



# ***MATATIELE LOCAL MUNICIPALITY OVERSIGHT REPORT***

***OVERSIGHT REPORT ON THE 2012/2013 ANNUAL REPORT***

***PRESENTED TO THE SPECIAL COUNCIL ON 31 MARCH 2014***

**OVERSIGHT REPORT ON THE 2012/2013 ANNUAL REPORT****INDEX**

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## 1. **Introduction**

The 2012 / 2013 Annual Report for the Matatiele Local Municipality (EC441) was tabled at the Ordinary Council meeting held on the 24 January 2014 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

The purpose of the Municipality's Annual Report is to

- 1) Provide a record of the activities of the municipality
- 2) Provide a report on performance in service delivery relative to the budget
- 3) Provide information that supports the revenue and expenditure decisions made
- 4) Promote accountability to the local community for decisions made

The oversight report is the final major step in the annual reporting process of a municipality. The oversight report is separate from the Annual Report. The Annual Report is submitted to the council by the accounting officer and the Mayor and is part of the process for discharging responsibility by the executive and administration for their performance in achieving objectives and goals set by the municipality in the relevant financial year.

The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal council to the community disclosing the level of success or otherwise obtained with meeting the priority needs and stated desires of the community as contained in the IDP.

## 2. **Legislative Mandate**

Section 129 (1) of the Municipal Finance Management Act (Act No 56 of 2003) states that the Council of the Municipality must consider the 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 the Council's comments on the Annual Report, which must include a statement whether the Council has:

1. Approved the Annual Report with or without reservations;
2. Rejected the Annual Report; or
3. Has referred the Annual Report back for revision on those components that can be resolved.

## 3. **The Municipal Public Accounts Committee (MPAC)**

The Municipal Public Accounts Committee was appointed on the 01<sup>st</sup> July 2011 at the special council meeting in terms of resolution number CR26/07/2011. The committee has since been increased from 6 to 10 members to align it with the adopted guidelines from national treasury on the 11<sup>th</sup> of November 2011.

The allocation of members per section 80 committees are as follows; which needs a council approval as to enhance more oversight over the executive.

1. Cllr T.V. Mongoato observes on EXCO meetings as the principal committee of council
2. Cllr J.Z. Munyu observes on the Infrastructure Standing Committee
3. Cllr P. Bono observes on Budget & Treasury Office (BTO) Standing Committee

4. Cllr S. Baba observes on Community services Standing Committee
5. Cllr S. Mavuka observes on the EDP Standing Committee
6. Cllr B. Nkomo observes on the SPU Standing Committee
7. Cllr L.D. Shemane and Cllr V.M. Mlandu observe on the Community Services
8. Cllr N. Ndukwana observe on the Corporate Services Standing Committee

#### **4. Comments on the Annual Report**

The Annual Report 2012/2013 was advertised for public comment in the Pondo News on 31 January 2014 and was placed on the municipal website.

At the closing date of 3 March 2014 no public comments had been received.

The legislative requirements of the various relevant acts together with the oversight committee's opinion on compliance are set out hereunder:

##### **4.1 Municipal Finance Management Act**

The MFMA requires that the Annual Financial Statements are compliant with the generally recognized accounting practices (GRAP). The municipal public accounts committee after considering the Auditor General's Report finds no reason to dispute compliance. The Auditor General's Report is included in the Annual Report and hence the Annual Report is compliant in this regard. Explanations necessary to clarify issues in connection with the financial statements are adequate and hence compliance is achieved. An assessment on arrears on municipal taxes and service charges is included and hence the report is compliant in this regard.

A list of corrective actions taken and to be taken in response to all issues raised in the auditor general's report is included and hence compliance is achieved in this regard.

##### **4.2 Division of Revenue Act**

The Division of Revenue Act requires that the Annual Report must disclose:

- Details of conditional grants received from national and provincial spheres;
- Details of conditional grants received from other municipalities; and
- Details of grants made to any organs of state.

These are disclosed under note 27 and 28 to the financial statements.

The Division of Revenue Act requires that the Annual Report must disclose the extent to which the conditions of grants have been met. This is disclosed also under note 28 to the financial statements.

The Division of Revenue Act requires that Information relating to outstanding debtors and creditors of the Municipality be included in the Annual Report as well as Information relating to the benefits paid to Councillors, Managers and officials. This is part of the GRAP compliant financial statements as it is detailed under note 30 and 31.

#### **4.3 Municipal Systems Act**

- a) With regard to performance a report is included in the annual report and hence compliance is met.
- b) Audit committee report is now included in the Annual Report
- c) Reporting and monitoring of CWD's forms part of the annual report.
- d) Performance targets are primarily in the form of budgeted expenditure and hence at a very basic level they are included.
- e) The performance evaluation in the Annual Report does compare actual with planned performance.
- f) Targets in terms of budgeted figures that need improvement relates to debt collection and expenditure on conditional grants.
- g) Several actions including the revenue enhancement program have been undertaken to improve problem areas on the collection of revenue.
- h) The targets set for the municipality and the targets set for the Municipal Manager and Heads of Department needs to be aligned to IDP and SDBIP.
- i) The report could better evaluate the efficacy of mechanisms applied to deliver the performance outcomes.
- j) Taking into account the Audit Report and opinion of the AG, performance is considered to be efficient and effective on the whole.

#### **4.4 Other findings and comments**

The following questions were raised at the meeting held on 17 March 2014 and responses given;

##### **BUDGET AND TREASURY OFFICE**

##### **SALIENT POINTS FROM DELIBERATIONS**

- ☐ The following questions were raised:
  - ☐ Why were some of the indigents not given the gel?
  - ☐ How was the valuation roll issue going to be solved?
- ☐ The responses were as follows:
  - ☐ That budget played a role in determining how many indigents would benefit from the gel, and also that some indigents benefitted in other ways e.g. water, etc.
  - ☐ That there were processes of appeal that could be followed by those property owners who were unhappy with the values of their properties.
  - ☐ That a delegation including the Mayor and Management be sent to hold talks with the MEC to resolve the issue of the valuation roll.
- ☐ **It was requested that the Mayor and Management should follow up on the issue of the municipality being downgraded from grade 4 to grade 3.**

##### **CORPORATE SERVICES DEPARTMENT**

**SALIENT POINTS FROM DELIBERATIONS**

- ☐ It was requested that the Mayor intervene in the issue of the Delegation Framework in which the Speaker has been stripped of her powers.
- ☐ A question was raised as to how the Municipality would correct the high level of employees without matric.
- ☐ The response was that the department was giving study assistance to employees, those who did not have matric were trained through ABET and Councillors were also trained.
- ☐ A question was raised as to what was the plan of raising employees' awareness of health and safety issues in the work place.
- ☐ The response was that employees would be met per department and taken through the Health and Safety Policy.
- ☐ It was requested that on page 186, the number of Councillors be corrected from 62 to 52.
- ☐ The meeting noted the negative remarks passed during the ANDM MPAC/Whippery workshop that was held in Margate by the facilitator regarding the Matatiele Local Municipality delegation framework and the Mayor was requested to make a follow up.

**INFRASTRUCTURE SERVICES DEPARTMENT****SALIENT POINTS FROM DELIBERATIONS**

- ☐ It was proposed that the Municipality should tap into the Presidential Infrastructure Coordination Commission (PICC) to address the electricity back log as well as to build the snow damaged community halls.
- ☐ It was proposed that the changing of service providers in the middle of projects should be avoided as it was increasing the costs to the Municipality.
- ☐ It was proposed that the Mayor and the Portfolio Head of Infrastructure Services should be responsible for handing over complete projects and those hand-overs should be publicized.

**ECONOMIC DEVELOPMENT AND PLANNING DEPARTMENT****SALIENT POINTS FROM DELIBERATIONS**

- ☐ A question was raised as to who were the members of the Local Economic Development Forum.
- ☐ The response was that the Forum is composed of organized business, hawkers and other stakeholders that have an interest in economic development of Matatiele.
- ☐ Clarity was requested regarding the establishment of a Municipal entity, and whether or not the Municipality was ready to have an entity.
- ☐ The response was that a Council resolution was taken to conduct and feasibility of the readiness of the Municipality to have an entity, and it was further mentioned that the entity would be useful in terms of attracting investors to the Matatiele area.
- ☐ It was proposed that the office of the Regional Manager: Economic Development be contacted to enquire about the R 7m that was meant for the development of Matatiele co-operatives centre.

**COMMUNITY SERVICES DEPARTMENT****SALIENT POINTS FROM DELIBERATIONS**

- ☐ A question was raised as to whether or not the leakage of the landfill site would put the Municipality at risk of losing the site.
- ☐ The response was that the matter was being attended by Management.

**5. Reservations**

Following the analysis of the annual report, the oversight committee has no material reservations.

**6. Recommendations****The Municipal Public Accounts Committee (MPAC) Recommends that;**

1. Council adopt the 2012/13 Annual Report containing the council's comments on the Annual Report, which have included a statement that states that the Annual Report be approved without reservations; in terms of section 129 (1) of the Local Government Municipal Finance Management Act NO 56 of 2003.
3. The 2012/2013 Oversight report of the Matatiele Local Municipality be made public in terms of Section 129(3) of the Local Government Municipal Finance Management Act No 56 of 2003.
4. The Oversight report be submitted to the provincial legislature in terms of section 132(2) of the Local Government Municipal Finance Management Act NO 56 of 2003.