



OVERSIGHT REPORT ON THE 2018/2019 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 submitted Annual Financial Statements for financial 2018/2019 to the Auditor-General on time 31 August 2019, thus the Annual Report for the 2018/2019 financial year was tabled and adopted by council on the 24 January 2020 as per relevant legislation, Municipal Finance Management Act No 56 of 2003 (MFMA). Council Resolution (Annexure 1)

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 2018/2019 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 the 23rd March 2020.

MPAC Consist of the following members

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 commenced with the consideration of the Annual Report on the 18th March 2020. The minutes & attendance registers of the meetings are attached as annexures 2 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. 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

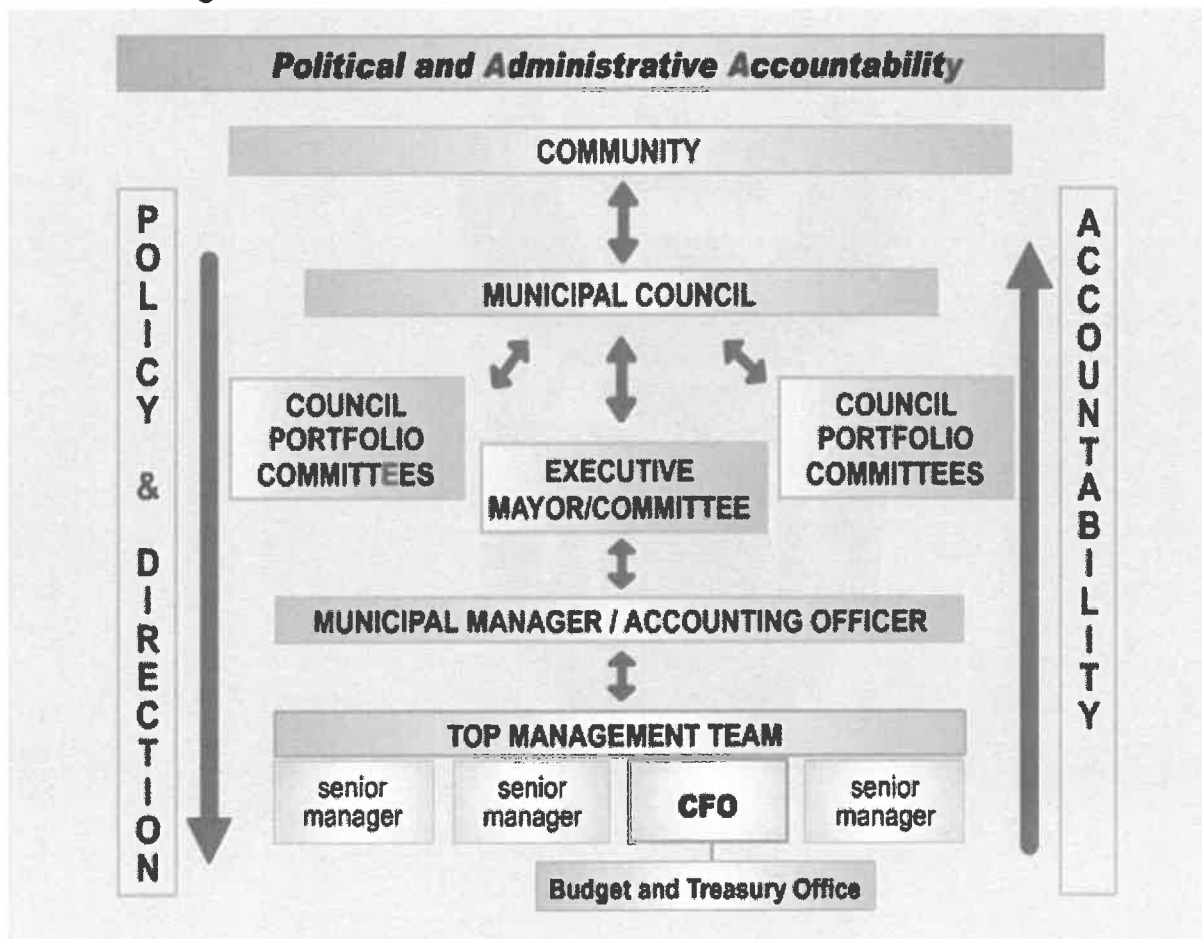
3. Community participation process

The Annual report was advertised through notices, placed in the Library, Municipal Website, WhatsApp and Facebook for community to make inputs however no inputs were received. MPAC has included an agenda item in the next sitting to discuss public participation mechanism with the communication unit through the office of the Municipal Manager. Improvement was noticed on community participation when it comes to IDP Engagements.

The functionality of the committee improved in 2018/2019 as compared to the previous financial year of 2017/2018. The committee managed to present the first ever investigation report on Irregular Expenditure Incurred for Kgatelopele Local Municipality Period 1 July 2014 to 30 June 2015 to council at a normal council meeting held on the 21st October 2019, of which the investigations was completed on the 27th August 2019. The committee quorated in all meetings held unlike it was the case in the previous financial year. 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

4. Oversight Process



The principal function of the committee as mandated by Council is to perform an oversight on behalf of council and. In so doing, hold the Municipal executive and Municipal 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 2019
- 10 October 2019
- 19 November 2019
- 11 February 2020
- 18 March 2020

5. Summary of positive/negative aspects of the 2018/2019 Annual Report

MPAC notes the repetitive disclaimer of opinion, the committee commends the administration leadership in the implementation of the turnaround strategy. The AFS for FY 2018/2019 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. billing). 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) report.

The Audit, Performance, and Risk Committee (APRC) is functional and effective, The Accounting Officer 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:

- 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 consequence management

MPAC has also noted some challenges the municipality is faced with and the following is highlighted

- High rate of unemployment mostly amongst youth
- Housing need
- Land need for human settlement, social and economic development
- Dolomitic nature of the area constrains development
- Growing informal settlements caused by lack of suitable land
- Low payment culture of municipal services (resulting in cash flow problems)
- Poor roads infrastructure
- Lack of recreational facilities
- Vandalism of public facilities or assets
- Funding need to address service delivery backlogs
- Need for sports and recreational facilities
- Social cohesion, need to have integrated settlement not define by racial groups

6. Service Delivery

In the financial year 2018/2019, the Council identified and adopted top 10 most important priorities that need to be given immediate attention. These issues are:

Housing, Road and Storm Water Infrastructure, Electricity, Water Infrastructure, Landfill Site

Reticulation connection of 500 households to the sewer network, Services Water, Sanitation & electricity at Die Landbou Erwe, Technical Resources TLB, Tipper Truck, Fire Truck etc.), Traffic Testing Ground, Upgrading of the Caravan Park. It must be noted that the TLB, Tipper Truck were purchased and office containers aimed at increasing office space capacity

6.1 MPAC has noted the following

Social Labour Planning Project (SLP) Replacement of 60 Electrical Poles

The contract comprises of the replacement of electrical poles within Danielskuil under the Jurisdiction of the Kgatelopele Local Municipality. PPC Lime has identified this project from the Municipality's Integrated Development Plan and has made funds available to implement the project. These poles have been identified as critical by the municipality and required urgent replacement in order to maintain the integrity of the network The Jasper Solar Projects Community Social Investment. The Provision of 96 temporary communal sanitation services to informal settlement. The communal toilets project was approved as per the Integrated Development Plan for the construction of 96 temporary communal toilets to the informal settlements of Tlhakatlou, Maranteng and Landbou Erwe. However due budget constraints the number of toilets constructed in May 2019 was reduced to 35. And the following area benefited from the project in Tlhakatlou 18 toilettes allocated, in Maranteng 12 toilettes allocated and in the Lanbou erwe 5 toilettes allocated.

The project funders of phase 1, Jasper Solar Reserve has dedicated an additional 40 toilets to be installed in the informal settlements in the current 2019/20 financial year as phase 2 of the project.

- **MIG registered and implemented projects for 2018/2019**
- Upgrading of the Existing Sewerage Purification Works
- Closure of Existing Landfill Site and new Danielskuil Waste Site
- Water Services Infrastructure Improvement Grant (WSIG) funded by Department of Water and Sanitation
- Refurbishment of Water Service Infrastructure Phase
- Integrated National Electrification Program – INEP
- Upgrading and Refurbishment of the Existing Electrical Main Sub-Station

MPAC note the Audit Action Plan as approved by Council and recommends that it continues to be a Standing Agenda Item in all MPAC and council meetings to enable effective monitoring.

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.

7. Recommended resolutions to be adopted by council

- That cognisance be taken of the Oversight Report on 2018/2019 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 2018/2019 representations thereon, adopts the Oversight Report and refer to all relevant council committees for deliberations
- That the 2018/2019 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 2018/2019 be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act, 56 of 2003.

8. Annexures

Annexure 1: Council Resolution

Annexure 2: Minutes of Oversight committee meeting held on the 18th March 2020

Annexure 3: Notice to public for input

Annexure 4: Letters to Councillors requesting input

Thanks



Hon. Cllr I. Williams
MPAC Chairperson