



nelson mandela bay
M U N I C I P A L I T Y

OVERSIGHT REPORT

**ON 2017/18
ANNUAL REPORT**



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FOREWORD BY THE CHAIRPERSON OF MPAC

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report. For Council to effectively undertake its oversight role, it needed to establish a Municipal Public Accounts Committee (MPAC) which provides the appropriate mechanism through which Council can fulfil its oversight responsibilities. MPAC'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 Draft 2017/18 Annual Report of the Nelson Mandela Bay Municipality was tabled in Council for consideration on 31 January 2019. Council subsequently referred the 2017/18 Annual Report to MPAC for interrogation so that an Oversight Report could be developed. In fulfilling the responsibility assigned to it by Council, MPAC held its meetings on the following dates:

- 29 January 2019
- 5 March 2019
- 7 March 2019
- 14 March 2019

During the above meetings, the 2017/18 Annual Report of the Nelson Mandela Bay Municipality was meticulously assessed by all MPAC members. The oversight process included a page by page scrutiny of the Annual Report and sessions to raise questions and concerns.

There were improvements in certain performance areas, as reflected in the 2017/18 Annual Report. However, MPAC noted unsatisfactory performance in some areas, as reflected in the Oversight Report. As a result, MPAC has raised concerns and made recommendations on a number of issues that require immediate intervention by the Council.

MPAC will furthermore ensure that the recommendations included in the 2017/18 Oversight Report are fully implemented by the municipal administration; this will be monitored through quarterly reports by MPAC.

Implementation in respect of outstanding areas in the 2016/17 Oversight Report will be continuously monitored by MPAC.

It is submitted that the consideration of the recommendations made by MPAC in terms of the 2017/18 Annual Report by both Council and the administration could improve the current audit position of the Municipality.

My sincere appreciation is extended to the members of MPAC for their contribution, dedication and hard work in ensuring that this report was compiled and tabled in Council on time. I would equally like to thank the administration for their support in developing the Oversight Report.



COUNCILLOR P F TSHANGA
CHAIRPERSON OF MPAC

1. PURPOSE

The Local Government: Municipal Finance Management Act (MFMA) of 2003, and the Municipal Systems Act (MSA) of 2000 require municipalities and their entities to prepare annual reports based on their annual service delivery processes and overall municipal performance, for inspection by relevant stakeholder groups. The Nelson Mandela Bay Municipality has accordingly prepared its 2017/18 Annual Report in accordance with its key performance areas, to account to the communities it serves.

The annual reporting process is followed by an oversight report, which in this instance is the report of Council on the 2017/18 Annual Report of the Municipality and its municipal entity (the Mandela Bay Development Agency). In the Nelson Mandela Bay Municipality, the process of oversight is referred to the Municipal Public Accounts Committee, which acts as the Oversight Committee of Council. This Oversight Report is a product of the Municipal Public Accounts Committee's deliberations on the 2017/18 Annual Report.

The Oversight Report is adopted by Council after MPAC has fulfilled the following tasks:

- undertaking a review and analysis of the Annual Report;
- inviting, receiving and considering inputs from Councillors and Support Committees;
- conducting public participation programmes to allow the local community or any organs of state to make representations on the Annual Report;
- consideration of written comments received on the Annual Report through the public consultation process;
- consideration of the views and inputs of the public, representatives of the Auditor General, organs of state and Council's Audit Committee.

2. INTRODUCTION

The process of drafting the Annual Report is guided by the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Circulars. In adhering to these, the municipal administration submitted the Draft 2017/18 Annual Report to Council for its consideration on 31 January 2019. This process was followed by the preparation of this Oversight Report.

The Municipal Public Accounts Committee is the relevant committee within the Municipality to carry out the activities of the Oversight Committee. MPAC as prescribed in the MFMA, held a number of meetings to discuss the overall performance of the Municipality as indicated in the 2017/18 Annual Report. The Committee performed its oversight role within the MFMA specified municipal oversight completion period, which is from 29 January 2019 – 31 March 2019.

The main components of the Annual Report submitted to Council were the following:

- The Annual Performance Report, as required in terms of Section 46 of the Municipal Systems Act (MSA).
- The Annual Financial Statements submitted to the Auditor-General.
- The Auditor-General's Audit Report on the financial statements and programme performance in terms of Section 126 (3) of the MFMA and 45 (b) of the MSA respectively.
- The Audit Committee's Report

3. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The MFMA Circular No.32 (Municipal Finance Management Act No.56 of 2003) states that MPAC should be made up of only non-executive Councillors. It further provides that municipal officials cannot serve as members. All meetings of MPAC must be open to the public, and timely notice of meetings should be given to enable representations to be made.

The MPAC membership is constituted as follows proportionally representing the political parties in Council:

Councillor P F Tshanga (Chairperson)

Councillor N P Antoni

Councillor R N Captain

Councillor C Garai

Councillor M Gidane

Councillor L P Grootboom

Councillor M E Mbelekana

Councillor M K Mogatosi

Councillor H Muller

Councillor S L Ncana

Councillor K O Ngumbela

Councillor L Nombola

Councillor S Soyas

Councillor M G Steyn

Councillor T F Tshangela

4. TIME CONSIDERATIONS

4.1 Meeting Schedule

National Treasury's MFMA Circular No. 32 further provides for certain provisions with regard to the compilation of the Oversight Report. These provisions cover the following areas:

- Managing the process and forming committees;
- Timing considerations;
- Understanding the Annual Report and determining conclusions.

MPAC in developing this Oversight Report complied with relevant legislative prescripts.

The meeting schedule of the Municipal Public Accounts Committee from 29 January to 14 March 2019 is outlined below:

DATE	TIME	VENUE	FOCUS AREA
29 January 2019	09:00	Council Chambers, City Hall	Process / Roadmap in dealing with the 2017/18 Annual Report
05 March 2019	09:00	Council Chambers, City Hall	Auditor General's Report (Volume III – Annual Report) Audit Committee Report (Volume IV – Annual Report)
07 March 2019	09:00	Council Chambers, City Hall	Annual Financial Statements (Volume II – Annual Report)
14 March 2019	09:00	Feather Market Centre, Military Road	MBDA Report (Volume V – Annual Report) Performance Scorecards Chapters 1 to 6 of the Annual Report

5. LEGAL FRAMEWORK

The preparation of the 2017/18 Oversight Report is in accordance with Section 129 (1) of the Municipal Financial Management Act (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 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 No. 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 subsequent drafting of an Oversight Report that may be taken to full Council for discussion. Such committee, according to this Circular, may receive and review representations made by the public and also seek inputs from other Councillors and Council Portfolio Committees.

6. PUBLIC PARTICIPATION IN THE OVERSIGHT PROCESS

Section 130 of the MFMA 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.

In this regard, the Municipality undertook the following initiatives to promote public participation in the oversight process:

MECHANISM TO PROMOTE PUBLIC PARTICIPATION	STATUS	COMMENTS
Invitation to public to submit comments on the Annual Report	Done	Public was invited to submit comments on the Annual Report to the Municipality through the Office of the Chief Operating Officer. A relevant advert was published in the local print media on 8 February 2019.
Make public all meetings of Council's Oversight Committee that will consider the Annual Report	Done	All MPAC meetings convened to consider the Annual Report were advertised in the local media on 8 February 2019.
Representatives of the Auditor-General invited to meetings of Council that will consider Annual Report	Done	Auditor-General's representatives invited to the MPAC meetings convened to consider Annual Report.
Annual Report printed and distributed to municipal offices for access by local communities.	Done	Copies of these reports lie open for inspection at all municipal libraries and customer care centres and were also published on the municipal website (www.nelsonmandelabay.gov.za)

7. OVERSIGHT COMMITTEE RECOMMENDATIONS

At the first meeting of MPAC (held on 29 January 2019) the members agreed that the Committee would exercise its oversight functions in respect of the 2017/18 Annual Report for the year ending 30 June 2018 as follows:

MEETING	DATE	VENUE	FOCUS AREA
First Meeting	29 January 2019	Council Chambers, City Hall	Process / Roadmap in dealing with the 2017/18 Annual Report
Second Meeting	05 March 2019	Council Chambers, City Hall	Auditor General's Report (Volume III – Annual Report) Audit Committee Report (Volume IV – Annual Report)
Third Meeting	07 March 2019	Council Chambers, City Hall	Annual Financial Statements (Volume II – Annual Report)
Fourth Meeting	14 March 2019	Feather Market Centre, Military Road	MBDA Report (Volume V – Annual Report) Performance Scorecards Chapters 1 to 6 of the Annual Report

The discussions and recommendations of MPAC were presented in accordance with the areas identified above, namely:

Area 1 Auditor-General's Report and Annual Consolidated Financial Statements

Area 2 Performance Scorecards

Chapter 1: Mayors Foreword and Executive Summary

Chapter 2: Governance

Chapter 3: Service Delivery Performance

Chapter 4: Organisational Development

Chapter 5: Financial Performance

Chapter 6: AG Audit Findings

7.1 AREA 1: AUDITOR-GENERAL'S REPORT AND ANNUAL FINANCIAL STATEMENTS

AREA 1	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE / OFFICIAL	TIMEFRAME
AUDITOR-GENERAL'S REPORT FOR 2017/18	1	<p>Audit Committee Report (Volume IV – Annual Report):</p> <p>Filling of funded vacancies</p> <p>Lack of capacity was highlighted as a main challenge in the Nelson Mandela Bay Municipality.</p>	<p>(a) That all funded vacancies that are in line with the Council approved Staff Structure / Organogram of the Municipality as required in terms of Section 66 of the Municipal Systems Act (as amended) in the Nelson Mandela Bay Municipality be filled and a progress report thereon form part of MPAC's quarterly report.</p> <p>(b) That the Acting City Manager submits a detailed process plan to MPAC's next ordinary meeting in terms of the filling of funded vacancies.</p>	<p>Office of the Executive Director: Corporate Services</p> <p>Office of the City Manager</p>	<p>31 December 2019 / Quarterly</p> <p>9 April 2019</p>
AUDITOR-GENERAL'S REPORT FOR 2017/18	2	<p>Audit Action Plan</p> <p>The Committee raised concern about the Audit Action Plan that had failed to identify risks and consequently produced poor results.</p>	<p>(a) That the Acting City Manager submits a comprehensive report with plans for dealing with the findings by the Auditor-General to MPAC's next ordinary meeting.</p> <p>(b) That the Audit Action Plan (2017/18) forms part of MPAC's quarterly report.</p>	<p>Office of the City Manager</p> <p>Office of the City Manager</p>	<p>9 April 2019</p> <p>Quarterly</p>

AREA 1	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE / OFFICIAL	TIMEFRAME
AUDITOR-GENERAL'S REPORT FOR 2017/18	3	<p>Ineffective IT Department within the NMBM.</p> <p>It was indicated that the IT Department was underperforming or not adequately capacitated resulting in deficiencies in the Municipality's IT systems. The challenges with the SEBATA Contract was also highlighted as the Committee observed that the Municipality continued to spend without receiving value for money.</p>	<p>(a) That the Acting Executive Director: Corporate Services be invited to do a presentation to MPAC highlighting the details as to what had been accomplished with SEBATA/MIS, as compared to the costs that the NMBM had incurred since their appointment, and the challenges around ensuring optimal performance of the Municipality's IT systems, based on the IT challenges, some are identified in the 2017/18 Management Report of the Auditor General.</p> <p>(b) That in respect of the issues of the EMS Solution and mSCOA Compliance, sufficient funds be provided on the 2019/20 Budget for the upgrading of the NMBM's Server Capacity and the integration of IT Systems, whilst considering cancelling the contract with the Service Provider (i.e. SEBATA) due to poor performance.</p>	<p>Office of the Executive Director: Corporate Services</p> <p>Acting Chief Financial Officer</p>	<p>23 May 2019</p> <p>23 May 2019</p>
AUDITOR-GENERAL'S REPORT FOR 2017/18	4	<p>Audit Report by Audit-General (Volume III):</p> <p>Water and Electricity Losses</p> <p>It was indicated that the systems in place to identify and curb water and electricity losses were ineffective.</p>	<p>(a) That sufficient budget provision be made on the 2019/20 Budget with a view to implementing measures to curb water and electricity losses.</p> <p>(b) That the Water Rebate Policy be reviewed as a matter of urgency by the Budget and Treasury Committee as it resides in that Committee.</p>	<p>Office of the Chief Financial Officer</p> <p>Office of the Chief Financial Officer</p>	<p>31 May 2019</p> <p>31 May 2019</p>

AREA 1	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE / OFFICIAL	TIMEFRAME
AUDITOR-GENERAL'S REPORT FOR 2017/18	5	<p>Exchange Revenue (Service Charges)</p> <p>It was indicated that proper billing systems should be implemented to ensure maximum revenue for the services rendered.</p>	That a proper billing systems be implemented to ensure maximum revenue for the services rendered.	Office of the Chief Financial Officer	Immediately
AUDITOR-GENERAL'S REPORT FOR 2017/18	6	<p>Property, Plant and Equipment (PPE)</p> <p>The Committee indicated that there were no systems in place to deal with the issue of PPE. It was indicated that the existing Billing System and EMS Systems could not perform the function of valuing assets or reconciling same.</p>	<p>(a) That systems be put in place to ensure proper management of Property, Plant and Equipment and Intangible Assets, including any required support from an external party (e.g. Consulting Firm, etc.) as soon as practicably possible.</p> <p>(b) That Council authorises the Acting City Manager to urgently seek professional advice from consultants, in any other manner that is practically possible, taking into account the time period to achieve same within the current financial year, with a view to establishing how best to deal with the recurring issues in the Auditor General's report, such as Property, Plant and Equipment, Historic Irregular Expenditure, and any other critical areas thereto.</p>	<p>Acting Chief Financial Officer</p> <p>Council / Acting City Manager</p>	<p>Immediately</p> <p>30 June 2019</p>

AREA 1	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE / OFFICIAL	TIMEFRAME
AUDITOR-GENERAL'S REPORT FOR 2017/18			(b) That the Acting Chief Financial Officer ensures, that in terms of Section 116 of the MFMA, the use of Open Ended Contracts cease by 30 June 2019 and that the invitation of tenders for the affected services commence timeously.	Acting Chief Financial Officer	30 June 2019
AUDITOR-GENERAL'S REPORT FOR 2017/18	10	Performance Management The Committee raised a concern around constraints relating to performance management.	That the Chief Operating Officer provides MPAC with a turnaround strategy, highlighting all the possible constraints relating to performance management.	Chief Operating Officer	23 May 2019
AUDITOR-GENERAL'S REPORT FOR 2017/18	11	Procurement and Contract Management It was indicated that Supply Chain Management Sub-directorate was faced with a number of challenges, which included lack of capacity.	(a) That the Acting Chief Financial Officer does a presentation to MPAC to empower members with a clear understanding of the challenges and the measures implemented to address same at the Supply Chain Management sub-directorate. (b) That the Acting Chief Financial Officer ensures that, in future, the minutes of the Bid Committees are sent to all Councillors electronically, for oversight purposes.	Acting Chief Financial Officer Acting Chief Financial Officer	23 May 2019 Immediately

AREA 1	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE / OFFICIAL	TIMEFRAME
AUDITOR-GENERAL'S REPORT FOR 2017/18	12	<p>Declaration of Private/Business interest</p> <p>The Committee raised a concern about officials who failed to declare private or business interests.</p>	That disciplinary actions be instituted against all municipal employees who deliberately failed to declare private or business interests and that a compulsory declaration form be distributed/communicated to all municipal employees and be linked to the performance management assessments of all Executive Directors or respective Senior Managers.	Acting City Manager	30 June 2019
AUDITOR-GENERAL'S REPORT FOR 2017/18	13	<p>Asset Management</p> <p>A concern was raised regarding Municipal Assets that were not properly managed.</p>	That the review of a Central Automated System that would ensure proper management of assets be expedited and a progress report submitted to the next MPAC ordinary meeting.	Acting Executive Director: Corporate Services	9 April 2019
ANNUAL FINANCIAL STATEMENTS	14	<p>Annual Financial Statements (Volume II)</p> <p>Housing Revolving Fund</p> <p>It was indicated that the Housing Revolving Fund was a long outstanding issue that required immediate attention.</p>	<p>(a) That refuted Housing Revolving Fund claim/s submitted to the Provincial Administration in respect of which there is little likelihood of recovery should be written off by 30 June 2019.</p> <p>(b) That the Executive Director: Human Settlements submits a report to the next ordinary MPAC meeting with an explanation as to how the issue of the Housing Revolving Fund could best be resolved.</p>	<p>Acting Chief Financial Officer</p> <p>Executive Director: Human Settlements</p>	<p>30 June 2019</p> <p>9 April 2019</p>

AREA 1	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE / OFFICIAL	TIMEFRAME
ANNUAL FINANCIAL STATEMENTS	15	<p>Assets / property values</p> <p>It was indicated that municipal assets and properties were undervalued.</p>	That systems be put in place to ensure proper management of assets and properties including any required support from an external party (e.g. Consulting Firm, etc.) as soon as practicably possible.	Acting Chief Financial Officer	30 June 2019
ANNUAL FINANCIAL STATEMENTS	16	<p>Debts</p> <p>The Committee was of the view that Council should address the issue of the increasing debt by writing off long outstanding debts with minimal likelihood of recovery.</p>	That the long outstanding Debtors Accounts in respect of which there is minimal likelihood of recovery, be written off after investigation by Budget and Treasury.	Acting Chief Financial Officer	30 June 2019
ANNUAL FINANCIAL STATEMENTS	17	<p>Councillors' Arrear Consumer Accounts</p> <p>The Committee raised serious concerns in respect of Councillors who were in arrears in paying their municipal accounts, citing that Councillors should lead by example as they were the political heads of the Council.</p>	<p>(a) That all Councillors who are in arrears make arrangements to pay their municipal accounts.</p> <p>(b) That the Acting Chief Financial Officer submits a list of all Councillors in arrears to MPAC quarterly meetings</p>	All Councillors Office of the CFO	30 June 2019
ANNUAL FINANCIAL STATEMENTS	18	<p>Reconnection Fees</p> <p>The Committee wanted to understand the budget implications of the Council resolution to do away with reconnection fees in respect of municipal services.</p>	That the Acting City Manager ensures that a report on the financial implications of the decision taken to do away with reconnection fees in respect of municipal services be submitted to Council as soon as possible.	Acting City Manager	30 June 2019

AREA 1	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE / OFFICIAL	TIMEFRAME
ANNUAL FINANCIAL STATEMENTS	19	Trade and other payables It was reported that the Municipality had not been paying its suppliers and creditors timeously, which needed immediate corrective measures to be put in place.	That the Acting Chief Financial Officer implements corrective measures to ensure that suppliers and creditors are paid within legislated timeframes, and a report on creditors payment form part of MPAC's quarterly report for oversight monitoring purposes.	Acting Chief Financial Officer	Immediately / Quarterly

AREA 2: PERFORMANCE SCORECARD AND CHAPTER 1 TO 6 OF THE ANNUAL REPORT

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	20	KPA 1: BASIC SERVICE DELIVERY KPI No. 2: Number of housing units on formalised sites connected to electricity The Committee raised concern around the progress of housing projects being implemented by the Housing Development Agency (HDA).	(a) That a letter be sent to the National Department of Human Settlements with a view to finding a solution around the issue of Housing Development Agency (HDA). (b) That a report detailing the process plan in terms of (a) above be submitted to MPAC. (c) That a meeting be arranged with the relevant government departments around human settlements challenges in the Municipality.	Office of the City Manager Office of the City Manager Office of the City Manager	30 June 2019 31 May 2019 31 May 2019

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	21	<p>KPI No. 4: % of electricity losses as a result of non-technical causes attributed to either electricity theft/ non metered electricity/ metered tempering/ meter failures and/ or illegal connections.</p> <p>The Committee raised a concern about the underperformance reported against this Key Performance Indicator.</p>	<p>(a) That the close-out report on the AMAT Contract be submitted to the next ordinary meeting of MPAC.</p> <p>(b) That the Acting Executive Director: Electricity and Energy makes a presentation to MPAC on plans to address electricity losses.</p>	<p>Office of the Executive Director: Electricity and Energy</p> <p>Office of the Executive Director: Electricity and Energy</p>	<p>9 April 2019</p> <p>23 May 2019</p>
PERFORMANCE SCORECARD	22	<p>KPI No. 5: Number of new area lights installed</p> <p>The Committee raised a concern about the underperformance reported against this Key Performance Indicator.</p>	<p>That the Acting Executive Director: Electricity and Energy makes a presentation to MPAC on plans to address the issue of underperformance in respect of the installation of new area lights.</p>	<p>Office of the Executive Director: Electricity and Energy</p>	<p>23 May 2019</p>
PERFORMANCE SCORECARD	23	<p>35.2.4 KPI No. 6: Number of new main road lights installed</p> <p>The Committee raised concern about the vagueness of the objective of this Key Performance Indicator, resulting in underperformance.</p>	<p>(a) That the Chief Operating Officer conducts a strategic workshop for directorates on integrated planning.</p> <p>(b) That the Chief Operating Officer facilitates joint planning sessions for relevant departments in developing key performance indicators and targets.</p>	<p>Office of the Chief Operating Officer</p> <p>Office of the Chief Operating Officer</p>	<p>31 May 2019</p> <p>31 May 2019</p>

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	24	<p>KPI No. 7: Number of new residential street lights installed</p> <p>The Committee raised a concern about the capacity challenges in implementing this Key Performance Indicator.</p>	That the Chief Operating Officer facilitates joint planning sessions for relevant departments in developing key performance indicators and targets.	Office of the Chief Operating Officer	31 May 2019
PERFORMANCE SCORECARD	25	<p>KPI No. 9: Number of illegal connections addressed through the replacement with a cheaper alternative (either an off-grid photo voltage system or a basic 20amp electrical supply)</p> <p>The Committee observed that the Municipality does not have a system in place to measure and record the actual performance against this Key Performance Indicator.</p>	That a system be implemented to measure and record actual performance against this Key Performance Indicator.	Office of the Chief Operating Officer	30 June 2019
PERFORMANCE SCORECARD	26	<p>KPI No. 11: Number of households relocated from stressed informal settlements and other servitudes to Greenfield development areas</p> <p>The Committee was of the view that the annual target for this Key Performance Indicator was understated. The Committee also raised concern regarding lack of proper planning for the relocation programme.</p>	That the Executive Director: Human Settlements submits a report to the next ordinary meeting of MPAC explaining the process plan in respect of relocating households from informal settlements to developed areas.	Executive Director: Human Settlements	9 April 2019

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	27	<p>KPI No. 12: Number of erven provided with permanent water and sanitation services</p> <p>The Committee was of the view that the annual target for this Key Performance Indicator was understated.</p> <p>The Committee also raised concern regarding lack of proper planning regarding this Key Performance Indicator.</p>	<p>That the Executive Director: Human Settlements submits a report to the next ordinary meeting of MPAC explaining the process plan in respect of provision of permanent water and sanitation services to erven earmarked for state subsidised housing delivery.</p>	<p>Office of the Executive Director: Human Settlements</p>	<p>9 April 2019</p>
PERFORMANCE SCORECARD	28	<p>KPI No. 13: Number of housing opportunities provided</p> <p>It was indicated that the issue of land invasion needed a combined effort from relevant stakeholders in ensuring that same was addressed.</p>	<p>(a) That a strategic workshop be conducted for service delivery directorates with a view to addressing the human settlements challenges in the Municipality.</p> <p>(b) That the Executive Director Human Settlements presents the Directorate's Human Settlements Plan for the 2019/20 financial year to the next MPAC meeting.</p>	<p>Office of the Chief Operating Officer</p> <p>Office of the Executive Director: Human Settlements</p>	<p>30 June 2019</p> <p>9 April 2019</p>

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	29	<p>KPI No. 15: % real water losses as defined by the International Water Association (physical losses of water from the distribution system, including leakage and storage overflows)</p> <p>A concern was raised regarding the issue of water losses and it was stated that the Municipality should put stricter measures in place to deal with this issue.</p>	That the Executive Director: Infrastructure and Engineering presents a report on the turnaround strategy to address the issue of water losses to the next MPAC meeting.	Office of the Executive Director: Infrastructure and Engineering	9 April 2019
PERFORMANCE SCORECARD	30	<p>KPI No. 24: Number of beaches upgraded through the provision of either revetments/ parking areas/ walkways/ security cameras/ picnic facilities and/or dune stabilisation</p> <p>The Committee sought to establish reasons for reprioritisation in terms of this item.</p>	That the Key Performance Indicator be reworded to specify the objectives to be achieved.	Office of the Executive Director: Sport, Recreation, Arts and Culture	31 May 2019

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	31	<p>KPI No. 25 Number of public open spaces upgraded through the provision of either outdoor gym equipment/ fencing/ pathways/ benches and/or playground infrastructure</p> <p>The Committee raised concern about the vagueness of the objective of this Key Performance Indicator, resulting in underperformance.</p>	That the Key Performance Indicator be reworded to specify the objectives to be achieved.	Office of the Executive Director: Public Health	31 May 2019
PERFORMANCE SCORECARD	32	<p>KPI No. 29 % of surveillance cameras in municipal buildings and/or facilities operational to facilitate safety and security of municipal properties.</p> <p>The Committee expressed serious concerns regarding cameras that did not work, especially those which were supposed to safeguard municipal assets.</p>	That the Executive Director: Safety and Security submits a plan to ensure full-time protection of municipal properties and assets to MPAC.	Office of the Executive Director: Safety and Security	23 May 2019

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	33	<p>KPI No. 31 Number of filled positions from employment equity target groups in the three highest levels of management (City Manager, Section 56 Managers and Strategic Skilled Level Managers) in compliance with the Municipality's approved Employment Equity Plan</p> <p>A concern was raised as to whether corrective measures had been implemented do deal with employment equity matters.</p>	That the Acting Executive Director Corporate Services submits a report indicating the available skills and the number of skills required in terms of the Employment Equity Plan to MPAC.	Office of the Executive Director: Corporate Services	23 May 2019
PERFORMANCE SCORECARD	34	<p>KPI No. 37 % achievement of the Mandela Bay Development Agency's 2017/18 Key Performance Indicators reflected in the Mandela Bay Development Agency Plan</p> <p>The Committee indicated that infrastructure should be provided in the Motherwell areas with a view to attracting investors and possibly improving tourism in the area.</p>	<p>(a) That the MBDA's mandate be reviewed by Council with a view to weeding out projects which are outside its scope of competency, implementing the new mandate with effect from 1 July 2019.</p> <p>(b) That the MBDA's Audit Action Plan form part of MPAC's Quarterly report for oversight monitoring purposes.</p> <p>(c) That the MBDA submits a comprehensive report on the policies it has implemented on the MMBM Stadium, including the dates of implementation, to the next Quarterly Report meeting of MPAC with a view to establishing gaps in the policies and addressing them as soon as possible.</p>	<p>Speaker of Council</p> <p>Chief Executive Officer: MBDA</p> <p>Chief Executive Officer: MBDA</p>	<p>1 July 2019</p> <p>Quarterly</p> <p>9 April 2019</p>

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	35	<p>KPI No.46 Number of Work Opportunities (WO) created</p> <p>The Committee expressed the following concerns in respect of this item:</p> <ul style="list-style-type: none"> • Underperformance • Unrealistic targets • Expanded Public Works Programme list which had no credibility • Proof of Residence-validation by Ward and PR Councillors 	That the Chief Operating Officer facilitates a workshop in respect of the Expanded Public Works Programme with a view to enlightening Councillors of the processes thereof.	Office of the Chief Operating Officer	31 May 2019
	36	<p>KPI No.47 Number of Full-time Equivalent (FTE) jobs created</p> <p>The Committee expressed the following concerns in respect of this item:</p> <ul style="list-style-type: none"> • Underperformance • Unrealistic targets • Expanded Public Works Programme list which had no credibility • Proof of Residence-validation by Ward and PR Councillors 	That the Chief Operating Officer facilitates a workshop in respect of the Expanded Public Works Programme with a view to enlightening Councillors of the processes thereof.	Office of the Chief Operating Officer	31 May 2019

AREA 2	NO	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE/ OFFICIAL	TIMEFRAME
PERFORMANCE SCORECARD	37	<p>KPI No. 56 % of the Municipality's approved Operating Budget spent on repairs and maintenance</p> <p>The Committee expressed serious concerns regarding targets that were set too low.</p>	That consideration be given by the Chief Operating Officer to setting the target for this KPI at close to 7% of the Operating Budget.	Office of the Chief Operating Officer	30 June 2019
	38	<p>KPI No. 61 Numbers of bi-monthly Ward based Imbizos held to communicate and receive feedback on critical decisions made by Council.</p> <p>The Committee indicated that disruptions of these sessions were often caused by Councillors.</p>	<p>(a) That consequence management measures be put in place to ensure that Councillors who disrupt and cause Ward Based Imbizos to fail, are held accountable for their actions.</p> <p>(b) That the bi-monthly Ward Based Imbizos be changed to quarterly IDP meetings in line with legislation.</p>	<p>Chief Whip</p> <p>Office of the Chief Operating Officer</p>	<p>31 May 2019</p> <p>31 May 2019</p>
APPENDICES	39	<p>Appendix A: Councillors; Committee Allocation and Council Attendance</p> <p>The Committee raised serious concerns with regards to Councillors with poor attendance of meetings in their allocated Committees</p>	That the Speaker submits a report in respect of Councillors with less than 50% attendance; stating the date of the meeting that was missed, whether or not an apology was received in that regard, and what disciplinary actions (if any) had been taken against those Councillors who did not submit any apologies.	Office of the Speaker	31 May 2019

8. OVERSIGHT COMMITTEE RECOMMENDATIONS FROM 2015/16 OVERSIGHT REPORT NOT IMPLEMENTED

In addition to the recommendations cited in the preceding Section (7.1, Areas 1 to 2), MPAC resolved to review its Oversight Report of the previous financial year (2016/17) in order to assess whether the recommendations it had made in the previous year had in fact been implemented. In instances where recommendations made in the 2016/17 Oversight Report had not been implemented, but were still relevant, MPAC resolved that these recommendations be included in the 2017/2018 Oversight Report for the purpose of continuity.

9. OVERSIGHT COMMITTEE RESOLUTIONS:

Having fully considered the Nelson Mandela Bay Municipality's 2017/18 Annual Report, the Oversight Committee (MPAC) resolves to recommend to Council the following:

- (a) That the Council, having fully considered the Annual Report of the NMBM for the 2017/18 financial year, adopts the Oversight Report, circulated as Annexure "A" to this agenda, as presented by MPAC;
- (b) That the 2017/18 Annual Report be approved with comments and recommendations as included in the Oversight Report;
- (c) That the recommendations of the Municipal Public Accounts Committee reflected in Section 7 of its 2017/18 Oversight Report be adopted and that, the progress made with the implementation thereof be reported in the Quarterly Reports to MPAC;
- (d) That the progress with the implementation of outstanding recommendations by MPAC emanating from the 2016/17 financial year be reported in the Quarterly Reports to MPAC.
- (f) That the Oversight Report be made public in accordance with Section 129(3) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.
- (g) That the Oversight Report for the 2017/18 financial year be submitted to the Provincial Legislature in accordance with Section 132(2) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.
- (h) That Council, having fully considered the Mandela Bay Development Agency's (MBDA's) Annual Report, as included in the NMBM's 2017/18 Annual Report, approves the Municipal Entity's Annual Report.

APPENDIX "A":

**Minutes of Oversight Committee
(Municipal Public Accounts Committee)
meetings**

**MINUTES OF PROCEEDINGS OF MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

(Special Meeting held 5 March 2019)

PRESENT: Councillor P F Tshanga (Chairperson)

Councillor C Garai
Councillor M Gidane
Councillor M E Mbelekane
Councillor M K Mogatosi
Councillor M M Nkosi
Councillor S L Ncana
Councillor L Nombola
Councillor M G Steyn
Councillor T F Tshangela
Councillor H C van Staaden
Vacancy

ALSO PRESENT: Councillor M E Bobani (Executive Mayor) (10:17)
Councillor L Grootboom
Councillor L Mrara (10:17)
Councillor M J Mtsila
Councillor R Odendaal
Councillor Y M Pali
Councillor I F Ranyeale

Acting City Manager (Mr P Neilson)
Acting Chief Operating Officer (Mr L Dunjana)
Acting Chief Financial Officer (Mr J Ngcelwane)
Executive Director: Human Settlements
Executive Director: Safety and Security
Executive Director: Sports, Recreation, Arts and Culture
Acting Executive Director: Corporate Services (Adv V Zeelie)
Director: Office of the City Manager (Ms N Skweyiya)
Acting Director: Internal Audit (Mr N Bisson)
Assistant Director: Human Settlements (Mr R April)
Chairperson: Audit Committee (Mr G Billson)
Deputy Director: EC COGTA (Mr R Westman)
GIGR Advisor: SALGA Eastern Cape (Mr S M Jilaji)
Monitoring and Evaluation Practitioner: Office of the COO
(Ms N Mrubata)
Risk Specialist: Office of the COO (Mr S Galada)
MPAC Coordinator: Office of the Speaker (Mr A de Wet)
Chief Committee Officer (Ms A Craighead)
Committee Officer (Mr O Bingwa)
Committee Officer (Ms V Heera)

**ABSENT
WITHOUT LEAVE:** Councillor N P Antoni

APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 3 OF THE CODE OF CONDUCT / APOLOGIES

Applications for leave of absence were received from Councillors R N Captain and Councillor H Müller.

Apologies were received from the following:

Councillor M Feni
Councillor L Mfana

Mr M Clay (Chief Operating Officer) who was represented by Mr N Dunjana.
Mr A Qaba (Executive Director: EDTA) who was attending a workshop.
Mr L Magalela (Acting Executive Director: Electricity and Energy)

In response to the concern regarding the absence of Executive Directors, the Acting City Manager advised that attendance of meetings would be included as a Key Performance Indicator for Executive Directors.

NOTED AND RESOLVED:

That leave of absence from this meeting be granted to Councillors R N Captain and H Müller.

DISCLOSURE OF INTERESTS BY COUNCILLORS IN TERMS OF PARAGRAPH 5 OF THE CODE OF CONDUCT (SCHEDULE 1 OF THE SYSTEMS ACT NO. 32 OF 2000)

There were no disclosures.

DISCLOSURE OF INTERESTS BY OFFICIALS

There were no disclosures.

32. NELSON MANDELA BAY METROPOLITAN MUNICIPALITY'S ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR (5/24/1/3) (5/1/1/1/2017-2018)

32.1 Audit Committee Report (Volume IV – Annual Report)

Lack of capacity was said to be one of the main challenges in the Nelson Mandela Bay Municipality, which reflected on the Audit Committee report. As such, the Committee expressed serious concerns therefore highlighting the Internal Audit as well as the Legal Services divisions that were underperforming due to lack of capacity. Consequently, it was indicated that funded vacancies appearing in an approved Staff Structure / Organogram as required in terms of Section 66 of the Municipal Systems Act (as amended) in those divisions, should be filled as a matter of extreme urgency.

The Committee also highlighted the following areas of concern:

- Filling of the Chief Financial Officer position.
- Audit Action Plan that had failed to identify risks and consequently produced poor results.
- Ineffective IT department within the NMBM.
- The progress status re Suspended officials.
- Various Supply Chain Management issues as well as the historic irregular expenditure that requires urgent attention.

It was indicated that the IT department was underperforming or not adequately capacitated which was the result of the current service provider (SEBATA) that was appointed in around 2015 to implement an institution-wide integrated EMS which had failed to ensure optimal performance by the Municipality's IT systems. Consequently, it was proposed that the contract between the Municipality and the aforementioned service provider should be terminated and that a new service provider be appointed to ensure that the required services and objectives were achieved, as originally required in terms of the m-SCOA requirements.

In addition, it was stated that the issues around the IT department needed proper planning / management followed by adequate budgeting for same to be integrated and become effective. It was also suggested that the State Information Technology Association (SITA) should be consulted with a view to acquiring advice as to what steps should be taken in trying to resolve the issues at the IT section and how to deal with the ineffectiveness by SEBATA whose brief was to implement the m-SCOA EMS. The Committee emphasised that the Municipality could not continuously spend money in the absence of receiving value.

It was reiterated that all funded vacancies within the Municipality that are in the Council approved Organogram / Staff Structure should be filled by 30 June 2019 in order to eliminate some of the challenges being experienced as the result of lack of capacity, across all directorates.

(Councillor Pink left the meeting at 13:15.)

In response, the Acting City Manager stated there was a proposed Organogram, which needed Council's approval, and only when that had been achieved could most employee related matters be addressed. He further explained that the existing structure could not accommodate some of the needs that were raised by the Committee and further details in that respect would be addressed at a workshop that was schedule to take place on 18 March 2019.

Regarding the issue of suspensions and bringing these cases to finality, it was indicated that the process had already started. However, proper procedures had to be followed as same could not be rushed as that could compromise rational decision making.

Lastly, the Acting City Manager assured the Committee that the Internal Audit division was receiving full attention; the entire structure was reviewed and the process of filling vacancies in that section was in progress.

The Committee was of the view that a progress report pertaining to the filling of funded vacancies should be submitted to MPAC's quarterly meetings for monitoring purposes. In addition, the Audit Action Plan should also form part of MPAC's quarterly report.

RESOLVED TO RECOMMEND:

- (a) That all funded vacancies that are in line with the Council approved Staff Structure / Organogram of the municipality as required in terms of Section 66 of the Municipal Systems Act (as amended) in the Nelson Mandela Bay Municipality be filled by 30 June 2019 and a progress report thereon form part of MPAC's quarterly report.
- (b) That in respect of the issues of the EMS Solution, and mSCOA Compliance, sufficient funds be provided on the 2019/20 Budget for the upgrading of the NMBM's Server Capacity and the integration of IT Systems, whilst considering cancelling the contract with the Service Provider (i.e. SEBATA) due to poor performance.

FURTHER RESOLVED:

- (a) That the Audit Action Plan (2017/18) form part of MPAC's quarterly report.
- (b) That the Acting City Manager submit a Process Plan to MPAC's next ordinary meeting re the filling of funded vacancies.

32.2 Audit Report by Audit-General (Volume III)

The Committee raised serious concerns regarding the increase in the Auditor General's findings that went up from 3 to 4 findings. It was indicated that even though these were recurring matters, the Municipality was not doing enough to prevent such recurrence and ensuring improvement thereof.

The following recurring matters were highlighted with possible suggestions on how to deal with them:

- **Water and Electricity Losses** – It was indicated that the systems in place to identify and curb these losses were ineffective. Consequently, it was proposed that SEBATA should be invited to do a presentation to MPAC highlighting the details as to what has been accomplished since their appointment and the challenges around ensuring optimal performance of the Municipality's IT systems. It was also suggested that more money should be made available for the function of curbing water and electricity losses. The Water Rebate Policy had to be reviewed.
- **Exchange Revenue (Service Charges)** – It was indicated that proper billing systems should be implemented to ensure maximum revenue for the services rendered.
- **Property, Plant and Equipment** – It was indicated that there were no systems in place to deal with this issue, i.e. the existing Billing System and EMS Systems cannot perform the function of valuing assets or reconciling same. and a suggestion was made that such systems needed to be implemented.
- **Intangible Assets** - It was indicated that there were no systems in place to deal with this issue and a suggestion was made that such systems needed to be implemented.

- **Irregular Expenditure** – It was stated that Irregular Expenditure was a long outstanding issue due to historical matters which have not been resolved. The Committee was of the view that Council should deal with the writing off of the historical matters resulting in the Irregular Expenditure of approximately R12,4 million, by 30 June 2019. It was added that a break-down of cost per directorate in respect of the R12,4 million that needed to be written off should be submitted to MPAC's next ordinary meeting.
- **Open Ended Contracts** – It was stated that these "Evergreen Contracts" had to be terminated by 30 June 2019 and new tenders for these services advertised and awarded.
- **Performance Management** – It was suggested that the Chief Operating Officer should provide MPAC with a turnaround strategy, highlighting all the possible constraints relating to Performance Management and that funded vacancies that are in the Council's approved Staff Structure / Organogram should be filled.
- **Procurement and Contract Management** – It was indicated that Supply Chain Management sub-directorate was faced with a number of challenges which included lack of capacity. The Acting Chief Financial Officer was requested to do a presentation to MPAC prior to submission of the Oversight report to Council, and that the presentation should give a clear understanding of the circumstances thereat including the policy around SMMEs'.
- **Declaration of Private/Business interest** – The Committee was of the view that disciplinary actions should be instituted against officials who failed to declare private or business interests and that a compulsory declaration form should be provided to officials and be linked to performance management assessments.
- **Asset Management** – A concern was raised regarding Municipal Assets that were not properly managed. However, it was explained that a central automated system that would ensure proper management of assets was being reviewed.

The Committee was of the view that the Municipality should seek professional advice from consultants with a view to establishing how best to deal with these recurring issues, with a view to preventing the Institution receiving further qualifications in the coming years on the same issues.

The Chairperson at that the meeting be adjourned for a comfort break.

(Meeting adjourned at 14:30 and reconvened at 14:35)

The following issues were also raised as concerns:

Paragraph 27 – response times to emergencies – Safety and Security should report on how these times could be improved.

Paragraph 33 – consolidated and separate statements – capacity problems – the Acting Chief Financial Officer should report thereon in respect of middle and senior management in Budget and Treasury Directorate as well as competencies.

In response to the aforementioned questions and concerns, the Acting City Manager stated generally that these issues were being looked at and were accordingly receiving full attention by his office with the support of every directorate within the Municipality. He highlighted that Water and Electricity losses was a recurring problem and that there was a plan to allocate more funds to the plan which sought to curb these losses. In addition, he was confident that the loan funding that would be received by the Municipality would have a positive impact on its plans and accordingly urged senior officials to assume responsibility in ensuring that plans were implemented properly.

The Acting City Manager (A/CM) also requested the Acting Chief Financial Officer (A/CFO) to make comments on certain specific areas as commented on by members of the Committee and the following was highlighted:

- It is a fact that B&T has capacity issues in certain areas of its operations, and due to this fact the Directorate recommends that where it can operate in a SMART manner such be promoted. An example was cited with the preparation of the Annual Financial Statements (AFS) in a manual way instead of an electronic format. The A/CFO indicated that plans were afoot to acquire CaseWare for the automated preparation of the AFS;
- The A/CFO also pleaded with the members, which plea was supported by all members, that as far as the “historic irregular expenditure” amounting to over **R12 billion** as at 30 June 2018, is concerned, a decision must be taken where Council must agree to write-off a significant portion of this amount whilst pursuing issues of “consequence management” using a private law firm working together with an audit firm, to investigate these matters and advise Council accordingly of whether or not there were chances of success in pursuing them in terms of criminal elements, etc. and
- The A/CFO also made it very clear that where there is a need for assistance in terms of experienced consulting support in dealing with Property, Plant and Equipment (PPE) and Historic Irregular Expenditure, amongst others, if Council is to deal with these issues decisively, including ensuring that the Annual Financial Statements (AFS) are automated using CaseWare whilst dealing with other matters, then it had to take a decision to contract suitable consultants. All these actions had to be put in place or implemented on or before 30 April 2019 or earlier than that if Council was to make any difference in terms of the 2018/19 Audit by the office of the AG, as such procurement of same had to be undertaken in a suitable way that meets the urgency thereof.

RESOLVED TO RECOMMEND:

- (a) That sufficient budget provision be made on the 2019/20 Budgets with a view to implementing measures to curb water and electricity losses.
- (b) That the Water Rebate Policy be reviewed as a matter of urgency by the Budget and Treasury Committee as it resides in that Committee.
- (c) That a proper billing systems be implemented to ensure maximum revenue for the services rendered.
- d) That systems be put in place to ensure proper management of Property, Plant and Equipment and Intangible Assets, including any required support from an external party (e.g. Consulting Firm, etc.) as soon as practicably possible.

- (e) That a report recommending writing off of “Historic Irregular Expenditure” be prepared by Budget and Treasury Directorate for Council to consider and approve or before the end of the 2018/19 financial Year in order to deal with the amount of over **R12 billion** as disclosed in the 2017/18 Annual Financial Statements, and procure services of a legal firm working in conjunction with the audit firm in order to deal with the consequence management area independently of municipal processes, in order to avoid any potential conflicts.
- (f) That disciplinary actions be instituted against all municipal employees who deliberately failed to declare private or business interests and that a compulsory declaration form be distributed/communicated to all municipal employees and be linked to the performance management assessments of all Executive Directors or respective Senior Managers.
- (g) That Council authorises the Acting City Manager to urgently seek professional advice from consultants, in any other manner that is practically possible taking into account the time-period to achieve same within the current financial year, with a view to establishing how best to deal with the recurring issues in the Auditor General’s report, such as Property, Plant and Equipment, Historic Irregular Expenditure, and any other critical areas thereto.
- (h) That the UIF+W Policy be reviewed if necessary, on or before 30 June 2019 and that the historical cases of same be submitted to Council for writing off on or before 30 June 2019 on the understanding that Consequence Management Reports thereon would follow in due course using independent support as stated under “e” above.

FURTHER RESOLVED:

- (a) That the Acting City Manager submit a comprehensive report with plans for dealing with the findings by the Auditor-General.
- (b) That the Acting Executive Director : Corporate Services and or Management Information Systems (MIS) be invited to do a presentation to MPAC highlighting the details as to what had been accomplished with SEBATA/MIS as compared to the costs which the NMBM had incurred since their appointment, and the challenges around ensuring optimal performance of the Municipality’s IT systems, based on the IT challenges some of which are identified in the 2017/18 Management Report of the Auditor General.
- (c) That a break-down of cost per directorate in respect of the R12,4 billion historical Irregular Expenditure that needed to be written off, be submitted to MPAC’s next ordinary meeting by the Acting Chief Financial Officer with the recommendations for possible write-offs by Council and how to deal with the Consequence Management aspect of same.
- (d) That the Chief Operating Officer provide MPAC with a turnaround strategy, highlighting all the possible constraints relating to Performance Management.

- (e) That the Acting Chief Financial Officer do a presentation to MPAC to empower members with a clear understanding of the circumstances at the Supply Chain Management sub-directorate.

The meeting terminated at 15:20.

CHAIRPERSON

**MINUTES OF PROCEEDINGS OF MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

(Meeting held 7 March 2019)

PRESENT: Councillor P F Tshanga (Chairperson)

Councillor C Garai
Councillor M Gidane
Councillor M E Mbelekane
Councillor M K Mogatosi
Councillor M M Nkosi
Councillor S L Ncana
Councillor L Nombola
Councillor M G Steyn
Councillor T F Tshangela
Councillor H C van Staaden

ALSO PRESENT: Councillor L Mrara
Councillor R Odendaal
Councillor Q Pink
Councillor R Riordan

Acting City Manager (Mr P Neilson)
Acting Chief Operating Officer (Mr L Dunjana)
Acting Chief Financial Officer (Mr J Ngcelwane)
Executive Director: Infrastructure and Engineering
Executive Director : Safety and Security
Director: Office of the City Manager (Ms N Skweyiya)
Director: Corporate Services (Mr M Nogqala)
Acting Director: Internal Audit (Mr N Bisson)
Assistant Director: Human Settlements (Mr R April)
Chairperson: Audit Committee (Mr G Billson)
Senior Manager: AGSA (Mr S Ndabambi)
Finance Manager: MBDA (Mr Z Kwela)
Monitoring and Evaluation Practitioner: Office of the COO
(Ms N Mrubata)
MPAC Coordinator : Office of the Speaker (Mr A de Wet)
Chief Committee Officer (Ms A Craighead)
Committee Officer (Mr O Bingwa)
Committee Officer (Ms V Heera)

**ABSENT
WITHOUT LEAVE:** Councillor N P Antoni

**APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 3 OF THE CODE
OF CONDUCT / APOLOGIES**

An application for leave of absence was received from Councillor N R Captain.

Apologies were received from the following:

The Chief Operating Officer (Mr M Clay) who was represented by the Acting Chief Operating Officer (Mr N Dunjana).

The Executive Director: Human Settlements (Ms N Gqiba) who was represented by the Assistant Director: Human Settlements (Mr R April).

NOTED AND RESOLVED:

That leave of absence from this meeting be granted to Councillor N R Captain.

DISCLOSURE OF INTERESTS BY COUNCILLORS IN TERMS OF PARAGRAPH 5 OF THE CODE OF CONDUCT (SCHEDULE 1 OF THE SYSTEMS ACT NO. 32 OF 2000)

There were no disclosures.

DISCLOSURE OF INTERESTS BY OFFICIALS

There were no disclosures.

34. NELSON MANDELA BAY METROPOLITAN MUNICIPALITY'S ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR (5/24/1/3) (5/1/1/1/2017-2018)

34.1 MBDA Report (Volume V)

The validity of this report was of serious concern, as it was noted that same was in a draft format. The Committee indicated that it would only consider the report upon submission of the final document. It was proposed that the party whips within MPAC should meet as soon as possible with the MPAC Chairperson with a view to establishing how to proceed in dealing with this report of MBDA.

This item was earmarked for consideration at this meeting, and due to the above reasons it was not considered.

RESOLVED:

That discussion of this matter be deferred for the party whips within MPAC to meet as soon as possible with the MPAC Chairperson with a view to establishing how to proceed in dealing with this report of MBDA

34.2 Annual Financial Statements (Volume II)

The Committee had an extensive debate in respect of this item, highlighting the following concerns:

Housing Revolving Fund

It was indicated that this was a long outstanding issue and that same should be finalised immediately. A suggestion was made to recover the money that was owed to the Municipality in respect of the HRF from the Provincial Government. However, the disputed figure that had little likelihood of recovery should be written off by Council by 30 June 2019.

The Acting City Manager reported that in the past, there was no proper management team to deal with the HRF matter and that it was upon recently setting up a task team to look into the matter where it was established that there were some monies that could be recovered.

Consequently, the Executive Director: Human Settlements was requested to submit a report at the next ordinary MPAC meeting with an explanation as to how the issue of HRF could best be dealt with.

Employee Benefits

It was advised that the Municipality should proceed carefully with its plans to increase employment and ensure that the wage bill was kept at a minimum. It was also highlighted that the municipality had not been able to secure other revenue streams effectively, therefore citing that it was not generating enough revenue and that spending large amounts of money on employees' benefits could have a negative effect on service delivery. As much as creating job opportunities was one of the major priorities of the NMBM, it was in its best interests to keep employment costs within an acceptable percentage of the Operating Budget.

Assets

It was indicated that Municipal assets were undervalued and property values were cited as an example and it was stated that the Acting City Manager as well as the Acting Chief Financial Officer should consider corrective measures as a matter of priority.

Debts

The Committee was of the view that Council should address the issue of the increasing debt by writing off long outstanding debts with minimal likelihood of recovery. It was suggested that MPAC in conjunction with Budget and Treasury Directorate should investigate debt categories within the Municipality in order to make recommendations to Council on how to deal with irrecoverable debt.

Contracted Services

It was stated that the shortage of highly skilled staff members was the main reason for outsourcing. The Committee was of the view that the Municipality should consider training its employees and upskilling them in order to minimise the use of contracted services. It was also reported that there were some contractors who were underperforming and the contracts between them and the Municipality were lenient, hence it was difficult to deal with the issues of under-performance which arose. Consequently, it was proposed that the Municipality should draft stricter contracts in future and that SMMEs should be contracted where possible: ring-fencing of contracts for this purpose was proposed. However, consideration of costs vs insourcing should always be a consideration.

The Committee was of the view that the minutes of the Bid Committees should be made available electronically to all Councillors as had been done in the past, for oversight purposes. The Acting City Manager, in response, concurred with the views of the Committee in this regard and accordingly stated that a Skills Audit Plan, that leads to Outcomes, should be done and certain employees more especially the engineering field would need to be upskilled as well as other experts within the Institution.

Councillors' Arrear Consumer Accounts

The Committee raised serious concerns in respect of Councillors who were in arrears in paying their municipal accounts, citing that Councillors should lead by example as they were the political heads of the Council. In contrast, it was reported that Councillors did not receive administrative support in dealing with their payments and queries, and the Office of the Speaker was requested to assist in the said issue. It was also indicated that there was a policy in place to automatically deduct the amount in arrears from those Councillors who failed to pay their accounts within 90 days.

Irregular Expenditure

It was indicated that the Municipality's inability to deal with historical irregular expenditure had a negative impact on the current financial year hence it was of paramount importance to deal with same as soon as possible. The Acting City Manager ensured the Committee that plans were in place to deal with the issue of the Irregular Expenditure, highlighting that he has had engagements with the Acting Chief Financial Officer and other relevant stakeholders with a view to establishing the strategy of resolving the previously mentioned issue, and making recommendations to write off historical Irregular Expenditure.

Reconnection Fee

It was stated that Council took a resolution pertaining to doing away with the reconnection fee as it was inconveniencing the poor communities around the NMBM. However, it was established that there would be budget implications in carrying out the task, and that a report that sought to highlight the previously mentioned implications would be submitted to Council for consideration.

(Councillor Tshangela left the meeting at 11:20)

Trade and other payables

It was reported that the Municipality had not been paying its suppliers and creditors timeously, which needed immediate corrective measures to be put in place.

The Chairperson at this stage requested that the meeting be adjourned for a comfort break.

(Meeting adjourned at 11:45 and reconvened at 11:55)

Audit Committee

The effectiveness of the Audit Committee was also raised as a concern, following the negative audit outcomes on the performance of the NMBM. It was indicated that the responsibility of the Audit Committee was to identify areas of risk and provide advice on that basis in order to ensure that the Municipality avoids mistakes in carrying out its tasks.

However, an opinion was raised that the Audit Committee could have been performing at its optimal level, but did not receive the required support/respect from officials. The Acting City Manager undertook to monitor the progress of the Audit Committee in order to ensure its effectiveness.

Open Ended Contracts

That in respect of the continuous extension of Open Ended Contracts it was agreed that same had to be discontinued urgently and that new contracts be called for to replace same by 31 June 2019.

RESOLVED TO RECOMMEND:

- (a) That regarding the Housing Revolving Fund claim/s submitted to the Provincial Administration on which they have refuted the claims, and in respect of which there is little likelihood of recovery, same be written off by 30 June 2019.
- (b) That the long outstanding Debtors Accounts in respect of which there is minimal likelihood of recovery, be written off.

FURTHER RESOLVED:

- (a) That the Executive Director : Human Settlements submit a report to the next ordinary MPAC meeting with an explanation as to how the issue of the Housing Revolving Fund could best be resolved.
- (b) That the Acting Chief Financial Officer ensures that in future, the minutes of the Bid Committees are sent to all Councillors electronically, for oversight purposes.
- (c) That the Office of the Speaker assists Councillors with regards to payments and queries in respect of their municipal accounts in order to avoid arrears.
- (d) That the Acting City Manager ensures that a report on the financial implications of the decision taken to do away with the Reconnection Fee in respect of Municipal Services be submitted to Council as soon as possible.
- (e) That the Acting Chief Financial Officer ensures that in terms of Section 116 of the MFMA, the use of Open Ended Contracts cease by 30 June 2019 and that the invitation of tenders for the affected services commence timeously.

The meeting terminated at 12:50.

CHAIRPERSON

**MINUTES OF PROCEEDINGS OF MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

(Meeting held 14 March 2019)

PRESENT: Councillor P F Tshanga (Chairperson)

Councillor N P Antoni
Councillor R N Captain
Councillor C Garai
Councillor M Gidane
Councillor L P Grootboom (09:15)
Councillor M E Mbelekane
Councillor M K Mogatosi
Councillor H Müller
Councillor S L Ncana
Councillor K O Ngumbela
Councillor L Nombola
Councillor S Soyes

ALSO PRESENT: Councillor L Mrara (09:15)
Councillor R Odendaal
Councillor R Riordan

Acting City Manager (Mr P Neilson)
Chief Operating Officer
Acting Chief Financial Officer (Mr J Ngcelwane)
Executive Director : Safety and Security
Executive Director: Economic Development, Tourism and Agriculture
Acting Executive Director: Public Health (Mr A Tolom)
Acting Executive Director: Corporate Services (Mr M Nogqala)
Acting Executive Director: Electricity and Energy (Mr L Magalela)
Director: Office of the City Manager (Ms N Skweyiya)
Acting Director: Infrastructure and Engineering (Mr Z Qengwa)
Deputy Director: Solid Waste Management (Ms A Dyakala)
Assistant Director: Human Settlements (Mr R April)
Chief Operating Officer: PMU (Mr M Randeria)
Senior Manager: AGSA (Mr S Ndabambi)
Finance Manager: MBDA (Mr Z Kwela)
Monitoring and Evaluation Practitioner: Office of the COO
(Ms N Mrubata)
MPAC Coordinator : Office of the Speaker (Mr A de Wet)
Manager : Committee Officer (Mr J Sigonyela)
Chief Committee Officer (Ms A Craighead)
Committee Officer (Mr O Bingwa)
Committee Officer (Ms V Heera)

**ABSENT
WITHOUT LEAVE:** Councillor T F Tshangela

APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 3 OF THE CODE OF CONDUCT / APOLOGIES

An application for leave of absence was received from Councillor M G Steyn.

Apologies were received from the following:

Councillors Captain and Garai who would leave the meeting early.

The Acting City Manager who would leave early to attend to other Council business.

The Executive Director: Human Settlements who was represented by Mr R April (Assistant Director: Human Settlements)

The Executive Director: Infrastructure and Engineering who was represented by Mr Z Qengwa (Director: Infrastructure and Engineering)

NOTED AND RESOLVED:

That leave of absence from this meeting be granted to Councillor M G Steyn.

DISCLOSURE OF INTERESTS BY COUNCILLORS IN TERMS OF PARAGRAPH 5 OF THE CODE OF CONDUCT (SCHEDULE 1 OF THE SYSTEMS ACT NO. 32 OF 2000)

There were no disclosures.

DISCLOSURE OF INTERESTS BY OFFICIALS

There were no disclosures.

CONFIRMATION OF MINUTES

RESOLVED:

That the Minutes of Proceedings of the Municipal Public Accounts Committee at its special meeting held on 5 March 2019 (including minutes of agendas dated 29 January and 13 February 2019) and meeting held on 7 March 2019, as circulated, be hereby confirmed.

35. 2017/18 ANNUAL REPORT OF NELSON MANDELA BAY METROPOLITAN MUNICIPALITY (10/1/1/1)

The Chairperson at this stage stated that MPAC would do oversight visits to all the projects and sites that were mentioned in the 2017/18 Annual Report and that a programme in that regard would be submitted to the next ordinary MPAC meeting. She added that progress in respect of the aforementioned site visits would be monitored through MPAC's quarterly report.

35.1 Mandela Bay Development Agency Report (MBDA)

The Committee commended MBDA for achieving an unqualified audit and encouraged the entity to maintain the good work in order for the entire Municipality to reach clean governance.

The MBDA representative at the meeting confirmed that the Entity's Annual Report was a "final" document not a "draft" and that removal the latter word was an oversight.

However, the following were raised as concerns:

- Continuous change of board member with likelihood of causing instability within the entity, and lack of a succession Plan.
- Uncertainty in respect of the MBDA mandate due to problematic projects that were referred to MBDA which were outside its scope of work. It was suggested that the MBDA's mandate should be revised and that a new mandate be implemented by 30 June 2019.
- Delays in completing projects and meeting the set targets. The Committee stated that only 42% of the KPI's was achieved and expressed serious concerns in respect thereof. It was advised that MBDA should send correspondence to update Council constantly, in order to ensure that there were no delays in terms of completing projects.
- Poor expenditure Management – a KPI relating to payment of creditors within 30 days should be Implemented with effect from 1 July 2019.

(Councillor Mbelekane left the meeting at 09:40)

The Committee also raised a concern regarding outdated policies and procedures of the Nelson Mandela Bay Stadium. It was stated that issues around the stadium needed urgent attention and that the MBDA should no longer be responsible for the management of the stadium, citing that the function of managing same should be handed over to a Management Company. MPAC was of the view that a site visit to the stadium should be conducted for oversight purposes. In addition, MBDA was requested to submit a comprehensive report on the policies it had implemented on the NMBM Stadium including the dates of implementation, to the next Quarterly Report meeting of MPAC with a view to establishing gaps in the policies and addressing them immediately.

It was indicated that the function of rejuvenating townships should be handed over to Economic Development, Tourism and Agriculture (EDTA) directorate and that the Executive Director: EDTA should consider visiting Soweto in Gauteng with a view to establishing possible and effective methods of Township Rejuvenation.

The Committee was of the view that the office of the City Manager should facilitate a workshop regarding the issue of transferring some of the MBDA functions in order to establish the initial purpose for the entity being allocated same, and the implications for transferring these functions.

It was stated that the MBDA financial statements were dealt with in conjunction with the NMBM financial statements and hence no comments were made on this matter.

In response to questions and concerns. The Financial Manager: Mandela Bay Development Agency indicated that there were plans in place to address the findings by the Auditor General and other issues within the entity. He further stated that the Audit Action Plan would include comprehensive information on the progress status in respect of addressing the issues in and around MBDA and that same would be submitted to the next MPAC quarterly meeting.

The Committee, however, was not satisfied with the response from MBDA. Consequently, it was agreed upon that MBDA Management should be invited to the next MPAC Quarterly report meeting to respond to any concerns the Committee may want to raise, as it was of the opinion that the official who was present could not respond effectively to specific areas of concern.

RESOLVED TO RECOMMEND:

- (a) That the MBDA's mandate be reviewed by Council with a view to weeding out projects which are outside its scope of competency, implementing the new mandate with effect from 1 July 2019.
- (b) That the MBDA's Audit Action Plan form part of MPAC's Quarterly report for oversight monitoring purposes.

FURTHER RESOLVED:

- (a) That the MBDA submit a comprehensive report on the policies it has implemented on the MMBM Stadium, including the dates of implementation, to the next Quarterly Report meeting of MPAC with a view to establishing gaps in the policies and addressing them as soon as possible.
- (b) That the office of the City Manager facilitate a workshop regarding the issue of transferring some of the MBDA functions in order to establish the initial purpose for the entity being allocated same and the implications of transferring these functions
- (c) That the MBDA top management be invited to attend the next MPAC quarterly meeting to respond to any concerns the Committee may want to raise.
- (d) That MPAC conduct a site visit to the Mandela Bay Stadium Management.

35.2 PERFORMANCE SCORECARDS

35.2.1 KPI No. 2: Number of housing units on formalised sites connected to electricity

It was indicated that a letter would be sent to National Human Settlements with a view to finding a solution around the issue of Housing Development Agency (HDA). However, a report detailing the Process Plans in terms of dealing with this item would be submitted to MPAC.

This followed after a concern was raised regarding the progress status hereon. It was stated that the function performed by the HDA should return to the NMBM.

35.2.2 KPI No. 4: % of electricity losses as a result of non-technical causes attributed to either electricity theft/ non metered electricity/ metered tempering/ meter failures and/ or illegal connections.

Underperformance in respect of this item was of serious concern.

It was indicated that most KPI's were crosscutting across different directorates and the Committee was of the opinion that if one directorate failed in its responsibilities then the entire project would fail and that was highlighted as a concern.

It was encouraged that directorates should strive for effective intergovernmental relationship/s in order to ensure that they communicated and worked well together. This followed after it was established that directorates blamed each other for the failure of some projects where two or more directorates were involved.

35.2.3 KPI No. 5: Number of new area lights installed

This item was dealt with in conjunction with **KPI No.4** and the proceedings are recorded under **Min. No.35.2.2/2019**.

(Councillor Riordan left the meeting at 11:18)

The Chairperson at this stage requested that the meeting be adjourned for a comfort break.

(Meeting adjourned at 11:20 and reconvened at 11:45)

35.2.4 KPI No. 6: Number of new main road lights installed

It was indicated that this KPI needed rewording as the targets were not met due to unclear objectives.

35.2.5 KPI No. 7: Number of new residential street lights installed

Lack of capacity in respect of this item was of concern. It was indicated that the new organogram should address the Municipality's demands in order to ensure that it was fully capacitated for the sake of effective service delivery.

35.2.6 KPI No. 9: Number of illegal connections addressed through the replacement with a cheaper alternative (either an off-grid photo voltage system or a basic 20amp electrical supply)

It was indicated that there had been substantial progress in respect of this item. However, the Municipality did not have a system in place to measure and record the actual performance and that would be dealt with in the current financial year. This followed a concern was raised regarding the reasons for underperformance in respect of this item.

35.2.7 KPI No. 11: Number of households relocated from stressed informal settlements and other servitudes to Greenfield development areas

The over achieved status in respect of this item was of concern. The Committee was of the view that there were some residents who still lived in informal settlements and hence the over achieved status did not make sense. However, it was explained that the KPI related to specific areas and that the required targets were met.

The Committee also raised concerns regarding the process plan for relocating households, highlighting that there was no monitoring and evaluation of the process and that there was no proper planning. This followed after it was established that people were being relocated to development sites where there were no schools or clinics built in the areas, and as a result thereof, communities suffered consequences in that regard. It was advised that Human Settlements should engage the Department of Education as well as the Department of Health prior building houses in order to ensure that the targeted area would accommodate the needs for Health and Education.

The Executive Director: Human Settlements was required to submit a report to MPAC explaining the process plan in respect of relocating households from informal settlements to developed areas.

A suggestion was made that an oversight visit should be conducted in the areas mentioned in this KPI in order to validate the information supplied thereon.

RESOLVED:

That the Executive Director: Human Settlements submit a report to the next ordinary meeting of MPAC explaining the Process Plan in respect of relocating households from informal settlements to developed areas.

35.2.8 KPI No. 12: Number of erven provided with permanent water and sanitation services

This item was dealt in conjunction with KPI No.11 and the proceedings are recorded under **Min. No.35.2.7/2019**.

35.2.9 KPI No. 13: Number of housing opportunities provided

It was indicated that the issue of land invasion needed a combined effort from relevant stakeholders in ensuring that same was addressed.

35.2.10 KPI No. 15: % real water losses as defined by the International Water Association (physical losses of water from the distribution system, including leakage and storage overflows)

A concern was raised regarding the issue of water losses and it was stated that the Municipality should put stricter measures in place to deal with this issue.

(The Acting City Manager left the meeting at this stage and requested the Chief Operating Officer to represent him, 12:20.)

35.2.11 KPI No. 24: Number of beaches upgraded through the provision of either revetments/ parking areas/ walkways/ security cameras/ picnic facilities and/or dune stabilisation

It was explained that communities through their ward councillors, changed priorities according to their needs and as a result thereof, funds that were allocated for this KPI were utilised to develop the area by providing playground equipment, which is why it was recorded as underperformed. This followed after the Committee sought to establish reasons for reprioritisation.

35.2.12 KPI No. 25 Number of public open spaces upgraded through the provision of either outdoor gym equipment/ fencing/ pathways/ benches and/or playground infrastructure

The Committee commended the good progress in respect of this item.

However, it was indicated that dirtiness was still a problem in the Municipality's area of jurisdiction and more effort should be put into addressing it, i.e. by introducing night cleaning through the Expanded Public Works Programme.

The Committee also raised the issue of the bad smell in some areas of the Municipality, stating that this was due to the landfill waste disposal sites. The Executive Director: Economic Development, Tourism and Agriculture indicated that there was a proposal to adopt a recycling process such as the one that was implemented in Jeffery's Bay, which was to turn plastic into a useful product e.g. for the tarring of roads. However, an assessment would be conducted to establish whether such project would be viable. It was also reported that Public Health Directorate had engaged National Government with a view to addressing the issue of the bad smell, and consequently, the Acting Executive Director: Public Health was requested to submit a progress report in that regard to MPAC's next ordinary meeting.

RESOLVED:

- (a) That the Acting Executive Director: Public Health submit a progress report relating to engagements with National Government to address the issue of bad smell along the M17 road in the Motherwell area, to the next ordinary meeting of MPAC.
- (b) That the Acting Executive Director: Public Health investigates the use of a suitable chemical to eradicate the bad smells per (a) above.

35.2.13 KPI No. 29 % of surveillance cameras in municipal buildings and/or facilities operational to facilitate safety and security of municipal properties.

The Committee expressed serious concerns regarding cameras that did not work, especially those which were supposed to safeguard municipal assets.

In response, the Executive Director: Safety and Security indicated that plans would be in place to ensure full-time protection of Municipal properties and assets upon finalisation of reviewing the Deployment Strategy. He further stated that the matter was receiving attention through the Office of the City Manager.

The Committee requested that this be treated as a matter of urgency as municipal buildings were being broken into regularly.

The Chairperson at this stage requested that the meeting be adjourned for a comfort break.

(Meeting adjourned at 13:05 and reconvened at 13:20)

35.2.14 KPI No. 31 Number of filled positions from employment equity target groups in the three highest levels of management (City Manager, Section 56 Managers and Strategic Skilled Level Managers) in compliance with the Municipality's approved Employment Equity Plan

A concern was raised as to whether corrective measures had been implemented do deal with employment matters. It was indicated that the turnaround time for filling of vacancies had been reduced significantly and that measures were in place to address the issue around equity.

35.2.15 KPI No. 32 % qualifying households earning less than R3 200 per month (two state pensions) with access to basic services

Following a concern as to whether the Municipality had enough capacity to assess water meters, it was reported that there was an indigent unit that was utilised for carrying out the task of assessing water meters and that it was working effectively.

35.2.16 KPI No. 33 Number of unemployed residents participating in the Nelson Mandela Bay Municipality Adult Basic Education and Training (ABET) Literacy Programme

It was stated that the purpose of this item was to offer training to individuals and that it was up to them to take further step thereafter, citing that the programme did not offer employment opportunities. This followed after a point of clarity was raised as to what happened after acquiring certificates to further facilitate the process.

(Councillor Captain left the meeting at this stage at 13:35)

35.2.17 KPI No. 36 % completion of the Njoli Square precinct plan development

It was indicated that this project came to a halt due to some delays that were subsequently resolved and that good progress was made thereafter. However, the Committee was of the view that communities should be made aware of any challenges or alterations of the projects in their areas as well as plans thereof.

35.2.18 KPI No. 37 % achievement of the Mandela Bay Development Agency's 2017/18 Key Performance Indicators reflected in the Mandela Bay Development Agency Plan

It was indicated that consideration should be given to providing infrastructure in the Motherwell areas with a view to attracting investors and possibly improving tourism in the area. It was suggested that this matter should be considered during the next budget process.

35.2.19 KPI No.46 Number of Work Opportunities (WO) created

The Committee expressed the following concerns in respect of this item:

- Underperformance
- Unrealistic targets
- Expanded Public Works Programme list which had no credibility
- Proof of Residence-validation by Ward and PR Councillors

In response, it was indicated that directorates did not manage projects well hence there was lack of performance in respect of this item. In addition, it was reported that there were other directorates who lacked appetite for creating work opportunities and as a result they did not take the Expanded Public Works Programme seriously. The Committee indicated that the Municipality was faced with a high level of unemployment and the Expanded Public Works Programme should be taken seriously as it contributed towards decreasing the level of unemployment.

With regards to the targets, it was explained that when the National Department of Public Works set targets there was no consideration of technical aspects of the projects, targets were set based on the budget availability of the institution (including Grants), as well as the number of projects that were carried out. It was added that the National Department of Public Works had for a number of years had refused to review the strategy in respect of which these targets were set.

It was reported that the Municipality was looking into migrating to an electronically managed EPWP list which sought to avoid any form of corruption. The IT system was finalised. However, it was established that it could not pick up duplications as to whether an individual had already benefited from the programme and that problem was being resolved.

The Executive Director: Economic Development, Tourism and Agriculture indicated that there were plans to expand the EPWP by introducing people into business. He further stated that Directorates didn't understand the principles on which EPWP funding was based i.e. own funds had to be spent first then grant funding underperformance under-repaid were not being rectified by Directorates. A report would be submitted to Council shortly on this issue. This decision was taken in line with ensuring that people did not go back to being unemployed after the programme had ended. NMBM could not afford to not create jobs

A ward database had been put in place and Ward Councillors had to sign it off on these. It was stated that PR Councillors who resided in wards should be allowed to validate proof of residence in their areas. However, they would need to work in consultation with Ward Councillors. It was added that it would be in their best interest to ensure that the person asking for proof of residence actually resided in their relative ward/s otherwise there would be consequences for negligence in that regard.

The Protocol between NMBM and PWD should be revisited.

The Committee requested that the Chief Operating Officer should facilitate a workshop with a view to enlightening Councillors of the processes of the EPWP.

RESOLVED:

- (a) That the office of the Chief Operating Officer facilitate a workshop in respect of the Expanded Public Works Programme with a view to enlightening Councillors of the processes thereof.
- (b) That the consideration be given to allow PR Councillors to sign off on the validation of EPWP applications, in consultation with Ward Councillor 15.

35.2.20 KPI No.47 Number of Full-time Equivalent (FTE) jobs created

This item was considered in conjunction with KPI No. 46 and the proceedings are recorded under **Min. No.35.2.19.**

35.2.21 KPI No. 55 % of the Municipality's budget actually spent on implementing its Workplace Skills Plan

The Committee was of the view that the reasons provided for underperformance in respect of this item were not valid as it was of the opinion that poor planning was the main reason.

The Acting City Manager concurred and stated there should be proper planning around every function or task carried out by the Municipality. He added that there were plans to establish a separate directorate for Projects and also for Supply Chain Management, that would accelerate the process of procurement; this would ensure that there were no delays in projects and service delivery.

35.2.22 KPI No. 56 % of the Municipality's approved Operating Budget spent on repairs and maintenance

The Committee expressed serious concerns regarding targets that were set too low. However, it was explained that targets were set in line with budget availability.

It was stated that more money should be allocated to Repairs and Maintenance to ensure that infrastructure was kept in good condition. In addition, it was proposed that targets should increase by up to 8%.

RESOLVED:

That consideration be given by the Chief Operating Officer to setting the target for this KPI at close to 7% of the Operating Budget

35.2.23 KPI No. 61 Numbers of bi-monthly Ward based Imbizos held to communicate and receive feedback on critical decisions made by Council.

Reference was made to the fact that disruptions of these sessions were often caused by Councillors and that mechanisms should be put in place to hold Councillors who disrupt these Public Participation meetings accountable for their actions.

RESOLVED:

That Consequence Management measures be put in place to ensure that Councillors who disrupt and cause Word Based Imbizos to fail, are held accountable for their actions.

The Chairperson at this stage proposed that the meeting be adjourned for a lunch break.

(The Executive Director: Economic Development, Arts and Culture left the meeting at this stage at 14:15)

(Meeting adjourned at 14:30 and reconvened at 15:00. Councillor Garai left the meeting during the lunch break.)

35.3 BASIC SERVICE DELIVERY

35.3.1 Chapter 1 – Executive Mayor’s Foreword

NOTED

35.3.2 Chapter 2 – Governance

NOTED

35.3.3 Chapter 3 – Service Delivery Performance

NOTED

35.3.4 Chapter 4 – Organisational Development

NOTED

35.3.5 Chapter 5 – Financial Performance

NOTED

35.3.6 Chapter 6 – Auditor General’s Audit Findings

The Committee raised serious concerns with regards to Councillors with poor attendance of meetings in their allocated Committees. The Chairperson undertook to request, in writing, that the Speaker submit a report in respect of Councillors with less than 50% attendance; stating the date of the meeting that was missed, whether or not an apology was received in that regard, and what disciplinary actions (if any) had been taken against those Councillors who did not submit any apologies.

The meeting terminated at 15:35

CHAIRPERSON

APPENDIX “B”:

**Advertisements/Invitations to the public to
comment/attend meetings where the 2017/18 Annual
Report will be discussed**

**2017/18 ANNUAL REPORT AND
2018/19 MID-TERM REPORT
OPEN FOR INSPECTION**

The 2017/18 Draft Annual Report and the 2018/19 Mid-Term Report of the Nelson Mandela Bay Municipality were tabled in Council on 31 January 2019. The 2017/18 Draft Annual Report was referred to the Municipal Public Accounts Committee for review. The Municipality hereby invites comments from the public on these two reports.

Copies of these reports lie open for inspection at all municipal libraries and customer care centres, as well as on the municipal website: www.nelsonmandelabay.gov.za.

Any comments on the reports must be submitted to the Office of the City Manager (Attention: Chief Operating Officer) at PO Box 116, Port Elizabeth 6000; or fax: 041 505 4524; or e-mail: coorecords@mandelametro.gov.za by not later than **THURSDAY, 28 FEBRUARY 2019**.

The schedule of meetings of the Municipal Public Accounts Committee where the 2017/18 Annual Report will be discussed is as follows:

DATE	TIME	VENUE
Wednesday, 13 February 2019	09:00	Council Chambers, City Hall
Tuesday, 19 February 2019	09:00	Conference Centre, Military Road
Tuesday, 26 February 2019	09:00	Council Chambers, City Hall
Thursday, 7 March 2019	09:00	Council Chambers, City Hall

It should also be noted that members of the public are welcome to attend any of the scheduled oversight meetings of the Municipal Public Accounts Committee, during which the 2017/18 Annual Report will be discussed, in the capacity of observers.

Ref. 20 – 8 February 2019

Under the hand of the Acting City Manager, Peter Neilson

SAVING WATER IS A SHARED RESPONSIBILITY!