



# **Ephraim Mogale Local Municipality**

## **OVERSIGHT REPORT**

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**SC11/02/2013 OVERSIGHT REPORT OF ANNUAL REPORT 1. JULY 2011 TO 30 JUNE 2012**

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## **1. BACKGROUND AND LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT**

The Oversight Report is the final major step in the annual reporting process of a municipality and Section 129(1) of the Municipal Finance Management Act 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.

In compliance with the above legislation, Ephraim Mogale Local Municipality tabled the 2011 / 2012 Draft Annual Report on 30<sup>th</sup> January 2013 at Ephraim Mogale Local Municipal Chamber.

The Municipal Public Accounts Committee met on the 5<sup>th</sup> – 6<sup>th</sup> February 2013 at the Lookout Lodge, Groblersdal to consider and interrogate the 2011/12 Draft Annual Report against the legislative requirements and generate the Oversight Report with recommendations to Council.

## 2. Comments on the 2011/12 Draft Annual Report

### 2.1 Comments on the Municipal Finance Management Act

Legislative requirement	Level of compliance
a) The annual financial statements are to be compliant with the generally recognised accounting practices (GRAP)	EPMLM 2011/12 Draft Annual report contains the audited financial statements as presented to Council on the 30 <sup>th</sup> January 2013.
b) The Auditor-General's Report is to be included in the Annual Report	compliance
c) Explanations to be included that are necessary to clarify issues in connection with the financial statements	compliance
d) An assessment on arrears on municipal taxes and service	EPMLM 2011/12 Draft Annual report contained the said documents as presented to Council on the 30 <sup>th</sup> January 2012.

charges to be included	
e) Corrective action taken or to be taken in response to issues raised in the audit reports	Non-compliant

## 2.2 Comments on Division of Revenue Act

Legislative requirement	Level of compliance
<p>a) The Annual Report to disclose:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Details of conditional grants received from national and provincial spheres;</li> <li><input type="checkbox"/> Details of conditional grants received from other municipalities; and</li> <li><input type="checkbox"/> Details of grants made to any</li> </ul>	Compliant

organs of state	
b) The extent to which the conditions of the grants were met	The extent to which conditions of the grants were met were not verified due to the non-availability of audited financial statements,  <b>Refer on page 140 from 2011/2012 Draft Annual report</b>
d) Information relating to the benefits paid to Councillors, Managers and officials	- compliant

### 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?	Non-compliant
b) Have all the performance targets been included in the report?	Non-compliant
c) Are the Council and the Community satisfied with the performance?	The community is not satisfied with the performance of the municipality with regard to vacancies of the managers that not

	fill as raised during the public participation on the 2011/12 draft annual report.
d) What actions have been taken and planned to improve performance?	No corrective measures were put in place to improve performance.
e) Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?	The Audit Committee Report was not included in the 2011/12Draft Annual Report as presented to Council on the 30 <sup>th</sup> January 2013.
f) The annual report to have full information on projects implemented by the municipality.	The figures not convincing <b>Refer to page 55 to 57 of the EPMLM 2011/12 draft annual report as presented in Council on the 30<sup>th</sup> January 2012.</b>

## **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 2011/12 draft annual report did contain the said documents as presented in the Council meeting of 30<sup>TH</sup> January 2013**

#### **2.4.3 Submission of Annual Financial Statement for 2011/12**

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 31<sup>st</sup> August annually.

**The EPMLM annual financial statements were submitted on the 31<sup>th</sup> August 2012**

#### **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 2011/12 draft annual report did not contain recommendations from the Audit committee as presented in the Council meeting of 30<sup>th</sup> January 2013**

#### **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 2011/12 Draft Annual Report as presented to Council on the 30<sup>th</sup> of January 2013 did not include 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 2011/12 financial year is not 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 22<sup>nd</sup> February 2013 and closed on the 22<sup>nd</sup> March 2013 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 2011/12 Draft Annual Report between the 24<sup>th</sup> June 2013 to 1<sup>st</sup> July 2013 wherein all wards within the Municipality were clustered. The invitees were, ward committee members, community development workers and members of the public. Comments from the Marble Hall Business Chamber were also received.**

#### **2.4.7.1 COMMENTS OR REPRESENTATIONS FROM THE PUBLIC**

##### **2.4.7.1.1 Water and Sanitation Services**

- Water supply to be improved
- Flag Boshielo water plant to be upgraded.
- Yard connection at Mathukuthela A and B and Disenyane to be considered
- Feedback on Moutse Bulk water supply is not communicated to the Communities affected.
- Marble Hall and Leeuwfontein sewerage Plants to be completed.

### **2.4.7.1.2 Local Economic Development**

- Local economic strategies should focus on sustainable agricultural project 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 be employment opportunities.
- Contractors on site 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
- Information on learnership and bursaries must be included in the annual report .
- The issue of gender representation and disabled people should be prioritised for employment opportunities.

### **2.4.7.1.4 General**

- Indigent register must be reviewed annually
- A concern was raised on why the Auditor General 's opinion remained unchanged for past three financial years
- The rate of under spending is increasing annually

## **2.5 GENERAL FINDINGS**

### **FORMAT AND CONTENTS**

- 2.5.1** Key service delivery information on provision of water., sanitation and electricity is not reflected in the draft 2011/12 report.
- 2.5.2** The draft annual report is not detailed and it contains information taken from the Provincial template on annual reports.
- 2.5.3** Most of the information in the report is inadequate, cut and paste and misleading( e.g Legolaneng on page 17 , Numbers of wards on page 76 , Greater Marble Hall on page 62 and 63 etc )
- 2.5.4** Councillors and Council committees are not reflected in the report.
- 2.5.6** The 2011/12 Annual Report does not reflect on the Municipality's By-Laws and the list of developed or reviewed policies for the year under review.

### 3 Recommendations

The EPMLM MPAC recommends :

- 3.5 That the Audit Committee report be included in the 2011/12 Final Annual report.
- 3.6 That the Audit committee report must reflect information and recommendation on the Annual report.
- 3.7 That the action plan on issues raised by the Auditor General's report be included in the 2011/12 Final Annual report.
- 3.8 That the Draft Annual report be placed on the Municipal website.
- 3.9 That key service delivery information on water ,sanitation and electricity be detailed as per ward.
- 3.10 That the names of Councillors and section 79 committee members be included in the report.
- 3.11 **With reference to the findings on page - and recommendations on page – it is recommended that council approves the 2011/12 draft annual report with reservations.**

## **ANNEXURE A**

### **OVERSIGHT PROCESS FOLLOWED**

- In compliance with legislation, EPMLM tabled the 2011 / 2012 Draft Annual Report on 30<sup>th</sup> January 2013 at Ephraim Mogale Local Municipal Chamber.
- Council referred the EPMLM 2011/12 Draft Annual report to MPAC on 30<sup>th</sup> January 2013 for oversight and the generation of the oversight report as required by the MFMA
- MPAC met on the 5<sup>th</sup> – 6<sup>th</sup> February 2013 at the Lookout Lodge, Groblersdal to consider and interrogate the 2011/12 Draft Annual Report against the legislative requirements and generate the Oversight Report with recommendations to Council.
- The report was made public from the 22<sup>nd</sup> February 2013 and closed on the 22<sup>nd</sup> March 2013 for public comments and representations.
- MPAC conducted public participation meetings on the EPMLM 2011/12 Draft Annual Report between the 24<sup>th</sup> June 2013 to 1 July 2013 wherein all wards within the Municipality were clustered. The invitees were, ward committee members, CDW and members of the public. Comments from the Marble Hall Business Chamber were also received.
- MPAC convened for a special meeting on 4<sup>th</sup> July 2013 to consider the Draft Oversight Report on the 2011/12 Draft Annual Report and recommends that it be referred back for revision of those components that can be revised

From MPAC committee

NO	NAME OF COUNCILLORS	DESIGNATION
1.	M.R. Seono	Chairperson
2.	B.G. Mashego	Member
3.	K.M. Seoka	Member
4.	S.T. Mahlobogoane	Member
5.	N.R. Ndlobeni	Member
6	J.S. Motsepe	Member
7	E.M. Tshiguvho	Member
8	G.N. Makanyane	Member

  
MPAC Chairperson

DATE 08/07/2013