



MAKHUDUTHAMAGA
LOCAL MUNICIPALITY

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**OVERSIGHT REPORT ON
DRAFT ANNUAL REPORT**

2017/2018 FINANCIAL YEAR

**DATE: 29 MARCH 2018 TIME: 08H30
VENUE: COUNCIL CHAMBER**

OVERSIGHT REPORT ON DRAFT ANNUAL REPORT

2016/17



COUNCIL PROCEEDINGS

DRAFT ANNUAL OVERSIGHT REPORT ON ANNUAL REPORT 2016/17

PURPOSE

To present before Council an Oversight report on Annual report 2016/17 for approval.

BACKGROUND

1. The oversight report is the final mayor step in the annual reporting process of the municipality and must include in terms of Section 129(1) of MFMA Act no 56 of 2003) a statement as to whether the council:
 - (a) Has approved the annual report, with or without reservations
 - (b) Has rejected the annual report or
 - (c) Has referred the annual report back for revision of those components that can be revised.
2. It is required in terms of section 129 (3) MFMA that municipal manager must in accordance with section 21 (A) of the Municipal Systems Act No 32 of 2000 make public the Oversight report within seven days of its adoption.
3. MPAC has been mandated as per resolution no 75 of Ordinary Council of the 31st January 2018.
 - a. to undertake a review and analysis of draft annual report,
 - b. Invite, receive and consider inputs on the annual report
 - c. And prepares the Oversight report that may be taken into Council for discussion.

LEGAL IMPLICATIONS

1. In compliance of section 129 (3) of MFMA.
2. Municipal Systems Act section 21(A)
3. Resolution no 75 of January OC/31/01/2018

FINANCIAL IMPLICATIONS

1. Utilization of Public Participation budget vote.

COMMUNICATION

1. The matter served in the previous council meeting of 31st January 2018 and Public hearing on the 23rd March 2018.

RECOMMENDATION

- 1| That Council approves the Oversight Report on Draft Annual Report 2016/17 with reservations.



MAKHUDUTHAMAGA²

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DEPARTMENT:
CORPORATE SERVICES

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MPAC OVERSIGHT REPORT ON 2016/2017 ANNUAL REPORT

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OVERSIGHT REPORT ON ANNUAL LREPORT 2016/2017 FINANCIAL YEAR

1. PURPOSE OF THE REPORT

To consider the Annual Report for the 2016/2017 financial year and to adopt oversight report containing Council's comments on the Annual Report in terms of section 129 (1) of the Local Government: Municipal; Finance Management Act no 56 of 2003.

2. BACKGROUND

The 2016/2017 Annual Report was tabled during Ordinary Council Meeting on the 31st January 2018 in compliance with the Municipal Finance Management Act, no.56 of 2003, which requires under section 127(2) that "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.

The purpose of the 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 required by section 46 of the municipal systems act (MSA) of 1998.
- b) Annual Financial Statement 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) Auditor General's report on performance in terms of section 45(b) of the local govern: municipal systems act of 1998.

3. PROCESS

The 2016/2017 Draft Annual Report in line with chapter 12 of Municipal Finance Management Act no. 56 of 2003, was noted by council.

The Makhuduthamaga Municipal Public Accounts held its working session on 26th February to 01 March 2018, to analysed and reviewed Annual Report in detail.

Public Hearing was conducted on the 23rd March 2018, the local community was invited. The MPAC has had pleasure of seeing efforts being put in by the municipal officials led the by Acting Municipal Manager providing service delivery and ensuring compliance is maintained at the same time.

Please find attached MPAC action plan as per Annexure "A"

4. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

Section 129(1) of the Municipal Finance Management Act No. 56 of 2003 states that council of the municipality must consider 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 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.

5. 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:

5.1. MFMA

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
a) The annual financial statements (AFS) are with the Generally Recognised Accounting Practise (GRAP).	Complied
b) The Auditor General's report 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 to be taken in response to issues raised in the audit report	Complied

5.2. DIVISION OF THE REVENUE ACT

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
a) The annual report to disclose the following: <ul style="list-style-type: none"> • Details of conditional grants received from National and Provincial Sphres. • Details of conditional grants received from other municipalities; and 	Complied

<ul style="list-style-type: none"> 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 conditions of the grants were met.	Complied
d) Information relating to the outstanding debtors and creditors of the municipality.	Complied

5.3. Municipal Systems Act

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
a) Has the performance report included in the annual report?	Complied
b) Have the performance target included in the annual report?	Complied
c) Does the performance evaluation in the annual report compare actual with the planned performance?	Complied
d) In terms of key functions or services, how has each performed?	Partially complied
e) To what extent have targets been achieved?	Partially complied
f) Actions that have been taken and planned to improve performance?	Complied
g) Is there correlation with the targets for the municipality and the targets set for the Municipal	Partially Complied

Manager and Heads of Departments?	
h) Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	Partially complied
i) Taking into accounts the audit report and opinions and the views of the Audit Committee, is performance considered to be efficient and effective?	Partially complied
j) To what extent has action been planned for the previous year and carried over to the financial year reported upon.	Complied

5.4. OTHER FINDINGS

- MFMA circular no. 63 of 2012 was not followed.
- Proof reading not done
- Key performance area not aligned to Key performance indicators
- That Senior Managerial posts are not filled

5.5. PUBLIC CONSULTATION MEETINGS

The public consultation meetings on Annual Report were held on 22,23,26 and 28th February 2018.

6. GENERAL DISCUSSION

Understandings of municipal operations and processes have improved.

7. RECOMMENDATIONS

Makhuduthamaga Local Municipality at its Ordinary Council Sitting dated 31 January 2018 referred 2016/2017 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 reservation listed in paragraph 5.4.
- Council adopts MPAC Oversight report 2016/2017


SIGNATURE
MPAC CHAIRPERSON: DIKETANE SP

2018/03/28
DATE



MAKHUDUTHAMAGA

LOCAL MUNICIPALITY

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DEPARTMENT:
LEGISLATIVE SUPPORT -
OFFICE OF THE SPEAKER

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MPAC PROGRAMME OF ACTION ON ANNUAL REPORT 2016/17 FY FEBRUARY TO MARCH 2018

ACTIVITY	DATE (Deadline)	RESPONSIBLE PERSON /UNIT/ DEPARTMENT
SCRUTINIZING	21 FEBRUARY-2018	MPAC CHAIRPERSON SUPPORT STAFF
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT	26 FEBRUARY-2018	MPAC MEMBERS Limpopo Provincial Treasury COGHSTA Audit Committee Members
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT	27 FEBRUARY-2018	MPAC MEMBERS Limpopo Provincial Treasury COGHSTA Audit Committee Members
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT	28 FEBRUARY 2018	MPAC MEMBERS Limpopo Provincial Treasury COGHSTA Audit Committee Members
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT	01 MARCH 2018	MPAC MEMBERS Limpopo Provincial Treasury COGHSTA Audit Committee Members
CONSULTATIVE MEETING ON FORMULATION OF QUESTIONS ANNUAL REPORT 2015/16 FY	05 MARCH 2018	MPAC MEMBERS
PROJECT VISITS	07 MARCH 2018	MPAC MEMBERS
CONSOLIDATION OF QUESTIONS	12 MARCH 2018	MPAC CHAIRPERSON SUPPORT STAFF
SUBMISSION OF QUESTIONS TO MUNICIPAL MANAGER AND ALL SECTION 57 EMPLOYEES	13 MARCH 2018	MPAC SUPPORT STAFF
MPAC PUBLIC HEARING SESSION	23 MARCH 2018	MEMBERS OF PUBLIC
COMPILATION OF OVERSIGHT REPORT AND ADOPTION	26 MARCH 2018	MPAC MEMBERS
MPAC OVERSIGHT REPORT PRESENTATION TO COUNCIL	29 MARCH 2018	MPAC CHAIRPERSON



COUNCIL PROCEEDINGS

AGENDA ITEM: SC/08.1/03/ 2018: Oversight on Annual Report 2016/17

RESOLUTION No.96 OF 2017/2018 FINANCIAL YEAR

RESOLUTION ON: Oversight on Annual Report 2016/17

NOTING THAT:

1. The oversight report is the final major step in the annual reporting process of the municipality and must include in terms of Section 129(1) of MFMA Act no 56 of 2003) a statement as to whether the council:
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 - a. to undertake a review and analysis of draft annual report,
 - b. Invite, receive and consider inputs on the annual report
 - c. And prepares the Oversight report that may be taken into Council for discussion.

Makhuduthamaga at its Special Council Meeting on the 29 March 2018 held in the Council Chamber.

RESOLVED THAT:

1. That Council adopts the Oversight Report on Draft Annual Report 2016/17 with reservations.

Mover: Cllr. Mapitsing T.J

Seconded: Cllr. Thokwane K.Z

Acting Speaker: Cllr. Natjomane N.M

Acting Municipal Manager: Moganedi R.M

Signature: Mapitsing T.J

Signature: Moganedi R.M

Date: 29/03/2018

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