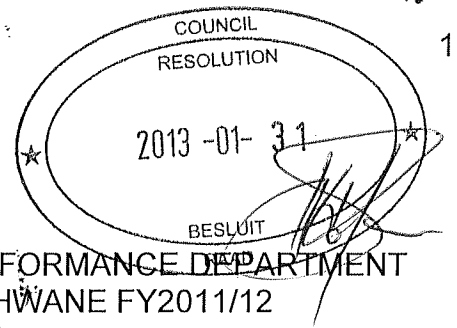


Mayur Maganlal (0798)
COUNCIL: 31 January 2013



1. CITY STRATEGIES AND ORGANISATIONAL PERFORMANCE DEPARTMENT
DRAFT ANNUAL REPORT FOR THE CITY OF TSHWANE FY2011/12
(From the Mayoral Committee: 18 January 2013)

1. PURPOSE

The purpose of the report is to submit the draft Annual Report for the City of Tshwane FY2011/12 to Council.

2. STRATEGIC OBJECTIVES

This report addresses strategic objective number 5, "Promote sound governance".

3. BACKGROUND

The preparation and adoption of an Annual Report is legislated in terms of the Municipal Finance Management Act and Municipal Systems Act.

The Mayoral Committee, on 1 August 2012, approved an Annual Report process plan according to which the draft Annual Report should be considered by:

- Audit Committee on 9 January 2013;
- Mayoral Committee on 18 January 2013; and
- Council on 31 January 2013.

The Annual Report for the City of Tshwane FY2011/12 was developed in terms of the approved process plan, as well as the new National Treasury guidelines on Annual reporting. Key milestones and progress are described below. The approved process plan may be found in Annexure B to this report.

Figure 1: Progress on key milestones - approved annual report process plan

Nr	Milestone Description	Responsibility	Legislative Compliance	Timeframe	Progress
1.9	Mayoral Committee considers the draft annual performance report	Mayco	Supportive of MFMA section 126	29 August 2012	Done
2.2	Submission of Annual Performance Report and Financial Statements to the AG	City Manager	Section 126(1) of MFMA and National Treasury circular 32	31 August 2012	Done
2.6	Design and submit cover for the annual report to the DCM Strategy and Performance Management	Communications, Marketing and Events	Internal Process	17 September 2012	Done
2.7	Preparation of the consolidated annual performance report with municipal entities information	Office of the DCM	Internal Process	3-21 September 2012	Done

Nr	Milestone Description	Responsibility	Legislative Compliance	Timeframe	Progress
2.10	Audit Committee considers the consolidated annual performance report and the consolidated financial statements	Audit Committee	Internal Process	26 September 2012	Done
2.11	Sign off and submission of consolidated performance report and financial statements to the Auditor General	City Manager	Section 126 (1)(b) MFMA; Section 46 of MSA; National Treasury circular 32 of 15 March 2006	28 September 2012	Done

4. CONTENT OF THE ANNUAL REPORT FY2011/12

Key sources of information that were utilised to develop the annual report includes:

- Departmental SDBIP reporting FY2011/12 on the QPR (Automated Performance Management System);
- The City of Tshwane fourth quarter performance report as tabled at Council in 2012;
- Departmental submissions towards the annual report between July and December 2012;
- The final consolidated report of the AG on the City of Tshwane and its entities; and
- The City of Tshwane audited financial statements FY2011/12.

The consolidated annual performance report that served at Audit Committee in September 2012 formed the basis of the City of Tshwane Annual Report FY2011/12.

The contents of the City of Tshwane Annual Report FY2011/12 are as follows:

Executive Mayors forward
 Report of the Audit and Performance Committee;
 Chapter 1: Executive Summary
 Chapter 2: Governance
 Chapter 3: Performance on IDP targets
 Chapter 4: Sectoral Service Delivery
 Chapter 5: Human Resource Management
 Chapter 6: Summary of financial performance and report of the AG (inclusive of corrective measures of the City)
 Appendix A: Report of the Auditor General
 Appendix B: Consolidated financial statements

5. FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR FY2011/12

The audited performance results are as follows:

- The City achieved 11 of 19 outcome targets planned on the IDP
- Sandspruit Works Association achieved 19 of 32 planned targets.
- All planned targets of Housing Company Tshwane were not achieved due to an outdated business plan.

It is important to note that the following pertaining the Audit of Performance Objectives by the Auditor General.

- Focused on the following three strategic objectives for the Audit of Performance Objectives (AOPO):
 - SO1: Provide basic services, roads and stormwater;
 - SO3: Sustainable communities with clean, healthy and safe environment and integrated social services; and
 - SO4: Participatory democracy and batho pele.
- Followed a top down/vertical approach, as follows:
 - Performance on IDP targets audited;
 - Performance on SDBIP targets that underpinned the achievement of the IDP targets audited; and
 - Performance on departmental project level performance in relation to the SDBIP targets assessed.

Evidence was requested for the areas of water, sanitation, electricity, roads, housing, waste management, stormwater, customer care, health, indigent and emergency services.

Where targets were reported as not achieved, evidence was sought to assess whether corrective measures were being taken

The City, however, had achieved an average score of 101% on its SDBIP targets as audited by September 2012. The reason for the difference in scores is that not all SDBIP indicators directly influence the IDP, and the core indicators that achieve the IDP were not realised during FY2011/12.

The tables below summarises non-achieved targets and corrective measures as pertaining to the IDP outcomes, and the SDBIP indicators that were not achieved that influenced the achievement of the IDP outcomes.

Figure 2: Non achieved targets and corrective measures

Provide basic services, roads and storm water drainage						
Key performance area	Outcomes as per the IDP 2011—2016			Outputs as per the SDBIP 2011/12		
	Five-year targets	2011/12 target	2011/12 actual	2011/12 target	2011/12 actual	Corrective measures
Formalisation of informal settlements	1(c) 100% informal settlements formalised	11,8% of 59 settlements formalised	1.7%	7 informal formalised	1	The City is reviewing the approach to formalisation in line with the Municipal Housing Development Plan.
Potable water	1(e) 100 % of households with a metered stand water connection. (formalised areas)	47,9% of households have access to metered stand connections (of 12 111 backlog households)	32,8% of 12 111 households (equivalent to 79,5% households of original 39 653 backlog households) (3 973 households)	5 000 households with full service connections	3 973 households	The number of metered stand connections provided in old established townships is application-driven. This area was impacted by the recession.
Potable water	1(f) 100% of households with water connection to a house/top structure (informal areas)	16% of current 99 468 informal households have access to water	0%	16 007 households	0	The City is reviewing the approach to formalisation in line with the Municipal Housing Development Plan. The provision of water and sanitation will be implemented in accordance with the reviewed approach.
Waterborne sanitation	1(g) 100% of households with access to waterborne sanitation (full service levels)	11,47% of current households experiencing backlog in full waterborne sanitation will be provided with access	2,35% of 99 468 households	1 760 by water and sanitation 16 007 by housing	2 339 0	
Roads	1(h) 29,9% of required roads provided	20,4%	20,9% (454,1 km out of 2 176 km required)	46,16 km	33 km	Fast-tracked roads development programme

Economic growth and development and job creation						
Key performance area	Outcomes as per the IDP 2011–2016			Outputs as per the SDBIP 2011/12		
	Five-year targets	2011/12 target	2011/12 actual	2011/12 target	2011/12 actual	Corrective measures
Job creation	2(a) 375 000 income-earning opportunities created by 2016	38 000 new income-earning opportunities provided	23 397 for FY2011/12 33 538 including those created in FY 2010/11	35 000 EPWP	19 001	Increased engagement with strategic partners, and closer monitoring of EPWP implementation.
				3 000 LED and capital projects	1 738	
				400 jobs in the economy due to investments	2 658	
				2 000 through partnerships with private sector	0	

Sustainable communities with clean, healthy and safe environments and integrated social services						
Key performance area	Outcomes as per the IDP 2011–2016			Outputs as per the SDBIP 2011/12		
	Five-year targets	2011/12 target	2011/12 actual	2011/12 target	2011/12 actual	Corrective measures
Indigent support	3(a) 50% reduction of indigent households in Tshwane through targeted indigent support ¹	Reduce indigent households to 10% of total households	13,5% of 748 179 households are indigent.	97 100 registered indigent	89 666 registered indigent	Continued implementation of the indigent exit strategy
				1500 registered households exited	0 households exited (1 307 households were linked to exit interventions)	
Indigent support	3(b) 100 % of (indigent) households with access to free basic services (NKPI)	100% of registered indigent receive free basic services	100% of indigent households	102 000	89 666 ² (this excludes additional services such as indigent burials that are provided to additional households and to informal areas)	Free services are only provided to registered indigent households.

¹ This links to the NKPI of number of people living below R1 100 per month – however, the City of Tshwane bases its indigent criteria on the pension amount as R1 100 is too low.

² This figure was corrected during the audit by the AG to reflect only the households that were on the indigent database for the financial year.

Sustainable communities with clean, healthy and safe environments and integrated social services						
Key performance area	Outcomes as per the IDP 2011–2016			Outputs as per the SDBIP 2011/12		
	Five-year targets	2011/12 target	2011/12 actual	2011/12 target	2011/12 actual	Corrective measures
Safety	3(c) Average 60% decrease in safety incidents from 08/09 incidents	Average 58% decrease from 08/09 incidents in fire, rescue, specialised humanitarian and disaster incidents	Average increase of 39% Fire ³ (0,9% decrease) Rescue (22,1% decrease) Specialised humanitarian (128% increase) Disaster (51,6% increase)	6 500 (fire) 4 000 (rescue) 879 (specialised humanitarian) 47 (disaster)	4 866 6 530 2 456 47	Safety incidents cannot be predicted. There will be continued monitoring of the implementation of the safer city strategy.

Participatory democracy and Batho Pele						
Key performance area	Outcomes as per the IDP 2011–2016			Outputs as per the SDBIP 2011/12		
	Five-year targets	2011/12 target	2011/12 actual	2011/12 target	2011/12 actual	Corrective measures
Customer care	4(a) 70% customer satisfaction rating	50% satisfaction rating	NA due to the decision of Mayco referred to above.	Average time taken to resolve customer complaints	2 minutes	The survey will be conducted in 2013/14
				Customer call ¹ 1,4 times before a query is resolved	2 times	
				45 Calls per hour taken by call centre agents	58	
				45% of calls dropped	39% (513 838)	
				20 000 customer complaints due to City of Tshwane errors	10 114	
				100% of approved norms and standards achieved	100% ICT Average 66% corporate	
Ward committees	100% of ward committees are effective	100%	Average of 99% based on the meetings	100% planned ward committee meetings held	99%	The ward committee elections were

³ Fire= 42, less than 4 908 in 08/09, rescue= 1 852, less than 8 382 in 08/09, specialised humanitarian = 1 383, more than 1 073 in 08/09, disaster = 16, more than 31 in 08/09.

Participatory democracy and Batho Pele						
Key performance area	Outcomes as per the IDP 2011–2016			Outputs as per the SDBIP 2011/12		
	Five-year targets	2011/12 target	2011/12 actual	2011/12 target	2011/12 actual	Corrective measures
	and functioning			held.	100% administrative resources required by ward committees provided 420 of ward committees (members) trained on identified core skills areas Type of training offered to ward committees	These three areas were not applicable due to the late ward committee elections.

Promote sound governance						
Key performance area	Outcomes as per the IDP 2011–2016			Outputs as per the SDBIP 2011/12		
	Five-year targets	2011/12 target	2011/12 actual	2011/12 target	2011/12 actual	Corrective measures
Institutional governance	Annual clean audit opinion of AG	Clean audit opinion	Unqualified opinion on the financial audit	100% risk-based controls implemented	90%	Tracking and monitoring of audit matters through the operation clean audit processes. Integration, upgrading and maintenance of ICT systems in line with available funding. Review of the performance management framework.
				100% ICT systems up-time	97,4%	
				14% project meetings that took place with community representatives	7,1%	
				95% of project targets met	19,8%	

Organisational Development and transformation						
Key performance area	Outcomes as per the IDP 2011–2016			Outputs as per the SDBIP 2011/12		
	Five-year targets	2011/12 target	Five-year targets	2011/12 target	Five-year targets	2011/12 target
Human resource management	7(a) 80% employee satisfaction rating	50% employee satisfaction rating	Not measured because the survey is not yet done	7 (a) i 1% of remuneration budget spent on implementing the workplace skills plan	1%	The satisfaction survey is still to be done. It was held in abeyance due to restructuring in the organisation.
				7 (a) iv 100% of employees from previously disadvantaged groups appointed in the three highest levels of management as per the approved EE plan	100%	

The City of Tshwane grew in revenue and capital expenditure for the year reported despite increases in water and electricity tariffs. The City's financial framework at the end of the financial year indicated strong operational performance as summarised below:

- Assessment rates and service charges were up by 22,3%.
- Grants and subsidies were up by 42,2%.
- Other revenue was down by 6,6%.
- Total revenue was up by 30,3%.
- Total expenditure was up by 23,3%.
- Surplus was up by 156,9%.
- Expenditure on remuneration as a percentage of total expenditure decreased from 29,41% (2010/11 financial year) to 26,72%.

Figure 3: Analysis of financial position on 30 June 2012

Type	June 2012 Municipality R'000	June 2012 Group R'000	June 2011 Municipality R'000	June 2011 Group R'000	Variance (R) Group R'000	Variance Group (%)
Current assets	4 963 653	5 030 379	4 476 430	4 465 261	565 118	12,66
Non-current assets	20 723 469	20 750 912	17 161 048	17 190 635	3 560 277	20,71
Total assets	25 687 122	25 781 291	21 637 478	21 655 896	4 125 395	19,05
Current liabilities	5 978 879	6 037 826	4 922 023	4 897 878	1 139 948	23,27
Non-current liabilities	8 077 149	8 080 270	7 116 942	7 120 671	959 599	13,48
Total liabilities	14 056 028	14 118 095	12 038 965	12 018 549	2 099 546	17,47
Net assets	11 631 093	11 663 196	9 598 514	9 637 348	2 025 848	21,02

Capital expenditure and financing (only with regard to the Municipality)

The Municipality's original approved capital expenditure budget for 2011/12 amounted to R3 185 417 740. The capital budget was amended to R3 403 637 183 by means of an adjusted budget approved by the Council on 23 February 2012. Actual expenditure incurred during the 2011/12 financial year amounts to R3 115 999 216 or 92% measured against the adjusted budget, resulting in a variance of R287 637 967.

6. REPORT OF THE AUDITOR GENERAL

The detailed report of the AG may be found in Appendix A to the Annual Report as contained in Annexure A to this report. The City achieved an unqualified audit.

It must also be noted that the Auditor General in his report utilised prescribed language. Therefore though in many instances, reasonable steps and measures were implemented by the City in compliance with legislation and regulations, the report of the AG indicated findings nevertheless.

In addition, both the Executive Mayor of the City and the Chairperson of the Audit and Performance Committee, independently and separately raised concerns about the tone and language of the report. These are attached in the annexure to this report.

6.1 MATTERS OF EMPHASIS

The AG identified matters of emphasis in relation to the financial statements. The table below summarises the findings of the AG and the proposed corrective measures of the City.

Table 1: Matters of emphasis

Emphasis of matters: City of Tshwane municipality (Financial statements)		
Finding	Explanation	Corrective Measures
8. Significant uncertainties	In relation to the municipality being a defendant in court cases and the provision for any liabilities that may result)	Control measures to minimise the risks of legal cases against the city are to be implemented.
9. Restatement of corresponding figures	Restatements due to errors discovered. In relation to for example: <ul style="list-style-type: none"> • correction of depreciation on library books • first time take on of library books, • fair value restatement of library books 	All reasonable steps will be taken to prevent a re-occurrence, however, in some instances restatement cannot be avoided due to new requirements of accounting standards
10- 11 Material losses	Water and electricity distribution losses	Control measures to minimise material losses are in place and will have to be improved on regular basis
12. Material impairments	Impairments of receivables-consumer debtors	There has already been implementation of effective credit control measures resulting in accelerated revenue collection for business and government accounts, and this will continue

6.2 REPORT ON LEGAL AND OTHER REGULATORY MATTERS

Although the AG did not issue an opinion on the predetermined objectives, findings were identified. The tables below summarise findings for City of Tshwane and for its entities.

Table 2: Report on legal and other regulatory matters City of Tshwane

Report on legal and other regulatory matters City of Tshwane		
Finding	Explanation	Corrective Measures
19. Accuracy	Insufficient source document evidence to support reported performance	To implement controls related to the documentation and verification of evidence. All departments required to report on a monthly basis with supporting evidence. Measures to be taken when departments do not comply with reporting processes.
34. Material adjustments in the annual performance report	Correction of certain reported information during the audit Due to Inconsistent and continuous reporting of departments that necessitated re-audits and corrections	The performance management system is being reviewed to ensure that all requirements of the performance management system meet legislative requirements and are complied with; including the development of audit files and timeous reporting. Two circulars on performance reporting (circular 1 and circular 2 of 2012 were developed and are in implementation).

Table 3: report on legal and other regulatory matters Sandspruit works association

Report on legal and other regulatory matters Sandspruit works association		
Finding	Explanation	Corrective Measures
20. Usefulness of information	Measures taken to improve performance not disclosed	CoT shareholder unit to quality assure performance reports of the entities. Entities to report as per legislation, disclose measures to improve performance with evidence.

Table 4: Report on legal and other regulatory matters Housing Company Tshwane

Finding	Explanation	Corrective Measures
24-28 Measurability of information	Targets not specific, measurable, time-bound. Indicators not well defined and verifiable.	The new board of HCT will ensure that the business plan of HCT complies with all criteria of (Smart, Measurable, Specific, Realistic and Time-bound). The shareholder unit in the Office of the Executive Mayor is to quality assure all submissions to the CoT from the entities.
29. Reliability of information	Reported information should be verified through systems and processes	The CEO to ensure that entities map their processes and that they produce evidence files for reported performance. This is to be verified and quality assured by the shareholder unit.

6.3 ADDITIONAL MATTER: COMPLIANCE WITH LAWS AND REGULATIONS

The tables below summarise findings in relation to compliance with laws and regulations for the CoT and its entities.

Table 5: Additional matters compliance with laws and regulations CoT and entities

Additional matter: compliance with laws and regulations related to CoT and its entities (financial statements)		
Finding	Explanation	Corrective Measures
36-37 Budget	Over-expenditure and unforeseen and unavoidable expenditure	Unauthorised expenditure will be monitored more closely and the current policies will be enforced more stringently and additional measures will be put in place to monitor. Intensify monitoring process for submission of budget reports. Enforce current policies in place and legal framework Enforce revised supply chain policy in place and regular monitoring Additional measures will be put in place and more stringently enforced to prevent unauthorised expenditure. Close monitoring of unauthorised expenditure
38 AFS	Need compliance with 122(1) of MFMA in all respects when compiling AFS	More measures will be put in place to monitor and review Enforce current policies in place and legal framework
39-40 (SCM regulation 38(1) 41-42(SCM regulation 46(2)(e) 43 SCM regulation 13(c)	Effectiveness of reasonable steps to prevent or combat the abuse of the supply chain management system.	Regular monitoring and review. Enforce revised supply chain policy in place and regular monitoring
44. 62 (1)(d) of MFMA	Steps to prevent unauthorised, fruitless and wasteful expenditure	Additional measures will be put in place and more stringently enforced to prevent unauthorised expenditure.

6.4 INTERNAL CONTROL (CONCLUDING STATEMENTS OF THE AG)

The table below provides responses to the findings of the AG in relation internal control findings.

Table 6: Responses to the concluding statements of the AG

Finding	Explanation	Corrective Measures
46. Internal control	Leadership needs to provide adequate review of financial and non-financial reporting	Monthly and quarterly financial and performance reports will be reviewed more stringently and measures will be put in place for proper follow up. There are currently measures in place, such as disciplinary action against management for non-compliance with prescribed procedures and outputs.
47. Internal control	In relation to the effectiveness of the system that supports financial and non-financial performance management.	An effective system of record management will be investigated and implemented to assist in information management. Compliance to laws and regulations will be monitored and reviewed. Immediate actions being implemented include the mapping of all processes, as well as the preparation of audit files on a quarterly basis.

7. NEXT STEPS

In terms of the process plan for tabling the annual report, as attached in Annexure B to this report, the following key milestones need to take place once the Annual Report is tabled at Council:

- Copies of the draft annual report should be printed and distributed to stakeholders in the first week of February 2013 for comment.
- The printers proof should be developed and submitted to the AG for sign off.
- The final draft annual report should be tabled at Council in March 2013.
- Community friendly versions of the annual report should be developed in April 2013.

8. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

8.1 COMMENTS OF THE GROUP LEGAL COUNSEL

Chapter 6 of the *Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)*, lays down the requirements for *performance management*. More specifically section 41(1) of the said *Act, 2000*. The said section inter alia provides as follows: “(1) A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed-

- (a) set appropriate **key performance indicators as a yardstick for measuring performance, including outcomes and impact**, with regard to the municipality's development priorities and objectives set out in its integrated development plan;
- (b) set **measurable performance targets** with regard to each of those development priorities and objectives;
- (c) with regard to each of those development priorities and objectives and against the **key performance indicators and targets** set in terms of paragraphs (a) and (b)-
 - (i) **monitor performance**; and
 - (ii) **measure and review performance** at least once per year;

- (d) *take steps to improve performance with regard to those development priorities and objectives where performance targets are not met; and*
- (e) *establish a process of regular reporting to-*
 - (i) *the council, other political structures, political office bearers and staff of the municipality; and*
 - (ii) *the public and appropriate organs of state.”*

Item 13 of the *Local Government: Municipal Planning and Performance Management Regulations published under GN R796 in GG 22605 of 24 August 2001*, reinforces the above requirements.

The report and recommendations are in line with the underlying principles of performance management and therefore legally in order

8.2 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the contents of the report.

The purpose of the report is to submit the draft Annual Report for the City of Tshwane FY2011/12 to the Mayoral Committee in line with the approved Annual Report Process Plan.

All financial implications emanating as a result of this report must be managed within the approved Medium-Term Revenue and Expenditure Framework of the relevant department.

8.3 COMMENTS OF THE CHIEF AUDIT EXECUTIVE

The purpose of the report is to submit the draft Annual Report for the City of Tshwane FY2011/2012 to the Mayoral Committee in line with the approved Annual Process Plan.

The report is supported on the basis of the Internal Audit performed on the Annual Performance Information Report as issued to the APC, Mayoral Committee and Council.

9. IMPLICATIONS

9.1 HUMAN RESOURCES

None.

9.2 FINANCES

There are financial implications in terms of the Annual report process plan, once the Annual report is submitted to Council. Financial implications relate to:

- Placement of newspaper notices for public comment
- Printing of draft copies of the annual report for public comment
- Printing of the approved annual report
- Development and printing of community friendly versions of the annual report once approved

9.3 CONSTITUTIONAL AND LEGAL FACTORS

The draft annual report has been developed in accordance with the requirements of the Municipal Financial Management Act (MFMA) and the MSA, the Mayoral Committee decisions on the Annual Report Process Plan, and National Treasury templates.

9.4 COMMUNICATIONS

The draft annual report should be submitted to the Auditor General, National Treasury and Provincial Department of Local Government and Housing. In addition it should be advertised for public comment.

9.5 PREVIOUS COUNCIL AND MAYORAL COMMITTEE RESOLUTIONS

The Annual Report Process plan was approved at the Mayoral Committee of 1 August 2012, where it was resolved as follows:

“RESOLVED:

1. That the Process Plan for the development of the City of Tshwane Annual Report for the FY 2011/12 be approved;
2. That the fourth quarter performance report is the annual performance report;
3. That Mayoral Committee meetings be scheduled on 29 August 2012 and on 18 January 2013 for consideration of the annual performance and draft annual reports before submission to the Auditor General and Council respectively; and
4. That Municipal Entities submit their annual reports, annual performance reports and annual financial statements in compliance with guidelines communicated by the City Manager, Chief Financial Officer and National Treasury.”

10. CONCLUSION

Legislation requires that the City reports on performance against its service delivery targets and its budget. The annual report reports against the service delivery targets as captured in the IDP and SDBIP and the financial targets as captured in the MTREF, as well as the performance of the municipal entities of CoT.

The Mayoral Committee on 18 January 2013 resolved to recommend to Council as set out below:

IT WAS RECOMMENDED (TO THE COUNCIL: 31 JANUARY 2013):

1. That Mayoral Committee approves the draft Annual Report FY2011/12 for tabling to Council by end January 2013;
2. That Mayoral Committee approves the draft Annual Report FY2011/12 for submission to Audit Committee

3. That Mayoral Committee approves the draft Annual report FY2011/12 for submission to the Auditor General; and
4. That all departments implement tasks as approved by Mayco on 1 August 2012 pertaining to the finalisation of the Annual Report FY2011/12 as attached in Annexure B.

After the Executive Mayor officially tabled the 2011/2012 Annual Report, Ms M Sedikela and other representatives from the Office of the Auditor-General made a presentation to Council and the Chairperson of the Audit and Performance Committee furthermore responded to the AG's audit report.

Hereafter the Speaker gave Councillors opportunity to raise clarity seeking questions, listed below:

- Is the none compliance with MFMA by the Municipality regarded as a material issue in the AG's report.
- The percentages received on, among others, leadership and Governance.
- The significance of Municipal Entities and the functioning thereof.
- Does the office of the AG have mandate to audit the operations of the Oversight Committees.
- Clarification of the term "clean audit" and "unqualified audit", requesting that the terms used in the Auditor-General's report be defined in order to alleviate confusion in future, especially from a public perspective.
- The meaning of distribution losses on water and electricity be rectified as water provided to indigent must not be regarded as a loss by the Municipality.
- Cllr AWF Middelberg on behalf of the DA also provided the Office of the Auditor-General with a written list of questions.

Ms Sedikela in her response to the questions, proposed that the abovementioned questions be forwarded to the Section 79 Standing Committee: Public Accounts to allow the AG's office to provide detailed responses to the said questions and the proposal was acceded to by Council.

Subsequently, Cllr OS Lebesse seconded by Cllr RJ Kekana proposed the following amendment:

(Unaltered)

- "1. That Council takes cognisance of Annual Report FY2011/12.
2. That the report be referred to the Section 79 Standing Committee: Public Accounts for further scrutiny, to be re-tabled at the Council meeting of March 2013."

The Council acceded to Cllr Lebesse's proposal and it was thereafter resolved as set out below:

ANNEXURES:

- A: Annual report for City of Tshwane 2011/12 (inclusive of:
Appendix A: Report of the Auditor General,

- Appendix B: Consolidated financial statements
- B: Annual report process plan as approved by Mayco 1 August 2012
 - C: Annual Report: Sandspruit Works Association
 - D: Annual Report: Housing Company Tshwane
 - E: Annual Report: Tshwane Economic Development Agency
 - F: Letters to the Auditor General from the Chairperson of the Audit and Performance Committee and the Executive Mayor
 - G: Presentation by Auditor-General to Council, 31 January 2013

RESOLVED:

1. That cognisance be taken of the Annual Report FY2011/12.
2. That the report be referred to the Section 79 Standing Committee: Public Accounts for further scrutiny and be re-tabled at the Council meeting of March 2013.

(Remark:

At the Council meeting of 31 January 2013, the Speaker explained that in order to comply with the provisions of Chapter 12 of the Municipal Finance Management Act this report will be made available to members of the public who are invited to submit written comments to the municipality through the Office of the City Manager.)

