

ITEM A 1

EXCO: 18-05-2017

**ACTION PLAN: 2015/2016 AUDITOR-GENERAL QUERIES
(OFFICE OF THE MUNICIPAL MANAGER – INTERNAL AUDIT SECTION)**

ROUTING

MCM	-	09 May 2017
SOSPC	-	10 May 2017
MPAC	-	15 May 2017
EXCO	-	18 May 2017
COUNCIL	-	25 May 2017

PURPOSE

To submit progress made by departments to resolve the Auditor-General Queries in respect of the 2015/2016 financial year.

BACKGROUND

The Action Plan to deal with Auditor-General Queries in respect of the 2015/2016 financial year is attached for information.

(Annexure A pages 1 to 39 – Action Plan: 2015/2016 Auditor-General Queries)

FINANCIAL IMPLICATIONS

None

COMMENTS LEGAL SECTION

Recommendations by the Manager Internal Audit is supported.

COMMENTS RISK SECTION

That we comply with the Auditor General requests to prevent any audit findings.

CHALLENGES

None

**CONFIRMATION OF CREDIBILITY AND RELIABILITY OF INFORMATION:
MANAGER INTERNAL AUDIT**

1. I hereby confirm that according to the information availed to me in respect of this item that to the best of my knowledge the information submitted to the committee is acceptable and that the relevant stakeholders were performing their task/duties according to the Auditor-General instruction of 2011.
2. That should more information to the contrary to what was made available to the committee becomes available at a later stage, I reserve the right to revisit my findings

RECOMMENDATIONS BY MANAGER INTERNAL AUDIT

1. That the progress made by departments to resolve the Auditor-General Queries in respect of the 2015/2016 financial year be noted.
2. That all Managers endeavour to resolve all Auditor-General queries by the end of June 2017.
3. That the Internal Audit Section continuously monitor and verify the progress reported by departments.
4. That the Internal Audit Section submit a monthly report to the, EXCO, Council, Municipal Public Accounts Committee, and the Audit Committee on progress made in respect of the Auditor-General queries.

RECOMMENDATIONS BY MANAGEMENT COMMITTEE – 09 MAY 2017

Will be reported verbally at the meeting.

**RECOMMENDATIONS BY SOCIAL SERVICES PORTFOLIO COMMITTEE-
10 MAY 2017**

Will be reported verbally at the meeting.

RECOMMENDATIONS BY MUNICIPAL PUBLIC ACCOUNTS – 15 MAY 2017

Recommendations will be tabled at the meeting.

FOR CONSIDERATION


S MAHRAJ
MANAGER INTERNAL AUDIT

Reference: Mrs S Mahraj

09/05/2017

File Ref No.5/2/2/1/1

ITEM A 2

EXCO: 18-05-2017

**DISCLOSURE OF FRAUDULENT AND CORRUPTION ACTIVITIES – APRIL 2017
(DEPARTMENT FINANCE – MANAGEMENT SECTION)**

ROUTING

EXCO - 18 May 2017

PURPOSE

To inform Council of fraudulent and corrupt activities for the period April 2017.

BACKGROUND

It is a requirement of the Auditor-General that Council be informed on the status of fraudulent and corrupt activities detected in the Municipality.

It is hereby reported that there were no fraudulent and corrupt activities detected during the month of April 2017, within the Finance Department.

FINANCIAL IMPLICATIONS

None

LEGAL SECTION COMMENTS

Noted.

RISK SECTION COMMENTS

None

CHALLENGES

None

CONFIRMATION OF CREDIBILITY AND RELIABILITY OF INFORMATION: EXECUTIVE DIRECTOR FINANCE

1. I hereby confirm that according to the information availed to me in respect of this item that to the best of my knowledge the information submitted to the committee is acceptable and that the relevant stakeholders were performing their tasks/duties according to the Auditor General's instructions of 2011.
2. That should more information to the contrary to what was made available to the committee becomes available at a later stage, I reserve the right to revisit my findings.

FOR INFORMATION



**M HLOBA
EXECUTIVE DIRECTOR FINANCE (CFO)**

Ref: C Cronje/sc – ext 1211

10 May 2017

File reference: 1/6/1

ITEM A 3

EXCO: 18-05-2017

PROGRESS REPORT: 9 DECEMBER 2012 STORM DAMAGE PROJECT: PERIOD ENDING 21 APRIL 2017**(DEPARTMENT OF DEVELOPMENT, PLANNING AND HUMAN SETTLEMENTS- HUMAN SETTLEMENTS SECTION)****ROUTING**

MCM : 25 April 2017
 DPHS : 03 May 2017
 EXCO : 18 May 2017
 COUNCIL : 25 May 2017

PURPOSE

To provide a Progress Report regarding the restoration of houses affected by the storm which occurred on 9 December 2012 for the period ending 21 April 2017.

BACKGROUND

The Implementing Agents have been reminded to submit the close-out report as the project needs to be closed by 18 June 2017 in line with the tri-partite agreement. Letters sent to all Implementing Agents to commence with the close-out reports. A letter was written to the department of Human Settlements requesting that they give permission for council to proceed with the advertisement for a new Implementing Agent to complete the project. A response is still awaited.

CONTRACT ALLOCATION & AREAS

NO.	IA NAME	HOUSE ALLOCATION	ALLOCATED AREAS
1	Bkekzas Trading Enterprises	600	Tsakane; Steadville Jabavu
2	Tshwara Thebe Construction CC	600	Steadville Subsidies and Area J Newly appointed 168 units in Tsakane
3	Mandlethu Projects	600	Acaciavale East
4	NM Quantity Surveyors & Phakathi Shabane Consulting Professional Engineers JV	600	Steadville Rooi
5	Hencon V.O.B JV	600	Acaciavale/Ntombi's Camp
6	Five and Only Development Lamanjolo Investments	600	Steadville Area J

The current status of the Project is as follows:

IA	COMPLETED REPAIRS	COMPLETED REBUILDS	HOUSES CURRENTLY WORKING ON	REMAINING WORK	
				REPAIRS	REBUILDS
Hencon	259	Nil	Awaiting for the material of repairs and Wallplates	102 + 180 still awaiting for approval by Dohs 102	60
Bkekzas	270	1	Working on 34 (Slabs)	263	25
NMQ	348	33	Working on 13 rebuild and 28 Repairs	89	27
Mandlethu	102	12 (require electrification)	25 rebuilds	239	48
Five and Only	86	25	15 rebuilds (Snags)	21 + (420 Awaiting approval from DoHS to rebuild the houses according to their original specs.	35
Tswara Thebe	300	Nil	44 houses rebuilds at wall plate	27 repairs to finished	60
TOTAL	1337	71	190	755	298

CHALLENGES

1. Dissatisfaction from the community on slow progress and quality.
2. Request for information from IA's, not supplied timeously adds to project delays.
3. Beneficiaries with houses larger than 40m², which have been recommended for demolition by the IA's Professional Engineers, owners are not willing to accepting replacement of their existing house with a smaller 40m² house.
4. Lack of commitment from IA's in terms of meeting their contractual obligations.
5. Recovery programmes have been requested from all Implementing Agents, but most have not submitted the information.
6. IA advised to securing material for the completion of the balance units.

The following table of the work done thus far:

IA	ASSESSMENT SUBMITTED TO DOHS	ASSESSMENT APPROVED BY DOHS AS REPAIRS	ASSESSMENT APPROVED BY DOHS AS REBUILDS	REPAIRS COMPLETED	REBUILDS COMPLETED	COMMENTS
Bekzas Trading Enterprises	600	562	60	269	1	Currently not on site
Tshwara Thebe Construction	600	494	60	279	0 (44 houses at wallplate)	On site
Mandlethu Projects	401	401	60 (235 identified as rebuilds need)	102	12 (require electrification)	On site

			to be change for approved rebuild into repairs)			
NMQ	600	470	60	348	33	Nil
Hencon	600	383	60	253	0	Awaiting for material
Five and only	600	541	60 (420 identified as rebuids need to be change for approved rebuild into repairs)	100	25 + 16 wall plates	On site but no progress
Total	3401	2851	360	1337	71	

FINANCIAL IMPLICATION (S)

Nil

RISK MANAGEMENT COMMENT (S)

Noted.

LEGAL COMMENTS

Noted.

CONFIRMATION OF CREDIBILITY AND RELIABILITY OF INFORMATION: EXECUTIVE DIRECTOR DEVELOPMENT, PLANNING AND HUMAN SETTLEMENTS

1. I hereby confirm that according to the information available to me in respect of this item that to the best of my knowledge the information submitted to the committee is acceptable and that the relevant stakeholders were performing their tasks/duties according to the Auditor-General's instruction of 2011.
2. That should more information to the contrary to what was made available to the committee become available at a later stage I reserve the right to revisit my finding.

RECOMMENDATION: EXECUTIVE DIRECTOR: DEVELOPMENT, PLANNING AND HUMAN SETTLEMENTS

That the contents of the Progress Report in respect of the 9 December 2012 Storm Damage Project for the period ending 21 April 2017 be noted.

RECOMMENDATIONS BY DEVELOPMENT, PLANNING AND HUMAN SETTLEMENTS: PORTFOLIO COMMITTEE: 03/05/2017

That the contents of the progress report in respect of the 9 December 2012 Storm Damage Project for the period ending 21 April 2017 be noted, further noting the position of the Municipality to not extend any expired contracts of any Implementing Agent.

RECOMMENDATIONS BY MCM: 25/04/2017

That the contents of the Progress report in respect of the 9 December 2012 Storm Damage Project for the period ending 21 April 2017 be noted, further noting the position of the Municipality to not extend any expired contracts of any Implementing Agent.

FOR INFORMATION

A handwritten signature in black ink, appearing to read 'P S Mkhize', is written over a circular stamp or seal.

P S MKHIZE
EXECUTIVE DIRECTOR
DEVELOPMENT, PLANNING AND HUMAN SETTLEMENTS

Ref: J Khan - ext 1110

09 May 2017

17/4

**RISK MANAGEMENT REPORT : 3RD QUARTER : ALFRED DUMA LOCAL MUNICIPALITY
– 2016/2017
(OFFICE OF THE MUNICIPAL MANAGER – INTERNAL AUDIT AND RISK SECTION)**

ROUTING

MCM	-	09/05/2017
SOSPC	-	10/05/2017
EXCO	-	23/05/2017
COUNCIL	-	30/05/2017

PURPOSE

To submit the 3rd Quarter Risk Management Report in respect of the 2016/2017 Financial Year.

BACKGROUND

Section 62 (1) (c)(i) of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) requires that:

"(1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all responsible steps to ensure - (c) that the municipality has and maintains effective, efficient and transparent systems (i) of financial and risk management and internal control."

On 22 July 2016 a Risk Assessment Workshop was conducted by Provincial Treasury to identify operational as well as strategic risks that have a potential of impeding the Alfred Duma Local Municipality from achieving its objectives.

Annexure A, pages 1 to 7 is the 3rd Quarter Risk Management Report.

FINANCIAL IMPLICATIONS

N/A

LEGAL COMMENTS

Noted

RISK COMMENTS

The item was prepared by the Risk Unit.

CHALLENGES

None

**CONFIRMATION OF CREDIBILITY AND RELIABILITY OF INFORMATION : MANAGER :
INTERNAL AUDIT**

1. I hereby confirm that according to the information availed to me in respect of this item that to the best of my knowledge the information submitted to the committee is acceptable and that the relevant stakeholders were performing their tasks/duties according to the Auditor-General's instruction of 2011.
2. That should more information to the contrary to what was made available to the committee becomes available at a later stage, I reserve the right to revisit my findings.

RECOMMENDATION : MCM : 9 MARCH 2017

That the contents of the Third (3rd) Quarter Risk Management Report in respect of the 2016/2017 financial year as contained in the agenda be noted and should Executive Directors have any comments, such comments to be submitted to the Risk Section before inclusion in the EXCO Agenda.

RECOMMENDATION : SOSPC : 10 MARCH 2017

That the contents of the Third (3rd) Quarter Risk Management Report in respect of the 2016/2017 financial year as contained in the agenda be noted.

FOR INFORMATION



**S MAHRAJ
MANAGER : INTERNAL AUDIT**

Reference : PI Nkosi : 1239

28/04/17/pin

2/8/1/4

ANNEXURE A

1.



Third Quarter Risk Management Report (31/03/2017)

1. EXECUTIVE SUMMARY




1.2 STATUS REPORT ON IMPLEMENTATION OF RISK ACTION PLANS

No	Magnitude (a)	Number of Risks (b)	Total Action Plans (c)	Action Plans completed (d)	Risk Action Plans in Progress (e)	% Implementation (column d)/(column c) X 100
1.	Critical	2	2	0	2	100%
2.	Major	4	4	0	4	100%
3.	Moderate	3	3	0	3	100%
4.	Minor	1	1	0	1	100%
5.	Insignificant	0	0	0	0	0%
TOTALS		10	10	0	10	100%

Legends:

NO	Magnitude	level of action to be taken in managing these risks
1	Critical	Unacceptable , Take action to reduce the risk with highest priority, accounting authority's attention
2	Major	Unacceptable , Take action to reduce the risk with highest priority, accounting authority's attention
3	Moderate	Unacceptable , Take action to reduce risk, inform executive management
4	Minor	Acceptable , No risk reduction - control, monitor, inform management.
5	Insignificant	Acceptable , No risk reduction - control, monitor, inform management

Legends:

1	Not Started	
2	In Progress	
3	Completed	

2. DETAILED PROGRESS REPORT ON THE RISK MITIGATION STATUS OF THE STRATEGIC RISKS

2.1 Progress on status of implementation of action plans

No.	Risk Description	Risk Rating	Risk Action	Due Date	Responsibility	Current Status/progress	Comments & Challenges
1.	Financial Management : Debt Management	Major	1. Identifying irrecoverable debts 2. Prepare report for committees 3. Await a permission from Council 4. Writing off bad debts	30/06/17 31/12/16	Executive Director Finance and Manager : Revenue and Credit Control	1. Item on write-off irrecoverable, and bad debt will be submitted in 30 June 2017 to relevant committees and Council for consideration to write-off. 2. Munsoft in process to finalise the program changes to enable extraction of write-offs.	That the POE reports be submitted to Risk Management Unit in order to show that action has been taken by 30 June 2017
2.	Human Resource : Attraction and Retention	Moderate	Skills Retention Policy was adopted by Council	30/6/18	Executive Director Corporate Services to motivate for budget provision for 2017/2018	A letter was forwarded to Chief Financial Officer to make budget provision during 2017/2018 financial year	That the policy be implemented in the financial year 2017/2018.

3.	Infrastructure Maintenance	Major	Appoint and train supervisors who will maintain infrastructure.	30/6/17	Executive Director – Public Works & Basic Services.	At the moment the Human Resources is busy assisting the department in identifying a competent service provider who will train existing artisans.	Training of supervisors who are responsible for maintaining infrastructure be provided Limited plant and equipment to run 36 wards. (challenge) Limited budget to appoint a relevant service provider to provide training for all trades required, (challenge)
4.	Political Office Bearers : IGR	Major	Fast-track the signing of MOU. Ensure quarterly meetings are being held.	30/6/18	Municipal Manager's Office	The Service Level Agreement (SLA) was prepared by Legal Section. SLA was sent to the Executive Director : Infrastructure at uThukela District. Ladysmith Borough of Engineers to facilitate the signing of SLA.	That the letter be addressed to the Manager:IDP/PMS/IGR and Research and written and signed by the Chairperson of the Risk Management Committee requesting the progress in respect of the signing of the MOU.

5.	Inadequate Upgrading Electricity Provision	of :	Critical	Implementation of phase 3 electricity project in Colenso. (Equipping the switch house with 11kV switch gear.)	Ongoing	Acting Executive Director : Electrical Engineering Services	All medium voltage cables have been upgraded to all substations in Colenso. The switch house has been completed.	Phase 3 is one of the projects on the five year plan submitted by electricity dept. This project is subject to the availability of funds. The connection point is required from Eskom at 132kV or 11kV supply.
6.	Electricity Infrastructure Theft	:	Critical	Conduct regular meter audits. Disconnection Drives Purchases history from system	Ongoing	Acting Executive Director : Electrical Engineering Services	Electricity losses are also presented to management committee, Audit committee and EXCO.	Electrical losses are monitored and calculated on a quarterly basis. Public awareness is done during budget processes on tampering.
7.	Business Support : Ward Committee	:	Moderate	Conduct Ward Committee meetings bi-annually	Ongoing	Municipal Manager's Office	Performance Management Systems Section conducted Ward Committee meeting on 22 January 2017	Ward Committees to represent and act in the best interest of their communities.

8.	Financial Management : Fraud and Corruption Risks	Moderate	<p>1. Control reports are checked monthly by senior management and Audit.</p> <p>2. Fraud is an ongoing process that occur from time to time and preventative measures and processes are developed and implemented on a regular basis to prevent fraud.</p>	30/06/17	Executive Director Finance and Manager : Revenue and Credit Control	<p>Checks and balances are in place to protect any deviation.</p> <p>More stringent measures are developed to identify possible fraud and controls in place to check monthly processes.</p>	<p>Processes to prevent fraud are put in place.</p> <p>To identify possible fraud before it happens remains a challenge.</p>
9.	Financial Management : Assets Management	Major	<p>Develop a credible asset register through proper record keeping and physical verification.</p> <p>Asset register to be updated on a monthly basis.</p>	Ongoing	Executive Director Finance and Manager Asset & Inventory	The register is updated, checked and controlled on a regular bases by identified persons in each department to ensure that a complete and comprehensive asset register for ADLM is held.	That the Munsoft training be conducted in order to acquaint the staff with the asset management program.

10.	Political Office Bearers : Councillors Conduct.	Minor	Training of councillors on issues beyond their scope of work or jurisdiction	31/12/16	Speaker	<p>Induction Workshop for councillors was conducted in October 2016.</p> <p>Orientation Workshop was conducted at Civic Hall, Ladysmith from 7 to 9 February 2017.</p>	<p>That this risk is insignificant.</p> <p>That this item be removed from the Risk Register.</p>
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ITEM A 5

EXCO: 18-05-2017

**DEPARTMENT COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS:
PROVISION OF INFORMATION FOR THE BACK-TO-BASICS INFORMATION SYSTEM:
MONTHLY INDICATORS: REPORT FOR APRIL 2017
(DEPARTMENT CORPORATE SERVICES)**

ROUTING

EXCO	-	18/05/2017
COUNCIL	-	25/05/2017

PURPOSE

To inform the Committee of the directive received from the Department of Cooperative Governance and Traditional Affairs regarding the provision of information for the Back to Basics Information System on a monthly basis.

BACKGROUND

The launch of the Back to Basics approach is designed to ensure that all municipalities perform their basic responsibilities and functions without compromise.

The programme is built on five (5) pillars:

- Putting people and their concerns first;
- Demonstrating good governance and administration;
- Delivering municipal services;
- Sound financial management and accounting; and
- Sound institutional and administrative capabilities.

A template, which is provided by COGTA, needs to be completed by all municipalities and submitted electronically on a monthly basis. The information requested will be for the calendar month just preceding the 1st of the month. Municipalities will have 15 days to collate the information and submit it to COGTA.

This information, when coupled with information from National Treasury and other agencies, will assist the Minister in support and intervention programmes to ensure the challenges facing local government are addressed.

Attached under separate cover is the completed template for **April 2017**.

COMMENTS BY LEGAL SECTION

Noted.

CHALLENGES

Nil.

FINANCIAL IMPLICATIONS

Nil.

COMMENTS BY RISK OFFICER

Noted

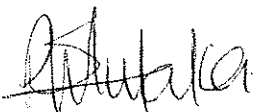
CONFIRMATION OF CREDIBILITY AND RELIABILITY OF INFORMATION: EXECUTIVE DIRECTOR CORPORATE SERVICES

1. I hereby confirm that according to the information available to me in respect of this item that to the best of my knowledge the information submitted to the committee is acceptable and that the relevant stakeholders were performing their tasks/duties according to the Auditor-General's instruction of 2011.
2. That should more information to the contrary to what was made available to the committee becomes available at a later stage, I reserve the right to revisit my findings.

RECOMMENDATION BY THE EXECUTIVE DIRECTOR CORPORATE SERVICES

That the contents of the report in respect of the Department of Co-operative Governance and Traditional Affairs (COGTA) Back to Basics for March 2017 as contained in the agenda be noted.

FOR INFORMATION



P S MNTAKA

ACTING EXECUTIVE DIRECTOR CORPORATE SERVICES

12/1/5/16

10 May 2017

/jg