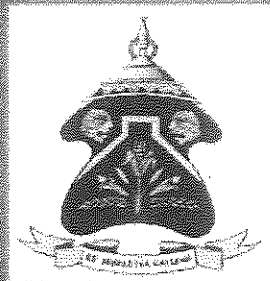


OVERSIGHT REPORT

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE



FINANCIAL YEAR
2016/2017

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1. Background

The oversight role of the Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, Executive Mayor, Mayoral Committee and Administration. Good governance, effective accountability and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive councillors are required to maintain oversight on the performance of specific responsibilities and delegated power that have given to the Mayoral Committee. In other words, in exchange for the powers in which Council have delegated to the Mayoral Committee, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The Municipal Finance Management Act, 56 of 2003 vest in Council specific powers of approval and oversight.

- Approval of budgets;
- Approval Budget related policies; and
- Review of the Annual Report and the adoption of the Oversight Report.

2. Discussion

The MPAC engaged the communities on the Annual Report for the financial year 2016/2017 whereby attendance was satisfactory. The meetings with the community were held on different dates and venue in entire Setsoto. The members of the MPAC did always honour the scheduled meetings of the committee.

3. Duties of the Municipal Public Accounts Committee

The primary duties of the MPAC shall be to report to Council on activities of the Committee, to conduct investigation on the unauthorised, irregular, fruitless and wasteful expenditures and to present the oversight report to the Council for consideration and approval.

In respect of the Oversight Report as per section 129(1):-

- To consider and evaluate the content of the Annual Report of the Council and to develop the oversight report which will include recommendations to Council when considering an oversight report on the annual report;

- During a formal meeting of the MPAC the Accounting Officer and the Directors would then be required to respond to the MPAC in respect of questions that the Committee may have regarding the Annual Report;
- To review and track the comments and resolution as per the Oversight Report in respect of the evaluation of the Annual Report, in order to ensure that matter are concluded that may not previously have been finalised.

The secondary duties of the MPAC are also as follows:-

- Quarterly report of the Executive Mayor on the implementation of the budget and the state of affairs of the municipality/SDBIP (section 52(d));
- Monthly budget statement (section 71);
- Mid-year budget and performance assessment (section 72);
- Disclosures concerning councillors, directors and officials (section 124);
- Annual Financial Statements (section 126);
- Submission of the Annual Report (section 127);
- Oversight report on the Annual Report (section 129);
- Issues raised by the Auditor General of South Africa in Audit Reports (section 131); and
- Disciplinary action instituted in terms of the MFMA.

4. Composition of the Municipal Public Accounts Committee

The Committee of Council established under section 79 of the Municipal Structures Act, 117 of 1998. Section 79 allows for the co-option of advisory members to a committee of Council, who are not members of the Council.

The MPAC consist of the following Councillors:-

Name	Gender	Political Party	Position	Attendance of the Meeting				
				06 Feb 2018	12 Feb 2018	13 Feb 2018	15 Feb 2018	06 March 2018
Cllr Mavaleliso P I	Male	African National Congress	Chairperson	Yes	Yes	Yes	Yes	Yes
Cllr Seikane M	Female	African National Congress	Member	Yes	Not Attended, No Apology given	Yes	Yes	Yes
Cllr Khatlake	Male	African National Congress	Member	Yes	Yes	Yes	Yes	Yes
Cllr Mthimkhulu	Female	African National Congress	Member	Yes	Not Attended, Apology given	Yes	Not Attended, No Apology given	Yes
Cllr Mohosho	Female	Economic Freedom Fighter	Member	Not Attended,	Not Attended,	Not Attended,	Not Attended,	Not Attended,
Cllr Matsau M	Male	United Front of Civics	Member	Yes	Yes	Yes	Yes	Yes
Cllr Schee P	Female	Democratic Alliance	Member	Yes	Yes	Yes	Not Attended, No	Yes

							Apology given	
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The following officials serves as support staff to the committee:-

Makhele M S	IDP Manager
Lebeko D S	Chief Audit Executive – as per invitation
Potloane M S	IDP Officer
Mokatile K J	MPAC Clerk
Potloane T W	PMS Clerk
Rathaba M M	IDP Clerk

Due to the separation of roles and responsibilities between Council, the Executive Mayor and Mayoral Committee Members, it is not appropriate that members of the Mayoral Committee be members of the Municipal Public Accounts Committee.

5. Accountability framework

It is important to have some understanding of the accountability framework for municipality in order to correct understanding 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	Mayoral Committee	Community
Mayoral Committee	Policy, Budget, outcomes, management of/oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outcomes and implementation	Administration	Mayoral Committee
Section 56 Manager	Outputs and implementation		Municipal Manager

The Annual Report for the financial year 2016/2017 is submitted to the Council by the Executive Mayor and the Municipal Manager and is part of the process for discharging accountability the executive and administration for their performance in achieving the objective 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 the success or otherwise, obtained with meeting the priority needs and stated desires of the community as contained in the IDP.

This Oversight Report is for the financial year ended 30 June 2017. The Annual Report was presented to Council on 25 January 2018 for further engagement.

6. What is the oversight report

The oversight report is the final major step in the annual reporting process of a municipality. It is a report of the municipal council and follows consideration and consultation on the annual report by the council itself. Thus the full accountability cycle is completed and the separation of powers is preserved to promote effective governance and accountability.

Section 129 of the MFMA requires the council to consider the annual reports of its municipality and municipal entities and to adopt an "oversight report" containing the council's comments on each annual report.

The oversight report is thus clearly distinguished from the annual report. The annual report is submitted to the council by the accounting officer and the mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by council.

7. Summary of Issues and Comments

Below are the comment from the Auditor General of South Africa

- Adjustments to the annual report
 - Page 19 – the table of the financial overview. The amount of the adjusted budgets and the actual figures do not agree with the financials. (refer to the statement of budget and actual)
 - Page 20 – the capital expenditure does not agree to the amounts of disclosed as capital budget on the following pages: Page 243, 360, 378 of the annual report.
 - The amounts for the budget table on page 230 does not agree to the statement of budget and actual and the appropriation statement as per the financial statements.
 - Page 219, the vacancy rates tables do not added up and the amounts cannot be recalculated. Furthermore the vacancy rate confirmed during the audit was 43% and not 41%.
 - Page 249, date to be corrected to 30 November.
 - On the audit report, replace the xx-xx on para 1, 18 and para 25 with the page numbers.

Issues raised by the members of the community are contained in the meetings of the 06, 12,13,14 February 2018 and 06 March 2018. See Attached Annexure A to E.

8. Summary of Reservation and Corrective Actions to be undertaken by Mayoral Committee and Administration

The Committee recommend to Council the following:-

1. All installed water meters in townships be calibrated into the municipal reading system to decrease levels of unaccounted water;
2. Council to ensure that the Department of Engineering Services come up with a turnaround plan on fixing water leakages within reasonable time in all units;
3. Department of Engineering Services come up with mechanisms to familiarise itself with all underground infrastructure in all four units;
4. Council ensures that more resources are redirected toward monitoring the repairs and maintenance on infrastructure;
5. That overtime is strictly supervised to ensure effective implementation of cost containment measures;
6. Council to ensure that the cascading of ePerformance Management System is finalised to ensure a reliable service delivery monitoring tool;
7. Council to make budget provision for the appointment of Peace Officers for an effective implementation of by-laws;
8. The by-laws tariffs be approved and adopted by the council at the same time with the budget and be submitted to the Department of Justice for implementation;
9. Council to provide the necessary resources to capacitate the Local Economic Division to carry out its duties effectively;
10. Council to review the Local Economic Development Policies to ensure that they empower the local entrepreneurs;
11. The municipal Procurement Policy to be aligned with the Local Economic Development Policy to address the concern of empowering local communities;
12. The municipal Procurement Policy to be Aligned to the Local Economic Development Policy to foster partnerships between big companies and small companies;
13. Mining of diamond in Marquard municipality must go back to Department of Minerals and stakeholders;
 - Sandstone fast-tracking of investigation in order to check if this cooperative still exist on those 21 woman who open cooperative company;
 - Asparagus factory- municipality to facilitate funding (FDC and SEDA) to acquire building on behalf of the beneficiaries;
 - The municipality must come up with a model of controlling mining of sand in entire Setsoto;

- The Municipality must establish whether a peach project is still a viable project to pursue;
- 14. The organisational structure to be reviewed to augment service delivery;
- 15. Human Resource Policy must be reviewed and be aligned with the Collective Agreement;
- 16. Council to conduct a customer satisfactory survey no later than the 29 June 2018;
- 17. Council to apply for other available grants that the municipality is currently not applying for in terms of DoRA 2018;
- 18. All councillors must take responsibility to encourage community to pay services;
- 19. Council to develop and approve a Three Year Capital Infrastructure Investment Plan and Financial Strategy as part of Sector Plan for IDP;
- 20. The Office of the Speaker must develop Ward Operational Plans and report to council on a quarterly basis;
- 21. The Office of the Speaker must ensure that the Municipal Public Accounts Committee be fully capacitated in terms of personnel, financial and other resources to effectively execute its mandate;
- 22. The Action Plans on Audit Report and Management Report be monitored and implemented with progress report to council on quarterly basis;
- 23. The Council develops an Action Plan on the above resolutions with the progress report to council on quarterly basis;
- 24. Accounting Officer must come up with a strategy to stimulate Local Economic Development;
- 25. Accounting Officer to rectify composition of the bid committees and implementation of quarterly Report as per council;
- 26. Section 52(d) report must have a break down on bid awarded to local contractors and also be included on the Annual Report;
- 27. Credit control and Debt policy to be implemented to the latter;

9. Previous recommendations of the MPAC on Annual Report 2015/2016 not implemented

The following recommendations under point 8 number 5,6,7,8, 9 and 13 were recommendations from the previous Annual Report 2015/2016 and were not implemented, therefore the Committee recommend the Accounting Officer to report back to the committee on the implementation of this Report after the adoption by Council.



Cllr Mavaleliso P I
Chairperson of the MPAC

Date: 23 / 03 / 2018