

13. ACRONYMS

AAP	ANNUAL APPRAISAL REPORT
AFS	ANNUAL FINANCIAL STATEMENTS
AGSA	AUDITOR GENERAL OF SOUTH AFRICA
APR	ANNUAL PERFORMANCE REPORT
AR	ANNUAL REPORT
BCMM	BUFFALO CITY METROPOLITAN MUNICIPALITY
BEC	BID EVALUATION COMMITTEE
CCTV	CLOSE CIRCUIT TELEVISION
CIDB	CONSTRUCTION INDUSTRY DEVELOPMENT BOARD
CM	CITY MANAGER
DM	DISASTER MANAGEMENT
DMC	DISASTER MANAGEMENT CENTRE
DoRA	DIVISION OF REVENUE ACT
DPS	DEPARTMENT OF PUBLIC SAFETY
DS	DISASTER MANAGEMENT
GRAP	GENERALLY RECOGNISED ACCOUNTING PRACTICES
HOD	HEAD OF DEPARTMENT
IA	INTERNAL AUDIT
MDD	MUNICIPAL BID DOCUMENT
MEC	MEMBER OF THE EXECUTIVE COUNCIL
MFMA	MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003
MPAC	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
MPT	MUNICIPAL PLANNING TRIBUNAL
NDoH	NATIONAL DEPARTMENT OF HOUSING
RM	RISK MANAGEMENT
SAPS	SOUTH AFRICAN POLICE SERVICE
SCM	SUPPLY CHAIN MANAGEMENT POLICY
SDBIP	SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
SOP	STANDARD OPERATING PROCEDURES
SPD	SPATIAL PLANNING AND DEVELOPMENT
TRN	TACTICAL RADIO NETWORK
UIF, AND W	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL
WIP	WORK IN PROGRESS