



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.

REPORT TO COUNCIL

DATE: 27 MARCH 2024

1 ITEM NUMBER: **C 38/03/24**

2 OVERSIGHT REPORT IN RESPECT OF THE 2022/2023 INTEGRATED ANNUAL REPORTS OF THE CITY OF CAPE TOWN AND ITS MUNICIPAL ENTITIES (CONVENCO AND CAPE TOWN STADIUM)

ONDERWERP

TOESIGVERSLAG OOR DIE 2022/2023- GEÏNTEGREERDE JAARVERSLAE VAN DIE STAD KAAPSTAD EN SY MUNISIPALE ENTITEITE (CONVENCO EN KAAPSTAD-STADION)

ISIHLOKO

INGXELO EZINGOKUBEK'ILISO NGOKUJOLISWE KWIINGXELO ZONYAKA NGOKUHLANGENEYO ZOWAMA2022/2023 ZESIXEKO SASEKAPA KUNYE NAMAQUMRHU ASO AZIMELEYO (ELENGE CONVENCO ELINGESTEDIYAM SASEKAPA)

3 RECOMMENDATION FROM THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 3 MARCH (MPAC 07/03/24)

RECOMMENDED that Council adopts the oversight report and approves the annual reports without reservation.

AANBEVELINGS VAN DIE MUNISIPALE KOMITEE OOR OPENBARE REKENINGE: 3 MARCH 2024 (MPAC 07/03/24)

AANBEVEEL dat die Raad die toesigverslag aanneem en die jaarverslae sonder voorbehoud goedkeur.

**ISINDULULO ESIVELA KWIKOMITI KAMASIPALA ENGEE-AKHAWUNTI
ZOLUNTU: 3 KWEYOKWINDLA (MPAC 07/03/24)**

KUNDULULWE ukuba iBhunga malamkele ingxelo engobek'illiso kwaye liphumeze iingxelo zizonke zonyaka.

MPAC CHAIRPERSON

yagyah adams

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adams
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- ☒ RECOMMENDED
☐ REFUSED
☐ REFERRED BACK

Ald. F Purchase

SPEAKER

COMMENTS:

DATE

SIGNATURE

Ald
Felicity
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REPORT TO MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

1 ITEM NUMBER MPAC 07/03/24

2 SUBJECT

OVERSIGHT REPORT IN RESPECT OF THE 2022/2023 INTEGRATED ANNUAL REPORTS OF THE CITY OF CAPE TOWN AND ITS MUNICIPAL ENTITIES (CONVENCO AND CAPE TOWN STADIUM)

ONDERWERP

TOESIGVERSLAG OOR DIE 2022/2023- GEÏNTEGREERDE JAARVERSLAE VAN DIE STAD KAAPSTAD EN SY MUNISIPALE ENTITEITE (CONVENCO EN KAAPSTAD-STADION)

ISIHLOKO

INGXELO EZINGOKUBEK'ILISO NGOKUJOLISWE KWIINGXELO ZONYAKA NGOKUHLANGENEYO ZOWAMA2022/2023 ZESIXEKO SASEKAPA KUNYE NAMAQUMRHU ASO AZIMELEYO (ELENGE CONVENCO NELINGESTEDIYAM SASEKAPA)

LSU P2955 & P2964

3 DELEGATED AUTHORITY

In terms of Part 22 Delegation 1(1) of the approved Council System of Delegations, the Municipal Public Accounts Committee (MPAC) must *"consider and evaluate the annual report, and the annual report of any municipal entity under the City's sole or shared control, and to make recommendations to Council when it adopts the oversight report on the annual report in terms of section 129 of the Municipal Finance Management Act."*

This report is FOR CONSIDERATION BY

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

4 DISCUSSION

Part 22 Delegation 1(1) of the System of Delegations, adopted by Council on 26 October 2023 (C 34/10/23), requires MPAC to *“consider and evaluate the annual report, and the annual report of any municipal entity under the City’s sole or shared control, and to make recommendations to Council when it adopts the oversight report on the annual report in terms of section 129 of the Municipal Finance Management Act.”*

In terms of sections 129(1) and (2) of the MFMA:

- (1) *“The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include a statement whether the council—*
 - (a) has approved the annual report with or without reservations;*
 - (b) has rejected the annual report; or*
 - (c) has referred the annual report back for revision of those components that can be revised.*
- (2) *The accounting officer must—*
 - (a) attend council and council committee meetings where the annual report is discussed, for the purpose of responding to questions concerning the report.”*

MPAC’s purpose in terms of paragraph 6.2 of their Terms of Reference (ToR) (C 35/07/23) is to perform an oversight function on behalf of Council in line with the leading practices applicable to MPAC and National Treasury Circulars and Guidelines, as adopted by Council, and report on its oversight function to the speaker who must table such reports in the next meeting of the municipal council as per section 79A(4) of the Structures Act,

The 2022/2023 Integrated Annual Reports (IAR) of the City of Cape Town and its Municipal Entities were tabled at the Council meeting on 30 January 2024 (C 06/01/24 and C 20/01/24 respectively).

The oversight process is detailed below:

- (a) On 2 February 2024 the Auditor-General of South Africa (AGSA) briefed MPAC on the 2022/2023 audit outcomes (refer to **Annexure A1**).
- (b) The MPAC submitted written questions to the City Manager, Executive Directors and Chief Executive Officer of the Cape Town Stadium. No written questions were posed to the Cape Town International Convention Centre. On 27 February 2024 MPAC met with the Executive Directors of the City of Cape Town and the Chief Executive Officers and Chief Financial Officers of the municipal entities to consider the responses received (refer to **Annexure A2**).

- (c) Comments and resolutions, as well as follow-up and additional questions raised at the meeting on 27 February 2024 in respect of the oversight process and outstanding items, have been added to the schedule of Matters Receiving Attention (MRA), as contained in **Annexure B**.
- (d) The Audit and Performance Audit Committee submitted a report to MPAC for consideration during the oversight process (refer to **Annexure C**).

The IARs were made public and questions and comments could be submitted via the Organisational Performance Management (OPM) department. Comments/questions received from the:

- (i) public will be forwarded to the relevant line departments who will respond directly to the member of the public.
- (ii) portfolio committees and subcouncils are included as **Annexure D**.

The unauthorised, irregular and fruitless and wasteful expenditure, and other additional disclosures in terms of section 32(2) of the MFMA, will be investigated by the MPAC who will report to Council on conclusion of the investigations

- 4.1 Financial Implications ☒ None ☐ Opex ☐ Capex
- ☐ Capex: New Projects
- ☐ Capex: Existing projects requiring additional funding
- ☐ Capex: Existing projects with no additional funding requirements
- 4.2 Policy and Strategy ☐ Yes ☒ No
- 4.3 Legislative Vetting ☐ Yes ☒ No
- 4.4 Legal Implications ☒ Yes ☐ No
- Section 129 of the MFMA
- 4.5 Staff Implications ☐ Yes ☒ No
- 4.6 Risk Implications ☐ Yes The risks for approving and/or not approving the recommendations are listed below.
- ☒ No Report is for decision and has no risk implications.
- ☐ No Report is for noting only and has no risk implications.
- 4.7 POPIA Compliance ☒ Yes It is confirmed that the report has been checked and considered for POPIA compliance

5 RECOMMENDATIONS

It is **RECOMMENDED** that:

- (a) The Municipal Public Accounts Committee (MPAC), having fully considered the 2022/2023 Integrated Annual Reports of the City of Cape Town and its municipal entities and representations thereon, **RECOMMENDS** that Council adopts the oversight report and approves the annual reports without reservations.
- (b) The outstanding responses in Annexures B and D be added to the schedule of matters receiving attention.

AANBEVELINGS

Daar word **AANBEVEEL** dat:

- (a) Na volledige oorweging van die geïntegreerde jaarverslae vir die Stad Kaapstad en sy munisipale entiteite vir 2022/2023 en vertoë daaroor, die munisipale komitee oor openbare rekening (MPAC) **AANBEVEEL** dat die Raad die toesigverslag aanneem en die jaarverslae sonder voorbehoud goedkeur.
- (b) Die uitstaande antwoorde in bylae B en D by die skedule van onafgehandelde sake gevoeg word.

IZINDULULO

KUNDULULWE ukuba:

- (a) IKomiti kaMasipala ejongene neeAkhawunti zoLuntu (MPAC), ekubeni ithathele ingqalelo ngokupheleleyo iiNgxelo zoNyaka ngokuHlangeneyo zeSixeko saseKapa namaQumrhu aso azimeleyo, zowama2022/2023 neengxelonkcaza, **MAYINDULULE** kwiBhunga ukuba lamkele ingxelo engobek'iliso kwaye liphumeze iingxelo zonyaka ngaphandle kwemiqathango.
- (b) limpendulo ezingekaphendulwa ezikwisihlomeloB noD mayongezwe kwishedyuli yemibandela ekufuneke iqwalaselwe.

ANNEXURES

ANNEXURE A1:	Minutes of the MPAC meeting held on 2 February 2024
ANNEXURE A2:	Minutes of the MPAC meeting held on 27 February 2024
ANNEXURE B:	Schedule of Outstanding Comments and Resolutions from MPAC Meeting 27 February 2024
ANNEXURE C:	Report from the Audit and Performance Audit Committee
ANNEXURE D:	Schedule of Questions Received from Subcouncils and Portfolio Committees

FOR FURTHER DETAILS CONTACT

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DIRECTORATE	OFFICE OF THE CITY MANAGER	FILE REF No	2/9/1/2
SIGNATURE (AUTHOR)			

MPAC CHAIRPERSON

NAME	CLLR YAGYAH ADAMS	COMMENT:
DATE		
SIGNATURE		

The MPAC Chairperson's signature represents support for the report content and confirms POPIA compliance.

LEGAL COMPLIANCE

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

NAME		COMMENT:
DATE		Certified as legally compliant based on the contents of the report.
SIGNATURE		

- MINUTES –**OF THE ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD (HYBRID) IN MEETING ROOM A ON FRIDAY, 2 FEBRUARY 2024 AT 10:00**

PRESENT**COMMITTEE MEMBERS****CAPE MUSLIM CONGRESS (CMC)**

Cllr Y Adams (Chairperson)

DEMOCRATIC ALLIANCE (DA)

Cllr A Van Zyl (deputy Chairperson) (via Skype)

Ald J van der Merwe

Ald B Watkyns

Cllr S Booysen

Cllr A Moses

Cllr K Southgate

Cllr J Witbooi

AFRICAN NATIONAL CONGRESS (ANC)

Cllr L Phakade (joined the meeting at 10:27)

Cllr B Majingo

ECONOMIC FREEDOM FIGHTERS (EFF)

None

GOOD

Cllr S van Nelson

FREEDOM FRONT PLUS (VF+)

Cllr E Botha-Rossouw

ABSENT WITHOUT APOLOGY

Cllr L Ntshuntshe

MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**2 FEBRUARY 2024****OFFICIALS**

D Valentine	: Finance
P Lekay	: Finance (via Skype)
A Vorster	: Office of the Speaker
G Postings	: Office of the City Manager
Z Hoosain	: Internal Audit
A Moolman	: Internal Audit
F Arendse	: Internal Audit
K Larney	: Legal Services
B Lufundo	: Legal Services
G Stephens	: Corporate Services (on behalf of E Sass)(via Skype)
C Hendricks	: Forensic Services (via Skype)
A Karriem	: Forensic Services
E Dick	: Future Planning & Resilience (via Skype)
E Fray	: Executive Committee Services
G Josephs	: Executive Committee Services
J van Zyl	: Executive Committee Services

AUDITOR GENERAL SOUTH AFRICA

T Narkedien	: Auditor-General South Africa (AG)
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APOLOGIES

L Mbandazayo
 D Campbell
 N Gqiba
 E Hugo
 Z Mandlana
 V Botto
 R Gelderbloem
 K Jacoby
 R McGaffin
 G Morgan
 K Nassiep
 E Sass

MPAC 01/02/24 OPENING

The Chairperson, Cllr Y Adams, welcomed everyone to the meeting where after a moment of silence was observed. He extended a further word of welcome to the newly appointed MPAC member, Cllr S van Nelson.

MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**2 FEBRUARY 2024****MPAC 02/02/24 APOLOGIES / LEAVE OF ABSENCE**

RESOLVED that it be noted that no official leave of absence had been granted to MPAC members via the Office of the Chief Whip.

Apologies for not being able to attend the meeting were received from Executive Directors D Campbell, R Gelderbloem, N Gqiba, Z Mandlana and Messrs L Mbandazayo, V Botto, E Hugo, K Jacoby, Z Mandlana, R McGaffin, G Morgan, K Nassiep, E Sass.

ACTION: E FRAY, J VAN ZYL

MPAC 03/02/24 DECLARATION OF INTEREST

It was **NOTED** that Ms G Postings declared her function in terms of completing the UIFW register and processing SCM deviations in the Office of the City Manager, that Mr A Vorster declared his role in SCM matters as Chairperson of the Bid Adjudication Committee and that Mr D Valentine declared his role in terms of the City's Annual Report.

MPAC 04/02/24 CONFIRMATION OF THE MINUTES OF THE MPAC MEETING HELD ON 7 NOVEMBER 2023

RESOLVED that the minutes of the MPAC meeting held 7 November 2023, be confirmed.

ACTION: E FRAY; J VAN ZYL

MATTERS ARISING FROM THE MINUTES

It was noted that under item MPAC 06/11/23 City Manager for the approval of the Municipal Public Accounts Committee (MPAC) Terms of Reference: Standard Operating Procedure (SOP) for requests and referrals, had subsequently been published on the City's website under MPAC's Terms of Reference.

MPAC 05/01/24 MATTERS RECEIVING ATTENTION

- (1) REPORTING OF THE IRREGULAR EXPENDITURE INCURRED, VIA CONTRACT 89S/2020/2021 – PROVISION OF MOBILE DATA (MPACIC 07/07/23)**

MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

2 FEBRUARY 2024

It was **NOTED** that a follow-up Task Team meeting of Cllrs A Moses, **S Booyesen**, L Ntshuntshe, ~~S-Little~~ replaced by Cllr S van Nelson and F Botha-Rossouw was scheduled for 6 February 2024.

ACTION: J VAN ZYL, E FRAY

- (2) **TENDER NO 54C/2012/2013: PROVISION OF PROFESSIONAL SERVICES IN RESPECT OF THE DESIGN AND CONSTRUCTION OF THE IRT, PHASE 1B STATION STRUCTURES (MPACIC 12/11/23)**

It was **NOTED** that a Task Team meeting of Cllrs A van Zyl, K Southgate, B Majingo, ~~S-Little~~ replaced by Cllr S van Nelson and F Botha-Rossouw was scheduled for 13 February 2024.

ACTION: J VAN ZYL, E FRAY

- (3) **REPORTING OF IRREGULAR EXPENDITURE RELATING TO OUT-OF-SCOPE WORK UNDERTAKEN ON TENDER 001S/2021/22, SUPPLY, INSTALLATION AND MAINTENANCE OF ACCESS CONTROL SYSTEMS (MPACIC 13/11/23)**

It was **NOTED** that a Task Team meeting of Ald B Watkyns, Cllrs A van Zyl, L Phakade, ~~S-Little~~ replaced by Cllr S van Nelson and F Botha-Rossouw was scheduled for 13 February 2024.

ACTION: J VAN ZYL, E FRAY

- (4) **REPORTING OF IRREGULAR EXPENDITURE INCURRED BEYOND THE ORIGINAL CONTRACT PERIOD: CONTRACT NAME: 106Q/2017/18 - APPOINTMENT OF PANELS OF HOME BUILDING CONTRACTORS FOR THE CONSTRUCTION OF GOVERNMENT SUBSIDISED HOUSING PROJECTS (MPACIC 17/11/23)**

It was **NOTED** that a Task Team meeting of Cllrs A Moses, S Booyesen, B Majingo, ~~S-Little~~ replaced by Cllr S van Nelson and F Botha-Rossouw was scheduled for 20 February 2024.

ACTION: J VAN ZYL, E FRAY

MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

2 FEBRUARY 2024

PART 2: GENERAL ITEMS:**(5) REGISTER OF UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE**

RESOLVED that it be noted that the next report was due in July 2024.

ACTION: G POSTINGS, J VAN ZYL, E FRAY

(6) SCHEDULE OF MONIES RECOVERED

RESOLVED that it be noted that the next report will be submitted to the next MPAC meeting scheduled for 12 March 2024.

ACTION: D VALENTINE, J VAN ZYL, E FRAY

PART 3: INVESTIGATIONS COMPLETED AND REPORTS TO BE SUBMITTED TO MPAC:**(7 - 15)COMPLETED INVESTIGATIONS BY MPAC**

The schedule of completed investigations was **NOTED**.

RESOLVED that the progress with regard to the items on the MPAC Matters Receiving Attention List as at 24 January 2024, be noted.

ACTION: A VORSTER; Z HOOSAIN, A MOOLMAN

MPAC 06/02/24**(A) TABLING OF THE CITY'S INTEGRATED ANNUAL REPORT FOR 2022/2023**

Ms T Narkedien (AG) gave an overview of the outcome of the City's 2022/23 audit by way of a visual presentation.

Cllr K Southgate commended City officials and all other role-players on the audit outcome. Cllr K Southgate was of the view that achieving a clean audit was always the aim by MPAC members. Cllr K Southgate commended the presentation on identifying how performance, planning and reporting had an impact on service delivery. Cllr K Southgate referred to the challenges within the Housing Department, which was a hot topic within communities and stated that the City should focus on addressing ineffective contract

MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**2 FEBRUARY 2024**

management and deficiencies identified to safeguard service delivery.

Cllr K Southgate enquired on what impact the in-year reporting had on the outcome of the Auditor's opinion.

The AG explained that one of the key principles for credible financial statements was to have controls throughout the year. She was of the opinion that if an institution had credible in-year reporting, it contributed to credible annual reporting. She stated that from a risk assessment point of view, the AG looked at the in-year reporting to identify any warning signs and propose actions to be taken to address the concerns. She informed MPAC that the AG did engage the City Manager robustly on the management report. She also noted that the City had started engaging on an action plan for any findings that were addressed in the management report.

Cllr B Majingo also commended all in their contribution to achieve the audit outcome. Cllr B Majingo was of the view that a clean audit went hand in hand with services delivery. Cllr B Majingo however raised concern that there was no audit opinions on service delivery and asked how the City would establish if it had the necessary funding and human resources to provide for the increasing housing demands in the City.

In terms of breaching the gap between service delivery and resources, the AG indicated that they have not yet provided an opinion on service delivery. She explained that it was quite difficult to establish what resources would be allocated and how resources should actually be allocated to communities. She said that because needs of communities are different, the role of public participation was very important. She said that during the public participation process, the City received input/by-in from citizens on their specific needs and wants and indicated how budget should be spent in their respective areas. She said it should be noted that the AG could not dictate how City budget should be spent. The AG indicated that the purpose of the clean audit was to set ground rules for service delivery, have a controlled environment that functioned well and that the controls can be monitored on a monthly and quarterly base to ensure funds were spent in the most efficient way possible. She stated that controls were also implemented to ensure that, where procurement took place, the City received value for money and that all the legislative requirements were met. She said it was through the monitoring of projects that the City could establish if the

MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**2 FEBRUARY 2024**

spending tied together with the City's annual plan and subsequently to the City's 5 year plan.

Ald. B Watkyns expressed his gratitude to the Auditor General on a well-delivered presentation. Ald. B Watkyns asked what the AG's attitude was towards losses Government institutions might incur where failure to safeguard or maintain assets occurred. Ald. Watkyns gave three examples as reference:

- in the event where the maintenance of roads and infrastructure was not timeously done and where the cost to repair such assets now became too costly to maintain.
- losses incurred as a result of land being rezoned subsequent to the sale thereof for, if the rezoning was done prior to the sale, it would have had a much higher selling price.
- in the event that the City becomes aware of leases that were not in place, new lease agreements were not back dated to make up for the losses.

In terms of the losses for the City, the AG said that she was not able to respond directly to the examples above, but that the controls and monitoring thereof within asset management was quite important. She indicated that the AG looked at this matter from a financial statement point of view and what risks were identified during the year. She indicated that where a loss had been identified that the correct controls be put in place to minimize the risk to the municipality.

Cllr J Witbooi thanked all for their efforts in achieving the audit outcome. Cllr J Witbooi enquired about the correlation between debts of councillors and public officials in relation to qualified and unqualified audits. Cllr J Witbooi further enquired if there was any relationship between the sound financial statements and the lack thereof, and if yes, what mechanisms the AG could put in place to improve accountability. Cllr J Witbooi referred to the recent attack on a councillor in Johannesburg and asked what steps would be taken to ensure the safety of City councillors and employees. Cllr J Witbooi asked if the delays in contracts was due to the value chain of the contracts as in some instances, for example during the COVID-19 pandemic, goods and services were not available as per usual. Cllr J Witbooi also asked the AG to elaborate/define the statement that managers were lacking in their oversight.

MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

2 FEBRUARY 2024

With regard to the question raised by Cllr Witbooi in terms of the correlation between debts of councillors and public officials in relation to qualified and unqualified audits, the AG stated that they looked at the value of the debt. She noted that the value of debt for the City of Cape Town was not as vast as any of the other municipalities. She stated said that in terms of the impact on the Audit Report, she highly doubted that the amount would be so significant that it would impact a qualified audit report. She was of the opinion that, when the AG did reflect on these matters, it stemmed more from the internal mechanisms and a more comparative approach could be taken.

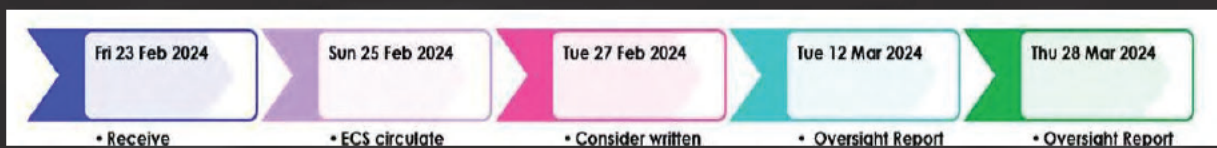
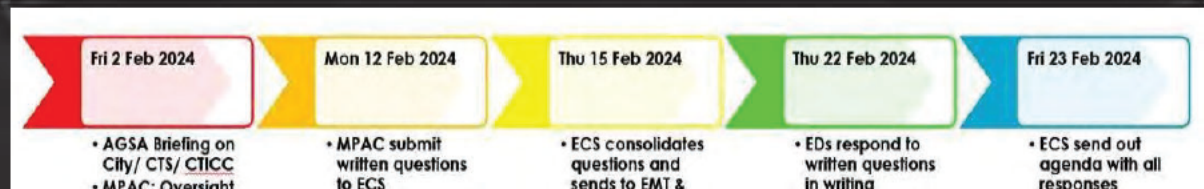
In terms of the delays in contract management of the value chain, the AG stated that when they conducted the audit specifically around procurement and contract management, they did look at what was within the control of the municipality. She was of the opinion that oversight in terms of MPAC meant that there was interrogations and questions asked on reports submitted to MPAC.

In terms of oversight by project managers, for example in building of houses, she stated that the AG would expect the project manager to fulfil their roles and responsibilities in terms of their job description i.e. monitoring of the project from the commencement time. She stated that quality control and monitoring should be an ongoing process at various stages of a project to ensure that controls could be implemented at any stage if the necessity arouse. She referred to the MFMA that required a municipality to have effective contract management in place and was of the view that the City should interrogate reports and ask the necessary questions pertaining to delayed projects.

Cllr B Majingo was of the view that confusion often arouse in areas where communities were not aware of the intended project plan and requested the City better engage communities during the public participation process. The AG said that the following reports were made available to the public and should be used to engage communities regarding service delivery plans within their areas:

- Integrated Development Plan (IDP)
- The Service Delivery and Budget Implementation Plan (SDBIPS)

In terms of the question by Cllr K Southgate on whether the action plans and controls previously implemented in the City was effective, the AG found these plans were sufficient and appropriate so that no



MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**2 FEBRUARY 2024**

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- (a) the briefing by the Auditor-General South Africa on the City's 2022/23 Annual Report, be noted.
 - (b) written questions on the Annual Report be submitted by the members of the Committee to the Secretariat by 12 February 2024.

ACTION: J VAN ZYL, E FRAY

MPAC 06/02/24 (B) PERFORMANCE REPORTS (2022/23) OF THE CITY'S TWO MUNICIPAL ENTITIES: CAPE TOWN INTERNATIONAL CONVENTION CENTRE COMPANY (RF) SOC LTD (CTICC) AND CAPE TOWN STADIUM (RF) SOC LTD

It was noted that the matter was dealt with under item MPAC 05/02/24 of the report on the agenda. It was however noted that all the City entities obtained a clean audit outcome that meant that all the controls that should have been implemented was indeed implemented.

RESOLVED that:

- (a) the tabled Annual Financial Statements and the Audit Report from the Office of the Auditor-General as contained in the Annual Reports of the CTICC and the Cape Town Stadium respectively, for the 2022/23 financial year, be noted.
- (b) the tabled Annual Reports of the CTICC and Cape Town Stadium for the 2022/23 financial year be forwarded for the preparation of the oversight reports.
- (c) the performance reviews of the CTICC and the Cape Town Stadium, for the 2022/23 financial year, be noted.

ACTION: A MOOLMAN, J VAN ZYL, E FRAY

MPAC 07/02/24 QUARTERLY REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 30 SEPTEMBER 2023

RESOLVED that:

- (a) the performance reviews of the CTICC and the Cape Town Stadium, for the 2022/23 financial year, be noted.

RECOMMENDED that:

MINUTES MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

2 FEBRUARY 2024

(b) Council notes the Municipal Public Accounts Committee's activities, work plan status and minutes.

ACTION: A MOOLMAN, J VAN ZYL, E FRAY

THE MEETING ENDED AT 11:30 FOLLOWED BY THE CONFIDENTIAL MEETING.

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Date: 2024.03.12 10:51:32 +02'00'

CHAIRPERSON: CLLR Y ADAMS

DATE

- MINUTES -

**OF A SPECIAL MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
HELD IN COMMITTEE ROOM A, 5TH FLOOR, PODIUM BLOCK, CIVIC CENTRE,
CAPE TOWN ON TUESDAY, 27 FEBRUARY 2024 AT 10:00**

PRESENT

COMMITTEE MEMBERS

CAPE MUSLIM CONGRESS (CMC)

Cllr Y Adams (Chairperson)

DEMOCRATIC ALLIANCE (DA)

Cllr A Van Zyl (deputy Chairperson)

Ald J van der Merwe

Cllr A Moses

Cllr K Southgate

Cllr J Witbooi

AFRICAN NATIONAL CONGRESS (ANC)

Cllr B Majingo

Cllr L Phakade

ECONOMIC FREEDOM FIGHTERS (EFF)

Cllr L Ntshuntshe

FREEDOM FRONT PLUS (VF+)

Cllr E Botha-Rossouw

COMMITTEE MEMBERS ABSENT WITH APOLOGY

Cllr S Booysen

Cllr S van Nelson

Ald B Watkyns

COMMITTEE MEMBERS ABSENT WITHOUT APOLOGY

None

MUNICIPAL PUBLIC ACCOUNTS**27 FEBRUARY 2024****OFFICIALS**

V Botto : Executive Director: Safety and Security
 D Campbell : Executive Director: Urban Mobility
 R Gelderbloem : Executive Director: Economic Growth
 K Jacoby : Chief Financial Officer
 N Gqiba : Executive Director: Human Settlements
 S Mandlana : Executive Director: Community Services and Health
 L Manus : Executive Director: Water and Sanitation
 P Mayisela : acting Executive Director: Urban Waste Management
 R McGaffin : Executive Director Spatial Planning and Environment
 G Morgan : Executive Director: Future Planning and Environment
 K Nassiep : Executive Director: Energy
 B Peters : Future Planning and Resilience
 P Malapo : Human Settlements (via Skype)
 O Jansen : Human Settlements (via Skype)
 N Mlungu : Human Settlements (via Skype)
 N Kock : Human Settlements (via Skype)
 E Greyling : Finance (via Skype)
 D Valentine : Finance
 L Fortune : Finance
 L Baard : Finance
 P de Vries : Finance (via Skype)
 L Ndaba : Corporate Services
 G Postings : Office of the City Manager
 A Vorster : Office of the Speaker
 H Fouche : Ombudsman
 L Coltman : Forensic Services
 C Hendricks : Forensic Services
 C Maurer : Forensic Services
 Z Hoosain : Internal Audit
 A Moolman : Internal Audit
 F Arendse : Internal Audit
 S Du Toit : Combined Assurance and Governance
 Z Kakaza : Combined Assurance and Governance
 B Nichols : Legal Services
 M Peter : Safety and Security
 R Razack : Executive Committee Services
 E Fray : Executive Committee Services
 J van Zyl : Executive Committee Services
 Nicolette Kock <Nicolette.Kock@capetown.gov.za>

MUNICIPAL ENTITIES

W de Wet : CTICC
 F Parker : Cape Town Stadium
 G Woodburn : Cape Town Stadium

APOLOGIES

L Mbandazayo
E Sass
A Karriem

SPMPAC 01/02/24 OPENING

Cllr Y Adams welcomed everyone to the Special Municipal Public Accounts Committee meeting.

SPMPAC 02/02/24 APOLOGIES / LEAVE OF ABSENCE

It was noted that apologies for not being able to attend the meeting were received from Ald B Watkyns and Cllrs S Booysen and S van Nelson.

Further apologies were also noted from Messrs L Mbandazayo, E Sass, A Karriem and L Magwebu.

SPMPAC 03/02/24 DECLARATION OF INTEREST

It was noted that Ms G Postings is involved with the City Manager's UIFW register and the SCM deviation process and that Mr A Vorster is the Chairperson of the SCM Bid Adjudication Committee.

At this stage the City of Cape Town Municipal entities made presentation as contained under items SPMPAC 05/02/24 and SPMPAC 06/02/24 in the minutes. The minutes, however, are recorded in the correct numerical order.

SPMPAC 04/02/24 QUESTIONS SUBMITTED BY COUNCILLORS ON THE CITY'S 2022/23 ANNUAL REPORT AND ANSWERS GIVEN BY THE CITY MANAGER AND EXECUTIVE DIRECTORS

The meeting agreed that verbal questions would be raised in relation to the Agenda page numbers that would be called out by the Chairperson.

Members of MPAC raised concern that the answers to written questions submitted was only received on Friday, 23 February 2024 and that hard copies of the agenda was only circulated the day prior to the meeting. MPAC members wished to place on record that they had limited time to scrutinise the responses.

Mr Vorster explained that there are tight timeframes in respect of the oversight process of the City's Integrated Annual report and that the

MUNICIPAL PUBLIC ACCOUNTS**27 FEBRUARY 2024**

deadline to report to Council on the oversight process have to be met.

The meeting was advised to submit supplementary written questions, if any, in respect the responses received by no later than Thursday, 29 February 2024. The meeting was also advised that any matters that require further interrogation would be included on the MPAC's Matters Receiving Attention list for actioning/attention and response by EMT.

MPAC members commended the City Manager and EMT members for the time and effort taken to respond to the questions submitted by Councillors on the City's 2022/2023 Annual Report.

The Chairperson proceeded to call out the page numbers of the responses on the agenda.

Cllr J Witbooi referred to the response to Question 6 in terms of the City's efforts to reduce the housing backlog and the different view that the media portrayed in combatting the Housing backlog.

It was proposed that a presentation/workshop be held in April 2024 on the steps the City was taking to reduce the City's housing backlog, as well as, how the City was addressing the growing issue of the construction extortion.

Cllr K Southgate referred to the response to Question 13, and enquired what the reasons were for the below 80% spending of Ward Allocation for Subcouncil 14 and Subcouncil 15 during the 2022/2023 financial year. It was proposed that, as EMT members would not readily be able to respond to verbal queries, such questions be addressed to the relevant officials and that the information regarding projects that fall under Subcouncil 14 and Subcouncil 15 be circulated to MPAC members after the meeting.

Ald. van der Merwe referred to the response to Question 21, and asked about where Area West was located within the City of Cape Town. Mr V Botto informed MPAC that the Safety and Security Directorate was in the process of aligning its structures in accordance to the City's four area-based service delivery areas, but that the cardinal compass directions be observed for now.

Ald. van der Merwe referred to the response to Question 22, the number of leases recorded in the Property Transaction Management System, and requested that the Directorate align its response in terms of the COCT Sports Facility Policy that was adopted in 2022. Ms R Gelderbloem indicated that the answer reflects a response in terms of the sporting leases related to the Economic Growth

Directorate, but that further response from the Economic Growth Directorate, in conjunction with the Community Services and Health Directorate would be provided to MPAC in due course.

Ald. van der Merwe referred to the response to Question 23, and sought clarity on the Public Participation Process for Facilities Management Agreements. Ms R Gelderbloem explained that the Economic Growth Directorate together with the Community Services and Health Directorate would clarify the data and regularise the current usages it was clear that the Parks and Recreation Department preferred facility management agreements instead of lease agreements. She informed the meeting that the Municipal Asset Transfer Regulation process still had to be followed. It was also noted that the Facilities Management Agreement Process would take between 8 and 12 months to implement.

Ald. van der Merwe referred to the response to Question 26, and sought clarity on the seven resorts that would be transferred to the Spatial Planning and Environment Directorate. Mr R McGaffin and Ms Z Mandlana referred to a Council resolution taken that the seven resorts would be transferred to the Spatial Planning and Environment Directorate, as it had a particular biodiversity value. It was noted that the resorts would be managed similarly to City Reserves.

In response to a question raised by Ald. van der Merwe regarding the Question 29, the MyCiti bus Income for 2022/23 financial year, Ms Campbell explained that the income comes from tariffs and the amount indicated and the cost recovery was in terms of the Public Transport Network Grant (PTNG).

Cllr K Southgate referred to the response to Question 44, and raised concern regarding the lack of comments received from Subcouncils and the Portfolio Committees. Cllr Majingo was of the view that MPAC members should encourage fellow-Councillors at Subcouncil and Portfolio Committees to actively engage the process available to comment on the Integrated Annual Report. Mr K Jacoby highlighted the fact that many platforms were made available for all citizens to review/input and comment on the Annual Report.

Cllr Southgate also referred to the answer to Question 77, and said that the response is noted, but he wished to know, in terms of consequence management, how many cases resulted in positive reinforcement, and how many cases resulted in remedial actions and reprimands, which departments were affected, and that a breakdown be provided of the number per department. The CFO said that a very broad responses was provided, but that the response encompasses the query raised.

Cllr J Witbooi referred to the response to Question 80, answer from Urban Waste Directorate on the process flow of the creation and closing of C3 notifications. Cllr J Witbooi sought clarity on the process and the response by the City during the handovers and rerouting and turnaround time of C3 notifications to the correct depot/department. Mr K Jacoby and Ms G Postings responded by saying that each Executive Director, in terms of their KPI's, were responsible for the relevant Directorate's service requirements.

MPAC members raised concern regarding the process during the closing of C3 notifications and the creation of further C3 notifications for reinstatement purposes by another Directorate in order for the project to be completed in its totality.

It was proposed that feedback/review be undertaken on the process where C3 notifications were closed and the triggering of the reinstatement processes were to commence in order for the project to be completed in its totality. Cllr Witbooi also felt that for each notification a checklist be developed in case further services are required to finally close the notification, so that the reference remain open until all boxes are ticked.

Cllr J Witbooi referred to the response to Question 85(E), and asked if there was an increase in the termination of contracts after the due diligence process, post the award going into the contracting space. Mr K Jacoby informed the MPAC members that since the City had been practicing the due diligence process within the organisation, it was noted that less terminations of contracts with suppliers occurred. It was also noted that prior performance of a contractor within the City was considered during the contract decision-making process. The CFO further explained the processes followed with contract management and due diligence. He also indicated that penalty clauses are standard in all contracts in order to safeguard the City.

Cllr B Majingo referred to the response to Question 97, and sought further clarity on the housing backlog in the City of Cape Town. Ms N Gqiba explained that the housing backlog referred to the Housing Needs Register and not necessarily the verified list of people that qualified for housing. Ms N Gqiba further highlighted the City's housing options in the event where grant funding was not available and said that the City was in the process of conducting a comprehensive review of the Integrated Human Settlements Sector plan. Public-Private Partnerships to provide housing opportunities are also included in future planning.

Cllr B Majingo requested that the information in the Annual Report regarding housing opportunities and options be duly and simply explained when the information become available in the public environment.

Cllr B Majingo referred to the response to Question 102, "delivery of Human Settlements were grant-funded", and enquired if the City would have the appropriate resources/capacity to provide housing if additional funding were made available by National Government. Mr K Jacoby was of the view that, from a building capacity perspective, the City responded well in various other projects where it obtained confidence that funding was assured. It was noted that the Sector Plan review was under development. Members of MPAC felt that the City should have a clear strategy in terms of designs and infrastructure.

Cllr B Majingo referred to the response to Question 105, in terms of crime prevention, and sought clarity on the number of Law Enforcement, LEAP, Metro Police and Traffic Services staff employed by the City. Mr V Botto provided the following information:

- Traffic Services - ± 1 000 staff members
- LEAP - ± 1 000 staff members
- Law Enforcement - ± 2 000 staff members
- Metro Police - ± 500 staff members.

Mr V Botto highlighted the fact that all Law Enforcement Officers, Metro Police Officers and Traffic Officers were peace officers governed by the Criminal Procedures Act. He also informed the MPAC members that, for the first time in the history of South Africa, the City had enlisted a 1 000 students to be trained as Metro Police Officers.

Cllr A van Zyl commended EMT in terms of their responses to MPAC. She also commended the efforts made by the Administration and MPAC Technical Support Team.

RESOLVED that:

- (a) the annual report be approved without reservation and that outstanding questions be added to the MRA; and
- (b) follow-up questions in respect of responses received to be submitted in writing by close of business 29 February 2023 and will be added to the MPAC Matters Receiving Attention (MRA) list.

ACTION: J VAN ZYL, E FRAY, A MOOLMAN, F ARENDSE

SPMPAC 05/02/24 PERFORMANCE REPORTS (2022/2023) OF THE CITY'S TWO MUNICIPAL ENTITIES: CAPE TOWN INTERNATIONAL CONVENTION CENTRE COMPANY (RF) SOC LTD (CTICC) AND CAPE TOWN STADIUM (RF) SOC LTD

CAPE TOWN INTERNATIONAL CONVENTION CENTRE COMPANY (RF) SOC LTD (CTICC)

Mr W de Wet made presentation on the performance of the Cape Town International Convention Centre Company (RF) SOC LTD (CTICC). A copy of the presentation is attached to the official minutes of the meeting as Annexure A.

The Chairperson said that members of MPAC have the opportunity to direct questions to the management of the CITCC on the Performance Report (2022/2023) of the City's Municipal Entity: Cape Town International Convention Centre Company (RF) SOC LTD (CTICC).

MPAC members commended the CTICC on the 2022/2023 Annual Report performance.

Ald. J van der Merwe enquired if the CTICC had any large debtors and if so, what policy was in place to avoid such occurrences. Mr W de Wet explained that, at the end of the financial year 2023, there was only one large single debt outstanding, but it should be noted that payment was in process. It was also noted that SARS was, post-COVID19, the biggest debtor, but payment had subsequently been processed. Mr W de Wet informed the MPAC members that policy require that payment usually had to be processed upfront before any event. Mr W de Wet said that in the event where a public sector institution scheduled an event and provided a purchase order, leniency was allowed by the CTICC. Mr W de Wet also informed the meeting that there was currently no large debt outstanding to the CTICC.

Cllr J Witbooi referred to slide seven of the presentation and sought clarity on the wording 'job or job creation' within the CTICC context. Mr W de Wet explained that it included the spending and time the CTICC made available in order for the service provider to deliver services to the CTICC. Mr de Wet cited, for example, the use of labour broker staff, as the CTICC employed people for a certain amount of hours during an event. He further informed the meeting that, from a suppliers perspective, a macro-economic factor to determine job creation was used.

Cllr K Southgate commended the CTICC in obtaining a clean audit. Cllr Southgate enquired that, at the mention of no significant

findings, whether there were any findings or risks, and what they were and what steps were put in place to mitigate against such risks, going forward. Mr W de Wet informed the meeting that one finding was highlighted in terms of an outcome of an arbitration case where the expenditure was capitalised against the building. He stated that the AG was of the view that the matter should have been written-off as an expense. Mr W de Wet said that the CTICC has a Risk Register that was reported and overseen by the CTICC's Audit Committee, board and all its subcommittees. From a risk prospective, Mr W de Wet said that the CTICC, as well as, most convention centres internationally, noted the loss of skilled resources especially in the ICT skills sets and middle management level.

Cllr E Botha Rossouw enquired how the CTICC endeavoured to increase the 40% woman-owned business spend. Mr W de Wet stated that the CTICC was bound to the Local Government Regulations and the Preferential Procurement Policy Framework Act (PPPFA) and all opportunities has to go out on tender. He said the CTICC could only award a tender in the case were a responsive tender was woman-owned based, but that the CTICC provides development and skills transfer/training to assist woman-owned business with all necessary requirements.

In response to a question raised by Cllr A Moses on how much of the projected expenditure budget turned into savings, Mr W de Wet explained that the CTICC continuously explores ways of savings. He said that the CTICC achieved approximately 5% savings on fixed costs by means of renegotiating with suppliers and considering other options of procedure to become more effective and efficient.

Cllr K Southgate noted that the AG places high emphasis on accountability and asked if the CTICC management had a component built into its KPI's to ensure a high level of accountability. Mr W de Wet confirmed that all levels of employee performance within the CTICC was managed by:

- Key Performance Areas (KPA's).
- The values of the CTICC as an organisation.

In terms of value for money, Cllr K Southgate asked how many events held in the CTICC was hosted by local and how many was hosted by international event organisations. Mr W de Wet informed the MPAC members that the CTICC always endeavoured to keep its costs/pricing competitive and market-related. Mr W de Wet stated that 34 international events were held in 2023 of which a majority was organised by local professional conference organisers (PCOs).

CAPE TOWN STADIUM (RF) SOC LTD

Mesdames G Woodburn and F Parker made presentation on the performance of the Cape Town Stadium (RF) SOC LTD. A copy of the presentation is attached to the official minutes of the meeting as Annexure B.

The Chairperson said that members of MPAC have the opportunity to direct questions to the management of the Cape Town Stadium on the Performance Report (2022/2023) of the City Municipal Entity: Cape Town Stadium (RF) SOC LTD.

MPAC members commended the Cape Town Stadium on the 2022/2023 Annual Report performance.

Ald J van der Merwe highlighted the fact that the Cape Town Stadium was named fourth in Betway's Top 5 Global Rugby Stadiums. Ald van der Merwe enquired regarding the steps taken by the Stadium management in terms of the reduction in losses and how the Stadium would ensure that it became more financially independent. Ald van der Merwe asked that the Cape Town Stadium officials elaborate on the events secured for the next financial year.

Ms G Woodburn highlighted the following three strategies by the Cape Town Stadium in terms of becoming more financially independent:

- Bowl strategy - the Stadium, jointly with event organisers, encourage ticket sales rather than the number of bowl events.
- Property development within the Cape Town Stadium to best utilise the entire precinct to generate income.
- Reduction of utility costs to become more energy efficient.

Ms G Woodburn further informed the MPAC members that the Cape Town Stadium had a sound calendar with 35 Bowl Events scheduled.

Cllr K Southgate asked if the expense incurred to provide for suites in the Stadium realised an optimal return, Ms G Woodburn explained that, to establish the benefit of the suites in the Stadium, one had to look at the lifespan of the stadium and what benefits the suites would provide in the long term. She stated that an anchor tenant would not have been secured without the suites and that additional events were being considered, for example the 7's rugby to enabled the City to play on the world class stage. Ms G Woodburn further informed the meeting that Western Province Rugby Union leased the suites and that they have sold approximately 50%

- 60% of the suites and the suites were their property to promote. Mr K Jacoby explained that Western Province Rugby Union carried the full financial cost of developing the suites and the City would benefit if the suites were fully occupied.

In response to Cllr K Southgate's question whether the Cape Town Stadium ever held sports events at a loss, Ms G Woodburn explained that all events had rental and direct costs. She stated that smaller events had a lower rental cost as these events needed less support and would struggle, but the City assisted such events in trying to increasing the spectator numbers.

Cllr K Southgate asked if the Cape Town Stadium was close to breaking even. Ms G Woodburn was of the view that by hosting events only it would be difficult to break even, but if the precinct was to be developed, the Stadium would have an additional revenue stream. The CFO reported that the losses at the CTS have been significantly reduced over the last few financial years.

Cllr A Moses enquired if the Cape Town Stadium would consider hosting the Two Oceans Marathon in future. Ms G Woodburn explained that the Stadium would in future pursue having the finishing of the Two Oceans event at The Stadium as such expo events were beneficial to the Cape Town Stadium.

Cllr L Phakade sought clarity on developing the Cape Town Stadium precinct. Ms G Woodburn explained that the development included shop fronts within the Stadium. She also stated that development P3 construction was currently in progress and it was noted that the Stadium was exploring, within the Stadium super structure, to create a corridor of restaurants and shops. She was of the view that, because the super structure would be used, the capital expense would make it affordable and limited build would occur.

In response to a question raised regarding the cancellation of the Formula-E event, the meeting was informed that the management of the event was not able to raise the funds required to guarantee the event. Ms G Woodburn also informed the meeting that the previous year only 1 weekend was scheduled for the event and the build was extremely difficult. It was subsequently resolved to schedule the event over 3 weekends in order to have ample time to build, host the event and breakdown the structures. Ms G Woodburn added that the event was cancelled at a very late stage to allow for replacement events to take place at the Stadium.

Cllr J Witbooi raised concern regarding ample parking space in and around the Cape Town Stadium. Ms G Woodburn explained that they worked closely with the City of Cape Town to encourage

spectators to make use of the MyCiti Bus service. She further highlighted that the Stadium was within a walkable distance of the City, with easy access to restaurants.

Ms D Campbell encouraged event attendees to park further away from the stadium and to make use of alternative parking arrangements and transport, especially MyCiti Bus facilities. It was noted that using the walk way and the MyCity Bus facilities was beneficial. It was also mentioned that parking close to the Stadium during events has a huge impact on the City's Safety and Security's Budget in terms of attending to traffic congestion. Cllr Witbooi made mention of the fact that large groups of people come from outside the City borders to attend these events and because they were not familiar with the area, preferred to park their vehicles close to the Stadium. Ald. J van der Merwe proposed that the MyCiti bus routes be extended to other areas for example the Southern and the Northern parts of the City. Ms D Campbell informed the MPAC members that the matter would have to be investigated as there were no operating licences for the aforementioned areas.

Cllr J Witbooi enquired as to what other events, except rugby could be considered to fill up the venue. Ms G Woodburn reassured the MPAC members that the Stadium was actively searching for alternative events that can be hosted. She informed the meeting that Monster Trucks were hosted by the Stadium every second year and the Stadium was also exploring the possibility to host a boxing event. Ms P Woodburn stated that the Stadium was a multipurpose facility and that the new Cape Town Stadium strategy was to find such events and bring it to the City of Cape Town.

Ms P Woodburn informed the MPAC that, post Covid-19, Rugby and Football had broadcasting rights that made it easier for them to recover. She stated that these large companies split their revenues between broadcasting rights and ticket sales. She said that during a concert event all tickets had to be sold for event organiser's revenue model to work. She said that it was for this reason that concerts were taking longer to recover. Ms P Woodburn also highlighted the fact that there was currently a greater diversity in promoters than in previous years.

RESOLVED that the presentations regarding the performance of the Cape Town International Convention Centre Company (RF) SOC LTD (CTICC), and the of the Cape Town Stadium (RF) SOC LTD, during the 2022/23 financial year, be NOTED.

ACTION: L FORTUNE, D VALENTINE

MUNICIPAL PUBLIC ACCOUNTS

27 FEBRUARY 2024

THE MEETING ENDED AT 12:25

yagyah adams



Digitally signed by yagyah adams

Date: 2024.03.12 10:53:07 +02'00'

CHAIRPERSON: CLLR Y ADAMS

DATE



IAR 2023

LEAVING
LASTING IMPRESSIONS



Create Extraordinary

Cape Town International Convention Centre

FINANCIAL PERFORMANCE



R278m
Revenue



R46m
EBITDA
(400% improvement on the target of R15.2m loss)



R27m
Capital expenditure (156% improvement on the previous year)



PROCUREMENT



R115m (90%)

Spend with B-BBEE suppliers



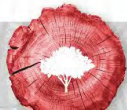
R108m (90.5%)

Spend with local suppliers



40%

Spend with women-owned businesses



FINANCIAL POSITION



R102m

Cash resources (100% improvement on the previous year)



Going concern

The CTICC has remained financially sustainable



Clean audit report

Received from the AGSA for the 2023 financial year



OUR FIRST 20 YEARS



ECONOMIC CONTRIBUTION



R5.7bn GDP and **R5.4bn** GGP
Contribution in the 2023 financial year



R60bn GDP and **R51.5bn** GGP
Cumulative contribution since 2003



10 965
Jobs created nationally in the
2023 financial year



156 313
Jobs created nationally since 2003



OUR FORWARD BOOK



R1.2bn

Value of events in Forward Book



FIGO World Congress of Gynaecology & Obstetrics in 2025



International Society for Magnetic Resonance in Medicine (ISMRM) Congress in 2026



World Avocado Congress in 2027



15th World Congress for Neurorehabilitation in 2028



International Botanical Congress in 2029





LEAVING LASTING IMPRESSIONS



Create Extraordinary

Cape Town International Convention Centre





PLANNING OBJECTIVE

Outline the steps in the planning process.

- 1. **Identify the problem**
 - **Define the problem**
 - **What is the problem?**
 - **What are the symptoms?**
 - **What are the causes?**
 - **What are the consequences?**
 - **Identify the stakeholders**
 - **Who is affected by the problem?**
 - **Who has a stake in the problem?**
 - **Who has the authority to solve the problem?**
- 2. **Generate alternative solutions**
 - **Brainstorming**
 - **What are the possible solutions?**
 - **What are the pros and cons of each solution?**
 - **Feasibility study**
 - **What are the resources available?**
 - **What are the risks involved?**
 - **What are the costs and benefits?**
- 3. **Implement the chosen solution**
 - **Develop an action plan**
 - **What are the steps to be taken?**
 - **Who is responsible for each step?**
 - **What is the timeline?**
 - **Monitor and evaluate progress**
 - **Are we on track?**
 - **Are there any obstacles?**
 - **Are we achieving our goals?**

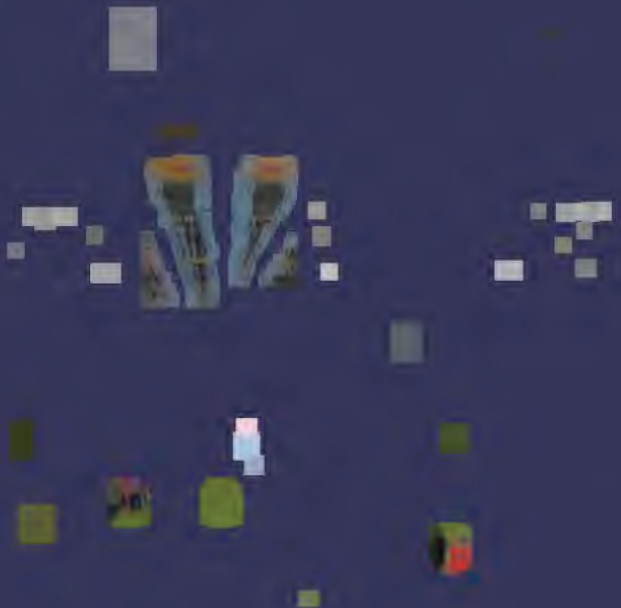
WINSTON ACADEMY

Goal

- 1. [illegible]
- 2. [illegible]
- 3. [illegible]
- 4. [illegible]
- 5. [illegible]
- 6. [illegible]
- 7. [illegible]
- 8. [illegible]
- 9. [illegible]
- 10. [illegible]
- 11. [illegible]
- 12. [illegible]

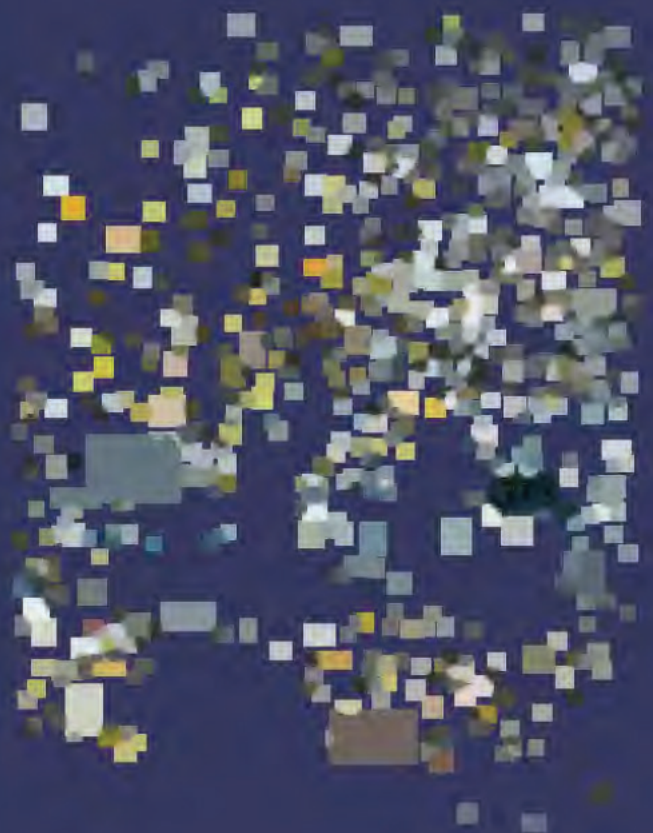
Team Goal

- 1. [illegible]
- 2. [illegible]
- 3. [illegible]
- 4. [illegible]
- 5. [illegible]



MARKETING & COMMUNICATION

- 1. **Marketing Strategy**
- 2. **Product Development**
- 3. **Price Setting**
- 4. **Promotion Planning**
- 5. **Place (Distribution)**
- 6. **People (Sales Force)**
- 7. **Physical Evidence**
- 8. **Process (Service Delivery)**
- 9. **Performance (Customer Satisfaction)**
- 10. **Partners (Alliances)**





SDBIP 2022/23 FY PERFORMANCE

PRIORITY	INDICATOR	TARGET	ACTUAL	STATUS
Economic Growth	Spectator Attendance	650 000	993 627	
Economic Growth	Number of events hosted	110	135	
Public Spaces, Environment, Amenities	Compliance with approved repairs and maintenance	100%	100%	
Public Spaces, Environment, Amenities	Compliance with Occupational Health and Safety Act	100%	100%	
A capable and collaborative government	Achievement of own projected revenue	90%	88.03%	
A capable and collaborative city government	Opinion of the Auditor-General	Clean Audit	Clean Audit	
A capable and collaborative city government	Budget spend on implementation of WSP	90%	141%	
A capable and collaborative city government	Employees from the EE designated groups in the 3 highest levels of management	80%	40%	

FINANCIAL PERFORMANCE

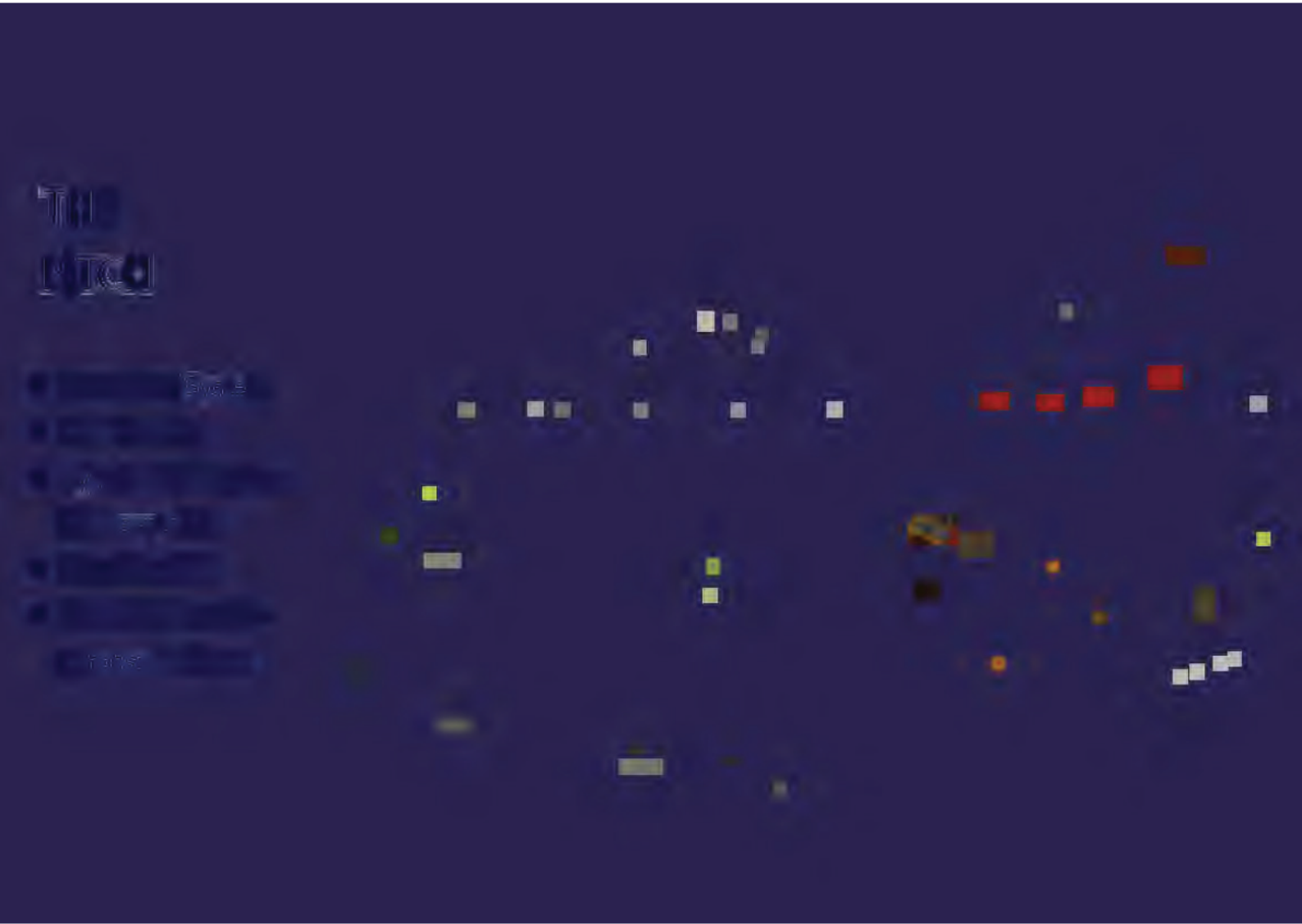
ITEM	PRIOR YEAR 2021/22	BUDGET 2022/23	ACTUAL 2022/23	% ACHIEVED VS TARGET
OWN INCOME	R38 142 426	R57 623 253	R50 727 775	Achieved 88% of income budget
SERVICE IN KIND	R8 107 498	R7 003 153	R8 502 772	Exceeded budget by 21%
GRANT UTILISED	R41 914 680	R33 196 048	R33 196 048	Full grant utilized
TOTAL INCOME	R88 164 604	R97 822 454	R92 426 595	Achieved 94% of total income
EXPENSE	R87 739 804	R97 822 454	R95 918 721	Savings on budget of 2%
DEFICIT/SURPLUS	R424 800	R0	(R3 492 126)	

CONCLUSION FROM AUDITOR GENERAL

"The stadium is once again commended for receiving a financially unqualified audit opinion with no findings on compliance with laws and regulations and performance information (clean audit opinion) for the 2022-23 period under review."

"Cognisance is given to the stadium for performing consistently well post the Covid-19 pandemic. The stadium was able to systematically increase revenue generation, which resulted in showing a profit in the prior year under review."

"The reliance on the parent company has reduced in the current year. The reduction in the contributions by the City of Cape Town and services in kind was 16.6%. The stadium is encouraged to continuously strive to reduce the reliance and eventually become more sustainable."





SCHEDULE OF OUTSTANDING COMMENTS AND RESOLUTIONS F

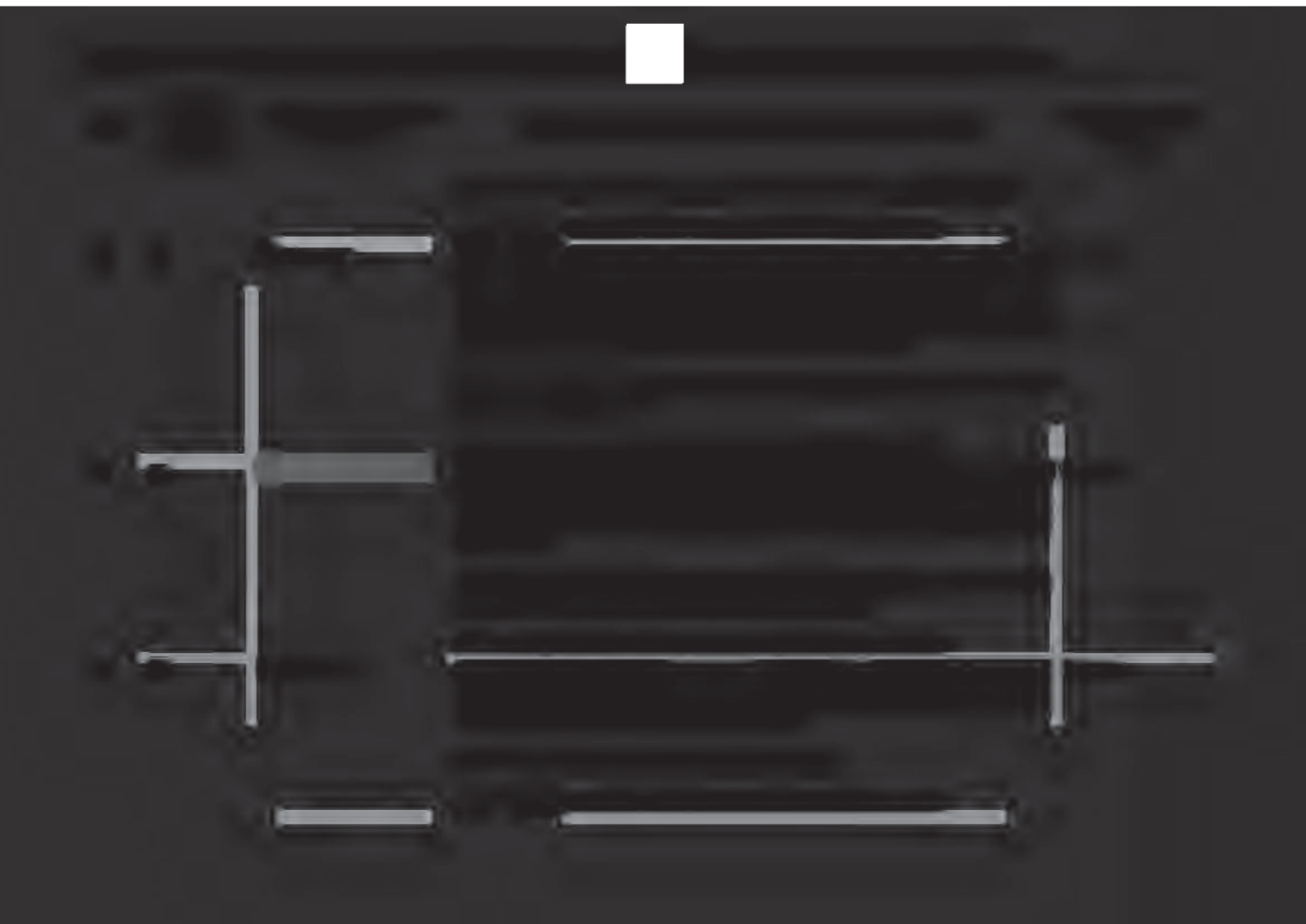
THE MPAC MEETING ON 27 FEBRUARY 2024 **ANNEXURE B****A. CAPE TOWN INTERNATIONAL CONVENTION CENTRE (CTICC)**

No written questions were received from the MPAC members. The following questions were posed to the CTICC's CFO at the Special MPAC meeting on 27 February 2024:

NO.	ANNUAL REPORT PAGE NO.	QUESTIONS RAISED BY ALD/ CLLR	QUESTIONS SUBMITTED ON THE 2022/23 ANNUAL REPORT	RESPONSIBLE OFFICIAL
1.	104	Ald. J van der Merwe	(a) Does the entity have any big debtors who are not paying? (b) What mechanisms/ policies are in place to avoid large outstanding debt and ensure payment is received? MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2024	CTICC: CFO
2.	122	Cllr J Witbooi	What constitute a job opportunity? MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2024	CTICC: CFO
3.	210	Cllr K Southgate	(a) The entity had no <u>significant</u> findings raised by the Auditor-General of South Africa (AGSA). Were <u>any</u> findings raised? (b) Were any risks identified and are there controls in place to mitigate the risks? (c) The AGSA place emphasis on accountability. Does all senior management have an accountability component built into their KPIs to ensure accountability? (d) Does the business model ensure value for money? (e) How many events/ conferences are hosted by local and international organisers? MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2024	CTICC: CFO
4.	106	Cllr F Botha-Rossouw	The entity only does business with 40% women-owned businesses. What is the entity's plan to increase opportunities for women-owned businesses? MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2024	CTICC: CFO
5.	249	Cllr A Moses	How much of the projected budget results in savings? MATTER RESOLVED AT MPAC MEETING ON 27 FEBRUARY 2024	CTICC: CFO

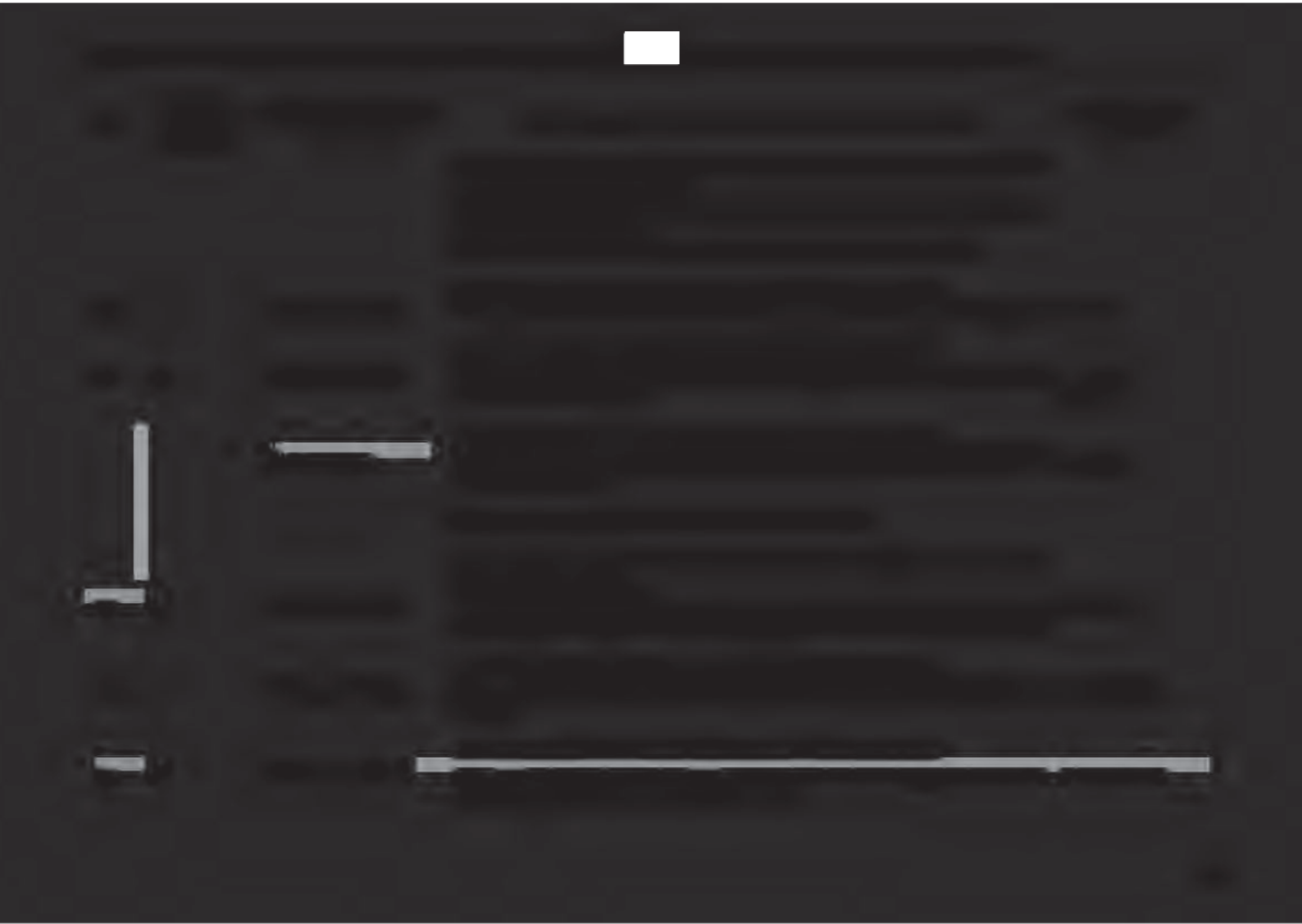


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**REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE
TO THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
ON THE CITY OF CAPE TOWN'S 2022/23 INTEGRATED ANNUAL REPORT**

PURPOSE

To provide a report to the Municipal Public Accounts Committee ("MPAC") in support of its oversight function, and to inform the MPAC oversight report.

MANDATE AND AUTHORITY

The Audit and Performance Audit Committee ("APAC" or "the committee") is mandated in terms of section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA).

The responsibility of the APAC, as an advisory oversight activity, is further re-iterated in terms of:

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

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

The APAC chairperson is available to discuss the report if requested by the MPAC chairperson.

In terms of the APAC's Terms of Reference, approved by Mayco on 22 June 2023, the APAC has the following responsibilities related to the Annual Financial Statements and the Integrated Annual Report:

- 7C(f): Advise on disclosures on matters of risk and risk management in the Integrated Annual Report;
- 7L(d): Review the integrity of the information included in the final Integrated Annual Report before release, by considering the work and results of assurance providers (e.g. external and internal audit) relating to the validity, accuracy and completeness thereof;
- 7L(j): Consider the Integrated Annual Report with recommendation to MPAC regarding onward submission to Council;
- 8(f): APAC will report to Council on how it has fulfilled its duties during the financial year. This report is included in the Integrated Annual Report of the City and its entities;
- 8(k): APAC should have regard to all factors and risks that may impact on the integrity of the Integrated Annual Report, aligned to its role and functions;
- 8(l): The APAC must review the disclosure of sustainability issues in the Integrated Annual Report to ensure that it is reliable and does not conflict with the financial information.

RELATED AUDIT REPORTS

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

With reference to the Integrated Annual Report (IAR), the APAC noted an increased maturity and steady improvement towards achieving the goal of integrated thinking and practices. There is also an increased focus on communication with all stakeholders. This is an ongoing improvement project based on a benchmarking process conducted previously, that will be completed in phases resulting in improved integrated thinking and reporting taking cognisance of the user of the report.

Section 79A(3)(b) of the Local Government: Municipal Structures Amendment Act, Act 3 of 2021, requires the MPAC to review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council. To assist MPAC in fulfilling this mandate, APAC wishes to draw MPAC's attention to the following areas flowing from APAC's activities during the year, including the quarterly review of Internal Audit projects completed, as required by section 165(2)(b) of the MFMA, and Internal Audit's Annual Statement on Governance, Risk Management and Internal Control Processes within the City of Cape Town for the year ended 30 June 2023:

- A matrix (based on COSO – Committee of Sponsoring Organizations of the Treadway Commission) is applied to measure and provide an opinion on the overall governance, risk management and internal control processes of the City. The overall assessment rating for 2022/23 was calculated at 2.82, compared to 2.76 in the previous financial year, which falls into the "some improvement needed" category. The movement represents an improvement compared to the previous financial year, and a steady improvement can be seen in the past three financial years.
- Audits conducted differ from year to year and is dependent on the City's risk profile identified during the compilation of the annual audit plan. The basis of comparatives used may therefore differ from year to year as the City's risk profile evolves from year to year.
- The overall ratings for the 37 assurance audits completed are:
 - Effective: 27% (2021/22: 23%)
 - Some improvement needed: 49% (2021/22: 54%)
 - Major improvement needed: 24% (2021/22: 20%)
 - Unsatisfactory: 0% (2021/22: 3%)
- Main root causes identified from the 35 assurance audits conducted in 2022/23 are:
 - Lack of and/or the inadequacy of existing policies and procedures (14 of the 37 audit reports = 38%);
 - Lack of management review, supervisory checks and oversight (22 of the 37 audit reports = 59%);
 - Lack of supporting evidence/information/records management processes (16 of the 37 audit reports = 43%);
 - Resource/Capacity constraints, lack of skills/ guidance and training (16 of the 37 audit reports = 43%);
 - Lack of communication/collaboration/coordination (6 of the 37 audit reports = 16%); and
 - Lack of monitoring activities (10 of the 37 audit reports = 27%).
- Follow-up audits are performed to determine if corrective actions agreed to by line management, in respect of audit findings from previous audits, have been implemented. The directorates' Key Operational Indicator for Percentage Internal Audit recommendations resolved" has a target of 75% and follow-up audit results indicated that 87% (2021/22: 77%) of audit findings previously reported were addressed.

Internal Audit also completed an advisory review on the draft Annual Financial Statements where issues were raised with management for action. In addition, risks and opportunities with value-adds were shared. The report also gave the APAC comfort that subsections 7L(a), 7L(c) and 7L(h) of our Terms of Reference had been achieved.

Notwithstanding significant challenges during the year under review, the City has exhibited growth and efficacy, effective governance, increased accountability, and transparency. The APAC congratulates the City's management on achieving an unqualified audit report on the Annual Financial Statements, with no material findings on Performance Management and with no material Compliance findings – effectively a "clean audit" for the second year in a row. This is an excellent achievement and we thank the entire management team for the hard work that went into this excellent achievement. It's no easy feat achieving a "clean audit" especially on compliance in an entity of this size and complexity. Improved Contract and Project management has been a major contributor to improving SCM compliance and hence the continued "clean status" for a second year in a row. The challenge now is to continue on this path of "clean" governance.

CONCLUSION

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

- A Report of the APAC for year ended 30 June 2023 is included in the Integrated Annual Report.
- As part of its continual monitoring and assurance, an Outstanding Matters Schedule is maintained on the APAC agenda and matters not finalised are followed-up at subsequent meetings, until resolved.
- APAC maintains oversight of the key performance areas and the control environment through ongoing monitoring of indicated activities and controls, challenges and shortcomings.
- APAC monitors the implementation and maturity of the combined assurance process, integrated thinking and other initiatives to enhance governance. Risk identification, mitigation plans, and achievement of targets are robustly engaged to ensure and assure relevance on a continuing basis.
- Governance enhancements include:
 - Management and monitoring of corrective actions to be implemented to address internal control findings, ethics, loss and risks
 - Information technology governance
 - Application of good corporate governance based on King IV
- Enhanced focus by APAC on:
 - Continued focus on the implementation and maturity of combined assurance
 - Forensic findings and recommended management actions
 - Legal matters, including contingent liabilities
 - Governance and control improvements
 - Proactive management of critical risks
 - Compliance
 - Information, Communication and Technology (IC&T)
 - Environmental/climate change
 - Thefts and losses

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

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QUESTIONS RAISED BY SUBCOUNCILS/ PORTFOLIO COMMITTEES				
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