

DATE: 12 MARCH 2019

REPORT TO: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

LC22686

1. ITEM NUMBER **MPAC 05/03/19**

2. SUBJECT

**OVERSIGHT REPORT IN RESPECT OF THE 2017/18 ANNUAL REPORTS FOR  
THE CITY OF CAPE TOWN AND ITS MUNICIPAL ENTITY**

**ONDERWERP**

**TOESIGVERSLAG OOR DIE 2017/18-JAARVERSLAE VIR DIE STAD KAAPSTAD  
EN SY MUNISIPALE ENTITEIT**

**ISIHLOKO**

**INGXELO YOKUBEK' ILISO EPHATHELELE KWIINGXELO ZONYAKA ZIKA  
2017/18 ZESIXEKO SASEKAPA NEZEQUMRHU LIKAMASIPALA**

**LSU: J2675 & J2814**

3. DELEGATED AUTHORITY

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

This report is FOR CONSIDERATION BY

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

4. DISCUSSION

The System of Delegations part 20 delegation 1(1), last amended by Council on 31 January 2019 (item C07/01/19), requires MPAC to "*consider and evaluate the annual report, and the annual report of any municipal entity under the City's sole or shared control, and to make recommendations to Council when it adopts the oversight report on the annual report in terms of section 129*" of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA).

Furthermore, MPAC's purpose in terms of paragraph 6.2 of their Terms of Reference (item C22A/01/19) is to perform an oversight function for Council in line with the

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leading practices applicable to MPAC and National Treasury Circulars and Guidelines, as adopted by Council.

The 2017/18 Integrated Annual Report of the City of Cape Town (CCT) (item C05/01/19) and the 2018 Integrated Annual Report of the Cape Town International Convention Centre (CTICC), and the Integrated Annual Report of the Cape Town Stadium (RF) SOC for the period 1 February 2018 – 30 June 2018 (item C52/01/19) were tabled at Council on 31 January 2019.

In terms of section 129 of the MFMA an oversight report must be adopted by Council within two months of the Annual Reports being tabled at Council (i.e. by March 2019).

The oversight process commenced on 22 January 2019 when the Auditor-General South Africa (AGSA) briefed MPAC on the 2017/18 MFMA audit outcomes. On 27 February 2019 MPAC met with the City Manager and the Executive Management Team (EMT) or their delegated nominees to consider responses on the matters of concern raised by MPAC (refer to the minutes of MPAC oversight meeting held on 27 February 2019 which is attached as **Annexure A**). Comments and resolutions from the oversight process are contained in **Annexure B**. The Integrated Annual Report is made available at the Subcouncil offices and members of the public are invited to submit written comments or make representations via the Organisational Performance Management (OPM) department – no comments were received. Except for the Energy and Climate Change portfolio committee, no comments or questions were received from the other portfolio committees (refer to **Annexure C**) and MPAC is concerned with the lack of oversight by the portfolio committees. The Audit and Performance Audit Committee's report to MPAC is attached as **Annexure D**.

Furthermore, MPAC established task teams to further investigate the unauthorised, irregular and fruitless and wasteful expenditure and other additional disclosures in terms of section 32(2) of the MFMA, and report to Council on conclusion of the investigations.

- 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 129 of the MFMA

- 4.3. Staff Implications ☐ Yes ☒ No

4.4. Risk Implications ☐ Yes ☒ No

## 5. RECOMMENDATIONS

Not delegated: for decision by Council:

(a) It is recommended that:

- (i) The Municipal Public Accounts Committee (MPAC), having fully considered the 2017/18 Integrated Annual Reports of the municipality and the municipal entity and representations thereon, recommend that Council adopt the oversight report and approve the annual reports without reservations.
- (ii) The resolutions in annexure A be supported for action and, where applicable, be referred to the relevant officials and feedback (where applicable) be provided to MPAC.

(b) It be noted that except for comments received from one Councillor, there were no other comments received from the Portfolio Committees.

## AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad:

(a) Daar word aanbeveel dat:

- (i) Na volledige oorweging van die geïntegreerde jaarverslae vir 2016/17 van die munisipaliteit en die munisipale entiteit en vertoë daaroor, die munisipale komitee oor openbare rekeninge (MPAC) aanbeveel dat die Raad die toesigverslag aanneem en die jaarverslae sonder voorbehoud goedkeur.
- (ii) Die resolusies in bylae A vir optrede gesteun word en, waar toepaslik, na die betrokke amptenare verwys word en terugvoering (waar toepaslik) aan MPAC gelewer word.

(b) Daar kennis geneem word dat buiten vir die kommentaar wat van een raadslid ontvang is, geen ander kommentaar van die portefeuljekomitees ontvang is nie.

## IZINDULULO

Azigunyaziswanga: iSigqibo seseBhunga:

(a) Kundululwe ukuba:

- (i) IKomiti kaMasipala ejongene nee-Akhawunti zoLuntu (MPAC), ekubeni ithathele ingqalelo ngokupheleleyo iiNgxelo zoNyaka eziHlanganisiweyo

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zikamasipala ngowama-2017/18 nezequmrhu likamasipala neengxelo-nkcaza, mayenze isindululo kwiBhunga lokwamkela ingxelo engobek'iliso kwaye liphumeze iingxelo zonyaka ngaphandle kwemiqathango.

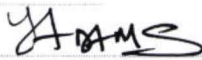
- (ii) Makuxhaswe izisombululo ezikwisihlomelo-A ukuze kuthatyathwe inyathelo kwaye apho kufanelekile zidluliselwe kumagosa afanelekileyo kwakhona kunikezelwe ngengxelo (apho kufanelekileyo) kwiKomiti kaMasipala ejongene nee-Akhawunti zoLuntu (MPAC).

- (b) Kufuneka kuqatshelwe ukuba ngaphandle kwezimvo ezifunyenwe kuCeba omnye, azikho ezinye izimvo eziye zafunyanwa kwiiKomiti zeMicimbi yeSebe.

## ANNEXURES


ANNEXURE A:	Minutes of the MPAC meeting held on 27 February 2019
ANNEXURE B:	Schedule of outstanding comments and resolutions from the MPAC oversight process
ANNEXURE C:	Comments from the Portfolio Committees and the Public
ANNEXURE D:	Report of the Audit and Performance Audit Committee

## FOR FURTHER DETAILS CONTACT

NAME	Antoinette Moolman	CONTACT NUMBER	021 400 9297
E-MAIL ADDRESS	<a href="mailto:Antoinette.Moolman@capetown.gov.za">Antoinette.Moolman@capetown.gov.za</a>		
DIRECTORATE	Office of the City Manager	FILE REF NO	2/9/1/2
SIGNATURE : MPAC CHAIRPERSON	Cllr Yagyah Adams		DATE 6/3/2019

## 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 Jean-Mari Holt  
 DATE 06/03/2019  
 SIGNATURE 

COMMENT:

*Certified as legally compliant: JMH.*  
*Based on the contents of the report.*

## CITY MANAGER

NAME LUNGELO MBANDAZAYO  
 DATE 2019-03-07  
 SIGNATURE 

COMMENT:

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# ANNEXURE A

## - MINUTES -

**OF THE MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD IN  
COMMITTEE ROOM A, 5<sup>TH</sup> FLOOR, PODIUM BLOCK, CIVIC CENTRE, CAPE TOWN  
ON WEDNESDAY 27 FEBRUARY 2019 AT 10:00**

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### **PRESENT**

### **COMMITTEE MEMBERS**

#### **CAPE MUSLIM CONGRESS**

Cllr Y Adams (Chairperson)

#### **DEMOCRATIC ALLIANCE**

Cllr E Anstey  
Cllr R Beneke  
Cllr K Southgate  
Cllr A van Zyl  
Cllr J Witbooi

#### **AFRICAN NATIONAL CONGRESS**

Cllr D Khatshwa  
Cllr B Majingo  
Cllr B Ngcani

#### **ECONOMIC FREEDOM FIGHTERS**

Cllr F Gaffoor

#### **FREEDOM FRONT PLUS**

Cllr F Botha-Rossouw

### **OFFICIALS**

R Bosman	: Safety and Security
S du Toit	: Probity
P Flower	: Water and Waste
G Fortune	: Transport
R Garman	: Forensics
K Jacoby	: Finance
C January	: Corporate Services
A Karriem	: Probity

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

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**27 FEBRUARY 2019**

C Kesson	: Corporate Services
K Le Keur	: Economic Opportunities and Asset Management
B Lufundo	: Legal Services
A Moolman	: Internal Audit
L Ndaba	: Probity
G Postings	: Office of the City Manager
R Rughubar	: Human Settlements
E Sass	: Community Services and Health
L Sithole	: Human Resources
B van Schoor	: Urban Management
B Vink	: Internal Audit
A Vorster	: Office of the Speaker
E Wessels	: Internal Audit
R Tippoo	: Executive Committee Services

**CAPE TOWN STADIUM**

L de Reuck

**CAPE TOWN INTERNATIONAL CONVENTION CENTRE**

J Ellingson  
W de Wet

**ABSENT**

Cllr B Madikane

**APOLOGY**

G Kaiser : Water and Waste Services

**MPAC 01/02/19      OPENING**

Councillor Y Adams welcomed everyone to the meeting.

**MPAC 02/02/19      APOLOGIES / LEAVE OF ABSENCE**

**RESOLVED** that it be noted that an apology for not being able to attend the meeting had been received from Ms G Kaiser.

**MPAC 03/02/19      CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 1 FEBRUARY 2019**

**RESOLVED** that the minutes of the meeting held on 1 February 2019, be confirmed.

**MPAC 04/02/19      MATTERS RECEIVING ATTENTION****(1) ALLEGED UNAUTHORISED TRANSACTIONS RELATING TO THE CASH MANAGEMENT AND PAYMENT COMPONENT OF THE STATION MANAGEMENT CONTRACT (FSD 291/15-16)**

**RESOLVED** that the next meeting of the Task Team would be arranged once a report from Legal Services is received.

**ACTION: R TIPPOO / A PAGE / A MARKRAM**

**(2) IRREGULARITIES IN TENDER NO. 314S/2014/2015: PANEL OF ICT PROFESSIONAL SERVICES**

**RESOLVED** that it be noted that a further investigation would be undertaken by Ernst and Young where after the results would be submitted to the Task Team for consideration.

**ACTION: R TIPPOO / O NAIDOO / P FISHER / P SONNEKUS**

**(3) REPLACEMENT OF ASBESTOS ROOFING AT VARIOUS POOLS IN MITCHELLS PLAIN**

**RESOLVED** that it be noted that the investigation by the Task Team had been concluded and a report would be submitted to the next meeting.

**ACTION: A MOOLMAN**



**(4) ALLEGED CONTRACT IRREGULARITIES: TENDER  
447Q/2010/2011: JVR CONSTRUCTION**

**RESOLVED** that it be noted that the next meeting of the Task Team would be held on 12 March 2019 at 11:00.

**ACTION: R TIPPOO**

**(5) FACILITY UPGRADE IN PELLA KATZENBERG**

**RESOLVED** that it be noted that the investigation by the Task Team had been concluded and a report would be submitted to the next meeting.

**ACTION: A MOOLMAN**

**(6) ALLEGED FRAUDULANT PAYMENT TO A SERVICE  
PROVIDER: DRIVING SCHOOL**

**RESOLVED** that it be noted that the investigation by the Task Team had been concluded and a report would be submitted to the next meeting.

**ACTION: A MOOLMAN**

**(7) TENDER 16Q/2012/13: CONSTRUCTION AT DU NOON  
SPORTSFIELD: TEMPANI CONSTRUCTION**

**RESOLVED** that it be noted that the next meeting of the Task Team would be held on 12 March 2019 at 12:00.

**ACTION: R TIPPOO**

**(8) TENDER 213S: IRREGULARITIES IN RECRUITMENT AND  
SELECTION IN THE VALUATION DEPARTMENT**

**RESOLVED** that it be noted that the first meeting of the Task Team would be held on 12 March 2019 at 13:00.

**(9) TENDER 224S REMOVAL OF REFUSE FROM STORAGE  
AREAS IN INFORMAL SETTLEMENTS**

Councillor Botha-Rossouw was nominated for appointment to the Task Team as Councillor Diamond had resigned. The Committee agreed.

**RESOLVED** that

(a) Councillor Botha-Rossouw replace Councillor Diamond on the Task Team;

(b) it be noted that the first meeting of the Task Team would be held on 19 March 2019 at 10:00.

**ACTION: R TIPPOO**

**(10) ALLEGED IRREGULARITIES WITHIN SAFETY AND SECURITY REGARDING THE APPOINTMENT OF ICT PROFESSIONALS**

**RESOLVED** that it be noted that the next meeting of the Task Team would be arranged once the necessary information is received from the Labour Relations Department.

**ACTION: R TIPPOO**

**(11) TENDER 29C/2012/13 FOR THE RENDERING OF PROFESSIONAL SERVICES ON THE CONSTRUCTION OF PRIORITISED NON-MOTORISED TRANSPORT PROJECTS**

**RESERVED** that it be noted that the next meeting of the Task Team would be held on 19 March 2019 at 11:00.

**ACTION: R TIPPOO**

**(12) PAYMENT OF INTEREST IN RESPECT OF TENDERS 178Q/2014/15 AND 218Q/2014/15**

Councillor van Zyl was nominated for appointment to the Task Team as Councillor Diamond had resigned. The Committee agreed.

**RESOLVED** that

(a) Councillor van Zyl replace Councillor Diamond on the Task Team;

(b) it be noted that the next meeting of the Task Team would be held on 19 March 2019 at 12:00.

**ACTION: R TIPPOO**

**(13) TENDER 218Q/2014/15 CONSTRUCTION OF INTEGRATED RAPID TRANSPORT AND NON-MOTORISED TRANSPORT INFRASTRUCTURE**

**RESOLVED** that it be noted that the first meeting of the Task Team would be held on 1 March 2019.

**ACTION: R TIPPOO**

- (14) TENDER 056Q/2015/16 FOR THE REPAIRS AND MAINTENANCE OF FLOOR COVERINGS IN COMMUNITY SERVICES FACILITIES**

**RESOLVED** that it be noted that the first meeting of the Task Team would be held on 1 March 2019.

**ACTION: R TIPPOO**

- (15) CONDONATION OF A DUPLICATE SUNDRY PAYMENT INCURRED DUE TO SAP ERROR: R5 000**

**RESOLVED** that it be noted that the first meeting of the Task Team would be held on 1 March 2019.

**ACTION: R TIPPOO**

- (16) ALLEGED FRAUD 4 LAVELLE STREET, SHIRLEY PARK, BELLVILLE – FSD 344/13-14**

**RESOLVED** that it be noted that the first meeting of the Task Team would be held on 8 March 2019.

**ACTION: R TIPPOO**

- (17) ALLEGED TENDER IRREGULARITIES: TENDER 207S/2009/20 AND TENDER 420S/2011/12 – FSD 192/13-14**

**RESOLVED** that it be noted that the first meeting of the Task Team would be held on 8 March 2019.

**ACTION: R TIPPOO**

- (18) BOWMAN'S REPORT: CONCERNS RAISED BY MIKE EVANS REGARDING THE CANCELLATION OF TENDER 205C/2011/12**

**RESOLVED** that it be noted that the first meeting of the Task Team would be held on 8 March 2019.

**ACTION: R TIPPOO**



- (19) **IRREGULAR EXPENDITURE FOR THE 2016/17 FINANCIAL YEAR – PROCURMENT OF BATTERY POWERED ELECTRIC BUSES / BOWMAN'S REPORT: TENDER AWARDED TO BYD FOR THE SUPPLY OF ELECTRIC BUSES**

**RESOLVED** that it be noted that the next meeting of the Task Team would be arranged once the information from Legal services is received.

**ACTION: R TIPPOO / B LUFUNDO / A MARKRAM**

- (20) **INVESTIGATION INTO IRREGULAR EXPENDITURE IN RESPECT OF SECURITY UPGRADES TO THE FORMER EXECUTIVE MAYOR'S RESIDENCE**

This matter was discussed in the confidential meeting.

- (21) **NON-COMPLIANCE WITH MFMA S116(3): VARIATIONS ORDERS FOR PHASE 1A AND PHASE 1B MYCITI**

**RESOLVED** that it be noted that the investigation by the Task Team had been concluded and a report would be submitted to the next meeting.

**ACTION: A MOOLMAN**

- (22) **CONSEQUENCE MANAGEMENT ENHANCEMENT PLAN**

**RESOLVED** that it be noted that the Consequence Management Policy would be approved by June 2019.

**ACTION: G POSTINGS / L NDABA**

**MPAC 05/02/19 RESPONSES TO THE QUESTIONS ASKED ON THE CAPE TOWN INTERNATIONAL CONVENTION CENTRE (CTICC) ANNUAL REPORT FOR 2017/18**

The chairperson welcomed Ms Julie-May Ellingson and Mr Wayne de Wet of the CTICC to the meeting.

Councillor Anstey urged the Board of the CTICC to curtail costs. He noted that the costs for cleaning and security had been quite high and needed to be curtailed. Ms Ellingson responded that the CTICC had made R246m with a growth of 14% which exceeded international growth which was 9%. She further advised that some of the cleaning and security costs were recovered from the clients.

Councillor Khatshwa congratulated the CTICC for a job well done. He enquired if the CTICC had one board running both buildings or if it had a second Board for the new building. Ms Ellingson responded that there was only one Board for both buildings.

**RESOLVED** that the answers submitted by the Cape Town International Convention Centre on the 2017/18 Annual Report be accepted for inclusion in the oversight report.

**ACTION: A MOOLMAN**

**MPAC 06/02/19**

**RESPONSES TO THE QUESTIONS ASKED ON THE CAPE TOWN STADIUM ANNUAL REPORT FOR 2017/18**

Councillor Anstey referred to question 4 and enquired whether some of the staff were out-sourced. Mr de Reuck responded that the maintenance work was out-sourced and there were 13 tenders for the various tasks. On a daily basis, depending on the events taking place, there could be approximately 22 contracted staff on duty. Councillor Anstey referred to question 6 and enquired whether the 17 vacant posts would be scrapped. Mr de Reuck responded that the posts would not be scrapped but the organogram was being reviewed. In response to an enquiry about the number of workers on each shift, Mr de Reuck advised that there were 17 workers working the day shift and 17 workers working the night shift. He could not give the cost of one shift and undertook to provide the information to the committee at the next meeting.

Councillor Anstey referred to question 7 and enquired why it was necessary to have two tour guides and who had previously performed that function. Mr de Reuck responded that there had been four people performing the function but as the number of people visiting the Stadium declined, the number of tours had been reduced to two per week and the guides were given other work to perform when not doing tours.

Councillor Anstey referred to questions 8 and 9 and requested a breakdown of all maintenance costs for the complete year and a breakdown of all suppliers and the actual supplies as he was of the opinion that R47 000 spent each month on printing and stationery were excessive.

Councillor Anstey referred to question 10 and enquired why the amount was reflected as both income and expenditure. Mr Jacoby explained that the assets belonged to the City and he undertook to check whether the assets had depreciated in value.



Councillor Anstey referred to question 12 and was of the opinion that the maintenance of the lift was excessive. He requested the contract for the maintenance of the lift.

Councillor Adams enquired whether there had been problems with the glass roof. Mr de Reuck advised that the roof had to be maintained and the seals in the glass roof had to be attended to. In response to an enquiry from the chairperson regarding the profitability of the stadium, Mr de Reuck said that approximately 6 events per month were hosted at the stadium as well film shoots. Events were also increasing and he could provide the committee with the figures.

Councillor Anstey enquired who actually scrutinised the expenses of the stadium and considered cost cutting measures. Mr Jacoby answered that when the Council decided to build the stadium it was a foregone conclusion that the stadium would have to be subsidised. He said that he had regular meetings with the Chief Financial Officer to consider cost saving where necessary. All tenders had to go through the supply chain process which was a competitive and fair process.

Councillor Beneke voiced his concern at the subsidising of the stadium. Mr Jacoby assured the committee that nowhere would you find a stadium that was running at a profit. The best solution would be to find an anchor tenant. Mr de Reuck added that a commercialisation model was being established for the stadium and had almost been completed. Councillor Adams said that while the committee recognised the effort being made to get an anchor tenant he was still concerned about the major losses being incurred. Mr Jacoby explained that Council had requested a feasibility study which had been obtained and referred to Council. The City was in discussion with a major sporting body and a response from the body was expected within the next two weeks.

Councillor Anstey enquired about the parking bays which was to have been leased to the residents in the area. Mr de Reuck advised that there were 1 100 parking bays which would be put out to tender.

**RESOLVED that**

- (1) The following reports be submitted by Mr de Reuck to the April 2019 committee meeting:
  - (a) The cost of one shift worked by staff during the day and one shift worked by staff during the night;



- (b) A breakdown of all maintenance costs for the complete year;
  - (c) A breakdown of all supplies and suppliers for printing and stationery;
  - (d) Whether assets had depreciated in value;
  - (e) The contract for the maintenance of the lift;
  - (f) Number of events, film shoots etc. at the stadium;
- (2) subject to the above information being received, the answers submitted by the Cape Town Stadium on the 2017/18 Annual Report be accepted for inclusion in the oversight report

**ACTION: A MOOLMAN****MPAC 07/02/19****RESPONSES TO THE QUESTIONS ASKED ON THE CITY'S ANNUAL REPORT FOR 2017/18**

Councillor Southgate thanked the officials for the comprehensive answers to all the questions. He referred to page 30 of the agenda and requested more information on the "equitable share". Mr Jacoby responded that the equitable share exceeded the social package which the City offered residents and which resulted in cross subsidisation. Councillor Southgate then referred to page 32 of the agenda and enquired why the debt was so high despite the fact that the collection rate had increased. Mr Jacoby explained that the water costs were quite high and a lot of the debt was old. The debt was only written-off once a Water Management Device (WMD) had been installed. To date 200 000 WMDs had been installed. However, the installation of WMDs had been stopped due to the many problems experienced with the device. The matter was being addressed and a report would be submitted to Council. Councillor Southgate voiced his concern that people were asked to pay R4 000 for a WMD to be installed which they could not afford. Mr Jacoby said that not all people could not afford the payment as WMDs were being installed at houses where the occupants were not indigent. He acknowledged that a new strategy would have to be adopted because of the problems with the WMDs. Mr Flower drew the Committee attention to the fact that in order for debt to be written-off the occupant also had to have a pre-paid electricity meter. Mr Jacoby said that many of the other municipalities had visited the City of Cape Town to see how the City was managing its debt collection. He was confident that no other municipality had the same collection rate as the City. He was also pleased to announce that there was no political interference in debt management. Councillor van Zyl said that the City of Johannesburg had a debt of R22 billion.

Councillor Witbooi said that in some areas people were still being requested to have the WMDs installed. Mr Flower said that no one should be asked to have the WMD installed and he also assured the Committee that no one would be without water.

Councillor Southgate said that when people bought electricity a certain amount of the money was being deducted for arrears owed to the City. Mr Jacoby said that the reason for that was so that people could come to the City to make arrangements to pay off their debt. Councillor Southgate said that people were also being told to renew their arrangements annually and should the person forget to do so the arrears would once again start accumulating. Mr Jacoby said that he was not aware that people had to come in annually and would follow-up on the matter.

Councillor Southgate enquired about traffic fines. Mr Bosman responded that if you had a warrant against your name then your licence would not be issued. Councillor Southgate said that the City should consider attaching the issuing of licences to traffic fines rather than warrants as a huge amount of resources were used and only 24% of fines were collected. Mr Bosman said that fines were not considered as a debt. More magistrates were being employed to assist with the amount of fines and new initiatives were being considered to increase the collection rate.

Councillor Southgate referred to question 4 on the underspending of the budget and requested a list of all cancelled tenders and the amount involved. Mr Vorster advised that the underspending was as a result of the cancellation of the tender for electric busses.

Councillor Southgate referred to annexure D on the agenda and enquired about "abuse of authority" cases which amounted to 214. He also enquired about the cases listed under category 000. Mr Lawrence explained that there was a problem with the e-system. Cases were all being categorised as "abuse of authority" instead of being put in the correct category. The 000 applied to cases which had already been assigned to a category but defaulted to 000 if the chairperson of the hearing did not put in the correct information. He said that the e-system needed a few minor changes but generally worked well. Councillor Witbooi said that it had to be sorted out promptly as it could give a wrong impression.

Mr Kesson requested that the word "performance" in the answer to question 11 on page 43 of the agenda be replaced with "Information System and Technology". He further requested that the Audit and Performance Audit Committee's (APAC) report in the Annual Report be amended to read as follows:



*The internal control dashboard of the AGSA was also reviewed and an area for improvement relates to IT systems. The APAC has also consistently raised concerns in respect of this area and, until addressed and resolved, it will remain on the radar of the committee as a priority area.*

Councillor Southgate referred to question 14 and voiced his concern that only 97,8% of councillors completed their declaration of interest. Mr Mbandazayo said that it could be the new councillors which still had to complete their declaration form. With regard to the conflict of interest, Mr Mbandazayo said that depending on the conflict the matter could be managed by the line department.

Councillor Southgate referred to question 15 and was concerned about the high number of tacit leases. Ms Le Keur undertook to submit a report to the Committee on what was being done to regularise the leases and the cost impact on the City.

Councillor Southgate enquired how many people were on the City's housing data base who actually qualified for a housing opportunity. Mr Rughubar responded that the City's data base did not include the income of the applicants and only when they were offered a housing opportunity was the income checked. However, the system was being updated to include the income of all applicants. Councillor Witbooi said that it would be advantageous to have access to the data base as it would be easy to check on people enquiring about their housing applications.

Councillor Beneke referred to question 21 and said that part (c) of his question had not been answered. Mr Kesson responded that 4 staff members had been subjected to a disciplinary enquiry. Councillor Beneke requested that the committee be advised of the designations of those employees.

In response to an enquiry from Councillor Anstey regarding question 23, Mr Nassiep advised that the Energy Directorate was planning interventions with the Safety and Security Directorate to reduce the illegal connections and tampering. Vandalism and theft were also major problems facing the City. Councillor Southgate enquired how far the City had progressed with regard to replacing copper cables. Mr Nassiep responded that the City was looking at using a specific chemical to be added to the copper which would allow the copper to be traced and in addition, cables were being installed underground which also served as a deterrent to cables being stolen.



Councillor Majingo referred to project delays and said that proper consultation with communities would assist in preventing delays. Mr Jacoby commented that the screening of projects was being enhanced and monitored regularly. 9% of the projects had been subjected to interventions by the City Manager to ensure that they could be carried out timeously.

Councillor Southgate expressed his concern at the poor response to the 2017/18 Annual Report by the Portfolio Committees and he wanted it noted in the report to Council.

**RESOLVED that**

- (a) the Chief Financial Officer advise whether it is necessary for the public to make arrangements with the City on an annual basis regarding their debt;
- (b) the Audit and Performance Audit Committee's (APAC) report in the Annual Report be amended to read as follows:

*The internal control dashboard of the AGSA was also reviewed and an area for improvement relates to IT systems. The APAC has also consistently raised concerns in respect of this area and, until addressed and resolved, it will remain on the radar of the committee as a priority area;*

- (c) the word "performance" in the answer to question 11 on page 43 of the agenda be replaced with the words "Information systems and Technology";
- (d) the Executive Director: Economic Opportunities and Asset Management submit a report to the Committee on what was being done to regularise the tacit leases and to advise of the impact of the cost on the City;
- (e) the Executive Director: Corporate Services advise the Committee of the designations of those 4 City employees who had been subjected to a disciplinary enquiry;
- (f) Council be made aware of the poor response to the 2017/18 Annual Report by the Portfolio Committees;
- (g) subject to (a) to (f) above, the answers submitted by the Executive Directors be accepted for inclusion in the oversight report.

**MPAC 08/02/19      REPORT OF THE AUDIT AND PERFORMANCE AUDIT  
COMMITTEE TO THE MUNICIPAL PUBLIC ACCOUNTS  
COMMITTEE ON THE CITY'S 2017/18 ANNUAL REPORT**

Ms Moolman tabled the report from the Audit and Performance Audit Committee, a copy of which is attached to the official minutes.

**RESOLVED** that the report from the Audit and Performance Audit Committee on the City's 2017/18 Annual Report be accepted for inclusion in the oversight report.

**MEETING ENDED AT 13:10 FOLLOWED BY THE CONFIDENTIAL MEETING**

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**CHAIRPERSON: CLLR Y ADAMS**

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**DATE**

## OUTSTANDING COMMENTS AND RESOLUTIONS FROM MPAC IN RESPECT OF THE OVERSIGHT PROCESS

NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
<b>2017/18 INTEGRATED ANNUAL REPORT OF THE CCT</b>				
<b>QUESTIONS FROM MPAC</b>				
1	6	Cllr K Southgate	<p><b>MESSAGE FROM THE MAYOR: The Mayor alludes to the City social package as being approximately R3billion.</b></p> <p>(a) Has the current indigent policy been applied according to its original terms and prescripts and has any part of the policy been changed?</p> <p>(b) How much of the equitable share goes toward funding of the indigent?</p> <p>(c) Provide a breakdown of the amount provided by national Government and that provides by the City?</p> <p>(d) What percentage of own funds was allocated to indigent relief and how does this compare with the previous two years.</p> <p>(e) Has the number of indigents increased or decreased and what are the reasons for this?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
2	166	Cllr K Southgate	<p>(a) What gave rise to the significant increase in the impairment related to serious debtors?</p> <p>(b) What are the ratios between:</p> <ol style="list-style-type: none"> <li>1. Private residents</li> <li>2. Business entities</li> <li>3. Government departments</li> </ol> <p>(c) What have we done to address it and have the strategies yielded positive results?</p> <p>(d) How many payment arrangements are in place?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p> <p><u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u></p> <p>The Chief Financial Officer advise whether it is necessary for the public to make arrangements with the City on an annual basis regarding their debt</p> <p><b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b></p>	K Jacoby
3	166	Cllr K Southgate	<p>(a) What are the reasons that gave rise to a significant increase in the impairment of other receivables?</p> <p>(b) What have we done to improve collections and have our strategies yielded positive results?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
4	167	Cllr K Southgate	<p>(a) Provide reasons for the R2bn underspent on Capital budget.</p> <p>(b) Provide a breakdown of projects with reasons that led to the underspend.</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	All EDs



NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
5	168	Cllr K Southgate	<p>(a) How many cases of non-compliance was identified in the year under review and in which departments did they occur?</p> <p>(b) Were they all investigated? Provide details.</p> <p>(c) What remedial actions were implemented to prevent a re-occurrence?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
6	169	Cllr K Southgate	<p>(a) Which policies and strategies are in place to deal with compliance laws and regulations, fraud and corruption?</p> <p>(b) Are the plans and strategies to prevent non-compliance, fraud and corruption implemented and do we measure their outcomes? Provide examples.</p> <p>(c) If no. how do, we know that they are effective?</p> <p>(d) If yes, then have we seen an increase in non-compliance, fraud and corruption?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	City Manager
7	169	Cllr K Southgate	<p>(a) Provide details of the tender that was drafted in a bias manner?</p> <p>(b) Who was responsible and what remedial steps were taken to correct it?</p> <p>(c) What were the similarities referred to by the AG to the 2016/17 financial year?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
8	170	Cllr K Southgate	<p>(a) For the year under review, how many disciplinary hearings were held in relation to City employees?</p> <p>(b) What were the nature of these hearings?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	C Kesson
9	170	Cllr K Southgate	<p>(a) Have there been any disciplinary measures and/or criminal prosecutions for instances of fraud and corruption relating to the municipality involving either councilors, officials and or private individuals or companies?</p> <p>(b) If yes, provide the breakdown of the numbers and the total value.</p> <p>(c) How many cases are complete and how many are still pending?</p> <p>(d) What were the outcome of the cases and what has the City done to recover losses?</p> <p>(e) Is what has been reported in the AFS and annual report sufficient? If not, why not?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	C Kesson K Jacoby Speaker
10	175	Cllr K Southgate	<p>With reference to the Audit Committee's comments on efficiency and effective internal control, what has been done to improve the concerns raised in points A-G?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	City Manager
11	175	Cllr K Southgate	<p>Provide details relating to the concerns raised in regard to internal control dashboard relating to performance information and IT systems and what is being done to address those concerns in order for them to be "removed from the radar".</p>	C Kesson

NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
			<p><u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u> Reference to "performance information" should be removed from the Audit and Performance Audit Committee report.</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	
12	176	Cllr K Southgate	<p>(a) Has the City discharged all its MFMA and other legislative obligations in relation to risk management? (b) When was the last risk assessment undertaken? (c) Is there a risk register in place and who monitors it? (d) Are risk mitigation plans in place to deal with key risks to the City? (e) Do the performance agreements of Senior managers incorporate risk management and performance indicators as criteria for performance assessment?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	City Manager K Jacoby
13	176	Cllr K Southgate	<p>(a) Were the audit findings of 2016/17 monitored to prevent a re-occurrence and were they included in the audit action plans? (b) If yes, then why did we have similar cases of non-compliance? (c) Did the City establish the root causes of the findings of the Auditor-General? (d) What steps are now in place to prevent a re-occurrence? (e) Is there consequent management that has been applied to any officials who have failed in their duties to remedy previous findings of the Auditor-General? Provide examples.</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	City Manager K Jacoby
14	180	Cllr K Southgate	<p>(a) Have all councilors and employees completed their declaration of interest? (b) Are they completely filled in? (c) Have the declarations been analysed and captured? (d) Have potential conflicts of interest been identified and if yes, how were they addressed? (e) Where declarations have not been made or remain incomplete has disciplinary steps been taken against such persons?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	C Kesson K Jacoby
15	197	Cllr K Southgate	<p>(a) Does the City have a Land and Buildings asset register? And is it up to date? (b) Where the assets are leased out, how many leases are: 1. Current 2. Long term 3. Tacit (c) Are the rentals market related and what is the total income generated from these leases?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	O Asmal K Le Keur



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			<p><u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u></p> <p>The Executive Director: Economic Opportunities and Asset Management submit a report to the Committee on what was being done to regularise the tacit leases and to advise of the impact of the cost on the City</p> <p><b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b></p>	
16	197	Cllr K Southgate	<p>(a) Of the employee related costs, how much is attributed to overtime costs and in which departments?</p> <p>(b) What is the correlation between the number of vacant posts in the specific departments and the overtime payments incurred by each?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	C Kesson
17	238	Cllr K Southgate	<p>(a) The Mayor in her submission said that for the first time the City had exceeded its housing target yet National Government expressed a concern that the City would not spend its entire USDG funding. Please elaborate on the two comments.</p> <p>(b) How much grant funding was returned and what are the reasons thereof?</p> <p>(c) If the housing targets were met, what is the backlog that still exist?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	R Rughubar
18	197 241	Cllr K Southgate	<p>(a) Are the conditional grants used effectively and what was the spending levels?</p> <p>(b) If there was underspending on grants provided for service delivery, what are the reasons for the underspending and what recommendations have been provided to improve performance.</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby R Rughubar
19		Cllr K Southgate	<p>(a) What was the total amount of EPWP job opportunities generated for the year under review?</p> <p>(b) In which departments were they generated?</p> <p>(c) What was the total costs of the EPWP programme?</p> <p>(d) How many were funded from National government funds versus City own funds?</p> <p>(e) How do we measure the effectiveness of the programme?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	E Sass
20	76	Cllr R Beneke	<p>(a) What amount of Green Recycling Bins have been rolled out in the City, compared to Black Refuse Bins?</p> <p>(b) Which middle to high income areas have not been rolled out yet, and what are the main contributors for not rolling this out?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Nassiep
21	155	Cllr R Beneke	<p>(a) At what staffing levels is Performance Management done?</p> <p>(b) What does this entail and what are the consequences of non-performance?</p> <p>(c) How many staff members went through a disciplinary process the last year because of non-performance?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	C Kesson



NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
			<p><b>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</b></p> <p>The Executive Director: Corporate Services advise the Committee of the designations of those 4 City employees who had been subjected to a disciplinary enquiry in respect of poor performance.</p> <p><b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b></p>	
22		Cllr E Anstey	<p>(a) Please explain increase in reticulation (water) losses considering our water crisis.</p> <p>(b) What were the causes for such increase and abnormal production losses?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	G Kaiser
23		Cllr E Anstey	<p>(a) Please explain why there is no improvement on energy losses year-on- year despite being told substantive attempts to monitor by-passing of pre-paid meters would start to happen.</p> <p>(b) What initiatives were taken in the last period to investigate and curtail by-passing of meters and tampering with power supply?</p> <p>(c) How successful were these initiatives?</p> <p>(d) What is the plan for the future?</p> <p>(e) How many staff are now allocated to checking on by-passing of pre-paid meters and how are they checking?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Nassiep
24		Cllr E Anstey	<p>With the new rates valuation about to be released can the we receive the following info:</p> <p>(a) Please confirm 12 streets across the City which was historically residential and now mostly commercial that was checked from beginning to end that every property was zoned correctly. Durban Road, Bellville is a typical example.</p> <p>(b) B &amp; B, boutique hotels and small hotels continuously appear across the City. How many of these types of properties were rezoned in the new valuations from residential to business and vice versa?</p> <p>(c) Would like the official responsible for cross checking accommodation to appear before the Committee to educate us on how the City goes about identifying such properties where no rezoning has been applied for?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
25		Cllr E Anstey	<p>(a) With the expected over-supply of apartments and low sales, what process is in place to ensure that all units in new sectional title developments are registered for rates when they will not pass through the deeds office due to lack of sales and held by the developer?</p> <p>(b) What process is in place to ensure all apartments are registered for rates?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
26		Cllr A van Zyl	<p>(a) Please provide copies of the management letters from the Auditor-General's office to the CoCT for the 2015/16, 2016/17 and 2017/18 financial years.</p> <p>(b) Please provide details of the subsequent action (processes, procedures, directives and/or others) from the Office of the City Manager to address the concerns and risks identified in the aforementioned management</p>	K Jacoby

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			<p>letters.</p> <p>(c) If the responsible officials are not clearly identified in the aforementioned documentation, please provide the detail(s) of each official responsible for the action(s).</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	
27		Cllr A van Zyl Cllr B Majingo	<p>Please provide the detail of the tender(s) which was drafted in a biased manner as well as the department and official(s) responsible.</p> <p>Why was the specification drafted in a biased manner which did not allow all potential suppliers to tender?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
28		Cllr A van Zyl	<p>Please provide details of the irregular expenditure (amounts/department) amounting to R 236 019 480.</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
29		Cllr B Majingo	<p>What is the City's interpretation of the <i>stagnation in two financial years in a row</i>?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	City Manager
30		Cllr B Majingo	<p>What is the reason for the leadership's slow response to emerging risks related to contract management?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	City Manager K Jacoby
31		Cllr B Majingo	<p>(a) What is the City's plan to address the findings of non-compliance with procurement and contract management policies and procedures?</p> <p>(b) Since the discovery of the above, has the City assessed all departments in order to prevent the wide-spread habit of non-compliance?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
32		Cllr B Majingo	<p>Whilst deviations are permitted, can they be minimized through better planning as they have the potential to be abused?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	City Manager
<b>QUESTIONS FROM OTHER COUNCILLORS</b>				
33		Cllr F Cassim	<p><b>INTEGRATED ANNUAL REPORT 2017 – 2018</b></p> <p>The Annual Report for 2017/18 is now being made public and representations are now being invited from the local community in order that Council will comply with Sections 129 and 130 of the MFMA and adopt an oversight report by 28 March 2019.</p> <p>A number of strategic areas are laid out.</p> <p><u>SFA 1: Create an environment where investment can grow and jobs can be created.</u></p> <p>As a current councillor in the City of Cape Town I am concerned that not enough is being done to dispel the</p>	<p>City Manager</p> <p>O Asmal</p> <p>R Bosman</p> <p>K Jacoby</p> <p>K Nassiep</p>



NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
			<p>notion of two cities separated by apartheid spatial planning.</p> <p>The historic city attracts investments and continuous high level development. The neglected city remains a dormitory "city" in keeping with pre-democracy planning. This situation continues even after a resolution approved in full council for Spine Road, running through Khayelitsha and Mitchells Plain, to be rezoned to accommodate both business and residential rights of the type enjoyed by all property owners along the Main Road running from the city through Woodstock and going up to Plumstead and beyond.</p> <p>Spine Road could become the centre of a new coastal resort with investors putting money into hotels, holiday apartments, office blocks, restaurants and commercial complexes.</p> <p>All that is needed is a rezoning accompanied by an upgrade of the road. Once that is underway, the city can begin to attract investments from local and outside sources.</p> <p>Monwabisi Beach has already been identified as nodal point.</p> <p>Furthermore, on January 31, 2019 Council accepted a resolution to move heaven and earth, metaphorically, to urge SANRAL to create a double carriage bridge over the N1 to accommodate traffic trying to access Khayelitsha through Mew Way and Spine Road.</p> <p>The need to transform townships into suburbs and an extension of the historic city is urgent and politically very necessary.</p> <p>Plans and budget details should now be forthcoming. Twenty-five years have been wasted and social capital has been lost.</p> <p>I wish to see the report giving proper attention to the reconfiguration of townships.</p> <p>With the replacement of LUPO, the municipal planning regulatory function is now placed fully under the control of the City effectively giving it executive authority over municipal planning. A key component of the MPBL is the Development Management Scheme (DMS), which is a single zoning scheme designed to control land use and regulate land use rights through effective zoning.</p> <p>The Development Application Management System, furthermore, (DAMS) allows for the swifter processing of building plans and land use applications.</p> <p>I wish to see these extended executive powers helping the residents of townships with greater speed. The city is all of its parts, not some of its parts. The report must validate that view.</p> <p><u>SFA2: Create a safe living and business environment for its residents</u></p> <p>Some parts of Cape Town continue to be dangerous as ever. There is a plethora of research on how to combat gangsterism and crime.</p> <p>Lack of economic opportunities and the failure of the education system to deliver have both combined to ensure that neither the environment for living nor for business is safe.</p> <p>In areas such as Du Noon and Joe Slovo in Milnerton, criminals run free. Residents who are mugged know who is mugging them but for fear of losing their lives, they remain silent.</p> <p>Congestion in both of the above areas is unbelievable. An explosion of one kind or the other is about to occur. When that happens, adjoining areas will also suffer the consequences of anger erupting.</p> <p><u>SFA3: Build a metro that offers a sustainable environment, a sense of belonging, access to services, and help to those who need it</u></p>	

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			<p>The report identifies 8 very important problems facing the environment, namely:</p> <ul style="list-style-type: none"> <li>• prolonged drought and related environmental changes;</li> <li>• climate change and the risk of rising sea levels;</li> <li>• changing rainfall patterns and temperature extremes negatively affecting water resources, biodiversity and food security;</li> <li>• more frequent and intense extreme weather events;</li> <li>• continued reliance on fossil fuels, with electricity still 90% coal derived;</li> <li>• watercourses, beaches, agricultural areas, cultural landscapes and scenic views being degraded by urbanisation;</li> <li>• loss of globally important and critically endangered biodiversity; and</li> <li>• invasive biological species.</li> </ul> <p>If credence is to be given to the latest report of the UN Inter-governmental panel on climate change, the world has only twelve years left to drastically reduce carbon emission. After that, it will be a runaway change. All of the items listed above will then be impacted even more adversely.</p> <p>The question is when will these matters be bumped up to the apex level in order to receive the highest attention from Council?</p> <p>There is also the issue of Phillipi Horticultural Area and other areas sitting on aquifers which are not receiving the kind of protection they deserve. The PHA produces three crops in a year. Its prime position in guaranteeing our fresh food supply needs appropriate recognition. Developing businesses and houses on top of the aquifer defies all logic.</p> <p>The reporting should focus on failures and what needs to be done to remedy that needs urgent attention because that is what is going to be most material in the coming decade.</p> <p>Which brings me to the question: how is the metro being built to offer –</p> <ol style="list-style-type: none"> <li>a sustainable environment to all citizens in every part of the city,</li> <li>incentives to citizens to own and protect our unique floral kingdom;</li> <li>environmental services to those who are degrading the environment and to those who wish to do more to protect and enhance the environment, and</li> <li>help communities who need environmental guidance and support to rehabilitate the environment, reduce carbon emission, minimise waste, create carbon sinks and participate in city led environmental activities.</li> </ol> <p>Alice Springs in Australia, Georgetown in the USA and La Paz in Mexico, amongst many other cities, are now powering up with the sun to cater for their clinics, libraries, municipal office buildings, recharging stations and so on. With higher Eskom electricity tariffs being forecast and in view of the damaging climate change problems listed above, what is the city of Cape Town doing to power up with the sun through rooftop solar?</p> <p><u>SFA4: Create a city where everyone has a stake in the future and enjoys a sense of belonging</u></p> <p>This is a very important area of strategic focus. Alienation is a factor with a substantial segment of the population. It is imperative that this matter is investigated. The creation of strong and viable communities in the wake of the District Six removals did not materialise. This must be revisited. Strong communities make for enhanced security and resilience.</p> <p>The projects related to investment destination and market identification are clearly targeting the historic city for</p>	



NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
			<p>high growth, high impact business sectors to grow the local economy. There is little progress in creating partnership with SPVs to attract investment into the townships as well to maximise inclusive job creation and growth all over the city.</p> <p>In the past year, by its own admission, the City engaged with various Cape Town based companies to generate business and sector intelligence and economic insights for the already developed part of the city.</p> <p>Project Camissa must include the townships. Identifying strategic interventions that would support growth potential in every part of the city is an imperative.</p> <p><u>SFA 5: This SFA is underpinned by the principles of the 2016 king iv report on corporate governance for South Africa</u></p> <p>The Mid-year budget and performance assessment needs to be written in simple and understandable English. Some statements in the Mid-year budget and performance assessment report do not make sense whatsoever without a footnote, annotation or explanation.</p> <p>As an example, the collection on property rates came in at R30 million over budget. Now, in which way did account reversals lead to over-recovery and what kind of real time valuation took place to achieve this result? Account reversals should lead to lower recovery. Is real time valuation taking place on an ad hoc basis and not when valuation proper is being done?</p> <p>A second example is where revenue from selling electricity exceeded the budget by just over R290 million because of the implementation of alternative energy sources among other reasons. An explanation is needed. If people are moving to alternative sources, PV for example, that should result in lower sales. What exactly is being said here?</p> <p>A third example is where the over-recovery on water sales is not regarded as 100% cash backed. Is this because there is no chance of the over-recovery becoming cash-backed at any stage and if so, what percentage will not be recovered?</p> <p>A fourth example is that of a group being listed in the report as "non-paying consumers". Who qualifies to be non-paying consumers and on what basis? How large is the group enjoying 100% exemption?</p> <p>A fifth example relates to the over recovery of R29 million attributed to higher than planned interest on outstanding consumer debtor accounts for Water, Sanitation, and Solid Waste. Once again this is ambiguous. Was the over recovery as a result of higher than planned interest rate being charged or higher than expected interest earned from debtors paying the penalties levied on late payments?</p> <p>A sixth example relates to the report on an over recovery of R162 million occurring in respect of fines, penalties and forfeits. This is attributed to a number of reasons, one being the public's ability to pay fines. What does the "public's ability" to pay fines mean? Is this a new ability arising from more cash in the pockets of consumers which was not there before?</p> <p>A seventh example relates to the issue of more fines being issued than planned. Are the fines to be issued pre-planned and targets set and did overzealous officers exceed the given targets? Is this policy?</p> <p>Finally, an extra amount of R25.7 million flowed into the Treasury because of improvements in debt management procedures and processes. It would have been enlightening to know what these new and innovative procedures and processes were and which ineffective procedures and processes did they replace?</p>	

NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
			<p><b>INFRASTRUCTURE DELIVERY AND MANAGEMENT SYSTEM</b></p> <p>While the Cities Infrastructure Delivery and Management System (CIDMS) is a South African National Standard (SANS) 55001, tailored for metropolitan cities, there are many assets of the city that are underperforming. The Athlone Stadium, the town halls, swimming pools and nature reserves are some examples. The training centre in Khayelitsha was recently broken into because of a lack of cameras.</p> <p>The problem with burst and leaking water pipes is certainly a problem. There are houses in Du Noon and elsewhere which are built directly over stop cocks. Access to them is very difficult. A better system of laying out and marking pipes on the surface is needed to reduce costly detection for both the city and the consumer.</p> <p>The people of Cape Town need to know best practices, processes, techniques and tools are being used to obtain optimal efficiency.</p> <p>Generalities in a report tell very little about the actual situation on the ground.</p> <p>Development of the different wellfields for the extraction of water seems still to be ongoing with no result forthcoming. There is also no mention of recharge wells being drilled.</p> <p>Furthermore, I do not agree that potable water is supplied for purposes other than drinking. The logic of potability is to purify water to a very high standard and in small quantities. A dual supply system is the way to go if optimization of infrastructure is the goal. By using a narrow gauge and stronger pipe, potable water of superior quality can be supplied at higher pressure. Water for fire hydrants can be of lower quality and having it coloured, safety will be assured.</p> <p><b>QUALITY OF DOCUMENT</b></p> <p>The PDF copy supplied to me was a challenge to read. Parts of the document were undecipherable. When documents are being sent out for public comment, it is important to have them presented in a highly readable manner. If you wish me to forward the copy I received, you will see just how taxing it is to engage with the document.</p> <p>Plain presentation and plain language will allow more people to interact with the report.</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	
<b>QUESTIONS FROM SUBCOUNCILS</b>				
34		Cllr J van der Merwe	<p><b>SPENDING OF WARD ALLOCATIONS</b></p> <p>(a) What was the total expenditure of Ward Allocations per Subcouncil for the 2017/18 financial year in comparison to the previous financial year?</p> <p>(b) What was the amount spent on Public Functions as well as the percentage of total Ward Allocations for the 2017/18 financial year?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	B van Schoor
35		Cllr J van der Merwe	<p>(a) What amount was spent on MURP – projects during the 2017/18 financial year?</p> <p>(b) In which areas were the abovementioned funds spent?</p>	K Jacoby



NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
			<b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	
36		Cllr J van der Merwe	How many City Improvement Districts (CIDS) are there in the City of Cape Town and in which areas are they?	B van Schoor
			<b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	
37		Cllr J van der Merwe	How much money was spent in the Subcouncil 21 area during the 2017/18 financial year by the following line departments: (a) TDA (b) Water & Utilities (c) Parks & Recreation and (d) Social Development (e) Safety and Security	B van Schoor
			<b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	
38		Cllr J van der Merwe	How much money was spent on the Road Congestion Relief Project in the Kuils River area during the 2017/18 financial year?	G Fortune
			<b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	
39		Cllr J van der Merwe	How much C3-Notifications were logged during the 2017/18 financial year and how much notifications were closed?	B van Schoor
			<b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	
<b>2018 INTEGRATED ANNUAL REPORT OF THE CTICC</b>				
<b>QUESTIONS FROM MPAC</b>				
40	149 151	Cllr E Anstey	Pg. 149: Operating expenses has increased by 22% on previous year and Pg. 151 reflects substantial saving in many categories and yet overall expenses have increased by 22%. Provide a full breakdown of all operating expenses year-on-year please and explain why such a substantial year-on-year cost increase.	K Jacoby
			<b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	
41		Cllr E Anstey	(a) Turnover increased by R28million yet nett profit before impairment has dropped to R35million vs R57 million last year. Any particular explanation as to why this drop? (b) What is the expected outcome for the current financial year?	K Jacoby
			<b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	
42		Cllr E Anstey	Is the R1m bad debt one particular event or a few and who are the defaulters?	K Jacoby
			<b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	

NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
<b>2018 INTEGRATED ANNUAL REPORT OF THE CTS</b>				
<b>QUESTIONS FROM MPAC</b>				
43		Cllr E Anstey	What is the total number of staff employed at the Cape Town Stadium?  <b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	K Jacoby
44		Cllr E Anstey	Provide the organogram of all staff at the CT Stadium and their salary levels.  <b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	K Jacoby
45		Cllr E Anstey	How many 12-hour security shifts are operated at the Stadium for day time and night time?  <b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	K Jacoby
46		Cllr E Anstey	(a) The CTS offers stadium tours. What is the income generated from these tours verses the cost of personnel providing the tours? (b) How many staff are involved in this tour operation?  <b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>  <u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u> MPAC be provided with the cost of one shift worked by staff during the day and one shift worked by staff during the night.  <b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b>	K Jacoby
47		Cllr E Anstey	(a) Where are the details of the repair and maintenance expenses for the Stadium? (b) What was budgeted for repairs and maintenance? (c) What was spent? (d) And on what?  <b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>  <u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u> MPAC be provided with a breakdown of all maintenance costs for the complete year.  <b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b>	K Jacoby
48		Cllr E Anstey	What possible printing and stationery can cost R47 000 a month on average for the Stadium?  <b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	K Jacoby

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NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
			<p><u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u> MPAC be provided with a breakdown of all supplies and suppliers for printing and stationery.</p> <p><b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b></p>	
49		Cllr E Anstey	<p>What would be "other expenditure" of R925 000 in 5 months at the Stadium?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p> <p><u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u> MPAC be informed whether assets had depreciated in value.</p> <p><b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b></p>	K Jacoby
50		Cllr E Anstey	<p>(a) Why would IT services at the Stadium amount to an average of R432K a month? (b) What does this involve?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p>	K Jacoby
51		Cllr E Anstey	<p>What is "other" of R2,2 million under contracted services at the Stadium?</p>	K Jacoby
52		Cllr E Anstey	<p>What is building contracting services of R7m in 5 months? This is a relatively new stadium – why so much more building going on?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p> <p><u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u> MPAC be provided with the contract for the maintenance of the lift.</p> <p><b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b></p>	K Jacoby
53		Cllr E Anstey	<p>(a) Why are electrical services at the Stadium nearly R3m? (b) What is the main cause for such high costs for 5 months?</p> <p><b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b></p> <p><u>ADDITIONAL MATTER RAISED AT MEETING ON 27 FEBRUARY 2019</u> MPAC be provided with the number of events, film shoots, etc. at the stadium.</p> <p><b>MATTER WILL BE FOLLOWED UP VIA THE SCHEDULE OF OUTSTANDING MATTERS</b></p>	K Jacoby
54		Cllr E Anstey	<p>(a) Why the necessity to add new fencing after only 8 years since being built? (b) Was the fencing supplied by tender? (c) Who was the supplier? (d) Would like to see all the quotes from Supply Chain Management for this tender.</p>	K Jacoby

NO.	ANNUAL REPORT PAGE NO.	QUESTION RAISED BY	COMMENTS AND RESOLUTIONS	RESPONSIBLE OFFICIAL
			(e) How much was spent on fencing in the last 5 months and the last 12 months?  <b>MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2019</b>	



**COMMENTS FROM PORTFOLIO COMMITTEES AND THE PUBLIC**

<b>PORTFOLIO COMMITTEE</b>	<b>COMMENTS</b>
Community Services and Health	No questions/comments received
Corporate Services	No questions/comments received
Economic Opportunities and Asset Management	No questions/comments received
Energy and Climate Change	Refer to question 33 in Annexure B raised by Cllr Cassim
Finance	No questions/comments received
Human Settlements	No questions/comments received
Safety and Security	No questions/comments received
Spatial Planning and Environment	No questions/comments received
Transport	No questions/comments received
Urban Management	No questions/comments received
Water and Waste	No questions/comments received

**PUBLIC**

The CCT's Integrated Annual Report is made available at the Subcouncil offices and members of the public are invited to submit written comments or make representations via the OPM department. No comments were received.

**REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC)  
TO THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)  
ON THE CITY OF CAPE TOWN'S 2017/18 INTEGRATED ANNUAL REPORT**

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**PURPOSE**

To provide a Report to the MPAC in support of its oversight function, and to inform the MPAC oversight report.

**MANDATE AND AUTHORITY**

The APAC is mandated in terms of section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA).

The responsibility of the APAC, as an advisory oversight activity, is 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.*

The chairperson of the APAC (or her nominee) will continue the practice of attending public MPAC engagements on the oversight report, when available and when requested by the MPAC Chair.

In terms of the committee's Terms of Reference, approved by MayCo on 27 November 2018, the APAC has the following responsibilities related to the Annual Financial Statements and Integrated Annual Report:

- 5.3.4: Review the integrity of the information included in the final Integrated 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;
- 5.3.9: Consider the Integrated Annual Report with recommendation to MPAC regarding onward submission to Council;
- 5.9.5: Advise on disclosures on matters of risk and risk management in the Integrated Annual Report;
- 6.14: The committee will report to the Municipal Council on how it has fulfilled its duties during the financial year. This report is included in the Integrated Annual Report of the City and the Fund;
- 6.18: The committee should have regard to all factors and risks that may impact on the integrity of the Integrated Annual Report;
- 6.19: 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.

**RELATED AUDIT REPORTS**

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

With reference to the Integrated Annual Report, the APAC noted a steady improvement towards achieving the goal of integrated thinking and practices. There is also an increased focus on communication with all stakeholders. The APAC would encourage benchmarking the City's Integrated Annual Report with other SA metros, leading global cities, especially those with active resilience programs and with other public sector entities and public sector entities who are regarded as leaders.



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 Statement on Governance, Risk Management and Internal Control Processes within the City of Cape Town for the 2017/18 Financial Year 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 Statements where issues were raised with management for action. In addition, risks and opportunities with value-adds were shared. The report also gave the APAC comfort that subsections 5.3.1, 5.3.3 and 5.3.8 of their Terms of Reference had been achieved.

The AGSA has rendered an unqualified opinion, but with findings, that states that the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Cape Town and its subsidiaries as at 30 June 2018 and its consolidated and separate 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 annual Division of Revenue Act.

The APAC concurs with the AGSA's opinion regarding the Annual Financial Statements, Legal and Regulatory requirements.

The APAC, probably along with Council, MayCco and management and employees of the City, are naturally disappointed with not achieving a clean audit. The APAC will work with City structures to make sure there is a plan in place to regain the clean audit status as soon as reasonably possible and to minimise reputational damage to the City. If the City's ratings are downgraded there will need to be a major emphasis to reduce finance costs by reversing the downgrade in a short timeframe. We look forward to working closely with MPAC as we focus on our respective mandates.

## CONCLUSION

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

- A Report of the APAC for year ended 30 June 2018 (as included in the Integrated Annual Report) is attached.
- As part of its continual monitoring and assurance, an Outstanding Matters Schedule is maintained on the APAC agenda and matters not finalised are followed-up at subsequent meetings, until resolved.
- APAC maintains oversight of the key performance areas and the control environment through ongoing monitoring of indicated activities and controls, challenges and shortcomings.
- APAC monitors the implementation and maturity of the combined assurance process, integrated thinking and other initiatives to enhance governance. Risk identification, mitigation plans, and achievement of targets are robustly engaged to ensure and assure relevance on a continuing basis.
- Important matters, related to the 2017/18 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
  - Contract and project management
- Governance enhancements, such as:
  - Continued focus on the implementation and maturity of combined assurance
  - Management of internal control findings, ethics, loss and risks
  - Information technology governance

- Application of King IV principles
- Enhanced focus by APAC on:
  - Forensic findings and management actions
  - Legal matters (contingent liabilities)
  - Governance and control improvements
  - Proactive management of critical risks (APAC attendance of RiskCo)

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.



**Dr Divya Singh**

**Chairperson: Audit and Performance Audit Committee**

**Date: 26 February 2019**