



"People's power in action"

OVERSIGHT REPORT ON THE ANNUAL REPORT 2016/17

This Oversight Report is based on the Annual Report 2016/17 and is drafted and submitted in accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003).

TABLE OF CONTENTS

1. Introduction and Background.....3

2. Legal Requirements.....3

3. Adoption.....3

4. Municipal Public Accounts Committee (MPAC).....4

5. Components of the Annual Report.....4

6. Public Consultation Process.....4

7. Annual Report Checklist.....5-11

8. Conclusion.....11

9. Recommended Resolution for Adoption.....11

DRAFT

1. INTRODUCTION AND BACKGROUND

The Council of Moqhaka Municipality is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA). The final draft of the Annual Report was tabled on 31 January 2017 as prescribed by Section 127 (2) of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

The Oversight Report is the final major step in the annual reporting process of a municipality. The Draft 2016/17 Annual Report of Moqhaka Municipality was considered by Council and referred to the Municipal Public Accounts Committee for review and for the drafting of the Oversight Report. The Municipal Public Accounts Committee (MPAC) of Moqhaka Municipality fulfils the oversight role of council. The meeting of the Municipal Public Accounts Committee (MPAC) on the Annual Report of 2016/17 was held on 1st March 2018.

2. LEGAL REQUIREMENTS

In terms of Section 129 of the MFMA, the council must adopt an Oversight Report containing the council's comments on the Annual Report which must include a statement 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.

In terms of the MFMA Circular Number 32, in order to approve the Annual Report without reservations, council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality in the financial year reported upon.

3. ADOPTION

The statutory authority to adopt an Oversight Report in respect of the Annual Report 2016/17 rest with the municipal council.

4. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

In terms of council resolution, a Municipal Public Accounts Committee (MPAC) was established in terms of Section 79 of the Structures Act, 1998. The Terms of Reference tasks the MPAC with the responsibility to perform an oversight role over the process of preparing the Annual Report of council and to produce an Oversight Report based on the Annual Report.

MPAC currently consists of the following members:-

1. MP Pietersen (Chairperson)
2. OA Leboko
3. HG Makae
4. NP Mokodutlo
5. MI Thajane
6. DJ Serapelo
7. SH Pittaway
8. L van Schalkwyk
9. JM Hattigh

5. COMPONENTS OF THE ANNUAL REPORT

The format of the Annual Report 2016/17 is based on the annual report template issued by National Treasury in MFMA circular 63 of 2012. MFMA Circular 63 of 2012 comprises six (6) chapters and attempts to cover all the aspects that needs to be reported on as derived from the MFMA and the Local Government: Municipal Systems Act (Act 32 of 2000).

6. PUBLIC CONSULTATION PROCESS

The draft Annual Report 2016/17 was made public in the local newspaper (Kroonnuus). Members of the community and other stakeholders were invited to submit written comments/inputs. In addition, the draft Annual Report 2016/17 was also made available at all municipal libraries and service points. The Annual Report 2016/17 was furthermore submitted in terms of Section 127(5)(b) to the Auditor General, Provincial Treasury and CoGTA Provincial Office.

7. ANNUAL REPORT CHECKLIST

ANNUAL REPORT CHECKLIST

The oversight report is the final substantive step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual report of the municipality and adopt an oversight report. The oversight report must include a statement whether the council:

- Has approved the annual report, with or without reservations,
- Has rejected the annual report,
- Has referred the annual report back for revision of those components that can be revised,

No	Question	Yes	No	Comments
1.	Was the annual report submitted to the Auditor-General, together with the annual financial statements by, the 31st August?	Yes		Electronically submitted and hard copy to National Treasury, Provincial Treasury and Auditor General on 31/08/2017.
CHAPTER 1				
2.	Does Chapter 1 of the annual report include: <ul style="list-style-type: none"> - The Mayor's/Executive mayor's foreword, - Municipal overview? 	Yes Yes		Refer to pages 12-13 Refer to pages 14-16
CHAPTER 2				
3.	Does Chapter 2 of the annual report include the Governance Structures, both Political and Administrative?	Yes		Refer to pages 33-35
4.	Does Chapter 2 of the annual report include details of Intergovernmental relations?	Yes		Refer to pages 36-37
5.	Does Chapter 2 on Governance in the annual report include details on all public accountability and public participation meetings and the IDP participation & alignment?	Yes		Refer to page 38

No	Question	Yes	No	Comments
6.	Does Chapter 2 on Governance in the annual report address risk management issues?	Yes		Refer to page 40
7.	Does Chapter 2 of the annual report address anti-corruption and fraud?	Yes		Refer to pages 40
8.	Does Chapter 2 on Governance in the annual report address supply chain management issues?	Yes		Refer to Pages 40 - 43
9,	Does Chapter 2 on Governance in the annual report address By-laws?	Yes		Refer to page 44
10.	Does Chapter 2 on Governance in the annual report address the website(s) where information is available?	Yes		Refer to page 45
11.	Does Chapter 2 on Governance in the annual report share information on public satisfaction on municipal services?	Yes		Refer to page 45 - 46
12.	Does Chapter 2 in the annual report address the municipal oversight committees?	Yes		Refer to Appendix B, page 235
CHAPTER 3				
13.	Does Chapter 3 in the annual report demonstrate what service delivery has been achieved and what is outstanding?	Yes		Being address in chapter 3 as a whole
14.	In Chapter 3 of the annual report, are the service delivery issues structured, captured and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements against budget and SDBIP?	Yes		Being addressed in chapter 3 as a whole

No	Question	Yes	No	Comments
CHAPTER 4				
15.	Does Chapter 4 of the annual report provide information pertaining to the implementation of an effective performance management system, organizational development and performance of the municipality?	Yes		This is being addressed in chapter 4 pages 182 to 197.
16.	Does Chapter 4 of the annual report provide information on planning, service delivery, organization, job evaluation, remuneration, benefits, personnel expenditure, affirmative action, recruitment, promotions, termination of services, performance management, skills development, injury on duty, labor relations, leave and discharge due to ill-health?	Yes		This chapter includes Employment Equity, Occupational levels; Employee totals, turnover and vacancies; municipal workforce; policies ;injuries, sickness and suspensions, sick leave, disciplinary cases, performance rewards; skills development and training, Financial Competency development; Employee expenditure ; Expenditure – training.
17.	Does Chapter 4 of the annual report provide information to identify skills gaps and plans for the development of such skills?	Yes		Refer to pages 182 - 197
CHAPTER 5				
18.	Has Chapter 5 of the annual report on financial performance include information divided into the following framework: a) Statement of financial performance b) Spending against Capital budget c) Cash flow management and investment d) Other financial matters?	Yes Yes Yes Yes		Refer to pages 198 - 218

No	Question	Yes	No	Comments
CHAPTER 6				
19.	Does Chapter 6 of the annual report include the Auditor-General's Report as submitted by the Auditor-General?	Yes		Refer to pages 219 - 230
20.	Does Chapter 6 of the annual report include details on issues raised during the previous financial year by the Auditor-General?	Yes		Refer to page 219 - 230
21.	Does Chapter 6 of the annual report include remedial action taken to address issues raised during the previous financial year by the Auditor-General and preventative measures?	Yes		Refer to page 219 - 230
APPENDICES				
22.	Is an Appendix A on Councilors; Committee allocation and council attendance included?	Yes		Refer to pages 233 - 234
23.	Is an Appendix B on Committee and Committee purpose included, listing all committees of the council, the purpose of each committee and the names of councilors serving on them and the attendance of each councilor?	Yes		Refer to page 235
24.	Is an Appendix C including an organogram of the administrative structure?	Yes		Refer to page 236
25.	Is an Appendix D included on what constitutes a municipal function and the applicable functions of the municipality?	Yes		Refer to page 237

No	Question	Yes	No	Comments
26.	Is an Appendix E on Ward reporting included with information on the functions of ward committees, the sector of community representation, reports submitted by each of these committees' challenges experienced and measures taken to address them?	Yes		Refer to pages 238 -242
27.	Is an Appendix F on Ward information included outlining the name/number of the ward, listing the seven largest projects in each ward with start & end dates, their total value, progress and information on the top four delivery priorities per ward?	Yes		Refer to page 243
28.	Is an Appendix G included on recommendations of the audit committee, those adopted, those that were not adopted and the meetings held?	Yes		Refer to page 244 - 245
29.	Is an Appendix H included on information related to the largest projects, agreements and contracts and any Public, Private Partnerships?	Yes		Refer to page 246 - 247
30.	Is an Appendix I include service provider performance schedule from the top four priority indicators in the IDP?	Yes		Refer to page 248
31.	Is an Appendix J included with senior managers' disclosures of financial interest?	Yes		Refer to pages 249
32.	Is an Appendix K included on Revenue collection by votes and by source based on prior year and current year actual collections?	Yes		Refer to pages 250 - 251

No	Question	Yes	No	Comments
33.	Is an Appendix L included on Conditional Grants received (excluding MIG) received during the year indicating adjustments budget and the actual, showing percentage variances and any major conditions applied by donors on each grant?	Yes		Refer to page 252
34.	Is an Appendix M included on capital expenditure: a) On new assets programme, b) On upgrade/renewal programmes Showing the actual of the prior year, the adjusted budget and actual expenditure in the current year?	Yes		Refer to pages 253 - 255
35.	Is an Appendix N on all capital projects in the current financial year, indicating the adjusted budget, actual in the current year and the variance?	Yes		Refer to pages 256
36.	Is an Appendix O included on all capital projects per ward in the current financial year and if the work was completed or not?	Yes		Refer to page 257
37.	Is an Appendix P included on service connection backlogs at schools and clinics with their names and location?	N/A		Refer to page 257
38.	Is an Appendix Q included with all service backlogs experienced by the community where another sphere of government is responsible for providing the service?	N/A		Refer to page 258

No	Question	Yes	No	Comments
39.	Is an Appendix R included listing all organisations or person in receipt of loans and grants; from the municipality stating the nature of the projects funded, conditions attached and the rand value?	Yes		Refer to page 259
40.	Is an Appendix S included listing all monthly MFMA S71 budget statements not submitted in time?	N/A		N/A
VOLUME 2				
42.	Have all components of the audited financial statements, as signed by the Auditor-General, been included in the annual report in Volume 2?	Yes		Refer to Volume II of the Annual Report. Page 260

8. CONCLUSION

I would like to extend my appreciation to the MPAC Committee Members, The Executive Mayor and Municipal Manager and senior management for their diligence and constructive commitment and support during the preparation of the oversight report.

The MPAC is satisfied with the Annual Report 2016/17 and recommends that the Annual Report 2016/17 be adopted without reservations.

9. RECOMMENDED RESOLUTION FOR ADOPTION

- (a) That Council fully considered the Oversight Report 2016/17 on the Annual Report 2016/17 for adoption,
- (b) That Council fully considered the Annual Report 2016/17 without reservations for adoption,
- (c) That the Oversight Report 2016/17 be made public in accordance with Section 129(3) of the MFMA,
- (d) That the Oversight Report on the Annual Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the MFMA,

M Piertersen

Chairperson-MPAC

Date