

- 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 Booyesen

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)

Cllr L Ntshuntshe

GOOD

Cllr S van Nelson

FREEDOM FRONT PLUS (VF+)

Cllr E Botha-Rossouw

ABSENT WITHOUT APOLOGY

None

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)

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.

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)**

It was **NOTED** that a follow-up Task Team meeting of Cllrs A Moses, **S Booysen**, 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 Booysen, 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

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

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

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.

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

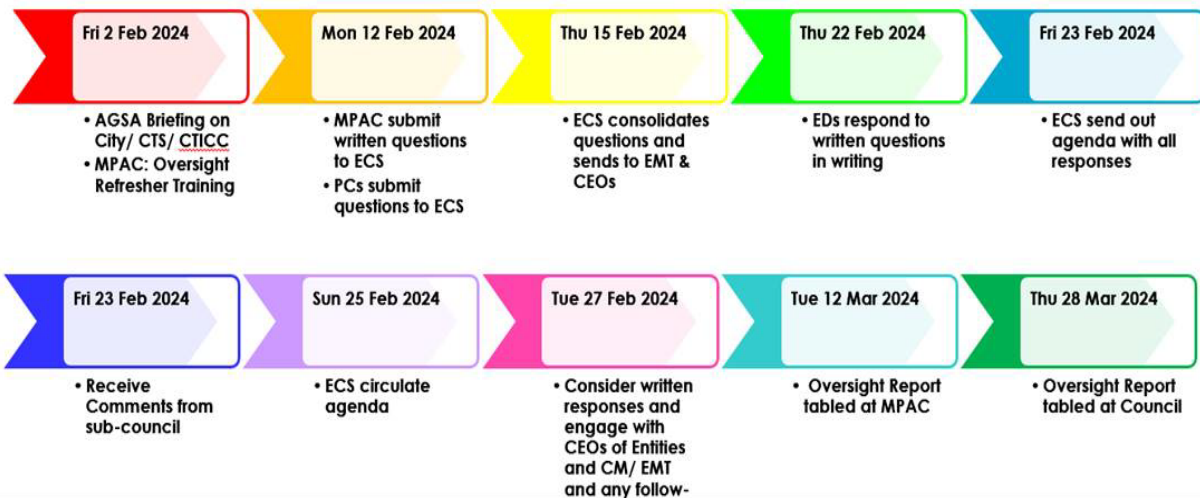
material findings occurred. The AG was further of the view that enough processes was put in place to sustain a clean audit outcome. She said that there was however some deficiencies identified and one of the recommendations that the AG asked for was specifically around procurement and contract management and that the City should continuously monitor contract processes and controls.

As to the question by Cllr A Moses on how new legislation would impact the annual report, the AG was of the view that there was not a way forward just yet, but that the City Manager should monitor and look at the impact that the new legislation may have on the financial statements as well as service delivery.

Mr A Vorster commended the AG on a thorough presentation and insight and feedback on the processes followed by the AG in terms of the City's Annual Report.

The following timelines of the oversight process in terms of the City's Annual report was noted.

Timelines



It was requested that all written questions on the Annual Report be submitted by the members of the Committee by no later than 12 February 2024.

RESOLVED that:

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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.

CHAIRPERSON: CLLR Y ADAMS

DATE