



2004 – 2005

**Report of the Annual Oversight Committee  
of the Mangaung Council**



Mangaung Local Municipality

- **Oversight Committee Members**

Councillor JC Erasmus, Committee Chairperson

Councillor SG Moletsane

Councillor MA Mpheteng

Councillor CE Jenkinson

Councillor PJJ van Biljon

Councillor KO Mokone

Ms K Thomas, Community Member

Mr C Iffland, Community Member

- **Committee Support Staff**

Teboho Maine, Director: IDP and Organisational Performance

Tankiso Mea, Head of the Speaker's Office

Paul Bender, International Advisor to MLM

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This Oversight Committee Report is published by the Mangaung Local Municipality (MLM). It reviews all activities of the Municipality for the period July 2004 to June 2005 and provides guidance in financial and assist in maintaining oversight within the broader governance context. Every effort has been made to ensure that the facts are correct.

## **Chairman's Foreword**

We live in times of promise. Mangaung Local Municipality (MLM) has underway programmes to comprehensively address our communities' and citizens' needs and expectations. Our responsibility now is to turn this promise into times of hopes fulfilled, times of sustained service delivery that enriches all our citizens' lives on a financially sustainable basis.

This year, for the first time, MLM subjected its Annual Report to the scrutiny of an Oversight Committee appointed by Council. MLM is one of the very first municipalities in South Africa to complete such a process, another example of our commitment to outstanding financial and operational performance. As noted in our Oversight Report, MLM's 2004/2005 Annual Report contains many positive elements and is a significant improvement over prior years' reports; it complies with the National Treasury guidelines in most areas. But we also note areas of deficiency and challenges that remain to be addressed. We encourage and are ready to support the Executive Mayor and City Manager in continuing

MLM's record of continuous improvement by addressing the issues noted in our Report.

All in all, the year under review has been one of steady progress. On behalf of my Oversight Committee colleagues, I congratulate the Executive Mayor, Cllr Getrude Mothupi, Acting City Manager, Thabo Manyoni, Acting COO, Bukelwa Henama and their staff for the significant success that is demonstrated by the 2004/2005 Annual Report. I also thank Head of the Speaker's Office, Tankiso Mea, Director: IDP and Organisational Performance, Teboho Maine and International Advisor to MLM, Paul Bender for their hard work and support provided to the Committee.

*On behalf of the Oversight Committee,*



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**Cllr Joseph Erasmus**  
**Chair: Oversight Committee**

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## 1. Overview and Process

This report is intended to fulfill the obligation of the MLM Council for an Oversight Report on the 2004/2005 MLM Annual Report, as required by the Municipal Financial Management Act (MFMA) Section 129 (1).

In accordance with National Treasury's Circular 32, The Oversight Report, the MLM Council, under the auspices of the Speaker, created an 2004/2005 Annual Report Oversight Committee by resolution on 31 March 2006. In accordance with that resolution the Committee was constituted with eight members – six Councillors and two community members. The community members are an Economist and Lecturer in the School of Management, University of the Free State; and a Chartered Accountant and business owner of an accounting services firm.

Each Committee member received the following information to guide and inform his or her review of the 2004/2005 Annual Report:

- 2004/2005 Annual Report;
- Municipal Financial Management Act (MFMA), Pocket Version;
- National Treasury's Circular 32, The Oversight Report;
- National Treasury's Circular 11, Annual Report: Guidelines;

- 2004/2005 Integrated Development Plan (IDP);
- 2004/2005 MLM Budget document.

The Committee met seven times between 7 April 2006 and 26 April 2006 (minutes of each meeting are attached), to review the results of their individual reviews; to attempt to reach consensus on a Committee conclusion for each of the issues; and to review responses to the Committee's questions of the Acting City Manager and his staff about the Annual Report.

Additionally, the Committee solicited other input and comments on the Annual Report:

- Invited all Councillors to attend a meeting to hear the Committee's preliminary views and the provide their comments and ask questions about the Annual Report;
- Invited community members to provide their comments, in writing, and/or by attending a public meeting of the Committee. The meeting was advertised in advance in widely distributed, local newspapers;
- Invited the Auditor General to attend a meeting of the Committee to provide his perspective on the Annual Report and on his Audit Report, and to discuss with the Committee the MLM administration

responses to the audit findings and to other Annual Report comments;

- Invited the Internal Auditor to present the Committee with his perspective on the Annual Report, and to comment specifically on those report findings related to the performance of the Internal Audit Office and the Audit Committee.

Based on the entirety of the Committee's joint and individual work products, the Committee developed a List of Issues and Concerns with the 2004/2005 Annual Report (Annexure 1), and recommends adoption by the Council of the proposed resolution (Section 6) at its next regularly scheduled meeting.

## **2. Summary of Positive Aspects of the 2004/2005 Annual Report**

The Committee believes the 2004/2005 Annual Report reflects a substantial and positive improvement in MLM's annual planning, budgeting and reporting processes. It is a significant improvement over the 2003/2004 Annual Report adopted by Council in February 2006.

The Report complies with most of the MFMA requirements and with National Treasury (NT) guidelines for annual reports, as contained in NT's Circular 11. The Committee notes, and commends the MLM management team, for preparing a

well-organized and readable document, in the format suggested by National Treasury. The document's organization is an almost verbatim copy of that suggested by National Treasury in its' Circular 11, including the extensive Functional Service Delivery Report as contained in Annexure A of Circular 11. Clearly, a substantial amount of high quality work is reflected in the 2004/2005 Annual Report.

The Committee notes specifically that most of the information required to be included by the MFMA is included – specifically, the 2004/2005 Annual Report contains the following items:

- Annual financial statements, (completed on schedule);
- Auditor General's audit report;
- Annual performance report;
- Auditor General's report on performance measurement;
- Responses to the Auditor General's reports on the financial statements and on performance measurement;
- Allocations received and made by MLM from, and to, other entities;
- Compensation received by Councillors, the City Manager, CFO, and all other senior managers;
- Arrears owed by Councillors;
- Total audit fees, taxes, levies, duties and pension and medical aid contributions;

- Bank accounts held by MLM and balances;
- Summary of investments.

### **3. Summary of Issues and Concerns with the 2004/2005 Annual Report**

The Committee concludes that, despite the significant improvement in the Report and that most required elements are included, improvement is still needed in critical areas. The Committee notes with concern that certain members of the Executive Management Team were not responsive to the Committee's questions and requests for information. The Committee feels that the Executive Management Team should place a high priority on producing an Annual Report in accordance with the MFMA and National Treasury guidelines, and eliminating all qualifications and concerns expressed by the Auditor General.

The Committee is of the opinion that compliance with this should be the final determinant of the level of performance related bonuses paid to executives. The Committee is especially concerned that many of the audit qualification and other Auditor General findings in the 2004/2005 Report have been in previous Reports, some for a number of years. The Committee believes these issues should be resolved and not be the subject of an

audit qualification for 2005/2006 and beyond. The List of Issues and Concerns with the 2004/2005 Annual Report contains the specific items noted by the Committee. Generally, these issues fall into the following categories:

- Performance Report – the 2004/2005 Annual Report contains very little comparative information, comparing the performance in 2004/2005 with the IDP and Budget expectations, and with prior years, as required by the Municipal Systems Act, section 46. This makes it very difficult to evaluate whether MLM's performance, based on the extensive performance reporting that is documented, was noteworthy, acceptable or deficient.

For 2005/2006, the Committee recommends inclusion of comparative information for all significant performance objectives, including revenue performance by major revenue source, in the Performance Highlights Section of the Report. This will enable Council, community and stakeholders to easily and quickly understand how MLM performed compared to its IDP and Budget commitments and will answer the question, "Did MLM meet, exceed or fall short of meeting its commitments?". This section

should also include an explanation of MLM's plans for either accelerating or catching up with its planned commitments, especially for eliminating infrastructure backlogs, over the following three-year period.

- Responses to the Auditor General's audit reports – Generally, the responses are deficient in several ways. Often the responses do not address the specific issues raised by the Auditor General. Additionally, the responses do not lay out the specific actions to be taken and time frames to address each issue, so that Council and other stakeholders can evaluate whether and how MLM will be resolving the issues.

In many of the responses to the Auditor General, MLM management believes the 'facts' of the finding are different than the 'facts' cited by the Auditor General, but does not provide any information to justify or support their different understanding of the issues. For each of these issues, MLM officials should meet with the Auditor General and come to agreement on one set of facts for each finding. MLM should then respond to that finding, and not have a different set of facts for any of the findings.

As noted, the List of Issues and Concerns in an Annexure to this report, contains the specific issues noted for the above concerns and other issues to be addressed.

The Committee notes with concern that certain members of the Executive Management Team were not responsive to the Committee's questions and requests for information. Also, based on certain responses of the management team to the Committee's questions, it appears the management team possessed information needed by the Auditor General that was not provided to him, and that certain available information was not shared within the management team to prepare the Report. It appears to the Committee that the executive management team generally does not place a high enough priority on producing an annual report in accordance with the MFMA and National Treasury guidelines.

#### **4. Summary of Conclusions and Recommendations**

The Committee recommends:

- The 2004/2005 Annual Report be approved with reservations; specific reservations are listed in the Attachment, List of Issues and Concerns with the 2004/2005 Annual Report; and

- Due to the lateness of tabling the 2004/2005 Annual Report, which the Committee received for the first time on 7 April 2006, the Committee recognizes that there are less than 60 days until the end of the 2005/2006 financial year. Therefore, the Committee believes the most productive use of MLM management time is to prepare and implement formal actions and plans to address the issues that remain to be corrected with the 2004/2005 Annual Report, rather than spending time to revise and produce another Report. Therefore, the Committee recommends that the Executive Mayor and City Manager submit to the Council, detailed action plans and responses to the Committee's most critical findings and issues on the 2004/2005 Financial Statements by 22 May 2006, for further review and comment by the Oversight Committee; and
- That the Council, in its resolution of action on the 2004/2005 Annual Report, state its intention to reject the 2005/2006 Annual Report if all of the items in the List of Issues and Concerns are not fully and satisfactorily addressed in the 2005/2006 Annual Report; and
- That the Council direct the Executive Mayor and City Manager not to pay any performance bonuses for any financial year, beginning with the 2005/2006 financial year, until after Council has adopted its Oversight Report on the Annual Report for each financial year; and
- That Council directs that a significant percentage of the annual performance bonus for all senior officials (at least 10% and up to 20% or higher) is made dependent on compliance with MFMA requirements and the quality of the Annual Report, as determined annually by Council, based on its review of the recommendations and report of Council's Annual Report Oversight Committee.

#### **4.1 Additional Recommendations**

The following additional recommendations are the Committee's alone and not items proscribed or recommended by National Treasury, at this point.

- The Committee recommends continuation by Council of the oversight process on an ongoing basis, and that the Oversight Committee perform a quarterly review of progress towards meeting MLM's IDP and budget

commitments, preparation of the following year's annual report, implementation of commitments made in response to the prior year's annual report issues, and any other issues as directed by the Council.

- The Committee also recommends inclusion in all future annual reports, beginning with the 2005/2006 Annual Report, of a listing of arrears owed by the first three levels of MLM officials, categorized by level of official and showing total arrears by level of official. The Committee believes this would not compromise any individual official's privacy rights and would give the public and Council the same information the MFMA requires for Councillors.

## **5. Conclusion**

The Committee thanks the Speaker of the Mangaung Council, Councillors, the Executive Mayor, MLM's entire management team, the Auditor General and the Internal Auditor, for their support and cooperation in completing this first annual report oversight process. The Committee strongly believes that MLM and its citizens will realize substantial and tangible benefits if a similar process is consistently followed in the following years.

The Committee is grateful for the opportunity to be of service to MLM and its citizens.

## **6. Recommended resolution to be adopted by Council, in accordance with MFMA Section 129 (1):**

Council resolves that:

- a. Having fully considered the annual report of the Municipality and representations thereon, Council adopts the oversight report; and
- b. Council approves the annual report with reservations as included in the List of Issues and Concerns with the 2004/2005 Annual Report (List, attached); and
- c. Council directs the Executive Mayor and City Manager to submit detailed action plans and responses to the Council, for the Committee's most critical findings and issues on the 2004/2005 Financial Statements by 26 June 2006 (as indicated in the attached List), for further review and comment by the Oversight Committee; and
- d. Council will reject the 2005/2006 Annual Report if each of the questions and concerns in the List of Issues and Concerns with the 2004/2005 Annual Report are not

fully addressed in the 2005/2006 Annual Report; and

- e. Council directs the Executive Mayor and City Manager not to pay any performance bonuses for any financial year, beginning with the 2005/2006 financial year, until after Council has adopted its Oversight Report on the Annual Report for each financial year; and
- f. Council directs that 20% of the annual performance bonus for 2005/2006, and thereafter, of all senior officials be included in the performance agreements, and not be paid unless MLM complies with MFMA requirements and Auditor General findings have been fully and satisfactorily addressed, as determined by the Council in its adoption of its Oversight Report for 2005/2006, and thereafter.

## ANNEXURES

### Annex 1: List of Issues and Concerns with the 2004/2005 Annual Report

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
<b>I. Issues with MLM Responses to AG Audit Report</b>			
39, 49	3.1, Fixed assets undervalued	When will the property be properly recorded in MLM's asset register? Will the contractor project noted in the response fully address and eliminate this audit qualification issue for the 2005/2006 financial year?	<b>Yes</b>
40, 49	3.2.(a)(i), (ii), (iii), Debtors understated	Underprovision for uncollectible accounts - prepare a plan with timelines for fully resolving this issue. Include steps and timeframes to obtain approval from National Treasury for the plan, if MLM cannot certify that it will resolve this issue with the 2005/2006 financial year.	<b>Yes</b>
		Improvement in revenue collections - specify the 'drastic steps' MLM is taking/will take to maximize revenue collections, including steps to fully address and resolve governmental debtors. Certify the targeted collections goals for 2005/2006, and beyond. When will MLM achieve a 97% collections rate on current billing? What are the specific targets for reduction of debtors' balances for the next 3 financial years?	<b>Yes</b>
41, 50	3.3, Long term liabilities	The AG stated this issue should be eliminated as an audit qualification for 2005/2006. The Committee requests an MLM certification that this issue will not result in an audit qualification for 2005/2006, or an action plan to resolve the issue.	<b>Yes</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
41, 50	3.4, Limitations to scope of audit	<p>Prepare an action plan for 1) coming to agreement with the National Prosecuting Authority for obtaining all necessary documentation to perform an annual audit, so that this audit qualification issue is eliminated. Specify the date by which this will be achieved. 2) For other issues with MLM's filing systems, prepare action plans for each issue and dates by which adequate files will be available for the annual audit, so that this issue does not result in an audit qualification. 3) The Committee is not satisfied with the statement, "In most cases the correct procedures were followed." For each issue noted by the AG, report the specific non compliance issues and steps MLM is taking to address each historical issue.</p>	<b>Yes</b>
42, 51	3.5.(a), Tenders	<p>1) For each issue noted by the AG, report the specific non compliance issues and steps MLM is taking to address each historical issue. 2) The Committee notes the MLM response to its question on this issue is different than the response in the Annual Report - an MLM official stated that one Bloemwater payment did not follow the proper tender procedure - the AG states that four tenders did not follow the proper procedure. Meet with the AG, determine the 'facts' of this issue, and respond as in 1), above. 3) State whether, and specifically how, the new SCM processes and procedures have addressed these issues - what are the control procedures being followed that resolve these issues.</p>	<b>Yes</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
43, 52	3.5.(c), Donation of vehicle	Council should design a framework for donations, to be followed by the Executive Mayor and City Manager. Also, confirm when, if ever, donations must be specifically budgeted - AG contends this donation should have been specifically budgeted. Obtain agreement with the AG on this legal issue.	<b>Yes</b>
43, 52	5.1.1, Creditors	Cite actions taken, controls implemented, to address this issue.	<b>Yes</b>
43, 52	5.2.1, Mangaung tourism	When will a response be sent to the AG?	<b>Yes</b>
44, 53	5.2.2 (a) (i) Receipting	When will the report be submitted to Council? Specify the 'strict control measures' that are being exercised and certify that they address the deficiencies noted by the AG.	<b>Yes</b>
44, 53	5.2.2 (a) (ii), Overtime	Prepare a detailed report on the time management and other actions to be taken to address this growing issue. Also, report on MLM's position on violation of the law, as reported by the AG - if it agrees with the AG's finding, what specific steps will be taken to address this issue.	<b>Yes</b>
45, 53	5.2.2 (a) (iii), Leave	When will this issue be fully resolved and not a subject of an AG finding.	<b>Yes</b>
45, 53	5.2.2 (a) (iv), Traffic fines	Develop specific actions involving cooperation with other governmental units to address this issue.	<b>Yes</b>
45, 54	5.2.2 (a) (v), Biological assets	Meet with the AG and transmit to him the file, referred to in the MLM response, that addresses his comment - report when agreement will be reached with the AG that this issue is resolved.	<b>Yes</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
45, 54	5.2.2.(b), Control Environment	Prepare a detailed report on the actions taken/to be taken to fully address this issue.	<b>Yes</b>
46, 54	5.2.2 , Policies and procedures	List all of the issues noted by the AG and respond to each one with specific timeframes to be implemented or other actions to be taken.	<b>Yes</b>
46, 54	5.2.2 (d), Internal Audit	When will the Internal Auditor be routinely performing his required set of annual audits? Additionally, IA is doing a lot of MLM operational work (e.g., correcting leave records, etc.) that is not audit work and should be performed by other ED's - by when will the IA focus on audit work and not on doing other ED's work?	<b>Yes</b>
46, 54	5.2.2 (e) Audit Committee	Explain specifically when the AC will be reconstituted and functional.	<b>Yes</b>
46, 55	5.2.3.(a), Lucas Radebe benefit.	Is this a legitimate use of the restructuring grant, per NT conditions - AG stated he will obtain a legal opinion of this issue. Opinion should be reviewed by MLM with a response back to Council.	<b>Yes</b>
46, 55	5.2.3.(b), New regional office	The Executive Mayor/City Manager should meet with the AG to address the audit findings, and report back to Council on the results of those discussions. The Committee understands that other investigations will address the other issues noted by the AG.	<b>Yes</b>
47, 55	5.2.3.(c), Tender Register	What actions were taken and when were they taken.	<b>Yes</b>
47, 56	5.2.3.(d), Delegated Powers	1) Address each specific instance of non-compliance as noted by the AG. For those instances where an 'acting' assignment is not	<b>Yes</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
		the reason for the AG finding, report the actions to be taken with each violator. 2) Specify the control measures implemented with timeframes to resolve this issue in the future.	
47, 56	5.2.3.(e), Attendance at meetings	1) For the instances noted by the AG, report which ones were due to administrative problems and therefore are considered 'excusable', and which ones were not excused, and actions taken in accordance with the law. 2) Specify the measures implemented to fully address this issue in the future.	<b>Yes</b>
47, 56	5.2.3.(f), Financial interest declarations	Report the resolution of each of the issues noted by the AG, and actions taken, control measures implemented, to address this issue in the future.	<b>Yes</b>
47, 56	5.2.3 (g), Consumer accounts of Councillors	Report on the current status of the issues noted by the AG, and steps taken to fully resolve this issue in the future.	<b>Yes</b>
48, 57	5.2.3 (j), Prior years' AG issues	Report the outstanding prior year issues and MLM's current responses to those issues.	<b>Yes</b>

### AG Report on Performance Measurement

36, 57	3.4, Performance agreements	The Auditor General's report is very specific about only certain levels being PM'd. What are plans to implement PM for all employees?	<b>No</b>
36, 57	3.4, Tracking performance	Respond to this comment	<b>No</b>
36, 57	3.4, Monitoring performance	Respond to this comment	<b>No</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
36, 57	3.5, Internal Control	Respond to this comment	<b>No</b>
36, 57	3.5, Internal Control	No internal audit procedures performed by Internal Audit group - what is plan for addressing.	<b>No</b>
36, 57	3.6, Reporting to Council	No report to Council - plan for addressing.	<b>No</b>

## II. Annual Report Issues, other than responses to AG

### General Issues

	Date of tabling	The Report was tabled on 31 March 2006, two months late - the MFMA requires the Report to be tabled by 31 January of each year. Explain the steps to be taken and plans to meet the MFMA requirement for the 2005/2006 Annual Report.	<b>Yes</b>
	Comparative information	Other than p. 20, 21, no comparative information reported for 04/05 budget targets or with prior year performance, as required by MSA Section 46. The Annual Report does not integrate the IDP/Budget targets with actual performance.	<b>No</b>
	Performance targets	There are no performance targets in the published 2004/2005 'glossy' budget document. The average reader must do too much work to find the performance targets in the IDP and more detailed budget documents. They should be in summary form in the 'glossy' document and prominently displayed up front.	<b>No</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
	Financial targets	There is no comparison of financial targets with actual performance, per MFMA Section 121 (3) (f)	<b>No</b>
	Performance bonuses	NT circular 32 states that performance bonuses should not be paid until after Council has assessed the municipality's performance, by action on the Annual Report, and that bonuses are to be paid consistent with the evaluation of the municipality's performance. The Committee strongly recommends adoption of this position for the 2005/2006 financial year and beyond, and that MLM ensure that resolution of all Annual Report issues, as noted in this report and to be noted in subsequent years, are in the performance agreements of the appropriate MLM officials.	<b>No</b>

### Specific Issues

8	Revenue collections	How can some revenue sources be 'overcollected' by 58%, 15%, etc.? Why are collections on rents so low? Generally, MFMA Sections 123 (3) (e), and (f) are not adequately complied with - this should be a highlight in Chapter 1 or Chapter 2. Break down collections into 'collections in current year on current year billings' and 'collections in current year on prior years' billings'.	<b>No</b>
9	Call centre	Councillor comment indicates call centre performance is non-responsive to customers. Include information on actual response times, and how performance is monitored and corrected.	<b>No</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
10	Sanitation system	Add a grid showing where preventive and other maintenance was done, by location.	<b>No</b>
11	Water leak project	Why was Randwater used, and not Bloem Water? Why could MLM employees not perform this work? What was the leakage % before and after completion of this work?	<b>No</b>
15	Grant requirements	No targets or budgets - is the performance in accordance with the grant requirements? With budget expectations?	<b>No</b>
17	Landfills	Has fencing reduced criminal activities?	<b>No</b>
20, 21	Infrastructure backlogs	There should be ending backlog balances after the 30 June 2005 amounts. All of these backlogs and performance should also be discussed in narrative form, comparing the performance with the IDP/Budget and with prior years. There should be an explanation of when the backlogs will be eliminated - what is the plan?	<b>No</b>
None	Infrastructure service agreements	Include a section on all infrastructure service agreements with developers that have not yet been concluded, show agreements entered into during the current year, and outstanding agreements as of year end by year of agreement.	<b>No</b>
23	Building applications	It seems unlikely that there were no applications outstanding at 30 June 2005? Are these representations accurate? If they are accurate, is the process accurately described? Perhaps the term 'applications outstanding' is misleading? Add information on 'completion certificates issued', for a more complete picture of this issue.	<b>No</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
None	Property transfers	Include a section on municipally owned property that was transferred to private entities during the year, showing the number of applications during the current year, number of contracts completed during the year and the number outstanding as of year end	<b>No</b>
25	SMME's	Are SMME's being tracked for performance? Project 'hailed as successful'? On what basis?	<b>No</b>
26	Marketing the City	Two-page spread' in the newspaper. What was the result? What benefits accrued to MLM as a result of this? Was it successful - explain.	<b>No</b>
26	Marketing the City	Many logos and other things cited - are we tracking the results of these efforts or just spending money? What improvements are we seeing as a result of these programs and spending?	<b>No</b>
28	Transport study	Council members on the Committee are aware of this study, would like copies of it, and for it to immediately be tabled in Council.	<b>No</b>
28	Urban renewal	Urban Renewal - how were these incentives marketed?	<b>No</b>
29	HIV/AIDS	The Committee understands there was an HIV/AIDS Coordinator in place in 2004/2005 but that there is not yet a formal HIV/AIDS policy. When will such a policy be in place and adopted by Council? Development of such a policy should be a part of the Coordinator's, and superiors', performance agreements, and annual performance evaluations - was it? What were the results of the evaluations?	<b>No</b>

Annual Report Page	Issue	Concerns	Prepare June 2006 Action Plan (see Note)
29	HIV/AIDS; Youth, Gender Coordination Issues	Given the prominence of these issues, the Report is almost silent on Youth, HIV/AIDS, and gender coordinator activities. This section must be substantially strengthened by explaining and reporting on numerous specific activities being undertaken, results of those activities compared to their projected outcomes, and plans for the following three years to achieve the expected performance levels.	<b>No</b>
32	Overtime	Overtime costs are very high, per AG audit report - is this reasonable given the vacancy levels? Why are overtime costs so high? Explain by each functional area of operations. Note: address in Annual Report next year, but AG finding should be responded to immediately.	<b>No</b>
33	Personnel expenditures	Do the personnel expenditure amounts include overtime and all other costs of personnel (benefits, etc.)? Do they include any contractor costs? If not, the amounts being spent on contractors for which employees could perform the tasks should also be reported here and explained. AG noted that personnel amounts do not agree to other information in the AFS - these must either agree or be reconciled whenever they do not agree.	<b>No</b>
33	Personnel expenditures	Show salary cost and numbers of employees for the first 4 levels of management, compared to total salary costs and total employees. Explain why this distribution of salary costs is reasonable (to address the issue of potential excessive spending on high-salaried individuals and not enough on actual service delivery). Are we 'top heavy'?	<b>No</b>

Page	Issue	Concern
<b>III. Auditor General's Recommended Changes to the Annual Report</b>		
8	Debtor Balances	Table 1.4 shows reduction in debtors; p. 40 and 49 state a growing problem, increasing debtor balances. P. 8 information is inaccurate - should be corrected and explained as per p. 40, 49 - amounts should agree to financial statements or explain if different.
10	Water Cost Savings	App F, p. 91, 'cost of water per KI' does not work to calculate savings on p. 10. Also, average price billed, by using total revenue, p. 86 or p, 61, divided by total sales on p. 91, does not work to calculate savings. Explain calculation in the report, or use one of the above amounts to do calculation.
11, 12, 16	Infrastructure Grant	SMIF grant amounts should agree or explain the difference - R2 million, R1.73 million on p. 16? Different numbers aren't explained - are they wrong or do they refer to different programs? Chart on p. 12 doesn't seem to agree with numbers reported in narrative on p.12
16	Infrastructure Grant	Need 4th quarter info - also agree this information w/ other amounts in the report for MIG
19	Electric	What is 'Price' (contractors?) Better title is needed
31	Personnel	4854 staff v. 4116 on p.91 - which is accurate? Correct or explain
33	Personnel Costs	Amounts appear to exclude councillors allowances? If so, note on chart, or include them. 02/03 and 03/04 Actuals do not agree with financial statements; need to deduct medical aid from 04/05 it appears - all amounts should be consistently reported
51	Finance	3.4 (a) response - AG believes his report to be accurate. Suggest deleting the last sentence, "The amount of R34 558 884 is incorrect....."
56	Speaker's Office	(e) New response is needed to address the current period
91	Debtor Balances	See comment re: p. 10, above
100 to 105	Financial Ratios	Many of the ratios cannot be calculated with information in the financial statements, or are inconsistent with amounts reported elsewhere in the AR. Either use financial statement information to calculate ratios or explain why they cannot be calculated based on the financial statements

Page	Issue	Concern
111	Community Services	Cost of function doesn't agree w/ App E - change or explain difference
113 to 115	Public Safety	No headings - what is this information? Explain or delete columns. P.114 total cost doesn't agree to App E
116 to 118	Parks	What are columns for? No explanation of information - mostly blank - delete columns or explain
119, 120	Waste Mgt	Total cost doesn't agree w/ App E; column headings?
122, 123	Water	Inconsistencies in certain amounts compared to other amounts reported for the same items elsewhere in the AR. See AG comments
126	Property	R8 million collected in rents - reconcile to App E; no costs in 'Analysis of Function' - add or eliminate column.

**Note: For last column titled 'Prepare June 2006 Action Plan':**

	If 'Yes', Executive Mayor and City Manager should submit to Council written responses to each issue and concern, and answer any questions, by 26 June 2006. Also address each item in the 2005/2006 Annual Report.
	If 'No', Executive Mayor and City Manager should take immediate actions to fully address each issue and concern and answer any questions in the 2005/2006 Annual Report.

## **Annex 2: Minutes of each Oversight Committee meeting**

### **First Meeting of the 2004/2005 Annual Report Oversight Committee**

7 April 2006, 14:00 to 16:00  
7<sup>th</sup> Floor Conference Room, Bram Fischer Building

#### **In Attendance:**

Mahlomola Ralabese, Speaker of Council

#### **Committee Members:**

Councillor JC Erasmus, Committee Chairperson  
Councillor SG Moletsane  
Councillor MA Mpheteng  
Councillor CE Jenkinson  
Councillor PJJ van Biljon  
Ms K Thomas, Community Member  
Mr C Iffland, Community Member

Tankiso Mea, Head of the Speaker's Office, support staff to the Committee  
Teboho Maine, Director: IDP, support staff to the Committee  
Paul Bender, International Advisor, support staff to the Committee

#### **Committee Members Absent:**

Clr Mokone

The Speaker opened the meeting and thanked each of the Committee members for their participation. Packages of materials were distributed to all Committee members – the package included the Agenda for the introductory meeting; National Treasury's circulars on the Annual Report requirements and the Oversight Report; the 2004/2005 Annual Report; 2004/2005 Budget and IDP, and MFMA (Act 56 of 2003).

After the Speaker briefly discussed the reason for the Committee's existence and his desire to table the Committee's report by May 2006, he departed. Mr Maine then worked through the agenda, covering the Committee's responsibilities as required by the Municipal Financial Management Act (MFMA) and National Treasury circulars.

Mr. Bender noted that this oversight process was a new experience for all South African municipalities. Consequently, he encouraged the Committee to focus on two things: 1) whether the performance report adequately compared performance for the financial year with the IDP and Budget commitments, and 2) whether the municipality's responses to the Auditor General's audit report findings were responsive and reasonable.

Committee members asked several procedural questions, after which the meeting adjourned at approximately 16:00.

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**COUNCILLOR JC ERASMUS, CHAIRPERSON**

## **Second Meeting of the 2004/2005 Annual Report Oversight Committee**

19 April 2006, 10:00 to 12:00  
Committee Room B, First Floor, Bram Fischer Building

### **In Attendance:**

Committee Members:

Councillor JC Erasmus, Committee Chairperson  
Councillor SG Moletsane  
Councillor MA Mpheteng  
Councillor CE Jenkinson  
Councillor PJJ van Biljon  
Ms K Thomas, Community Member  
Mr C Iffland, Community Member

### **Others in Attendance:**

Councillor KO Mokone  
Councillor EK Goliath

Tankisa Mea, Head of the Speaker's Office, support staff to the Committee  
Teboho Maine, Director: IDP, support staff to the Committee  
Paul Bender, International Advisor, support staff to the Committee

Acting City Manager  
ED: Corporate Services  
Internal Audit  
Secretariat

### **Committee Members Absent: None**

The Chairperson asked if any Committee members had any ideas for how best to review the Annual Report. Mr Iffland and Ms Thomas had prepared a spreadsheet of their review; The Chairperson requested them to review it with the entire Committee.

The Committee then proceeded to review the attached chart of questions and concerns with the municipality's responses to the Auditor General's report.

After reviewing the attached chart, the Chairperson led a page by page review of the other parts of the Annual Report. Attached are the consolidated results of both reviews, documenting the Committee's questions and issues with the Annual Report.

At approximately 12:00, various municipality staff began to arrive to answer the Committee's questions. The meeting was adjourned at approximately 12:15.

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**Councillor JC Erasmus, Chairperson**

## **Third Meeting of the 2004/2005 Annual Report Oversight Committee**

19 April 2006, 12:45 to 15:00  
Committee Room B, First Floor, Bram Fischer Building

### **In Attendance:**

Committee Members:

Councillor JC Erasmus, Committee Chairperson  
Councillor SG Moletsane  
Councillor MA Mpheteng  
Councillor CE Jenkinson  
Councillor PJJ van Biljon  
Councillor KO Mokone  
Ms K Thomas, Community Member  
Mr C Iffland, Community Member

### **Others in Attendance:**

Councillor EK Goliath

Tankisa Mea, Head of the Speaker's Office, support staff to the Committee  
Teboho Maine, Director: IDP, support staff to the Committee  
Paul Bender, International Advisor, support staff to the Committee

Acting City Manager  
ED: Corporate Services  
Internal Audit  
Secretariat

### **Committee Members Absent: None**

The Chairperson thanked the community members for their attendance and asked each of the Councillors, Committee members and support staff to introduce themselves.

The Chairperson then led a review of the Committee's questions and issues with the Annual Report. The attached spreadsheet, prepared in advance, was first reviewed. Then the Committee worked through the Annual Report, page by page, noting their issues and concerns. The second attachment documents the issues and concerns raised for each issue.

The Acting City Manager addressed certain of the issues and requested until Monday, 24 April 2006, to address other issues and concerns. No conclusions were reached, pending a more thorough discussion with the Acting City Manager and his staff on 24 April, in response to the Committee's questions and issues.

The Chairperson requested the Acting City Manager to ensure that the Acting City Manager and his appropriate support staff, and the Internal Auditor attend the meeting of the

Committee on 24 April, and to be prepared to respond to the issues and questions raised by the Committee, as documented in the attachment.

The Chairperson also requested staff to notify the Auditor General of the meeting on Monday and for the Auditor General, if he desired, to be prepared to explain his findings.

The Chairperson adjourned the meeting at approximately 15:00.

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Councillor JC Erasmus, Chairperson

## Fourth Meeting of the 2004/2005 Annual Report Oversight Committee

24 April 2006, 1, 10:00 AM to Noon  
Committee Room B, First Floor, Bram Fischer Building

### In Attendance:

#### Committee Members:

Councillor JC Erasmus, Committee Chairperson  
Councillor SG Moletsane  
Councillor MA Mpheteng  
Councillor CE Jenkinson  
Councillor KO Mokone  
Councillor PJJ van Biljon  
Ms K Thomas, Community Member  
Mr C Iffland, Community Member

#### Others in Attendance:

Councillor M Siyonzana, Chief Council Whip  
Mr Grobbelar, Internal Auditor  
Mr Harris, Internal Audit Manager

Tankisa Mea, Head of the Speaker's Office, support staff to the Committee  
Paul Bender, International Advisor, support staff to the Committee

The Chairperson requested Councillor Siyonzana to address certain issues noted by the Auditor General based on Councillor Siyonzana's previous position as Acting Speaker.

The Chairperson noted that he had also requested the Internal Auditor to be present to review with the Committee his comments about the Annual Report and to answer other findings of the Auditor General about the Internal Auditor's Office.

Councillor Siyonzana addressed the three Auditor General findings related to Councillors:

- Attendance by Councillors at official meetings
- Declaration of financial interests by Councillors
- Arrears owed MLM by Councillors

Councillor Siyonzana offered an extensive explanation of the issues noted by the Auditor General. He explained that Council meetings had been rescheduled on numerous occasions and that Councillors were not properly notified of these changes by the administrative management of MLM.

In each case noted by the Auditor General, Councillor Siyonzana stated that his office had taken the proper actions when he became aware of each issue and that control procedures had been implemented to properly monitor and enforce the requirements of each issue.

The Committee requested the Speaker's Office to provide new responses to each of the findings, in line with Councillor Siyonzana's explanations in the meeting, stating the specific actions taken, and dates by when proper procedures would be in place to address each of the issues.

The Chairperson requested the Internal Auditor to report on his review of the Annual Report and to respond to the specific Auditor General findings about the Internal Auditor's Office and the Audit Committee.

The Internal Auditor noted that MLM needs a more formal process for relaying each of the Auditor General's findings to MLM officials and to collect follow-up information for each issue. He stated that it was difficult to get the appropriate officials to respond.

On the issue of his office not performing many audits, the Internal Auditor stated his office was understaffed, with seven of 20 positions filled. He stated recruitments were underway but offered no timeframe by when he would be in a position to perform the requisite number of audits each year.

He also noted he was doing a substantial amount of work on leave records, determining proper leave balances, work that is the role of the ED: Corporate Services to perform. The Committee asked the Internal Auditor why he allowed his office to perform the work of other ED's, and he responded that he had been requested to do the work.

On the issue of the Audit Committee, the Internal Auditor stated that the previous Audit Committee was not constituted properly, with outside members, as per new National Treasury requirements. He stated the new Audit Committee would be in place by July 2006.

The Internal Auditor stated the Finance department did not properly control its files, and that was one reason for the lack of information needed by the Auditor General to undertake the audit.

The Chairperson asked the Internal Auditor for a highlight for the Committee to note. The Internal Auditor stated that he believed the fixed asset register should have been constructed with MLM employees, not by an outside contractor.

He stated that the letter to the Auditor General regarding an audit of Mangaung Tourism would be available for the proper authorities in MLM to send in a short period of time.

The Chairperson adjourned the meeting at approximately noon.

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Councillor JC Erasmus, Chairperson

## **Fifth Meeting of the 2004/2005 Annual Report Oversight Committee**

24 April 2006, 1, 12:15 to 16:00  
Committee Room B, First Floor, Bram Fischer Building

### **In Attendance:**

#### Committee Members:

Councillor JC Erasmus, Committee Chairperson  
Councillor SG Moletsane  
Councillor MA Mpheteng  
Councillor CE Jenkinson  
Councillor PJJ van Biljon  
Councillor KO Mokone  
Ms K Thomas, Community Member  
Mr C Iffland, Community Member

#### Others in Attendance:

Councillor EK Goliath, MEC for Finance  
Mr BJK van Niekerk, Auditor General  
Mr Grobbelar, Internal Auditor  
Mr Harris, Internal Audit Manager

Tankisa Mea, Head of the Speaker's Office, support staff to the Committee  
Paul Bender, International Advisor, support staff to the Committee

The Chairperson opened the meeting by explaining the purpose of the Committee as contained in the MFMA. He welcomed the Auditor General and his staff, and members of the public. He welcomed their comments, both verbally today and if they wanted to submit them in writing later.

The Chairperson noted that certain EMT members were not in attendance as the Committee had requested.

The Chairperson asked each Committee and support person to introduce him or herself, and asked the Auditor General to report on his review of the Annual Report and to highlight any issues as he deemed appropriate.

The Chairperson told members of the public and Councillors in attendance that they would be given a chance to comment after the Auditor General's presentation.

The Auditor General, assisted by Price Waterhouse Coopers staff who did the actual audit work under a contract with the Auditor General, then presented his report on his review of

the Annual Report, noting the following issues and responses that they considered to be inadequate:

- A formal process was followed to distribute all findings and issues to the Audit Steering Committee, including the draft report, and give ample time to obtain follow-up information from MLM officials. He noted that certain things may have been corrected since the date of his report, but that he included all information given to him as of the audit report date.
- The fixed assets audit qualification was a repeat issue from last year
- Information on p. 8 on revenue collections seemed to not agree with information on p. 49
- MLM's response to the Tenders finding on p. 50 was not appropriate
- The tender issues for Bloemwater procurements were not related to purchase of water, as was stated in MLM's response – the Auditor General reiterated that a proper tender process was in place at the time of each procurement and was not followed
- The process for donating the vehicle noted on p. 52 was not documented and therefore could not be determined as appropriate
- There was no list of biological assets, p. 54 given to the Auditor, as stated by MLM officials
- The payment noted on p. 55 to a soccer player was not an appropriate use of the Restructuring Grant in the opinion of the Auditor
- The MLM response to the new regional office finding, p. 55, was still not acceptable
- The MLM response to attendance by Councillors, p. 56, does not refer to the correct year, and is inadequate

The Auditor General's staff stated they could live with the other responses, that they would follow up on all the responses and note them in the subsequent year's findings if not corrected, and that they had with them a list of other more minor typos and grammatical errors that could be corrected if MLM officials so desired.

The Chairperson asked if anyone present had any responses or comments on the Auditor General's presentation. There were none.

A Councillor noted that the report didn't break down collections between collections on amounts billed in the current year and collections on prior years' billings. The CFO responded that MLM could not provide this information.

The Chairperson then led a page-by-page review of the report:

- The Auditor General noted there were no percentages listed in the chart on p. 5, and generally throughout the report.
- The Chairperson asked why the rent collection % was so low and noted the ED responsible for Housing was not present, as requested by the Committee, to answer the question. Councillor Goliath explained that the high unemployment rate was probably one cause. The Chairperson acknowledged the unemployment factor but stated the Committee needed specific information in MLM's response.
- A Councillor asked about the Call Center and stated its performance was severely deficient at times. He wondered if there was a procedure for monitoring and implementing corrective action as needed.
- A Councillor asked if the report could include a grid showing specific locations where sanitary sewer maintenance and other work had been done. He also asked if there was a general movement towards having more work done by contractors instead of MLM employees and wanted information on this question included in the report.
- A Councillor asked whether the water leakage project was successful and whether the water leakage percentage was reduced. The Chairperson noted that no one from Infrastructure Services (IS) was present to answer the question, as requested by the Committee. The CFO explained that the leakage project worked on leaks after the meter, so would not have affected the leakage percentage. Councillor Goliath noted that Council had initiated this project.
- A Councillor asked whether the fencing at the landfill sites has reduced crime.
- A Councillor asked about the difference between "Mangaung Urban VIP's" and "Water Services VIP's". The Chairperson noted that no one from IS was present to respond.
- A Councillor asked if the outstanding building applications information was accurate and requested information on completed building certificates as well. The Chairperson noted that no one from Planning and Zoning was present to respond.
- A Councillor asked if the bridge project referred to on p. 27 was on schedule for completion in July 2006 as stated.
- The Chairperson requested a breakdown of personnel costs into the first 4 levels of management compared to total personnel costs. The Auditor General noted that the personnel costs in Chapter 3 do not agree with the personnel cost information in the financial statements and noted that there were other such instances of disagreement. He stated he would leave with MLM officials a complete list of these types of items he noted.

- The Auditor General stated that the performance management report was one of the most positive he has ever seen. The Chairperson asked why the performance audit report had not been tabled in Council
- The Chairperson asked why it took so long to transfer the Botshabelo fixed assets and why MLM needed contractors to do the fixed asset register.
- A Committee member asked why it was necessary to raise rates and tariffs in order to record the proper provision for uncollectible accounts. The CFO stated that was the case.
- The Chairperson asked why there were such large variances in 3.2 (a) (ii) with collections. A Finance official explained that significant effort was being put into collecting governmental accounts.
- The Auditor General stated the audit qualification related to Long Term Liabilities would not recur in 2005/2006 when Centlec was shown as an independent entity.
- The Chairperson asked if the City Manager or others have followed up on the issues related to tenders and missing documents. The CFO explained that all the documents under the control of the Scorpions are available but could not be located, due to time and cost constraints.
- The Chairperson asked if there are proper policies now in place for supply chain management. A Finance official stated the current policies are adequate and that current control procedures were preventing significant abuses of the systems as had occurred previously.
- The Auditor General stated that proper tender procedures should have been followed for the issue in 3.5. (a). A Finance official stated that there were three issues noted in the Auditor General's finding that were for bulk water purchases and only one that should have used a tender process.
- A Councillor asked if the vehicle donation, as noted on p. 43, was proper. The CFO stated it was properly donated and that the response by MLM as stated was sufficient. The Auditor General stated the vehicle should have been specifically budgeted – the CFO stated that savings from another vote was used to cover this cost.
- The Chairperson noted the issues with overtime and leave and that no one was present from Corporate Services to respond. The ED of Community Services stated there were significant issues with time management that needed to be addressed before the overtime issues could be resolved. The CFO stated that leave balances were no longer an issue.

- The Chairperson asked about the traffic fines issue – the ED of Community Services stated that MLM cannot track down violators from out of town and that officials were looking at options to address this issue.
- The Chairperson asked about the issue of a register as noted on p. 54. The ED of Community Services stated that such a register existed and the Auditor General can review it. The Auditor General stated he had never been given the register after several requests.
- The Chairperson asked about information technology controls. The CFO stated that controls for the finance system were now adequate with the implementation of a new system. The GM for Corporate Services stated they had capacity problems with implementing adequate controls for other systems.
- A Councillor requested a list of the policies and procedures that were not in place, as noted by the Auditor General.
- The Chairperson asked about the Internal Auditor's work performance comment. The Internal Auditor stated he needed 20 people and only had seven.
- The Chairperson asked about the Audit Committee not meeting during the year. The Internal Auditor stated the Committee needed to be reconstituted in accordance with new National Treasury requirements.
- The Chairperson asked for a response to the Auditor General's finding about use of the Restructuring Grant, as noted on p. 46. The CFO stated it was a legitimate use of the Restructuring Grant. The Auditor General stated he did not believe it was a legitimate use of the Grant and would obtain a legal opinion on the issue.
- The Chairperson noted the Committee would not investigate further questions about the new regional office as it was the subject of other investigations, which would address the issues. However, the Chairperson noted that the Committee's questions about the tender process were not responded to.
- The Chairperson noted that the Committee's questions about attendance of Councillors were not answered. The Speaker's Office Head responded that he would submit a response and that Section 80 Committee meetings would be excluded from this requirement. The Chairperson asked if it was legitimate to exclude Section 80 Committee meetings. The Auditor General noted that he did not necessarily agree that Council could waive the 10% penalty for not attending a Council meeting, as Council had done. The Auditor General also asked whether the 10% penalty applied to committee meetings.
- The Chairperson asked about disclosure of the financial interests of Councillors. The Speaker's Office Head stated he would brief all Councillors of the requirement and that there was only one known violation. He stated all Councillors were aware of the

requirement and that measures are now in place to prevent a recurrence of this issue.

- The Chairperson asked about the status of the Councillors' arrears on amounts owed MLM. The Speaker's Office Head stated that arrangements were made for some, as was the case for any other customer and that other bills were disputed and ultimately resolved in the Councillors' favor. However, he stated no arrangements would be allowed in the future and Councillors had been notified. He also noted that the Finance quarterly reports were too late to address issues – consequently he stated he initiated a procedure to contact Finance monthly for any issue and to follow up on it immediately. The GM-Revenue stated that reports were going to the City Manager quarterly and that there had been improvement in payments when bills were not disputed.
- The Chairperson asked why it was taking so long to respond to the Auditor General's letter on Mangaung Tourism. The Internal Auditor stated a response would be forthcoming immediately.
- A Committee member stated the report should include IDP and Budget targets compared to actual performance, including financial and non-financial information.
- A Councillor asked if measures were in place to ensure bonuses are only paid for actual performance and whether Council could receive a report on bonus payments and what they were paid for. The Chairperson asked if the Performance Audit Committee actually met, reviewed performance agreements, and determined if payments were properly made.

The Chairperson thanked Councillors and community members for their attendance and questions and adjourned the meeting at approximately 16:00.

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Councillor JC Erasmus, Chairperson

## Sixth Meeting of the 2004/2005 Annual Report Oversight Committee

26 April 2006, 10:10 to Noon and 13:30 to 16:00  
Committee Room B, First Floor, Bram Fischer Building

### In Attendance:

#### Committee Members:

Councillor JC Erasmus, Committee Chairperson  
Councillor SG Moletsane  
Councillor MA Mpheteng  
Councillor KO Mokone  
Councillor PJJ van Biljon  
Ms K Thomas, Community Member  
Mr C Iffland, Community Member

#### Others in Attendance:

Tankisa Mea, Head of the Speaker's Office, support staff to the Committee  
Paul Bender, International Advisor, support staff to the Committee

#### Absent:

Councillor CE Jenkinson, Committee Member

The Chairperson opened the meeting – he noted that the managers responsible for Infrastructure Services and Housing and Planning had not responded to the Committee's requests for information and to appear before the Committee to respond to their questions, and that Corporate Services had not responded fully.

He asked each Committee member for his or her impressions and conclusions at this point of the oversight process.

Councillor Mokone noted that most answers and responses to the Committee's questions were not satisfactory.

Councillor Mpheteng noted the lack of files and questioned MLM officials' reasons for why the documents were not available.

The Chairperson stated that the Committee wanted plans for finding the unavailable files, not explanations of why they were unavailable. He stated that the Scorpions cannot be used as an excuse by MLM officials for not finding files in the Scorpions' possession and that time and money must be spent to find the files. He further stated that MLM officials should work out a solution to this major problem with the Scorpions and wanted firm dates by which this issue would be satisfactorily resolved.

The Chairperson wanted to know if the Performance Audit Committee members had been paid even though they had not met as required.

The Chairperson and other Committee members agreed that performance bonuses should be tied to addressing issues in the annual report and annual financial statements, especially the Auditor General's findings.

The Committee then discussed its conclusions and recommendations and concluded they would recommend Council approval of the Annual Report with reservations, but also recommend immediate follow-up by MLM officials and a report back by 22 May 2006 with formal plans of action to address the most critical issues. They decided that spending time on revising and producing another Annual Report would not be a very productive use of resources and that time should instead be spent on planning for and implementing solutions to the issues noted in their report, so that the 2005/2006 Annual Report would not contain the same level of findings and issues.

At noon, the Committee temporarily adjourned its meeting and resumed discussions at approximately 13:30.

The Chairperson stated the need for a detailed breakdown of overtime by work unit and with explanations of the reasons for the high levels in each work unit.

Councillor van Biljon stated that the Committee should not be too lenient in its report and should follow-up to ensure proper responses to each issue raised by the Committee and then implementation.

Councillor Moletsane stated that for most of the issues, MLM officials promised things would be better but did not offer many specifics about how that would happen. She also stated her concerns with MLM's filing system for documents needed by the Auditor General.

Councillor Mpetheng stated that MLM must prepare the annual report more timely and that the Committee should be given more time to review the report and follow-up on actions to be taken by MLM officials to resolve issues. She also stated that the response about collection of traffic fines was not adequate and that MLM officials should be working cooperatively with other governments on this issue, since they certainly had the same issues.

The Chairperson stated his concern that the Committee and its review were not given a very high priority by MLM officials. He noted that communication deficiencies among and between MLM officials and work units were the reason for many of the inconsistencies in the responses.

The Committee requested a final draft report be prepared for the Committee's review by 2 May 2006, with the intent of handing it to the Speaker at MLM's IDP meeting later in the day on 2 May 2006.

The Chairperson adjourned the meeting at approximately 16:00.

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**Councillor JC Erasmus, Chairperson**

## **Seventh Meeting of the 2004/2005 Annual Report Oversight Committee**

26 April 2006, Noon to 13:30  
Committee Room B, First Floor, Bram Fischer Building

### **In Attendance:**

#### Committee Members:

Councillor JC Erasmus, Committee Chairperson  
Councillor SG Moletsane  
Councillor MA Mpheteng  
Councillor KO Mokone  
Councillor PJJ van Biljon  
Ms K Thomas, Community Member  
Mr C Iffland, Community Member

#### Others in Attendance:

Tankisa Mea, Head of the Speaker's Office, support staff to the Committee  
Paul Bender, International Advisor, support staff to the Committee  
George Mohlakoana, ED, Infrastructure Services

#### Absent:

Councillor CE Jenkinson

The Chairperson noted that this would be the last public meeting of the Committee to hear comments and questions from the public and Councillors. He stated that written comments could still be given to the Speaker's Office until close of business on 2 May 2006, and that any members of the public could request to address Council at their next scheduled meeting by contacting the Speaker's Office by 2 May 2006.

The Chairperson then led a review of the Committee's questions of Infrastructure Services (IS) issues that had not been previously been addressed due to the absence of IS managers from previous Committee meetings. (All of the issues are documented in previous meeting minutes of the Committee – there were no new issues raised).

Generally, the ED, IS, explained the reasons for each issue and that he would follow up as requested by the Committee.

No community members or Councillors other than Committee members had any comments to make.

The Chairperson thanked the community members and Councillors for their comments and input into the Committee's oversight process and reiterated the need for any community members who wished to appear before Council or to submit written comments to contact the Speaker's Office by 2 May 2006.

The Chairperson noted that no MLM officials from Corporate Services or from Planning and Housing attended the meeting, as requested by the Committee and that the Committee's questions from prior meetings had not been responded to other than verbally, as noted in the minutes of each meeting.

The Chairperson adjourned the meeting at approximately 13:30.

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**Councillor JC Erasmus, Chairperson**

**Annex 3: Written responses of the City Manager to the Committee's questions**

- Note that verbal responses are included in the respective meeting minute
- No written responses were received.

**Annex 4: Written communications from community members and Councillors on the Report**

- Note that verbal responses are included in the respective meeting minutes:
- One written communication was received, and is attached. The Committee takes note of the concern and refers the issue to the Office of the Speaker for the appropriate response to the citizen and follow-up actions to consider the requested policy change.



**Mangaung Local Municipality**

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