



**Municipal Public
Accounts Committee
Oversight
Report on draft Annual
Report
2015/2016
DATE: 29 March 2017**

DATE OF MEETING: 29 MARCH 2017

**MEMBERS OF THE THABO-MOFUTSANYANA DISTRICT MUNICIPALITY PUBLIC
ACCOUNTS COMMITTEE:**

CLLR M. M. TWALA- Chairperson

CLLR M LEBESA

CLLR T B JAKOBO

CLLR M M HLAKANE

CLLR L G NHLAPO

CLLR M J MOKOENA

CLLR S MKHWANAZI

SUPPORT SERVICES:

TMDM

MUNICIPAL MANAGER: Ms. T P M LEBENYA

MANAGER INTERNAL AUDIT: Mr W. NHLAPO

CHIEF RISK OFFICER: Ms. M MATLADI

ADMINISTRATOR – Me D DLAMINI -Secretariat- Committee Minutes

MANAGER IDP and PMS - T VANQA

MANTSOPA

MUNICIPAL MANAGER: Mr. S M SELEPE

MANAGEMENT TEAM

1. PURPOSE OF REPORT

To consider the Municipality's Draft Annual Report for the 2015/2016 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).

2. BACKGROUND

(a) Legal Requirements

Section 121(1) (2) and (3) of the MFMA determines as follows:

Every Municipality must for each financial year prepare an Annual Report. The Council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

(b) The purpose of an annual report is:-

- (i) To provide a record of the activities of the municipality during the financial year to which the report relates;
- (ii) To provide a report on performance against the budget of the municipality for the financial year; and
- (iii) To promote accountability to the local community for the decisions made throughout the year by the municipality.

(c) The annual report of a municipality includes the following-

- (i) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (ii) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (iii) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;

- (iv) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, Act 32 of 2000;
- (v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) An assessment by the municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports (Action plan).
- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (ix) Any information as determined by the municipality;
- (x) Any recommendation as determined by the municipality; and
- (xi) Any other information as may be prescribed.

In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the annual report, invite the local Community to submit representations in connection with the annual report and submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(1) of the MFMA, the council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, 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;*
- *The Council has rejected the Annual Report or*
- *The Council has referred the Annual Report back for revision of those components that can be revised.*

3. PROCESS

a) Submission and tabling of the Annual Report

The Draft Annual Report of the Municipality for the 2015/2016 financial year was tabled at the Ordinary Council Meeting, on the **31 January 2017** in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved at its meeting held on **31 January 2017**

- ***That Council takes note and approved the Draft Annual Report for the 2015/2016 financial year as tabled for it.***

b) The Municipal Public Accounts Committee

The Municipal Public Accounts Committee was established in terms of the National Treasury: MFMA Circular Nr 32 and in terms of sec 79 of the Municipal Structures Act 17 of 1998. The purpose is that this Committee will play an oversight role and to analyse and review annual reports in detail before the Annual Report is submitted to Council for adoption. The Committee has met on the 29 March 2017 where the content of annual report 2015/2016 was discussed in detailed.

The Committee comprises of members from all political parties represented in Council. The Chairperson of the Committee is Cllr M Twala from the ANC.

In terms of the resolution by Council regarding the advertisement of the Draft Annual report:

- (i) The local community was invited via the press to submit comments /objections received about the Annual Report and no comments or objections were received. The invitation was also distributed via all local municipalities libraries.
- (ii) Comments were not received internally from all Departments

4. REPORTS OF THE CHAIRPERSON ON THE ANNUAL REPORT

DISCUSIONS ON FINANCIAL AND NON- FINANCIAL INFORMATION

4.1. CONTENTS OF DRAFT ANNUAL REPORT 2015/2016

- The Accounting Officer presented the draft annual report 2015/2016 to the indicate the accountabilities which is divided into Chapters in the relevant areas where the municipality is legally mandated.
- The complete draft annual report 2015/2016, which consists of all legislated components amongst others are audited, served before Council at its meeting held on 31 January 2017 which was postponed from the 30 January 2017. Mantsopa Local municipality received Qualification in terms of audit report 2015/2016 with few paragraphs in which the municipality is currently benchmarking for corrective measures.
- The Accounting Officer indicate that they are currently enhancing the revenue strategy in terms of all services rendered by the municipality, amongst others, electricity revenue collections to avoid illegal connections. The Mayor and

relevant Ward Councilor is part of Operation Patala Campaign encourages community to pay municipal services.

4.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RESOLUTION ON CONTENTS OF DRAFT ANNUAL REPORT 2015/2016

- The MPAC took note of all the components of draft annual report 2015/2016 and that it tabled before Council on 31 January 2017 and also congratulate Mantsopa Local Municipality for improvement by obtaining qualified audit opinion.
- The MPAC recommends that for the municipality to implement revenue enhancement properly it should start by ensuring that Councillors and officials do not owe the municipal services for more than 90 days (three months) in terms of code of conduct schedule 1 of Municipal Structures Act section 12(a) and code of conduct schedule 2 of Municipal Structures Act section 10 respectively. This can also make it easier for implementation of Operation Patala led by Mayor and ward councilors.
- The MPAC recommended that progress report on payment made by Councillors on outstanding municipal services should be submitted in the next ensuing ordinary MPAC meeting.

5. RECOMMENDATIONS TO COUNCIL ON THE DRAFT ANNUAL REPORT 2015/16.

- 5.1 The Council should approves the draft annual report 2015/2016 without reservation in terms of section 129(1)(a) of the Local Government Municipal Financial Management Act (MFMA Act No 56 of 2003) because all contents of annual report are included as required by section 121 of Municipal Finance Management Act, Act No 56 of 2003.
- 5.2 That the oversight report 2015/2016 should be submitted to the provincial legislature within a legislated time-frame in terms of section 132(2) of the MFMA and should be made public in terms of section 129(3) of the MFMA, after approval.
- 5.3 Resolution taken by Council on the adoption of draft annual report 2015/2016 together with adopted annual report 2015/2016 should be sending to relevant stakeholders and Chairperson of Shared MPAC within a legislated timeframe.
- 5.4 Progress on action plan on issues raised by Auditor General 30 June 2016 should be submitted quarterly or regularly to the Committee to monitor implementation status.
- 5.5 The MPAC recommended that Supply Chain Management policy approved by the Council should be complied with to avoid Unauthorized, irregular, fruitless and wasteful expenditure amounts which might led to qualified audit opinion.

- 5.6 Unauthorized, irregular, fruitless and wasteful expenditure should be referred to section 32 Committee before Auditor General comes which must be a temporary Committee of the Council dissolved after finalization of assigned investigation.

Submitted to Council for approval by:


CLLR M. M. TWALA
CHAIRPERSON: MPAC



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE REPORT TO COUNCIL

OVERSIGHT REPORT: FINAL ANNUAL REPORT 2015/2016

1. EXECUTIVE SUMMARY

To consider the Municipality's Annual Report for the 2015/2016 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).

2. BUSINESS PLAN

Integrated Development Plan

3. COMPLIANCE WITH STRATEGIC OBJECTIVE

Good Governance

4. DELEGATED AUTHORITY

Council

5. ANNEXURES

MPAC Oversight report on annual report 2015/2016

Draft Annual Report 2015/2016

6. POLICY/STANDARDS/REGULATIONS

MPAC Terms of reference

7. LEGAL REQUIREMENTS

Municipal Systems Act no 32 of 2000

Division of Revenue Act 2009

MFMA Circular no.11

Municipal Finance Management Act, Act 56 of 2003.

8. BACKGROUND AND DISCUSSION

The Municipal Public Accounts Committee was established in terms of the National Treasury: MFMA Circular Nr 32 and in terms of sec 79 of the Municipal Structures Act 17 of 1998. The purpose is that this Committee will play an oversight role and to analyse and review annual reports in detail before the Annual Report is submitted to Council for adoption. The Committee has met on the 29 March 2017 where the content of annual report 2015/2016 was discussed in detailed.

9. FINANCIAL IMPLICATIONS

Operation costs

10. STAFF IMPLICATIONS

Councillors and Staff

11. RISK IMPLICATION

Non- compliance with Municipal Systems Act, Municipal Financial Management Act, other laws and regulation

12. RECOMMENDATIONS

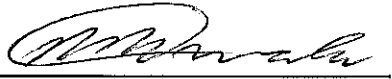
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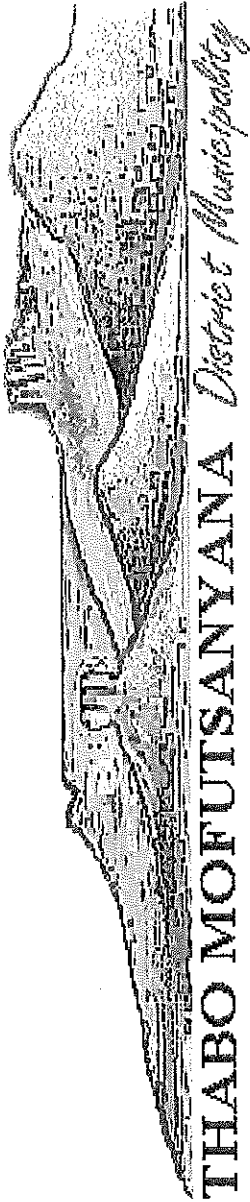
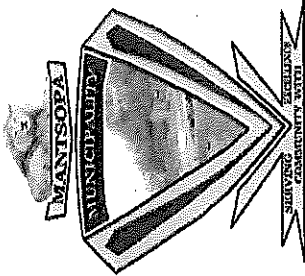
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ClIr Moranye Moses Twala
MPAC Chairperson

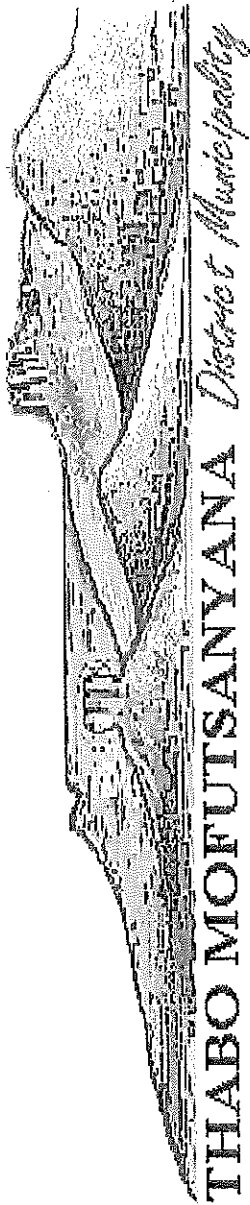
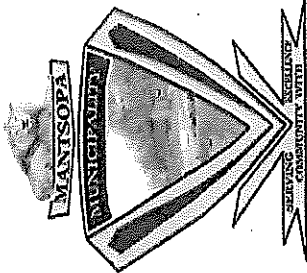
29/03/2017
Date



ATTENDANCE REGISTER: TMDM & MANTSOPA LOCAL MUNICIPAL MPAC MEETING

DATE: 29 MARCH 2017

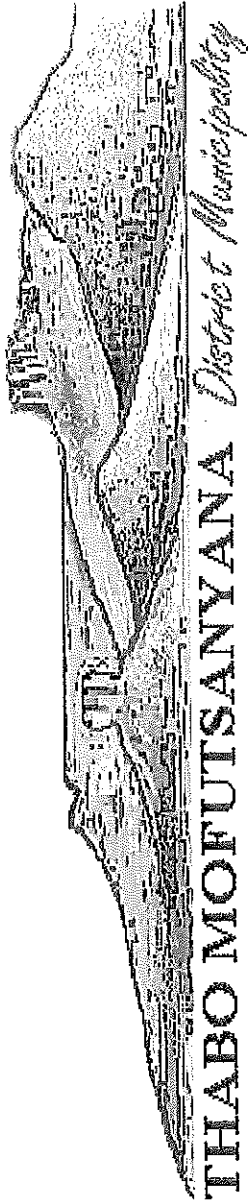
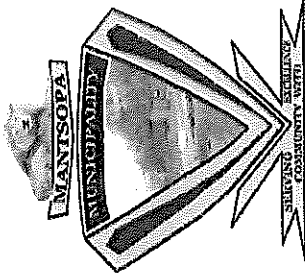
Name	G O D F R E Y				Contact Details			Signature
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ATTENDANCE REGISTER: TMDM & MANTSOFA LOCAL MUNICIPAL MPAC MEETING

DATE: 29 MARCH 2017

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DATE: 29 MARCH 2017

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				051-924-		0200	
				081-037-		9712	
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Name	Surname	Occupation	Organization	Contact Details			Signature
				Telephone			
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				Cellular phone	0718524709		
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				Telephone			
DELETSENG	DHLAMINI	MPAC	TMDM				
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				Cellular phone	0783270832		