



KAAP AGULHAS MUNISIPALITEIT  
CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

**NOTULE VAN 'N SPESIALE RAADSVERGADERING GEHOU OM 14:00 OP DONDERDAG  
31 JANUARIE 2019 IN DIE MUNISIPALE RAADSAAL TE BREDASDORP**

**MINUTES OF A SPECIAL COUNCIL MEETING HELD ON THURSDAY, 31 JANUARY 2019  
AT 14:00 IN THE MUNICIPAL COUNCIL CHAMBERS, BREDASDORP**

**RAADSLEDE / COUNCILLORS**

MNR	R J BAKER	
MNR	G D BURGER	
MNR	D J EUROPA	
MNR	C J JACOBS	
MNR	D JANTJIES	
ME	E C MARTHINUS	
MNR	J G A NIEUWOUDT	(Speaker)
ME	M OCTOBER	
ME	E L SAULS	
MNR	P J SWART	(Burgemeester)
ME	Z TONISI	(Onder-Burgemeester)

**AMPTENARE / OFFICIALS**

Mnr D O'Neill	Munisipale Bestuurder
Mnr H Van Biljon	Direkteur: Finansiële- en IT Dienste
Mnr A Jacobs	Direkteur: Infrastruktuurdienste
Mnr B Swart	Interne Ouditeur
Mnr S Cooper	Bestuurder: Elektrotegniese Dienste
Mnr B Hayward	Bestuurder: Stadsbeplanning
Mnr S Stanley	Bestuurder: Finansies en Tesourie
Mnr G M Moelich	Bestuurder: Admin Ondersteuning
Mnr F du Toit	Bestuurder: Boubeheer
Mnr W Linnert	Bestuurder: Vaste Afval Bestuursdienste
Mnr M Dennis	Bestuurder: Behuising
Mnr G Prins	Kommunikasie
Me M Saptou	Bestuurder: Beskermingsdienste
Me Cari Conradie-Lötter	Bestuurder: Biblioteke

1. **OPENING**

Die Speaker heet die teenwoordiges asook die verteenwoordigers van die kantoor van die Ouditeur-Generaal welkom en Raadslid Swart open die vergadering met gebed.

2. **AANSOEKE OM VERLOF TOT AFWESIGHEID / APPLICATIONS FOR LEAVE**

Me T Stone      Afdelingshoof: Strategiese Dienste

3. **MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT: ADJUSTMENTS BUDGET FOR 2018/2019 MTREF FINANCIAL YEAR (DFS)**

**The Director: Finance reports as follows:**

"In terms of section 72 of the MFMA, the accounting officer must by **25 January** of each year assess the performance of the Municipality during the first half of the financial year and report thereon to the Mayor of the municipality, National Treasury and relevant Provincial Treasury, taking into account:

- the monthly financial performance statements referred to in section 71 of the MFMA;
- the municipality's service delivery performance as per approved Service Delivery and Budget Implementation Plan;
- the past year's annual report, and progress on resolving problems identified in the annual report;
- the performance of every municipal entity under the sole or shared control of the municipality.

**The mid-year report must also include explanation of -**

- any material variances from the municipality's projected revenue by source and expenditure per vote;
- any variances from the service delivery and budget implementation plan;
- any remedial corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the approved budget; and
- a projection of the relevant municipality's revenue and expenditure for the rest of the financial year and revision from the initial projections.

The focus of the mid-year report is to assess the Municipality's performance during the first half of the financial year based on the approved budget and service delivery plans in respect of the 2017/18 financial year (see **page 1 to 58**).

**An overview of Council's actual performance for the first six months of the year as well as projected revenue and expenditure for the rest of the financial year follows below:**

**1. FINANCIAL POSITION & PERFORMANCE**

**1.1 MONTHLY YEAR TO DATE (YTD) PERFORMANCE REPORT**

The monthly report on Council's financial position and actual performance for the year to date till December 2017 reflects on **page 18** of the mid-year report attached as **Annexure "A"** to this item.

**1.2 PROJECTED ESTIMATES: REVENUE & EXPENDITURE - 2018/2019**

In terms of section 71 of the MFMA the following information must be taken into account when assessing the financial performance of the Municipality:

- actual revenue per source;
- actual expenditure per vote;
- actual capital expenditure per vote;
- the amount of any allocations received and the expenditure on those allocations.

The actual expenditure versus the budgeted amount reflects on pages **10 - 12** and the projected operating results per vote as required reflect on **pages 19 - 20** of the mid-year report attached as **Annexure "A"** to this item.

### 1.3 ADJUSTMENT BUDGET 2018/2019 MTREF

As part of the review and performance assessment process the accounting officer must make recommendations as to whether an adjustment budget is necessary based on the following considerations:

#### **An adjustment budget -**

- (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending on programmes already budgeted for;
- (c) may within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- (d) may authorize the utilization of projected savings in one vote towards spending under another vote;
- (e) may authorize the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
- (f) may correct any errors in the annual budget; and
- (g) may provide for any other expenditure within a prescribed framework.

#### **When an adjustments budget is tabled, it must be accompanied by -**

- (a) an explanation of how the adjustment budget affects the annual budget;
- (b) a motivation of any material changes to the annual budget;
- (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
- (d) any other supporting documentation that may be prescribed

In order to reflect on the outcome of the adjustment budgets submitted by the various unit / section managers, the following concerns / challenges relating to the proposed budget changes, projected spending patterns, oversight and internal controls measures needs to be reported for council's notification:

- Poor planning during the budget process which relates to the approval of unrealistic budgets and / or unauthorised expenditure as a result;
- Lack of project management in terms of clear implementation strategies, cash flow projections and target dates;
- Slow spending and /or changes to DoRA funded and capital projects that might posed a risk of non completion by financial year end;
- Lack of responsibility by section / unit managers to take ownership of its approved budgets for implementation,
- Lack of hands-on monitoring and internal control measures with regard to the implementation of approved unit / section budgets which relate to unrealistic budget projections towards spending at financial year; and
- Amendment / Change of projects link to the SDBIP with the risk of not considering any adjustment on the performance management objectives.

**The following corrective steps in terms of council's oversight responsibility are suggested:**

- Apply strong leadership in terms of monthly oversight and monitoring role – Executive Management / Council;
- Account for poor and / or non performance;

- Arrange further internal awareness workshops for councillors / officials on financial management;
- Ensure an effective internal audit, audit committee and MPAC in order to identify and address gaps in consultation with management; and
- Reduce possible unauthorised, irregular, wasteful and fruitless expenditure.
- Apply strong cost containment measures in order to improve the financial viability aligned with the long term financial plan indicators.

The proposed adjustment is bound separately for council's consideration and approval.

## 2. **SERVICE DELIVERY PERFORMANCE**

Performance on the budget and service delivery plans for the first half of the financial year reflects separately as part of the mid-year performance assessment report attached as **Annexure "C"** to this item.

## 3. **MUNICIPAL ENTITY PERFORMANCE**

The municipal entity - Southernmost Development Agency (SOC) LTD is in process of de-registration with no future budgetary implication.

The Municipal Manager, in consultation with the Director: Finance, recommends as follows:

### **MANAGEMENT RECOMMENDATION**

- (i) Council considers the content of the Mid-Year Budget Assessment Report attached as **Annexure "A"**.
- (ii) Council considers the approval of the adjustment budget (**Section 2 of the Adjustments Budget Report**) for the financial year **2018/2019**, and indicative for the projected outer years **2019/2020** and **2020/2021** attached as **Annexure "B"**.
- (iii) Council considers the content of the Mid-Year Performance Assessment Report attached as **Annexure "C"**.
- (iv) Council resolves that a hard and electronic copy of the complete adjustment budget be submitted to National and Provincial Treasury respectively for information.

### **RESOLUTION 1/2019**

That the management recommendation be accepted as a resolution of Council.

## 4. **AMENDMENT OF THE 2018/19 SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP) IN TERMS OF SECTION 54 (1) (C) OF THE MUNICIPAL FINANCE MANAGEMENT ACT (ACT 56 OF 2003)**

### **PURPOSE OF REPORT**

To propose amendments to the key performance indicators as contained in the 2018/19 Service Delivery Budget Implementation Plan (SDBIP).

### **LEGAL AND REGULATORY FRAMEWORK**

**Section 54 of the Municipal Finance Management Act, 56 of 2003 (MFMA) regulates budgetary control and the early identification of problems. Subsection (1) (b) and (c) provides interalia that -**

1. *"On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must;*

- b) *check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;*
- c) *consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget."*

**Section 54 (3) provides that -**

*"3. The Mayor must ensure that any revisions of the Service Delivery Budget Implementation Plan are made public promptly."*

MFMA Circular 13 provides that; *"The top-layer of the SDBIP and its targets cannot be revised without notifying the council, and if there is to be changes in service delivery targets and performance indicators, this must be with the approval of the council, following approval of an adjustments budget (section 54(1)(c) of MFMA). This council approval is necessary to ensure that the mayor or municipal manager do not revise service delivery targets downwards in the event where there is poor performance."*

**DISCUSSION**

The Mid-Year Budget and Performance Assessment was compiled in terms of Section 72 of the Municipal Finance Management Act, 56 of 2003 (MFMA) and submitted to the Mayor on 25 January 2019 with the recommendation that an adjustment budget be submitted to Council. The Mid-Year Budget and Performance Assessment and adjustment budget will be submitted to Council on 31 January 2019.

**The Municipality's SDBIP comprises two distinct components, namely a financial and non-financial component. The financial component of the SDBIP comprises:**

- Monthly projections of revenue by source and expenditure by type
- Monthly projections of expenditure and revenue (municipal Vote)
- Monthly capital expenditure per municipal vote
- Three-year capital works programme

The schedules comprising the financial information are contained in the adjustment budget.

The non-financial component comprises pre-determined objectives with key performance indicators and service delivery targets, which are coupled to the national key performance areas of local government and the strategic goals, and objectives of the IDP.

It has become necessary to make amendments and improvements to the Municipality's SDBIP as a result of the adjustment budget, as well as lessons learnt from the 2017/18 performance audit by the Auditor General which revealed potential problem areas with the wording of some of our KPI's and units of measure and evidence collation.

The most significant amendments to the SDBIP are the re-alignment of the National KPI's, Strategic goals, strategic objectives and municipal KPA's. This is also a direct outcome of the 2017/18 audit, where the approach was to audit according to national KPA's instead of IDP objectives as was done previously. The National KPA Basic Service Delivery was audited and as a result, the audit sample was excessive and took considerable time to audit. The Auditor General then advised us to review our alignment and reduce the KPI's linked to basic service delivery. This has been done with cognizance of the framework provided in the IDP.

The proposed amendments to the SDBIP (Key performance indicators) are attached as **Annexure A on page 59 to 76** to this report. All amendments are in shaded blocks. Deletions are crossed out and additions are underlined. The reason for amendments is indicated in the Comments / Reason for amendment Column.

**MANAGEMENT RECOMMENDATION**

That the amendments to the 2018/19 SDBIP attached as **Annexure A** be approved in terms of Section 54(1)(c) and made public in terms of Section 54(3) of the Municipal Finance Management Act, 56 of 2003 (MFMA).

**RESOLUTION 2/2019**

That the management recommendation be accepted as a resolution of Council.

5. **DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS**

The Municipal Manager reports as follows:

“Government Notice No. 1426 in Government Gazette No. 42 134, dated 21 December 2018 dealing with the remuneration of councillors of municipal councils was received on 21 December 2017. A copy of the Notice is attached on **page 77 to 89**.

In terms of section 4(1) of the notice Cape Agulhas Municipality is determined as a grade 3 municipality based on the following criteria:

- Total Municipal Income (Excluding transfers and / or grants as well as VAT refunds); and
- Total Population

***(A copy of the Affordability Verification Certificate, signed by the Municipal Manager, is attached on page 90 to 92)***

The net financial impact in respect of the proposed increase reflects at R205,778 or 4,00% compared to the previous financial year's increase. The cellphone allowance remained unchanged compared to the previous financial year at R3,400 per month although council approved a lower amount of R2,400 per month aligned with the average increase of 5,50% in the previous financial year due to the steep increase of cellphone allowance at 78,95% compares to the 2016/17 financial year. A total amount of R5,513,535 was budgeted for council remuneration in the 2018/19 financial year whilst the actual cost based on a grade 3 municipality's increase reflects at R5,229,487 should the cellphone allowance remains unchanged as per council resolution.

The total remuneration packages of the Executive Mayor, the Speaker, Deputy Mayor and the full-time members of the Executive Committee set out in section 5 and section 9 reflects at R827 749, R662 200 and R620 813 respectively. *(Increase of 4,00% compare to the previous financial year, excluding cellphone and mobile data bundles benefit)*

The allowances of councillors appointed to governance structures of organized local are set out in section 7. According to section 7(1)(a & b) these councillors are entitled to receive an allowance of not more than R1 060.80 per sitting of any governance structure of organized local provided that this allowance is limited to R1 060.80 per day regardless the number of meetings that are attended by such councilor. However organized local government is responsible for the payment of above mentioned allowance, accommodation and the reimbursement of travel expenditure incurred by a councilor during performance of official functions. The prescribed allowance reflects an estimated increase of 4,00% compares to the 2017/18 financial year.

The total remuneration package of part-time councillors are set out in section 8 and section 9, reflected at R261 952. *(Increase of 4,00% compare to the previous financial year, excluding cellphone and mobile data bundles benefit)*

Councillors are allowed to structure their total remuneration package (see definition of “total remuneration package”) to include a travelling allowance, a housing allowance, contribution to a pension fund and medical aid scheme as provided in the above mentioned Gazette.

Medical and pension benefits for councillors who wish to structure their total remuneration package to include such benefits are set out in section 13. See definition of “total remuneration package”. Therefore councillors are entitled to contributions by Council to the pension fund and medical aid, should they be members of such funds. (Such contributions form part of the Total Remuneration Package.) Refer to the definition of Total Remuneration Package.

Cellphone allowances for councillors are stipulated in section 11. This benefit is given **in addition** to the total remuneration package. The mentioned section stipulates that a councilor may be paid a cellphone allowance not exceeding R3 400 per month in accordance with the applicable council policy which is currently determined at R2 400 per month. *(No increase on the upper limit compare to the previous financial year. However council may consider to increase the cellphone allowance limit of R2 400 per month if so required)*

Furthermore section 12 of the mentioned Gazette allows for a fixed allowance to councillors of not more than R300 per month for the use of mobile data cards **in addition** to the annual total remuneration structure. *(No increase compare to the previous financial year)*

**In summary, allowances payable are therefore as follows:**

	<b>Total Remuneration</b>	<b>Cellphone allowance (Maximum)</b>	<b>Mobile Data Card allowance (Maximum)</b>
<b>Exec. Mayor</b>	827 749	2 400 x 12	300 x 12
<b>Deputy Mayor and Speaker</b>	662 200	2 400 x 12	300 x 12
<b>Full-Time Executive Comm.</b>	620 813	2 400 x 12	300 x 12
<b>Other Part-Time Cllrs.</b>	251 877	2 400 x 12	300 x 12

**Certain key features of the notice compared to the previous financial year are the following:**

- The Councillor salaries, allowances and benefits reflects a nett increase of almost 4,00% in respect of the Executive Mayor, the Speaker, Deputy Mayor, the full-time members of the Executive Committee and other part-time councillors effected from the 1st July 2018 should the cellphone allowance remains at R2 400 per month;
- Sitting allowance payable in respect of councillors appointed to governance structures of organized local government subject to the payment from organized local government increased to R1 060.80 or 4,00% per sitting provided that this allowance is limited to the same amount per day regardless the number of meetings attended;
- The maximum cellphone allowance payable to a councilor remains unchanged at R3 400 per month although council may consider to increase the cellphone allowance currently determined at R2 400 per month if so required to cover for councillors cellphone expenses;
- The fix allowance of not more than R300 per month for the use of mobile data cards remains unchanged;
- In addition to the total remuneration package provided, a municipality must take out risk insurance cover to provide for the loss of or damage to a councillor’s property or assets arising from any riot, civil unrest, strike or public disorder - section 14 (A councillor’s is obliged to submit the necessary details prescribied to the municipality and failure to do so will forfeit the benefits associated with the special risk insurance cover);
- A Council may extend tools of trade to a councilor in consultation with the member of the Executive Council (MEC) responsible for local government in the province concerned and based on accessibility, affordability, cost control and value of tools of trade - section15;
- A municipality may also contribute towards the payment of cost towards capacity building initiatives directed at councillors and must be informed by capacity building needs of a municipality and / or affordability levels of the municipality - section16; and

- Any remuneration paid to a councilor otherwise than in accordance with section 167(1) of the MFMA, including any bonus, bursary, loan, advance or other benefit is an irregular expenditure and the municipality must recover and may not be written-off - section 17 have reference.

Sufficient provision has been made in the current budget to cover for the annual increase of councilors remuneration at an average of 4,00%.

Payment will only be made once the concurrence of the member of the Executive Council (MEC) responsible for local government has been obtained, as stipulated in the preamble of the Government Notice.

Councillors preferring to restructure their Total Remuneration Package to include travelling allowances of not more than 25%, a housing allowance and/or pension fund and/or medical aid contribution will have to indicate same in writing to the Municipal Manager before 7 February 2019 and by failure to do so the municipality will maintain the status quo.”

**The Municipal Manager recommends as follows:**

**RECOMMENDATION**

- (i) Council takes note of its classification as a grade 3 municipality.
- (ii) Council consider to grants approval for the remuneration of its councillors in accordance with Regulation Gazette Notice No. 1426 dated 21 December 2018 with retrospective effect from 1 July 2018.
- (iii) Council grants approval for the payment of a cellphone allowance of R3 400 per month as determined during the 2017/18 financial year to cover for councillors cellphone expenses (as determined by section 11 of the Notice), with effect from 1 January 2019.
- (iv) Council grants approval for the payment of a mobile data card fix allowance of R300 per month to full-time and part-time councilors. (If a councilor receives a municipal tablet the monthly benefit may not exceed the value of the allowance stipulated).
- (v) Council obtains the concurrence of the MEC for Local Government regarding recommendations (i) - (iv) before implementation thereof as stipulated in the preamble of Notice No. 1426 of 21 December 2018.

**RESOLUTION 3/2019**

That the recommendation be accepted as a resolution of Council.

6. **CONSIDERATION TO EXEMPT PUBLIC SERVICES INFRASTRUCTURE FORM THE PAYMENT OF PROPERTY RATES**

**PURPOSE OF REPORT**

For council to consider the write-off and exemption of public service infrastructure property rates due to the uneconomical manner to administer and recovery of outstanding debt.

Furthermore the Municipal Property Rates Act (MPA) also prescribes the phasing out of the rates liability of public service infrastructure properties over a period of the next five years which will more and more affect the cost effectiveness by levying the mentioned property rates.

**BACKGROUND INFORMATION**

The MPA does allow a municipality in terms of set criteria to exempt a specific category of owners of property or the owners of a specific category of property from the payment of a rate levied on their property.



Section 17 of the MPA prescribes that a municipality may not levy a rate on the first 30% of the market value of public service infrastructure and can only lower the percentage through notice in the Gazette by the responsible Minister after consultation with stakeholders / relevant public service infrastructure entities. Based on the legislative prescripts the total property rates revenue for the municipality from public service infrastructure amounts to R4 412 of which an individual account may vary from 8 cents up to a maximum R1 792 on an estimated sixty seven accounts (a copy of the detailed public service infrastructure property rates is attached on **page 93 and 94**).

Currently it is not economical to levy public service infrastructure property rates as it is done manually and would require further system enhancement to accommodate the prescribe formula on how to apply public service infrastructure property rates which in anyhow be phased within the next few years.

### **FINANCIAL IMPLICATION**

Loss in revenue is estimated at R4 412 per annum and the utilization of resources to levy such public service infrastructure property rates is not regarded as cost effective. Any investment in respect of system enhancement can be regarded as fruitless expenditure as the public service infrastructure property rates be in process of phasing out within the next five years.

**The Municipal Manager, in consultation with the Director: Finance, recommends as follows:**

### **RECOMMENDATION**

That Council considers approval to write-off and exempt public service infrastructure from the payment of property rates to an estimated value of R4 412 per annum.

### **RESOLUTION 4/2019**

That the recommendation be accepted as a resolution of Council.

## **7. KWARTAALVERSLAG OOR DIE OUDITKOMITEE SE WERKSAAMHEDE VIR DIE KWARTALE GEËINDIG 30 SEPTEMBER 2018 EN 31 DESEMBER 2018**

### **DOEL VAN VERSLAG**

Verslagdoening aan die Raad oor die Ouditkomitee se werksaamhede, die uitvoering van sy pligte en aanbevelings gemaak vir die kwartale geëindig 30 September 2018 en 31 Desember 2018.

### **AGTERGROND**

In terme van Nasionale Tesourie se Omsendskrywe 65 van 2003 moet die Komitee op 'n kwartaallikse basis verslag aan die Raad doen oor die uitvoering van hulle funksies en werksaamhede asook werksaamhede van die interne oudit aktiwiteit. Hierdie omsendskrywe is in 2012 aangepas om by die jongste verwikkelinge en verwagtinge rondom die Komitee, interne oudit en risiko bestuur aan te pas.

Op grond van hierdie skrywe het die Komitee sy kwartaalverslag, soos aangeheg op **bladsy 95 tot 102** opgestel vir bogemelde kwartaal en wat nou aan die Raad voorgelê word vir bespreking en oorweging.

**Die Raad se aandag word graag op die volgende pertinente punte in die verslag gevestig:**

- Par. 5(a) : Areas waarmee die Komitee hulle tevredenheid uitspreek.
- Par 5(b) : Areas van bekommernisse.
- Par 5(c) : Ouditverslae wat deur die Komitee oorweeg is.
- Par 6 : Aanbevelings deur die Komitee gemaak.

**PERSONEEL IMPLIKASIES**

Geen.

**FINANSIËLE IMPLIKASIE**

Geen.

**WETLIKE IMPLIKASIE**

Voldoening aan die Munisipale Beplannings- en Prestasiebestuurs-Regulasie, 2001 en Tesourie Omsendskrywe 65 van 2003.

**AANBEVELING: OUDIT- EN PRESTASIEOUDIT KOMITEE**

Dat die Raad die inhoud van die Komitee se kwartaalverslag vir die kwartale geëindig 30 September 2018 en 31 Desember 2018 oorweeg en aanvaar.

**BESLUIT 5/2019**

Dat die Raad die inhoud van die Komitee se kwartaalverslag vir die kwartale geëindig 30 September 2018 en 31 Desember 2018 aanvaar.

8. **UDIT AKSIEPLAN 2017/18 (OPCAR)**

**DOEL VAN VERSLAG**

Om die voorgestelde OPCAR vir 2017/18 ten opsigte van die Ouditeur-Generaal se ouditbevindinge vir die 2017/18 eksterne oudit aan die Raad voor te lê vir oorweging en goedkeuring.

**AGTERGROND**

Na aanleiding van die Ouditeur-Generaal se oudit van die 2017/18 finansiële jaar is daar sekere leemtes uitgewys wat aangespreek moet word. Hierdie bevindinge is in die Ouditeur-Generaal se finale bestuursbrief opgeneem en word nou saamgevat in die munisipaliteit se oudit bevindinge aksieplan (OPCAR).

Hierdie plan, soos aangeheg op **bladsy 103 tot 111** bevat 'n kort opsomming van die kruks van die bevinding, die oorsaak van die bevinding en die voorgestelde regstellende stappe om die gebreke aan te spreek. Die voorgestelde aksieplan is ook op 14 Januarie 2019 deur die munisipaliteit se Ouditkomitee oorweeg en aanbeveel na die Raad vir goedkeuring.

Daar is intussen ook vordering gemaak met sekere regstellende aksies en word ook op die plan aangedui. Hierdie vordering word ook aan die Ouditkomitee voorgelê en word ook op 'n periodieke grondslag met die Ouditeur-Generaal bespreek. Die vordering met die plan word verder op 'n kwartaallike grondslag aan die Wes-Kaapse Provinsiale Tesourie voorgelê.

**PERSONEEL IMPLIKASIES**

Geen.

**FINANSIËLE IMPLIKASIES**

Geen.

**WETLIKE IMPLIKASIES**

Nakoming van toepaslike wetgewing wat deur die bevindinge geraak word.

**BESTUURSAANBEVELING**

Dat die Raad die 2017/18 aksieplan oorweeg en goedkeur.

**BESLUIT 6/2019**

Dat die Raad die 2017/18 aksieplan goedkeur.

9. **HALF-JAARLIKSE VERSLAG OOR PRESTASIEMETING EN DIE PRESTASIEMETING STELSEL VIR DIE TYDBERK GEËNDIG 31 DESEMBER 2018**

**DOEL VAN VERSLAG**

Om die Raad in te lig oor die Prestasieoudit Komitee se half-jaarlikse verslag oor bogemelde tydperk ten opsigte van hulle evaluering van die prestasiekeningstelsel en die bestuur daarvan.

**AGTERGROND**

In terme van artikel 14(4)(a)(iii) van die Plaaslike Regering: Munisipale Beplanning- en Prestasiebestuurs-Regulasie, 2001 (Regulasie 796), moet die Komitee twee maal per jaar die munisipaliteit se prestasiekeningstelsel (SDBIP stelsel) en die bestuur daarvan asook die personeel evalueringproses evalueer en daarvoor aan die Raad verslag doen.

Die Komitee het dan ook sodanige evaluering gedoen vir die tydperk 1 Julie 2018 tot 31 Desember 2018 en die vereiste verslag opgestel, soos aangeheg op **bladsy 112 tot 115**. Die Raad se aandag word pertinent gevestig op par. 4(b) waar die Komitee bekommernisse oor sekere aspekte uitspreek.

**PERSONEEL IMPLIKASIES**

Geen.

**FINANSIËLE IMPLIKASIE**

Geen.

**WETLIKE IMPLIKASIE**

Voldoening aan die Munisipale Beplanning en Prestasiebestuurs Regulasies, 2001

**AANBEVELING: OUDIT- EN PRESTASIEOUDITKOMITEE**

Dat die Komitee se half-jaarlikse verslag vir die half-jaar geëindig 31 Desember 2018 oor die munisipaliteit se prestasiebestuurstelsel en die bestuur daarvan deur die Raad oorweeg en aanvaar word.

**BESLUIT 7/2019**

Dat die Komitee se half-jaarlikse verslag vir die half-jaar geëindig 31 Desember 2018 oor die munisipaliteit se prestasiebestuurstelsel en die bestuur daarvan deur die Raad aanvaar word.

10. **ODUITKOMITEE HANDVES: WYSIGINGS****DOEL VAN VERSLAG**

Om die voorgestelde wysigings op die Ouditkomitee Handves aan die Raad voor te lê vir oorweging en goedkeuring.

**AGTERGROND**

Die huidige handves was op 26 September 2017 deur die Raad goedgekeur per Raadsbesluit 194/2017. Die Handves was gedurende die November 2018 en Januarie 2019 Komitee vergaderings hersien en die volgende is wysigings wat voorgestel word vir oorweging deur die Raad:

- Wysiging van die term "Internal Audit Unit" na "Internal Audit Activity" om dit in lyn te bring met die jongste terminologie.
- Wysiging van "Internal Audit" en "Head of Internal Audit" na "Chief Audit Executive" om dit in lyn te bring met die jongste terminologie.
- Wysiging van par. 4.2, bladsy 3. Die Komitee het besluit dat enige vakante poste op die Komitee in die toekoms gevul sal word by wyse van advertering en onderhoudvoering met aansoekers. Die paragraaf word gewysig om dit so aan te dui (gewysigde gedeelte is onderstreep).

Die voorgestelde wysigings, soos aangeheg op **bladsy 116 tot 130** word nou aan die Raad voorgelê vir oorweging en goedkeuring.

**PERSONEEL IMPLIKASIES**

Geen.

**FINANSIËLE IMPLIKASIE**

Geen.

**WETLIKE IMPLIKASIE**

Voldoening aan die Munisipale Finansiële Bestuurswet en Tesourie Omsendskrywe 65 van 2003.

**AANBEVELING: OUDIT- EN PRESTASIE OUDITKOMITEE**

Dat die voorgestelde wysigings op die Ouditkomitee se Handves oorweeg en goedgekeur word.

**BESLUIT 8/2019**

Dat die voorgestelde wysigings op die Ouditkomitee se Handves goedgekeur word.

11. **MEMORANDUM OF UNDERSTANDING STRUISBAAI COMMUNITY POLICE FORUM****PURPOSE OF REPORT**

To inform and get a resolution from Council on the request of Struisbaai Community Police Forum (Struisbaai CPF) for financial assistance.

**BACKGROUND**

Mr. Schalk Lourens, Chair of the Struisbaai CPF, contacted the Office of the Municipal Manager in 2018 relating financial support for the management and monthly fees of the CCTV system under their control.

Currently they have 21 cameras of which five cameras are License plate recognition cameras (LPR). These cameras is situated in Struisbaai, L`Agulhas and Suiderstrand. The CPF also indicated that there are some interest in other towns, namely Napier and Arniston but no certainty can be given on periods of implementation of these areas.

The CPF now wish to go into a formal agreement with Cape Agulhas Municipality relating to the financial support.

One of the concerns that the Municipality should take into account is the uptime and effectiveness of such a system should an event occur.

From what can be derived from our discussions with Mr Lourens, is that the number plate recognition system notify him within 60 seconds after a vehicle passed one of the LPR cameras, which is a very good response time, but who else receive and act on these notifications? The remainder of the cameras is surveillance cameras and if the CPF is notified of an event the video can be played back to investigate an event.

Should we decide to make a financial contribution to the CPF, we would need assurances that the system is effective and adding value to the safety and security of our communities.

Another matter is the access to information, in other words, where the data resides, how secure it is and who has access to this data or video footage.

We are not deminimizing the fact that such a system is the future and already in use all around the world; it even fits into one of the key areas of the Municipalities own, Smart City Strategy. But we as Local Government need to be responsible when granting funding to NGO`s such as the CPF as we will still be accountable should they be contested for some reason.

Something else we should consider is how such a financial contribution and system will fit into the plans of the Municipality, as we are already in process of procuring a similar system and what will the implication be for the CPF should the Municipality decide to no longer support their CCTV system. In addition to this, the CPF is the owners of all the equipment related to this system and we`ll need to determine who the ownership of the equipment on our infrastructure will be should we implement our own system and how these cameras and networks will talk to each other.

Therefore taking the above mentioned into account, we would recommend that should Council decide to grant funding to the CPF it should be subject to the signing of a **MOU**, clearly addressing the aforementioned concerns.

Hereby follow an extract of the terms and conditions of the proposed **MOU** (the full **MOU** in draft format is available on **page 131 to 135**):

**4. RESPONSIBILITIES OF STRUISBAAI CPF AND/OR LOCAL COMMUNITY**

- 4.1 The CPF will use their expertise and strive to design the optimum system for each area and where necessary will consult with professionals to assist in the design.
- 4.2 The CPF and/or each community will be responsible for the financing of the infrastructure to be installed in their area.
- 4.3 The CPF, any of its members, any 3<sup>rd</sup> party or any of its service providers will not use the installed network equipment (inclusive of high site equipment), cameras or any other related products for additional financial gain or provide services other than those stipulated in this agreement.
- 4.4 The CPF will ensure that the infrastructure be installed to acceptable standards and be commissioned successfully.

- 4.5 The CPF will not violate or attempt to violate the infrastructure, either physical devices or network, which may negatively affect the operation and or compromise the security of the Cape Agulhas Municipality or any other lessee.
- 4.6 The CPF and/or each community will be responsible for the day to day operation of the system.
- 4.7 The CPF and/or each community will be responsible to maintain their own system.
- 4.8 To assist the communities with maintenance, the CPF will contract and pay technicians with the necessary expertise.
- 4.9 The CPF will always strive to improve and expand the system to ultimately serve all the CAM areas.
- 4.10 The CPF will be the direct link to SAPS and other Law Enforcement and Safety structures.
- 4.11 The CPF will contract and pay an accredited verifying company to read, monitor and compare all the LPR cameras with the VISECcloud database.
- 4.12 All minor repairs will be financed by the CPF and/or each community, but where not possible sponsors will be recruited.
- 4.13 The CPF agree to adhere to all Policies and by-laws of Cape Agulhas Municipality.
- 4.14 The CPF will adhere to the security protocols set by Cape Agulhas Municipality and any changes that may be deemed necessary in future
- 4.15 The CPF agree to provide a list of sites where network relay equipment, cameras and network uplink equipment installed to Cape Agulhas Municipality as an addendum to this agreement. This will include the equipment description, "Make and model", wireless frequency network equipment operates on (this refers to the specific frequency of high sites and uplinks), Monitoring system(s) utilized, address and/or GPS coordinates and relevant service provider(s) details, if any.
- 4.16 The CPF agree to provide proof of ICASA registration for the relevant network service provider, if any.
- 4.17 The CPF agree that a monthly report will be submitted to Cape Agulhas Municipality relating to incidents, suspect number plate / vehicles, arrests and any other security and safety concerns as deemed necessary.
- 4.18 The CPF herewith confirms that effective, efficient and transparent financial management and internal control systems are in place.
- 4.19 The CPF herewith confirms and acknowledges that the sites must only be utilized for the purpose for which it was approved
- 4.20 In the event that the CPF does not comply with any or all of the conditions as set out in this agreement, Cape Agulhas Municipality shall be entitled to immediately and without notice cancel it without detriment to any other remedy, which may be available to it by law.
- 4.21 The CPF shall indemnify Cape Agulhas Municipality against all losses, damages, injury or liability incurred as a result of any action, proceeding or claim instituted by any person against the CPF, arising from an error or negligence by the CPF, its employees, agents or contractors

## **5. RESPONSIBILITIES OF CAPE AGULHAS MUNICIPALITY**

- 5.1 CAM will provide electricity where possible.
- 5.2 CAM will provide qualified personal to access their electrical reticulation.
- 5.3 If possible and only if necessary, CAM will provide a location where the recording equipment can be accommodated.
- 5.4 CAM will provide manpower and equipment to assist with the installations, where possible.
- 5.5 CAM will pay the CPF R6,000 (Six thousand rand) per month for the following:
  - 5.5.1 For the day to day operation as per clause 4.6
  - 5.5.2 For a maintenance contract as per clause 4.8

- 5.5.3 For a monitoring contract with a verifying company as per clause 4.11 (Although this amount increases with each LPR added, the CPF will absorb these increases during the first term of this MOU.)
- 5.5.4 For repairs as per clause 4.12
- 5.5.5 For monthly reports as per clause 4.17
- 5.6 Cape Agulhas Municipality will pay the cost already incurred by the CPF of R 9192.60 (Nine thousand one hundred ninety two rand and sixty cents) upon the conclusion of this agreement.
- 5.7 Cape Agulhas Municipality will not grant the CPF any additional high site access other than of a portion of erf 1255, Struisbaai, which is currently utilized. Additional high site access requirements may be applied for in compliance with high site application standards and forms of Cape Agulhas Municipality.

## **6. FUTURE INFRASTRUCTURE AND ULTIMATE GOAL**

- 6.1 One control room where all cameras, stand-alone systems included, can be monitored (the Overberg District Municipality already indicated that they have the capacity to accommodate such a control room).
- 6.2 To achieve this an extended local Wi-Fi network must be created whereby all current networks can be consolidated as one (CAM uses an external service provider (TWK) with the capability to provide an additional network. CAM and TWK are currently investigating the possibility of expanding their network capabilities).
- 6.3 To expand the LPR monitoring system to mobile units that can be fitted to official vehicles which will also be linked to a database with CAM perpetrator's information (the CPF will follow-up regularly with VISEC on their progress with the development of this capability).
- 6.4 The CPF will remain the liaison with SAPS and VISEC.
- 6.5 The CPF acknowledge that Cape Agulhas Municipality will incur cost related to the implementation and commissioning of network infrastructure and a CCTV Management system and agree that once such an implementation is concluded, no further financial contributions will be made to the CPF by the municipality.
- 6.6 Cape Agulhas Municipality acknowledge the work that the CPF has done and will after successful implementation of Cape Agulhas Municipalities' own system, take over the ownership and operational cost relating to the system in those areas the CPF already implemented.
- 6.7 Cape Agulhas Municipality, after the implementation of its own system, will still work in cooperation with the CPF, other security and safety institutions and governing bodies, to reach the goal of safety and security for the whole Cape Agulhas Municipal area
- 6.8 The parties agree that all SCM processes and procedures in terms of the Municipal Finance Management Act 56 of 2003 shall govern the procurement of services and products in realising the safety and security goals of the Cape Agulhas Municipality.

## **FINANCIAL IMPLICATIONS**

R45 192,60

## **LEGISLATIVE REQUIREMENTS**

1. Minimum Information Security Standards, as approved by Cabinet in 1996.
2. Municipal Finance Management Act, Act No. 56 of 2003.
3. Independent Communications Authority of South Africa Act 13 of 2000

## **MANAGEMENT RECOMMENDATION**

- (i) That Council consider the granting the requested funding by the Struisbaai CPF, subject to the signing of a Memorandum of Understanding (MOU).
- (ii) That the Municipal Manager can still change the terms and conditions of the MOU as deemed operationally necessary.

**RESOLUTION 9/2019**

That the management recommendation be accepted as a resolution of Council.

*(Raadsheer Jantjies teken sy teenstem aan deurdat hy die beginsel ondersteun, maar dat die Raad slegs 'n bydrae kan maak indien alle dorpsingange van die dienste voorsien word en nie net geselekteerde gebiede nie.)*

12. **TASK IMPLEMENTATION: APPROVAL OF THE TASK TERMS OF REFERENCE**

**PURPOSE OF REPORT**

To inform Council about the establishment of the CAM Local Task Committee.

**BACKGROUND**

The implementation of TASK at Cape Agulhas Municipality completed in 2015. Subsequent to that there has been appeals on the outcomes and later job review when necessary.

After consultations between Administration and the Unions, consensus was reached, that an Internal Task Committee should be established for quality checking and recommendations forwarded to the Regional Evaluation Committee (JEC) and Provincial Audit Committee (PAC). To alleviate ongoing misunderstanding or misinterpretation of the content and process.

The Internal TASK Committee will comprise of members appointed by the Municipal Manager, who will be responsible for final quality check of job descriptions, after job analysis is conducted by the Human Resources Division. This process refers to and will include all the new posts and posts submitted for review from various departments.

**FINANCIAL IMPLICATIONS**

Unknown.

**MANAGEMENT RECOMMENDATION**

That Council approves the Terms of Reference for the Internal Task Committee, attached on **page 136 to 138**.

**RESOLUTION 10/2019**

That Council approves the Terms of Reference for the Internal Task Committee.

13. **OVERSIGHT REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON THE ANNUAL REPORT FOR 2017/18**

**PURPOSE OF REPORT**

To present the Oversight Report on the 2017/18 Annual Report to the Municipal Council in terms of Section 129 of the Local Government Municipal Finance Management Act, Act 56 of 2003.

**LEGAL FRAMEWORK**

Annual and Oversight Reports are regulated by the Local Government Municipal Finance Management Act No 56 of 2003 read together with the Local Government Municipal Systems Act, Act 32 of 2000 and MFMA Circular 32.



**Local Government Municipal Finance Management Act No 56 of 2003 (MFMA):**

1. Section 121 (1) requires every municipality to prepare an annual report. The municipal council must deal with this report within nine months of the end of the financial year.
2. Section 127 (5) (1) of the MFMA requires the accounting officer to make the annual report public and invite the local community to submit representations in connection with the annual report following the tabling thereof.
3. Section 127 (5) (b) of the MFMA requires that the tabled annual report also be submitted to the Auditor General, Provincial Treasury and the Provincial Department of Local Government.
4. Section 129 (1) requires the municipal council to adopt an oversight report within 2 months of the tabling of the annual report which contains the councils comments on the annual report which must include a statement whether the council -
  - a) has approved the annual report with or without reservations; or
  - b) has rejected the annual report; or
  - c) has referred the annual report back for revision of those components that can be revised
5. Section 129(2) requires the Accounting Officer to attend the council meeting where the annual report is discussed, for the purpose of responding to questions concerning the report and submit copies of the minutes of the meeting to the Auditor-General, the relevant Provincial Treasury and the provincial Department of Local Government.
6. Section 129 (3) requires the accounting officer to make the Oversight Report public within seven days of its adoption.

**Local Government Municipal Systems Act, Act 32 of 2000:**

Section 46 of the Municipal Systems Act requires every municipality to prepare a performance report for each financial year which reflects the performance of the municipality and each of its external service providers during the financial year, as measured against predetermined targets as well as the performance of the previous year. The annual performance report must form part of the municipality's annual report.

**DISCUSSION**

The 2017/18 Annual Report was tabled in Council on 13 December 2018, and constituted a report on the Municipality's performance for the period 1 July 2017 to 30 June 2018.

The draft annual report was made public on the Council's website as well as municipal offices and the libraries and was advertised on 18 December 2018. The closing dates for comments was 15 January 2019. The draft annual report was also submitted to the Audit Committee, Auditor-General, Provincial Treasury and the Department of Local Government as required in terms of Section 127 (5) of the MFMA. Comments were only received from the Audit Committee.

The MPAC Committee, appointed in terms of section 79 of the Municipal Structures Act, 1998 was tasked to prepare an Oversight Report to Council. MPAC consists of:

<b>NAME</b>	<b>DESIGNATION</b>
Cllr Z Jacobs	Chairperson
Ald E Marthinus	Member
Cllr E Sauls	Member
Ald D Jantjies	Member

A special MPAC meeting was convened on 18 January 2019 to review the annual report and to enable the committee to compile the oversight report, including recommendations to Council on the adoption of the annual report. All relevant Directors and Managers also attended this meeting to respond to any questions of MPAC.

The report of MPAC is attached on **page 139 to 150**. The minutes of the special MPAC meeting referred to above are an annexure to the Oversight Report.

**The recommendation of the Oversight Committee is as follows:**

*“After considering the 2017/18 Draft Annual Report, the Committee is satisfied that it reviewed all evidence and information provided and that it adequately performed its oversight function as envisaged by Section 129 of the MFMA.*

*The Committee is in a position to make an informed recommendation to Council to:*

**Approve the 2017/18 Annual Report with reservations**

The Committee’s reservation is as follows:

We accept that the 2017/18 Annual Report is an accurate representation of the Municipality’s performance but that the processes for ensuring better performance, achievement of strategic goals and priorities as set by Council in the IDP and basic service delivery and accountability are inadequate. The Mayor and Executive have failed in their duty to resolve the performance failures.

The Council has the responsibility is to oversee the Executive but as an MPAC we are severely curtailed in the execution of our mandate as we have no power to politically influence the Executive.

We are excluded from Mayoral Committees where essential information is shared which leads to a lack of transparency. In this regard, we quote from paragraph 48 of the recommended practices for committees of governing bodies in King IV, which reads as follows:

*“Every member of the governing body is entitled to attend any committee meeting as an observer. However, unless that member is also a member of the committee, the member is not entitled to participate without the consent of the chair; does not have a vote; and is not entitled to fees for such attendance, unless payment of fees is agreed to by the governing body and shareholders”* Where we are given a voice, such as Portfolio Committees our input is not recorded and lack of minutes of these meetings make them unproductive.

**FEEDBACK TO COUNCIL**

REFERENCE	SECTION	COMMENT / CONCERN	COMMENTS
Annual report General	-	The annual report refers to capital expenditure, and gives an overall expenditure percentage of 95%. There are some projects that were underspent or not completed and the Council needs to monitor that capital expenditure is in line with the pre-set targets.	The measuring and reporting of the municipality’s capital expenditure as an average is a national KPI and the municipality has to measure it as such. However, the capital expenditure of the individual departments are also measured and is set in chapter 3 of the annual report. Monitoring of capital expenditure takes place by way of monthly reports, SDBIP reports etc. but monitoring can always improve.
Annual report General	-	Although it is acknowledged that our water sources are adequate for now, it is recommended that contingency planning be done. Furthermore, it needs to be ensured that our water sources are adequate to provide for the current and proposed development that is taking place.	This is a valid comment and the municipality is currently in the process of developing a water services demand plan (which is also a legal requirement) for this purpose.
Annual report General	-	The Committee is concerned that inadequate resources are being invested in infrastructure maintenance.	The expenditure on repairs and maintenance for 2017/18 was 17.5% against 13.5% in 2016/17. In terms of the mSCOA requirements this expenditure includes related salaries (to determine the full cost related to

REFERENCE	SECTION	COMMENT / CONCERN	COMMENTS
			<p>repairs and maintenance). When salaries are taken out of the expenditure changes to 5.8% (2017/18) against 5.9% (2016/17).</p> <p>In R-value (salaries excluded) the expenditure for 2017/18 was R1.2 m more than the previous year expenditure – an increase of 7.6% year-on-year.</p> <p>Provision has already been made in the 2018/19 budget for the development of a maintenance master plan in order to determine what future maintenance requirements will be.</p>
<p><b>AFS Page 50</b></p>	<p>Receivables from non-exchange transactions</p>	<p>Receivables from non-exchange transactions reflect an amount of R24 868 221. R10 168 421 of this is for rates. A substantial portion of outstanding rates is the Elim community. It is recommended that consideration be given to either writing off the amount to more accurately reflect the Municipality's true financial position or institute the necessary legal action.</p>	<p>The comments is valid as it is uncertain if the Elim debt will be recovered. However, the debt cannot be written off blindly as it will be a loss of potential revenue.</p>
<p><b>AFS Note 32 Page 84 Note 43 Page 90</b></p>	<p>Employment costs</p>	<p>The Committee is concerned about the high personnel cost which equates to almost 40%. The Committee is furthermore concerned that there are other benefits that staff receive that are not reflected as part of employee costs such as training and development and bursaries.</p>	<p>The high personnel expenditure is an item that has been coming a long way. The comments regarding the "other benefits" such as training cost that is not included in personnel expenditure is not correct. In terms of the mSCOA requirements and GRAP standards, personnel expenditure are those expenditure agreed with the Bargaining Council such as salaries, staff benefits etc. Other staff related expenditure such as training is something different and is there for a specific purpose i.e. to develop the staffs skills, etc. This expenditure has no bearing personnel expenditure and does not belong together.</p> <p>It must also be kept in mind that the formula that is used to calculate the % personnel cost is strongly influenced by the municipality's income, including grants. If less grants are received in a year the personnel expenditure % will change significantly.</p>
<p><b>AFS Note 52 Page 107</b></p>	<p>Financial risk management</p>	<p>The Committee is concerned that the service receivables have almost doubled from 2017 to 2018.</p>	<p>This is correct. It has been included in the various financial reports and has also been raised at the finance portfolio committee. However, the circumstances leading to this must be kept in mind. In the beginning of the financial year there were a number of problems with the new</p>

REFERENCE	SECTION	COMMENT / CONCERN	COMMENTS
			<p>financial system. As a result there were issues regarding the municipality's credit control and accounts could not be issued. As it was not the fault of the consumer the municipality could also not raise penalties for that period.</p> <p>Furthermore the payments of traffic fines has also decreased from around % in 2016/17 to around 20% in 2017/18.</p>
<b>AFS Note 42 Page 90</b>	Transfers and grants	The AFS reflect that a grant of R900 900.00 was made to the now defunct Cape Agulhas Tourism (CAT). The Committee is of the opinion that the additional monies spent on maintaining the tourism bureau (salaries of CAT personnel) for the last 3 months of the financial year should also reflect.	The additional expenditure is reflected but in the accounts from which it was paid e.g. salaries, as required by the GRAP standards and mSCOA.
<b>AFS Note 49.1 Page 99</b>	Unauthorised expenditure	The Committee is concerned that there is no recovery of unauthorised expenditure and no disciplinary action instituted in respect of unauthorised expenditure.	Unauthorised expenditure is not a case of automatic disciplinary action and recovery. The circumstance must be evaluated and all facts must be considered. These items are referred to the MPAC by council on an annual basis and has already been referred to MPAC per Council Resolution 212/2018.
<b>AFS Note 49.2 Page 100</b>	Fruitless and wasteful expenditure	The Committee is concerned that there is no recovery of fruitless and wasteful expenditure and no disciplinary action instituted in respect of fruitless and wasteful expenditure.	The same as above. The items still be dealt with by the MPAC as per Council Resolution 212/2018. Fruitless and wasteful expenditure are considered every year for possible recovery of the expenditure and the 2016/17 cases can be used as an example where investigations were conducted and where the recovery of the money in some cases were clearly indicated.
<b>AFS Note 59 Page 112</b>	Related parties	The Committee is concerned that the Southernmost Development Agency is still not deregistered.	Correct. This item was neglected and it is currently receiving the necessary attention.

### **MPAC RECOMMENDATIONS**

MPAC recommends that the the annual report be accepted without reservations in spite of MPAC clearly indicating that they accept that the annual report is an fair presentation of the municipality's activities for the year. Furthermore, the minutes of the MPAC meeting of 18 January 2019 also indicates the MPAC is satisfied with the annual report (par. 6). This does not correlate with the recommendation. The reasons given for the reservations have no bearing on the accuracy and completeness of the annual report. These are items that can be dealt with during a normal MPAC meeting and where the necessary report and recommendations can be submitted to council. Furthermore written questions and motions can also be submitted to Council.

Due to the fact that these reservations has no bearing on the completeness and accuracy of the annual report and that MPAC has clearly indicated that the annual report is indeed a fair reflection of the municipality's activities, the report can actually be accepted without reservation.

***After the casting of votes, with a deciding vote from the Speaker, the following decision is made:***

**RESOLUTION 11/2019**

- (i) That the 2017/18 Annual Report be approved without reservations.  
(ii) That the reservations as contained in the Oversight Report as submitted by MPAC be disregarded for the following reason:

MFMA Circular 32 states that -

*“In order to approve the annual report without reservations, Council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality and properly accounts for the actions of the municipality in the financial year reported upon”.*

- The reservations put forward by MPAC have insufficient or no relevance to the representation of the municipality’s performance information as documented in the 2017/18 annual report or its annexures.
  - MPAC, in the first paragraph of their reservation *“accept that the 2017/18 Annual Report is an accurate representation of the Municipality’s performance”*. This is supported by paragraph 6 of the minutes of the special MPAC held on 18 January 2019, that state that *“in the absence of further comments / questions, the Chairman indicated that he is generally satisfied that the 2017/18 Annual Report and its annexures are a fair representation of the municipality’s performance for the year under review”*.
- (iii) The Chairperson of the MPAC is welcome to request a meeting with the MayCo to discuss the comments and reservations as indicated in his report.

Hierna verdaag die vergadering om 16:00

BEKRAGTIG op hierdie

dag van

**2019**

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**SPEAKER**

**DATUM:**