



COUNCIL RESOLUTIONS PASSED AT A SPECIAL COUNCIL MEETING NO: 19 HELD ON THE 27th MARCH 2019, KGATELOPELE COUNCIL CHAMBERS.

ITEM/ COUNCIL RESOLUTION

OVERSIGHT REPORT 2017/2018– MPAC

Council Resolution

1. Recommended resolutions to be adopted by council

- That cognisance be taken of the Oversight Report on 2017/2018 Annual Report as submitted by MPAC together with the recommended corrective actions as set out in the Audit Action Plan
- That Council, having fully considered the annual report of the municipality for the financial year 2017/2018 representations thereon, adopts the Oversight Report and refer to all relevant council committees for deliberations
- That the 2017/2018 Annual Report referred be adopted and approved without reservations contained in the Oversight Report
- That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act, 56 of 2003
- That the Oversight Report on the Annual Report 2017/2018 be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act, 56 of 2003.

Mover by councilor N Prince

Seconded by councilor R Lessing

Council Resolution No: SC 56/03/2019

I acknowledge that the above is a council resolution passed at a special council meeting held on the 27th March 2019

MR M January

Date:..... - 4 APR 2019

Municipal Manager



**OVERSIGHT
REPORT ON THE
2017/2018 ANNUAL
REPORT**

1. Report on Oversight Committee

The Municipal Public Account Committee (MPAC) is expected to discharge its oversight responsibilities in terms of the guidelines for the establishment of Municipal Public Accounts Committee, the terms of reference for this committee as approved by Council. MFMA Section 129 requires that an oversight report on annual report be tabled to Council within 2 months from date of the tabling of the Annual report, being by no later than 31 January.

The municipality submit Annual Financial Statements for financial 2017/2018 to the Auditor-General on time (31 August 2018), thus the Annual Report for the 2017/2018 financial year was tabled and adopted by council on the 23 January 2019 as per relevant legislation Municipal Finance Management Act No 56 of 2003 (MFMA).

Municipal Finance Management Act No 56 of 2003 (MFMA), National Treasury (NT) Circulars 11 and 32 prescribes the format of the annual report and that of the oversight report, the timelines for tabling and adoption of the annual report and the oversight report. It is therefore against this background that the Oversight Report on the tabled Annual Report for the financial year 2017/18 is submitted for adoption by Council. MFMA circular No. 32 recommends the establishment of an Oversight Committee for the detailed analysis and review of the Annual Report following its tabling in Council, receiving and reviewing representations made by the public, inputs from other councillors and then drafting an oversight report that must be taken to full council for discussion.

MPAC is required to perform the responsibilities of the Oversight Committee as envisaged in the MFMA circular 32 and section 129 of the MFMA. All council committees and in public participation meetings were requested to consider the Kgatelopele Local Municipality's Annual Report with a view to providing comments to MPAC for inclusion in the Oversight Report which would be presented to council for adoption on 27 March 2019. All section 79/80 of Municipal Structures Act No 117 of 1998 committees were reconfigured due to the fact that the new Mayor was elected on the 23 January 2019 and consequently inaugurated on the 29 January 2019. MPAC was reconfigured & include the following councillors to serve in the committee:

Name of Member	Portfolio
Hon. Cllr. I. Williams	Chairperson
Hon. Cllr. E. Sulliman	Member
Hon. Cllr. S. Edwards	Member
Hon. Cllr. R. Lessing	member

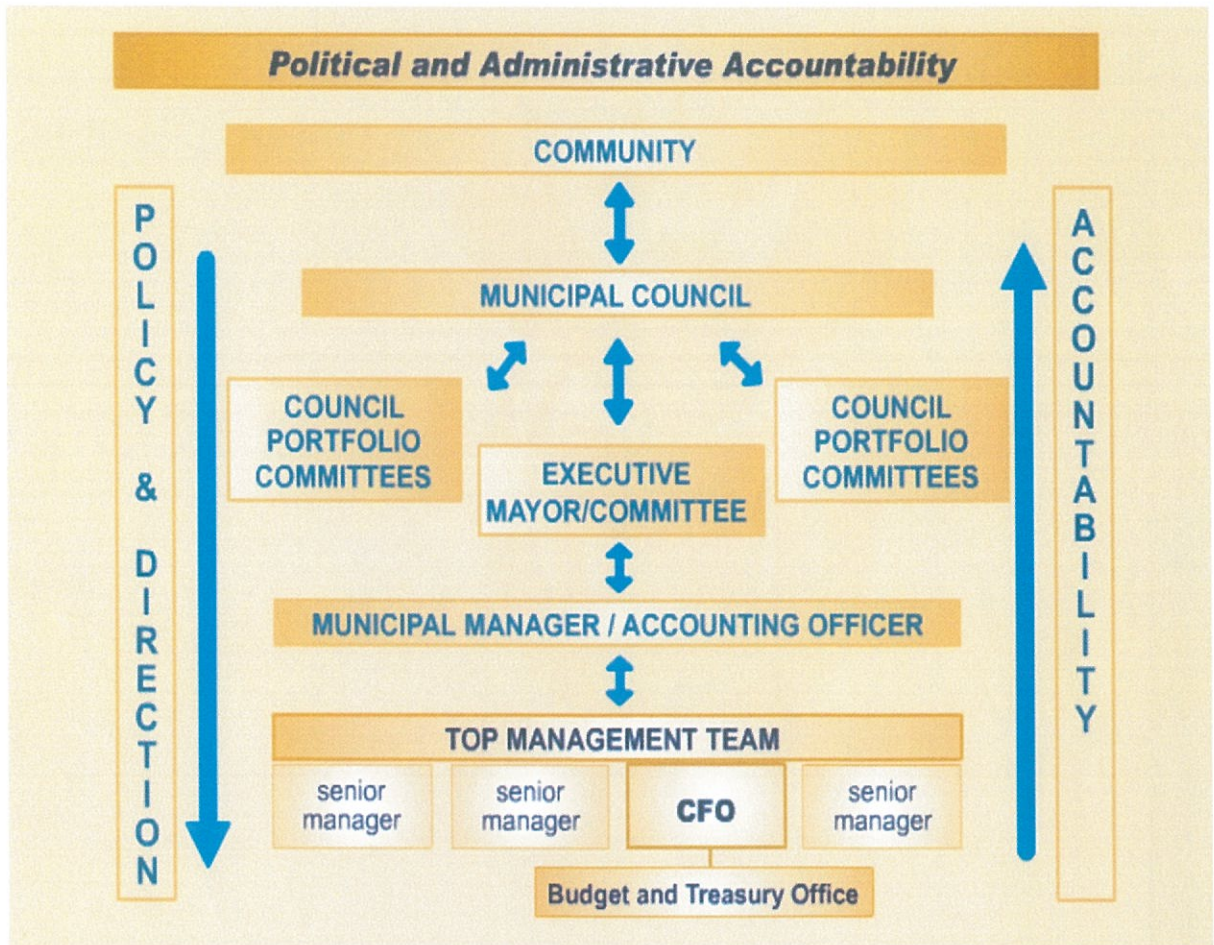
MPAC considered the Annual Report on the 07th March 2019. The minutes & attendance registers of the meetings are attached as annexures A of this report. In terms of section 129 of the MFMA, the council must adopt the oversight report containing the council's comments on the Annual Report, which must include a statement whether the Council:

- Has approved the Annual Report with or without reservations.
- Has rejected the Annual Report.

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

2. Oversight and Process

2.1. Accountability framework for local government



The principal function of the committee shall be to perform an oversight function on behalf of the council and, in so doing, hold the municipal executive, municipal entities and agencies accountable for the effective and efficient management of the matters entrusted to them. MPAC in fulfilling its responsibility assigned to it by Council, held its meetings on the following dates:

- 11 July 2018
- 21 September 2018
- 07 March 2019

2.2. Community participation process

The Annual report was advertised through notices, placed in the library and in the municipal website for community to make inputs however no inputs were received. Community participation is a concern in the municipality, MPAC has included in the next

sitting to discuss public participation mechanism with the communication unit through the office of the Municipal Manager.

The committee has been functional but yet to be effective in the 2017/2018 financial year. The main reason was the lack of capacity to perform as per the MPAC guidelines, lack of quorum for meetings to continue and no work programme. The committee has extended invitations to Northern Cape Provincial Treasury and SALGA for assistance and capacitation.

- The Roll out of the Annual Report to Communities for the citizens to be afforded an opportunity to give their views and raise concerns on the performance of the Municipality on service delivery, was done
- Publication of the Annual Report in the Library and website to invite comments from community organizations, NGO and professionals on the performance of the Municipality.
- Interactive sessions/interviews with the council and the Administration to obtain assurance that matters raised by the Auditor General in the Annual Report and Annual Financial Statements are receiving the attention of the Municipality

The committee is yet to conduct public participation and engagements.

3. Functions of the oversight committee

The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. The terms of reference of MPAC include but not limited to the interrogation of the following financial aspects addressed in the MFMA:

- Unforeseen and unavoidable expenditure (S29)
- Unauthorized, irregular, fruitless and wasteful expenditure (S32)
- Submission of Annual Report (S127)
- Oversight Report on Annual Report (S129)
- Issues raised by the Auditor General in audit reports (S131)
- Audit Committee (S166)
- Disciplinary actions instituted in terms of the MFMA

4. Summary of positive/negative aspects of the 2017/2018 Annual Report

MPAC notes the disclaimer of opinion, the committee commends the administration leadership in the implementation of the turnaround strategy. The AFS for FY 2017/2018 was submitted on time with material findings. This report depicts an improvement, in delivering services to the community. On the other hand, there are still backlogs in service provisioning and other challenges such as, achieving clean audit. Kgatelopele Local Municipality, is still struggling with historical issues in finance (i.e. bank reconciliation). The appointment of a permanent Chief Financial Officer and a Deputy Chief Financial Officer in order to ensure that we improve in internal control and internal preparation of AFS, is a step in the right direction to enable the municipality to address all findings as per Auditor-

General (AG) audit report. The Audit Committee (AC) is functional and effective, MM to ensure that the municipality implement all recommendations and report regularly to MPAC. The following are concerns to MPAC with specific reference to the AGSA audit report:

- Instability in Council
- No Job Evaluation is performed
- Performance Management System is not implemented to all officials
- Loss in revenue
- Non-accountability of the assets
- Limitation of scope
- Lack of effective internal controls
- Lack of discipline
- Lack of consequence management

Service Delivery

In the financial year 2017/2018, the municipality managed to spend its Municipal Infrastructure Grant on infrastructure projects. The municipality received water allocations from the Department of water & sanitation. Finch Diamond Mine assisted the municipality through the Social Labour Plans (SLP) in ensuring bulk and waste water project was a success. The projects are making serious impact on poverty alleviation and restoring the dignity of South Africans in this region. The main challenge in this province is to provide work opportunities to communities at a faster rate because of limited allocations. MPAC recommends that all projects to be reported on a regular basis to enable oversight as per approved Terms of Reference.

MPAC note the Integrated Infrastructure Master Plan, the Spatial Development Plan & Land Use Management Scheme. MM to provide feedback to MPAC and council on a regular basis. The turnaround time for assisting of the community and customer care to improve.

MPAC note the Audit Action Plan as approved by Council and recommends that it is a standing agenda item in all MPAC and council meetings to enable effective monitoring.

5. Conclusion

The functionality of the internal governance arrangements in a municipality is to a large extent determined by the effectiveness of its committee systems and oversight in the municipality. Accountability and oversight can be most effective if recognized by those in power as promoting accountability and good governance, which in turn are there to enhance performance, effectiveness and efficiency of services delivery. Seen in this light the oversight function compliments rather than hampers the effective service delivery, which is the ultimate aim.

The committee concludes that despite the significant regress in the Annual Report and the Annual Financial Statements, improvement is still needed in certain areas as stipulated by the Auditor-General and particular in the Risk Management area, Internal Audit Unit Reporting area and Asset Management area.

6. Recommended resolutions to be adopted by council

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7. Annexures

Annexure A: Minutes of oversight committee meeting held 07 March 2019

Thanks



Hon. Cllr I. Williams
MPAC Chairperson