



2015/2016
OVERSIGHT 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. Given the process required by Council to effectively undertake its oversight role, the establishment of the Municipal Public Accounts Committee (MPAC) of Council provides the appropriate mechanism in which Council would 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.

In the light of this responsibility, Council on 31 January 2017, tabled the 2015/16 Annual Report of the Nelson Mandela Bay Municipality for consideration. Council subsequently referred the 2015/16 Annual Report to the MPAC for interrogation so that an Oversight Report could be developed. MPAC in fulfilling its responsibility assigned to it by Council, held its meetings on the following dates:

- 1 February 2017
- 14 February 2017
- 24 February 2017
- 6 March 2017
- 9 March 2017
- 16 March 2017

During these meetings the Annual Report of Nelson Mandela Bay Municipality was assessed with due attentiveness by all MPAC members. The oversight process included a page by page scrutiny of the Annual Report where questions for clarity and concerns were raised.

MPAC noted both improvements in certain performance areas, as reflected in the 2015/16 Annual Report, but also 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.

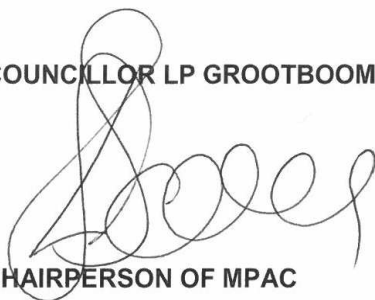
MPAC will furthermore ensure that recommendations developed in the 2015/2016 Oversight Report are fully implemented by the municipal administration and this will be monitored through quarterly reports by MPAC.

In considering the 2015/16 Annual Report, MPAC also consulted the 2014/15 Oversight Report to establish those areas that are still outstanding that could be incorporated into the 2015/16 Oversight Report.

It is my belief that if Council considers these recommendations and the administration implements them fully, the NMBM should move from a qualified Audit position of 2015/16 to at least an unqualified Audit opinion in the 2016/17 financial year.

Finally, I would like to extend special appreciation to the members of MPAC for their contribution, dedication and hard work in ensuring that this report was compiled and tabled in time for Council and for the administration for their administrative support in developing the Oversight Report.

COUNCILLOR LP GROOTBOOM

A handwritten signature in black ink, appearing to read 'L. P. Grootboom', written over the printed name.

CHAIRPERSON OF MPAC

1. PURPOSE

Each municipality and its entities are enjoined by the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA) to prepare Annual Reports which are based on their annual service delivery processes and overall municipal performance, for the inspection of its relevant stakeholder groups. The Nelson Mandela Bay Municipality has accordingly prepared its Annual Report 2015/16 in accordance to its key performance areas to account to the communities it serves.

The Annual Reporting process is followed by an Oversight Report, which is the report of Council on the Annual Reports of the Municipality and its municipal entities. 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. The Oversight Report is a product of the Municipal Public Accounts Committee's deliberations on the Annual Report.

The Oversight Report is adopted after the Oversight Committee has fulfilled its tasks pertaining to:

- Undertaking a review and analysis of the Annual Report
- Inviting, receiving and considering inputs from Councillors and Support Committees
- Considering written comments received on the Annual Report through the public consultation process
- Conducting Public Hearings to allow the local community or any organs of state to make representations on the Annual Report
- Receiving and Considering Council's Audit Committee's views and comments on the Annual Financial Statements and the Performance Report

- Preparing the draft Oversight Report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organs of state, Council's Audit Committee and Councillors.

2. INTRODUCTION

The Nelson Mandela Bay Municipality has been guided by the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA) and National Treasury Circulars in the process of drafting the Annual Report. In adhering to these, the Municipal Administration has submitted the Annual Report 2015/16 to the Council at the Council meeting held on 31 January 2017 for consideration. This process was followed by the preparation of the oversight report.

The Nelson Mandela Bay Municipality Council has resolved that the Municipal Public Accounts Committee is the relevant committee within the Municipality to carry out the activities of the Oversight Committee. The Municipal Public Accounts Committee, as prescribed in the MFMA, has been holding meetings to discuss the performance of the overall municipality through the use of the 2015/16 Annual Report. The Committee has performed its oversight role within the MFMA specified municipal oversight completion period, which is from 31 January- 31 March.

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).
- Annual Financial Statements submitted to the Auditor-General.
- The Auditor General's audit report on the financial statements in terms of Section 126 (3) of the MFMA.
- The Auditor-General's audit report on performance in terms of Section 45 (b) of the MSA.

One of the key responsibilities of the Municipal Public Accounts Committee in fulfilling its oversight role is to prepare the draft oversight report, considering the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

3. FORMING OF OVERSIGHT COMMITTEE

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

The formation of the Oversight Committee varies from municipality to municipality. Some of the municipalities in South Africa appoint members from its Council to carry out the activities of an oversight committee. However, in the NMBMM this role is referred to the Municipal Public Accounts Committee. The Nelson Mandela Bay Municipality's 2015/16 financial year MPAC membership is constituted as follows:

African National Congress (ANC) – 5 members

African Christian Democratic Party (ACDP) – 1 member

Democratic Alliance (DA) – 6 members

Economic Freedom Fighters (EFF)– 1 member

Patriotic Alliance (PA) – 1 member

United Democratic Movement (UDM) – 1 member

MPAC is constituted as follows:

Councillor L P Grootboom (Chairperson)

Councillor R N Captain

Councillor M V Daniels

Councillor M Feni

Councillor C Garai
Councillor M A Gidane
Councillor B N Mafaya
Councillor M K Mogatosi
Councillor L Mrara
Councillor H Muller
Councillor L Nombola
Councillor T S Noqoli
Councillor M G Steyn
Councillor T F Tshangela
Councillor H C van Staaden

4. TIME CONSIDERATIONS

4.1 Meeting Schedule

The 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

The Annual Report 2015/16 was received by the Nelson Mandela Bay Municipality Council on 31 January 2017 and referred to the MPAC as an Oversight Committee in the municipality. The MFMA prescribes that the oversight must be submitted to the Council before 31 January and be adopted by 31 March of the same year.

The meeting schedule of the Municipal Public Accounts Committee from 1 February to 16 March 2017 is outlined below:

DATE	TIME	VENUE
1 February 2017	09:00	Council Chambers, City Hall
14 February 2017	09:00	Conference Centre, Military Road
24 February 2017	09:00	Council Chambers, City Hall
6 March 2017	09:00	Council Chambers, City Hall
9 March 2017	09:00	Council Chambers, City Hall
16 March 2017	09:00	Conference Centre, Military Road

5. LEGAL FRAMEWORK

The preparation of this 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 as to 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.

The establishment of the Oversight Committee is therefore important for the Council to carry out functions of the Annual Report oversight or overview. The Nelson Mandela Bay Municipality Council has in this case referred or delegated its authority to carry out its oversight functions to the Municipal Public Accounts Committee. The establishment of the MPAC was undertaken in terms of Section 79 of the Municipal Structures Act, which allows for the cooption of advisory members to a committee of Council, who are not members of the Council.

Circular No. 32 of the Municipal Finance Management Act, Act 56 of 2003 recommends that councils should consider the establishment of an Oversight Committee under Sections 33 and 79 of the Municipal Structures Act 1998. The Circular states that this committee and, if needed, sub-committees, could be responsible for the detailed analysis and review of the Annual Report and then drafting an Oversight Report that may be taken to full Council for discussion. Such committee, according to 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 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 media on 1 and 4 February 2017.
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 1 and 4 February 2017.
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.mandelabay.gov.za)

7. OVERSIGHT COMMITTEE RECOMMENDATIONS

At the first meeting of MPAC held on 1 February 2017 to consider the Annual Report, the meeting agreed that it would exercise its oversight functions in the following manner:

That MPAC would attend as follows to its work in respect of the 2015/16 Annual Report and the Audit Report by the Auditor-General for the year ended 30 June 2016:

- First meeting: Auditor-General's Audit findings
- Second meeting: Annual Consolidated Financial Statements
- Third meeting: Performance Scorecard Reports
- Fourth meeting: Chapters 1 to 6 of the Annual Report
- Fifth and sixth meetings: Start developing Oversight Report

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

Area 1	Auditor-General's Audit findings
Area 2	Annual Consolidated Financial Statements
Area 3	Performance Scorecard Reports
Area 4	Annual Report (Chapters 1 to 6)

7.1 AREA 1: AUDITOR-GENERALS'S AUDIT FINDINGS

AREA 1		MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
AUDITOR- GENERAL'S REPORT FOR 2015/16	1.	<p>Items on page 777 of the Audit Report</p> <p>(i) Irregular Expenditure</p> <p>It was pointed out that various directorates had failed to submit Section 32 reports in respect of irregular expenditure to allow the MPAC Subcommittee to make proper recommendations in that regard.</p>	<p>(a) That the City Manager ensure that all directorates comply when requested to submit Section 32 reports to allow Internal Audit, Subcommittees and Standing Committees to operate effectively.</p>	City Manager
	2.	<p>(iii) Garnishees</p> <p>The Committee noted the number and volume of Garnishee Orders.</p>	<p>(b) That an investigation in respect of Garnishee orders be undertaken to identify areas of negligence and for the officials that are responsible to be appropriately disciplined.</p> <p>(c) That Executive Directors take responsibility to ensure that accounts owed by the Municipality are paid timeously to prevent garnishee orders being issued.</p>	<p>Chief Operating Officer</p> <p>All Executive Directors/ Chief Operating Officer</p>

AREA 1	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	<p data-bbox="495 304 1131 368">3. Items on page 778 of the Audit Report</p> <p data-bbox="568 408 909 472">(i) Material Losses and Impairments</p> <p data-bbox="568 517 1131 651">Material losses were raised with specific reference to Infrastructure and Engineering Directorate and water losses.</p>	<p data-bbox="1153 517 1626 619">That adequate funds be set aside in the 2017/18 Budget Plan to address the issue of water losses.</p>	<p data-bbox="1693 517 1960 651">Executive Director Infrastructure and Engineering/ Chief Financial Officer</p>
	<p data-bbox="495 740 1025 804">4. Items on page 781 of the Audit Report</p> <p data-bbox="568 844 1003 908">(i) Procurement and Contract Management</p> <p data-bbox="568 952 1131 1161">The Committee expressed concerns in respect of procurement and contract management. There were serious challenges in the SCM Sub-Directorate; procedures were not followed nor were proper records kept.</p>	<p data-bbox="1153 844 1671 1053">(a) That the City Manager and the Acting Chief Financial Officer produce a strategy to deal with the problems in respect of procurement and contract management to the next ordinary meeting of MPAC.</p> <p data-bbox="1153 1098 1671 1339">(b) That as per recommendation (a) above the City Manager and Acting Chief Financial Officer should indicate how they would address this matter, with the option to either do a presentation or submit a report in that regard to MPAC.</p>	<p data-bbox="1693 844 1906 946">City Manager/ Chief Financial Officer</p> <p data-bbox="1693 1098 1906 1200">City Manager/ Chief Financial Officer</p>

AREA 1	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	<p data-bbox="495 304 524 331">5.</p> <p data-bbox="568 304 1025 368">Items on page 782 of the Audit Report</p> <p data-bbox="568 411 976 443">Consequence Management</p> <p data-bbox="568 485 1133 762">It was indicated that the MPAC Subcommittee in conjunction with Internal Audit were experiencing difficulties due to various directorates not submitting their Section 32 reports and as a result the Subcommittee could not perform effectively in respect of consequence management.</p>	<p data-bbox="1155 411 1671 692">(a) That the MPAC Subcommittee be strengthened by support from Executive Directors in the form of proper reports to it with recommendations on action to be taken in each case, to ensure implementation of consequence management.</p> <p data-bbox="1155 735 1671 868">(b) That Internal Audit and Legal Services be fully capacitated to enable the division/s to deal properly with matters arising timeously.</p>	<p data-bbox="1693 411 1877 475">All Executive Directors</p> <p data-bbox="1693 735 1917 799">Chief Operating Officer</p>

AREA 2: CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

AREA 2		MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS		Items on page 711 of the Consolidated Financial Statements		
	6.	<p>Housing Revolving Fund (HRF)</p> <p>The Committee expressed serious concerns in respect of the Housing Revolving Fund (HRF) and the lack of proper planning in the Human Settlements directorate.</p>	<p>(a) That the Executive Director: Human Settlements ensures compliance with all legislative prescripts in respect of the HRF as well as ensures that it remains within its current threshold, which is R100 million.</p> <p>(b) That the NMBM strive towards eliminating the HRF and thus engage the national and provincial Human Settlements departments to assist with same.</p> <p>(c) That the ED: Human Settlements submit regular quarterly reports to MPAC in respect of Housing Revolving Fund</p>	<p>Executive Director: Human Settlements</p> <p>Executive Director: Human Settlements</p> <p>Executive Director: Human Settlements</p>

AREA 2	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
		(d) That a report be submitted to the next ordinary MPAC meeting by the ED: Human Settlements with details of the R81 million written off as a possible irrecoverable housing subsidy debt, pertaining to the HRF.	Executive Director: Human Settlements
	<p data-bbox="566 627 1088 691">Items on page 715 of the Consolidated Financial Statements</p> <p data-bbox="495 730 1131 802">7. Unspent Conditional Grants and Receipts</p> <p data-bbox="566 842 1131 1090">The Committee noted this item and indicated that the institution needed to ensure that grant money was spent as failure to do so would result in a decreased annual budget being provided by National Treasury to NMBM for this purpose.</p>	<p data-bbox="1153 730 1664 914">(a) That the NMBM ensures that strict internal control and monitoring measures be implemented to prevent non-spending of conditional grants.</p> <p data-bbox="1153 954 1664 1018">(b) That Quarterly reports in respect of this item be submitted to MPAC.</p>	Chief Financial Officer

AREA 2	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	<p data-bbox="568 301 1135 368">Items on page 718 of the Consolidated Financial Statements</p> <p data-bbox="495 408 875 443">8. Investment Property</p> <p data-bbox="568 483 1135 655">The Committee expressed concern that the figures set out on the page of the consolidated financial statements were the same as those on previous annual financial statements.</p>	<p data-bbox="1155 408 1664 727">(a) That the ED: Sports, Recreation, Arts and Culture submits a business plan and a turnaround strategy to improve the management of Council-owned resorts and the generation of revenue from same for the institution, to the Sport, Recreation, Arts and Culture Committee in the first instance.</p> <p data-bbox="1155 767 1664 871">(b) That the process as per (a) above be concluded by 31 August 2017.</p>	<p data-bbox="1686 408 1955 544">Executive Director: Sports, Recreation, Arts and Culture</p> <p data-bbox="1686 767 1955 903">Executive Director: Sports, Recreation, Arts and Culture</p>
	<p data-bbox="568 916 1135 983">Items on page 721 of the Consolidated Financial Statements</p> <p data-bbox="495 1023 1037 1058">9. Housing Rentals: Ageing Stock</p> <p data-bbox="568 1098 1135 1233">The Committee identified the ageing Housing Rental Stock and enquired about the status of transferring properties to beneficiaries.</p>	<p data-bbox="1155 1023 1664 1270">(a) That the Executive Director: Human Settlements submit a comprehensive report on the outcome of her investigation and audit re the Ageing Housing Rental Stock to the next ordinary MPAC meeting.</p>	<p data-bbox="1686 1023 1955 1126">Executive Director: Human Settlements</p>

AREA 2	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
		(b) That the report per (a) above reflect the number of properties and the legitimacy of the beneficiaries living in those properties.	Executive Director: Human Settlements
	<p data-bbox="566 485 1131 549">Items on page 731 of the Consolidated Financial Statements</p> <p data-bbox="495 592 999 624">10. Remuneration of Councillors</p> <p data-bbox="566 663 1131 943">It was reported that there was confusion regarding the tools of trade provided to NMBM Councillors, in particular the issue of the 3G allowance. It was indicated that Councillors were receiving a 3G allowance and 3G Cards as well, without the relevant cost being deducted from their salaries/allowances.</p>	<p data-bbox="1155 592 1659 759">That the Speaker of the NMBM Council provide clarity in respect of the situation re tools of trade that were provided to NMBM Councillors.</p>	<p data-bbox="1686 592 1955 655">Office of the Speaker</p>
	<p data-bbox="566 991 1131 1054">Items on page 732 of the Consolidated Financial Statements</p> <p data-bbox="495 1094 875 1126">11. Contracted Services</p> <p data-bbox="566 1166 1131 1342">The Committee discussed contracted services, and highlighted that contract security as one example of a duplicated function, as the institution also had internal security services in place.</p>	<p data-bbox="1155 1094 1659 1302">(a) That the Executive Director: Safety and Security submit a report to the next ordinary meeting of MPAC, in respect of Contracted Security, while municipal staff were employed for this service.</p>	<p data-bbox="1686 1094 1955 1198">Executive Director: Safety and Security</p>

AREA 2	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	<p data-bbox="495 304 539 328">12.</p> <p data-bbox="568 304 842 328">General Expenses</p> <p data-bbox="568 376 1133 512">It was noted that most of the items listed under general expenses on page 732 of the Consolidated Financial Statements constituted wasteful expenditure.</p> <p data-bbox="568 552 1133 655">It was further noted that money was spent on repairs in instances where purchasing would have been cheaper.</p> <p data-bbox="568 727 1133 975">Serious concerns were raised regarding the use of Consultants and the Committee indicated that NMBM Executive Directors should be able to make rational decisions and not depend on consultants, unless a matter was beyond their in-house capacity.</p>	<p data-bbox="1155 376 1664 584">(b) That Executive Directors be cautioned by the City Manager to minimise the use of Consultants, which should be utilised only in cases that are beyond a Directorate's capacity.</p>	<p data-bbox="1686 376 1877 400">City Manager</p>
	<p data-bbox="495 1026 1133 1086">Items on page 734 of the Consolidated Financial Statements</p> <p data-bbox="495 1126 999 1150">13. Water and Electricity Losses</p> <p data-bbox="568 1198 1133 1302">The Committee re-iterated its serious concerns previously expressed with regards to this item.</p>	<p data-bbox="1155 1126 1664 1342">(a) That adequate funds be provided in the 2017/18 Draft Budget to install new and accurate water and electricity meters throughout the NMBM area of jurisdiction.</p>	<p data-bbox="1686 1126 1951 1182">Chief Financial Officer</p>

AREA 2	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	<p>It was pointed out that although there were measures in place to control the issues around water and electricity losses, the acceptable norm for water losses of 30% was not acceptable for NMBM as the Committee was of the view that water losses should be reduced to the bare minimum.</p>	<p>(b) That the Executive Directors: Infrastructure and Engineering and Electricity and Energy submit a time-table to MPAC within 9 months (i.e. by 30 June 2017), detailing their plans for replacing faulty meters throughout NMBM.</p>	<p>Executive Director: Electricity and Energy, and Executive Director: Infrastructure and Engineering</p>
	<p>Items on page 743 of the Consolidated Financial Statements</p> <p>14. Unauthorised, Irregular, Fruitless and Wasteful Expenditure Disallowed</p> <p>The Committee expressed dissatisfaction with regards to this item and reiterated the recommendations under Min. No. 8.1/2017 that the City Manager should ensure that all Executive Directors submit Section 32 reports timeously to allow Internal Audit, Subcommittees and Standing Committees to operate effectively.</p>	<p>That the City Manager instruct Executive Directors to give appropriate respect and co-operation to the process of submitting their reports on Unauthorised, Irregular, Fruitless and Wasteful Expenditure to the Internal Audit, MPAC Subcommittee and Standing Committee.</p> <p>(This recommendation also appears in the Min of the MPAC meeting of 01/02/17, which is Area 2 of the report).</p>	<p>City Manager</p>

AREA 2	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	<p data-bbox="566 301 1133 403">Item 4.4.1: Unauthorised Expenditure on page 743 of the Consolidated Financial Statements</p> <p data-bbox="495 443 1133 545">15. Unauthorised Expenditure Incurred Relating to Payment of Ward Committees</p> <p data-bbox="566 585 1133 730">The Committee expressed concerns regarding this item, stating that the NMBM's UIF expenditure was one of the highest in the country.</p>	<p data-bbox="1155 443 1664 691">That an investigation be instituted by the City Manager in respect of the overspent budget which resulted in unauthorised expenditure of R477 000 being incurred relating to payment of Ward Committee members allowances.</p>	<p data-bbox="1686 443 1877 480">City Manager</p>
	<p data-bbox="566 772 1133 836">Items on page 744 of the Consolidated Financial Statements</p> <p data-bbox="495 876 913 912">16. Irregular Appointments</p> <p data-bbox="566 952 1133 1054">The Committee was of the view that an investigation should be instituted in respect of this item.</p>	<p data-bbox="1155 876 1664 1091">That an investigation be instituted by the City Manager in respect of the following irregular appointments per note 4.2.5, p. 744 of the Consolidated Financial Statements to prevent recurrence of same:</p> <ul data-bbox="1205 1131 1664 1347" style="list-style-type: none"> • Four Mayoral Satellite Office Coordinators appointed in contravention of Section 66 of the Local Government: Municipal Systems Amendment Act.2011. 	<p data-bbox="1686 876 1877 912">City Manager</p>

AREA 2	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
		<ul style="list-style-type: none"> • A Strategic Advisor in the Executive Mayor's Office appointed in contravention of Section 66 of the Local Government: Municipal Systems Act.2011. • Two Mayoral Satellite Office Coordinators appointed in contravention of Section 66 of the Local Government: Municipal Systems Act.2011. 	
	<p>Items on page 745 of the Consolidated Financial Statements</p> <p>17. Limitation of Scope</p> <p>The Committee was of the view that this item should form part of MPAC's quarterly report in order to properly monitor its progress.</p>	<p>(a) That an Action-plan to prevent recurrence in respect of this item which relates to limitation of Scope payments, be submitted to MPAC by the Office of the Chief Financial Officer.</p> <p>(b) That this item form part of MPAC's quarterly report.</p>	<p>Chief Financial Officer</p>

AREA 3: PERFORMANCE REPORT

AREA 3		MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
PERFORMANCE REPORT	18.	<p>KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</p> <p>Number of state subsidised housing units provided (KPI No. 1.1.1) (page 1)</p>	<p>(a) That NMBM continue to make application for increased funds for delivery of Housing Units.</p> <p>(b) That the issue of defective houses requiring rectification be minimised by implementing monitoring measures which ensure that contractors comply with Building Standards.</p>	<p>Executive Director: Human Settlements</p> <p>Executive Director: Human Settlements</p>
	19.	<p>Percentage (%) households provided with access to basic sanitation (excluding bucket system) (KPI No. 1.3.1) (page 3)</p> <p>The Committee was of the view that Bucket Eradication should form part of the KPA's as it was a serious issue.</p>	<p>(a) That the approved plans in respect of Bucket Eradication be accelerated, by providing more funds on the forthcoming budget for this purpose.</p>	<p>Chief Financial Officer</p>

AREA 3	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	<p>20. Number of state subsidised housing units provided with access to electricity (KPI No. 1.6.1) (page 4);</p> <p>Number of informal households connected to electricity (KPI No. 1.6.2) (page 4); and</p> <p>Percentage (%) electricity losses (the difference in energy purchased and energy sold) in line with NERSA standards (KPI No. 1.6.4) (page 5)</p> <p>(The above three KPIs were considered simultaneously)</p>	<p>(a) That the NMBM through SALGA and Association of Municipal Electricity Utilities (AMEU), request the National Department of Energy for assistance to develop a model for the manufacture of Transformers nationally, as local markets were insufficient to encourage manufacturers to invest in such a project.</p> <p>(b) That appropriate steps be taken to support the Electricity and Energy Directorate in addressing the acceleration of the allocation of funds promised by the Department of Energy.</p>	<p>Executive Director: Electricity and Energy</p> <p>Executive Director: Electricity and Energy</p>
	<p>21. Number of Public Open Spaces (POS) maintained through grass cutting (KPI No. 1.9.2) (page 6)</p> <p>The Committee raised the following concerns:</p> <ul style="list-style-type: none"> • Inconsistent waste collection from informal settlements 	<p>(a) That quality control in respect of maintenance of public open spaces by service providers, be enforced by the Public Health Directorate.</p>	<p>Executive Director: Public Health</p>

AREA 3	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	<ul style="list-style-type: none"> • Allocation of budget to address waste issues • Lack of maintenance of Public Open Spaces • Cemeteries that were not up to standard 		
22.	<p>Average turnaround time for booking learner's licence test to the actual test (KPI No. 1.11.1) (page 7);</p> <p>Number of functional multi-disciplinary and co-operative partnerships established (KPI No. 1.13.1) (page 8); and</p> <p>(The above two KPIs were considered simultaneously)</p>	(a) That research be done by the Safety and Security directorate to develop a Re-attraction Strategy in respect of Licensing and Testing Centers, in the NMBM area of jurisdiction	Executive Director: Safety and Security
23.	Percentage (%) completion on Mendi multi-purpose Centre (KPI No. 1.14.1) (page 9)	(a) That the process in respect of the completion of the Mendi Multi-purpose Centre be accelerated and finalised to enable the community to benefit from same.	Executive Director: Sports, Recreation, Arts and Culture
24.	Percentage (%) completion of leisure facilities upgrade (KPI No. 1.14.2) (page 10)	(a) That the process of upgrading the Wells Estate Beach be accelerated and finalised.	Executive Director: Sports, Recreation, Arts and Culture

AREA 3	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	25. Percentage (%) upgrading of the main Library (KPI No. 1.14.3) (page 13)	(a) That the process of upgrading the main Library be accelerated and be finalised.	Executive Director: Sports, Recreation, Arts and Culture
	26. Number of Community Swimming Pools upgraded (KPI No. 1.15.7) (page 13)	(a) That proper planning with clear time-frames be done to construct the Motherwell swimming pool. (b) That the process as per (a) above be accelerated and be completed, bearing in mind the water restrictions that were in force in and around NMBM.	Executive Director: Sports, Recreation, Arts and Culture Executive Director: Sports, Recreation, Arts and Culture
	27. Percentage (%) of officials currently employed in designated positions complying with National Treasury Minimum competencies in line with set regulations (Government Gazette No. 2996) (KPI No. 2.1.6) (page 14)	(a) That measures be put into place to prevent recurrence of the issues that led to underperformance in respect of this item. (b) That this item form part of all Executive Directors' KPAs.	Executive Director: Corporate Services Chief Operating Officer
	28. Number of Work Opportunities (WO) created (KPI No. 3.3.1) (page 17)	(a) That the Expanded Public Work Programme meet its targets within 6 months of the commencement of the 2017/18 financial year (i.e. December 2017).	Executive Director: Economic Development, Tourism and Agriculture

AREA 3	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	29. Number of events hosted to position Nelson Mandela Bay as a world class destination (KPI No. 3.4.4) (page 18)	(a) That improved vetting measures in respect of compliance be put in place when Service Providers were appointed by Council.	Executive Director: Sports, Recreation, Arts and Culture
	30. KPA 4: FINANCIAL SUITABILITY AND VIABILITY Percentage (%) billed revenue collection rate (before write-offs) (KPI No. 4.1.3) (page 20)	(a) That all streams of increasing Revenue Collection be reviewed. (b) That the Agreement with High Energy Users include a clause to ensure compliance with Council's Credit Control Policy.	Chief Financial Officer
	31. Percentage (%) of the Municipality's budget actually spent on implementing its Workplace Skills Plan (KPI No. 4.2.5) (page 21); and Percentage (%) of the Municipality's approved Operating Budget spent on repairs and maintenance (KPI No. 4.2.6) (page 21) (The above two KPIs were considered simultaneously)	(a) That the Workplace Skills Development programme be accelerated to ensure that targets are met and, where possible, vacancies filled. (b) That in respect of funds allocated on the Operating Budget for Repairs and Maintenance, efforts be made to comply with the norms set by National Treasury to ensure that infrastructure is kept operational.	Executive Director: Corporate Services Chief Financial Officer

AREA 3	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	32. Percentage (%) Completion of Motherwell Traffic and Licensing Centre (KPI No. 6.1.1.2) (page 23)	(a) That with a view to escalating Township development, the completion of the Motherwell Traffic and Licensing Centre project be fast-tracked.	Executive Director: Safety and Security
	33. KPA 6: SPECIAL CROSS-CUTTING PROJECTS (MOTHERWELL URBAN RENEWAL PROGRAMME) Percentage (%) satisfaction with cleansing services in Port Elizabeth and Uitenhage Central Business Districts (KPI No. 6.2.1.1) (page 23)	(a) That research be conducted to identify novel ways to assist vagrants in the NMBM area by providing shelters and other required services.	MBDA
	34. Percentage (%) completion of township rejuvenation projects (KPI No. 6.2.2.2) (page 26)	(a) That a status report in respect of resolution of issues that mitigate against the opening of the Red Location Museum and Singaphi Road upgrade be submitted to MPAC's next ordinary meeting, by the Executive Director: Sports Recreation, Arts and Culture. (b) That the report per (a) above include the way forward, post the community meeting with the Executive Mayor, regarding the Human Settlements element of the project.	Executive Director: Sports Recreation Arts and Culture. Executive Director: Human Settlements

AREA 3	MATTER UNDER CONSIDERATION/ CONCERNS RAISED	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
		(c) That the City Manager sign the agreement in respect of the Veeplaas Business Incubator by not later than the end of the current financial year i.e. 30 June 2017, to enable it to be operational and ensure that it is not vandalised.	City Manager

AREA 4: CHAPTERS 1 TO 6 OF THE ANNUAL REPORT

AREA 4		MATTER UNDER CONSIDERATION	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
CHAPTERS 1 TO 6 OF THE ANNUAL REPORT	35.	<p>Municipal Public Accounts Committee (MPAC) (Chapter 2, 2015/16 Annual Report page 79)</p> <p>It was indicated that the Municipal Public Accounts Committee (MPAC) should be a stand-alone Committee in the sense that the Councillors that serve on the Committee should not be required to serve on other Committees, as MPAC carries an extensive workload.</p>	<p>(a) That it be investigated whether Council had made a decision in respect of MPAC being a stand-alone Committee, and if so, the Speaker be requested to ensure implementation of same.</p> <p>(b) That if the resolution per (a) above was taken by Council it be enforced accordingly.</p> <p>(c) That if the investigation found that Council had not yet made a decision; MPAC resubmits its recommendation to Council for it to be a stand-alone Committee.</p>	<p>Office of the Speaker</p> <p>Office of the Speaker</p> <p>Chairperson of MPAC</p>
	36.	<p>14.6 Public Meetings (Chapter 2, 2015/16 Annual Report page 91); and 14.7 Ward Committees (Chapter 2, 2015/16 Annual Report page 93)</p> <p>(The above two items were considered simultaneously)</p>	<p>(a) That IDP and Public Participation meetings be properly planned, structured and advertised to ensure effective governance.</p> <p>(b) That the process of establishing Ward Committees be in compliance with legislative requirements and</p>	<p>Chief Operating Officer</p> <p>Constituency Services</p>

AREA 4	MATTER UNDER CONSIDERATION	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
		<p>that the process be accelerated.</p> <p>(c) That a schedule in respect of the meetings in (a) and (b) above, be timeously circulated and advertised.</p>	Chief Operating Officer/Director Constituency.
	<p>37. Anti-Fraud and Anti-Corruption Strategy (Chapter 2, 2015/16 Annual Report pages 96 and 97)</p> <p>The Committee expressed concerns in respect of Section 79 Delegations in the NMBM.</p>	<p>(a) That Section 79 Delegations be in place by no later than 30 June 2017.</p> <p>(b) That a progress report per (a) above be submitted to the relevant Standing Committee for monitoring until 30 June 2017 to ensure accountability.</p> <p>FURTHER RESOLVED:</p> <p>That an Internal Audit investigation be instituted to identify the persons responsible for the withdrawal of the criminal matter in respect of IPTS, and the reason for such action, and report the outcome thereof to Council by 30 June 2017.</p>	<p>Chief Operating Officer</p> <p>Chief Operating Officer</p> <p>Internal Audit</p>
	<p>38. Wastewater (Stormwater Drainage) (Chapter 3, 2015/16 Annual Report page 171)</p> <p>The increasing backlog in respect of this</p>	<p>That adequate funds be identified and set aside in the forthcoming budget to address the issue of the backlog in the provision of stormwater drainage in the NMBM</p>	Chief Financial Officer

AREA 4	MATTER UNDER CONSIDERATION	RECOMMENDATIONS	RESPONSIBLE DIRECTORATE
	item was of concern.	area of jurisdiction.	
	<p data-bbox="495 341 1133 408">39. 2015/16 ANNUAL REPORT OF THE AUDIT COMMITTEE (Agenda p. 14)</p> <p data-bbox="566 448 1133 799">The Committee raised serious concern regarding Executive Directors who did not attend meetings as stated on page 5 Appendix A, of this item. It was reported that although the latter delegated relevant officials to represent them in meetings, the delegated officials failed to answer some questions and concerns due to a lack of information given to them beforehand.</p>	<p data-bbox="1155 341 1664 587">That the City Manager identifies and implements a system that would ensure attendance by all Executive Directors of meetings and stipulate disciplinary action in respect of those who failed to attend without valid reasons being submitted.</p>	<p data-bbox="1686 341 1883 373">City Manager</p>

8. OVERSIGHT COMMITTEE RECOMMENDATIONS FROM 2014/15 OVERSIGHT REPORT NOT IMPLEMENTED

In addition to the recommendations cited in the preceding section (7.1, Areas 1 to 4), MPAC resolved to review its oversight report of the previous financial year (2014/2015) in order to assess whether the recommendations it had made in the previous year were implemented. In instances where recommendations made in the 2014/2015 Oversight Report were not implemented but are still relevant, MPAC resolved that these recommendations be included in the 2015/2016 Oversight Report for the purpose of continuity.

Below are MPAC recommendations contained in the 2014/15 Oversight Report that remain outstanding, and these will be included in the action plan that will be developed to monitor the implementation of the recommendations of the 2015/16 Oversight Report.

**OUTSTANDING MATTERS EMANATING FROM
2014/15 OVERSIGHT REPORT RECOMMENDATIONS**

NO	MPAC RECOMMENDATIONS	ACCOUNTABLE
AREA 1 – AUDITOR GENERAL’S REPORT		
1	<p><u>Inadequate Staff Leave Management System</u> That the Executive Director: Corporate Services submit progress reports on the work being done in respect of the leave management system to the ordinary MPAC meetings from April up to and including June 2016.</p>	Executive Director: Corporate Services (Acting)
2	That the replacement of old, inaccurate water meters be prioritised, and that the installation of smart water meters for all high-volume water consumers be undertaken, where possible.	Executive Director: Infrastructure and Engineering
3	That officials physically monitor the water accounts of residents who were beneficiaries of the Assistance to the Poor (ATTP) programme for spikes in consumption, as such spikes in these cases most probably pointed to underground water leaks, which could be immediately repaired if detected soon.	Executive Director: Infrastructure and Engineering Chief Financial Officer
4	<p><u>Failure to declare private or business interest in contracted awarded by NMBM</u> That the Acting City Manager implement a process whereby all Executive Directors, Directors, Deputy Directors, Assistant Directors formally declare annually, at the beginning of the financial year, their own and their direct relatives’ private or business interests in contracts awarded by the Municipality, and that such declarations be updated and adjusted in the course of the year as and when changes occur in respect of the declarations that were made.</p>	City Manager (Acting) Executive Director: Corporate Services (Acting)

NO	MPAC RECOMMENDATIONS	ACCOUNTABLE
AREA 3: PERFORMANCE REPORT		
5	That sufficient funding be made available on the 2016/17 Budget for the accelerated roll-out of formal electricity connections to informal settlements, and that the process be fast-tracked.	Executive Director: Electricity and Energy (Acting) Chief Financial Officer
6	<u>Recruitment Turnaround Time</u> That the Acting City Manager and the Acting Executive Director: Corporate Services make a concerted effort to improve the turnaround time of three months for the filling of vacancies from the date of receipt of recruitment notice to the date of appointment, and a plan to achieve that be submitted to the Human Resources and Corporate Administration Standing Committee.	City Manager (Acting) Executive Director: Corporate Services (Acting)
7	<u>Assistance to the Poor</u> That the Municipality undertakes more outreach programmes to inform communities, particularly in the historically disadvantaged areas, about the Assistance to the Poor (ATTP) programme.	Chief Financial Officer
AREA 4: ANNUAL REPORT		
8	<u>Waste Transfer Facilities (funding)</u> That efforts be made to provide sufficient funds, if possible on the forthcoming budget, to upgrade the Waste Transfer facilities in the NMBM area, particularly those in dire need of an upgrade, or those which had not been upgraded over the past number of years to conform to the standards of the Waste Management Act, and the National Environmental Management Act (NEMA).	Executive Director: Public Health
9	<u>Assistance to the Poor</u> That the processing of applications for assistance in terms of Assistance to the Poor (ATTP) be made more streamlined, in order to spare prospective beneficiaries a long waiting period, while also regularly verifying the financial position of existing ATTP beneficiaries.	Chief Financial Officer

NO	MPAC RECOMMENDATIONS	ACCOUNTABLE
10	<p><u>Rehabilitation of Roads (funding)</u> That sufficient additional funding be identified and no further cut-backs in funding for roads infrastructure maintenance be made in the forthcoming budget, in view of the meagre allocation of R5,8 million for the rehabilitation of roads in the 2014/15 financial year, and the current maintenance backlog of over R4 billion, and that the 80/20 principle be strictly applied in terms of which funding is channelled to disadvantaged areas.</p>	Chief Financial Officer Executive Director: Infrastructure and Engineering
11	<p><u>New Revenue Stream</u> That the Chief Financial Officer, in consultation with the relevant Budget Planning Committee, identify a potential new revenue stream for the institution, in view of the current over-reliance on electricity sales as a source of income.</p>	Chief Financial Officer
12	<p><u>Rental of Facilities and Equipment</u> That all leases of Council's land, buildings and equipment be finalised before the end of the 2015/16 financial year.</p>	Executive Director: Corporate Services (Acting)
13	<p>That efforts be accelerated to integrate the management of land and building leases, and that the establishment of a dedicated Division for that purpose be considered.</p>	Executive Director: Human Settlements (Acting) Executive Director: Corporate Services (Acting)
14	<p><u>Infrastructure maintenance backlog</u> That an attempt be made to address the infrastructure maintenance backlog by increasing the spending on such maintenance by as close as possible to a 10% expenditure ratio, without compromising the institution financially.</p>	Executive Director: Infrastructure and Engineering
		Executive Director: Electricity and Energy (Acting)


9. OVERSIGHT COMMITTEE RESOLUTIONS:

Having fully considered the Nelson Mandela Bay Municipality's 2015/16 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 2015/16 financial year, adopts the Oversight Report, circulated as Annexure "A" to this agenda, as presented by MPAC.
- (b) That the recommendations of the Municipal Public Accounts Committee reflected in Section 7 of its 2015/16 Oversight Report, be adopted and that the progress with the implementation thereof, be reported in the Quarterly Reports to MPAC.
- (c) That the outstanding recommendations by MPAC emanating from the 2014/15 financial which have not yet been implemented, and as reflected in Section 8 of its 2015/16 Oversight Report, be adopted and that the progress with the implementation thereof, be reported in the Quarterly Reports to MPAC.
- (d) 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.
- (e) That the Oversight Report for the 2015/16 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.
- (f) That Council, having fully considered the Mandela Bay Development Agency's (MBDA's) Annual Report as included in the NMBM's 2015/16 Annual Report, approves the Municipal Entity's Annual Report.

APPENDIX “B”:

Advertisements/Invitations to the public to comment/attend meetings where the 2015/16 Annual Report will be discussed


nelson mandela bay
MUNICIPALITY
NOTICE

**NOTICE OF 2015/16 ANNUAL REPORT AND
2016/17 MID-TERM REPORT
OPEN FOR INSPECTION**

The 2015/16 Draft Annual Report and the 2016/17 Mid-Term Report of the Nelson Mandela Bay Metropolitan Municipality were tabled in Council on 31 January 2017. The 2015/16 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: coadmin@mandelametro.gov.za by not later than **TUESDAY, 28 FEBRUARY 2017**.

The schedule of meetings of the Municipal Public Accounts Committee, during which the institution's 2015/16 Annual Report will be discussed, is as follows:

DATE	TIME	VENUE
14 February 2017	09:00	Woolboard Conference Centre, Military Road
24 February 2017	09:00	Woolboard Conference Centre, Military Road
6 March 2017	09:00	Woolboard Conference Centre, Military Road
9 March 2017	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 meetings the institution's 2015/16 Annual Report will be discussed, in the capacity of observers.

Ref. 19 - 4 February 2017

Under the hand of the City Manager, Mr Johann Mettler

PLEASE CALL 0800 20 50 50 FOR ALL MUNICIPAL SERVICE DELIVERY ENQUIRIES

