

SETSOTO LOCAL MUNICIPALITY

OVERSIGHT REPORT oversight report 2012/2013 2012/2013



RE SEBELETSA KATLEHO

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1. Statement of Purpose of the Oversight Report

It is important to have some understanding of the accountability framework for municipality in order to correctly understand the role of the Oversight Report as a distinct form from that of the Annual Report and any other reports required from the municipality.

The following table displays the nature of the accountability framework for local government:

Body/Person	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Executive Committee	Community
Executive Committee	Policy, budget, outcomes, management of/oversight over municipal manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	Administration	Executive Committee
Section 56 Manager	Outputs and implementation	Financial Management and Operational Functions	Municipal Manager

The Annual Report is submitted to the Council by the Executive Committee and the Municipal Manager and is part of the process for discharging accountability by the executive and administration for their performance in achieving the objectives and goals set by the municipality in the relevant financial year.

The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal council to the community disclosing the level of success or otherwise, obtained with meeting the priority needs and stated desires of the community as contained in the IDP.

2. The Municipal Public Accounts Committee

The Municipal Public Accounts Committee consists of the following Councillors;

Name	Gender	Political Party	Position
T J Tsolo	Male	African National Congress	Chairperson
M Maphisa	Female	African National Congress	Councillor
V Mohala	Female	African National Congress	Councillor
S Fuso	Male	African National Congress	Councillor
T Mohase	Male	Congress of the People	Councillor
M Semahla	Female	African National Congress	Councillor
A Bester	Female	Freedom Front	Councillor
M Maduna	Male	African National Congress	Councillor

The following officials served as support staff to the committee:

M S Makhele	IDP Manager
D S Lebeko	Chief Audit Executive
M M Rathaba	IDP Clerk/Scriber
N Malebo	PA to Speaker/Secretariat

3. Circulation of the Annual Report

The annual report was circulated by making copies available and advertising its availability for inspection as follows:

- (i) Municipal Website
- (ii) Marquard Municipal Offices
Louis Trichard Plein
Marquard
- (iii) Clocolan Municipal Offices
No 2 Dirkie Uys Avenue
Clocolan
- (iv) Senekal Municipal Offices
Van Riebeek Street
Senekal
- (v) Ficksburg Municipal Offices
27 Voortrekker Street
Ficksburg

4. Summary of Findings relating to the Annual Reporting Process- 2012/2013

The following table summarises the respective findings of the Municipal Public Account Committee relating to the process followed in compiling the Annual Report 2012/2013 and the resultant Oversight Report 2012/2013 in comparison to the process required by statute.

Reservation Expressed by the Municipal Public Accounts Committee	Actions required	Due Date
The Annual Report 2012/2013 was submitted to council on due date. The Council meeting was on the 24 January 2014 and the item referred back. The report was then submitted on the 07 February 2014	Done	During January and February 2014

5. Summary of submissions received from Community and others

The following table reflects the key written and oral submission received from the respective bodies/individuals relating to the contents of the Annual Report 2012/2013:

Representation submitted by:	Key Issue raised	Determination by the Municipal Public Accounts Committee
Individual councillors	None	
Private individuals	Irregular Expenditure R 23 508 699.00	<ul style="list-style-type: none"> • All the transaction as per note 46 to the Annual Financial Statements 2012/2013 to be recorded on the Register of unauthorised, irregular, fruitless and wasteful expenditure • An investigation be done by management or a committee of council to establish if a financial misconduct has occurred during the process and after the completion of the register for unauthorised, irregular, fruitless and wasteful expenditure • If a financial misconduct has occurred, management to institute any or all of the following steps in terms of MFMA section 171 and circular 68: <ul style="list-style-type: none"> ○ Disciplinary charges for

		<ul style="list-style-type: none"> ○ irregular expenditure ○ Criminal charges arising from an act of irregular expenditure ○ Recovery of irregular expenditure
	Establishment of a Hotline	Functional telephone line monitored regularly
	Misuse council properties	Develop and implement policies regarding municipal properties
	Supply Chain Management	Adhere to the policy and regulations
	Salaries to former workers	Institute investigation
	Indigent Policy	Adherence to the policy
	Recruitment	Adherence to policies
	Monitoring System	Implementation of EPAS
	Water	Increase storage capacity
	Sewer Spillages	Completion of the BEP
	Dairy Project	Seek Legal Opinion
Civic Organisation	None	
Other organised community structures	None	
Auditor General	See attached Audit Report	Action Plan presented to Municipal Public Accounts Committee meeting 24 February 2014 and attached hereto.
Audit and Performance Audit Committee	None	Recommended that the Action Plan to include current status column, the Action Plan amended as such by the Chief Audit Executive
Other sphere of government	None	

6. Summary of Reservations Expressed and Corrective Actions Required.

A summary of reservations expressed by the Municipal Public Accounts Committee and actions required to be taken by the Administration (MFMA, section 131(1)) on the Annual Report 2012/2013 and the Auditor General's Report 2012/2013 are as follows:

A. Reservation on the checklist regarding reporting

	Reservation Expressed by the Municipal Public Accounts Committee	Action Required	Due Date	Responsible Person
1	Irregular Expenditure	(a) Completion the register as per circular 68 (b) Investigation of possible financial misconduct (c) Submission of a separate report of the above to council for recovery or write off	30 April 2014 15 May 2014 30 May 2014	Chief Financial Officer Municipal Manager Municipal Manager
2	Establishment of a Hotline	(a) Acquisition of a hotline number (b) Committee to deal with	12 April 2014 Monthly	Municipal Manager Municipal Manager

		complaints and make recommendations (c) Submission of a separate of the above to council	Quarterly	Municipal Manager
3.	Misuse of Council properties	(a) Branding of all municipal properties and fleet (b) Review of all property related policies	30 April 2014 30 May 2014	Chief Financial Officer Chief Financial Officer
4	Supply Chain Management	(a) Review of the SCM Policy (b) Capturing of all submitted data base applications (c) Appointment of SCM Manager (d) Review of the register to include all the requirements per circular 68 (e) Ensure that SCM staff meet the prescribed competency level (section 119 MFMA) (f) Submission of separate of the report to council	30 May 2014 30 April 2014 30 April 2014 30 April 2014 30 June 2015 Quarterly	Chief Financial officer Chief Financial Officer Director Corporate Services Chief Financial Officer Municipal Manager
5	Salaries to former employees	Investigate and institute remedial actions as per 1 above	30 April 2014	Director Corporate Services
6	Indigent Subsidy	(a) Screening by the credit and control division of applicants of the applications before approval (b) Verification of current beneficiaries' status (c) Awareness Campaigns for registrations (d) Separate report of the above to council	Monthly 30 April 2014 Quarterly Quarterly	Chief Financial Officer Chief Financial Officer Chief Financial Officer Municipal Manager
7	Recruitment	(a) Implementation of the Regulation on the Appointment of Senior Manager of 2013 and Minimum Competency Level of Professional Framework (Section 83 MFMA) (b) Placement of current workforce in terms of the Organisational Redesign resolution of 28 February 2014 in line with the above	01 March 2014 29 August 2014	Director Corporate Services Director Corporate Services

		<p>critterion</p> <p>(c) submission of a report on the above to council</p>	Quarterly	Municipal Manager
8	Monitoring	<p>(a) Implementation of automated Performance Management System</p> <p>(b) Filling of vacant positions within the IDP/PMS Division</p> <p>(c) Implementation of Employee Performance Appraisal System throughout the workforce</p> <p>(d) Alignment of the Service Delivery and Budget Implementation Plan with the Annual Reporting format</p> <p>(e) Submission of quarterly performance reports</p> <p>(f) Submission of a separate report on the above to council</p>	<p>30 June 2014</p> <p>30 June 2014</p> <p>01 July 2014</p> <p>01 July 2014</p> <p>Quarterly</p> <p>Quarterly</p>	<p>Municipal Manager</p> <p>Director Corporate Services</p> <p>Municipal Manager</p> <p>Municipal Manager</p> <p>All Directors</p> <p>Municipal Manager</p>
9	Water	<p>(a) Raising of the De Put dam wall in Senekal</p> <p>(b) Deepening of the Moperi dam floor</p> <p>(c) Servicing of the boreholes throughout the municipal areas</p> <p>(d) Training of municipal officials on water quality to purify ad supply good quality water</p> <p>(e) Development, approval and implementation of Water Services Development Plan</p> <p>(f) Measuring of all installed water metres in the township</p> <p>(g) Submission of a separate report on the above to council</p>	<p>30 June 2016</p> <p>30 June 2016</p> <p>30 June 2014</p> <p>30 June 2014</p> <p>30 May 2014</p> <p>01 July 2014</p> <p>Quarterly</p>	<p>Director Technical Services</p> <p>Director Technical Services</p> <p>Director Technical Services</p> <p>Director Technical Service</p> <p>Director Technical Services</p> <p>Chief Financial Officer</p> <p>Municipal Manager</p>
10	Sewer	<p>(a) Completion of sewer reticulation system and household</p>	30 June 2016	Director Technical Services

		connections (b) Removal of 10 773 buckets (c) Training of employees on the effluent quality (d) Submission of a separate report on the above to council	30 June 2016 30 June 2014	Director Technical Services Director Corporate Services
11	Dairy Project	(a) Seek legal opinion on the dissolution of the board of directors and possible resuscitation of the project without financial obligation to council (b) Submission of a separate report on the above to council	30 May 2014 30 May 2014	Municipal Manager
12	Financial Statement	(a) Implementation of supervisory controls on related activities that feeds into the compilation of the Annual Financial Statement (b) Appointment of Accountant-Financial Management and Reporting (c) Ensure that Annual Financial Statement is presented to Audit and Performance Audit Committee (d) Submission of a separate report on the above to council	Monthly 01 May 2014 19 August 2014 Quarterly	All Directors Director Corporate Services Chief Financial Officer Municipal Manager

B. Reservations on the Annual Report

	Reservation Expressed by the Municipal Public Accounts Committee	Action Required	Due Date	Responsible Person
1	Incomplete components of the Annual Report 2012/2013	(a) Management to complete the components in the report that are not fully completed (b) Submission of a separate report on the above to council	15 April 2014 15 April 2014	All Directors Municipal Manager
2	Action Plan	(a) submission of Progress Report on	Monthly	All Directors

		the Action Plan (b) Submission of a separate report on the above to council		
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7. Summary of Components that require to be Revised

Numerous errors, blank components, formatting and duplication of sections were identified for correction. It is recommended that in future the Management should ensure that the highest possible standard of reporting is adhered to. The time spent making such corrections detract from more thoughtful deliberations on the content of the Annual Report.

The Section 46 Preliminary Assessment Sheet from Provincial COGTA indicated serious shortcomings in the inclusion of required documents and reports in the Annual Report. These items need to be added in order for the report to be complete.

8. Minutes of the Meetings of the Municipal Public Accounts Committee

The minutes of the Municipal Public Accounts Committee meetings held on;

- 24 February 2014
- 25 February 2014
- 26 February 2014
- 3 March 2014
- 4 march 2014
- 5 March 204
- 6 March 2014
- 10 March 2014

are attached to this report and will be sent on before the 24 March 2014 to Department of Corporative Governance, National Treasury, Provincial Treasury and Corporative Governance and Traditional Affairs.

9. Resolution of Council

The resolution of Council at the meeting where the final version of the Oversight Report 2012/2013 was considered is as follows.

1. Council approves the Annual Report 2012/2013 with reservation as included in the comments in the Oversight Report 2012/2013;
2. The Council having fully considered the Annual Report 2012/2013 of the municipality and representations expressed made thereon, and adopts the Oversight Report 2012/2013
3. Council request the Executive Committee to report to Council on the progress with the execution of the corrective actions contained in the Oversight Report 2012/2013

CLLR T J TSOLO
CHAIRPERSON

10 March 2014
DATE