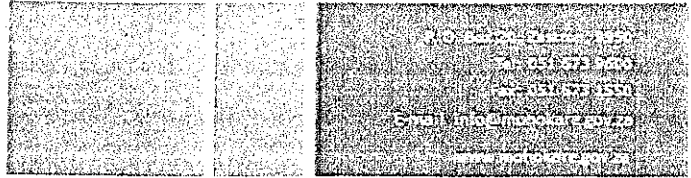




MOHOKARE
LOCAL MUNICIPALITY



OVERSIGHT REPORT

2015/2016

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1. PURPOSE OF THE REPORT

To consider Mohokare Local Municipality's Annual Report for the 2015/16 financial year and the adoption of an Oversight Report in terms of section 129 (Municipal Finance Management Act, 2003 (Act No 56 of 2003 – MFMA)).

2. BACKGROUND

2.1 LEGAL REQUIREMENTS: Section 121 (1), (2) and (3) of the MFMA determines as follows:

According to 121 (1) of the MFMA, every Municipality must prepare an annual report each financial year. The council must within 9 months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

2.2 PURPOSE OF THE REPORT:

The purpose of an annual report is:

- i) To provide a record of the activities of the municipality during the financial term to which the report relates;
- ii) To provide report on performance against the budget of the municipality for the financial year; and
- iii) To promote accountability to the local community for the decisions made throughout the year by the municipality.

2.3 ANNUAL REPORT REQUIREMENTS:

The annual report of a municipality must include:

- i) The annual financial statements of the municipality;
- ii) The Auditor General audit report in terms of section 126 (3) on those financial statements;
- iii) The annual performance report of the municipality prepared by the municipality in terms of the section 46 of the Municipal Systems Act;
- iv) The Auditor General's audit report in terms of section 45 (b) of the Municipal
- v) An assessment by the municipality's accounting officer of any arrears on municipal taxes and services charges;
- vi) An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17 (3) (b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;
- vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraphs (b) and (d);
- viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;

- ix) Any information as determined by the municipality;
- x) Any recommendations as determined by the municipality; and
- xi) Any other information as may be prescribed.

In terms of section 127 (5) of the MFMA, the accounting officer must immediately after the annual report is tabled, make public the annual report invite the local community to submit representations in connection with the annual report and submit the report to the auditor general, the relevant Provincial Treasury and the Provincial Departments responsible for Local Government in the Province.

According to section 129 (10) of the MFMA, the Council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, adopted and 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; or
- Has rejected the Annual Report or
- Has referred the Annual Report back for revision of those components that should be revised.

PROCESS FOLLOWED BY COUNCIL

3.1 SUBMISSION AND TABLING OF THE ANNUAL REPORT 2015/16

The Mayor has deemed to inform council of unforeseeable reasons which eventually leads to the failure of council to adhere to abovementioned statutory compliance. Section 127 (3) requires that if the mayor for whatever reason, is unable to table in the council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must:

- a) Promptly submit to the council a written explanation referred to in section 133 (1) (a) setting out reasons for the delay, together with any components of the annual report listed in section 121 (3) or (4) that are ready; and
- b) Submit to the council the outstanding annual report or outstanding components of report.

As per legislation requires, the Annual report has to be tabled to council seven months after the beginning of the financial year under reviewed and nine months the Oversight be tabled to Council.

On 25th of January 2017, the Annual Report was open for discussion and recommendation was raised by Council. The Mayor informed Council that the report is in line with legislation as the Audit report was issued during December 2016 and the requirements of MFMA and the Circulars, therefore the Annual report was tabled as the final for approval which was to be presented to the Oversight Committee.

3.2 OVERSIGHT COMMITTEE

Having considered the new guidelines issued by National Treasury on the establishment of Municipal Public Accounts Committee (MPAC) and the nature of Mohokare Local Municipality, it was decided that the following members will serve on the Committee:

Name	Position
Cllr Lekhula	Acting Chairperson
Cllr Khasake	Member
Cllr Morapela	Member
Mr Vapi	Audit Committee member
Mr Thene	Community member
Me Tuone	Community member

One of the key responsibilities of the MPAC is to analyse and review annual reports in detail following their tabling in Council and then drafting an oversight report that may be taken to Council for consideration. The committee adopted circular 32 of the National Treasury as then guiding document for its oversight process.

The following documents relevant to the committee's responsibilities should be distributed to each committee member and should be in their possession.

- The 2015/16 Annual Report;
- National Treasury's Circular 11 – Annual Report;
- National Treasury Circular 32 – Oversight Report;
- Report of the Auditor General as contained in the Annual Report

The committee places a high priority on community participation in the oversight process and is going to take the following actions to gain the community's participation:

- The community will be advised through the print media of the availability of the 2015/16 Annual Report, as per the municipal notice, and will be invited to submit representation on the report by a certain date;
- The Annual Report will be available at all municipal libraries
- The Annual Report will be placed on the municipal website at www.mohokare.gov.za

- The Annual Report will also be submitted to the Auditor General, Provincial Treasury, National Treasury and the relevant local government departments.

THE OVERSIGHT REPORT: KEY COMMENTS

The comments from the Oversight Committee are in three sections, reflected below:

4.1 ANNUAL REPORT COMPLIANCE ISSUES

This section contains the Committee's comments on whether the 2015/16 Annual Report included the items required by the MFMA and followed the guidelines provided by Circular 32 and Circular 64 of the National Treasury.

As reported below, the Annual Report complied with the great majority of the MFMA requirements and the National Treasury guidance in the content of the Annual report.

The following MFMA requirements have been included in the tabled Annual Report:

- Heading and content recommended by circular 11;
- Annual financial statements;
- Auditor generals' report;
- Conditional grants and assessment of compliance;
- Total payments for audit fees, taxes, levies, duties, pension and medical aid contributions, and if any amounts outstanding at year end;
- Summary of all investments;
- Particulars of material irregular, fruitless or wasteful expenditures and whether recoverable; Furthermore outstanding components which was raised by the Auditor General for the 2015/16 financial year has been concluded in the Annual Report for the year under review.

4.2 THE AUDIT REPORT

The audit action plan included in the Annual Report was adequate and addresses all the issues raised by the Auditor General. The Committee will be in agreement with management with any additional steps that management may deem appropriate to address the numerous shortcomings.

5. GENERAL COMMENTS AND RESERVATIONS ON THE CONTENTS OF THE ANNUAL REPORT:

- The Annual Report should be circulated to all member of the committee well in advance;
- The preparation of the Annual Report should be a continuous process of reporting so that the correct information is given to the public as a final product;
- On-going communication between the Accounting Officer with the AG's office is necessary, as standards are steadily being raised to bring the municipalities into line with the requirements of the MFMA and international best practices. It is important to keep abreast of what is expected at all times.
- It should be commended that progress has been made to improve the audit on predetermined objectives.

ANALAYSIS OF THE 2014/15 ANNUAL REPORT ACCORDING TO CIRCULAR 32:

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		Complied with
CHAPTER 1				
2.	Does Chapter 1 of the annual report include: <ul style="list-style-type: none"> - The Mayor's/Executive mayor's foreword, - The municipal manager's foreword, - Municipal overview? 	Yes		Complied with

No	Question	Yes	No	Comments
3.	Does Chapter 2 of the annual report include the Governance Structures, both Political and Administrative?	Yes		Complied with
4.	Does Chapter 2 of the annual report include details of Intergovernmental relations?	Yes		Complied with
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		Complied with
6.	Does Chapter 2 on Governance in the annual report address risk management issues?	Yes		Complied with
7.	Does Chapter 2 of the annual report address anti-corruption and fraud?	Yes		Complied with
8.	Does Chapter 2 on Governance in the annual report address supply chain management issues?	Yes		Complied with
9.	Does Chapter 2 on Governance in the annual report address By-laws?	Yes		Complied with
10.	Does Chapter 2 on Governance in the annual report address the website(s) where information is available?	Yes		Complied with

No	Question	Yes	No	Comments
11.	Does Chapter 2 on Governance in the annual report share information on public satisfaction on municipal services?	Yes		Complied with
12.	Does Chapter 2 in the annual report address the municipal oversight committees?	Yes		Complied with
13.	Does Chapter 3 in the annual report demonstrate what service delivery has been achieved and what is outstanding?	Yes		Complied with
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		Complied with
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		Complied with

No	Question	Yes	No	Comments
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,		Complied with
17.	Does Chapter 4 of the annual report provide information to identify skills gaps and plans for the development of such skills?	Yes		Complied with
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		Complied with
CHAPTER 6				
19.	Does Chapter 6 of the annual report include the Auditor-General's Report as	Yes		Complied with

No	Question	Yes	No	Comments
	submitted by the Auditor-General?			
20.	Does Chapter 6 of the annual report include details on issues raised during the previous financial year by the Auditor-General?	Yes		Complied with
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		Complied with
APPENDICES				
22.	Is an Appendix A on Councilors; Committee allocation and council attendance included?	Yes		Complied with
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		Complied with
24.	Is an Appendix C include an organogram of the administrative structure?	Yes		Complied with
25.	Is an Appendix D included on what constitutes a municipal function and the applicable functions of the	Yes		Complied with

No	Question	Yes	No	Comments
	municipality?			
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		Complied with
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?	No		Complied with
28.	Is an Appendix G included on recommendations of the audit committee, those adopted, those that were not adopted and the meetings held?	Yes		Complied with
29.	Is an Appendix H included on information related to the largest projects, agreements and contracts and any Public, Private	Yes		Complied with

No	Question	Yes	No	Comments
	Partnerships?			
30.	Is an Appendix I include service provider performance schedule from the top four priority indicators in the IDP?	Yes		Complied with
31.	Is an Appendix J included with senior managers' disclosures of financial interest?	No		Complied with
32.	Is an Appendix K included on Revenue collection by votes and by source based on prior year and current year actual collections?	Yes		Complied with
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		Complied with
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		Complied with

No	Question	Yes	No	Comments
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		Complied with, addressed in Chapter 3 and 5.
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		Complied with, addressed in Chapter 3 and 5.
37.	Is an Appendix P included on service connection backlogs at schools and clinics with their names and location?	N/A		Complied with
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		Complied with
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?	No		Complied with
40.	Is an Appendix S included listing all monthly MFMA S71 budget statements not submitted in time?	N/A		Complied with, addressed in Chapter 5
41.	Is an Appendix T included for powers and functions			Complied with

No	Question	Yes	No	Comments
	not covered in other sections of the annual report?	No		
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		Complied with

6. RESPONSES TO ISSUES RAISED BY AUDITOR GENERAL IN AUDIT REPORT FOR THE 2014/15 FINANCIAL YEAR AND ACTION PLAN

The action plan is included in the Annual Report and clearly indicates what the measures are to be taken to prevent any shortfalls in future audit processes.

7. RECOMMENDATIONS

7.1 The Oversight Committee recommends that Council consider the 2015/16 Annual Report of Mohokare Local Municipality, adopts the Oversight Report in terms of Section 129 of the municipal finance management act;

7.2 The Oversight Committee recommends that the 2015/16 Annual Report of Mohokare Local Municipality be approved without reservations, in terms of section 129 of the Municipal Finance Management Act;

7.3 That all corrective measures mentioned be amended accordingly in the Annual Report;

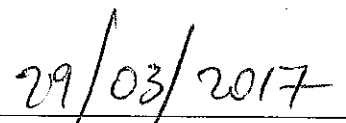
7.4 That the distribution of the Annual Report to members of the committee be made well in advance, i.e. 30 days before the committee is scheduled to sit.

7.7 That the 2015/16 Oversight Report of Mohokare Local Municipality be made public and be submitted to National, Provincial and CoGTA in terms of Section 129 (3) and 132 (2) of the Municipal Finance Management Act.



ACTING CHAIRPERSON

CLLR: L LEKHULA.



DATE