



Tel: 015 307 8000  
Fax: 015 307 8049

**GREATER TZANEEN MUNICIPALITY  
GROTER TZANEEN MUNISIPALITEIT  
MASIPALA WA TZANEEN  
MASEPALA WA TZANEEN**

P.o Box 24  
Tzaneen, 0850

www.tzaneen.gov.za



Tropical Paradise

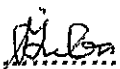
**A89 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT ON THE  
2022/23 02<sup>ND</sup> QUARTER AUDIT COMMITTEE REPORT & 01<sup>ST</sup> QUARTER INTERNAL  
AUDIT REPORT.**

(C 2022 05 29)

(12/2/3/1/1)

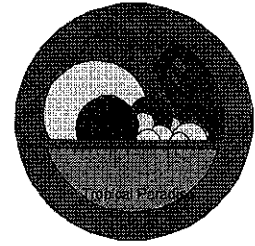
**RESOLVED**

- a) That Council adopts both the 2022/2023 02<sup>nd</sup> quarter Audit Committee report and the 1<sup>st</sup> quarter internal Audit report noted by Council during the Council sitting of the 25<sup>th</sup> of April 2023.
- b) That the Audit Committee and Internal Audit findings still in progress for implementation be given attention to ensure full implementation.
- c) That sufficient budget allocation for medical surveillance be made available to accommodate all employees who should undergo medical surveillance.
- d) That the municipality consider establishing the Contract Management Unit to specifically deal with contracts in the municipality.
- e) That the Accounting officer must ensure that the Health Management System in place is fully functional.

*Signed by the Speaker*  
Councillor MS Tiba..... 



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**1. PURPOSE OF THE REPORT**

To report back to Council on the oversight conducted on the 2022/2023 01<sup>st</sup> quarter Internal Audit and 2022/2023 02<sup>nd</sup> quarter Audit Committee reports.

**2. BACKGROUND**

Council during its meeting held on the 25<sup>th</sup> of April 2023, noted both the 2022/2023 01st quarter Internal Audit report and 2022/2023 02<sup>nd</sup> quarter Audit committee report, and referred them to the Municipal Public Accounts Committee for oversight process.

The Committee held meetings on the 20 April 2023 and 12 May 2023 to peruse the reports and formulate the questions. The questions that were submitted to the Accounting Officer were responded to on the 19<sup>th</sup> of May 2023.

**3. DISCUSSIONS**

The Municipal Public Accounts committee perused the two (2) reports by the Audit Committee to advice Council on the activities of the Audit committee for the quarter under review and further advice management to improve reporting on the identified areas in the Municipality and Greater Tzaneen Economic Development Agency as follows:

## **1. Local Economic Development**

- LED Incentive Policy not published on the Municipal website.
- Non-implementation of the projects on the LED Strategy.
- Timeframe for LED projects is not specific and measurable.
- Informal Trading Sector Policy not reviewed.
- Informal Trading Sector Policy not implemented.
- Land Management Policy not adopted by Council.
- No Land Use Scheme in place.
- Delay in installing services on Municipal acquired land.
- No Service Level Agreement between the Municipality and Traditional Councils over state land entrusted to traditional leaders.
- Ongoing illegal settlement
- Spatial Development Framework not adequately implemented.
- Non-compliance to the establishment of the Agency.

## **2. Revenue Management**

- Consumer deposit not paid before the connection of services.
- Arrear accounts closed without paying consumer deposit.
- Review of consumer deposit not done.
- Long outstanding stand sales debtor.
- Credit control not enforced on arrear accounts over 90 days.
- No reconciliation of work between debt collectors and credit control unit.
- Credit control processes and revenue procedure manual not detailed or clear on the treatment of arrear accounts.
- The consumer deposit review methodology not documented in the policy and procedure manual.
- Limitation of scope on indigent program.
- There are no surprise cash counts.
- Lack of training for revenue cashiers.
- Monthly billing reconciliations are not done, etc.

## **3. Contract Management**

- Contract register not regularly updated.
- Contracts extended on a month-to-month basis.

- Capacity for the administration of contracts not established.
- Inadequate Procurement Plan.
- Land Availability Agreements expired.
- Non-adherence to the Land availability agreements.
- Developers are not paying municipal accounts on fully serviced erven.

#### **4. Occupational Health and Safety**

- Occupational Health and Safety Policy not adequately implemented.
- Non-compliance to OHS legislation.
- Findings reported by the OHS office not resolved by Management.
- OHS Risk Assessment not conducted.
- OHS Committee meetings not effective.
- Smoke detectors not functioning.
- Emergency assembly points are not clearly demarcated.

#### **5. IDP, Budget and SDBIP Process**

- Annual target on the manual SDBIP and PMS system not aligned.
- Strategic objectives on the manual SDBIP and PMS system not aligned.
- SDBIP not published on the Municipal website.
- Technical indicator description not developed.
- Nonalignment of the capital budget on the IDP and budget.
- Annual target on the manual SDBIP and PMS system not aligned.
- KPI recorded on the manual SDBIP but not included in the PMS system.
- Baseline on IDP and SDBIP not aligned.
- Annual target on the IDP and SDBIP not aligned.
- Key Performance Indicators (KPI) on the IDP and SDBIP not aligned.
- Strategic objectives on the IDP and SDBIP not aligned.

#### **6. First Quarter Audit of Performance Information.**

- Targets set for the period under review were not achieved.
- KPI not reported for the quarter.
- POE attached does not open for verification.
- Insufficient POE to substantiate the reported actual achieved.

- POE to substantiate the reported actual achieved not attached.
- Reported actual achieved is not supported by valid and accurate POE.
- Reported actual achieved is not aligned with the POE.
- Inadequate reasons for variance and corrective measures.
- KPI removed from the PMS system.
- No alignment of the KPI with the PMS System and SDBIP Manual.

The committee tracked the recommendations of the Audit committee with various offices / Divisions of the Municipality. The assurance was made that the areas identified and recommended by the Audit Committee and Internal Audit Division were receiving the necessary attention as recommended.

The role of the Municipal Public Accounts Committee in conducting oversight on the report of the Audit Committee is to ensure that the advice or oversight played by the Audit Committee in all the management reports for the quarter is implemented.

#### **RECOMMENDATIONS**

- a) That Council adopts both the 2022/2023 02<sup>nd</sup> quarter Audit Committee report and the 1<sup>st</sup> quarter internal Audit report noted by Council during the Council sitting of the 25<sup>th</sup> of April 2023.
- b) That the Audit Committee and Internal Audit findings still in progress for implementation be given attention to ensure full implementation.
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#### **FOR CONSIDERATION**