MAKHUDUTHAMAGA

LOCAL MUNICIPALITY

OVERSIGHT REPORT ON 2015/16

ANNUAL REPORT

OVERSIGHT REPORT ON 2015/16 ANNUAL REPORT

INDEX

OVERSIGHT REPORT FOR ANNUAL REPORT 2015/16 FINANCIAL YEAR

1. INTRODUCTION

The 2015/2016 Annual Report was tabled during Ordinary Council Meeting on the 30th of January 2017 in compliance with the Municipal Finance Management Act, No. 56 of 2003, MFMA, which requires under section 127 (2) that the "The Mayor of a municipality, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality"

Every municipality must prepare an annual report for each financial year in accordance with Municipal Finance Management Act (MFMA) and Municipal Structures Act (MSA).

The purpose of the annual report is to:

- Provide a record of the activities of the municipalities.
- Provide report on performance in service delivery and against the budget.
- Provide information to support the revenue and expenditure decisions made, and
- Promote accountability to local community for decision made.

When tabled, the annual report should include four main components, each of which has an important function in promoting governance and accountability. The main components are:

a) The annual performance report as required by *section 46 of the Municipal Systems Act (MSA) of 1998.*

b) Annual Financial Statements submitted to the Auditor-General;

c) The Auditor-General's audit report on the financial statements in terms of *Section 126(3)of the Municipal Finance Management Act, No. 56 of 2003;* and

d) The Auditor-General's report on performance in terms of *Section 45(b) of the Local Government: Municipal Systems Act of 1998.*

The final step in the reporting process, the oversight report is for council to consider the Annual Report in the light of the findings contained in oversight report compiled by non Executive Councillors (Municipal Public Account Committee) and members of the community and is aimed at enhancing accountability and good governance.

2. BACKGROUND

Council requested the Municipal Public Accounts Committee (MPAC) to serve as an oversight committee to exercise oversight over the executive obligations of council to consider the Annual Report as per resolution no 66 of 2017 and in terms of *Section 79 of the Local Government: Municipal Structures Act, 1998 (No. 117 of 1998).*

Functions of the Oversight Committee on the Annual report are to:

- Undertake a review and analysis of the Annual Report;
- Invite, receive and consider inputs on the Annual Report;
- Consider written comments received on the Annual report from the members of the public;
- Receive and consider Council's Audit Committee views and comments on the annual statements and the performance report;
- Prepare the oversight report that may be taken to full council for discussion.

3. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

Section 129 (1) of the Municipal Finance Management Act No. 56 of 2003 states that the Council of the Municipality must consider the Annual Report of the municipality and by no later than two months from the date on which the Annual Report was tabled in the Council, adopt an oversight report containing the Council's comments on the Annual Report, which must include a statement whether the Council has:

- Approved the Annual Report with or without reservations.
- Rejected the Annual Report, or
- Referred the Annual Report back for revision of those components that can be solved.

4. COMMENTS ON THE ANNUAL REPORT

The requirements for the Annual Report as set out in the various Acts, together with an indication of the level of the compliance are set out below.

4.1 MFMA

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
a) The annual Financial Statements (AFS) are with the Generally Recognised Accounting Practice (GRAP).	**Complied**
b) The Auditor General's report is to be included in the Annual Report.	**Complied**
c) Explanations to be included that are necessary to clarify issues in connection with the financial statements.	**Complied**
d) An assessment on arrears on municipal taxes and service charges to be included.	**Complied**
e) Corrective action taken or be taken in response to issues raised in the audit report.	**Complied**

4.2 DIVISION OF THE REVENUE ACT

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
a) The annual report to disclose the following:	**Complied**

• Details of conditional grants received from National and Provincial spheres. • Details of conditional grants received from other municipalities; and • Details of grants made to any organs of state.	
b) The extent to which the conditions of the grants were met.	Complied
c) Information relating to the outstanding debtors and creditors of the municipality.	Complied
d) Information relating to the benefits paid to Councillors, Managers and Officials.	Complied

4.3 Municipal Systems Act

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
a) Has the performance report included in the Annual Report	Complied
b) Have the performance targets been included in the report?	Complied
c) Does the performance evaluation in the annual report compare actual with the planned performance?	Partially complied
d) In terms of key functions or services, how has each performed?	Partially complied
e) To what extend have targets been achieved?	Partially complied
f) To what extent have targets been achieved?	Partially complied
g) Actions that have been taken and planned to improve performance?	Complied
h) Is there correlation with the targets for the municipality and the targets set for the Municipal Manager and Heads of Department?	Partially complied
i) Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	Partially compiled
j) Taking into account the audit report and opinions and the views of the Audit Committee, is performance considered to be effi-	Partially compiled

cient and effective?	
k) To what extent has action been planned for the previous year and carried over to the financial year reported upon.	**Compiled**

4.4 OTHER FINDINGS

- The numbering on Annual Report was inconsistence to table of contents.
- There were ommisions on the Annual Report e.g Waste Management omitted as a function of the municipality on the basic services.
- On scorecard some of columns were not numbered correctly.
- The key performance areas not aligned to the performance indicators.

4.5 PUBLIC CONSULTATION MEETINGS

The public consultation meetings on Annual Report were held on 13 February to 15th March 2017.

5. GENERAL DISCUSSION

Understandings of municipal operations and processes have improved.

6. RECOMMENDATIONS

Makhuduthamaga Local Municipality at its ordinary council sitting dated 30 January 2017 referred 2015/2016 financial year's Annual Report to Municipal Public Accounts Committee in order to compile an oversight report.

The committee having fully considered the Annual Report of the municipality recommends to Council to approve the Annual Report with reservations listed in paragraph 3.4.

7. PROCESS FOLLOWED BY MPAC

Find the attached MPAC action plan as per **Annexure "A"**.

.... 27/03/17

CHAIRPERSON **DATE**

MAKHUDUTHAMAGA
LOCAL MUNICIPALITY

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Mmogo re šomela diphetogo!

DEPARTMENT:
LEGISLATIVE SUPPORT -
OFFICE OF THE SPEAKER

Annexure "A"

MPAC PROGRAMME OF ACTION ON ANNUAL REPORT 2015/16 FY FEBRUARY TO MARCH 2017

ACTIVITY	DATE (Deadline)	RESPONSIBLE PERSON /UNIT/ DEPARTMENT
SCRUTINIZING	16 FEBRUARY-2017	MPAC CHAIRPERSON SUPPORT STAFF
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT	20 FEBRUARY-2017	MPAC MEMBERS Limpopo Provincial Treasury COGHSTA Audit Committee Members
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT	21 FEBRUARY-2017	MPAC MEMBERS Limpopo Provincial Treasury COGHSTA Audit Committee Members
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT	22 FEBRUARY 2017	MPAC MEMBERS Limpopo Provincial Treasury COGHSTA Audit Committee Members
CONSULTATIVE MEETING ON FORMULATION OF QUESTIONS ANNUAL REPORT 2015/16 FY	28 FEBRUARY 2017	MPAC CHAIRPERSON SUPPORT STAFF
PROJECT VISITS	7 MARCH 2017	MPAC MEMBERS
CONSOLIDATION OF QUESTIONS SUBMISSION OF QUESTIONS TO MUNICIPAL MANAGER AND ALL SECTION 57 EMPLOYEES	10 MARCH 2017 10 MARCH 2017	MPAC MEMBERS
MPAC PUBLIC HEARING SESSION	16 MARCH 2017	MEMBERS OF PUBLIC
COMPILATION OF OVERSIGHT REPORT AND ADOPTION	20 MARCH 2017	MPAC MEMBERS
PRESENTATION OF OVERSIGHT REPORT TO COUNCIL	30 MARCH 2017	MPAC CHAIRPERSON

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DIKETANE SP
MPAC CHAIRPERSON