

BERGRIVIER MUNICIPALITY REPORT OF THE OVERSIGHT COMMITTEE



2015/16 FINANCIAL YEAR

28 MARCH 2017

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1 INTRODUCTION

This document constitutes the Oversight Report on the 2015/16 Annual Report of the Bergrivier Municipality which has been compiled in terms of Section 129 of the Local Government Municipal Finance Management Act, Act 56 of 2003 (MFMA).

2 LEGAL FRAMEWORK

The Oversight Report is compiled in accordance with the following:

➤ **LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO 56 OF 2003):**

1. Section 121 (1) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) requires every municipality to prepare an Annual Report. The municipal council must deal with this report within nine months of the end of the financial year (31 January).
2. Section 127 (5) (1) of the MFMA requires the accounting officer to make the Annual Report public and invite the local community to submit representations in connection with the Annual Report following the tabling thereof.
3. Section 127 (5) (b) of the MFMA requires that the tabled Annual Report must be submitted to the Auditor General, Provincial Treasury and the Provincial Department of Local Government.
4. Section 129 requires the municipal council to adopt an oversight report by no later than 31 March containing the Council's comments on the Annual Report which must include a statement whether the Council;
 - a) has approved the Annual Report without reservations; or
 - b) has rejected the annual report; or has referred the annual report back for revision of those components that can be revised.

➤ **LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, ACT 32 OF 2000:**

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

Bergrivier Municipality tabled its Draft Annual Report on 24 January 2017. The Annual Report was submitted to the relevant authorities and made public and the closing date for submissions was 6 March 2017. No submissions were received from the public. An evaluation report was received from the Provincial Government:

Department of Local Government with no substantial findings. Comments from the Auditor General on the Annual Report have been added into the final document. Any editorial or structural changes and comments were incorporated into the Annual Report.

3 APPOINTMENT AND MANDATE OF THE OVERSIGHT COMMITTEE

MFMA Circular 32 of 2006 prescribes the Oversight Process and the establishment of an Oversight Committee. The Municipal Council appointed its Oversight Committee in terms of Section 79 of the Local Government: Municipal Structures Act, Act 117 of 1998 per Council Resolution RVN028/08/2016 on 23 August 2016. Resolution RVN028/08/2016 reads as follows:

- “1. That the Bergrivier Municipality Oversight Committee be constituted as follows for the term of office for the current Council:*
 - (a) two members of the 2010/2011 Committee namely Mr N Stevens and Alderman J Raats;*
 - (b) a person from the Municipality’s Performance Audit Committee appointed by the Chairperson of the Performance Audit Committee, Mr G Lawrence;*
 - (c) two councillors from the DA*
 - (i) Councillor Koos Daniels*
 - (ii) Councillor Adam Du Plooy and*
 - (d) two councillors from the ANC namely:*
 - (i) Alderman J Swart*
 - (ii) Councillor S Claassen ;*
- 2. That the Oversight Committee be chaired by Mr N Stevens;*
- 3. That the functions of the Oversight Committee be as follows:*
 - (a) to undertake a detailed analysis and review of the Municipality’s Annual Reports;*
 - (b) to consider inputs from the Council, Portfolio Committees, Ward Committees and the public on the Municipality’s Annual Reports;*

- (c) *to consider inputs from the Municipality’s Audit Committee and Performance Audit Committee as well as the Auditor General on the Municipality’s Annual Reports; and*
 - (d) *to draft Oversight Reports on the Municipality’s Annual Reports.*
4. *That the Oversight Committee complete its work in a maximum of ten sittings, including a planning sitting and a sitting to present the Oversight Report to Council;*
 5. *That any additional meetings be authorised by the Speaker in consultation with the Executive Mayor;*
 6. *That the Oversight Committee be permitted to co-opt advisory members should this be necessary; and*
 7. *That the municipality advertise its intention to appoint the Oversight Committee as set out above”.*

4 METHODOLOGY

The Oversight Committee conducted the Oversight Process over 4 sittings between 1 February 2017 and 6 March 2017 and the process concluded with a presentation to the Municipal Council on 28 March 2017.

The meeting schedule was as follows:

| MEETING | SECTION | DATE |
|----------------|--|------------------|
| 1 | Forewords and Chapter 1 | 1 February 2017 |
| 2 | Chapter 2 | 13 February 2017 |
| 3 | Chapter 3 | 1 March 2017 |
| 4 | Chapter 4 & 5, Annual Financial Statements and Report of the Auditor General | 6 March 2017 |
| 5 | Presentation to Council | 28 March 2017 |

The 2015/16 Annual Report was compiled to align as closely as possible with the new format prescribed by National Treasury. For ease of reference the structure of the Bergrivier Municipality Annual Report is given below;

- Foreword by the Executive Mayor
- Foreword by the Municipal Manager
- Chapter 1: Municipal Overview and Executive Summary
- Chapter 2: Governance
- Chapter 3: Service Delivery Performance
- Chapter 4: Organisational Development Performance
- Chapter 5: Financial Performance
- Annual Financial Statements and Report of the Auditor General (Volume 2)

During the Oversight Process, the Oversight Committee made recommendations on the improvement of the Draft Annual Report which entailed minor corrections and additional information that would make the Draft Annual Report more useful to the reader. These improvements were made to the extent that information was available.

The Auditor General also submitted comments and recommendations on the Annual Report and all relevant information was worked into the Oversight Report.

The Oversight Committee also made specific recommendations on issues contained in the Draft Annual Report which should be addressed by the Municipal Council. These recommendations are dealt with chapter by chapter and are contained under paragraph 5 below.

5 RECOMMENDATIONS BY THE OVERSIGHT COMMITTEE

VOLUME I

REVIEW: FOREWORD AND CHAPTER 1

All matters are marked as follows in terms of impact:

| | |
|-----------------|------|
| E – Editorial | (72) |
| S – Substantial | (0) |
| Q – Question | (38) |

| | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|--|---|----|----------|-----------------|------------------------------------|--------|
| | Chapter 1 | | | | | |
| | The Foreword of the Executive Mayor 2 nd Paragraph page 6 should read “To Strive.....” | 6 | Noted. | To be Corrected | None | E |
| | The Foreword of the Executive Mayor Spaces in the sentences be aligned | 6 | Noted. | To be Corrected | None | E |
| | The Foreword of the Executive Mayor Remove – The achievement of a “Clean Audit” with no matters | 8 | Noted. | To be Corrected | None | E |
| | The Foreword of the Executive Mayor Rephrase – The words “and make serviceable land available <i>for these housing projects</i> ” | 8 | Noted. | To be Corrected | None | E |
| | The Foreword by the Municipal Manager :- 2 nd Paragraph “revenue | 10 | Noted | To be Corrected | None | E |

| | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|-------|--|----|----------|-----------------|--|--------|
| | Chapter 1 collection” should read “Debtors collection” | | | | | |
| | Add to sentence: “The Constitution also social and economic development of the community, <i>and ensure that any red tape with regard to land use planning is eliminated</i> ” | 12 | Noted | To be Corrected | None | E |
| | Comments on description of wards to be verified | 16 | Noted | To be verified | None | E |
| 1.3.1 | Figure 3 –New figure due to bad quality of image | 17 | Noted | To be Corrected | None | E |
| | Wards description to be verified in Table 3 | 18 | Noted | To be verified | Demarcation of wards to be verified. Only changes in 2016 elections. | Q |
| | Table 4 to be replaced with figures from Community Survey 2016 | 18 | Noted | To be Corrected | None | E |
| | Table 5 – to be replaced with figures from Community Survey | 19 | Noted | To be Corrected | None | E |

| | Question / observation Chapter 1 | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|----------|---|----|----------|-----------------|---|--------|
| Fig 4 | Race Groups – Better quality image | 20 | Noted | To be Corrected | None | E |
| 1.3.2 | Household info “a significant decrease” – significant to be removed | 21 | Noted | To be Corrected | None | E |
| Fig 6 | Household Graph – Better Quality | 21 | Noted | To be Corrected | None | E |
| Table 6 | Image to be improved | 22 | Noted | To be Corrected | None | E |
| Figure 7 | To be replaced with info from Community Survey | 23 | Noted | To be Corrected | None | E |
| Fig 8 | Teenage Pregnancies – Source to be added | 24 | Noted | To be Corrected | None | E |
| 1.4.2 | Health Care HIV Aids – new Stats to be added if available | 25 | Noted | To be Corrected | Statistics not updated since 2011. New statistics to be obtained. | Q |
| 1.4.2 | Statistics to be added on malnutrition | 25 | Noted | To be Corrected | 1. No statistics on malnutrition at hand, statistics te be obtained | Q |

| | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|----------|---|-----------|-----------------|-----------------|---|---------------|
| | Chapter 1 | | | | | |
| 1.4.2 | Source of info at bottom – to be aligned | 25 | Noted | To be Corrected | None | E |
| Table 10 | Table to be replaced with info from Community Survey 2016 | 26 | Noted | To be Corrected | None | E |
| Table 11 | West Coast GDP Growth Rate | 28 | Noted | To be Corrected | None | E |
| Table 12 | West Coast GDP – Table Better quality | 29 | Noted | To be Corrected | None | E |
| Fig 10 | Employment Levels – source to be added | 31 | Noted | To be Corrected | None | E |
| 1.5 | Remove space before Environment Overview | 33 | Noted | To be Corrected | None | E |
| | Photo missing – Rocher Pan | 34 | Noted | To be Corrected | None | E |
| Fig 11 | Housing - Comment Head Housing on reasons for decline in applications | 41 | Noted | To be Corrected | None | E |
| 1.8.1.5 | Remove space | 43 | Noted | TBC | None | E |

REVIEW OF CHAPTER 2 (GOVERNANCE)

| Section | Question / observation Chapter 2 | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|----------|--|----|----------|-----------------|---|--------|
| 2.2.1 | The Municipalities – should read Municipality | 51 | Noted | To Be Corrected | None | E |
| Table 25 | Cllr WJ Dirks – Confirmation on attendance | 53 | Noted | To Be Corrected | Total meeting attendance of Cllr WJ Dirks needs to be verified. This was confirmed by Administrative Services as correct. | Q |
| 2.2.1.4 | Aldermanship is given – should read awarded (1 & 3) Both to be corrected | 55 | Noted | To Be Corrected | None | E |
| 2.2.1.4 | No 3 twenty (20) point – should read points | 55 | Noted | To Be Corrected | None | E |
| 2.2.1.6 | Alderman JA Raats – the name be removed | 57 | Noted | To Be Corrected | None | E |
| 2.2.1.7 | The first line – Alderman EB Manuel was elected- line to be removed | 57 | Noted | To Be Corrected | None | E |
| Table 28 | Remove the name Ald EB Manuel & Cllr SM Crafford & Ald A De Vries | 59 | Noted | To Be Corrected | None | E |

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|-----------|--|----|----------|-----------------|--|--------|
| | Chapter 2 | | | | | |
| Table 32 | Add Name – Cllr W Dirks on Technical Committee | 62 | Noted | To Be Corrected | None | E |
| Table 33 | Add Space to dates at bottom of Table 33 | 62 | Noted | To Be Corrected | None | E |
| Table 34 | Add Space to dates at bottom of Table 34 | 63 | Noted | To Be Corrected | None | E |
| Table 35 | Add Space to dates at bottom of Table 34 | 63 | Noted | To Be Corrected | None | E |
| Table 36 | Correction to Ms – should Read Mrs Montgomery & Mrs B Daries | 65 | Noted | To Be Corrected | None | E |
| Point 5 | Cllr S Snyders – Should read CJ Snyders | 67 | Noted | To Be Corrected | None | E |
| 2.3.1 | Photo – Source to be added | 71 | Noted | To Be Corrected | None | E |
| | Add Name of person on last Photo | 72 | Noted | To Be Corrected | None | E |
| Figure 14 | To confirm the Economic Sectors on the Chart | 77 | Noted | To Be Corrected | The committee raised the matter if the Economic sectors on the chart is correct. | Q |

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|-----------|---|----|----------|-----------------|---|--------|
| | Chapter 2 | | | | | |
| Figure 15 | Appendixes – Full report to be emailed to all members | 85 | Noted | To Be Corrected | The committee request that the full report of the Appendixes be sent to them in future. | Q |

REVIEW OF CHAPTER 3 (SERVICE DELIVERY PERFORMANCE)

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|-----------|---|----|----------|-----------------|---|--------|
| | Chapter 3 | | | | | |
| 3.2 | Sources to be added to photos | 87 | Noted | To be corrected | None | E |
| 3.2.1.1 | Delete sentence The backlogs that exist pertain to the development of new houses and backyard dwellers. | 88 | Noted | To be corrected | None | E |
| 3.2.1.1 | (What is meter management?) Mr Krohn to respond | 89 | Noted | To be corrected | Director Technical Services Responded to the questions raised | Q |
| | Photo-Source to be added | 90 | Noted | To be corrected | None | E |
| 3.2.1.2.3 | Table 52 Redelinghuys, Porterville and Eendekuil figures need be confirmed | 92 | Noted | To be corrected | Table 52 figures confirmed | Q |

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|-----------|--|---------|----------|-----------------|--|--------|
| | Chapter 3 | | | | | |
| 3.2.1.4 | Table 55 – Build new reservoir (Velddrif) Is that figures correct | 93 | Noted | To be corrected | The building costs for reservoir in Velddrif was confirmed by the Director Technical Services. | Q |
| 3.2.2.1 | Photos-Sources to be added | 94 | Noted | To be corrected | None | E |
| 3.2.2.2.1 | Table 56: insert correct year | 95 | Noted | To be corrected | None | E |
| 3.2.3.3 | Table 62: add previous year figures | 98 | Noted | To be corrected | None | E |
| 3.2.4.1 | Landfill Sites in area - To be confirmed with Mr Krohn | 100 | Noted | To be corrected | Director Technical Services responded to the questions raised | Q |
| 3.2.4.3 | Table 66: add previous year figures | 102 | Noted | To be corrected | None | E |
| 3.2.4.4 | Table 67: move table up from page 103 and check figures with finance | 102/103 | Noted | To be corrected | The figures in table was checked and confirmed as correct | Q |
| 3.3 | Table 75 – Gravel Roads Total Km's | 108 | Noted | To be corrected | None | E |
| 3.3.1.2 | Table 75 and 76 reads the same – are the figures correct | 108 | Noted | To be corrected | Gravel/Tared Roads (Roads upgraded to tared roads | Q |

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|---------|--|-----|----------|-----------------|---|--------|
| | Chapter 3 Table 76 and 75 reads the same – are the figures correct | 109 | Noted | To be corrected | Gravel/Tared Roads (Roads upgraded to tared roads) | Q |
| 3.3.1.3 | Table 78: add previous year data | 109 | Noted | To be corrected | None | E |
| 3.3.1.4 | Table 79: are the figures correct | 109 | Noted | To be corrected | Committee raised the question on the correctness of the totals in Table 79 | Q |
| 3.3.1.5 | Insert the word <u>in</u> at the fourth bullet | 110 | Noted | To be corrected | None | E |
| 3.3.2.3 | Table 84: should zero's or dash be inserted | 112 | Noted | To be corrected | None | E |
| 3.4.2.5 | Raised as a concern (illegal building activities) | 118 | Noted | To be corrected | Final Report | Q |
| 3.4.2.5 | The third bullet copy of act needed (building regulation) | 119 | Noted | To be corrected | Oversight Committee to receive copy of building regulations. | Q |
| 3.4.3.2 | EPWP – Is the figure correct | 119 | Noted | To be corrected | The total employment figures was questioned by the committee and is was confirmed as correct by the Director Technical Services | Q |
| 3.4.3.2 | Table 93: figures do not add up - needs to be verified (What is the policy) | 120 | Noted | To be corrected | Totals in Table 93 needs to be checked as it does not add up. Also the policy for employment on recruitment and appointment needs to be explained for the committee | Q |

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|---------|---|-----|----------|-----------------|---|--------|
| | Chapter 3 | | | | | |
| 3.4.3.4 | Delete/Rephrase and rename paragraph "At Wesgro" | 120 | Noted | To be corrected | None | E |
| 3.4.3.5 | Replace the word "was" with "were" | 121 | Noted | To be corrected | None | E |
| 3.4.3.5 | <ul style="list-style-type: none"> • Insert date • and at iv insert the letter – should read completed • Delete – attached is the discussion | 122 | Noted | To be corrected | None | E |
| | Insert the name of Alletta Van Sittert on the photo | 125 | Noted | To be corrected | None | E |
| | What is the status junior town council | 126 | Noted | To be corrected | The Junior Council programme is not yet implemented. Still in planning phase?? | Q |
| | The word Alderlady should be replaced with Alderwomen | 127 | Noted | To be corrected | None | Q |
| | What is the Bergrivier Brand network | 127 | Noted | To be corrected | The Bergrivier Brand – the committee needs to know the concept regarding the programme and the purpose. | Q |

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|---------|--|-----|----------|-----------------|---|--------|
| | Chapter 3 | | | | | |
| 3.5.1.5 | The word matric should be replaced with matriculant | 134 | Noted | To be corrected | None | E |
| 3.5.3.2 | Table 102 – Add Zero or dash in empty spaces | 139 | Noted | To be corrected | None | E |
| 3.5.4.2 | Maintenance of graveyards – Curb vandalism (Refer to Table 105 & 106) | 140 | Noted | To be corrected | The committee raised the concern on the increase on vandalism of graveyards in the Bergrivier towns. What is currently being done regarding this? | Q |
| | Table 105 – Must be listed for discussion in final report | 141 | Noted | To be corrected | The implementation of measures to curb vandalism. | |
| | Table 106 – Insert Zero or Dash | 141 | Noted | To be corrected | None | E |
| | Photo Source | 147 | Noted | To be corrected | None | E |
| 3.7.2.1 | Table 112 – What type of inspections was done? | 149 | Noted | To be corrected | Director Technical Services responded | Q |
| 3.7.2.5 | The word “there” to “their” and heavy duty driver license to Code | 150 | Noted | To be corrected | None | E |
| 3.8.1.1 | Table 115 (Parks & Open Spaces) <ul style="list-style-type: none"> Costs to operate parks | 151 | Noted | To be corrected | Final Report Noted | |

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|---------|--|-----|----------|---------------------|---|--------|
| | <p style="text-align: center;">Chapter 3</p> <ul style="list-style-type: none"> Is it in line with Developments and Technology Should it not be spend on Sport Facilities | | | | | Q |
| 3.8.4.5 | <p>Resorts</p> <ul style="list-style-type: none"> Losses at Resorts Pelican Park – Are there any future plans Day camping – what revenue is generated | 159 | Noted | Official to report | The committee would like to establish the losses at the different resorts of Bergrivier Municipality, the future of Pelican Park and the total revenue generated at the resorts and the day camping by vosotors | Q |
| | Figure Quality | 170 | Noted | To be corrected | None | E |
| | Figure Quality | 171 | Noted | To be corrected | None | E |
| | Figure Quality | 172 | Noted | To be corrected | None | E |
| TL15 | <p>The target and actual indicators related to the TL15 (Municipal Sustainability)</p> <p>Target – 14.50</p> <p>Actual – 2.92</p> | 174 | Noted | Director to respond | The sustainability of the municipality as illustrated in the table was questioned and the CFO explained to the committee how the targets is set and met by the department. | Q |

| Section | Question / observation | Pg | Response | Actions | Recommendations (Oversight Report) | Impact |
|---------|---|-----|----------|-----------------------|---|--------|
| | Chapter 3 | | | | | |
| TL38 | Electricity Losses – The Strategy and system that is currently being used to prevent losses | 175 | Noted | Director – to respond | The committee raised the concern on the electricity losses and what measures and systems are in place preventing losses. The CFO explained the current system in tracking losses and financial controls that is in place. | Q |

REVIEW OF CHAPTER 4 & 5

| Section | Question / observation | Page | Response | Actions | Recommendations (Oversight Report) | Impact |
|---------|---|---------|----------|-----------------|--|--------|
| | Chapter 4 & 5 | | | | | |
| 4.1.1.2 | Rephrase line “as productive as experienced employees” | 201 | Noted | To Be Corrected | None | E |
| | Table 142 – Totals does not add up (Check entire Worksheet) | 202/203 | Noted | To Be Corrected | The totals did not add up and it neds to be corrected.Done | Q |
| | Table 143 – Source to be Indicated (Stats SA) | 205 | Noted | To Be Corrected | None | E |
| | Figure 21 – Colours are wrong (Paragraph to be re-drafted) | 206 | Noted | To Be Corrected | None | E |

| Section | Question / observation | Page | Response | Actions | Recommendations (Oversight Report) | Impact |
|---------|---|------|----------|-----------------|---|--------|
| | Chapter 4 & 5 | | | | | |
| | Table 146 – “Contracts Expire” Remove line | 208 | Noted | To Be Corrected | None | E |
| | Insert Page Number 208 | 208 | Noted | To Be Corrected | None | E |
| 4.2.2.3 | Health & Safety (Insert Target per month) Use other Graph | 212 | Noted | To Be Corrected | None | E |
| | Change – target “ 6 & 12” | 213 | Noted | To Be Corrected | None | E |
| 4.2.3 | Change the colour of the graph to indicate the difference | 213 | Noted | To Be Corrected | None | E |
| | Figure 27 – Indicate the total loss days per person (Describe totals) | 214 | Noted | To Be Corrected | The committee requested that the totals lost days per person be illustrated and explained in word format by the Human Resources department. | Q |
| 4.2.4 | Figure 28 – Explain the totals (Describe in paragraph) | 214 | Noted | To Be Corrected | The committee requested that the totals lost days per person be illustrated and explained in word format by the Human Resources department. | Q |
| | Figure 29 – Explain the sick leave | 215 | Noted | To Be Corrected | The total sick leave needs to be broke down in a more simplified manner. | Q |
| 4.2.6 | Appendix 9 (Should be included in the report) | 215 | Noted | To Be Corrected | None | E |

| Section | Question / observation | Page | Response | Actions | Recommendations (Oversight Report) | Impact |
|---------|---|------|----------|-----------------|---|--------|
| | Chapter 4 & 5 | | | | | |
| 4.3.1 | Remove the brackets | 215 | Noted | To Be Corrected | None | E |
| 4.4 | Insert : after Local government – Remove brackets | 218 | Noted | To Be Corrected | None | E |
| | NOTE – ABBREVIATIONS MUST BE INSERTED AT THE FRONT OF ALL CHAPTERS | | Noted | To Be Corrected | None | E |
| | CHAPTER 5 | | | | | |
| 5.1.1 | Table 151 – Transfers Recognised – Capital (CFO) | 221 | Noted | To Be Corrected | The CFO explained the Municipal Financial Performance to the Oversight Committee. | Q |
| | Table 152 – Insert Dash or 0 in empty spaces | 222 | Noted | To Be Corrected | None | E |
| | Table 162 – Repayment of Borrowing (CFO to Respond) | 232 | Noted | To Be Corrected | Director Financial Services responded | Q |
| | Table 163 – Add dash or to empty spaces and add page number 233 | 233 | Noted | To Be Corrected | None | E |
| 5.4.4 | Table 164 – Insert page number 235 | 235 | Noted | To Be Corrected | None | E |

VOLUME II

ANNUAL FINANCIAL STATEMENTS AND REPORT OF THE AUDITOR GENERAL

| Section | Question / observation | Pg. | Response | Actions | Recommendations (Oversight Report) | Impact |
|---|--|-----|--|---------|--|--------|
| Chapter 5 | The Oversight Committee requested the Report of the Auditor | | Provided to the Oversight Committee during meeting | Noted | The report of the Auditor has been supplied to the Oversight Committee | Q |
| 5.1 State ments of Financial Performa nce | Table 151: The Committee enquired on whether the table should not indicate 000 to correctly reflect the amount | 230 | | | It is stated correctly in the table | E |
| 5.2 Financial Grants | Table 152: The Committee enquired on whether the table should not indicate 000 to correctly reflect the amount | 231 | | | It is stated correctly in the table. | E |
| Report of AG | Par 24: Expenditure Management: Oversight Committee enquired on the detail of the unauthorised expenditure | | Informa tion to be electroni cally for warded to Oversight Committee | | Done | Q |

6 OUTSTANDING ISSUES FROM THE 2014/15 OVERSIGHT REPORT

It is not always possible to see the impact of recommendations implemented in the 2014/15 financial year as nine months of the financial year have already lapsed at the time that the Oversight Report is adopted by Council. Recommendations will therefore be monitored on an on-going basis. No matters are outstanding, but for purposes of reporting, a full report on the implementation of the 2014/15 Oversight Report is included.

5.2 CHAPTER 2: GOVERNANCE

| SECTION | PARAGRAPH | OBSERVATION | RECOMMENDATIONS | MUNICIPAL FEEDBACK |
|---|-----------|---|---|---|
| Political and Administrative Governance: Audit Performance Committee | 2.1.9.1 | The Committee expressed concern that there have been cases of electricity theft by personnel. The Committee noted that all such cases have been dealt with in accordance with the Municipality's disciplinary code and that the necessary criminal charges were instituted. | 1. That an article be placed in the external newsletter on the measures that the Municipality is implementing to prevent fraud and corruption, especially within its own organisation. | |
| Public participation and accountability: Ward Committees | 2.4.2 | The Committee expressed concern about the number of vacancies, poor attendance and the fact that membership is not aligned to the most important sectors of the community. It was noted that there is a "Provincial framework on the implementation of an effective and functional ward committee system" which needs to be implemented, but that resource challenges make it difficult at this stage, and that it will also impact on the levels of commitment that Ward Committees will have to make. | 2. That a new policy and plan of action be developed with a view to implementing the "Provincial framework on the implementation of an effective and functional ward committee system" following the next election. | The policy is in the process of review and needs to be completed by end June 2015. |
| | | | 3. That the Speaker attends at least one Ward Committee meeting of each ward in a year. | Concerted efforts have been made since July 2015 for the Speaker to attend as many ward committee meetings as possible. |
| | | | 4. That Top Management (Municipal Manager and Directors) become more involved in Ward Committees by each attending two ward committee meetings in a year. | Top Management made a decision to attend ward committee meetings and the meetings in April of each year are being attended by top management as well. |
| Public participation | 2.4.4 | The Committee expressed concern about the participation of the youth in the affairs of the | 5. That the Municipality implement youth development mechanisms for scholars | Council initiated the drafting of a Youth Policy which was approved in May 2015. Projects as |

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| and accountability: Sector engagements | | Municipality, especially in light of the dire need for youth development at scholar level as reflected in the socio economic profile of the Municipality. | such as a youth council, Youth Development expo's etc. | outline in the recommendations are included in the Youth Policy. |
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5.3 CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| SECTION | PARAGRAPH | OBSERVATION | RECOMMENDATIONS | MUNICIPAL FEEDBACK |
|--|-----------------|---|--|--|
| Part A: Water and Sanitation: Performance Challenges | 3.1.5 and 3.2.5 | The Committee expressed concern about the burgeoning presence of backyard dwellers and their access to basic water and sanitation services. | 6. That the prevalence of backyard dwellers be monitored every second year to assess demand for services and ensure that the situation is not deteriorating and causing detriment to human health and the environment. This could be an EPWP or a CDW project. | Backyard dwelling is not just a Bergrivier problem, but is a national phenomenon. The housing waiting list also contains information of the Backyard Dwellers. Surveys was completed in 2013. The next surveys will be done towards the end of 2016, furthermore a project will be registered with EPWP programme to update the Database |
| Part A: Waste Management: Service Statistics | 3.4.1 | The Committee expressed concern about the capacity of the land fill sites currently being used by the Municipality and are of the opinion that the Municipality needs to ensure that there are adequate plans in place for waste disposal over the long term. | 7. That the management of the disposal of waste over the long term be raised at District Level to ensure that there is adequate provision in the District. | SLA in place to dump waste at the Vredenburg- and Malmesbury landfill sites. Contract appointed to transport the household- and business waste to the landfill sites. (Too expensive for Bergrivier to develop own landfill sites – not enough waste. |
| | | | 8. That the Municipality develop a long term strategy for the management of its own waste. | Long term strategy is the IWMP (Integrated Waste Management Plan) for Bergrivier and is part of the IDP – new/revised plan every 5 years. |
| | 3.4.1 | The Committee expressed concern that the recycling programme is not directly benefiting the Community. | 9. That the Municipality investigate alternate ways that jobs can be created through recycling, so that the Community will be encouraged to recycle. | Local Contractor appointed in Piketberg to do the separation of recycables in Piketberg. (Recycables from Porterville collected by |

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| | | | | <p>municipal and transported to Piketberg for separation.</p> <p>Collection of recyclables in Velddrif by municipality and separation by temporary workers (unemployed persons).</p> |
| Part C: Planning and Development: Building Control | 3.10.2 | The Committee expressed concern that the capacity in the Building Control Department is very limited in relation to the number of building plans that are passed annually. This diminishes the capacity of the Municipality to monitor illegal building activities and perform the requisite inspections on new structures. | 10. That the Municipality consider increasing the capacity of the Building Control Unit. | The capacity is indeed a concern. The limited capacity would be addressed in the Organigram of the next round of updates. The proposal is that we opt for two Building Inspectors. |
| Local Economic Development: Ad hoc LED Initiatives | 3.11.5 | The Committee expressed concern about the fact that the Municipal Area has a vast pool of unemployed labour yet there appears to be no concerted effort by major employers to give preference to local labour. | 11. That the Municipality engage with major employers within the Municipal Area to encourage them to as far as is possible utilise local labour. | LED is a function of the Department Strategic Services and a Local Economic Strategy was approved by Council in May 2015. |
| | | | 12. That the Municipality review its own Supply Chain Policy to ensure that it makes optimal use of local labour. | The Technical Department already includes in all the tender documents that only local unskilled labour must be used. |
| Part G: Community Parks, Sport and Recreation: Resorts | 3.24.2 | The Committee are concerned about the viability of the resorts under the current management model. | 13. That a viability study be done for the resorts which examines potential management models to enhance their financial viability. | <ul style="list-style-type: none"> • DELTA BEC was appointed during May 2014 to do public participation sessions and to make recommendations based on the interactions with relevant stakeholders regarding the future of Pelican Beach Resort. Secondly DELTA BEC develop three (3) development models for Pelican Beach Resort which was presented to the Mayoral Committee; • Chris Hugo was appointed during April 2015 to investigate the limitations and shortcomings at Stywelyne – and Dwarskersbos Beach Resort. Chris Hugo was also instructed to do a revenue enhancement plan for the 2 beach resorts. |

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| Part I Detailed Annual Performance Report: | TL45: Improve debtor management and revenue collection | The Committee expressed concern about the 8% deviation between the planned target and the actual which is primarily attributable to the fact that the last day for payment is on the last day of the month. | 14. That the Committee re-iterate their previous recommendation to change the date of payment to a date prior to the last day of the month. | This date was changed as from 1 July 2016 |
| | TL 53 and 73: ensure that capital expenditure (Finance and Corporate Services) is in line with budget and timeframes | The Committee expressed concern that the percentage of capital actually spent exceeds the budgeted amount but is not regarded as an over expenditure. They furthermore noted that this is attributable to the fact that provision was not made on the budget for the acquisition of capital assets arising from lease agreements. (Eg Telephone systems) | 15. That all leases be signed off by the CFO to ensure that provision is made on the budget for capital acquisitions arising from lease agreements. | Leases are now signed off |
| Part I Detailed Annual Performance Report: | General | The performance comments are not sufficient to adequately inform the public of what was achieved or in the case of KPI's not achieved, what the corrective measures are. | 16. That quality control measures be implemented to ensure that the standard of performance comments and corrective measures are improved. | The municipality is implementing a reporting system on all the KPI's as standardised for all municipalities. These KPI's are being audited and all control mechanisms must therefore be in place, including performance comments and corrective measures. |
| Part I Detailed Annual Performance Report: | General | The previous year's performance should be used as a baseline for target setting, a case in point being TL77 where the target set for water losses was less than the previous year's actual performance. | 17. That unless there is a good reason, the previous year's performance be set as the minimum level of performance for the following year's target. | It is standard practise to use past performance as baseline information to project on performance for the new financial year. |
| Part I Detailed Annual Performance Report: | General | The Committee expressed concern about synchronisation and correctness of reporting on functions where more than one Directorate plays a role eg water and electricity losses and MIG Funding. | 18. That reporting be standardised and mechanisms implemented to ensure synchronisation of reporting data by different Directorates to ensure the accuracy thereof. | Reporting has been finalised and audited in the TL SDBIP as to ensure uniformity of the reporting of specific matters that requires synchronisation. |

5.4 CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

| SECTION | PARAGRAPH | OBSERVATION | RECOMMENDATIONS | MUNICIPAL FEEDBACK |
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| Part B: Workforce, vacancies and turnover. | Table 140 | The Committee expressed concern about the number of vacant funded positions, and are of the opinion that the recruitment process should be expedited. | That recruitment and selection processes commence at the beginning of each financial year (01 July) or as soon as a vacancy becomes available and is funded. | Council requested during March 2015 that the Recruitment and Selection policy should be reviewed. It was reviewed and approved by the Mayoral Committee on 8 December 2015 and has been implemented in January 2016. |

5.5 CHAPTER 5: FINANCIAL PERFORMANCE

VOLUME II

5.6 ANNUAL FINANCIAL STATEMENTS AND REPORT OF THE AUDITOR GENERAL

| SECTION | PARAGRAPH | OBSERVATION | RECOMMENDATIONS | MUNICIPAL FEEDBACK |
|--|-----------|--|--|---|
| AG Report Assets and liabilities | 21 | The Committee expressed concern about the matter pertaining to assets that was raised by the AG and feel the Municipality needs to implement a system to ensure that its assets register is accurate, up to date and compliant with legislation. | That the Municipality implement a strategy to ensure that its assets register is accurate, up to date and compliant with legislation. | Annual stocktaking is done. GIS system in process off development that will assist with the identification of assets. |
| AFS Inventory: | 14 | The AG raised inventory as a matter in the 2012/13 audit and it must therefore be continually monitored. | 19. That the Municipality investigate the feasibility of a centralised store system to improve the control of receipt and issue of goods. | Request was made to budget steering committee but the cost could not be accommodated in the budget of 2017/18 |
| AFS General expenses: | 37 | The Committee are concerned about the escalation in professional fees from R5 222 723.00 in 2012/13 to R 9 610 529.00 in 2013/14, which is an escalation of 54%. It was noted that professional costs entail a wide range of services such as the transport of waste and the management of the pre-paid meter system | 20. That the Municipality implement measures to reduce its professional fees, and ensure that where consultants are used that the contracts make provision for skills transfer. | Noted |

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| | | which are in effect service providers and not consultants. It is believed that the implementation of SCOA will partially address by requiring municipalities to break down their professional fees into different sub items. | 21. That the Oversight Committee review the municipalities expenditure on professional fees following the implementation of SCOA. | |
| AFS General expenses: | 37 | It was noted that the Municipality's audit fees (R2 459 424.00) are believed to be one of the highest in the Province. | 22. That the Municipality liaise with the Auditor General regarding their audit fees and that they are requested to structure their audit in a manner that is more economical for the Municipality. | This was done during the 2014/2015 financial year. |

| | OBSERVATION | RECOMMENDATIONS | MUNICIPAL FEEDBACK |
|----------------|--|---|--|
| GENERAL | The Committee feel the standard of the annual report could be improved, especially the final presentation to the public. | 23. That the Annual Report Oversight Process be started in November to leave ample time for corrections, editing, language, and final finishing (Binding). | The Oversight Committee process commenced in November 2015 as to ensure sufficient time. |

7. CONCLUSION

The Committee would like to commend the Municipality on its performance, especially the achievement of an clean audit. I would like to thank the members of the Oversight Committee and all officials who participated in the 2015/16 Oversight Process for their time and cooperation. The process was successful and enabled the Committee to identify areas that will enable the Municipality to take its good performance to the next realm. I am of the opinion that the 2015/16 Annual Report accurately reflects the performance of the Municipality for the year under review and recommend that the Council approve the 2015/16 Annual Report without reservations.

Chairperson
Mr N Stevens

Date