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 WEDNESDAY THE 29TH APRIL 2015

FILE/S: **9/1/1** Complete Doc. on file

MPAC/01/2014 OVERSIGHT REPORT OF ANNUAL REPORT 1 JULY 2013 TO 30 JUNE 2014 AND MPAC PUBLIC HEARING **9/1/1**

RESOLVED

The EPMLM MPAC recommends:

1 That the Audit Committee report be included in the 2013/14 Final Annual report.

2 That the Audit committee report must reflect information and recommendation on the Annual report.

3 That the action plan on issues raised by the Auditor General's report be included in the 2013/14 Final Annual report.

4 That key service delivery information on water, sanitation and electricity be detailed as per ward.

5 **With reference to the findings on page 09 and recommendations on page 12 it is recommended that council approves the 2013/14 draft annual report with reservations.**

6 That the Municipal Manager implements the decision accordingly.

L.B. MODISHA
SPEAKER

29 APRIL 2015

FINALISATION BY:

Referred to Director: Corporate Services **by Municipal Manager**

M.M. Mathebela
Municipal Manager

05\05\15

Date Received

MPAC/01/2014 OVERSIGHT REPORT OF ANNUAL REPORT 1 JULY 2013 TO 30 JUNE 2014 AND MPAC PUBLIC HEARING
9/1/1

PURPOSE

To table to Council the Municipality's Annual report for the period 1 July 2013 to 30 June 2014 and the Oversight report for adoption

BACKGROUND

The council at its meeting held on 23 January 2015 resolved:

- *That the Council take cognizance of the circulated Annual report for the period 1 July 2013 to 30 June 2014.*
- *That the Council approves that the report be made public and invites the local community to submit representations in connection with the annual report for 2013/14.*
- *That the annual report be submitted to the Auditor-General the relevant provincial treasury and the provincial department responsible for local government.*
- *That MPAC prepare an oversight report on the annual report for 2013/14 before 31 March 2015.*
- *That the Audit Committee chairperson tables the Audit reports to every ordinary Council sitting.*
- *That the Council instructs the Acting Municipal Manager to implement the decision accordingly.*

COMMENTS

The Speaker's office embarked on a program in 01 June 13 to 01 July 2014 to consult the community on the annual report and the comments received was given to MPAC

The annual report was tabled on 28 March 2013 at Council meeting for council to consider the oversight report but the Chairperson indicated at the meeting that more time was needed to complete the report

The Annual report was checked by the AG and amendments made according to advise from AG and signed by AG, a copy of which is attached

Attached also is the oversight report from MPAC and report writing

<u>RECOMMEND TO RESOLVE</u>

1. That the Council having fully considered the circulated Annual report for the period 1 July 2013 to 30 June 2014 and representations thereon, adopts the oversight report.
2. That the oversight report be made public within seven days of adoption of the report

3. That council approves report with reservations
4. That the Council instructs the Municipal Manager to implement the decision accordingly.

RE HLABOLLA SETŠHABA

Ephraim Mogale Local Municipality

OVERSIGHT REPORT

SC11/02/2014 OVERSIGHT REPORT OF ANNUAL REPORT 1. JULY 2013 TO 30 JUNE 2014

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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 23 January 2015, Council considered the 2013/14 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 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 Ephraim Municipal Account Committee members were appointed on the 17 July 2014 and it is comprised of the following members

OLD MPAC MEMBERS		NEW MPAC MEMEBRS	
1. Cllr M.R Seono	Chairperson	1. Cllr M.G Phala	Chairperson
2. Cllr B.G Mashego	Member	2. Cllr B.G Mashego	Member
3. Cllr K.M Seoka	Member	3. Cllr M.J Mokonyane	Member
4. Cllr S.T Mahlobogoane	Member	4. Cllr M.J Nchabeleng	Member
5. Cllr N.R Ndobeng	Member	5. Cllr J.H Bogopa	Member
6. Cllr M.J Mokonyane	Member	6. Cllr M.M Kekana	Member
7. Cllr E.M Tshiguvho	Member	7. Cllr S.C Mamogobo	Member
8. Cllr G.N Makanyane	Member	8. Cllr O.E Sebothoma	Member
		9. Cllr K.N Kekana	Member

The Municipal Public Accounts Committee met on the 25 – 27 March 2015 at the Loskop valley lodge, to consider and interrogate the 2014/15 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 2013/14 Annual Report, as reflected below, were open to the public and media to ensure a transparent and credible oversight process

DATE	EXCO MEMBERS	WARDS	VENUE	TIME
19/02/2015	Mayor ,Cllr FMatlala & Cllr Makitla	Wards 13,14,15 & 16	Leratong disability center Elandskraal	10:00
19/02/2015	Cllr T Maholbogoane ,Cllr E Monyamane ,Cllr G Phefadi	Wards: 8,9,10,11 & 12	Maswianape secondary school	10:00
10/03/2015	All EXCO Members	Ward: 07	Marble Hall Town Hall	19:00
24/02/2015	All EXCO Members	Wards: 1,2,3,4,5 & 6	Matlala Ramoshebo community hall	10:00

2. Comments on the 2013/14 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 recognized accounting practices (GRAP)	EPMLM 2013/14 Draft Annual report contains the audited financial statements as presented to Council on the 23rd January 2015.
b) The Auditor-General's Report is to be included in the Annual Report	complied
c) Explanations to be included that are necessary to clarify issues in connection with the financial statements	complied
d) An assessment on arrears on municipal taxes and service charges to be included	EPMLM 2013/14 Draft Annual report contained the said documents as presented to Council on the 23rd January 2015.
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
a) The Annual Report to 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	Complied
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, Not all grant **Refer to Page 134 page from 2013/2014 Draft Annual report**

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-complaints
b) Have all the performance targets been included in the report?	Non-complaints
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 filled as raised during the public participation on the 2013/14 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 2013/14 Draft Annual Report as presented to Council on the 23rd January 2015.
f) The annual report to have full information on projects implemented by the municipality.	The figures not convincing **Refer to page 144 Of the EPMLM 2013/14 draft annual report as presented in Council on the 23rd January 2015.**

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 2013/14 draft annual report contains the said documents as presented in the Council meeting of 23rd January 2015

2.4.3 Submission of Annual Financial Statement for 2013/14

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 2013/14 draft annual report did not contain recommendations from the Audit committee as presented in the Council meeting of 23rd January 2015

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 2013/14 Draft Annual Report as presented to Council on the 23rd of January 2015 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 2013/14 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 02 February 2015 and closed on the 11 March 2015 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 2013/14 Draft Annual Report between the 19 February 2015 to 11 March 2015 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.
- LED strategy was last approved in 2008 which reviewed annually- Page 76
- 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
- Information on learnership and bursaries must be included in the annual report.
- The issue of gender representation and disabled people should be prioritized for employment opportunities.

2.4.7.1.4 General

- Indigent register must be reviewed annually
- 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 2013/14 annual report.

2.5.2 Most of the information in the report is inadequate, cut - paste and misleading

2.5.6 The 2013/14 Annual Report does not 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:

3.5 That the Audit Committee report be included in the 2013/14 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 2013/14 Final Annual report.0
3.8 That key service delivery information on water, sanitation and electricity be detailed as per ward.
3.9 **With reference to the findings on page 09 and recommendations on page 12 it is recommended that council approves the 2013/14 draft annual report with reservations.**

ANNEXURE A

OVERSIGHT PROCESS FOLLOWED

- In compliance with legislation, EPMLM tabled the 2013 / 2014 Draft Annual Report on 23rd January 2015 at Ephraim Mogale Local Municipal Chamber.

- Council referred the EPMLM 2013/14 Draft Annual report to MPAC on 23rd January 2015 for oversight and the generation of the oversight report as required by the MFMA
- MPAC met on the 24th – 27 March 2015 at the Loskop valley Lodge, Groblersdal to consider and interrogate the 2013/14 Draft Annual Report against the legislative requirements and generate the Oversight Report with recommendations to Council.

- The report was made public from the 02 February 2015 and closed on the 11 March 2015 for public comments and representations.
- MPAC conducted public participation meetings on the EPMLM 2013/14 Draft Annual Report between the 19 March 2015 to 11 March 2015 wherein all wards within the Municipality. 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 10th April 2015 to consider the Draft Oversight Report on the 2013/14 Draft Annual Report and recommends that it be referred back for revision of those components that can be revised

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. I would also like to thank the Speaker and the Officials for their support in the Oversight process, especially the Acting Municipal Manager and the Chief Internal Auditor who provided strategic support in this process. 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.

MPAC Chairperson

DATE 2015-04-10