



## MANTSOPA Oversight Report: 2012-2013

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OVERSIGHT REPORT FOR THE YEAR ENDED 30 JUNE 2013



## **Oversight Committee Members**

### **Councilors**

**Cllr M. Vilakazi**

**Cllr J. Jacobs**

**Cllr M. Lebesa**

**Cllr T. Tseki**

**Cllr A. Taylor**

**Cllr T. Mosikili**

**Cllr I Vries**

**Cllr Nakedi**

### **Management**

**Mr Mphahlele**

**Mr T. Ramaubane**

**Mrs T. Vanqa**

**Mrs D. Dhlamini**

### **Committee Support Staff**

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## 1. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE CHAIRPERSON'S FOREWORD



The municipalities as the sphere closest to the people should be alive to the challenges of service delivery. Examples abound throughout the country of communities who are becoming impatient with municipalities that do not deliver the basic services to them. From the beginning of 2012 to date, Mantsopa Local Municipality was able to review a credible Integrated Development Plan and the Service Delivery and Budget Implementation Plan. The two above mentioned documents are the heart of the service delivery mandate and are meant to direct and monitor performance of the municipality against its performance targets.

The IDP as a five year strategic document is and must be a living document it is reviewed annually, to accommodate the changes that can keep it relevant and responsive.

Section 127 of the Municipal Finance Management Act provides that within seven months after the end of a financial year, the Mayor must table in the Municipal Council the Annual Report of the municipality. The submission of the Annual Report is therefore a legal requirement and its format is highly prescriptive. Mantsopa Local Municipality managed to adhere or comply with all due processes.

I would like to applaud Mantsopa Local municipality in its ability to use Service Delivery and Budget Implementation Plan to monitor the performance of individuals and the organization against its IDP targets. It is evident that Important and valuable lessons in performance were learned in the past year. In developing a credible performance management they will go a long way in addressing some performance weaknesses. Indeed, our performance management system is bound to mature.

It is with pleasure that I present the 2012/2013 Oversight Report on Annual Report of Mantsopa Local Municipality as prepared in terms of Section 46 (1) of the Municipal Systems Act 32 of 2003 and section 121 (1) of the Local Government Municipal Finance Management Act 56 of 2003, (MFMA). It is Important to emphasise the purpose of the Annual Report as:

- To provide a record of activities of Mantsopa Local Municipality during the Financial Year 2012/2013.
- To provide a report on the Performance in fulfilling the objectives as reflected in the IDP, Service Delivery and Budget Implementation Plan.

It is also a tool for Council to indicate challenges and priorities for the ensuing year. As Bill Hewlett, co-founder, of Hewlett-Packard, shrewdly observed, "You cannot manage what you cannot measure... And what gets measured gets done". Concrete, measurable objectives are managerially valuable because they serve as yardsticks for tracking the municipality's performance and progress.

The achievement of Clean Audit Report by the municipality is certainly not beyond reach, and I am confident that this can be achieved if all role players join forces in a concerted and unwavering effort towards this goal.

I would like to express my sincere gratitude to the Executive Mayor, Speaker, Councilors, Management and all Staff Members, the Communities of Mantsopa Local Municipality and Stakeholders for their contribution to the progress made for the year under review. I thank you all for your dedication and commitment in ensuring that Mantsopa Local Municipality's Annual Report followed due processes despite the absence of oversight committee which also form part of its compliance.

LOCAL GOVERNMENT IS EVERYONE'S BUSINESS ..... BE PART OF IT.....



**Cllr. Malefu Vilakazi**

**MPAC : Chairperson.**

## **MANTSOPA LOCAL MUNICIPALITY**

Reference: (690/24/01/2014) 24 January 2014

### **OVERSIGHT REPORT ON ANNUAL REPORT: 2012/2013 FINANCIAL YEAR**

#### **2. INTRODUCTION**

In accordance with section 129 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA), council of a municipality must consider the annual report of the municipality 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.

#### **3. PURPOSE OF REPORT**

To consider the Mantsopa Local Municipality's Annual Report for the 2012/2013 financial year and adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129 (1) of MFMA.

#### **4. BACKGROUND**

##### **(a) Legal Requirements**

Section 121(1) (2) and (3) of the Local Government: Municipal Finance Management Act no 56 of 2003 determines as follows:

- (i) Section 121(1) Every Municipality must for each financial year prepare an Annual Report.
- (ii) 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 (section 121 (2) of MFMA):-**

- (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 must include (Section 121 (3) of MFMA)-**

- (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 referred to in paragraphs (b) and (d);
- (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.

## 5. SUBMISSION AND TABLING OF ANNUAL REPORT

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;***
- ***Has rejected the Annual Report or***
- ***Has referred the Annual Report back for revision of those components that can be revised.***

## 6. PROCESS

The Draft Annual Report of the Mantsopa Local Municipality for the 2012/2013 financial year was tabled on the 24 January 2013 during the ordinary council meeting which was held in Itumeleng Hall as required in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved: ITEM 690/24/01/2014 the following:

- i. That the draft annual report for the 2012/2013 financial year be adopted; and
- ii. That the draft annual report 2012/2013 be advertised in the media for public comment.

## **7. THE OVERSIGHT COMMITTEE**

With reference to National Treasury: MFMA Circular No. 32 of 15 March 2006 council decided to make use of district Public Accounts Committee as Oversight Committee, a requirement by section 129 (4) (b) of MFMA. The Oversight Committee assists council to consider Annual Report.

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

- The local community was invited via the press and website to submit comments / objections for 21 days from 25 February 2014 and no comments or objections were received.
- The Annual Report was placed on the municipal website: [www.mantsopa.fs.gov.za](http://www.mantsopa.fs.gov.za)
- The Annual Report was submitted to the relevant government departments such as:
  - National and Provincial Treasury;
  - Provincial CoGTA; and
  - Auditor General of South Africa

At the closing date for public comments (21 days from 25 January 2014) no representations were received.

## **8. MINUTES OF THE OVERSIGHT COMMITTEE**

The Mantsopa Local Municipality oversight committee meeting was convened on the 13 June 2014 at Ladybrand EXCO Council Chambers at 10H00 to discuss the Annual Report for the period ended 30 June 2013.

### **PLEASE SEE ATTACHED MINUTES.**

The committee deliberated over 2012/2013 Annual Report for the period ending 30 June 2013 and cited the following points:

- The Committee advised that there should be a table of contents (index) on the Annual Report so that it will be easy to go through it.
- The Committee noticed that the office of the Speaker did not reach 10% of their targets

- The Committee said the matters of the Speaker should not be put under Municipal Manger's office
- The Committee said supply chain policy need to be put on the report.
- The Committee pleaded with the Municipal Manager of Mantsopa to bring portfolio of evidence in the next meeting.
- The Committee decided that on the report every word should be written in full not abbreviations
- The Committee advised the Speaker that she need to put her leg down to the committees that do not comply

### **RECOMMENDATIONS:**

- That a table of contents be inputted into the structure or skeleton of the Annual Report as it serves as a navigator when perusing the document.
- That the annual service delivery performance report as presented in Chapter 3 of the Annual Report is approved with reservations that the portfolio of evidence is submitted to the oversight committee.
- That the annual report 2012/2013 be approved in terms of section 129 of the Local Government Municipal Finance Act. (MFMA No 56 of 2003) with reservations.
- That council to elect council committee in terms of section 32(2)(a)(ii) of the Municipal Finance Management Act.

*Submitted to Council for approval by:*

  
 Grr Malefu Vilakazi  
 Chairperson

30 August 2014  
 Date

## **Mantsopa Local Municipality**

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