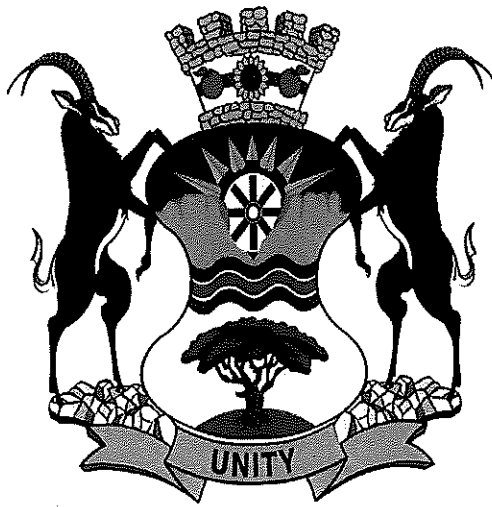


RUSTENBURG LOCAL MUNICIPALITY



OVERSIGHT REPORT ON THE ANNUAL REPORT

2016/2017

**NAMES OF MEMBERS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
MEMBERS.**

NO	NAME & SURNAME	POSITION
1	Cllr. D Nel	Chairperson
2	Cllr. P.A Tlhapi	Member
3	Cllr. M Njikelane	Member
4	Cllr. M. Letlape	Member
5	Cllr. J.L Sephai	Member
6	Cllr. F.S Moatshe	Member
7	Cllr. Z. Xhinela	Member
8	Cllr. A Tsamai	Member
9	Cllr. M Omarjee	Member
10	Cllr. R.P Molatlhegi	Member
11	Cllr. A Kwanaite	Member
12	Cllr. P Bothomane	Member
13	Cllr. K.I Monaise	Member

**NAMES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE SUPPORT
STAFF**

1	Fannie Marumola	Researcher
2	Lebogang Makgorogo	Admin
3	Motlhami Tlhaheseng	Admin
4	Kelebogile Kodongo	Intern

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SECTION 1

FOREWORD OF THE CHAIRPERSON

Foreword of the Chairperson.

The Rustenburg Local Municipality's Annual Report 2016/2017 was tabled to Rustenburg Local Municipal Council on 30th January 2018 per item 54 Council, council resolved on the item and the minutes were subsequently adopted on 13 February 2018 in terms of Section 127 of the Municipal Finance Management Act 56 of 2003.

The annual report required the input and participation of Rustenburg residents. The Municipal Public Accounts Committee embarked on a public participation programme which the executive mayor launched at the Rustenburg Old Town Hall on 26 February 2018.

MPAC experienced that the community of Rustenburg were generally dissatisfied. MPAC engaged the Auditor General regarding the audit outcomes of the 2016/ 2017 financial year. In the 2016/2017 financial year Rustenburg Local Municipality received qualifications on 4 matters compared to the 5 matters of the previous financial year. The matters are highlighted in the oversight report and the root causes can be summarised as follows: a lack of capacity and skills of the administration, poor records management, slow response to prior year audit findings and lastly a lack of consequence management.

The Municipal Public Accounts Committee wishes to take this opportunity to thank the community of Rustenburg, MPAC support staff as well as the municipal administration for their contribution and sacrifice during the compilation of the Oversight Report. MPAC further want to extend their appreciation to Council for the opportunity to undertake this oversight process for Rustenburg Local Municipality to achieve a clean audit outcome in the future and to ensure high levels of service delivery to all residents throughout.

A special appreciation to Councillors for their commitment and extensive involvement and representation to the communities they serve.

Cllr D Nel

1. INTRODUCTION

Oversight work requires the Municipal Public Accounts Committee to undertake an effective schedule of review and evaluation of in-year reports on the implementation of a proper planning service delivery and management of municipal resources in-line with municipal legislation and advisories of National Treasury and as well as recommendation of the audit reports, the performance Audit Committee of the municipality rather than awaits the audit report of the Auditor General of South Africa seek time annually to make consideration of the issues raised in the Auditor General audit report in terms of Section 131(1) of Municipal Finance Municipal Act 56 of 2003.

It is therefore imperative for Municipal Public Accounts Committee to review and augment its own annual work plan to make timeously aware of weaknesses in the municipal administration, on financial management and shortcomings in the performance of the municipality toward achieving its main objectives to expedite service delivery.

Here below are the councillors who serves in the Municipal Public Accounts Committee: Cllr De Wet Nel, Cllr P.A Tlhapi, Cllr M Njikelane, Cllr S M Letlape, Cllr J.L Sephai, Cllr F.S Moatshe, Cllr Z Xhanela, Cllr A Tsamai, Cllr M Omarjee, Cllr R.P Molatlhegi, Cllr A Kwanaite, Cllr K.I Monaise and Cllr P Bothomane.

By compiling the Oversight Report which council is yet to adopt, the committee is far forward in setting the benchmark to hold the executive and the administration of the municipality as well as the board of trustees and the management of the Rustenburg Water Service Trust accountable to council and the people of Rustenburg to inform corrective action plans which is monitored on a continuous base.

2. LEGISLATIVE MANDATE FOR OVERSIGHT REPORT

As Section 79 of the Municipal Structures Act (Act No 117 of 1998) (1) (a) a municipal council may establish one or more committees necessary for the effective and efficient performance of any of its function or exercise any of its powers. MPAC exercise oversight work and make recommendation in its report

to council to enable the municipality to achieve its main objectives which are as follows:

- Efficient provision of quality basic services and infrastructure within a well-planned spatial structure.
- Drive economic growth and job creation.
- Maintain clean, green, safe and healthy environment for all.
- Ensure municipal financial viability and management.
- Transform and maintain a vibrant and sustainable rural development.
- Uphold good governance and public participation principles.

This legislative mandate is further outlined by the guidelines for the establishment of Municipal Public Accounts Committees of 17 August 2011 to become permanent committees to exercise oversight work on behalf of municipal councils, amongst other to: -

- Consider and evaluate the contents of the annual report and make recommendations to council for full consideration at a council meeting which adopts the oversight report on the annual report.
- Promote good governance, transparency and accountable reporting on the use of municipal resources.
- Recommend or undertake any investigation in its scope of mandates.
- Review any investigation report already undertaken by the performance audit committee of the municipality or the administration of the municipality.
- Review the action plan of the municipality to confirm that all concerns raised by the Auditor General are addressed.

Examine the financial statements and audit reports of the municipality and municipal entities with consideration of the extent which the Performance Audit Committee and the Auditor General's recommendations have been implemented in terms of the corrective action plan of the municipality.

The election of the Municipal Public Accounts Committee chairperson, Councillor De Wet Nel at the inaugural meeting of the sitting Council of the Rustenburg Local Municipality on the 19 August 2016 as per the resolution of Item 224 and subsequent appointment of the other twelve members are of diverse knowledge, expertise and experience to strengthen oversight and work towards the municipality abiding to the proper use of municipal resources for the continuous improvement of service delivery and accountable governance. MPAC contains council members from all political parties.

The purpose of this Oversight Report is to review the performance of the municipality for the financial year 2016/2017 tabled in terms of the legislative requirements of Section 127(2) of MFMA which states that the mayor of the municipality must, within seven months after the end of the financial year, table in the municipal council the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control.

3. CONSULTATIVE PROCESS 2016/2017

TABLING OF THE ANNUAL REPORT 2016/2017.

Council is vested with legislative responsibilities by the Constitution of the Republic of South Africa, Act 108 of 1996, Municipal Finance Management Act, No 56 of 2003 and Municipal Systems Act 32 of 2000 to oversee the financial management and performance of the municipality and the Rustenburg Water Service Trust (RWST) set out in the Integrated Development Plan (IDP) in relation to the budget which are translated in the Service Delivery and Budget Implementation Plan (SDBIP).

The Rustenburg Local Municipality's Annual Report 2016/2017 was tabled to Municipal Council meeting on the 30th January 2018 per item 54, and which minutes were adopted on the 13th February 2018 in terms of Section 127 of the Local Government: Municipal Finance Management Act 56 of 2003.

3.1 RECORD OF THE PUBLIC PARTICIPATION

Section 127(5) of the Municipal Finance Management Act outlines the role of the Accounting Officer of the municipality in making the Annual Report public in terms of Section 21 and Section 21A of the Municipal Systems Act in the municipal libraries and regional community centres (RCC) and uploaded it onto the municipal website: www.rustenburg.gov.za. Invitation to the public and the community of Rustenburg to make representations on the Annual Report 2016/2017 was by advertisement, which outlines a schedule of public meetings in clustered wards in the spread of the municipal area, in the Platinum Weekly- a local newspaper as in the record below: **Annexure "A"**

TABLE A: RECORD OF PUBLIC MEETING ON THE ANNUAL REPORT 2016/2017

CLUSTER	WARDS	DATE	TIME	VENUE	COMMUNITY ATTENDANCE
A	36	26/02/2018	17h00	Syferbult	285
		09/03/2018	09h00	Mathopestad	
B	29 & 30	27/02/2018	17H00	Bethanie Tribal Hall	22
C	27 & 28	28/02/2018	17h00	Lethabong Community Hall	148
				Rethusegile High School	185
D	25,26 & 44	01/03/2018	16h30	Monakato Community Hall	27
E	32,33,34, 35 & 45	02/03/2018	17h00	Marikana West Community Hall	88
	31	02/03/2018	10h00	Shekinah Church	103
F	01,02,03 & 04	05/03/2018	16h30	Boshoek Church	83
G	05,06 & 07	06/03/2018	16h30	Mosoeu Church	38

I	12,19,20, 21,22,23, 24,37,38, 40, 41 & 43	08/03/2018	16h00	Paardekraal Community Hall	There was violence in this cluster
	39	12/03/2018	10h00	Sports ground	220
J	14,15,16, 17,18 & 42	09/03/2018	18h00	Old Town Hall	145
H	08	12/03/2018	16h00	Tlhabane Community Hall	34
	09, 10 & 11			Tlhabane Community Hall	Did not attend.
	13			Rustenburg	46

The following meetings were split into two separate meetings: The Cluster B, F and E.

Noting that there are two requests to address council, in terms of Section 130 (10) (b) of the MFMA with communiqué dated 30 March 2018.

3.2 RECORD OF VERBAL REPRESENTATION

Notwithstanding the re-scheduling and the split of public meetings, respectively, the record of verbal inputs is included in the Oversight Report Attendance registers attached as **Annexure “C”**

3.3 SUBMISSION OF WRITTEN REPRESENTATION

As in the schedule of the public meeting, the closing date for submission of written representation was 15 March 2018.

Twelve written submissions were received by the office of the Municipal Public Accounts Committee. Attached as Annexure “E”

3.4 PUBLIC HEARING ON MPAC QUESTIONNAIRE TO THE ADMINISTRATION

The public hearing with the Accounting Officer, the Financial Officer and the direct repartees of the Accounting Officer managers and the direct repartees to the Accounting Officer scheduled for 10h00 on the 14 March 2018. Municipal Public Accounts Committee questionnaire and the responses inclusive of the corrective action plan is a basis for comparative assessments of prior year, corrective action plan in terms of Section 131(1) of the MFMA Act 56 of 2003 on an action plan to address issues raised in the Auditor-General's audit report.

Table below compares qualification findings of the last two Annual Reports to demonstrate changes of the audit outcome.

QUALIFICATION ISSUE	AUDIT REPORT 2015/2016	AUDIT REPORT 2016/2017
Asset useful lifespan not reviewed.	Finding raised	Finding raised
Incompleteness of Service charges.	Finding raised	Finding raised
Interest from trading activities	Finding raised	No Finding
Commitment register and adequate contract management systems	Finding raised	Finding raised
Irregular expenditure	Finding raised	Finding raised

3.5 OVERSIGHT PROCESS TO THE COMPILATION OF THE OVERSIGHT REPORT

The Oversight Report is the final review by the municipal Council on the contents of the Annual Report 2016/2017 and the accompanying corrective action plan of the municipality, the Annual Report was prepared in terms of Section 121 of the MFMA and the adversaries of the National Treasury which contains the following:

- Record of the activities of the municipality and its entity
- Record of the performance in service delivery against the budget
- Information that supports the revenue and expenditure decisions taken
- Accountable reporting to the community for decision taking

- Key to improve the performance of the municipality, the Annual Report must include:
- The separate annual financial statements of the municipality and RWS and the consolidated financial statements submitted to the Auditor-General in terms of Section 126 (1)(a) of the MFMA
- The Auditor-General's audit report in terms of Section 126(3) (b) on the annual financial statements of the MFMA
- The Auditor-General's audit report in terms of Section 45 of the MSA No. 32 of 2000
- The assessment by the Accounting Officer of the municipality performance against measurable performance targets referred to in Section 17 (3) (b) MFMA for revenue collection from each revenue collection from each revenue source and for each vote in the approved budget of the municipality
- Of any corrective action taken, or action plan meant to respond to issues raised in the Auditor-General's audit report in terms of Section 131(1) of the MFMA
- Information, explanation and recommendations of the Performance Audit Committee and such determined by the municipality, as well as prescribed by any National Treasury Advisory and other stakeholders.

As per Section 129(1) of the MFMA, the council must consider the report and by no later than two months, adopt an Oversight Report with council comments as per Section 127 of the MFMA, with further specific resolutions on the Annual Report 2016/2017 and make the Oversight Report public.

3.6 PERFORMANCE AUDIT COMMITTEE RECOMMENDATIONS

The recommendations are based on the internal audit three years rolling 2015 to 2017/2018 and one-year operational plan (01 July 2016 to 30 June 2017) approved by council.

CORPORATE SUPPORT SERVICES

The following was discussed by the PAC

- Acting allowance
- Overtime allowance
- Standby allowance

Recommendation

That the director Corporate Supplies Services develop a strategy that will address all these labours related matter which were raised in the internal audit reports. The strategy to be developed should have timelines and be presented to the committee and council on quarterly basis. Failure to comply will require consequence management implementation by the municipal manager and council.

DEVIATIONS

Recommendation

The chief financial officer prepares a report on the impact of deviation in terms of the achievement of the municipal objectives. The report should include the responsible officials of the deviations, whether there was budget allocation for that, does the deviation meet the requirements and the plan to prevent deviations.

AUDIT OF PERFORMANCE INFORMATION – TOP LAYER SDBIP

The following critical matters were raised in the internal audit report.

- Key Performance Indicators (KPI) not measurable
- No data definition sheets provided
- KPI not achieved
- Could not conclude on the achievement
- Portfolio of evidence (POE) not attached for KIP
- POE not addressing the KPI
- There was no information provided for the verification of the core management companies as it amounts to 20% of the final score.

It is not all directorate that complete action plans to address the audit findings of the preceding quarters.

RECOMMENDATION

That the relevant evidence be attached as POE to support achievement of KPI's. it is still a cause for concern that performance information that it yields the same results every quarter. It has also come to our attention that the schedule for director's assessments is structured in a way that directors are not afforded an opportunity to respond to any internal audit finding before they are assessed. it is important that data definition sheets are prepared for all **KPI's**

Furthermore, the committee recommends that the performance report of the entire municipality be prepared on quarterly basis which will indicate the

true reflection of the key performance areas (KPA's) not only a report on the top layer Service Delivery Budget Implementation Plan (SDBIP).

The committee also recommends that management adheres to the table below as criteria for evaluation of appropriateness of Key Performance Indicators (KPI's).

The following key findings were raised on internal audit reports

- Invalid dates of the performance agreements
- Non-existent paragraphs on the signed performance agreements
- Invalid paragraphs to the performance agreement
- Schedule for performance reviews dates.
- Performance bonus of 5% not in existence
- No witness signatures
- Lack of employer's assessment of the employee's performance.

SUPPLY CHAIN MANAGEMENT

Recommendation

Compliance to laws and regulations should be a culture of the municipality. It is a concern that clearly described legislation can be contravened by officials, and not be identified by respective bid committees

IRREGULAR EXPENDITURE

Recommendation

Irregular expenditure of the municipality requires attention. The municipality should comply with the section 32 of the Municipal Finance Management Act (MFMA). The municipal manager is required to develop an action plan mainly dealing with irregular expenditure with clear timelines. Consequence management should be applied without fear of favour. Internal audit has contributed in terms of preventing possible irregular expenditure.

FRUITLESS AND WASTEFUL EXPENDITURE.

Recommendation

Fruitless and wasteful expenditure is a low hanging fruit that can be quickly picked but we as the committee does not understand this has not happened. The notes to the annual financial statements for the two consecutive years have the same reasons that it is because of interest charged. The committee requires the municipal manager to present a detailed report on what has been done since the advisory was issued by internal audit.

DEVIATIONS

Recommendation.

The PAC recommended that the implementable action plans against the internal audit findings are to be developed and tabled in all the performance audit findings are to be developed and tabled in all the performance audit committee meetings and to the municipal council for monitoring and evaluation.

That PAC recommended that the municipal performance management plans and the related progress performance reports, original budget and the related budget adjustments, expenditure reports, revenue collections reports, top layer SDBIP and reviews must be tabled during the PAC meetings for the committee to submit and independent report to the Municipal Council.

RISK MANAGEMENT

Recommendation.

That Risk management be prioritised and be embedded. The risk committee chairperson will be required to attend Performance Audit Committee meetings.

3.7. 2016/2017 ANNUAL REPORT CONSULTATIVE PROCESS

The following meetings addressed the consultative processes of MPAC:

- Launching of public participation programme by the Executive Mayor.
- MPAC formulated questions on the Audit Report to the Administration
- Meeting with the Administration of the Municipality.
- Meeting with Auditor General on their audit findings on the Annual Report.
- Public Participation meetings with member of public. (10 Cluster meetings).
- Public hearing with the Management of RLM.
- Finalisation of Oversight Report.

4. OVERSIGHT ACTIVITY PLAN

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: ANNUAL WORK PLAN 2018/2019

ACTIVITY	LIST OF ITEMS TO BE PERUSED	MONTH	DATE	VENUE
Meeting	Use MFMA calendar as a checklist to ensure that all activities of each month are covered	July	01/06/2018	Caucus Room
	MPAC ordinary meeting as per central diary		13/06/2018	
	<ul style="list-style-type: none"> One on One meeting with management. 		18-22/06/2018	
	Compile a report on one on one sessions		25-27/06/2018	
Investigation & Side Visits	Use MFMA calendar as a checklist to ensure that all activities of each month are covered		29/06/2018	MPAC Office
Chairperson Internal Activities	Inspection identified areas		14/06/2018	MPAC Office

Investigation & Side Visits	<ul style="list-style-type: none"> Investigate in accordance to Section 32 MFMA 		12/06/2018	14/06/2018
	Attend the audit committee meeting		21/06/2018	MM Boardroom 7 th Floor
Chairperson Internal Activities	<ul style="list-style-type: none"> Chairperson's meeting 		29/06/2018	District Office
District Forum	Chairperson's meeting		Date to be confirmed	Venue to be confirmed
Provincial & District Speakers Forum	Provincial Speaker's meetings		Date to be confirmed	Venue to be confirmed
	District Speaker's meeting		Date to be confirmed	Venue to be confirmed
Meeting	Use MFMA calendar as a checklist to ensure that all activities of each month are covered	July	03/07/2018	MPAC Office
	SDBIP last quarter		05/07/2018	Caucus room Civic Centre
	Report on Supply Chain Management			
	Report on the functioning of audit committee			
	Report on disciplinary matters related to MFMA.			
	MPAC ordinary Meeting as per central diary		11/07/2018	
	MPAC Terms of Reference		17/07/2018	
ACTIVI	LIST OF ITEMS TO	MONT	DATE	VENUE

TY	BE PERUSED	H		
Investigati on and Site Inspection	<ul style="list-style-type: none"> Site inspection Identified area	July	19/07/2018	MPAC Office
	<ul style="list-style-type: none"> Investigate in accordance to Section 32 MFMA 			
Chairpers on Internal Activities	<ul style="list-style-type: none"> Meeting with internal audit. 		20/07/2018	MPAC Office
Provincial Forum	<ul style="list-style-type: none"> Chairperson's meeting 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> Support staff meeting 			
Provincial & District Speakers Forum	<ul style="list-style-type: none"> Provincial Speaker's meeting 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> District Speaker's meeting. 			
District Forum	<ul style="list-style-type: none"> Chairperson's forum 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> Support staff meeting 			
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of each month are covered 		01/08/2018	MPAC Office
	<ul style="list-style-type: none"> MPAC ordinary 	August	15/08/2018	Caucus

	Meeting as per central diary			room
	<ul style="list-style-type: none"> Monthly budget statement Report on Supply Chain Management 		15/08/2018	
Investigations and Sites Visits	<ul style="list-style-type: none"> Investigate in accordance to Section 32 MFMA When there are, issues referred for investigation 		02/08/2018	MPAC Office
Chairpers on Internal Activities	<ul style="list-style-type: none"> Meeting with Audit Committee Meeting with other stakeholders 		08/08/2018	MPAC Office
Provincial Forum	<ul style="list-style-type: none"> Chairperson's meeting Support staff meeting 		10/08/2018	
Provincial & District Speakers Forum	<ul style="list-style-type: none"> Provincial Speaker's meeting District Speaker's meeting 		Date to be confirmed	Venue to be confirmed
District Forum	<ul style="list-style-type: none"> Chairperson's forum Support staff 		Date to be confirmed	Venue to be confirmed

August

	meeting			
Meeting	<ul style="list-style-type: none"> • Use MFMA calendar as a checklist to ensure that all activities of each month are covered 	September	04/09/2018	MPAC Office
	<ul style="list-style-type: none"> • MPAC ordinary Meeting as per general diary. 		12/09/2018	MPAC Office
	<ul style="list-style-type: none"> • Monthly budget statement 		27/09/2018	
	<ul style="list-style-type: none"> • Litigation report 		12/09/2018	
Chairpers on Internal Activities	<ul style="list-style-type: none"> • Investigate in accordance to Section 32 MFMA 		28/09/2018	MPAC Office
	<ul style="list-style-type: none"> • Interactions with the stake holders (e.g.) 			
	<ul style="list-style-type: none"> • Attend the Audit Committee Meetings 			
Provincial Forum	<ul style="list-style-type: none"> • Chairperson's meeting 			
	<ul style="list-style-type: none"> • Support staff meeting 	September	To be confirmed	Province
Provincial Speakers Forum	<ul style="list-style-type: none"> • Provincial Speaker's forum meeting 		To be confirmed	Province
	<ul style="list-style-type: none"> • District Speaker's forum 		To be confirmed	Province

	<ul style="list-style-type: none"> Chairperson's meeting 		To be confirmed	Province
	<ul style="list-style-type: none"> Support staff meeting 		To be confirmed	Province
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of each month are covered 	October	02/10/2018	MPAC Office
	<ul style="list-style-type: none"> MPAC ordinary meeting as per central diary 		10/10/2018	Caucus room
	<ul style="list-style-type: none"> 1st quarter report 		11/10/2018	MPAC Office
	<ul style="list-style-type: none"> Monthly budget statement 			
	<ul style="list-style-type: none"> One on one session with management 		22-26/10/2018	Identified Boardroom
Investigations and Site Visits	<ul style="list-style-type: none"> Investigate in accordance to Section 32 MFMA 		18/10/2018	MPAC Office
	<ul style="list-style-type: none"> Inspection of projects 		24/10/2017	Identified area
Chairpersons on Internal Activities	<ul style="list-style-type: none"> Meeting with different stakeholders 			Caucus room
Provincial Forum	<ul style="list-style-type: none"> Chairperson's meeting 		Date to be confirmed	Venue to be confirmed

	<ul style="list-style-type: none"> Support staff meeting 			
Provincial & District Speaker's Forum	<ul style="list-style-type: none"> Provincial Speaker's Forum Meeting 		Date to be confirmed	Awaiting venue
District Forum	<ul style="list-style-type: none"> Chairperson's meeting 	October	Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> Support staff meeting 		Date to be confirmed	Venue to be confirmed
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of each month are covered 	November	01/11/2018	MPAC Office
	<ul style="list-style-type: none"> MPAC ordinary meeting as per council diary 		14/11/2018	Council room
	<ul style="list-style-type: none"> Monthly budget statement 		01/11/2018	
	<ul style="list-style-type: none"> Compilation of report on one on one 		02/11/2017	MPAC Office
	<ul style="list-style-type: none"> Conduct side Inspection on projects 		20-21/11/2018	Identified area
Investigations and Site Inspections	Investigate in accordance to Section 32 MFMA		06/11/2018	MPAC Office

Chairpersons Internal Activities	<ul style="list-style-type: none"> Attend Audit committee meeting 		Date to be confirmed	Caucus room
	<ul style="list-style-type: none"> Attend Audit steering committee meeting 			
Provincial Forum	<ul style="list-style-type: none"> Chairperson's meeting 		Date to be confirmed	Provincial Office
	<ul style="list-style-type: none"> Support staff meeting 			
	<ul style="list-style-type: none"> Provincial Speaker's Meeting 		Date to be confirmed	Provincial Office
	<ul style="list-style-type: none"> Chairpersons meeting 		Date to be confirmed	District Venue
	<ul style="list-style-type: none"> Support staff meeting 			
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of each month are covered 	December	04/12/2018	MPAC Office
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of each month are covered 	January	09/01/2019	MPAC Office
	<ul style="list-style-type: none"> Meeting with Auditor General 		18/01/2019	

	in relation to 2016/2017 Annual Report			
	<ul style="list-style-type: none"> • 2nd Quarter Report 		10/01/2019	
Meeting	<ul style="list-style-type: none"> • Investigate in accordance to Section 32 MFMA 		10/01/2019	MPAC Office
MPAC Administration & Committee	<ul style="list-style-type: none"> • Advertising public participation in local newspapers 	February	MPAC Administration & Committee	Advertising public participation in local newspapers
	<ul style="list-style-type: none"> • Launching of public participation 		27/02/2019	Civic centre
	<ul style="list-style-type: none"> • Meeting with AG for clarity on the audit report 		19/02/2019	Caucus room
	<ul style="list-style-type: none"> • Preparing questions to management 		14/03/2017	MM Boardroom
	<ul style="list-style-type: none"> • Starting public participation on a proposed schedule 		27/02/2019	Different ward clusters
	<ul style="list-style-type: none"> • Discussing written submissions 		20/03/2019	Caucus room
	<ul style="list-style-type: none"> • Meeting with audit committee 		21/03/2019	Caucus room

Chairpers on internal processes	<ul style="list-style-type: none"> Report back from management relating to the questions 	March	22/03/2019	Caucus room
Provincial forum	<ul style="list-style-type: none"> Chairpersons forum 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> Support staff meeting 			
Provincial Speaker's Forum	<ul style="list-style-type: none"> Provincial Speakers Forum meeting 		Date to be confirmed	Venue to be confirmed
District Speaker's Forum	<ul style="list-style-type: none"> District Speaker's forum meeting 			
District Forum	<ul style="list-style-type: none"> Chairperson's meeting 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> Support staff meeting 			
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of each month are covered 		06/04/2019	MPAC Office
	<ul style="list-style-type: none"> Investigate in accordance to Section 32 MFMA 		07/04/2018	MPAC Office
	<ul style="list-style-type: none"> Compiling oversight report 		11-15/04/2019	Caucus room

	<ul style="list-style-type: none"> Public hearing with management 	March	19/04/2019	Civic Centre, Council
				Chamber
	<ul style="list-style-type: none"> Tabling/ adoption of oversight report on the annual report by council. MFMA 129 (1) 		26-31/04/2019	Civic Centre, Council chamber
	<ul style="list-style-type: none"> Invitation to AG and members of public 		26-31/04/2017	Civic Centre, Council chamber
Provincial Forum	<ul style="list-style-type: none"> Chairperson's meeting 	March	Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> Support staff meeting 			
Provincial Speaker's Forum	<ul style="list-style-type: none"> Provincial Speaker's Forum Meeting 		Date to be confirmed	Venue to be confirmed
District Speaker's Forum	<ul style="list-style-type: none"> District Speaker's Forum Meeting 			
District Forum	<ul style="list-style-type: none"> Chairperson's meeting 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> Support staff meeting 			
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of 		02/04/2019	Caucus room

	each month are covered			
	<ul style="list-style-type: none"> Follow up on the implementation of resolution taken during the oversight report 	April	03//04/2019	
	<ul style="list-style-type: none"> Meeting with internal audit 		04/04/2019	MPAC Office
	<ul style="list-style-type: none"> Meeting with Audit steering committee 		05/04/2019	
	<ul style="list-style-type: none"> MPAC ordinary meeting as per central diary 		Date to be confirmed	Caucus room
	<ul style="list-style-type: none"> 3rd Quarter Report 		03/04/2019	Caucus room
Chairpers on's Internal Activities	<ul style="list-style-type: none"> Investigate in accordance to Section 32 MFMA 		09/04/2019	MPAC Office
	<ul style="list-style-type: none"> Inspection on issues raised during the written submission during public participation on the annual report. 		08-09/04/2019	Areas to be confirmed
Provincial Forum	<ul style="list-style-type: none"> Chairperson's meeting 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> Support staff 			

	meeting	April		
Provincial Speaker's Forum	<ul style="list-style-type: none"> Provincial Speaker's Forum Meeting 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> District Speaker's Forum Meeting 		Date to be confirmed	Venue to be confirmed
District forum	<ul style="list-style-type: none"> Chairperson's forum 			
	<ul style="list-style-type: none"> Chairperson's meeting 		Date to be confirmed	Venue to be confirmed
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of each month are covered 	May	03/05/2019	MPAC office
	<ul style="list-style-type: none"> MPAC ordinary Meeting as per central diary 		Venue to be confirmed	Carens room
	<ul style="list-style-type: none"> Monthly budget statement 		07/05/2019	MPAC office
	<ul style="list-style-type: none"> Report on Supply Chain Management 		08/05/2019	MPAC Office
Chairpers on's Internal Activities	<ul style="list-style-type: none"> Investigate in accordance to Section 32 MFMA 		09/05/2019	MPAC Office
	<ul style="list-style-type: none"> Conduct side inspection on projects 		16-17/05/2019	Identified area

	identified.			
	<ul style="list-style-type: none"> Chairperson's meeting 		Awaiting dates	Venue to
	<ul style="list-style-type: none"> Support staff meeting 		Date to be confirmed	be confirmed
Provincial	<ul style="list-style-type: none"> Provincial Speaker's Forum Meeting 		Date to be confirmed	
Forum	<ul style="list-style-type: none"> District Speaker's Forum Meeting 	May		
Provincial Forum	<ul style="list-style-type: none"> Chairperson's forum 		Date to be confirmed	Venue to be confirmed
Provincial Speaker's Forum	<ul style="list-style-type: none"> Support staff meeting 			
District Speaker's Forum	<ul style="list-style-type: none"> District speaker forum 		Date to be confirmed	Venue to be confirmed
Meeting	<ul style="list-style-type: none"> Use MFMA calendar as a checklist to ensure that all activities of each month are covered 	June	3-7/06/2019	MM boardroom
	<ul style="list-style-type: none"> One on one meeting with directors 		Date to be confirmed	Caucus room
	<ul style="list-style-type: none"> MPAC ordinary meeting as per central diary 		26/06/2019	Caucus room
	<ul style="list-style-type: none"> Report on one on one session 		12/06/2019	Caucus room

	with directors.			
	<ul style="list-style-type: none"> • 4th Quarter Report 		3-7/06/2019	MM boardroom
Chairpers on internal activities	<ul style="list-style-type: none"> • Investigate in 		11/06/2019	MPAC Office
	<ul style="list-style-type: none"> • accordance to Section 32 MFMA 			
	<ul style="list-style-type: none"> • Conduct site inspection projects identified 		27-28/06/2019	Identified area
Provincial forum	<ul style="list-style-type: none"> • Chairperson's meeting 		Date to be confirmed	Venue to be confirmed
	<ul style="list-style-type: none"> • Support staff meeting 			
District forum	<ul style="list-style-type: none"> • Chairperson • Staff meeting 			

5. CHECK LIST OF THE ANNUAL REPORT AS PER SECTION 121 (3) OF THE MFMA NO 56 OF 2003 AND MFMA CIRCULAR NO 11

CONTENT OF THE ANNUAL REPORT	YES/NO
a) Annual Financial Statement of the municipality	YES
b) AG's report on the financial statements	YES
c) Annual Performance report of the municipality prepared by the municipality in terms of section 46 of the municipal systems act.	YES
d) Auditor General's report in terms of section 45 (b) of	YES

the Municipal System Act	
e) An assessment by the Accounting officer of any arrears on municipal taxes and services	YES
f) Assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year.	YES
g) Particulars of corrective action taken or to be taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d)	YES
h) Any explanation that maybe necessary to clarify issues about the financial statement	YES
i) Any information as determined by the municipality	YES
j) Any recommendations of the municipal's audit committee	YES
k) Any other information as may be prescribed	YES

5.1 OVERSIGHT REPORT ACTIVITY PLAN AS NOTED BY COUNCIL

ACTIVITY	RESPONSIBILITY	TARGET DATE	COMMENTS
Presentation of annual report to council	Mayor	30 January 2018	Referred.
Presentation of annual report to council	Mayor	13 February 2018	Noted by council and referred
Advertise the availability of the annual report for	Accounting Officer	19 February 2018	Done.

comments			
Submit a copy of the annual report to DLG & TA and the office of the AG.	Accounting Officer		Done
MPAC meeting – discussion of the annual report.	Members	Throughout the whole oversight process.	Done
Launching of Public participation programme by Executive Mayor.	Mayor Executive Committee MPAC Members Accounting Officer Senior Managers	26 February 2018	Done
Submission of comments and public participation process	Accounting Officer MPAC	12 March 2018	Done
MPAC meeting with AG and Internal Audit: Discussion of the Draft Oversight Report.	Members	There was no draft oversight but there was a meeting with AG on the findings	Done
Submission of recommendations to Accounting Officer	Accounting Officer		
MPAC meeting: adoption of the Draft Oversight Report.	Members	There was no draft	There was no draft Oversight Report
Adoption of the Oversight Report by council	Council	On the agreed date of special council meeting	Not done

Make Oversight report public	Accounting Officer	Not tabled yet	Done after tabling
Submit Oversight Report to Provincial and National Treasury	Accounting Officer	Not tabled yet	Done after tabling
Submit Oversight Report to DLG & TA	Accounting Officer	Not tabled yet	Done after tabling

6. COMMENTS ON THE AUDIT REPORT

6.1. AUDIT REPORT

As per Section 92 of the Municipal Finance Management Act, Act 56 of 2003, the Auditor-General must audit and report on the accounts, financial statements and financial management of each municipal entity.

FINDING

PROPERTY, PLANT AND EQUIPMENT

Auditor General was unable to obtain sufficient appropriate audit evidence for the restatement to corresponding figures of infrastructure assets as no clear or logical link could be made between the prior period asset register and the current year asset register. I was unable to confirm these adjustments by alternative means. In addition, the municipality did not correctly account for the restatement of the comparative figures relating to the review of useful lives and residual values of property, plant and equipment as required by GRAP 3, *Accounting policies, estimates and errors*, the municipality did not review the useful lives of all categories of assets at each reporting date in accordance with GRAP 17, *Property, plant and equipment*, did not correctly account for depreciation on infrastructure assets in the prior periods as required by GRAP 17, *Property, plant and equipment* and did not recognise all land and buildings as the municipality did not maintain adequate records of all properties owned. This resulted in infrastructure assets included in property, plant and equipment and the accumulated surplus being understated by R529 305 394, but I was unable to determine the total resulting impact on property, plant and equipment and the related depreciation expense as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments

relating to property, plant and equipment of 8 673 197 000 and R8 078 626 000 (2016: R8 379 925 000 and R7 978 543 000) as disclosed in note 4 or the depreciation and amortisation expense of R322 622 000 and R304 978 000 (2016: R398 061 000 and R381 348 000) as disclosed in note 34 to the consolidated and separate financial statements were necessary.

Recommendation

- That the accounting Officer must adhere to the requirements of GRAP 17 and mSCOA to ensure the residual value of PPE, depreciation, corresponding figures and adequate records on assets are correct as expressed in the audit plan 2017/2018.

Finding

PROCUREMENT

Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations.

Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.

The performance of some of the contractors or providers was not monitored monthly, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was also identified on the Rustenburg Rapid Transport key project.

Recommendation

- Officials who are involved with SCM to receive adequate training relating to supply chain policies and regulations.
- Consequence management should be taken against any official in regards to contravention of supply chain policies and regulations.

Finding

CONTRACT MANAGEMENT

The finding of the AG is that the municipality did not have an adequate contract management system to record, maintain and reconcile payments made on its commitments and to disclose capital commitments as required by GRAP 17,

Property, plant and equipment. As a result, commitments as disclosed in note 44 to the consolidated and separate financial statements was overstated by R423 232 541 (2016: R332 382 426).

Recommendation

- A timeline to be furnished to Council by no later than 31 May 2018 which clearly indicates by when the municipality will have a fully functional commitment register.

Finding

SERVICE CHARGES

According to the Auditor General the municipality did not account for all revenue from service charges in the previous year in accordance with GRAP 9, *Revenue from exchange transactions* as not all consumers were billed for services. I was unable to determine the full extent of this understatement on service charges, the related receivables or the resultant impact on the surplus for the year and the accumulated surplus, as it was impracticable to do so. As this misstatement has still not been corrected in the current year, I was unable to determine whether any further adjustments to the corresponding figure for service charges of R2 262 344 000 and R2 210 989 000 disclosed in note 25 or the receivables from exchange transactions of R415 018 000 and R403 306 000 (2016: R387 088 000 and R375 583 000) respectively disclosed in note 13 to the consolidated and separate financial statements were necessary.

Recommendation

- This finding should not reoccur in the 2017/2018 financial year.

Finding

IRREGULAR EXPENDITURE

Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence to confirm that awards of R199 737 454 (2016: R429 237 466) were made in terms of the supply chain management requirements. I was also unable to obtain sufficient appropriate audit evidence for the irregular expenditure and the write-off thereof as disclosed in note 55 of the financial statements as sufficient appropriate audit evidence was not provided. The municipality's records did not permit the application of alternative procedures to confirm these awards or disclosure. In addition, irregular expenditure is understated by R501 586 748 due to amounts written off on awards that were incorrectly assessed as not being irregular and

in the prior year the municipality incorrectly included VAT in the amount of irregular expenditure disclosed, resulting in the irregular expenditure as disclosed being overstated by R339 278 578. Consequently, I was unable to determine whether any further adjustments relating to irregular expenditure of R2 762 697 000 (2016: R4 503 052 000) disclosed in note 55 to the consolidated and separate financial statements were necessary.

Recommendation.

- Monthly progress report meetings between the Accounting officer and MPAC to take place regarding irregular, unauthorised, fruitless and wasteful expenditure.

Finding

UNAUTHORISED AND FRUITLESS AND WASTEFUL EXPENDITURE

As disclosed in note 53 to the financial statements, unauthorised expenditure of R991 580 000 in respect of prior years had not yet been dealt with in accordance with section 32 of the MFMA.

As disclosed in note 54 to the financial statements, fruitless and wasteful expenditure of R490 000 was incurred in the current year and fruitless and wasteful expenditure of R1 431 000 from prior years had not yet been dealt with in accordance with section 32 of the MFMA.

Recommendation

- Monthly progress report meetings between the Accounting officer and MPAC to take place regarding irregular, unauthorised, fruitless and wasteful expenditure.

Finding

MATERIAL LOSSES

As disclosed in note 56 to the financial statements, material losses of R135 958 000 (2016: R135 547 000) were incurred because of water lost through the distribution process.

As disclosed in note 35 to the financial statements, material losses of R456 387 000 (2016: R441 561 000) were incurred because of an increase in the provision for impairment on receivables from exchange transactions.

Recommendation

- The Water Conservation and Demand Management Plan to be furnished to Council.
- Impairment regarding receivables to be included in monthly budget statements.

Finding

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

Annual performance objectives and indicators were not established for Rustenburg Water Service Trust (RWST) or included in its multi-year business plan as required by section 93B(a) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Recommendation

- Annual performance objectives and indicators to be established and included in the RWST multi-year business plan

Finding

FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

RECOMMENDATION

- Before the submission of the 2017/2018 annual financial statements to the AG the statements must undergo a quality assurance inspection.

Finding

EXPENDITURE MANAGEMENT

Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure

could not be quantified as indicated in the basis for qualification paragraph.

Recommendation

- The accounting officer to ensure compliance with section 65(2)(e) of the MFMA.
- Officials who are involved with SCM to receive adequate training relating to supply chain policies and regulations.

Finding

ASSET MANAGEMENT

An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Recommendation

- The accounting officer to ensure compliance with section 63(2)(c) of the MFMA.

Finding

HUMAN RESOURCE MANAGEMENT

FINDING

According to the Auditor General there is no appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.

Recommendation

- Officials who are involved with SCM to receive adequate training relating to supply chain policies and regulations.

Finding

FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.

Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records

Recommendation

- Before the submission of the 2017/2018 annual financial statements to the AG the statements must undergo a quality assurance inspection.

7.COMMENTS ON THE ANNUAL REPORT

7.1 COMMENTS FROM MPAC ON THE ANNUAL REPORT IN RESPECT OF COMPLIANCE.

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
Annual financial statements-Section 121(3) (4); of MFMA.	1. Have the AFS of the municipality and that of municipal entity been included in the annual report?	YES	N/A
	2. Are both annual financial statement and annual report been audited	YES	N/A
	3. Are the AFS compliant with GRAP?	YES	N/A
	4. Is the audit report been included in the tabled annual report?	YES	N/A
	5. Any explanations that may clarify	YES	N/A

	issues about the financial statement?		
	6. Any assessment by the accounting officer on arrears on municipal taxes and service charges including that of MODA?	YES	Note 56 of AFS
	7. Any comment by the audit committee in relation to the AFS?	YES	N/A
Supply Chain Management Regulations and Policy	1. Has certain disclosures of SCM matters been included in the annual report as required.	YES	N/A

8. DIVISION OF REVENUE ACT

SECTION 123 OF MFMA AND CIRCULAR 11	1. Has the municipality had any allocation per DORA delayed or withheld	NO	N/A
	2. Is there any disclosure on allocation made by the municipality to an organ of state, municipal entity or another municipality?	YES	N/A
	3. Are all compulsory disclosures contained in the notes to the Annual	NO	Noncompliance with MFMA not disclosed. Section 125(2)(e) of the

	Financial Statements?		MFMA
	4. Has the municipality complied with the conditions of the grant?	YES	Note 31 of the Annual Financial statement
SECTION 124 (1)(2) Disclosure of councillors, Directors and Officials in the notes to the AFS	Have the salaries, allowances and benefits paid to councillors and the Municipal Manager, CFO and senior management been disclosed?	YES	Note 32 of the Annual Financial Statement
	1. Is there a statement by the Accounting Officer, stating that salaries, allowances and benefits paid to councillors are within the upper limits of the framework envisaged in section 219 of the constitution?	NO	
	2. Have arrears for rates and services owed by councillors, in which the arrears were more than 90 days been disclosed	YES	Note 56 of Annual Financial Statement
	3. including the name of the councillor?	YES	Note 56 of Annual Financial Statement
	4. Have salaries of the board of MODA, CEO and senior managers been	YES	

	disclosed?		
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8.1. MUNICIPAL SYSTEMS ACT- PERFORMANCE MANAGEMENT

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
Section 46 of the MUNICIPAL SYSTEMS ACT Annual Performance reports of the Municipality	1. Has the performance report been included in the annual report?	YES	N/A
	2. Have all the performance target set in the budget, SDBIP, service agreements etc. been included in the report?	YES	N/A
	3. Does the performance evaluation in the annual report compare actual performance with targets expressed in the budget and SDBIP approved for the financial year?	YES	N/A
	4. In terms of key functions or services, how has each	YES	N/A

	performed?		
	5. To what extent have targets been met?	YES	N/A
	6. Are council and community satisfied with the performance?	NO	Realigning 2018/2019 IDP with the budget to ensure IDP programmes are budgeted.
	7. What actions have been taken and planned to improve performance?	YES	N/A
	8. Did the target set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and other senior managers?	YES	N/A
	9. Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	YES	N/A
	10. Considering the audit report and opinion and the views of the	YES	N/A

	audit committee, is performance considered to be efficient and effective?		
PERFORMANCE OF MUNICIPAL ENTITIES AND MUNICIPAL SERVICE PROVIDERS	1. Has an assessment been included in the Annual Report on the performance of the municipal entities?	YES	N/A
	2. Has the assessment been included in the annual report on the performance of all contracted service providers ?	YES	N/A

9 PUBLIC PARTICIPATION

LEGISLATIVE REQUIREMENTS	COMPLIANCES	RESPOND	RECOMMENDATION
Section 127 (2); 130 (1)(2)(3) and section 21A of MSA Council meetings open to public and certain official	Was the public invited to the council sitting where the annual report was considered?	YES	The meeting need to be properly advertise in local newspapers to improve attendance
	Did the Accounting Officer make public the annual report?	YES	It was placed at the different places where the community got access.
	Was the annual report	YES	It was submitted to

	submitted to the AD; PT and DLG & TA		all different department where is supposed to.
Written Comments	Did the municipality receive any written submission on the Annual Report?	YES	The submission is part of the oversight report as annexure.

10. PUBLIC COMMENTS ON THE ANNUAL REPORT

MPAC PUBLIC PARTICIPATION 2016/2017

February 2018

The launch was done on the 26 February 2017 by the Executive Mayor Clr Mpho Khunou and MPAC. The following was discussed.

- The audit of the financials
- Compilation of an Oversight report on the annual report
- Tabling of an oversight report according to legislation
- Components in the annual report which indicate the performance of the municipality
- The importance of the community to submit their written comments on the annual report.
- The schedule of meetings in different clusters
- It was indicated that we received a qualified audit opinion for the 2016/17 financial year.

Public participation scheduled was outlined by MPAC MEMBERS

The following questions were raised particularly on the presentation of the public participation schedule.

- Why is the management presiding on the annual report and not the councillors?
- Numbering on the document which is at the library is not the same as the one on the web side why?
- Why do the schedule have Fridays while we know that Fridays is a relaxing day?
- Why are most of councillors not part of the public participation launch? there was an appreciation of members of the mayoral committee attendance
- Are public members that are invited to attend the session of management be given chance to also ask questions
- There was also an appeal to increase time for those who will be addressing council on the tabling of the oversight report.

All questions were answered.

PUBLIC COMMENTS ON THE ANNUAL REPORT

CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
		The concern was on page 8 that speaks to project and how are they benefitting from major projects as they are SMME's. How is LED making sure that they get the 30% as locals?	Opportunities for local sub-contracting are communicated to their respective wards to alert communities about the opportunities which they must respond to by submitting their companies' profiles where required. Communication is done through an advert from LED in a case of municipal own capital projects and it is

A	36		signed-off by the contractor who will appoint the qualifying sub-contractors based on the contractor's requirements. In some instances, local companies register on the LED SMME database which is shared with the contractors as and when they recruit sub-contractors.
		There is no development in our area and you are presenting development from other part of the municipality that are not focusing on us we need the following projects: Electricity, Grave-yard, Houses and Water	-There is no development in our area and you are presenting development from other part of the municipality that are not focusing on us we need the following projects: Electricity, Grave-yard, Houses and Water - Directorate Planning & Human Settlement (DPHS) and Directorate Community Development (DCD), will work on addressing the lack of graveyard matter. The need for the provision of housing is noted.
		The question is in relation to the program of Re-engineering that is done by the Premier in the province, if whether the municipality is involved and why the community members are not included. An issue of the unreliable mobile clinic as the mobile clinic was raised.	<ul style="list-style-type: none"> - The re-engineering program from health department YES, we are involved but is a provincial department program. - We have also noted the issue of the clinic as they are part of the provincial department we will liase with them. - The issue of the mobile clinic that do not come during December and January will be taken up with them.
		The project of the	The road that under

A	36	<p>road that is on our main road but there is no sign of road works and our cars are getting damaged, where do we report if our cars get damaged?</p>	<p>construction, is a provincial road and we have also realised that there is no safety, so we will take it up with public works in Rustenburg to fix the problem that we have realised.</p>
		<p>The question is based on page 3 on the statistics, where do you get the stats that are used here from?</p> <p>Does the municipality conduct its own surveys?</p>	<p>We used the stats that was taken the Stats SA and we do not conduct our own stats as the municipality. We will see in future if we can conduct our own stats that will help us in planning.</p>
		<p>Our areas are overlooked so we are appealing to you as SMME's that how do we get empowered and how is the municipality helping us?</p>	<p>Supply Chain and LED are developing panels local contractors and suppliers for possible opportunities by the municipality relating to construction for local contractors with CIDB level 1 to 4, and for Municipality consumables such as electricity supplies, motor vehicle spares, etc. In addition, LED in partnership with Community Development are looking at partnering with other stakeholders to develop artisans for various technical traits. Other initiative looks at possibility of supporting local cooperatives through the maintenance of Municipal facilities.</p>

CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
B	29 & 30	<p>The last public participation meeting on Annual Report was held at Barseba, we raised an issue of R2.3 million that was reported to have been spent on water which we don't have and there was never investigation and now the amount is not reflecting on this financial year. What is the municipality's reaction to this issue?</p>	<p>There is an investigation that is continuing that is looking on all projects that the community feels that were not done or completed.</p>
B	29 & 30	<p>There are water taps that are installed and there is no water especially at the upper areas of the ward. We are now in the second week without water. Can the municipality intervene?</p>	<ul style="list-style-type: none"> - The Municipality uses water tankers to augment where there are water outages. - High situated areas experience problems with pressure due to inadequate water reaching the reservoir because of the illegal connections along the mainline. Demand is high than supply resulting in adequate supply. <p>Recommendation: Audit the network to remove illegal connections.</p>

		How is the municipality addressing waste management challenges? Waste is a not collected.	Not all the garbage can be collected with the municipal truck, the community is advised to package rubbish in a way that can allow the truck to load it. Other waste management mechanisms will be addressed through proper public participation processes.
		Can the municipality intervene as there is still people who need RDP houses?	<ul style="list-style-type: none"> - Previously the municipality had housing projects at Barseba and Bethanie which are now complete. <p>The need for BNG is noted.</p>
		Page 9 of the presentation speaks to roads and we are having a problem with a road that was constructed in the area and they left our fences damaged. We humbly request for construction and maintain our gravel roads.	There is work that has been done at Barseba relating to roads. The RRT directorate did respond to the complaint by closing the potholes
		There are high mast lights that are on during the day and during the night, we have reported this problem, and nothing is happening. Can the municipality attend to this waste of electricity?	<ul style="list-style-type: none"> - The municipality has established a team to fix all public lighting complain. <p>The municipality is also exploring a smart city project which also includes central automated control system for high mast lights.</p>
		Can the	Leaks are attended to a they

		<p>municipality provide clarity on water leakages which were also raised last year, where a promise was made to conduct an inspection?</p>	<p>get reported through call centre and get allocated reference number for easy follow ups.</p>
		<p>How can the municipality assist regarding challenges at the Primary School in Bethanie? There is a shortage of class rooms at school, of which about 56 children attend school in the staff room.</p> <p>Can the municipality intervene and request the neighbouring mines to build two more class rooms for the children?</p>	<p>- It was outlined that the school is included in the IDP document.</p> <p>It was also clarified that there is further consultation with SLP's of the mines.</p>
B	29 & 30	<p>Page 11 of the presentation speaks to creation of jobs. Can we be clarified on where those jobs are created because we are totally not covered by this report?</p>	<p>Supply Chain and LED are developing panels for local contractors and suppliers for possible opportunities by the municipality relating to construction for local contractors with CIDB level 1 to 4, and for Municipality consumables such as electricity supplies, motor vehicle spares, etc. In addition, LED in partnership with Community Development are looking at partnering with</p>

			other stakeholders to develop artisans for various technical traits. Other initiative looks at possibility of supporting local cooperatives through the maintenance of Municipal facilities.
		Can we be provided with clarity on how many people are employed at the municipality from our Ward as we have requested stats in relation to employment rate in our area?	The recruitment process of the Municipality is not area specific, but all qualifying applicants from across the Municipality are afforded fair opportunity, where operational level will in the main in some instances necessitates appointments of personnel within closer proximity of the operations.
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
C	27	Why is Ward 27 not included in the 2016/17 Annual Report?	All the Wards of the Municipality are covered in terms of service delivery. Residents of Ward 27 are consumers of varying Municipal services and are accordingly covered throughout the Budget of the Municipality. Accordingly, the Annual Report's contents are reflective of all the Wards including Ward 27 even though in some instances it would not be stated as only Ward 27.
		What is the plan of the municipality on poor condition of water service provision?	The municipality has developed Water Services Master Plan which the projects from the plan are prioritised to make the water services business efficient. The municipality is also appealing

C	27		the community to pay for water services to be able to carry out preventative maintenance to the network.
		Why does the municipality not have a clear infrastructure maintenance plan?	This requires capital to carry out the preventative maintenance to the network and currently the municipality only manage to do reactive maintenance due to limited resources.
		How does the municipality address prepaid water meter project?	Pilot project is being rollout at Lethabong and the success rate is low with challenges of vandalism and by-passing meters. It will be rollout to areas prioritizing where the collection rate is low. The Municipality has advertised for the smart city concept in 2018/19 financial year. The plan is to replace all meters with smart meters.
		Can the municipality indicate an amount of money allocate to Ward 27?	During the 2016/2017 Financial Year, there was no allocation for this ward, but this ward is amongst those prioritised for water and sanitation for 2019/2020 Financial Year.
		How does the municipality address poor housing project administration?	There is no housing project in Lethabong. However, funding request have been made for a housing project in Lethabong and all efforts will be made to ensure transparency.
		What is the plan of the municipality on poor condition of roads?	The Municipality is finalizing and concluding the Roads masterplan which will outline the maintenance plan on all roads activities.

		What is the plan on general poor service provision in this Ward?	The Municipality is currently implementing back to basics programme where communities and their needs are prioritised across the entire municipality.
		Can the municipality embark on revitalisation of the dumping site in Lethabong?	The municipality is planning to open not a dumping site but a drop off/ sorting facility in Lethabong whilst encouraging school recycling to assist the recycling cooperative in the area.
		The municipality is hereby requested to address water related issued of Lesira Tech Project.	Pilot project is being rollout at Lethabong and the success rate is low with challenges of vandalism and by-passing meters.
		The meeting had been disrupted during the question and answer session.	The meeting was adjourned.
		MPAC office must deal with poor sound system used at the meetings.	A requisition of tools of trade is being processed.
		How does the municipality address administrative challenges related to BNG and Community Residential Units Housing project? (Remedial measures relative to illegal occupation needs to be prioritised).	The Municipality had an eviction order to allow legal owners of the houses to occupy their houses formally.
		Can the municipality	Only those registered indigents get the subsidised

		provide clarity on how free basic service legislation is implemented and benefiting the community?	free basic services.
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
C	28	<p>Why Lethabong (Ward 28) is not included or covered within this report?</p> <p>We are always reporting water leakages and sewer, but nothing is happening. People from water department comes and they leave work uncomplete.</p>	<p>- The intention of the annual report session is give report about the entire municipality.</p> <p>All complains must be registered and be allocated reference number and, on the system, to get the registered complain closed it follows a certain process which is intended to avoid incomplete jobs left for long and could be traced.</p>
		Can we be clarified on what happened to a project of water and sewer of Lethabong that was budgeted for?	<p>The intention of the annual report session is give report about the entire municipality.</p> <p>All complains must be registered and be allocated reference number and, on the system, to get the registered complain closed it follows a certain process which is intended to avoid incomplete jobs left for long and could be traced.</p>
		People from water and sanitation are not doing any job when they are to fix leakages in	All by project are being prioritised per financial year.

C	28	Lethabong either the by-pass water meter or leave it as it is. There are leakages and sewer where roads are also getting damaged.	
		How the municipality attending to water and sanitation leakages at Lethabong? The Call Centre is not assisting as expected.	Community is advised to register the complains as and when so to make it easy to trace each complain. Maintenance team is to dispatch to the affected damaged infrastructure.
		Issues of hired cars at water and sanitation was also raised as a concern, that the municipal vehicles are not used and not fixed, and money used to pay for the comfortable cars/Rangers could be used to buy materials and new municipal cars. NB: employees are not working only students are given opportunity to do work.	Rental cars are only considered when there is urgent need to replace when municipal fleet is out of service for short period of time.
		Can we be clarified on how and why a project of sewer network was abandoned and left incomplete without	- Project scope is determined before the start of project and the contractor is expected to deliver as per appointment and the

C	28	<p>informing residents?</p> <p>There was a proposal of a mall and nothing happened.</p> <p>Clinic is smelling due to the problem of sewer line, locals are not employed in Lethabong.</p>	<p>available budget within specified period.</p> <ul style="list-style-type: none"> - The Planning and Human Settlement will investigate issues related to planning and the report shall be availed through the Ward Councillor. <p>The Technical and Infrastructure Directorate must prioritise maintenance existing infrastructure. (NB.: Urgent Attention).</p>
		<p>How can one deal with two manholes are erected in front of gate? The address of the affected Household is: Thambo 1 Section, Majakaneng.</p>	<p>The sewer line relies on gravity, so all the lines are built within the servitude.</p>
		<p>How does the municipality address issues relate to incomplete RDP houses?</p> <p>How does the municipality address employment recruitment process that is not inclusive of our Ward?</p>	<ul style="list-style-type: none"> - The houses were for the people's housing project. The matter will be followed up with the Provincial Department of Human Settlement. - The municipality has and embark on complying with the recruitment policy which dictates to an open and inclusive recruitment system, including those of the contractors afforded business by the
		<p>How does the municipality address an issue of a very high-speed</p>	

		<p>humps? These high-speed humps have a negative effect on vehicles.</p> <p>How does the municipality assist residents on the poor service (shortage of staff) received at the Clinic where, for one to receive a service, you have to arrive early at about 04H00 am?</p>	<p>municipality.</p> <ul style="list-style-type: none"> - The Directorate of RRT shall conduct an investigation in relation to this problem and the matter shall be attended to, the report shall be availed through the Ward Councillor. <p>The matter shall be attended to through Intergovernmental Relations Unit within the Executive Mayor's Office, for the Health Department to improve the state of service provision.</p>
		<p>How does the municipality address issues relate to incomplete RDP houses?</p> <p>How does the municipality address employment recruitment process that is not inclusive of our Ward?</p> <p>How does the municipality address an issue of a very high-speed humps? These high-speed humps have a negative effect on vehicles.</p> <p>How does the municipality assist</p>	<ul style="list-style-type: none"> - The houses were for the people's housing project. The matter will be followed up with the Provincial Department of Human Settlement. - The municipality has and embark on complying with the recruitment policy which dictates to an open and inclusive recruitment system, including those of the contractors afforded business by the municipality. - The Directorate of RRT shall conduct an investigation in relation to this problem and the

	<p>residents on the poor service (shortage of staff) received at the Clinic where, for one to receive a service, you have to arrive early at about 04H00 am?</p>	<p>matter shall be attended to, the report shall be availed through the Ward Councillor.</p> <p>The matter shall be attended to through Intergovernmental Relations Unit within the Executive Mayor's Office, for the Health Department to improve the state of service provision.</p>
	<p>The report speaks to the project of RRT which has employed lot of people but not a single person is employed in that project.</p> <p>There is a sports ground at Lethabong and high mast lights are installed, and they are not switched on why.</p>	<ul style="list-style-type: none"> - The municipality has and embark on complying with the recruitment policy which dictates to an open and inclusive recruitment system, including those of the contractors afforded business by the municipality. <p>The project is being investigated and attended to by the Project Management Unit. The report shall be availed through the Ward Councillor.</p>
	<p>What is the municipality doing about poor roads at Mountain view, can these roads be prioritised?</p>	<p>In the medium to long-term plan, the area has been prioritised for roads as part of the Integrated Human Settlements.</p>
	<p>Why are the municipal bills so high, even when residents use prepaid services such as electricity and water? A</p>	<ul style="list-style-type: none"> - List of Municipal accounts to be investigated and relevant corrections to be made, and outcome will be communicated to the account holder.

		<p>proposal of writing off all the debts was made.</p> <p>The Municipal employee's salaries are being debited for municipal debts whilst they are buying prepaid water and electricity services, can we be clarified?</p>	<p>The Municipality has a programme of claiming back all the vehicles that are withheld by the mechanics. The Municipal senior management meet with the mechanics on weekly bases to track progress on vehicles repaired. There is a legal process between the Municipality and one of the mechanics who withheld four vehicles.</p>
		<p>What is the municipality doing on curbing social-ills such as drug and alcohol abuse amongst the youth?</p>	<p>Public Safety / South African Police Service and other community stakeholders are embarking on a programme to address abuse of intoxicating substances, drug trafficking, human trafficking, problematic buildings, crime and other social ills. The programme is on-going.</p>
		<p>Why have the Rustenburg Municipal Council not been dissolved, if it spent 12 months without fully appointed Municipal Manager and Directors (Senior Management)?</p>	<p>There are Legislative processes and procedures that must be adhered to leading to the appointment of the Municipal Manager and Directors. The very Legislation also provides guidance to the Municipality as to what steps must be taken to ensure seamless provisioning of services until such time the Senior Managers are appointed on a full-time basis.</p>
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES

D	25,26 &44	Why is Cluster D, particularly Ward 25,26 not included in the 2016/17 Annual Report? (No major project for these wards).	The intention of the annual report session is give report about the entire municipality.
		What is the plan of the municipality on general poor service provision? (Basic Services).	<p>The municipality has developed Water Services Master Plan which the projects from the plan are prioritised to make the water services business efficient.</p> <p>The municipality is also appealing the community to pay for the services to be able to carry out preventative maintenance to the network.</p>
		How does the municipality address challenges relate to High Mass lights in rural areas?	The municipality rely of Municipal Infrastructure Grant to install high mast light and for 2018/19 FY it was requested that the fund be prioritised for water and sanitation projects.
		How does the municipality address challenges relate to High Mass lights in rural areas?	The municipality rely of Municipal Infrastructure Grant to install high mast light and for 2018/19 FY it was requested that the fund be prioritised for water and sanitation projects.
		Can the municipality provide an intensive clarity on asset management process?	- The Assets Management Process begins with the inclusion of asset that the Municipality intends to buy on the IDP. The asset will then be prioritised for budgeting

D	25,26 & 44		<p>in the financial year. A procurement plan is drafted which indicated the key dates on the procurement of the asset.</p> <ul style="list-style-type: none"> - Asset would be acquired through the procurement process in line with the procurement plan. - A maintenance plan is drafted indicating all the key maintenance to be conducted throughout the life span of the asset. - When the asset life is nearing the end a disposal plan is drafted in line with the Council resolution to dispose of.
		<p>Why has the Municipal Manager not attach the management letter to the 2016/17 Annual Report?</p>	<p>Due to limited financial resources the above process is not happening as outlined however the Municipality has budgeted 6% of operating budget to be spent on repairs and maintenance in the 2018/19 financial year.</p> <p>The Management letter is for management consumption only and not suitable for public consumption as it contains some of the confidential details of the Municipality's debtors and</p>

			creditors that may expose the Municipality to litigations if published. The audit report is included as part of the annual report in chapter 6.
		What is the plan of the municipality on poor condition of in-roads?	A plan on construction, refurbishing and maintenance of all the access routes of the Municipality will be submitted as part of the 2018/19 IDP Review during the Council of May 2018 for approval/
		Irregular expenditure of R1bn is highly unacceptable; it must be clarified in detail.	The Municipality has incurred R539 million irregular expenditure in the 2016/17 financial year. Irregular expenditure incurred in contravention of the key financial legislation. The Municipality has established a disciplinary board which will mainly deal with financial misconduct including irregular expenditure. Consequences management will be applied on all financial misconduct cases where Municipal officials are found to be guilty.
		Ration Liquidity on stability of Rustenburg Local Municipality must also be thoroughly clarified.	<p>- The Municipality is currently experiencing liquidity challenges with a current ratio of 0.9: 1 which is below the norm of 1.5 – 2 : 1.</p> <p>Revenue enhancement measures are being implemented to ensure that the Municipality collects adequate income in order to boost liquidity.</p>

		<p>How was the departmental performance rated, if the municipality did not have full time Senior Managers (Directors)?</p> <p>What is the responsibility and the terms of reference of the Financial Disciplinary Board?</p>	<p>- In terms of the Legislation Directors in the acting capacity are held equally liable as the full time Directors. Hence their appointment is ratified by Council in accordance with the requirements outlined in the Performance Management Regulations for Senior Managers.</p> <p>The primary responsibility of the Finance Disciplinary Board is to handle all the Financial Misconduct instances in the Municipality and recommend corrective measures to the Municipal Manager and Council.</p>
		<p>Why has the municipality failed to employ consequence management system relative to financial mismanagement of 2015/16 financial year? Please attach disciplinary action report regarding officials who were implicated on the financial misconduct.</p> <p>Why does the municipality have poor accountability</p>	<p>Further forensic investigation is being conducted on this regard, it is anticipated that the report will be tabled before Council on 27 March 2018. Further consequences management action will follow the finalisation of the report.</p> <p>Amongst others, the high vacancy rate at Senior Management level has</p>

		on financial performance? (Decisive actions must be taken against those who contravene legislative prescripts and regulations).	contributed. Hence the establishment of the Financial Disciplinary Board as a strategic intervention
		Why long-term lease of contractors been excluded in the Annual report?	The Municipality had one long term lease (36 months) on the hiring of photo copying machines of which the contract has expired during the year.
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
E	31,32,33,34,35&45	What monies are being referred to in this report?	The municipality is here to present what the administration has done during the previous financial year 2016/2017. MPAC is an oversight committee which make sure that money spend is equal to the quality of service provided. You have also raised questions that are relevant to the presentation.
		Can the municipality urgently attend to water crisis in Marikana? The residents access water on adhoc basis.	The demand is high than supply in the areas hence it takes long for system to recover from outages.
		How does the municipality assist students who have passed matric to further their studies?	- Municipality has identified programmes such as Vuk'uphile which is a learner contractor development programme. This is an

E	31,32 33,34, 35 & 45	What is the municipal plan on skills development programmes for the youth and employment opportunities?	<p>Extended Public Works Programme aimed at increasing the construction skills and the Municipality is looking to implement this programme in Rustenburg</p> <p>LED in partnership with Community Development are looking at partnering with other stakeholders to develop artisans for various technical traits. Other initiative looks at possibility of supporting local cooperatives through the maintenance of Municipal facilities.</p>
		How does the municipality attend to issues related to housing administration to curb the prevalent maladministration in Marikana?	How does the municipality attend to issues related to housing administration to curb the prevalent maladministration in Marikana?
		Why does the report not cover Marikana, especially on Major Projects?	Why does the report not cover Marikana, especially on Major Projects?
		How does the municipality assist children who intend to further their education as the municipality?	<p>▪ The municipality do not assist any one to go to school.</p> <p>There is a bursary at the Mayor's office that is assisting only the students that performed very well in their matric.</p>
		Which areas or wards do Councillors in	<p>▪ MPAC councillors are committee of council they are not associated</p>

		attendance represent? Who is the councillor who represent Marikana (Ward 32)? The Councillor is never visible nor available to serve the residents	by the party or ward they are doing oversight of the council. They are not here from wards. The councillor here is Mr Phillip Mthombi he is in Johannesburg for the party meeting.
		Is there a plan from the municipality that is intended to develop sports facilities infrastructure?	The residents were requested to fully participate and add all their needs during the envisaged IDP process.
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
F	01,02,03 & 04	How is money spent on the housing project as indicated on Page 9?	Funding is done by the Provincial Department of Human Settlements
		Can the municipality provide clarity on employment or recruitment process, indicate the sectors that play a role on job creation programme?	The employment target for 2016/17 financial year was not categorised by sector nor area. LED is working on a job creation plan that will enable the employment report to be provided per sector and area.
		Are sideways going to be done to the rural areas as are done in the townships and in town?	There is also a master plan that will address the issue of unemployment in the long term
		Can the municipality	The municipality has established a team to fix all

F	01,02,03 & 04	intervene on high mast lights in Chaneng, that are not working as this have a serious effect on the rate of crime?	public lighting challenges as part of the service delivery blitz which is going in to different wards
		Why does the municipality implement EPWP project in a skewed manner, as most areas do not benefit from the programme?	EPWP is project dependent meaning the programme will be applicable to areas where there is an EPWP registered project. However, the Municipality is looking at ensuring balancing EPWP recruitment across all wards depending on work availability.
		Can the stipend of ward committee be increased?	Ward committee stipend is increased on an annual basis as per regulations and legislation.
		Why municipal community projects are not empowering residents?	All Municipal projects are implemented with the objective to empower communities especially with the Municipality's commitment to ensure 30% local content is applicable to all capital projects.
		How is the municipality implement its recruitment plan as outlined on Page 11 slide dealing since our area does not benefit?	The employment target for 2016/17 financial year was not categorised by sector nor area. LED is working on a job creation plan that will enable the employment report to be provided per sector and area.
		Why are rural areas not included in the development of roads in the municipality?	All the areas falling under the Rustenburg local municipality are considered during the budget, but we cannot budget for 45 Wards in one financial year.
		Is there any plan to	<ul style="list-style-type: none"> Capacitation is noted it

F	01,02,03 & 04	capacitate Ward committees?	will be taken up with Speakers office.
		Can the municipality intervene in Boshhoek (Ward 1) where there are no basic services at all? e.g. water, sanitation, housing and electricity? The state of life of the community reflect abject poverty. We need assistance from the municipality, in 2010 the Royal Bafokeng administration cuts off our electricity since then we don't have it, and we are leaving in tents where there are lots of snakes around plot 99. Can the municipality speak to Bafokeng or give us some lights?	<ul style="list-style-type: none"> DPHS had made a request to the Department of Rural Development and Land Reform, for the acquisition of land in Boshhoek. The Department is waiting for the Valuer General to indicate the value of the land. It is anticipated that the land would be acquired during the 2018/19 Financial Year. <p>In the interim, basic services such water is provided to the communities.</p>
		How is the municipality implement its recruitment plan as outlined on Page 11 slide dealing since our area does not benefit?	The employment target for 2016/17 financial year was not categorised by sector nor area. LED is working on a job creation plan that will enable the employment report to be provided per sector and area.
		Why are contractors not adhering to legislation and	<ul style="list-style-type: none"> The matter is being investigated with the view of ensuring that

F	01,02,03 & 04	<p>regulations of paying people on time?</p> <p>Contractors appointed for Phatsima project has the problem of paying workers.</p>	<p>the said implicated contractor fully complies with conditions of his appointment.</p> <p>All the contractors get paid at the end of the month for the work done during the month. The Municipality go to the extent of requesting contractors to submit invoices on a monthly basis.</p>
		<p>Why are contractors not adhering to legislation and regulations of paying people on time?</p> <p>Contractors appointed for Phatsima project has the problem of paying workers.</p>	<p>▪ The matter is being investigated with the view of ensuring that the said implicated contractor fully complies with conditions of his appointment.</p> <p>All the contractors get paid at the end of the month for the work done during the month. The Municipality go to the extent of requesting contractors to submit invoices on a monthly basis.</p>
		<p>Why are contractors not adhering to legislation and regulations of paying people on time?</p> <p>Contractors appointed for Phatsima project has the problem of paying workers.</p>	<p>▪ The matter is being investigated with the view of ensuring that the said implicated contractor fully complies with conditions of his appointment.</p> <p>All the contractors get paid at the end of the month for the work done during the month.</p>

F			The Municipality go to the extent of requesting contractors to submit invoices on a monthly basis.
		<p>Why are contractors not adhering to legislation and regulations of paying people on time?</p> <p>Contractors appointed for Phatsima project has the problem of paying workers.</p>	<ul style="list-style-type: none"> ▪ The matter is being investigated with the view of ensuring that the said implicated contractor fully complies with conditions of his appointment. <p>All the contractors get paid at the end of the month for the work done during the month. The Municipality go to the extent of requesting contractors to submit invoices on a monthly basis.</p>
		How far is the disciplinary process of all the people alleged to be involved in the wrong-doing within our municipality?	There is a committee established to deal with disciplinary matters and we are sure that law will take its course. The disciplinary board deals with all matters including the financial misconduct which will investigate and prosecute on all the reported financial misconduct.
		Why does the municipality allow contractors to source labour from outside the municipality where project is being implemented?	<ul style="list-style-type: none"> ▪ LED has a Coordinator who is responsible for working with PMU / Technical Infrastructure / RRT in the implementation of capital projects and facilitates the implementation of 30% local content that is

	01,02,03 & 04		<p>required of contractors.</p> <ul style="list-style-type: none"> ▪ Procurement processes are handled by the Provincial Department of Human Settlement. <p>The Community Liaison Officer – keeps a database of local contractors.</p>
		How does the municipality attend to housing maladministration processes, where people are not fairly considered as beneficiaries?	The process is opened to all qualifying beneficiaries.
		<p>Page 9 of the presentation it speaks to housing projects. We had a housing project in Luka in 2010 that contractor laid foundation and left there are no houses build in those foundation and those people still have foundation can the municipality assist in this instance.</p> <p>There are other people that were approved for RDP's but never been erected.</p> <p>How is this</p>	This matter has already been escalated to the Provincial Department of Human Settlement.

		incomplete housing project going to be attended to?	
		Why are the infrastructural development projects awarded to one service provider?	The Municipality issues tenders through the tender processed where the tender committee also meet in public to enhance transparency. (Bid adjudication committee meets every Tuesday @ 09H00)
		We have been living at Plot 99 since 2010 without basic services, such as sanitation, water, electricity and housing. Can this area be prioritised as the condition of life is highly unacceptable?	DPHS had made a request to the Department of Rural Development and Land Reform, for the acquisition of land in Boshhoek. The Department is waiting for the Valuer General to indicate the value of the land. It is anticipated that the land would be acquired during the 2018/19 Financial Year.
		How is unemployment rate is address, as we have a is very high in our areas?	LED in collaboration with other Directorates is developing a job creation programme that will monitor 30% local content including employment through Municipality's capital projects. Directorate is also coordinating the implementation of the catalytic projects that will also provide job creation opportunities.
		How is an issue of further education is handled by the municipality in assisting the local student with an intent of creating an	LED in collaboration with other Directorates is developing a job creation programme that will monitor 30% local content including employment through Municipality's capital projects. Directorate is also

		opportunity for the youth to be employable?	coordinating the implementation of the catalytic projects that will also provide job creation opportunities.
		Can the municipality attend and intervene on the provincial road that goes through Boshhoek towards Sun City to curb continuous fatal accidents?	<ul style="list-style-type: none"> ▪ The matter has been taken to the attention of the Provincial Department. Furthermore, the Public Safety Directorate in the Municipality will embark on joint awareness campaigns with the Provincial Traffic Personnel at the identified accidents hotspots. <p>The issue other Municipal services shall be addressed as part of the Integrated Human Settlements within the Municipality, where people are properly settled on suitable areas.</p>
		Can the municipality intervene on an ongoing sanitation project as Chaneng where 2 VIP toilets are provided for one household?	The currently been investigated to ensure proper allocation of sanitation facilities.
		Why are there high mast light at Luka that dysfunctional?	<ul style="list-style-type: none"> ▪ The electricity unit has been instructed to attend to this matter, in conjunction with SMART and Green City

			<p>initiative where electricity is saved at all cost.</p> <p>The municipality has established a team to fix all public lighting challenges as part of the service delivery blitz which is going in to different wards</p>
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
G	05,06&07	Can the municipality clarify an issue of alternative energy provision?	<ul style="list-style-type: none"> ▪ The municipality is exploring other forms of energy e.g. renewable energy. ▪ It is proposed that the informal settlement be fitted with solar unit components which can be used as alternative energy. <p>Solar energy is affordable and can assist the municipality when coming to people doing illegal connection that lead to the ratio as outlined by the AG. This can benefit people in the rural areas.</p>
		Why are most of the people who are employed at the municipality, originate from Lethabong? Why are other wards not included in the recruitment process?	<ul style="list-style-type: none"> ▪ A concern is noted. <p>The recruitment process is done in such way that it caters for the entire municipality, however in some instances due to operational requirements, employees from particular locality can be prioritised.</p>

G	05,06 & 07	Can the municipality clarify a report that talks to a decrease on unemployment rate?	The report reflects a slight increase in the informal employment sector and not a decrease in unemployment. However, LED is looking at initiatives to assist small businesses including informal traders especially in identifying additional land to develop informal trading areas where feasible.
		How does the municipality address issues relate to fleet management that is rampant on the media? What is the municipal plan regarding road maintenance including gravel internal roads?	<ul style="list-style-type: none"> ▪ The primary aim of Fleet is to ensure efficient provision of services in the municipality. ▪ Currently our fleet services is done in such way that there are local service providers who are sub-contracted as part of the fleet services. ▪ Rental cars are only considered when there is urgent need to replace when municipal fleet is out of service for short period of time <p>Road maintenance plan is currently been reviewed so that it is indicative of order and priority maintaining roads across the entire municipality over the short, medium and long term basis.</p>
		Can the municipality clarify issues on page 19 entailed on the closing remarks	<ul style="list-style-type: none"> ▪ The primary aim of Fleet is to ensure efficient provision of services in the municipality.

G	05,06 & 07	regarding commitment towards good governance whereas there is a poor fleet management system?	Rental cars are only considered when there is urgent need to replace when municipal fleet is out of service for short period of time.
		Why are Councillors not treated and provided with information the municipality is not giving councillor information equally. There are some councillors that are favoured by the municipality.	Prioritisation of wards is done on rotational basis as per developmental dictates as outlined in the municipal IDP approved by Council with a view of ensuring even development across the municipality.
		Don't we have contractors that got grade 6 around Rustenburg?	The Municipality is looking to implement the Vuk'uphile programme targeting 20 local emerging contractors with CIDB levels 1 to 4. This programme will be implemented as soon as the MOA is agreed and signed and after Municipal capital projects have been identified to support the programme.
		How are progress report going to be availed for public consumption? How do we participate in the performance of the municipality?	<ul style="list-style-type: none"> ▪ Follow ups need to be made with the office of the Municipal Manager. ▪ By participating on the performance processes like: <ul style="list-style-type: none"> • IDP • Implementation of the budget • Ward Committee

			<p>Meetings</p> <ul style="list-style-type: none"> • Participating in Surveys • Annual report • Public Participation • Oversight Report
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
H	08	Can the report be made public for community to access information adequately?	The report was placed on the Municipal Offices, Municipal Website and Libraries for a reasonable time to afford members of the public an ample time to peruse and enhance their engagements.
		<p>Can the municipality provide clarity on how revenue enhancement mechanism is implemented?</p> <p>NB.: The municipality collects (through outsourcing) less than the amount spent.</p>	Debt collectors have been appointed for a period of three years. Their contract has a component of skills transfer, after the end of their contract they would have transferred skills to the internal staff.
		What is the municipal plan regarding water loss which ranges from the previous	The municipality is currently experiencing higher water loss due to aged infrastructure. There four major project that municipality is implementing

H	08	financial years?	<p>to curb the water losses, i.e.</p> <ul style="list-style-type: none"> • Water demand management project. • Installations of water pressure detectors for balancing pressure on the network. • Replacement of AC Pipes. • Commissioning of water meters.
		Why the Call Centre is not being helpful on service delivery challenges, such as leakages, services delivery interruptions?	Leaks are attended to a they get reported through call centre and get allocated reference number for easy follow ups.
		Is the municipality monitoring the contractors that are working in their area, their employees are paid nothing or late?	Ongoing projects are monitored through weekly site inspections and site meetings to address all challenges related to project implementation.
		Please indicate if whether the digits within the Annual Report are millions or billions.	The report mostly talks of millions.
		There are lot of bushes around this area and municipality is doing nothing about it. Do you want people to be killed then you will act? Can you please provide the	The municipality is currently developing a plan to work in partnership with communities to assist them with the ever-growing grass cutting and debushing challenge. Communication in this regard will follow in the next few months.

H	08	community with clean water?	Currently there is a programme of debushing of roadside across the municipality.
		What is the municipality doing with high charged bills as there are street lights that are not working or switched on day and night? We need speed humps at Tsambo street.	Currently the municipality is reviewing its billing system to address all challenges stated. This is more of DTIS about lights not working.
		Can the municipality provide clarity on why a sidewalk pavement is removed and replaced by another? Is it not waste of resources?	It is specifically with accordance with GIBB and NTR 1 guidelines. (Specifications used for universal access for people with special needs.).
		Why is Ward 08 not covered by this Annual Report?	The intention of the annual report session is give report about the entire municipality.
		Are the street lights at Magriet Street going to be attended to?	The municipality has established a team to fix all public lighting challenges.
		What is the plan of the municipality in terms of an empty site that is occupied by a church next to the vending machine? Is the Church paying any services for such land? Is the Church	Currently the Church is permitted to make use of the land so as to avoid invasion. The land will be used for its purpose as per approved Council LUMS.

H	08	occupying that land legally?	
		There are two special cases of two indigents people which need an urgent attention they are	This need an urgent attention. The matter is referred to BTO.
		<ul style="list-style-type: none"> <p>Mmamotsatsing: 25th Seventh Avenue that is relating to the water bill.</p> <p>Wilhelmina: High bill for December which I was not there. 513 17th Avenue.</p> 	
		Can the municipality help residents in terms of green waste? There is no place where we can dump our green waste . We also need to have a Drop Off Zone .	There was a commitment that something will be done. Plans in this regard are underway and will be communicated soon.
		Why are the waste management personnel from the municipality leaving rubbish bags in front of households when collecting?	They are supposed to take two bags of green waste. In cases where not even one bag is collected residents are encouraged to immediately report through the Call Centre.
		What is the	There is also a commitment

		<p>municipal plan regarding the bush that is between the Geelhoutpark Primary School and Tlhabane West? The area is an attractive zone for criminals.</p>	<p>that community development and public safety will do something to make sure that this issue is resolved. Safe and clean City programme/campaign will be taken to this ward.</p>
		<p>Why does it seem that the municipality does not have equipment to maintain bush and grass along the roads?</p>	<p>The municipality is currently developing a plan to work in partnership with communities to assist them with the ever-growing grass cutting and debushing challenge. Communication in this regard will follow in the next few months.</p>
		<p>There are trees that have been planted by the municipality, but the waste thereof is not even taken by the same municipality.</p>	<p>The municipality is currently developing a plan to work in partnership with communities to assist them with the ever-growing grass cutting and debushing challenge. Communication in this regard will follow in the next few months.</p>
		<p>During the white regime around 1995/97 Rustenburg North was a better place but now is like a squatter camp. Why is the municipality neglecting its mandate of providing basic services?</p>	<p>The municipality is embarking on SMART clean and saver City campaign as part of its long term developmental Vision.</p>
		<p>Why does it seem that the municipality does not have equipment to maintain bush and</p>	<p>Currently there is a programme of debushing of roadside across the municipality.</p>

		grass along the roads?	
		Can the municipality establish an alternative dumping site as the Waterfall landfill side is very far?	A concern is noted. Plans in this regard are underway.
		How is the billing system conducted, as most services are not rendered by the municipality?	<ul style="list-style-type: none"> ▪ The Municipality bill consumers for services provided by the Municipality on a monthly basis including: <ul style="list-style-type: none"> • Electricity • Water • Sanitation • Refuse removal • Property rates (Tax) <p>There are areas where the Municipality does not provide some of the standard services EG: Eskom electricity supplied areas. If any of the community member has been erroneously billed for the services not provided by the Municipality they need to lodge a query through the Municipality's call centre or walk in to the municipality's enquiries desk.</p>
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES

I	12,19,20 ,21, 22,23,24 ,37, 38,39,40 ,41 & 42	The meeting did not continue	Meeting did not convene
CLUSTERS	WARDS	ISSUES RAISED	RESPONSES
J	14,15, 16, 17, 18 & 42	Why are there irregular expenditure year in and year out? The report claims to that, there are measures put in place to curb this challenge.	We agree that irregular expenditure is too high we are not folding hands and not doing anything about it
		What is the municipality doing with people who are involved in corrupt activities that have negative effects in terms of provision of services? Is there a consequence management within the municipality?	There are investigations that are unfolding, and we hope that whoever is involved will be brought to book.
		All councillors that are corrupt something need to be done about them.	Councillors who alleged to be involved in corruption are being attended to by the Rules of order committee and the report will be tabled at the end of March 2018.
		Some municipal employees seem to be not fit for their positions. What is the plan regarding the recruitment process within the municipality?	All employees are employed in accordance with Council's recruitment processes and are regularly referred to capability enhancing job related trainings in accordance with their Personal Development Plans.
		Can the	The Municipality is in the

J	14,15,16 ,17,18 & 42	<p>municipality address all the challenges related to inaccurate billing system? The issue of meter readers has been raised every year and still meter readers estimate the readings. The accounts are not correct and sometimes with are sitting with two accounts.</p>	<p>process of acquiring the smart meters that will eliminate the need of meter reading. In the main time, there will be a meter reading company that will ensure that all the meters are read.</p>
		<p>Why is the report not presented by the councillors which are accountable to us they are our representation?</p>	<p>Legislatively Councillors as public representative account the public whilst the administration is accountable to the Councillors through Municipal Council.</p>
		<p>Can MPAC provide leadership to this regard?</p>	
		<p>Mr. F. Rootman requested a bilateral interaction with MPAC to discuss the 2016/17 Annual Report.</p>	<p>MPAC agreed to be engaged but a request should be written.</p>
		<p>Where is the Municipal Manager as she is earning R2.2 million but she cannot even attend a public participation?</p>	<p>Directors who are accountable to the Municipal Manager, are legally been delegated by the Municipal Manager provide clarity on questions raised by members of the public.</p>
		<p>Storm water pipes is the problem and there is no service delivery at east end. What is the plan of</p>	<p>Currently there is a programme of debushing of roadside across the municipality.</p>

		the municipality about grass cutting along the roads?	
		<p>Why services are cut off without providing a notice to the affected consumer? How and why is this inaccurate/wrong billing system issued to residents? Why are there no notices of services interruptions such as electricity and water?</p>	<ul style="list-style-type: none"> As part of customer care services, the municipality is embarking on ensuring prior notification for any scheduled interruption on municipal services. <p>The Municipality issues customer statements on a monthly basis immediately after billing on the 3rd of each month. Any customer who has not receive their statements should update their information in the customers enquiries section</p>
		How does the municipality manage assets? The municipality need a long-term solution and not a short-term ratio's assets.	The Municipality is budgeting to spend 6% of operational budget on repairs and maintenance. That will see the development of maintenance plans and improvement of the conditions of assets.
		What is the role played by the municipality in relation to of Rustenburg Water Services trust?	RWS is the entity of the Municipality and their financial resources are consolidated into the Municipality's financial statements.
		How does the municipality respond to a challenge of Conditional grants we only see three months cash available	The Municipality has been experiencing liquidity challenges since 2015/16 financial year with some of the creditors left unpaid for a longer period. The Municipality is implementing cost containment measures to

J	14,15,16,17,18 & 42		ensure that we reduce expenditure on non-essential items. Credit control policy is being intensified to improve the debtor's collection rate. Creditors payments are being prioritised on a weekly basis while also reducing the historical backlog.
		How do you promote good governance when you want to engage with municipality you are rejected? What is good governance you are talking about	The Municipality exist to serve people within its jurisdictional area. Good governance is about how well does the Municipality serve its community and put them first as the centre of development. In instances where the Municipality fell short on its expectation, the Administration wish to tender its unreserved apology, and commit to continuously enhance its customer care offering.
		Can you explain Regulation 32 relating to all the cars that are used at water and sanitation?	<ul style="list-style-type: none"> - The municipality is having a service delivery backlog due to non-availability of fleet, most the municipal owned fleet is old and aged and spend most the time with the mechanic. - The municipality entered into Regulation 32 agreement in order as a short-term measure to resolve service delivery challenges. <p>In a long term, the municipality will replace the</p>

			existing fleet.
		Is it good governance when the municipality takes more than 90 days to pay service providers.	The municipality is doing everything within its power to ensure payment of service providers in compliance with legislative requirements.
		Mr. Rootman, "I personally want to raise motion of no confidence on the administration and the Executive Mayor".	A concern is noted.
		What is the plan regarding the records management system of the municipality, raised as a finding by the Auditor General?	The Municipality had appointed Vesta to provide the financial management system together with the electronic record management system. With all the system challenges that the Municipality is experiencing, the records management system is not functioning as intended however the Municipality is implementing alternative system as indicated on the item to be tabled at council on 27 March 2018.
		What is the plan of the municipality regarding electricity loss that is reported to be as a result of amongst others, illegal connections?	<ul style="list-style-type: none"> - Illegal connection is criminal activity and must be treated as such, however the municipality also time to time carryout operations to remove the illegal connections. - The Municipality implements credit control to all customers whose accounts are in

			<p>arrear and have no payment arrangements.</p> <p>Anyone with information about illegal connections should report to the Municipality so that we may deal with the respective illegal use of Municipal services.</p>
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11. QUESTIONS TO MANAGEMENT ON THE ANNUAL REPORT 2016/2017

MPAC QUESTION	MANAGEMENT RESPONSE	ANNEXURE (Where Applicable)
1. INTERNAL CONTROL DEFICIENCIES		
a). Why does Management not have an adequate risk strategy that addresses identified risks and shortfalls in the Municipality. Please indicate as to when the Risk Strategy will be in place.	The Municipality does have a risk strategy in place which contains the top 20 organizational risks identified.	
b) How will	b) The Municipality has initiated	

Management correct inefficient and ineffective controls relating to the submission of unreliable information submitted for the audit?	the process of scanning all the SCM and payment related documentation for immediate availability when required by the Office of the Auditor General. The submission of information to Office of the auditor general will also be centralized in the 2017/18 audit cycle.	
2.RECORDS KEEPING		
a) Outline the organogram at the records section and give reasons for any vacancies at this section?	a) Appointment of 2 x Supervisors done in the current financial year. 2 x Senior Records Officers positions prioritized for 2018/2019 labour budget year.	Attached herewith as ANNEXURE A is the Micro-Organization al Structure of Unit Manager Admin Support Services, which is indicative of Record Services
b) What resources or tools of trade are available at the records section?	b) A new system procured through the MSCOA project, installed and 1st phase implementation done (Central Records Office), to rollout to other directorates and executive offices. Only 1 x operating scanner which is a big challenge. 789 Documents with 70 204 pages were scanned from 24 October 2017. If all 8 x Records Officials, had scanners, there would be increased production	
c) Why is there separate record keeping	c) The appointment of Senior Records Officers will speed up	

in the municipality? When will the record keeping be centralised?	coordination between directorates and executive offices, ensuring centralization. There is a need for Senior Registry Officers at HR and BTO as recommended by the Provincial Archivist.	
3 IRREGULAR EXPENDITURE		
a) Note 55 of the Consolidated Annual Financial Statements for 2016/17 financial year reflects irregular expenditure of R2 732 697 000 incurred: a) Was the irregular expenditure 100% Supply Chain related?	a) The IE reported was due to lack of proper record keeping and non-compliance with SCM prescripts. The IE from HR in line with section 62 of the MSA was not included.	
b) Which contracts are the main contributors to this irregular expenditure?	a) the list is attached herewith as Annexure B the historical occurrence of IE and poor record keeping and changes to senior management has played a role when it comes to accountability to IE. b)	
c) Why is the municipality failing to deal with irregular expenditure?	c) part of the disclosure included the write off which was approved by council based on the investigation report.	
d) Was this expenditure referred to council for consideration prior to its disclosure in the Annual Financial Statements?	d) This is due to historical poor record keeping which meant that certain evidence could not provide as documents were lost.	
e) May the Accounting Officer give an explanation on why sufficient appropriate evidence was not provided to the Auditor General as stated on	e) The monitoring of contracts by the contracts manager and compliance with the law/policy by the all the Bid Committees and the buyers.	

paragraph 6 of Audit Report.		
f) What measures are in place to prevent irregular expenditure?	f) The list is attached as part of the write off report in Annexure B	a)
g) Mention the recommended service providers who owed rates and taxes on appointment?	g)Ngwenyama Infrastructure (Pty) Ltd	
h) Mention the recommended service providers who did not present valid tax clearance certificates on appointment?	h) Makgothamishe Building Construction (Contract B)h)	
i) Is there a register kept for all bids received on time in terms of Regulations 2 of SCM regulations?	i) Yes, the file of minutes is available.	See attached herewith as ANNEXURE B Report on Irregular Expenditure by AB Scarrot attorneys
j) Are the minutes for the recommended bidders by the bid committees available?	j) One case of supplying Paraffin has been reported to the Hawks and there were interviews with officials.	
k)Are cases of irregular expenditure that constitutes a crime, reported to SAPS? Give instances.	k)a) Yes – Motor mechanics, Supply and deliver of paraffin.	
4.FRUITLESS AND WASTEFUL EXPENDITURE		
Note 54 reflects fruitless and wasteful expenditure amounting to R490 000 incurred in the financial year under review, and R1 431 000 incurred in the previous financial year, that had not yet been accounted for in accordance with Section 32 of the MFMA. a) What is the cause	a) The expenditure incurred for fruitless and wasteful expenditure is for interest paid on late payments to suppliers.	

of fruitless and wasteful expenditure?		
b) How is the Accounting Officer and the Chief Financial Officer going to implement the internal audit advisory on fruitless and wasteful expenditure?	<p>b) Measures have been put in place to ensure that suppliers are paid within 30days of invoicing to avoid penalties for late payments.</p> <p>Debt collecting agencies have also been appointed to ensure improved revenue collection which in turn will improve the cash-flow of the municipality, thus enabling the municipality to pay suppliers within 30 days.</p>	
5 FRUITLESS AND WASTEFUL EXPENDITURE		
a) What is the cause of fruitless and wasteful expenditure?	a) The expenditure incurred for fruitless and wasteful expenditure is for interest paid on late payments to suppliers.	
b) How is the Accounting Officer and the Chief Financial Officer going to implement the internal audit advisory on fruitless and wasteful expenditure?	b) Measures have been put in place to ensure that suppliers are paid within 30days of invoicing to avoid penalties for late payments	
6.UNAUTHORISED EXPENDITURE		
a)Has an unauthorized expenditure disclosed in Note 53 of the Consolidated Annual Financial Statements, ever been approved through the adjustment budget?	a) No. Unauthorized expenditure relates to prior years (before 2016/17). The AGSA rejected the item authorizing the write-off of prior year unauthorized expenditure. No “special adjustment budget” has been prepared in this regard.	
b) How much of the unauthorized expenditure arise from employees’ overtime? If yes, why?	b) R3 281 arises from employee’s overtime in the LED department for the 2014/15 financial year as a result of capacity challenges	
c) How much of the unauthorized expenditure	c) None. Prior year unauthorized expenditure occurred	

arise from the extension of scope of contracts?	due to non-cash accounting adjustments and operational requirements.	
d) Does recurring deviations contribute towards unauthorized expenditure? List major instances?	d)No. Deviations are a matter of SCM compliance and has not influenced the value of unauthorized expenditure.	
7.CONSEQUENCE MANAGEMENT		
a) Is there action taken on allegations of misconduct in terms of Regulation 5(2) of the Disciplinary Regulations for Senior Managers and MFMA Section 171 (4)(a) and (b), and Section 172 (3)(a)(b), as well as Section 62 (1)(e) and Section 95 (f)?	a) Yes – The former Municipal Manager was suspended for suspected misconduct in relation to the regulation 32 contract.	
b) Did the Accounting Officer investigate any allegation of fraud, corruption, favoritism, unfair practice or failure to comply with Supply Chain Management Policy as in Supply Chain Management Regulation 38(1)(b)?	b) Yes a number of allegations were referred to office of the Chief Audit Executive for investigations.	
c)How much is the recoverable loss and how many persons are liable?	c) Recoverable loss will only be determined after the finalization of the investigations by the disciplinary board	
d) How much is the irrecoverable loss or write-off amount and how many persons are liable?	d) The office of the Auditor General has rejected the R2 billion write off that is appearing on the financial statements. The disciplinary board will investigate all the transactions to be written off and determine the persons liable.	
8.ASSETS MANAGEMENT		

a) Why did the municipality fail to maintain adequate records of all assets owned which is one of the basis of qualified audit opinion? (Assets Management System).	a)a) Efforts were made to compile the register which have a complete coverage of all the assets that are under the control of the municipality, and value all municipal properties and do reconciliation between the asset register and the valuation roll.	
b) Why is there a negative audit opinion on the infrastructure assets recorded in the financial statements, either incorrect or the value at which these assets have been recorded could not be confirmed, when in actual fact Consultants assisted the Municipality in preparation of Assets Register and evaluation of assets?	b)The assets were not accounted for on the asset register by circumstance that there were not on the valuation roll, to inform the asset register. However, it was confirmed by the valuer (DDP) after the qualification was issued that proclamation to asset (land) auditors refers to, was not yet done during the audit period and was effective on the 07/11/2017 which is 2017/2018 financial year.	
c) Does the Municipality have adequate capacity and skills in the financial department to implement GRAP 17?	<p>c)The co-dependency between the departments is the root-cause, Certain projects were not reflected per phase on the completion certificates provided by infrastructure department and invoices were reflecting phases, this limit the auditor in terms of allocating invoices to correct phases.</p> <p>There will be improved co-ordination between the various departments to ensure that the right projects are recorded in WIP and subsequently capitalized to assets upon Completion.</p> <p>b) Specialised technical assistance is required from outside the municipal team, to ensure that</p>	

	the GRAP standards is complied with and all obstacles are dealt with a timeously manner. There is a plan to gradually take over the assets management components internally starting with the movable assets.	
9. PROCUREMENT AND CONTRACT MANAGEMENT		
a) Why is the Municipality not paying creditors within 30 days?	A & C) The Municipality has been experiencing liquidity challenges since 2015/16 financial year with some of the creditors left unpaid for a longer period. The Municipality is implementing cost containment measures to ensure that we reduce expenditure on non-essential items. Credit control policy is being intensified in order to improve the debtor's collection rate. Debt collectors have been appointed for a period of three years who will assist the Municipality in collecting long outstanding debts. Creditors payments are being prioritized on a weekly basis while also reducing the historical backlog the Management plan is to eradicate the long outstanding creditors within the 2018/19 financial year.	
b) How will the Municipality ensure that creditors are paid within 30 days?	b)	
c) By which date will the creditors receive their payments within the prescribed 30-day period?	c) A & C	
d) Performance of contractors were not monitored on a monthly basis as required by	d)The contract management position has been filled from the first of January 2018. The official will ensure that the compliance.	

Section 116(2)(b) of the MFMA. This is a reoccurring finding. Why did the management not remedy this finding?		
e) Was there ever an investigation to quantify or determine the financial losses suffered by the Municipality due to non-performance of service providers?	e)The RRT stations service provider who was terminated due to non-performance is still under the courts and the quantification of the loss to the Municipality will be accurately made after the completion of the court process.	
f)Explain why some of the contracts were awarded to bidders that did not score the highest points in the evaluation process which is in contradiction of the Preferential Procurement Policy Framework Act section 2(1)(f). Please indicate if consequence management was initiated relating to this finding?	f) In instances where the service providers who rate lesser would be awarded a contract and the reason for that particular decision would be made by the evaluation committee in advancing interests of the designated groups (EG: Black owned companies, women, people with disabilities, military veterans) That designation was not properly done which then resulted in the irregular expenditure.	
g) How many extensions of contracts were undertaken and at what additional cost?	g) The extensions of contracts which were done in line with section 116 of the MFMA were 20 at the cost that will still be provided.	
h)Were there any penalties imposed for under-performance or non-performance of contractors?	h) The projects managers are responsible for monitoring which will include imposing penalties for non-performance.	
i)a) Are all contracts reviewed in accordance with the prescripts of MFMA?	ii) The Legal and Evaluation was talked with reviewing old contracts example of such is Bigen Africa Consulting to ensure compliance with MFMA)	
10 HUMAN RESOURCE MANAGEMENT		

a) Why was there not appropriate systems and procedures in place to monitor, measure and evaluate performance of staff as per 67(1)(d) of the MSA. How will this be rectified?	a)Currently RLM is in process of finalizing the organizational structure in line with IDP, the organogram once is being approved by the Council, performance of employees shall be cascaded to all Unit Managers up to lower levels.	
b) Is there regular performance evaluation for all employees?	b) No, waiting the finalization of structure	
c) How many employees received counselling for under-performance or non-performance?	c) Twenty employees were referred to Classic Oriental for Counselling, their social problems were affecting their work performance.	
d) How many employees were upskilled or given further training?	d)a) 2016/2017 financial year, 91 employees, 17/18 financial year 261 employees	
e) How many employees were suspended, disciplined and dismissed?	e)3 were dismissed and 14 suspended.	

11 PERFORMANCE MANAGEMENT

a) Why were annual performance objectives and indicators not established for Rustenburg Water Service Trust or included in its multi-year business plan as required by section 93B(a) of the Municipal Systems Act?	a) Rustenburg Water Service Trust has performance management system. The trustee has signed the performance agreement and performance reviews are performed on a quarterly basis by the board (Which includes representatives of the Municipality)	a)Attached herewith as ANNEXURE C is the Annual Performance Report for the Rustenburg Water Trust
b) Provide the annual performance objectives and indicators for Rustenburg Water Service Trust?	b) Please see attached Annual Performance Report for the Trust	

c) Demonstrate whether all or any Key Performance Indicators of the Municipality complies with the National Treasury's Framework for Managing Programme Performance Information (FMPPI).	c) None of the Key Performance Indicators complied with the SMART Criteria as espoused in the FNPPI	
d) Which Key Performance Indicators were not achieved, and why?	d) During the Audit period out of 23 KPIs 11 were achieved and 12 were not achieved.	
e) Indicate how performance management system of the Municipality is able to ensure assessment of Senior Management on their remedial steps to respond to audit findings.	e) The Performance Management Framework of Council, read together with the Performance Agreements of the respective Directors and the MSA Regulations on Performance Management for Senior Managers outlines the frequency, criteria and processes that must be followed when assessing the Performance of Senior Managers, and handling of instances of exceptional and/or poor performance.	
f) Explain the effectiveness and impact of the prior year action plan on the audit findings in the 2016/17 financial year.	f) The effectiveness of the prior Audit Action Plan can be seen in the improvements made on the statement of KPIs and ensuring that there is a Technical Datasheet per KPI	
g) Why was the presentation of the 2016/17 Annual Report incomplete during tabling to Council as per Item 1 of 26 January 2018?	g) Please refer to Question 15 c below for response thereto	Attached herewith as ANNEXURE D is an extract from the 2016/17 Annual performance Report showing baroness and

		corrective measures thereto.
12 WATER AND ELECTRICITY LOSSES.		
a) Water losses to an amount of R135 958 000 which is an increase from R135 547 000 in 2015/16 is cause for swift action. Explain the remedial plan.	a) The municipality has appointed a service provider to implement Water Conservation and Demand Management Plan	
b) Explain the impact of electricity losses and the monetary value of the loss in relation to revenue to fund alternative energy sources within the Municipality.	b) It's a loss of revenue from as compared to what is purchased from Eskom and the sales municipality made from electricity	
c) What is management's plan to combat illegal electricity connections?	c) Plans to deal with Illegal connections: <ul style="list-style-type: none"> • Audit installations on regular bases • Conduct regular clean-up operations targeting on illegal connections • Fast track implementation of electrification projects for the proclaimed areas • Provide alternative energy units (Solar Energy) to informal settlement 	
13 SERVICE CHARGES		
a) Why did the Municipality fail to bill all consumers for services rendered as per GRAP 9?	a) The unit has been having system challenges which led to some accounts not billed on the previous system (PROMIS). The unit embarked on an exercise to verify accounts suburb by suburb to correct these and by June 2017,	

	the unit was on 95% in verifying all the accounts and that has removed qualification in the 16/17 financial year.	
b) Findings on financial statements are set to improve with the implementation of the Municipal Regulations on Standard Chart of Accounts (mSCOA). Explain the shortcomings of our Municipality.	b) The MSCOA implementation still has teething problems as it has affected some accounts that were correctly billed.	
c) Is there value for money on the mSCOA software contract?	c)(a) No, as there are more challenges compared to the PROMIS system.	
14. CONSUMER DEBTORS		
a)What benefits are arising from the appointment of law firms as debt collectors?	a)The appointment of law firms as debt collectors allows for a seamless transition from soft debt collection methods to more aggressive collection methods that include attachment properties including fixed property	
b) When will the Municipality reduce the long outstanding debts to zero?	b) The CFO endeavors to reduce the outstanding debts to Zero over a period of time. This requires that those whom are not currently indebted be kept out of debt through firm credit control actions and the writing off of indigent debt as prescribed by the credit control and debt collection. Debt collectors have been appointed as well to assist the Municipality in reducing the long outstanding debts.	
c) What are the planned debtor collection rate forecast for 2017/18 and 2018/19 fiscal years?	c) The envisaged collection rate for 2017/18 is 82% and 90% for the 2018/19 fiscal year	

15. QUALITY OF THE ANNUAL REPORT

a) Is the Executive Mayor's foreword compliant with National Treasury's Circular No. 63?	a) YES	Not Applicable
b) Is the Municipal Manager's overview compliant with National Treasury's Circular No. 63?	b) YES	
c) Why was the presentation on the 2016/17 Annual Report tabled in Council on the 26 January 2018 as per Item 1 incomplete?	c)The explanation, unreserved apology of Management and corrective measures are accurately captured in ITEM 55 in the Volume 2 of the Council Agenda of the 30th January 2018	Attached herewith as ANNEXURE E E Is Item 55 of the Council of the 30th of January 2018

16. LOCAL ECONOMIC DEVELOPMENT

a)Kindly explain in detail on the categorization and the impact of jobs created as outlined in the report	a) The report on the number of jobs created during the 2016/17 could not be categorized because the target for the reporting period did not have categories.	
b) Explain the methodology on recruitment process related to job creation.	b)The job creation target as a leading indicator may not be broken in to categories as the Municipality would not have direct control in ensuring jobs are created per category.	
	a) The Job creation target is for the job opportunities created through the Municipality's initiatives such as implementation of capital projects and through other initiatives such as facilitation of investment and development	

	<p>projects (e.g. catalytic projects) that would normally present job opportunities.</p> <p>The Directorate communicates with Ward Councilors through the office of the speaker, the sub-contracting opportunities that will in turn create job opportunities for local communities.</p> <p>The Directorates would then report on jobs created that would have been confirmed by the contractors / subcontracting companies.</p>	
17. PUBLIC SAFETY		
a) Is the human capital at the Public Safety Directorate coping with the population growth in executing their responsibilities?	a) Response: The population growth of the municipality is about 660 000 with 45 wards. Most of services of public safety are still concentrated in the urban area and the rural areas are not accessible to these services. The response to these are is very poor due to distance and inadequate resources.	
b) What is the resources status in relation to Public Safety? e.g. Tools of trade and machinery.	<p>b) Vehicles: 11 vehicles for law enforcement and security unit, 13 vehicles for Traffic Services ,23 vehicles for Emergency services and Disaster Management, two vehicles for Licensing and Testing Unit. In most cases, some of these vehicles are not operational due to poor conditions and lengthy process of repair and maintenance. It always impacts negatively on the operation of the Directorate.</p> <p>Human resources: Law Enforcement and Securty: 89 personnel compliment, Traffic</p>	

	<p>Services: 78 including administrative staff, Emergency services and Disaster management: 66 personnel strength, and Licencing and Testing Unit: 59 personnel including for Robega licensing and testing centre.</p> <p>The directorate is rendering a 24/7 service system. Public Safety sourced to construct two fire houses in Phatsima and Marikana but unable to operational ise these fire houses due to lack of both capital and human resources.</p> <p>The Directorate is busy decentralizing service with the limited available resources to mitigate the escalating challenges and demands facing the municipality. The provincial government has granted the municipality a grant R3.5 m to purchase a fire truck for Phatsima.</p> <p>Supply chain management process is in progress to procure the fire truck. The municipality is in a process of extending licensing and testing services to Marikana. In the first quarter of 2018/2019 fiscal year. The Directorate Public Safety is not coping due unlimited needs while the means to satisfy them are limited. The optimal utilization of limited resources are constantly monitored and evaluated.</p>	
18 PLANNING AND HUMAN SETTLEMENT		
a) Are there payments of municipal services by illegal occupants of Marikana	a) No, there is no payments made by illegal occupants.	

Ext 2 RDP houses?		
b) In recent interaction of MPAC and Marikana residents, a question was asked by applicants about action taken by Municipality to ensure that they receive their properties?	b) Since the Municipality received High Court Eviction judgement in its favour, could not implement it because of risk of unoccupied rental stock adjacent being vandalised or illegally occupied.	Not Applicable
c) Whether there is any measure in place to collect debt owed in properties illegal occupied in Marikana Ext 2?	c)The competency of debt collection falls within the ambit of BTO and DPHS have no knowledge if any measures are in place.	
19 OTHER MATTERS		
a) Does the municipality have permits for the following landfill sites? If not, what is the way forward? <ul style="list-style-type: none"> • Bethanie • Lethabong • Marikane • Monakato • Phatsima 	a)The sites referred to here are currently closed and were not landfill sites but communal waste management areas. The municipality has closure agreements in this regard. The municipality is planning to deal with the community needs for drop off facilities especially for green waste by developing at least 3 drop off sites in one financial year over the next four years as per the Annexure.	Attached herewith as ANNEXURE F the Plan on Waste Drop Off Facilities for March 2018

12. SUBMISSION FROM ORGANISATION

12.1. LEADERSHIP

FINDINGS

According to the Auditor General the corrective action plans initiated by the leadership to address prior year audit findings were not effectively implemented by management. The implementation thereof was mostly done through consultants without fully addressing the underlying deficiencies in the systems or in the day to day internal control environments. There was a lack of continuity in key management positions for a major portion of the financial year under review.

Management did not implement effective controls to ensure that all information in the financial statements and the report on predetermined objectives were reliable before submission for audit. These shortcomings are evident at year-end during the annual reporting but are also seen during the financial year with management relying on consultants to assist in the financial reporting processes. This negatively impacts the reporting and budget monitoring processes and the quality of the financial information provided to council during the year.

Management do not have an adequate risk strategy that addresses identified risks and shortfalls in the municipality's financial systems, in supply chain management, performance reporting as well as non-compliances with laws and regulations. The effectiveness of the audit committee and internal audit's role as an assurance provider was compromised by management's inability to adequately address and react to the audit committee and internal audit's findings and recommendations.

13. MUNICIPAL ENTITY

RUSTENBURG WATER SERVICES TRUST

According to the Auditor General an annual performance objectives and indicators were not established for Rustenburg Water Service Trust (RWST) or included in its multi-year business plan as required by section 93B(a) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

14. SITE INSPECTIONS DURING THE 2017/2018 OVERSIGHT PROJECTS

NO	DATE	AREA	TIME	PROJECT
1	13/03/2018	Phatsima	10h00	The projects are finalised only payments are not made to residents(labourers)
2	08/03/2018	Boshoek	17h00	No basic services provision, Water, Sanitation, Houses and Electricity
3	13/03/2018	Chaneng	09h00	VIP Double Toilets in one household, old toilets not maintained. Some household did not receive any service relating to the toilets
4	13/03/2018	Lethabong	12h00	Sewer Connections, Leakages, Incomplete water and sewer system
5	13/03/2018	Mogajane	13h00	Why is the road not constructed because it was in the IDP 2013/2014? The contractor started the project and left it incomplete.
6	13/03/2018	Boitekong	11h00	Boitekong Sports Ground
7	13/03/2018	Marikana	10h00	The MIG funded pavement project is incomplete.

15. CONCLUSION

During our intensive oversight process MPAC engaged with the community, ratepayers and non-governmental organisations.

The process allowed for consultative engagements between the public and the Administration of Rustenburg Local Municipality as an accountable custodian of ratepayers' funds. Issues were raised by the Auditor General, stakeholders and ratepayers relating to the ineffective billing system that was implemented during the financial year. The municipality resolved to revert from the new Municipal Standard Charts of Accounts (MSCOA) compliant billing system to the former billing system to enable the community to understand their municipal statements while the Administration are resolving the issues relating to the new system. Other matters which came under scrutiny includes water and electricity losses, maintenance regarding assets, roads and transport as well as poor records management.

The Revenue Enhancement Strategy was formulated and subsequently implemented during the 2017/2018 financial year. MPAC notes the innumerable challenges that the municipality faces as a service provider. Global economic uncertainties, current cash flow challenges, the demand for indigent services registration, aged infrastructure and the current information system are just some issues that Rustenburg Local Municipality are currently facing.

Clearly the current audit outcomes requires drastic improvement. The committee expects that the audited outcomes of the 2017/2018 financial year will drastically improve from the 2016/2017 financial year due to an increased stability within the senior management structure of the municipality. The revenue enhancement strategies, an effective billing system and a functioning records management system are critical for Rustenburg Local Municipality to improve levels of service delivery.

16. RECOMMENDATIONS

NO	RECOMMENDATION	RESPONSIBLE
1	That the review and analysis in the Oversight Report on the Annual Report 2016/17, be noted	CC
2	That council having made full consideration of the Annual Report 2016/2017 of the municipality and representations thereto, adopt the Oversight Report on the Annual Report 2016/2017 in terms of Section 129 (1) of the Municipal Finance Management Act No 56 of 2003 and;	CC
3	<p>That Council approves the Annual Report 2016/2017 with reservations in terms of Section 129 (1) (a) of the MFMA. These reservations include but are not limited to:</p> <p>Findings relating to:</p> <ul style="list-style-type: none"> • Property, plant and equipment. • Service charges. • Commitments. • Irregular expenditure. • Unauthorised and fruitless and wasteful expenditure. • Material losses. • Restatement of corresponding figures. • Strategic planning and performance management. • Procurement and contract management. • Human resource management. • Expenditure management. 	CC

	<ul style="list-style-type: none"> • Asset management • Consequence management. • Internal control deficiencies. 	
4	That the Accounting Officer publicise the Oversight Report on the Annual Report 2016/2017 in terms of Section 129 (3) of the MFMA;	MM
5	That the Accounting Officer submit the Oversight Report to the Speaker of the North West Provincial Legislature and any other Relevant Authorities.	MM
6	That the accounting Officer must adhere to the requirements of GRAP 17 and mSCOA to ensure the residual value of PPE, depreciation, corresponding figures and adequate records on assets are correct as expressed in the audit plan 2017/2018.	MM
7	Officials who are involved with Supply Chain Management to receive adequate training relating to supply chain policies and regulations.	MM
8	The Water Conservation and Demand Management Plan to be furnished to Council.	MM
9	Impairment regarding receivables to be included in monthly budget statements.	MM
10	Annual performance objectives and indicators to be established and included in the Rustenburg Water Service Trust multi-year business plan.	MM
11	Before the submission of the 2017/2018 annual financial statements to the Auditor General the statements must undergo a quality assurance inspection.	MM
12	Consequence management should be taken against any official in regards to contravention of supply chain policies and regulations.	MM
13	The accounting officer to ensure compliance with section 65(2)(e) of the MFMA.	MM
14	The accounting officer to ensure compliance with section 63(2)(c) of the MFMA.	MM

15	Accounting Officer to ensure that all Key Performance Indicators comply with National Treasury guidelines.	MM
16	The Accounting Officer to comply with section 67(1)(d) of the Municipal System Act.	MM
17	The Accounting Officer to do a complete review of the municipalities internal controls.	MM
18	An Adequate risk management strategy to be put in place by the Accounting Officer.	MM

17. ANNEXTURES

- **ANNEXURE A - Public participation advertisement.**
- **ANNEXURE B - Audit action plan**
- **ANNEXURE C - Attendance register of meetings**
- **ANNEXURE D - MPAC Terms of reference**
- **ANNEXURE E - Written comments**
- **ANNEXURE F - Annual report**