

EPHRAIM MOGALE LOCAL MUNICIPALITY

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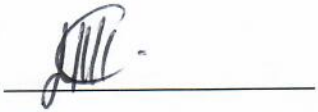
EXTRACTS FROM THE MINUTES OF THE 3RD ORDINARY COUNCIL MEETING OF EPHRAIM
MOGALE LOCAL MUNICIPALITY HELD ON THURSDAY THE 22 MARCH 2018

FILE/S: 3/2/3/12/1

OC3/13/2018 OVERSIGHT REPORT ON THE ANNUAL REPORT 2016/17

RESOLVED

1. That council review of organizational structure; and amongst others, a consideration is made to have Asset Management as a standalone unit with a divisional manager and adequate number of subordinates. Once the process is finalized and approved; the filing of vacancies in that unit will be of high priority.
2. The bursary policy should be reviewed to ensure that it provides ways in which the beneficiaries may repay the municipality in kind. i.e the beneficiaries may participate in various council activities such as back to school programme
3. The municipality should consider an upper limit on the bursary fund per student so that many students may be catered for.
4. That key service delivery information on water, sanitation and electricity be detailed as per ward.
5. That the steering committee made of directors and chaired by the Accounting officer will holds meetings on a monthly basis to report on the progress made in the implementation of the action plan and Internal audit unit assign one internal auditor to conduct follow-up audits on a monthly basis to verify and corroborate with evidence the progress reported in the steering committee meetings. Such internal audit reports will be presented and discussed in the steering committee meetings.
6. That council approves the 2016/17 draft annual report in all its material aspect



Cllr. Mothogwane M.D.

Speaker

22 MARCH 2018

FINALISATION BY:

Referred to *Futshane Auzi*by Municipal Manager



M.J Lekola

Acting Municipal Manager



Date Received



Ephraim Mogale Local Municipality

OVERSIGHT REPORT

OVERSIGHT REPORT OF ANNUAL REPORT 01 JULY 2016 TO 30 JUNE 2017

TABLE OF CONTENTS

1. Background and Legislative mandate for the Oversight Report	
2. Comments on the Annual Report	
2.1. Municipal Finance Management Act	
2.2. Division of Revenue Act	
2.3. Municipal Systems Act – Municipal performance	
2.4. General findings	
2.4.1. Contents of the report	
2.4.2. Audited financial statements and Auditor General's Report	
2.4.3. Submission of Annual Financial Statements for 2014/15 Financial year	
2.4.4. Recommendations from the Audit Committee	
2.4.5. Action plan on issues raised by the Auditor General	
2.4.6. Municipal owned entity (SDA-Service Delivery Agreement)	
2.4.7. Public Consultative Meeting / Comments from the public	
2.4.7.1. Compliments, comments and representations from the public	
2.4.7.1.1. Basic Services	
2.4.7.1.2. Local Economic Development	
2.4.7.1.3. Corporate Services	
2.4.7.1.4. General	
2.5. Recommendations	

ANNEXURE A

OVERSIGHT PROCESS FOLLOWED

1. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

In terms of Local Government :Municipal Finance Management Act 56 of 2003 section 129 states that the Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control and by no later than two months from the date on which the Annual Report was tabled in Council in terms of Section 127, adopt an 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;
- Rejected the Annual Report; or
- Has referred the Annual Report back for revision of those components that can be revised.

The Council of Ephraim Mogale 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 2 January 2017, Council considered the 2014/15 Annual Report of the Municipality and referred the Report to the Municipal Public Accounts Committee for review and the drafting of this Oversight Report.

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 MFMA (Section 129 (1)) and National Treasury's (NT) Circular 32 direct and guide 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 Councilors 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 Ephraim Municipal Account Committee members were appointed on the on 17 August 2016

CURRENT MPAC MEMEBERS	
	Chairperson
1. Cllr Philemon Ranoto	Member
2. Cllr Jonas Kekana	Member
3. Cllr Fridah Maloka	Member
4. Cllr Refilwe Phokwane	Member
5. Cllr Gladys Phefadi	Member
6. Cllr Patrick Mashego	Member
7. Cllr Given Moimana	Member
8. Cllr Lawrence Mohlala	Member

The Municipal Public Accounts Committee met on the 07– 09 March 2018 at the Shamrock Lodge Polokwane, to consider and interrogate the 2016/17 Draft Annual Report against the legislative requirements and generate the Oversight Report with recommendations to Council.

The Municipal Public Accounts Committee of the Ephraim Mogale Local Municipality fulfils the oversight role of Council. The mandate of the Municipal Public Accounts Committee includes an analysis of the institution's Annual Report and the development of appropriate recommendations to Council.

The meetings of the Municipal Public Accounts Committee on the 2015/16 Annual Report, as reflected below, were open to the public and media to ensure a transparent and credible oversight process



EPHRAIM MOGALE



LOCAL MUNICIPALITY



PUBLIC PARTICIPATION

DRAFT ANNUAL REPORT 2016/17

WARDS	VENUE	DATE	TIME	PRESENTERS
1,2,3,4,5 & 6	KLOPPER COMMUNITY HALL	22 February 2018	10h00	EXCO & All Cllrs
7,8,9 & 10 14,15 & 16	MARBLE HALL TOWN HALL	14 February 2018	10h00	EXCO & All Cllrs
11,12 & 13	MOOMANE COMMUNITY HALL	15 February 2018	10h00	EXCO & All Cllrs

2. Comments on the 2014/15 Draft Annual Report

2.1 Comments on the Municipal Finance Management Act

Legislative requirement	Level of compliance
<p>a) The annual financial statements are to be compliant with the generally recognized accounting practices (GRAP)</p>	<p>EPMLM 2015/16 Draft Annual report contains the audited financial statements as presented to Council on the 24th January 2017.</p>
<p>b) The Auditor-General's Report is to be included in the Annual Report</p>	<p>complied</p>
<p>c) Explanations to be included that are necessary to clarify issues in connection with the financial statements</p>	<p>complied</p>
<p>d) An assessment on arrears on municipal taxes and service charges to be included</p>	<p>EPMLM 2016/17 Draft Annual report contained the said documents as presented to Council on the 24th January 2018.</p>
<p>e) Corrective action taken or to be taken in response to issues raised in the audit reports</p>	<p>Compliant</p>

2.2 Comments on Division of Revenue Act

Legislative requirement	Level of compliance
<p>a) The Annual Report to disclose:</p> <p style="padding-left: 40px;">[</p> <p>received from national and provincial spheres;</p> <p style="padding-left: 40px;">[conditional grants received from other municipalities;</p> <p>and</p> <p style="padding-left: 40px;">[</p> <p>organs of state</p>	<p>Complied</p>
<p>b) The extent to which the conditions of the grants were met</p>	<p>The extent to which conditions of the grants were met were not verified due to the non-availability of audited financial statements, Not all grant.</p>

2.3 Comments on Municipal Systems Act – Municipal Performance

Legislative requirement	Level of compliance
a) Has the performance report been included in the Annual Report?	Complied
b) Have all the performance targets been included in the report?	Complied
c) Is the Council and the Community satisfied with the performance?	<p>The community is not satisfied with the performance of the municipality with regard to underspend additional MIG and vacancies not filled as raised during the public participation on the 2015/16 draft annual report.</p> <p>Corrective measures were put in place to improve performance. (Audit action plan through audit steering committee).</p>
d) What actions have been taken and planned to improve performance?	<p>The Audit Committee Report was included in the 2016/17 Draft Annual Report as presented to Council on the 24th January 2017.</p>
e) Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective? f) The annual report to have full information on projects implemented by the municipality.	The figures are convincing

2.4 Comments on other findings

2.4.1 Contents of the report

2.4.2 Audited Financial Statements and the Auditor General's Report

In terms of Section 127(2) of the Local Government : Municipal Finance Management Act no 56 of 2003 the annual report must be tabled in Council within seven (7) months after the end of the financial year which should include audited financial statements and the Auditor General's Report

The EPMLM 2016/17 draft annual report contains the said documents as presented in the Council meeting of 24th January 2017

2.4.3 Submission of Annual Financial Statement for 2014/15

The Local Government: Municipal Finance Management Act 56 of 2003 Section 126 (1) and the MFMA finance Management calendar states that the annual financial statements should be submitted by 31st August annually.

The EPMLM annual financial statements were submitted on time

2.4.4 Recommendation from the Audit Committee

In line with Section 166 of the Local Government : MFMA 56 OF 2003 the Audit Committee is responsible for advising Council, political office bearers, accounting officer and management staff of the municipality on matters relating to performance management.

Section 121(3) (j) of Local Government: Municipal Finance Management Act, states that the annual report of a Municipality must include any recommendations of the Municipality's Audit committee.

The EPMLM 2016/17 draft annual report contain recommendations from the Audit committee as presented in the Council meeting of 24th January 2017

2.4.5 Action Plan on issues raised by the Auditor General

Section 121 (3)(g) of the Local Government: Municipal Finance Management Act 56 of 2003 states that the annual report of a municipality must include particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d).

The EPMLM 2016/17 Draft Annual Report as presented to Council on the 24th of January 2017 was included the Action Plan on issues raised by the Auditor General.

2.4.6 Municipal own entity (SDA)

2.4.7 Comments from the Public

Section 75(1)(c) of the Local Government: Municipal Finance Management Act states that the Accounting Officer of the municipality must place the annual report on the municipal website.

The EPMLM draft annual report for 2016/17 financial year is placed on the municipal website.

Section 127 (5)(a) (i) and (ii) states that immediately after the annual report is tabled in council in terms of subsection (2) , the accounting Officer must make public the annual report and invite the local community to submit representations in connection with the annual report.

The report was made public from the 14 February 2017 and closed on the 19 February 2017 for public comments and representations.

The National Treasury: MFMA Circular 32 as released on 15 March 2006 on Oversight on the Annual Report states all meetings of Council and the oversight committee at which an annual report is considered must be open to the public and a reasonable time must be allowed for discussion of any written submissions received and for members of the community and organs of state to address the meetings

The Municipal Public Accounts Committee conducted public participation meetings on the EPMLM 2016/17 Draft Annual Report between the 14 February 2017 to 19 February 2018 where all wards within the Municipality participated. The invitees were, ward committee members, community development workers and members of the public.

2.4.7.1 COMMENTS OR REPRESENTATIONS FROM THE PUBLIC

2.4.7.1.1 Water and Sanitation Services

- Annual report to be submitted before actual date
- Water supply to be improved
- Flag Boshielo water plant to be upgraded.

2.4.7.1.2 Local Economic Development

- Local economic strategies should focus on sustainable agricultural projects to reduce unemployment rate in the EPMLM.
- The EPMLM should partner with mines and big businesses to develop plans for creation of employment opportunities.
- Tourism sector should provide employment opportunities.
- Contractors on site should be regularly monitored to avert labour disputes and non-completion of projects.

2.4.7.1.3 Corporate Services

- Vacant posts to be filled in terms of the Municipal organogram.
- The issue of gender representation and disabled people should be prioritized for employment opportunities.
- Municipality be utilize beneficiaries students for council activities like school campaign

2.4.7.1.4 General

- Indigent register must be reviewed annually
- The rate of under spending is increasing

- High rate of unemployment

2.5 GENERAL FINDINGS

FORMAT AND CONTENTS

- 2.5.1** Key service delivery information on provision of water. Sanitation and electricity is reflected in the draft 2014/15 annual report
- 2.5.6** The 2015/16 Annual Report reflect the Municipality's By-Laws and the list of developed or reviewed policies for the year under review

3 Recommendations

The EPMLM MPAC recommends:

- 3.1 That council review of organizational structure; and amongst others, a consideration is made to have Asset Management as a standalone unit with a divisional manager and adequate number of subordinates. Once the process is finalized and approved; the filing of vacancies in that unit will be of high priority.
- 3.2 The bursary policy should be reviewed to ensure that it provides ways in which the beneficiaries may repay the municipality in kind. i.e the beneficiaries may participate in various council activities such as back to school programme
- 3.3 The municipality should consider an upper limit on the bursary fund per student so that many students may be catered for.
- 3.4 That key service delivery information on water, sanitation and electricity be detailed as per ward.
- 3.5 That the steering committee made of directors and chaired by the Accounting officer will holds meetings on a monthly basis to report on the progress made in the implementation of the action plan and Internal audit unit assign one internal auditor to conduct follow-up audits on a monthly basis to verify and corroborate with evidence the progress reported in the steering committee meetings. Such internal audit reports will be presented and discussed in the steering committee meetings.
- 3.6 That council approves the 2016/17 draft annual report in all its material aspect.

ANNEXURE A

OVERSIGHT PROCESS FOLLOWED

- In compliance with legislation, EPMLM tabled the 2016 / 2017 Draft Annual Report on 24th January 2017 at Ephraim Mogale Local Municipal Chamber.
- Council referred the EPMLM 2016/17 Draft Annual report to MPAC on 24th January 2017 for oversight and the generation of the oversight report as required by the MFMA
- MPAC met on the 07th – 09th March 2018 at the Shamrock Lodge, Polokwane to consider and interrogate the 2016/17 Draft Annual Report against the legislative requirements and generate the Oversight Report with recommendations to Council.
- The report was made public from the 25 January 2017 and closed on the 19 March 2017 for public comments and representations.
- MPAC conducted public participation meetings on the EPMLM 2016/17 Draft Annual Report between the 14 March 2017 to 19 March 2017 wherein all wards within the Municipality. The invitees were, ward committee members, CDW and members of the public.
- MPAC convened for a special meeting on 22 March 2018 to consider the Draft Oversight Report on the 2016/17 Draft Annual Report.

CLOSING REMARKS OF THE MPAC CHAIRPERSON

Finally, I would like to commend my fellow Municipal Public Accounts Committee members for their hard work and commitment. The committee further wishes to indicate their dissatisfaction with the support and cooperation of the management during the process; in comparison with prior years, the support during the current year was poor and made the process frustrating for the committee. We hope this will not be repeated going forward. A word of thanks must also be given to the Office of the Auditor-General and the Audit Committee for their input in the Annual Report and oversight processes.



**Cliff Philemon Ranoto
MPAC Chairperson**

DATE 24/03/2018