

- MINUTES -

ANNEXURE TO ITEM
C 36/03/17

OF THE MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD IN
COMMITTEE ROOM A, 5TH FLOOR, PODIUM BLOCK, CIVIC CENTRE, CAPE TOWN
ON FRIDAY 27 JANUARY 2017 AT 10:00

PRESENT**COMMITTEE MEMBERS****CAPE MUSLIM CONGRESS**

Cllr Y Adams (Chairperson)

DEMOCRATIC ALLIANCE

Cllr P Chapple (Deputy Chairperson)

Cllr E Anstey

Cllr R Beneke

Cllr K Southgate

Cllr A van Zyl

AFRICAN NATIONAL CONGRESS

Cllr D Khatshwa

Cllr B Majingo

ECONOMIC FREEDOM FIGHTERS

Cllr M Xego

OFFICIALS

V Botto	: Forensics, Ethics and Integrity
R Garman	: Forensics, Ethics and Integrity
A Markram	: Legal Services
L Mbandazayo	: Corporate Services
A Moolman	: Internal Audit
L Ndaba	: Internal Audit
L Ndlela	: Transport and Urban Development Authority
G Postings	: Office of the City Manager
H Robbins	: Finance
A Vorster	: Office of the Speaker
R Tippoo	: Executive Committee Services

PUBLIC

A Bloew : Office of the Auditor General of South Africa

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES

27 JANUARY 2017

PRESS

None

ABSENT

Cllr P Vokwana

A handwritten signature or mark, possibly a stylized 'X' or a signature, located at the bottom right of the page.

MPAC 01/01/17 OPENING

The Chairperson, Councillor Y Adams welcomed everyone to the meeting and requested that a moment of silence be observed.

MPAC 02/01/17 APOLOGIES / LEAVE OF ABSENCE

RESOLVED that it be noted that Mr K Jacoby had submitted an apology for not being able to attend the meeting.

MPAC 03/01/17 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 17 JANUARY 2017

RESOLVED that the minutes of the meeting held on 17 January 2017 be confirmed.

MPAC 04/01/17 MATTERS RECEIVING ATTENTION**(1) CITY OF CAPE TOWN V FULL SWING TRADING**

RESOLVED that a report be submitted to the Committee once an agreement has been reached with the relevant parties.

ACTION: A MARKRAM

(2) AFRCIAN JEWELLERY CITY

Ms Markram advised that payments were being received and as a result the enquiry had been postponed *sine die*.

RESOLVED that it be noted that payments were being received and the enquiry had been postponed *sine die*.

ACTION: A MARKRAM

(3) FACILITY MANAGEMENT COMMITTEE POLICY

Councillor Chapple advised that a meeting had been arranged for the relevant parties to discuss the way forward with regard to the Policy. .

RESOLVED that the Executive Director: Social Services keep the Committee informed of the progress with the policy.

ACTION: E SASS

(4) CAPE TOWN CUP

RESOLVED that it be noted that a meeting of the Task Team would be arranged by Ms Tippoo.

ACTION: R TIPPOO

(5) UNAUTHORISED LEASE OF OFFICE ACCOMMODATION AT UNIT 5, RACITI PARK, MONTAGUE GARDENS

RESOLVED that it be noted that a meeting of the Task Team would be arranged by Ms Tippoo.

ACTION: R TIPPOO

(6) UNAUTHORISED, IRREGULAR AND WASTEFUL EXPENDITURE: 8 ADAM TAS STREET, BELHAR

RESOLVED that it be noted that a meeting of the Task Team would be arranged by Ms Tippoo.

ACTION: R TIPPOO

(7) UNLAWFUL COMMENCEMENT OF ACITIVITIES IN TERMS OF THE NEMA AND PAYMENT OF ADMINISTRATIVE FINES

This matter was discussed under item MPACIC 03/01/17

MPAC 05/01/17 CITY'S ANNUAL REPORT AND EXECUTIVE SUMMARY FOR THE 2015/16 FINANCIAL YEAR

Questions on the Annual Report were submitted by Councillors Anstey, Beneke, van Zyl, Khatshwa and Majingo. Copies of the questions are attached to the official minutes as annexure A.

Councillor Chapple referred to page 223 of the Annual Report and requested that it be ascertained from the Speaker whether arrangements had been made with the Councillor who was more than 90 days in arrears for rates or services, to pay the outstanding amount.

RESOLVED that the questions from the members of the Committee be referred to the relevant Executive Directors and the Speaker to obtain the answers for submission to the next Committee meeting.



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES

27 JANUARY 2017

ACTION: R TIPPOO / A MOOLMAN

MPAC 06/01/17 CAPE TOWN INTERNATIONAL CONVENTION CENTRE'S
ANNUAL REPORT FOR THE 2015/16 FINANCIAL YEAR.

Questions on the Annual Report were submitted by Councillors
Anstey and Khatshwa. Copies of the questions are attached to the
----- official minutes as annexure B.

RESOLVED that the questions from the members of the Committee
be referred to the Executive Director: Finance to obtain the answers
for submission to the next Committee meeting.

ACTION: R TIPPOO / A MOOLMAN

MEETING ENDED AT 10:20 FOLLOWED BY THE CONFIDENTIAL MEETING.



CHAIRPERSON: COUNCILLOR Y ADAMS



DATE

- MINUTES -

OF THE MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD IN
COMMITTEE ROOM A, 5TH FLOOR, PODIUM BLOCK, CIVIC CENTRE, CAPE TOWN
ON THURSDAY 23 FEBRUARY 2017 AT 10:00

PRESENT**COMMITTEE MEMBERS****CAPE MUSLIM CONGRESS**

Cllr Y Adams (Chairperson)

DEMOCRATIC ALLIANCE

Cllr P Chapple (Deputy Chairperson)

Cllr E Anstey

Cllr R Beneke

Cllr K Southgate

Cllr A van Zyl

Cllr P Vokwana

AFRICAN NATIONAL CONGRESS

Cllr D Khatshwa

Cllr B Majingo

VISITING COUNCILLOR

Cllr J van der Merwe

OFFICIALS

A Ebrahim	: City Manager
R Bosman	: Safety and Security
V Botto	: Forensics, Ethics and Integrity
D Dunn	: Recreation and Parks
R Garman	: Forensics, Ethics and Integrity
K Jacoby	: Finance
G Kaiser	: Informal Settlements, Water and Waste Services
K Le Keur	: Assets and Facilities Management
P Lekay	: Finance
A Markram	: Legal Services
L Mbandazayo	: Corporate Services
A Moolman	: Internal Audit
L Ndaba	: Internal Audit
L Ndlela	: Transport and Urban Development Authority

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES**23 FEBRUARY 2017

G Postings	: Office of the City Manager
E Sass	: Social Services
L Scheepers	: Area Based Service Delivery
G Strydom	: Social Services
L Stolworthy	: Transport and Urban Development Authority
A Vorster	: Office of the Speaker
R Tippoo	: Executive Committee Services

PUBLIC

R Carolissen	: Office of the Auditor General of South Africa
D Swanson	: Department of Local Government

PRESS

None

LEAVE

Cllr M Xego

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES****23 FEBRUARY 2017****MPAC 01/02/17 OPENING**

The Chairperson, Councillor Y Adams welcomed everyone to the meeting and requested that a moment of silence be observed.

MPAC 02/02/17 APOLOGIES / LEAVE OF ABSENCE

RESOLVED that it be noted that Cllr M Xego had been granted leave of absence from the meeting by the Chief Whip.

**MPAC 03/02/17 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON
27 JANUARY 2017**

RESOLVED that the minutes of the meeting held on 27 January 2017 be confirmed.

MPAC 04/02/17 MATTERS RECEIVING ATTENTION**(1) CITY OF CAPE TOWN V FULL SWING TRADING**

RESOLVED that a report be submitted to the Committee once an agreement has been reached with the relevant parties.

ACTION: A MARKRAM

(2) AFRCIAN JEWELLERY CITY


Ms Markram advised that payments were being received and as a result the enquiry had been postponed *sine die*.

RESOLVED that it be noted that payments were being received and the enquiry had been postponed *sine die*.

ACTION: A MARKRAM

(3) FACILITY MANAGEMENT COMMITTEE POLICY

Mr E Sass advised that the policy was being reviewed in consultation with the Strategy and Planning Unit and should be finalised within the next four months. Councillor Khatshwa enquired why the policy was being reviewed as it had been referred to the political parties for comment about a year ago. Councillor Chapple said that the comments of the politicians were being taken into consideration during the new process.



**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES**

23 FEBRUARY 2017

RESOLVED that it be noted that the Facility Management Committee Policy would be finalised within the next four months.

ACTION: E SASS

(4) CAPE TOWN CUP

RESOLVED that it be noted that the Task Team would be meeting on 7 March 2017.

ACTION: R TIPPOO

**(5) UNAUTHORISED LEASE OF OFFICE ACCOMMODATION AT
UNIT 5, RACITI PARK, MONTAGUE GARDENS**

RESOLVED that it be noted that the Task Team would be meeting on 7 March 2017.

ACTION: R TIPPOO

**(6) UNAUTHORISED, IRREGULAR AND WASTEFUL
EXPENDITURE: 8 ADAM TAS STREET, BELHAR**

RESOLVED that it be noted that the Task Team would be meeting on 7 March 2017.

ACTION: R TIPPOO

MPAC 05/02/17

**RESPONSES TO QUESTIONS ASKED ON THE CAPE TOWN
INTERNATIONAL CONVENTION CENTRE (CTICC) ANNUAL
REPORT FOR 2015/16**

Mr Jacoby advised that the staff of the Cape Town International Convention Centre (CTICC) would not be attending the meeting as they were attending a Board meeting of the CTICC. Mr D Valentine of the City would also be attending that meeting. Councillor Adams said that it was unacceptable that the staff of the CTICC was not present as they should have been aware of the meeting of the Municipal Public Accounts Committee. He requested that his concern be related to the CTICC.

Councillor Anstey referred to page 11 of the agenda and requested further information regarding the bad debts of R418 000.

Councillor Khatshwa referred to page 12 of the agenda and requested a breakdown of the "black" race group into Coloured, Indian and Black.

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES**

23 FEBRUARY 2017

RESOLVED that Mr Jacoby obtain the answers to the following questions and submit them to the next Committee meeting:

(a) With regard to the R418 000 written off as a bad debt in the previous financial year:

- What was the deposit value retained?
- How was the value of the deposit calculated or was it standard?
- How was the cancellation fee calculated?
- Was the R418 000 the cancellation fee after considering the deposit?

(b) Provide a breakdown of the Black race group into Black, Coloured and Indian.

ACTION: K JACOBY

MPAC 05/02/17

CITY'S ANNUAL REPORT AND EXECUTIVE SUMMARY FOR THE 2015/16 FINANCIAL YEAR

Councillor Anstey referred to page 17 of the agenda and requested an update on Water City and whether all leases were being renegotiated. Ms Kaiser advised that the completion of Water City was being fast tracked so that occupation could be taken early in 2018. She said that a number of properties would not be required due to the relocation to Water City. Ms Le Keur undertook to advise on the status of the leases not affected by Water City.

Councillor Anstey referred to page 18 of the agenda and requested that a schedule of all properties in arrears be submitted to the committee together with the amount of bad debts for the past 12 months. He also referred to page 19 of the agenda and enquired why the City spent so much money on the hiring of vehicles and was of the opinion that instead of hiring, vehicles could have been bought. Mr Bosman responded that the City had been alerted to the high cost and as a result vehicles were now being purchased and only when really necessary were vehicles hired.

Councillor Anstey referred to page 21 of the agenda and enquired about the "home redemption subsidy". Mr Jacoby undertook to provide the information at the next Committee meeting. With regard to the high amount spent on clothing, Mr Bosman advised that the cost of bullet proof vests and the uniforms for firemen were extremely expensive and had to be replaced annually. He said that the directorate allocated approximately R3 000 per person.

Councillor Anstey requested a breakdown of the cost of protective clothing in each directorate.

Councillor Anstey referred to page 23 of the agenda and enquired how many households had not purchased electricity for a period of 12 months and whether any action had been taken by the City. Ms Kaiser undertook to submit the information to the next Committee meeting.

Councillor Southgate referred to page 24 of the agenda and requested clarity on the R14m spent on fitting Automatic Number Plate Recognition technology in vehicles. Mr Bosman undertook to confirm at the next Committee meeting what was covered in the R14m.

Councillor Southgate enquired who was responsible for ensuring that water arrears were written-off where water management devices had been installed. Mr Jacoby advised that there was a delay between the installation of the meter and the writing-off of the debt. He confirmed that the City was responsible for ensuring that the debt was written-off. Councillor Khatshwa voiced his concern regarding the poor quality of the water meters and the loss of water. Ms Kaiser responded that the water meters were only for indigent households and if there was a break in the system only a limited amount of water would be lost because of the limited amount of water given to each household. She said that the breakdown of water meters were currently 4% but assured the Committee that the City would always replace broken meters. Councillor Adams said that he had written to Councillor X Limberg regarding the installation of pre-paid water meters to all households. Ms Kaiser said that the cost to install the meters to all households would too high and was not affordable. She further explained that in some instances where people used the amount of free water and did not have to pay for water the City would have to bear the cost of the meter.

Councillor Southgate expressed his concern at the amount of money received for fines in relation to the amount spent by the City to collect the fines. Mr Bosman said that while the collection rate had increased it was still fairly low. He said that there were a number of reasons for that such as different addresses, cars not transferred into the name of the new owner, magistrates' leniency when matters were taken to Court etc. The City was now serving summons after hours in an attempt to increase the collection rate.

Councillor Majingo referred to page 27 of the agenda and enquired of the designations of the 10 employees that were retrenched by the

City as a result of the Organisational Development and Transformation Plan (ODTP). The City Manager, Mr A Ebrahim, said that the former employees were either directors or managers. Mr Mbandazayo brought it to the Committee's attention that the ODTP was not part of the 2015/16 Annual Report that was being considered by the Committee.

Councillor Majingo requested the Executive Directors to ensure that officials were au fait with policies as misinterpretation of policies was often given as an excuse by officials. Mr Mbandazayo said that it was difficult to eliminate it completely as officials would always have their opinion.

Councillor Majingo requested information regarding the spending and the projects in each of the 4 area-based regions. Mr Scheepers advised that as the directorate was new he was unable to give the information but would in the future be able to say whether there was equitable spending in each of the regions. Councillor Majingo requested a schedule of all projects in each region. Mr Scheepers undertook to submit the information to the next Committee meeting.

Councillor Khatshwa enquired about electrification of informal settlements. He was particularly concerned about the areas serviced by Eskom and those serviced by the City. Ms Kaiser responded that some areas could not be electrified as it was not safe to do so. Those areas were being prioritised for relocation of residents. The City was in the process of working on a plan to find suitable land for relocation.

Councillor Khatshwa said that the City should check on street lighting as there were areas in Khayelitsha that were extremely dark and posed a safety risk to residents. Ms Kaiser said that one of the main problems was cable theft and therefore the City was looking at mechanisms that was both affordable and vandal proof.

Councillor Khatshwa requested that access to WiFi be expedited. Mr Mbandazayo said that the City had a digital strategy and assured the Committee that the process was being expedited. Mr Sass added that all libraries had been connected to WiFi but due to theft and vandalism, 30 libraries had to be reconnected.

Councillor van Zyl referred to outstanding service debtors and enquired whether there was a correlation between external factors and debt. Mr Jacoby responded in the affirmative. Councillor van Zyl also requested clarity on the information in the Annual Report regarding the Greater Tygerberg Partnership. She was of the opinion that the information related to the Voortrekker Road Corridor

7


and not the Greater Tygerberg Partnership. Ms Le Keur undertook to submit the information to the next Committee meeting.

RESOLVED that the answers to the following questions/requests be submitted to the next Committee meeting:

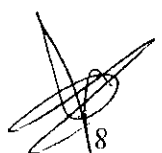
- (a) What is the status of properties leased by the City that will not be affected by the relocation to Water City;
- (b) Provide a schedule of all properties administered by Property Management that were in arrears and the amount of bad debts for the past twelve months;
- (c) Information regarding the Home Redemption Subsidy of R30m;
- (d) How many households had not purchased electricity for a period of 12 months and whether any action had been taken by the City;
- (e) The amount spent on uniform clothing in each directorate;
- (f) Clarify whether the amount of R14m was spent on the Automatic Number Plate Recognition technology;
- (g) Provide a schedule of all projects and spending in the 4 area-based regions;
- (h) Clarify whether the information in the Annual Report relates to the *Greater Tygerberg Partnership* or the *Voortrekker Road Corridor*.

ACTION: K LE KEUR / K JACOBY / R BOSMAN / L SCHEEPERS / M WHITEHEAD

MPAC 07/02/17 REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE OF THE CITY OF CAPE TOWN ON THE CITY'S INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

RESOLVED that it be noted that the Audit and Performance Audit Committees' conclusion is that the City's Integrated Annual Report presents performance against all key commitments and correctly reflects its performance against the targets.

ACTION: A MOOLMAN



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES

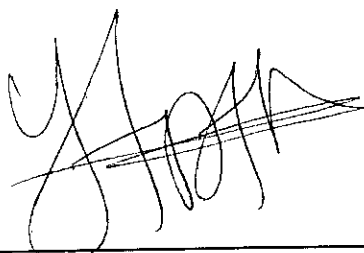
23 FEBRUARY 2017

MPAC 08/02/17 THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S 2017
ANNUAL OVERSIGHT WORKPLAN

RECOMMENDED that the Municipal Public Accounts Committee's
2017 Annual Oversight Work Plan be approved.

ACTION: R TIPPOO

MEETING ENDED AT 11:45 FOLLOWED BY THE CONFIDENTIAL MEETING.



CHAIRPERSON: COUNCILLOR Y ADAMS



DATE

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES**

7 MARCH 2017

- MINUTES -

**OF THE MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD IN
COMMITTEE ROOM A, 5TH FLOOR, PODIUM BLOCK, CIVIC CENTRE, CAPE TOWN
ON TUESDAY 7 MARCH 2017 AT 10:00**

PRESENT

COMMITTEE MEMBERS

CAPE MUSLIM CONGRESS

Cllr Y Adams (Chairperson)

DEMOCRATIC ALLIANCE

Cllr P Chapple (Deputy Chairperson)

Cllr E Anstey

Cllr R Beneke

Cllr K Southgate

Cllr A van Zyl

Cllr P Vokwana

AFRICAN NATIONAL CONGRESS

Cllr D Khatshwa

Cllr B Majingo

OFFICIALS

V Botto	: Forensics, Ethics and Integrity
R Garman	: Forensics, Ethics and Integrity
K Jacoby	: Finance
K Le Keur	: Assets and Facilities Management
A Markram	: Legal Services
M Mazaza	: Transport and Urban Development Authority
L Mbandazayo	: Corporate Services
A Moolman	: Internal Audit
L Ndaba	: Internal Audit
J Roman	: Legal Services
E Sass	: Social Services
L Scheepers	: Area Based Service Delivery
D Valentine	: Finance
A Vorster	: Office of the Speaker
R Tippoo	: Executive Committee Services

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES**

7 MARCH 2017

PUBLIC

R Carolissen	: Office of the Auditor General of South Africa
J Ellingson	: Cape Town International Convention Centre
M Cupido	: Cape Town International Convention Centre
M Cele	: Cape Town International Convention Centre

PRESS

None

ABSENT

Cllr M Xego

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES**

7 MARCH 2017

MPAC 01/03/17 OPENING

The Chairperson, Councillor Y Adams welcomed everyone to the meeting especially the staff of the Cape Town International Convention Centre. He requested that a moment of silence be observed.

MPAC 02/03/17 APOLOGIES / LEAVE OF ABSENCE

RESOLVED that it be noted that apologies for not being able to attend the meeting had been received from Ms G Kaiser, Ms M Whitehead and Mr C Kesson.

MPAC 03/03/17 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 23 FEBRUARY 2017

RESOLVED that the minutes of the meeting held on 23 February 2017 be confirmed subject to the following amendments:

The minutes to reflect that Councillor P Vokwana had been present at the meeting.

MPAC 05/02/17: The words "the Mayor" in the 4th paragraph on page 6 of the minutes to be replaced with the words "Councillor X Limberg".

The third sentence in the last paragraph on page 7 of the minutes to be amended to read as follows:

"Councillor van Zyl also requested clarity on the information in the Annual Report regarding the Greater Tygerberg Partnership. She was of the opinion that the information related to the Voortrekker Road Corridor and not the Greater Tygerberg Partnership."

MPAC 04/03/17 MATTERS RECEIVING ATTENTION

(1) CITY OF CAPE TOWN V FULL SWING TRADING

RESOLVED that a report be submitted to the Committee once an agreement has been reached with the relevant parties.

ACTION: A MARKRAM

(2) AFRCIAN JEWELLERY CITY

Ms Markram advised that payments were being received and as a result the enquiry had been postponed *sine die*.

RESOLVED that it be noted that payments were being received and the enquiry had been postponed *sine die*.

ACTION: A MARKRAM

(3) FACILITY MANAGEMENT COMMITTEE POLICY

RESOLVED that it be noted that the Facility Management Committee Policy would be finalised by June 2017.

ACTION: E SASS

(4) CAPE TOWN CUP

RESOLVED that it be noted that the Task Team would be meeting on 7 March 2017.

ACTION: R TIPPOO

(5) UNAUTHORISED LEASE OF OFFICE ACCOMMODATION AT UNIT 5, RACITI PARK, MONTAGUE GARDENS

RESOLVED that it be noted that the Task Team would be meeting on 7 March 2017.

ACTION: R TIPPOO

(6) UNAUTHORISED, IRREGULAR AND WASTEFUL EXPENDITURE: 8 ADAM TAS STREET, BELHAR

RESOLVED that it be noted that the Task Team would be meeting on 7 March 2017.

ACTION: R TIPPOO

MPAC 05/03/17 RESPONSES TO QUESTIONS ASKED ON THE CAPE TOWN INTERNATIONAL CONVENTION CENTRE (CTICC) ANNUAL REPORT FOR 2015/16

Councillor Adams thanked the staff of the Cape Town International Convention Centre for attending the meeting.

There being no further questions for them to answer on the 2015/16 Annual Report, they left the meeting.

RESOLVED that the answers given to the questions from the Councillors, be accepted.

MPAC 06/03/17 RESPONSES TO THE QUESTIONS ASKED ON THE CITY'S ANNUAL REPORT FOR 2015/16

Councillor Anstey enquired whether the debt of R57 611 870 for properties administered by Property Management was for a period of one year or an accumulative figure. Mr Jacoby confirmed that it was an accumulative figure. With regard to why people were not being evicted for non-payment, Mr Jacoby advised that an eviction order could take as long as two years to acquire. During that period the occupants remained on the property and the debt continued to increase for these properties. He said that the data base of the real estate and the ISU had to be amalgamated to allow for effective credit control and the amalgamation of the databases was in the planning stages. In the meantime there was a manual relationship between the two databases which still allowed for credit control but could be more effective if amalgamated. Bad debts were now being reported to the relevant Transversal Committee and action was being taken where necessary.

Councillor Anstey enquired whether the City had a policy for the issuing of protective clothing to staff. Mr Jacoby confirmed that the City had a policy which covered not only staff working in the Safety and Security directorate but also staff in other directorates such as meter readers etc.

Councillor Anstey voiced his concern at the number of persons who had not purchased electricity for a period of 12 months. He was of the opinion that action was required to improve the identification of those properties and to ascertain why electricity was not being purchased. Mr Vorster said that some properties no longer existed due to being burnt down. Councillor Anstey requested clarity on the success rate of 50% as stated on page 19 of the agenda.

Councillor van Zyl referred to her question on page 19 of the agenda and said that the information in the Annual Report should refer to the Voortrekker Road Corridor and not the Greater Tygerberg Partnership. Ms M Mazaza of the Transport and Urban Development Authority said that she would discuss the matter with Councillor van Zyl after the meeting.

RESOLVED that

- (a) clarity be provided to the Committee on the success rate of 50% with regard to persons who have not purchased electricity for 12 months;
- (b) Ms Mazaza discuss the matter regarding the Voortrekker Road Corridor with Councillor van Zyl.

ACTION: A MOOLMAN / R TIPPOO

MPAC 07/03/17

OVERSIGHT REPORT IN RESPECT OF THE 2015/16 ANNUAL REPORTS FOR THE CITY OF CAPE TOWN AND ITS MUNICIPAL ENTITY (CONVENCO)

Ms Moolman said that during the oversight processes questions had been submitted by Councillors which had no bearing on the 2015/16 Annual Report. She enquired whether those questions could be removed from the schedule that would be submitted to Council. The Committee agreed. Ms Moolman further advised that for the first time in many years questions on the Annual Report had been received from the public. The submissions had been made by the Green Point Ratepayers and Residents Association and Ms Francine Becker. She advised that those submissions would be responded to by the Organisational and Performance Management Department.

Mr Jacoby advised that in the 2015/16 Annual Report there was an amount of R2 000 which was listed as potential irregular expenditure where employees of the state had traded with the City. He said that those matters would have to be investigated by the Committee.

RESOLVED that it be noted that the submissions from the Green Point Ratepayers and Residents Association and Ms Francine Becker would be responded to by the Organisational and Performance Management Department.

RECOMMENDED that, having fully considered the 2015/16 Annual Reports of the City of Cape Town and its Municipal Entity (CONVENCO),

- (a) Council adopts the oversight report and approves the 2015/16 Annual Report of the City of Cape Town and its Municipal entity (CONVENCO) without reservation;

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MINUTES**

7 MARCH 2017

- (b) the resolutions in annexure A to the report dated 2017-02-24 from Ms A Moolman be supported for action and where applicable, be referred to the relevant officials and feedback, where applicable, be provided to the Municipal Public Accounts Committee;
- (c) the unauthorized, irregular and fruitless expenditure and material loss and additional disclosures related to Supply Chain Management regulations as contained in note 46.1.2 and 46.2 of the Annual Report respectively be referred to the Municipal Public Accounts Committee for investigation.

ACTION: A MOOLMAN / R TIPPOO**MEETING ENDED AT 10:40**

CHAIRPERSON: COUNCILLOR Y ADAMS

DATE

**OUTSTANDING COMMENTS AND RESOLUTIONS FROM MPAC IN RESPECT OF THE
2015/16 INTEGRATED ANNUAL REPORT OF THE CITY OF CAPE TOWN
AND THE 2016 INTEGRATED ANNUAL REPORT OF THE CTICC**

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
2016 INTEGRATED ANNUAL REPORT OF THE CTICC			
QUESTIONS FROM MPAC			
	What amount of the approximately R500m cash in hand is earmarked for the expansion project and still needs to be paid? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
	After the completion of the extension in May 2017, what estimated funds are expected to remain in the money market fund besides cash from day to day operations? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
	The CTICC is paying income tax on profits to SARS. Should the CTICC be holding cash which is drawn from the City of Cape Town and the Provincial government and pay tax on the interest? Surely it would be best practice to only draw the funds as and when needed? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
118	Provide the details of the bad debts of R418 000 and the reason for the bad debts? ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017 With regard to the R418 000 written off as a bad debt in the previous financial year: <ul style="list-style-type: none"> • What was the deposit value retained? • How was the value of the deposit calculated or was it standard? • How was the cancellation fee calculated? • Was the R418 000 the cancellation fee after considering the deposit? MATTER RESOLVED at MPAC meeting on 7 March 2017	K Jacoby	C34/03/14 (page 865) C32/03/16 (page 142, 143)
188	Legal advisers costs of R2,9m vs last year's cost of R3,5m – What legal issues continue that incurs	K Jacoby	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
	such huge legal costs? MATTER RESOLVED at MPAC meeting on 23 February 2017		
133	Why are there outstanding debtors over 90 days? Who are the debtors who have not paid? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
116	The hiring of equipment has increased by 50% from R609 000 to R985 000. What amounts were recovered through special hire requests and if not recovered, can you determine from the frequency of hire what items should rather be purchased? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	C48/01/15 (page 597) C32/03/16 (page 143)
	It seems that International Congresses are the most frequent of foreign users. These generally come once in a decade. What strategy is in place to attract a major international trade fair which attracts thousands of visitors targeted for the African continent and becomes an annual event which continues to grow and attract international visitors much like the kind of international trade fairs held in Hong Kong, Koln, Bologna, Las Vegas etc. MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
18	(a) Provide details of all the races rather than just blacks. (b) Provide the positions from the 1 019 that were employed and were they permanently employed? ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017 Provide a breakdown of the black race group into Black, Coloured and Indian. MATTER RESOLVED at MPAC meeting on 7 March 2017	K Jacoby	
15	The CTICC received the best venue in the member's choice awards for conferences and events in 3 consecutive years. What is the plan of the CTICC to maintain the high standard? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
147	(a) Provide more information regarding the dispute between the CTICC ad SARS. (b) What is the plan to resolve the dispute quickly and amicably?	K Jacoby	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
	MATTER RESOLVED at MPAC meeting on 23 February 2017		
QUESTIONS FROM THE CHAIRPERSON OF THE CORPORATE SERVICES TRANSVERSAL COMMITTEE			
18	JOBS CREATED: Were any people with disabilities included in this project?	K Jacoby	
	MATTER RESOLVED at MPAC meeting on 23 February 2017		
	The City is the primary stakeholder of the CTICC. Can a programme of events be forwarded to all Councillors. The content of the programmes and events can be of great value to Councillors and improve knowledge and networking.	K Jacoby	
	MATTER RESOLVED at MPAC meeting on 23 February 2017		
2015/16 INTEGRATED ANNUAL REPORT OF THE CITY OF CAPE TOWN (CCT)			
QUESTIONS FROM MPAC			
	Between the last 2 general City Valuations, which is carried out every 4 years and taking into account the annual increases set by the annual budget, what growth per year was added to the rates income over and above the annual rate increase i.e. from new developments and property improvements / renovations? Therefore the total new rates income per year added as additional new rates income.	K Jacoby	
	MATTER RESOLVED at MPAC meeting on 23 February 2017		
	Provide an updated schedule of all property leased by the City.	K Le Keur	C32/03/15 (page 166)
	ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017 What is the status of properties leased by the City that will not be affected by the relocation to Water City?		C32/03/16 (page 140)
	MATTER RESOLVED at MPAC meeting on 7 March 2017		
196	Every year the City is still writing off huge sums of default debtors even after all the indigent grants the City issues. (a) Is the City inculcating a culture of non-payment much like traffic fines (don't pay and the City will write it off)? (b) What measures, if any, are going to be put in place to control this and in particular repeat defaulters?	K Jacoby	C32/03/16 (page 138)

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
	MATTER RESOLVED at MPAC meeting on 23 February 2017		
198	Provide clarity on the monetary amount of actual traffic fines collected this year versus last year. Is the amount R385m vs R314m? MATTER RESOLVED at MPAC meeting on 23 February 2017	R Bosman	C32/03/15 (pages 161, 165, 166) C32/03/16 (page 141)
198	PROPERTY RENTALS: What is the main reason for this impairment and the source? Rental stock? Is there any strategy to find a long term solution? ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017 Provide a schedule of all properties administered by Property Management that were in arrears and the amount of bad debts for the past twelve months. MATTER RESOLVED at MPAC meeting on 7 March 2017	K Le Keur	
217	Provide a breakdown of the other expenses of R2,3 billion. ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017 (a) Information regarding the Home Redemption Subsidy of R30m. (b) The amount spent on uniform clothing in each directorate. MATTER RESOLVED at MPAC meeting on 7 March 2017	K Jacoby	C32/03/16 (page 140)
59	Of the City's 635 000 electricity meters, how many of these did not register any purchase of electricity in the last six months. ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017 How many households had not purchased electricity for a period of 12 months and whether any action had been taken by the City? ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 7 March 2017 Clarity be provided to the Committee on the success rate of 50% with regard to persons who have not purchased electricity for 12 months. MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS	G Kaiser	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
132	<p>City's staff cost is listed at approximately R10,7 billion per annum.</p> <p>(a) Provide a comparative table which list the City's staff cost as a percentage of Operational and Total budget compared to that of the other 7 metros.</p> <p>(b) What is the average salary per employee in the City of Cape Town compared to the other metros?</p> <p>(c) Show how competitive/inviting the City's Human Resource market is.</p> <p>MATTER RESOLVED at MPAC meeting on 23 February 2017</p>	L Mbandazayo	
224	<p>UNAUTHORISED FRUITLESS AND WASTEFUL EXPENDITURE: Submit a report to MPAC on the ten biggest projects/losses listed.</p> <p>MATTER RESOLVED at MPAC meeting on 23 February 2017</p>	K Jacoby	
94	<p>The City invested R14m on fitting Automatic Number Plate Recognition (ANPR) technology in 5 of its vehicles:</p> <p>(a) How many people were arrested for outstanding warrants?</p> <p>(b) How many stolen vehicles were recovered?</p> <p>(c) How many unlicensed vehicles were identified?</p> <p>ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017</p> <p>Clarify whether the amount of R14m was spent on the Automatic Number Plate Recognition technology.</p> <p>MATTER RESOLVED at MPAC meeting on 7 March 2017</p>	R Bosman	
94	<p>The Metal Thefts Unit paid 1 513 visits to scrap metal dealers and bucket shops:</p> <p>(a) How many bucket shops are there in the metro and how many has the unit been able to shut down?</p> <p>(b) How many of these businesses were found in possession of stolen goods and how many of those caught were successfully prosecuted?</p> <p>MATTER RESOLVED at MPAC meeting on 23 February 2017</p>	R Bosman	C32/03/16 (page 141)
193	<p>The write-off of irrecoverable debt will be processed upon the installation of credit meters:</p> <p>(a) How many indigent consumers are affected and how many credit meters have been fitted to date?</p> <p>(b) What is the cost of installation of the meters to the City?</p>	K Jacoby G Kaiser	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
	MATTER RESOLVED at MPAC meeting on 23 February 2017		
198	TRAFFIC FINES: Provide a schedule of the following: (a) Total amount of fines outstanding for the past 3 years. (b) Total value of these fines. (c) Total amount collected. (d) Total amount of fines outstanding for more than 3 years. (e) What are the challenges faced in collecting the outstanding fines? MATTER RESOLVED at MPAC meeting on 23 February 2017	R Bosman	C32/03/15 (pages 161, 165, 166) C32/03/16 (page 141)
223	Has the Councillor who was more than 90 days in arrears for rates or services made arrangements to pay the outstanding amount? MATTER RESOLVED at MPAC meeting on 23 February 2017	Speaker Ald D Smit	C32/03/15 (page 167) C32/03/16 (page 139)
59	Does the City have a broad plan to give ESKOM permission to electrify all informal settlements? MATTER RESOLVED at MPAC meeting on 23 February 2017	G Kaiser	
61	Does the City have an education programme to educate citizens about the importance of saving water? MATTER RESOLVED at MPAC meeting on 23 February 2017	G Kaiser	
147	Provide a breakdown of the R690,7m. MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
147	How is the City planning to pro-actively deal with the irrecoverable losses incurred? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
147	What is the plan of the City to deal with the impairments due to it by indigents? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
147	Provide a breakdown for the impairments of fines and provide a plan to recover the said amount or a way to keep it low.	R Bosman	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
	MATTER RESOLVED at MPAC meeting on 23 February 2017		
147	What is the plan of the City to deal with the electricity losses? MATTER RESOLVED at MPAC meeting on 23 February 2017	G Kaiser	C32/03/15 (page 166) C32/03/16 (page 140)
147	Has there been any arrests and convictions as a result of electricity theft and/or vandalism? MATTER RESOLVED at MPAC meeting on 23 February 2017	G Kaiser	
147	Can the City give a guarantee that all policies are understood, correctly interpreted and would be applied as such? MATTER RESOLVED at MPAC meeting on 23 February 2017	C Kesson	
147	(a) What is the reason for the underspending of the budget? (b) What is the plan to prevent underspending? (c) What is the impact of underspending on service delivery? MATTER RESOLVED at MPAC meeting on 23 February 2017	All Executive Directors	C32/03/15 (pages 160, 163, 168) C32/03/16 (page 139)
147	(c) Provide more information regarding the dispute between the CTICC ad SARS. (d) What is the plan to resolve the dispute quickly and amicably? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
152	What is the plan of the City to deal with the following: (a) Lack of policies and procedures and the inadequacy of existing policies and procedures in certain areas? (b) Lack of management reviews and supervisory checks on occasion? (c) Lack of supporting evidence/information/records management processes from time to time? (d) Resource/capacity constraints? (e) Lack of adequate communication/collaboration occasionally? (f) A lack of reconciliation between various information sources as part of the verification process? (g) A lack of monitoring activities on occasion? MATTER RESOLVED at MPAC meeting on 23 February 2017	City Manager	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
21	<p>TRANSIT-ORIENTED DEVELOPMENT</p> <p>(a) Clarify what makes Bellville, Philippi East, Athlone and the Central Business District priority areas for its Transit-oriented Development (TOD)?</p> <p>(b) Is the City sure that this order of priority will not change as the development will start in 5 years guided by the TOD principles?</p> <p>(c) The report is based mainly on categories 1 and 3 of the TOD. Why is category 2 not made a priority?</p> <p>(d) Clarify the difference between each of the 3 categories.</p> <p>MATTER RESOLVED at MPAC meeting on 23 February 2017</p>	M Whitehead	
54	<p>MAINTENANCE OF INFRASTRUCTURE</p> <p>(a) Is the City satisfied with the work the done for the R12 billion it spent on repairs and maintenance since the 2012/13 financial year?</p> <p>(b) Provide the percentage spent on repairs and maintenance for each project.</p> <p>MATTER RESOLVED at MPAC meeting on 23 February 2017</p>	K Jacoby	
63	<p>Of the 1 000 EPWP workers that were trained to conduct an ongoing door-to-door survey, how many of these workers will be employed on a permanent basis and on which focus areas?</p> <p>MATTER RESOLVED at MPAC meeting on 23 February 2017</p>	E Sass	C32/03/16 (page 136)
53	<p>102 of the City's libraries have access to WiFi. How many City libraries still have to be connected to the free WiFi?</p> <p>MATTER RESOLVED at MPAC meeting on 23 February 2017</p>	L Mbandazayo	
22	<p>What amount was spent, in comparison to the previous financial year, in the Bellville CBD?</p> <p>MATTER RESOLVED at MPAC meeting on 23 February 2017</p>	M Whitehead	
159	<p>GRANT AND SUBSIDIES</p> <p>(a) Which beneficiaries of the grants and subsidies have not spent the total amount of the grant/subsidy?</p> <p>(b) What were the amounts not spent per beneficiary?</p> <p>(c) What mechanisms were put in place to ensure that the total annual grant/subsidy of each</p>	K Jacoby	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
	beneficiary is pent effectively and efficiently? MATTER RESOLVED at MPAC meeting on 23 February 2017		
164	CAPITAL EXPENDITURE: WATER AND SANITATION How many Water Meter Devices were installed during the 2015/16 financial year compared to the previous financial year? MATTER RESOLVED at MPAC meeting on 23 February 2017	G Kaiser	C32/03/15 (page 165) C32/03/16 (page 141)
213	RENTAL AGREEMENTS (a) How many leases are in place for the different sporting facilities of the City? (b) How many sporting facilities do not have lease agreements? (c) Which of the Sporting bodies still owe the City money? (d) What is the amount owed by each Sporting body? MATTER RESOLVED at MPAC meeting on 23 February 2017	K le Keur E Sass	
	OUTSTANDING SERVICE DEBTORS: The amount owing by service debtors has increased substantially for the 2015/16 financial year. What were reasons for the increase and what mechanisms have been put in place to ensure that the monies owing to the City are collected effectively and efficiently? ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017 Is there a correlation between external factors and debt? MATTER RESOLVED at MPAC meeting on 7 March 2017	K Jacoby	
	BULK INFRASTRUCTURE LEVIES What were the reasons, in comparison to the previous financial year, for the substantial decrease in the bulk infrastructure levies for 2015/16? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
215	What is the reason for the substantial increase in the contribution to the post-retirement and long service benefits? MATTER RESOLVED at MPAC meeting on 23 February 2017	L Mbandazayo	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
225	What deviations in paragraph 46.2.1 are classified as "other"? MATTER RESOLVED at MPAC meeting on 23 February 2017	K Jacoby	
228	Provide details of the rental contract for "Voortrekker Road – Greater Tygerberg Partnership NPC as reflected in paragraph 47 "Related party Disclosures" ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 23 February 2017 Clarify whether the information in the Annual Report relates to the Greater Tygerberg Partnership or the Voortrekker Road Corridor Improvement District. ADDITIONAL QUESTION(S) RAISED at MPAC meeting on 7 March 2017 MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS	K le Keur	
QUESTIONS FROM THE CHAIRPERSON OF THE CORPORATE SERVICES TRANSVERSAL COMMITTEE			
128	PERSONS WITH DISABILITIES: Can the information in annexure B be adapted to reflect the new Organisational Development and Transformation Plan (ODTP) Directorates and the % achievement and whether there is a positive or negative adjustment. MATTER RESOLVED at MPAC meeting on 23 February 2017	L Mbandazayo	
129	EMPLOYMENT EQUITY: Can the content and presentation material of the Anti-Racism dialogue that was facilitated by the Employment Equity officials be made available to the Corporate Services Transversal Committee for information. MATTER RESOLVED at MPAC meeting on 23 February 2017	L Mbandazayo	
	C3 NOTIFICATIONS: There are concerns about the changes to the website and access to the following information: <ul style="list-style-type: none"> Find your Cllr and subcouncil Report a fault Searching for documents – outdated information appears Finding contact numbers for departments and officials is not as easy to find as previously MATTER RESOLVED at MPAC meeting on 23 February 2017	L Mbandazayo	
42	BUILDING STRATEGIC PARTNERSHIPS: Can the engagement and exchange of knowledge with the Provincial government be expanded to include more Councillors eg. Premiers Game Changer	C Kesson	

ANNUAL REPORT PAGE NO.	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL	REFERENCE TO PREVIOUS OVERSIGHT REPORT
	presentation?		
	MATTER RESOLVED at MPAC meeting on 23 February 2017		
269	BROADBAND: Has the project been completed and delays addressed?	L Mbandazayo	
	MATTER RESOLVED at MPAC meeting on 23 February 2017		

1. COMMENTS FROM TRANSVERSAL COMMITTEES

The 2015/16 Integrated Annual Report of the CCT and the 2016 Integrated Annual Report of the CTICC were not tabled at the February 2017 Transversal Committee meetings but were emailed to all section 79 committee chairpersons who were afforded an opportunity to provide comments / questions. Questions were received from the chairperson of the Corporate Services Transversal Committee and included in the oversight process (refer to Annexure B).

2. COMMENTS FROM THE PUBLIC

Comments were received from the public, via the Organisational Performance Management department, in respect of the 2015/16 Integrated Annual Report. No comments were received via the subcouncils. The public comments will be addressed by the Organisational Performance Management department.



1. ITEM NUMBER

MPAC 07/02/17

2. SUBJECT

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEES OF THE
CITY OF CAPE TOWN ON THE CITY'S INTEGRATED ANNUAL REPORT FOR
THE YEAR ENDED 30 JUNE 2016

ONDERWERP

VERSLAG VAN DIE OUDIT- EN PRESTASIE OUDITKOMITEE VAN DIE STAD
KAAPSTAD OOR DIE STAD SE GEÏNTEGREERDE JAARVERSLAG VIR DIE
JAAR GÛEINDIG 30 JUNIE 2016

ISIHLOKO

INGXELO ZEEKOMITI EYEZOPHICOTHO NEYENDLELA YOKUSEBENZA
KWEZOPHICOTHO ZESIXEKO SASEKAPA NGOKUMALUNGA NENGXELO
EHLANGANISIWEYO YONYAKA YESIXEKO OWAPHELA NGOMHLA WAMA-
30 JUNI 2016

LSU H4337

3. DELEGATED AUTHORITY

In terms of delegation part 20(1)(2)

This report is For NOTING by

- ☒ Committee name: Municipal Public Accounts
- ☐ The Executive Mayor to Delegated authority
- ☐ The Executive Mayor together with the Mayoral Committee (MAYCO)
- ☐ Council

4. DISCUSSION

According to sections 4.2.9 and 5.14 of the Audit Committee's Terms of Reference the committee must recommend the integrated report for approval by Council and provide Council with their comments on the Annual Report prior to Council's approval of the Annual Report.

In terms of leading practice the Audit and Performance Audit Committees, as advisory oversight activities, submit this report to the Municipal Public Accounts Committee (MPAC) for consideration during their oversight process in respect of the City of Cape Town's Integrated Annual Report for the year ended 30 June 2016.

The Audit and Performance Audit Committees have considered the work performed by Internal Audit and the Auditor-General South Africa on the Integrated Annual Report in arriving at their recommendation as documented in **Annexure A**. Attached as **Annexure B** is the Audit and Performance Audit Committee's Report to the Executive Mayoral Committee and Council for the year ended 30 June 2016.

- 4.1. Financial implications ☒ None ☐ Opex ☐ Capex
- ☐ Capex: New Projects
 - ☐ Capex: Existing projects requiring additional funding
 - ☐ Capex: Existing projects with no additional funding requirements

- 4.2. Legal Compliance ☒

Section 166 of the Municipal Finance Management Act , Act 56 of 2003

- 4.3. Staff Implications ☐ Yes ☒ No

5. OUTCOMES OF DISCUSSIONS WITH MAYCO MEMBER

Not applicable

 Making progress possible. Together.

CH

6. RECOMMENDATION

It is recommended that MPAC notes that the Audit and Performance Audit Committees' conclusion is that the City's Integrated Annual Report presents performance against all key commitments and correctly reflects its performance against the targets.

AANBEVELING

Daar word aanbeveel dat die munisipale komitee oor openbare rekeninge (MPAC) daarvan kennis neem dat die oudit- en prestasieouditkomitee se gevolgtrekking is dat die Stad se geïntegreerde jaarverslag prestasie toon in al die sleutelverbintenisse en sy prestasie korrek in ooreenstemming met die doelwitte weerspieël.

ISINDULULO

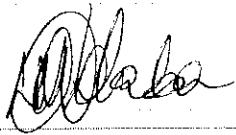

Kundululwe ukuba i-MPAC mayiqwalasele ukuba iiKomiti eyezoPhicotho neyeNdlela yokusebenza kwezoPhicotho zithi ziquke ukuba: Ingxelo yoNyaka eHlanganisiweyo yeSixeko inikezele ngendlela yokusebenza ejoliswe kuxanduva lwayo yonke imibandela ephambili kwaye ibonakalisa ngokuchanekileyo indlela yayo yokusebenza ngokujoliswe kwiinkalo ekujoliswe kuzo.

ANNEXURES

Annexure A: Report of the Audit and Performance Audit Committees to the Municipal Public Accounts Committee (MPAC) on the City's Integrated Annual Report (2015/16)

Annexure B: Report of the Audit and Performance Audit Committee for the Year Ended 30 June 2016

FOR FURTHER DETAILS CONTACT

NAME	Antoinette Moolman <i>Antoinette</i>	CONTACT NUMBER	021 400 9297
E-MAIL ADDRESS	Antoinette.Moolman@capetown.gov.za		
DIRECTORATE	Directorate of the Mayor	FILE REF No	2/9/2/1
SIGNATURE :			
PORTFOLIO MANAGER:			
PROBITY			

Making progress possible. Together.

THH

EXECUTIVE DIRECTOR

NAME Craig Kesson

COMMENT:

DATE

SIGNATURE

LEGAL COMPLIANCE

- ☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.
- ☐ NON-COMPLIANT

NAME Joan-Mari Holt

COMMENT:

DATE

SIGNATURE

For information. JMH.

**REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEES
TO THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
ON THE CITY'S INTEGRATED ANNUAL REPORT (2015/16)**

PURPOSE

Provide an Audit and Performance Audit Committee Report to the MPAC, for consideration during the MPAC engagements on the oversight processes, thereby informing the MPAC oversight report.

MANDATE AND AUTHORITY

The Audit and Performance Audit Committees are mandated in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003.

The responsibility of the Audit and Performance Audit Committees, as advisory oversight activities, are further re-iterated in terms of:

- The MFMA Circular No. 65 of November 2012, which stipulates reporting requirements and the need for the chairperson of the Audit Committee to submit a copy of its report to the MPAC, for consideration during the MPAC engagements on the oversight report; and
- In terms of MFMA Circular No. 32 of March 2006 the Audit Committee provides independent specialist advice on financial performance, efficiency and effectiveness, performance management and compliance with legislation.

Note: The above circulars have not been adopted by the Council of the City of Cape Town and should be considered.

The chairperson of the now consolidated Audit and Performance Audit Committee (or his nominee) will continue the practice to attend public MPAC engagements on the oversight report.

In October 2015 Council appointed a separate Performance Audit Committee (vide C52/10/15). Subsequent to the year end (October 2016), Council resolved that the functions of the Performance Audit Committee be merged with that of the Audit Committee (vide C16/10/16). Both committees are governed by formal terms of reference.

In terms of the Audit Committee's Terms of Reference, approved by Council on 25 September 2014 (vide C34/09/14), the committee has the following responsibilities related to the Annual Financial Statements and Annual Report (i.e. Integrated Annual Report):

- 4.2.4: Review the integrity of the information included in the final annual report before release, by considering the work and results of assurance providers (e.g. external and internal audit) relating to the validity, accuracy and completeness thereof;
- 4.2.9: Recommend the integrated report for approval by the Municipal Council;
- 4.6.9: Review and comment on the City's, its municipal entities and its funds annual reports within the stipulated timeframes;
- 4.8.11: Advise on disclosures on matters of risk and risk management in the annual report;
- 5.9: The Audit Committee will report to the Municipal Council on how it has fulfilled its duties during the financial year. This report is included in the Annual Report of the City and the Fund;
- 5.12: The Audit Committee should have regard to all factors and risks that may impact on the integrity of the Annual Report;
- 5.13: The Committee must review the disclosure of sustainability issues in the Annual Report to ensure that it is reliable and does not conflict with the financial information;
- 5.14: The Committee must provide the Municipal Council with its comments on the Annual Report prior to the approval by the Municipal Council of the Annual Report.

RELATED AUDIT REPORTS

The Audit and Performance Audit Committees have considered the work performed by Internal Audit and the Auditor-General South Africa (AGSA) on the Integrated Annual Report in exercising its responsibilities as required by its Terms of Reference.

The focus of the Internal Audit plan, with regard to the review of internal financial controls, was limited to procedures incorporated within the scope of the normal audit engagements and an internal financial control review. An internal audit opinion of "Some Improvement Needed" was expressed in the Annual

Report on Internal Controls in the City of Cape Town for Financial Year 2015/2016 which includes financial-related controls. Corrective actions have been planned by the line departments to address the areas of concern and will be reviewed by Internal Audit. Internal Audit also completed an advisory review on the draft Annual Financial Statement where issues were raised with management for action. In addition, risks and opportunities with value-adds were shared. The report also gave the Audit Committee comfort that subsections 4.2.1, 4.2.3 and 4.2.8 of their Terms of Reference had been achieved.

The AGSA has rendered an opinion that states that the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Cape Town as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and the Division of Revenue Act, Act 1 of 2015.

The Audit and Performance Audit Committees concur with the AGSA's opinion regarding the Annual Financial Statements, Legal and Regulatory requirements.

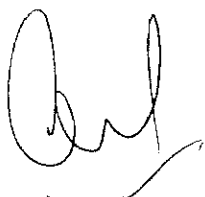
The Audit and Performance Audit Committees congratulate the management and employees of the City on yet again achieving a clean audit.

CONCLUSION

In terms of the MFMA Circular No. 32 of March 2006 relating to The Oversight Report, the Audit Committee has the following to bring to the attention of the MPAC:

- A Report of the Audit Committee for year ended 30 June 2016 (as included in the Integrated Annual Report) is attached. It addresses the Oversight Report requirements of financial performance, efficiency and effectiveness, performance management and compliance with legislation.
- An outstanding matters schedule is being maintained by the Audit Committee to continuously monitor control environment shortcomings, initiatives to enhance governance and integrated thinking and mitigate risks, including prominent City projects and initiatives.
- Important matters, related to the 2015/16 Annual Financial Statements and Integrated Annual Report, include:
 - Regulatory Compliance Reporting
 - Supply Chain Management (SCM): Supplier Non-Performance and transacting with Supplier with Director in the service of the state
 - Capital Budget: Underspending
 - Impaired Receivables
 - Annual Performance Report: Achievement of Planned Targets
 - Performance Statistics, Trends and Evidence for the City – Quarterly Corporate Scorecard reviews
- Governance enhancements, such as :
 - Combined Assurance framework application
 - Management of internal control findings and risks
 - City's Ethics Programme and Office
 - Theft and Loss Control
 - Information Technology governance
- Continuous monitoring, via quarterly reporting, of potential emerging risks related to:
 - Progress on the Housing Accreditation/Assignment process
 - Transport for Cape Town: Integrated Rapid Transport project milestones
 - Performance Statistics and Trends for the City – Quarterly Corporate Scorecard reviews

The City's Integrated Annual Report presents performance against all key commitments and the Committee is pleased with the progressive continuous improvement made by the City and compliments the City's Executive Management Team and recommends the City's Integrated Annual Report for onward submission.



Guy Harris
Chairperson of the Audit Committee
Date: 19 January 2017



Mariann Roos
Chairperson of the Performance Audit Committee
Date: 19 January 2017

Report of the Audit and Performance Audit Committees for the year ended 30 June 2016

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEES TO THE EXECUTIVE MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN

In line with its strategic commitment to be a well-governed City, the City of Cape Town strives for effective oversight and monitoring of its governance structures. Critical to the achievement of this aim is a competent and independent Audit Committee. Section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, as amended, obliges every municipality to establish an independent Audit Committee which must advise the Municipal Council, political office-bearers, accounting officer and management staff of the municipality and the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the Division of Revenue Act (DoRA), Act 1 of 2015 and any other applicable legislation and any other issues referred to it by the municipality or municipal entity.

In October 2015 Council appointed a separate Performance Audit Committee (*vide* C52/10/15). Subsequent to the year end (October 2016), Council resolved that the functions of the Performance Audit Committee be merged with that of the Audit Committee (*vide* C16/10/16). Both Committees are governed by formal terms of reference which are regularly reviewed and approved by Council and were last updated during September 2014 (*vide* C34/09/14).

The Committees are pleased to present our reports for the financial year ended 30 June 2016.

AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Performance Audit Committees' terms of reference requires five, and three, independent members, who have sufficient qualifications and experience to render the services associated with the audit committee function. During the year under review, four Audit Committee meetings, four Performance Audit Committee meetings and two special meetings, to consider the adjusted internal audit plan and the internal audit plan, were held. All members of the Audit Committee were also members of the Performance Audit Committee, except the Chairperson of the Audit Committee. The Chairperson of the Audit Committee also attends the City's Risk Management Committee (RiskCo) meetings, which meetings are not reflected in the table below.

Other meetings were held with the City Manager (22 July 2015) and the Executive Mayor (22 March 2016). Internal Audit (IA) Department attends the committees' meetings. The Deputy Mayor (when required), a representative of the City Manager's Office, most members of the Executive Management Team and other officials also attend the meetings. The Office of the Auditor-General South Africa (AGSA) has a standing invitation to all committee meetings and attended eight of the ten meetings. The meetings have substantial agendas which require a lot of preparation which is done diligently by members. Committee members participate in meetings with commitment as is evidenced from the summary of tenure, qualifications and meeting attendances below:

NAME	QUALIFICATIONS	NUMBER OF MEETINGS ATTENDED ¹		TENURE PERIOD (1)	TENURE PERIOD (2)
		AUD ²	PAUD ³		
Mr Guy Harris	B Comm. Hons / CA(SA)	6		01/04/2015 to 31/03/2018	
Ms Mariaan Roos	CA (SA) / H Dip Co Law / Masters of Commerce in Auditing / Certified Sustainability Master Class	6	4	01/02/2011 to 31/01/2014	01/02/2014 to 31/01/2017
Ms Somesh Naidu	Diploma in Business Management / Higher Certificate in Management	6	4	26/09/2014 to 31/08/2017	
Ms Judy Gunter	B.Compt Honours / Masters in Cost Accounting / Certified Internal Auditor (CIA)	1	1	01/11/2012 to 31/10/2015	
Dr Stewart Fisher	M.B. / Ch.B. (UCT) / M.Med (Community Health)	1		01/11/2012 to 31/10/2015	
Ms Divya Singh	Professor / BA Cum Laude / LLM / LLD / Tertiary Ed in Man Information / Advocate	5		01/11/2015 to 31/10/2018	
Mr Athol Rhoda	CA(SA)	5	3	01/11/2015 to 31/10/2018	

¹ The meeting of 31 August 2016 was only attended by a quorum of 3 members due to the Council approved meeting date being changed in view of the establishment of the new Council

² AUD = Audit Committee

³ PAUD = Performance Audit Committee

AUDIT AND PERFORMANCE AUDIT COMMITTEE RESPONSIBILITIES

The Committees are pleased to report that they have complied with their responsibilities arising from the terms of reference, including relevant legislative requirements.

The Committees also have formalised annual workplans that assist in carrying out their responsibilities and monitoring progress.

Quarterly reporting, by the Audit Committee Chairperson, on the committee's activities, were succinctly presented to MayCo and Council with the detailed minutes of each meeting, following the approval of the minutes at committee meetings, being tabled at Council.

Bi-annual reporting, by the Performance Audit Committee Chairperson, on the committee's activities, was succinctly presented to MayCo and Council with the detailed minutes of each meeting, following the approval of the minutes at committee meetings as required by Regulation 14 of the Municipal Planning and Performance Management Regulations, being presented to Council.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee had the opportunity to review the annual financial statements before and after the AGSA review and discussed them with Management. The Audit Committee has the following comments:

- (a) The City is a going concern with the best credit rating, given South Africa's sovereign credit rating.
- (b) Very close to 90% of the Capital Budget, the highest in some years, was spent and Supply Chain Management rules are applied strictly. The City is taking steps to enhance project management.
- (c) The costs and commitments as well as the benefits of MyCiti public transport and the move to Transport Orientated Development.
- (d) The challenges of minimising cost increase to ratepayers and recipients of services in the face of low economic growth and high cost pressures. The current restructure should help going forward.

The Audit and Performance Audit Committees congratulate the Management of the City, especially those in the areas of financial, performance and governance services on yet again achieving an unqualified with no findings report (clean audit), a good indicator of a well run City.

The external audit activities are performed by the AGSA and their sourced-in audit consulting partners.

The Audit Committee has no hesitation in recommending to Council that the annual financial statements be accepted and included in the annual integrated report of the City to its stakeholders. Stakeholders of the City can be justifiably appreciative of the City, despite the many challenges of a rapidly growing City, being forward looking and well managed. The City has the right environment and reputation to deliver for all based on the relatively low level of unemployed, especially the discouraged work seekers and the strong brand which can be leveraged for tourism and business with the support of residents.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The committees have considered the work performed by IA on a quarterly basis and have reviewed the IA Annual Report on Internal Controls for the year ended 30 June 2016.

An IA opinion of "Some Improvement Needed" was expressed on the Internal Control Environment, based on the results of the various audit engagements completed during the year under review. The Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Framework, including financial control assessments, was used as the reporting framework against which the audit results were applied to form an opinion on each of the COSO components, namely the control environment, risk assessment, control activities, information and communication and monitoring activities.

The assessment outcomes of the aforementioned COSO components were at a state of equilibrium. However, the Audit Committee wishes to draw attention to the following areas flowing from the committees' activities during the year and the Internal Audit Annual Report on Internal Controls:

- (a) Lack of policies and procedures in and the inadequacy of existing policies and procedures in certain areas;
- (b) Lack of management reviews and supervisory checks on occasions;
- (c) Lack of supporting evidence / information / records management processes from time to time;
- (d) Resource / capacity constraints;
- (e) Lack of adequate communication / collaboration occasionally;
- (f) A lack of reconciliation between various information sources as part of the verification process; and
- (g) A lack of monitoring activities on occasions.

It should be emphasised that while these areas require the necessary management attention, as the first line of defence in combined assurance, they were not serious enough for the AGSA to not give a clean audit opinion or the Audit Committee to have to raise specific concerns in these areas with the City Manager, Council, Mayco or the Mayor.

The internal control dashboard of the AGSA was also reviewed and the two major areas for improvement relate to performance information and IT systems.

RESOLVING INTERNAL CONTROL FINDINGS

Follow-up internal audits indicated that an average per directorate of 88% of audit findings previously reported were addressed in comparison to the target of 70%. The committees noted the non-implementation of some of the IA recommendations where alternative methodologies are being investigated. Management is encouraged to focus on these areas for improvement.

Overall the committees are satisfied with the quality and timing of management responses which indicate a well-run City and an Internal Audit department that is respected and valued. This is a reflection of the quality of both management and IA. We are happy that management is appropriately balancing delivery and enhancement.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with the Integrated Risk Management (IRM) activity. Combined Assurance Framework improvements and advancements are underway. The committees regularly review developments in this area as part of our agreed workplan.

The Audit and Performance Audit Committees appreciate the focus on risk and the Chairperson of the Audit Committee (or their nominee) regularly attends the RiskCo meetings. A key focus for all levels of management and oversight must be on the further mitigation of the top ten risks.

INTERNAL AUDIT EFFECTIVENESS

The IA activities are carried out by an in-house department operating in terms of an IA Charter and an annually reviewed audit plan. There has been no compromise of the independence or objectivity of the function during the year under review. However, cognisance should be taken of the independence of IA. It is important that the independence of IA is not compromised during the restructuring of the City and the Mayor has given her assurance that this will not happen. The Chief Audit Executive (CAE) reports functionally to the Audit Committee and administratively to the Executive Director: Corporate Services and Compliance. During the year under review a CAE was permanently appointed which should facilitate the long-term effectiveness of the IA department. Prior to that the Chief: Forensics, Ethics and Integrity acted as CAE and his professional guidance and commitment was appreciated.

An independent external validation of IA quality assurance programme was completed and it was found that the IA activity "Generally Conforms" to the Institute of Internal Auditors (IIA) International Standards for the Professional Practicing of Internal Auditing. From the exercise, recommendations were received for continuous improvement, which will be assessed and implemented as appropriate.

The fact that the majority of Mayco members attended the recent meeting between the Mayor and the Audit Committee reflects the commitment to strong audit functions in the City.

PERFORMANCE MANAGEMENT

In terms of Regulation 14 of the Municipal Planning and Performance Management Regulations a Performance Audit Committee was appointed on 28 October 2015 (*vide* C52/10/15).

The Performance Audit Committee reported bi-annually to Council on the assessment of the City's Performance Management System which included:

- Noting IA findings for improvements required on adequacy and reliability of supporting evidence;
- The need to ensure that performance measurement sheets are reviewed regularly; and
- Improvements in performance information related matters.

There is good alignment between the Audit Committee and the Performance Audit Committee.

RISK MANAGEMENT

City-wide initiatives regarding Risk Management continue to embed risk management processes in the City. RiskCo assists in enabling and enhancing the understanding of management of risk through the strategic "tone from the top" and ongoing evaluation of risks and cost effective mitigation steps.

GOVERNANCE AND ETHICS

The City has adopted the corporate governance principles of the King III Code of Governance in South Africa. The Committees continue to monitor key City-wide governance interventions required, such as the communication and monitoring of the Ethics Office and compliance reporting. These initiatives are continuously evolving and maturing. Ethics is also a key focus of the City and further enhancements of awareness and understanding of Ethics occurred. In May 2016 the City's Draft Ethics Code was presented to the Audit Committee for comment and was subsequently supported.

The City provided input via the Institute of Directors into the development of King IV. Positive feedback was received from the Institute of Directors with regards to the City's input to the King IV report. The Audit Committee hopes the City will adopt King IV which was released subsequent to the year-end along with a supplement for municipalities. It will apply from the 2017/18 financial year.

MUNICIPAL ENTITY

The Cape Town International Convention Centre (CTICC) is the City's sole municipal entity. The Committees play an oversight and advisory role for the municipal entity, with the CTICC Audit Committee meeting minutes and annual report being reviewed at the City's Audit Committees' meetings.


CONCLUSION

The Audit and Performance Audit Committees are pleased with the continuing progress made by the City in improving and progressing with the areas outlined in this report. Management deserves the accolade for another clean audit and their commitment to good governance and clean administration.

An Audit Committee report to the Municipal Public Accounts Committee (MPAC) will also be submitted to MPAC as part of the annual report oversight process.

The Committees fully support the City in implementing its vision and strategies, giving due consideration to the economic and social challenges facing the City and its residents, on the journey for sustainable service delivery in a vibrant, sustainable, globally competitive and caring City.

The Committees wish to express their appreciation to the management of the City, the AGSA and IA who assist the Committees in performing their functions effectively.



G Harris
Chairperson of the Audit Committee
Date: 2 December 2016



M Roos
Chairperson of the Performance Audit Committee
Date: 2 December 2016