

MOHOKARE
LOCAL MUNICIPALITY

**OVERSIGHT COMMITTEE
REPORT ON THE ANNUAL
REPORT OF 2013/2014
FINANCIAL YEAR**

OVERSIGHT COMMITTEE MEMBERS

Councillor I. Riddle	Chairperson
Councillor E. Backward	Committee Member
Councillor B. Majenge	Committee Member
Councillor I. Mehlomekulu	Committee Member
Mr V Vapi	Audit Committee Member
Mr L. Thene	Committee Member
Me. L. Lephuthing	Committee Member

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FOREWORD BY THE CHAIRPERSON

The Council of Mohokare Local Municipality has 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).

On 23 January 2015, Council considered the Draft 2013/2014 Annual Report of Mohokare Local Municipality and referred the Report to the Oversight Committee.

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the Council to consider the Annual Report and to adopt an Oversight Report containing the Council's comments on the Annual Report. The Oversight Report is therefore clearly distinguished from the Annual Report. The Oversight Report is a report of the Municipal Council and follows consideration and consultation on the Annual Report by the Council itself.

The Oversight Committee noted both improvements in certain performance areas, as reflected in the 2013/2014 Annual Report, but also unsatisfactory performance in some areas. As reflected in this Oversight Report, the Oversight Committee has also raised concerns on a number of issues requiring immediate intervention.

Finally, I would like to commend my fellow Oversight Committee members for their hard work and commitment. I would also like to thank the Directors for their strategic support in the Oversight process. A word of thanks must also be given to the Audit Committee for their input in the Annual Report and oversight processes.



Councillor I Riddle
Chairperson

1. BACKGROUND

Each municipality and each municipal entity must prepare an annual report for each financial year in accordance with the Municipal Systems Act (MSA) (Section 46) and the Municipal Finance Management Act (MFMA) (Section 121). In addition, Circulars 11 and 63, issued by National Treasury (NT), and the Annual Report Customised Template and Guidelines provided by the Provincial Department of Local Government and Traditional Affairs provide guidance to municipalities on compliance with the above legislation.

A municipal annual report includes the following key elements:

- **Annual performance report**, evaluating the year's performance against the performance objectives established in the IDP, Budget and Service Delivery and Budget Implementation Plans (SDBIPs);
- **Annual financial statements (AFS)**, Auditor-General's (AG) Audit Report on the AFS and management's responses to address the AG's audit findings;
- Other disclosures, as required by MFMA Circular 63

The MFMA directs the annual report to be completed and tabled in Council by 31 January, for the financial year ended the previous 30 June. Council must then review the annual report and adopt an oversight report containing its comments within 60 days.

The MFMA (Section 129 (1)) and National Treasury's (NT) Circular 32 directs and guides the oversight process and the preparation of the oversight report. Circular 32 recommends that Council establish an Oversight Committee to prepare an oversight report, in order that all Councillors be provided with a more detailed and comprehensive analysis of the Annual Report than would have been practical otherwise.

This assists Council in providing better oversight over municipal performance.

The 2012/13 Annual Report was tabled in Council on 24 January 2014, on schedule

The Committee based its work on the following documents:

- 2013/2014 Annual Report
- 2013/2014 Service Delivery and Budget Implementation Plan (SDBIP), incorporated in the Annual Performance Report
- MFMA
- NT's Circular 32 – The Oversight Report
- NT's Circulars 11 and 63 – The Annual Report

2. Compliance Issues

Submission and tabling of the Annual Report

The Annual Report of the Municipality for the 2013/2014 financial year was tabled to council on time at its meeting held on the 23rd January 2015, in terms of section 127 (2) of the MFMA.

Council Resolution

- a. Council endorsed the Annual Report 2013/2014 for submission to the Oversight Committee
- b. Council resolved that the Oversight Committee members remains unchanged

2.1 MFMA requirements included in tabled Annual Report

As documented below, the Annual Report complied with the requirements of the Municipal Systems Act and the Municipal Finance Management Act (MFMA), and National Treasury guidance on the content of annual reports

- Headings and content recommended in National Treasury Circulars and Guidelines.
- Annual Financial Statements
- Auditor-General's Audit Report.
- Performance report – Performance statistics and narratives are included, as required.
- Report of the Audit Committee
- Conditional grants and assessment of compliance
- Allocations to other organisations
- Total payments for audit fees, taxes, levies, duties, pension and medical aid contributions, and if any amounts are outstanding at year-end
- Each bank account (name, type, balances)
- Summary of all investments
- Information on backlogs
- Material irregular, fruitless or wasteful expenditure and whether recoverable
- Salaries, allowances and benefits for each political office-bearer and top management official
- Arrears owed by each MLM Councillor.
- Comparative financial performance information – Actual performance compared to the 2013/2014 performance objectives, as well as performance information from the previous year
- Analysis of arrears.
- Auditor-General's Report on Performance Management System.
- Entity reports, for each entity.

2.2 Publication of the Annual Report

A notice was advertised to the public inviting them to the Council Meeting for adoption of the Annual Report at the meeting held 23 January 2014

After the tabling of the Annual Report it was again publicised and comments were requested from the public and none was received.

2.3 The approach

The committee followed the circular 63 checklist that guides the committee exactly how it should review and analyse the Annual Report.

- The committee went through the 2013/2014 Annual Report in detail and all Directors were present to answer and clarify questions and concerns by the committee
- The Audit Report together with the Action plan were thoroughly scrutinized to understand the recommendations and implications of the corrective measures raised by the Auditor General
- The 2013/2014 Annual Performance Report was also scrutinised

2.4 Matters of great concern noted by the Oversight Committee

- The Financial Performance Report per department does not truly reflect the situation of the municipality and no explanation is given for public to understand and get a true reflection of the budget (over-spending and under-spending)
- The municipality is not generating income from renting the facilities
- The projects identified by the LED Unit are not feasible and 90% of them are not achieved
- The targets in the Annual Performance report a 50% of them are not achieved
- Reasons given are not sufficient enough to truly explain the non-achievement

2.5 Areas of amendment to the 2013/2014 Annual Report

1. Page 59 LED Report
Remove or rephrase the paragraph
2. Page 102: Employee Sanitation table
The job levels should be corrected and remove the amounts inserted there
3. Page 105: the water and sanitation table
Change the numbers in the table

RECOMMENDATION

The Oversight Committee approved the Annual report with reservations as per Section 129 of MFMA

That Audit Committee Report and IT Report be include in the Annual Report

CONCLUSION

Based on the results stated above, the Oversight Committee accepted the Annual Report of 2013/2014 financial year. However the committee required that management will promptly address the issues raised by the committee



Chairperson
Oversight Committee

19 March 2015

Date

Resolution by Council

Council has fully considered the Annual Report of Mohokare Local Municipality for the 2013/2014 financial year and as such adopts the Oversight Report with reservations.



Mayor
M.A SHASHA

26/03/15

Date

ANNEXURE

A

MINUTES

**MINUTES OF THE OVERSIGHT COMMITTEE MEETING
UNDER THE FOLLOWING ARRANGEMENTS:**

Date : Thursday, 12th March 2015

Time : 10:00

Venue : Mayor's Boardroom, Zastron

Present

Messrs

I Riddle	Chairperson
B.A Majenge	Member
E. Backward	Member
V. Vapi	Audit Committee member
P.M Dyonase	Chief Financial Officer
M.N Tsoamotse	Director Technical Services
T.A Lekoala	Community Services Manager

Messes

L. Lephuthing	Member
L.V Nqoko-Rametse	Director Corporate Services
L.C Thuhlo	Scriber

1. OPENING AND WELCOME

The meeting was officially opened by the Chair person followed by his welcome to all members present in the meeting.

**2. SIGNING OF THE ATTENDANCE REGISTER AND APPLICATIONS FOR
LEAVE OF ABSENCE**

The attendance register was circulated and signed by all members present in the meeting.

Apologies received

A formal apology for the Municipal Manager was submitted

Mr. L Thene attended a meeting in Lesotho

Me. L Lephuthing will be late

3. Matters Discussed

Audit Committee Report

An Audit Committee member Mr V Vapi reported that he presented the Audit Committee Report to Council and that it should be included in the Annual Report.

Resolution

The committee resolved that the Audit Committee report should be included in the Annual Report

Municipal Manager's Office

Local Economic Development

90% of the projects planned that are in the LED did not happen. A lot of the projects are stagnant others are closed for example the Bakkery in Smithfield is not operating anymore but the bakkie is still being used for reasons other than the bakery.

Resolution

The LED should plan for projects that are feasible

A paragraph in the LED report on page 59 should be rephrased or removed

Community Services

During the events that take place it should be requested that pictures taken reflect a group of people attending or doing an activity.

The EPWP should be given the refuse bags for the rubbish loads they leave on the streets and that they should be monitored that they clean all the streets.

Libraries General Expenditure

The general expenditure was over spent by 854% which is extremely high.

Resolution

The CFO is requested to investigate what is the general expenditure that caused that high increase

Community Halls

The community halls are being rented out to the community but value for money is not feasible. It could be that the halls are not in a good condition and that they need to be renovated. The Municipality is spending a lot of money taking care of the halls but the money for renting is too little.

Resolution

The CFO should relook at the renting fees as part of revenue enhancement.

Environmental Health

Resolution

The Environmental Health Practitioner should inspect all restaurants and shops in Smithfield.

The hawkers in the street should also be inspected for hygiene as they are also serving food to the community

Corporate Services

It was identified that there are still a lot of vacancies in the municipality the challenge with filling the vacancies is due to financial constraints. Advertising of positions follows the regulated recruitment processes.

Technical Department

The financial performance reflects the budget as though the municipality is not under-spending whereas it is not a true reflection

Resolution

An explanation of the figures should be included so that the public is knowledgeable on the municipal budget

Finance Department

The Internal Audit Action Plan was discussed thoroughly to ensure that the dates for completion of the actions/controls are being adhered to.

Resolutions

The section of responsible person in the Action Plan should only reflect the departments responsible or Director responsible and not mention the names of the responsible person.

When preparing the financial performance a note should be written to give an explanation of the figures, for ease of reference for the public

Research Revenue Enhancement ideas to generate income of the Municipality and report those ideas in the Section 79 committee meeting

4. Annual Performance Report

A lot of the targets were not achieved which raised a concern as to the planning of the municipality in terms of the projects and targets set.

The reasons for deviations given are confusing to the person who does not know what SMART means. The document should be user friendly and easily understandable for the public as it reflects a wrong image of the municipality.

Resolution

Reasons given in the Annual Performance Report should be changed to 'target not achieved due to financial constraints'

5. CLOSURE/ADJOURNMENT

The Chairperson thanked all attendees.

The meeting was officially closed and adjourned.

Approved and signed



I RIDDLE
CHAIRPERSON

ANNEXURE

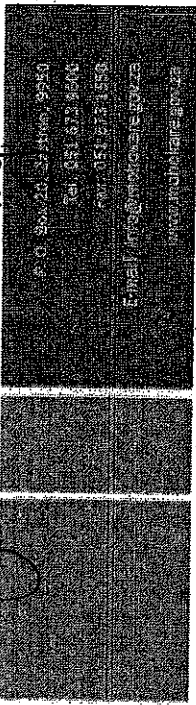
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PUBLIC COMMENTS



MOHOKARE
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Section - Library



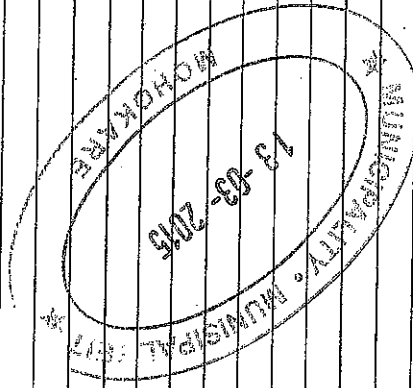
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COMMENTS ON ANNUAL REPORT

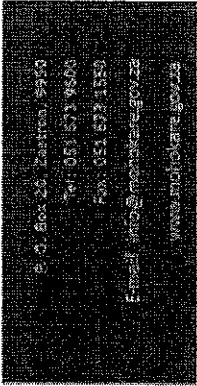
NAME & SURNAME

COMMENTS

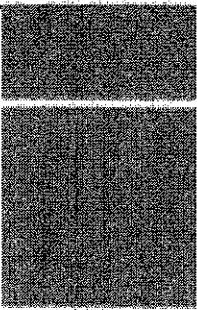
None



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COMMENTS ON ANNUAL REPORT

NAME & SURNAME	COMMENTS

Handwritten signature: N. J. ...

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