



Municipal Public
Accounts Committee
Oversight
Report on draft Annual
Report
2014/2015
DATE: 17 March 2016

DATE OF MEETING: 17 MARCH 2016

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

Cllr M Motloung- Chairperson

Cllr M Lebesa

Cllr J Jacobs

Cllr I Vries

Cllr S Nkopane

Cllr T Masiteng

Cllr T Tseki

Cllr A Taylor

Cllr T Mosikidi

Cllr M Nakedi

SUPPORT SERVICES:

TMDM

Mr. W. Nhlapo : Internal Auditor Manager

Ms. M Mokoena : Chief Risk Officer

Mrs. D Dhlamini : MPAC Committee Clerk

Mrs. T VANQA : IDP & PMS Manager

MANTSOPA LOCAL MUNICIPALITY

Mr. S M Selepe : Municipal Manager

Ms. B Sebolai : Director Community services

Mr. N Raliapeng : Director Technical Services

Mr. K Matsekane : Technical Administrative Coordinator

Mr. K Matsie : Chief Financial officer

Mr. D Nana : Organizational Performance Management System Manager

Mr. T Selepe : Project Management Unit Manager

Ms. L Pitso : Accountant Expenditure

Mr. K Pharoe : Supply Chain Manager

Mr. M Makoe : Internal Auditor Manager

1. PURPOSE OF REPORT

To consider the Municipality's Annual Report for the 2014/2015 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 Annual Report of the Municipality for the 2013/2014 financial year was tabled at the Ordinary Council Meeting, on the **26 January 2016** in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved at its meeting held on **26 January 2016**

- ***That Council takes note of the Draft Annual Report for the 2014/2015 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 on 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 17 March 2016 where the content of annual report 2014/2015 was discussed in detailed.

The Committee comprises of members from all political parties represented in Council. The Chairperson of the Committee is Cllr M Motloung 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 in connection with 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

FINANCIAL AND NON- FINANCIAL INFORMATION

4.1. DRAFT ANNUAL REPORT 2014/2015

- The Accounting Officer presented the draft annual report 2014/2015 to the Committee summarizing all the components of this report.
- The complete draft annual report 2014/2015, which consists of all legislated components, served before Council at its meeting held on 26 January 2016.
- The draft annual report 2014/2015 after tabled before Council and was advertised on 26 January 2016 on Maluti newspaper.

Municipal Public Accounts Committee Resolution

- The MPAC took note of all the components of draft annual reports 2014/2015 and that it tabled before Council on 26 January 2016
- The MPAC took note of the qualified audit opinion by Auditor General indicated on audit report 2014/2015 as presented by the accounting officer and improvements from previous financial year thereof.
- The MPAC took note and appreciated that the action plan to address issues raised by Auditor General for the year 30 June 2015 has been prepared and maintained for the year under review.

CHAPTER 1: FOREWORD AND EXECUTIVE SUMMARY

Resolution

The MPAC took note of the foreword and Executive Summary as presented by management.

CHAPTER 2 GOVERNANCE

Resolution

The MPAC took note of the governance issues as presented by management.

CHAPTER 3 SERVICE DELIVERY PERFORMANCE

Resolution

The MPAC took note of the service delivery performance as presented by management.

CHAPTER 4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

Resolution

The MPAC took note of the organisational development performance as presented by management.

CHAPTER 5 FINANCIAL PERFORMANCE

Resolution

The MPAC took note of the financial performance as presented by management.

CHAPTER 6 AUDITOR GENERAL FINDINGS

The Accounting Officer indicated that the municipality has obtained a disclaimer of opinion from the Auditor-General report 2014/2015, which means supporting documentation could not be obtained for audit purposes and other figures could not be verified.

Resolution

- The MPAC took note of the audit opinion by Auditor General on audit report 2014/2015 as presented by the Auditor General.

5. RECOMMENDATIONS TO COUNCIL ON THE DRAFT ANNUAL REPORT 2014/15.

- 5.1 The Council approves the Draft Annual Report 2014/2015 without reservation in terms of section 129(1)(a) of the Local Government Municipal Financial Management Act (MFMA Act No 56 of 2003) where all contents of Annual Report are included as required by Section 121 of Municipal Finance Management act no 56 of 2003.
- 5.2 That the oversight report 2014/2015 be submitted to the provincial legislature within the legislated time-frame in terms of Section 132(2) of the MFMA and be made public in terms of Section 129(3) of the MFMA after approval by Council.
- 5.3 Resolution taken by Council on the adoption of the Draft Annual Report 2014/2015 together with adopted Annual Report 2014/2015 be send to relevant stakeholders and Chairperson of Shared MPAC within a legislated timeframe.
- 5.4 Progress on Action Plan be submitted quarterly to MPAC for monitoring.
- 5.5 Unauthorized, irregular, fruitless and wasteful expenditure should be referred to Section 32 committee for further investigation and the report be submitted to Council.

Submitted to Council for approval by:



CLLR M. MOTLOUNG
CHAIRPERSON: MPAC