

DRAKENSTEIN MUNICIPALITY

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

ORDINARY MEETING HELD IN THE COUNCIL CHAMBERS, FIRST FLOOR, CIVIC CENTRE, BERG RIVER BOULEVARD, PAARL ON THURSDAY, 9 MARCH 2017 AT 09:00

PRESENT: Councillors: J Matthee (Chairperson)
A M Buckle
J De Wet
N N George
A M Richards
L S Sambokwe (Part of meeting)
A J van Santen

Officials: J H Leibbrandt (Municipal Manager)
L Waring (Executive Manager: Planning and Economic Development)
D Louw (Executive Manager: Infrastructure Services)
J Carstens (CFO)
R Jaftha (Chief Executive Audit)
AV Marais (Senior Manager: Legal and Administrative Services - (part of the meeting))
FP Goosen (Manager: Administrative Services)

Also present: K Montgomery (Audit Committee Member)

ABSENT: Councillors: W E Smit (Apology)
Officials: A de Beer (Executive Manager: Corporate Services) (apology)
G Boshoff (Executive Manager: Community Services) (apology)



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1. DECLARATION OF INTEREST BY COUNCILLORS AND OFFICIALS

None.

2. CONFIRMATION OF MINUTES

The minutes of the Ordinary meeting of the Municipal Public Accounts Committee held on 22 June 2016 was **confirmed as correct.**

3. TERMS OF REFERENCE, AUTHORISATION AND DELEGATIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

RESOLVED

Noted.

Meeting: MPAC: 9/3/2017	Submitted by Directorate:		
Ref No:	Author/s:		
Coll No:	Referred from:		
<u>CLAUSE:</u>	<u>ACTION:</u>	<u>RESPONSIBLE DEPT:</u>	<u>DUE DATE:</u>

4. POSSIBLE WRITING-OFF OF IRRECOVERABLE FRUITLESS AND WASTEFUL EXPENDITURE AS DISCLOSED IN NOTE 42.2 OF THE AUDITED 2015/2016 ANNUAL FINANCIAL STATEMENTS/ MOONTLIKE AFSKRYWING VAN ONINBARE VRUGTELOSE EN VERKWISTENDE UITGAWES SOOS UITEENGESIT IN NOTA 42.2 VAN DIE GEOUDITEURDE FINANSIËLE STATE VAN 2015/2016/ KUNOKWENZEKA KUCINYWE INKCITHO ENGENAZIGQAMO ENGAFUMANEKIYO NJENGOKO IBEKIWE KWINQAKU 42.2 LENGXELO YEMALI YONYAKA EHLOLIWEYO KA 2015/2016
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The Committee was informed that the expenditure resulted due to payments made on delivery notes and not on invoices. The practice had been stopped to prevent similar incidents.

RESOLVED

that it be recommended to Council:

1. that Council certify and condone the fruitless and wasteful expenditure amount of R 64,587,66 (2015/2016) as set out in Note 42.2 of the audited financial statements of 2015/2016 as irrecoverable and to be written off; and

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2. that Council accept the reasons for resolution 1 above as set out in the report and record that no political office-bearer or official of the Municipality deliberately or negligently incurred the fruitless and wasteful expenditure to be written-off as irrecoverable.

Meeting: MPAC: 9/3/2017		Submitted by Directorate: Financial Services	
Ref No: 5/12/2/1		Author/s: C Lategan	
Coll No: 1201780		Referred from:	
<u>CLAUSE:</u>	<u>ACTION:</u>	<u>RESPONSIBLE DEPT:</u>	<u>DUE DATE:</u>

- 5. POSSIBLE WRITING-OFF OF IRRECOVERABLE IRREGULAR EXPENDITURE AS DISCLOSED IN NOTE 42.3 OF THE AUDITED 2015/2016 ANNUAL FINANCIAL STATEMENTS/ MOONTLIKE AFSKRYWING VAN ONINBARE ONREËLMATIGE UITGAWES SOOS UITEENGESIT IN NOTA 42.3 VAN DIE GEOUDITEERDE 2015/2016 FINANSIËLE STATE/ KUNIKWENZEKA KUCINYWE INKCITHO ENGAGQELEKANGA ENGAFUMANEKIYO NJJENGOKO IXELIWE KWINGQAKU 42.3 YENGXELO EHLOLIWEYO YEMALI YONYAKA KA 2015/2016**

The CFO explained that the expenditure occurred while a temporary worker who was a director of the service provider, was employed at Drakenstein Municipality. All staff, irrespective of employment status, are now required to declare their interest to prevent similar incidents in future.

RESOLVED

that it be recommended to Council:

1. that Council certify and condone the irregular expenditure amount of R 88,670,34 (2015/2016) as set out in Note 42.3 of the audited annual financial statements of 2015/2016 as irrecoverable and to be written off; and
- a. that Council accept the reasons for resolution 1 above as set out in the report and record that no political office-bearer or official of the Municipality deliberately or negligently incurred the fruitless and wasteful expenditure to be written-off as irrecoverable.

Meeting: MPAC: 9/3/2017		Submitted by Directorate: Financial Services	
Ref No: 5/12/2/1		Author/s: C Lategan	
Coll No: 1201940		Referred from:	
<u>CLAUSE:</u>	<u>ACTION:</u>	<u>RESPONSIBLE DEPT:</u>	<u>DUE DATE:</u>

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6. POSSIBLE WRITING-OFF OF IRRECOVERABLE FRUITLESS AND WASTEFUL EXPENDITURE AS DISCLOSED IN NOTE 42.2 OF THE AUDITED 2015/2016 ANNUAL FINANCIAL STATEMENTS/ MOONTLIKE AFSKRYWING VAN ONINBARE VRUGTELOSE EN VERKWISTENDE UITGAWES SOOS UITEENGESIT IN NOTA 42.2 VAN DIE GEOUDITEURDE FINANSIELE STATE VAN 2015/2016 /KUNOKWENZEKA KUCINYWE INKCITHO ENGENAZIGQAMO ENGAFUMANEKIYO NJENGOKO IBEKIWE KWINQAKU 42.2 LENGXELO YEMALI YONYAKA EHLOLIWEYO KA 2015/2016

The expenditure occurred due to payment made into a wrong bank account. Although the payment was recovered, the expenditure amount represents legal costs that cannot be recovered.

RESOLVED

that it be recommended to Council:

1. that Council certify the fruitless and wasteful expenditure amount of R 615 (2014/2015), as included in the amount of R 14,475 which is set out in Note 42.2 of the audited annual financial statements of 2015/2016, as irrecoverable and to be written off; and
2. that Council accept the reasons for the resolution in 1 above as set out in the report and record that no political office-bearer or official of the Municipality deliberately or negligently incurred the fruitless and wasteful expenditure to be written-off as irrecoverable.

Meeting: MPAC: 9/3/2017	Submitted by Directorate: Financial Services		
Ref No: 5/12/2/1	Author/s: C Lategan		
Coll No: 1201940	Referred from:		
<u>CLAUSE:</u>	<u>ACTION:</u>	<u>RESPONSIBLE DEPT:</u>	<u>DUE DATE:</u>

7. ANNUAL REPORT 2015/2016/ JAARVERSLAG 2015/2016/ LWENGXELO YONYAKA KA 2015/2016

The Committee discussed the draft Annual Report proposed a few improvements to be made to the report which will be included in the report to Council:-

- Page 5: Duplication on graph 18 to be corrected;
- Insertion of page numbers at the beginning of each chapter;
- Page 29: Table 7 to be verified for correctness;
- Page 127: Table 84 to be verified in terms of correctness;
- Page 179: Correctness of the information in Table 143 to be verified;
- Page 203-206: Graphs to be updated;
- Page 227: correct status of Cllr Duba

Ms K Montgomery of the Audit Committee referred to a number of financial graphs and tables i.e. p 158, p.216 and requested that the Chief Financial Officer verify the correctness thereof. Corrected charts and tables will be included in the report to Council.

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After further discussion, the Committee

RESOLVED

that it be recommended to Council:

1. that the Draft Annual Report 2015/2016 be **APPROVED** without reservations;
2. that the Oversight Report 2015/2016 be made public in accordance with Section 129(3) of the MFMA; and
3. that the Oversight Report on the Annual Report 2015/2016 be submitted to the Provincial Legislature in accordance with section 132(2) of the MFMA.

Meeting: MPAC: 9/3/2017	Submitted by Directorate: Financial Services		
Ref No: 9/1/2 (2015/2016)	Author/s: C Lategan		
Coll No: 1202879	Referred from:		
<u>CLAUSE:</u>	<u>ACTION:</u>	<u>RESPONSIBLE DEPT:</u>	<u>DUE DATE:</u>

The meeting ended at 11:00.

CHAIRPERSON:

DATE:

Confirmed on**with / without** amendments.
PJ/rs