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# **OVERSIGHT REPORT**

**PREPARED BY THE MUNICIPAL PUBLIC ACCOUNTS  
COMMITTEE (MPAC)**

**2014/2015 ANNUAL REPORT**

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**2014/2015 ANNUAL REPORT**

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C. Acknowledgement in respect of the Makana Local Municipality's Annual Report

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Prepared by

**THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

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## ANNEXURE

- A. Public Notice on availability of draft Annual Report.
- B. Public Notice on Annual Report Public Consultation Session.
- C. Acknowledgement of receipt of the Makana Local Municipality's Annual Report by Auditor General.
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## **OVERSIGHT REPORT REPORTED TO MAKANA MUNICIPALITY COUNCIL ON THE 29 MARCH 2016**

### **FOREWORD BY MUNICIPAL PUBLIC ACCOUNTS CHAIRPERSON**

Madam Speaker, Executive Mayor, Councillors and officials

It is with great pleasure and privilege that I should present today the Oversight Report on the Annual Report for the period of 2014 – 2015 financial year on behalf of the Municipal Public Accounts Committee. Let me extend my gratitude to all Directors, Acting Directors and those who represented them for the great contribution they have made to make sure that accountability is not just a gesture of compliance but an unwavering effort to improve the municipal overall performance, that will at the end of the day change people's lives from the community that this council is mandated to lead.

I therefore, confirm that the Annual Report of Makana Municipality was assessed with due attentiveness by all MPAC members and agreed upon to be a true reflection of Makana Municipality status and performance and additionally fulfils the legal framework as prescribed in the MFMA. The MPAC has fulfilled its obligations in terms of what is provided by the Local Government municipal Structures Act no. 117 of 1998 and the Municipal Finance Management Act no. 56 of 2003 on the subject oversight exercise. The review process included a page-to-page scrutiny where questions for clarity were identified.

The MPAC is a functional committee and undertakes a positive influence on audit outcomes. Matters of good governance and financial oversight retain the highest priority status.

Please allow me again to extend appreciation to the Mayor, the Mayoral Committee, the Audit Committee and the Internal Audit Committee for the role they played in the oversight of the Annual Report.

The efforts of the Accounting Officer (the Acting Municipal Manager) and her team are commended for the honour and credibility they bestow for the benefit of this institution. The show of intolerance to any acts of second-rate work and attitude should be appreciated.

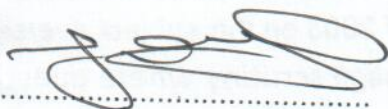
In working with the Annual Report which is tabled today the MPAC paid particular attention to the following areas:

- Financial Performance
- Non-financial Performance
- Legal Requirements
- Mistakes/Errors.

As the chairperson of the MPAC my new audit period objectives will include:

- Performance monitoring which begins from the planning stage.
- The strengthening of capacity support to our MPAC through training.
- The review of the terms of reference of the MPAC and development of a new work plan.
- Ensuring a clean audit opinion is achieved by extending the oversight efforts of the MPAC throughout the municipality

For transparency purpose and the acknowledgement of all councillors and interested public members present here today, I therefore table this report.

M. 

COUNCILLOR M. TAME

MPAC CHAIRPERSON



## **BACKGROUND**

According to the Municipal Finance Management Act and Municipal Systems Act each municipality and their entities must prepare an annual report for each financial year. The purposes of the annual report are as follows:

- the provision of a record of the activities of the municipality.
- the provision of a service delivery performance report against the budget.
- the provision of information that supports the revenue and expenditure decisions made; and
- to promote accountability to the local community for decisions reached by the council.

### **The Annual Report**

Is a tool meant for the council to introspect; this is done with a focus on performance of the previous financial year. It must also demonstrate the budget implementation as well as the results of service delivery for the financial year in question.

The tabling of the annual report should include four main components of which each has an important function in the promotion of accountability and good governance.

The main components are as follows:

- the annual performance report as required by section 46 of the Municipal Systems Act.
- Annual Financial Statements submitted to the Auditor-General;
- The Auditor-General's report on the financial statements in terms of section 126(3) of the Municipal Financial Management Act and
- The report of Auditor-General according to section 45(b) of the Municipal Systems Act.

In the annual reporting process of a municipality, the oversight report is the final step. On each annual report, the Council is required by section 129 of the Municipal Financial Management Act (MFMA) to consider the annual report of its municipality as well as its entities and to adopt an oversight report which contains the Council's comments.

The oversight report must have within it a statement whether the Council:

- has approved the annual report, with or without the reservation;
- has rejected the annual report or has referred the annual report back for revision of those components that can be revised or has
- rejected the annual report.

The oversight report is thus clearly distinguished from the annual report. This 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. The oversight report 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.

#### **APPOINTMENT OF MPAC**

The MPAC was appointed by the resolution of the Council, to perform oversight function on behalf of the Council.

In terms of that Council Resolution, the MPAC comprises of the following members:-

Chairperson: Cllr Tame

Members: Cllr Reynolds

Cllr Booysen



Cllr Tyantsula

Cllr Plaatjie

Cllr Bonani

Cllr Meti

Cllr Pongolo

## **FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

As far as the Annual Report is concerned, MPAC is required to perform functions:-

- review and analyse the Annual Report.
- call, receive, and consider imputes from Councillors and Portfolio Committees, on the Annual Report.
- look- at and consider written comments received on the Annual Report from the public consultation processes.
- conduct public hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- prepare the Oversight Report, taking into consideration, the views and inputs of the public, representative(s), of the Auditor- General, organs of state, Council's Audit Committee and Councillors.

## **THE PROCESS OF ASSESSMENT OF THE ANNUAL REPORT**

The draft annual report for 2014/2015 was tabled at the Council meeting held on 29 January 2016, when it was resolved as follows:

- that the Annual Report for 2014/2015 be made public in terms of section 127(2) of the MFMA and that the local community be invited to submit representations in connection therewith; **SEE Annexures A and B**
- that the draft annual report be submitted to the next meeting of the Makana Municipal Public Accounts Committee (MPAC) for analysis and review.



In dealing with the tabled annual report, the Council is required to adopt an oversight report by not later than two months from date of tabling, which for the 2014/2015 annual report will be 29 March 2016.

### **Advertising process**

After the Council meeting of the 29 January 2016, and in response to the Council resolution taken at that meeting, the Makana Local Municipality Annual Report for 2014/2015 was made public in terms of section 127(2) of the MFMA and the local community was invited to submit representations in connection therewith.

Official notices advising where the annual reports could be viewed and inviting representations from the public were placed in the local newspapers and on the Municipality's website. The closing date for input was 30 February 2016. The notice was published in The Grocotts Mail of the 22 January 2016.

A copy of the official notice placed in the local newspaper is attached as **Annexure A**. Copies of the Annual Report were placed in the Libraries of the Makana Local Municipality as well as the website.

Copies of the report were forwarded to the following as per the MFMA:-

- Auditor General **See Annexure C**
- Provincial Treasury
- Provincial Department of Local Government and Traditional Affairs.

A copy was also forwarded to National Treasury in compliance with the request contained in MFMA Circular 63/2012.

### **RESPONSES RECEIVED FROM THE COMMUNITY**

On the 22 March 2016 the MPAC held a public consultation session in response to Section 127 (2) of the MFMA. The following were the concerns raised by the community:-

- Blockages of stormwater drainage
- Waste Management
- Staff capacity
- Risk management
- Revenue Collection

- Unauthorised and Wasteful expenditure
- Consequence management

## **SUMMARY OF COMMENTS OF THE MPAC ON THE ANNUAL REPORT**

See Annexure D

### **FINDINGS BY MPAC**

- Non-compliance of some people in the position of trust has a great negative impact of Auditor General's opinion.
- The vacant strategic positions in the like of Municipal Manager and Chief Financial Officer result to some of the very important responsibilities not fulfilled as well as the adequate reporting.
- Performance Management System that is not cascaded from directors to lower levels of municipal employees negatively impacts on service delivery since there is no consequence management taking place.
- The capacity of staff at finance directorate calls for a speedy response to needs of the organogram while the correct and adequate qualifications for position should be very strictly observed.
- There needs to be a team that will directly deal with revenue collection needs.
- Roads staff needs to be better capacitated since the material they use is reported to be of good quality while this is contradicted by the manner in which the job is done.
- The unavailability of resources to adequately deal with waste management invokes the resumption of donkey carts usage as its impact has been seen before.

### **RECOMMENDATION**

That the Council should act as a matter of urgency on the presented findings of MPAC



## CONCLUSION

The MPAC commends Council, the Municipal Manager, the Senior Managers and all staff at Makana Local Municipality on the strides made towards good governance.

Having performed the following tasks:

- Reviewed and analysed of the Annual Report;
- Considered comments and representations received ;
- Prepared the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors;

The MPAC has pleasure in presenting the Oversight Report to Council to consider the following resolutions which will then be forwarded to the relevant Departments and Provincial Legislature:

### **DRAFT RESOLUTION TO BE ADOPTED BY COUNCIL IN ACCORDANCE WITH SECTION 129(1) OF THE MFMA**

- That cognizance be taken of the Oversight Report on the 2014/2015 annual report of the Makana Local Municipality;
  - that the Council, having fully considered the annual report referred to above, adopts the Oversight Report;
  - that the 2014/2015 Annual Report of the Makana Local Municipality be adopted without reservation;
  - That the Oversight Report be made public in accordance with section 129(3) of the Municipal Finance Management Act (Act 56 of 2003);
  - That the Oversight report be submitted to the Provincial Legislature in accordance with section 132(2) of the Municipal Finance Management Act (Act 56 of 2003).
-





## MUNICIPAL NOTICE

### AVAILABILITY OF DRAFT ANNUAL REPORT

Notice is hereby given, in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003, that the Draft Annual Report for the year dated 2014/2015 as adopted by the Council of the Makana Municipality on 29 January 2015 is available for comment by the public at the following venues. The public's comments on the document may be forwarded to Mr E Ganza at the City Hall or at email [eganza@makana.gov.za](mailto:eganza@makana.gov.za), by 30 February 2016.

Venue	Location
City Hall	High Street
Public library	Hill Street
Riebeeck east Library	Riebeeck East
Alicedale Admin Offices	Alicedale
Fingo Library	Fingo
Community Library	Currie Street
Duna Library	Joza
EXT 9 Community Hall	Extension 9

MS. R MEIRING  
ACTING MUNICIPAL MANAGER

Notice number: 01 of 2016

Insert in Grocotts Mail: 1 insertion: Friday 22 January 2016



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## MUNICIPAL NOTICE

### PUBLIC CONSULTATION SESSIONS OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) ON THE ANNUAL REPORT

Notice is hereby given, in accordance with Section 129 of the Municipal Finance Management Act which requires the MPAC to prepare an oversight report over the annual report and to publish the same. The community and stakeholders of Makana Local Municipality are required to give inputs on the draft Annual Report for the year 2014/2015 before it is adopted by the Council of the Makana Local Municipality. All Ward Councillors are requested to invite their Ward Committee Members to be part of the consultation session. The public is therefore invited to a Public Consultation Sessions to be held as follows:-

**Venue- Council Chambers**

**Date - 22/03/2016**

**Time - 17h30**

**Ms Riana Meiring**

**ACTING MUNICIPALMANAGER**

**08/2016**

OFFICE OF THE AUDITOR GENERAL

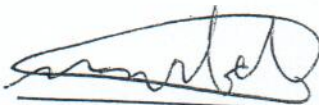
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29 January 2016

To whom it may concern

RE: Acknowledgement of receipt of Makana Annual Report 2014/15

I hereby acknowledge receipt of the Makana ANNUAL REPORT of 2014/15



Mr Mbebe  
AG OFFICE



## SUMMARY OF COMMENTS BY MPAC

SECTION AND THE NATURE OF COMMENT	RESPONSIBLE OFFICIAL	CORRECTIVE ACTION
INTRODUCTION		
Page 9 - Correct numbering - Delete Pound - Delete burial of animals - Delete municipal public transport - Delete pontoons Page 10 - Insert figures on table 1.4 Page 11 - Explanation of abbreviations		Done
GOOD GOVERNANCE AND PUBLIC PARTICIPATION		None
TECHNICAL AND INFRASTRUCTURE	Director D. Mlenzana	
Page 28 - Clarity on the availability of land as stated in the paragraph		Done
Page 29 - Rephrase the statement made on the quality of		Done

roads to give a true reflection of things.			
<b>LOCAL ECONOMIC DEVELOPMENT</b>		<b>Acting Municipal Manager Ms R. Meiring</b>	
Page 30 – Clarity on the establishment of the SMME centre. Submission of a summary that would give a clear response.			Done
Rewrite the entire Section and give a full report of activities.			Done
<b>PUBLIC SAFETY AND COMMUNITY</b>		<b>Director M. Planga</b>	
Page 34 – Clarity on what happened to the use of donkey carts to assist with waste management			Clarity made
Page 36 and 37 – Clarity of figures under fire and rescue services tables.			Done
Page 38 and 39 – Clarity on figures under Law and Enforcement			Done
<b>ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>		<b>Acting Director E. Mager</b>	
Pages 44 to 50 – Clarity on figures			Done
<b>FINANCIAL VIABILITY</b>		<b>Acting Chief Financial Officer M. Crouse</b>	
Verification of figures			Done