

MPAC

Oversight Report

Xhariep District Municipality

2017/2018



INTRODUCTION

1.1 Background

Xhariep District Municipality was established on 06 December 2001 as a result of section 21 of the Local Government Demarcation Act (Act 27 of 1998) this report is thus prepared based on and in accordance with the legislative requirements.

1.2 Purpose

To consider the Xhariep District Municipality's Annual Report for the 2017/18 financial year and to compile an MPAC 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 referred to as the MFMA).

1.3 Regulatory Requirements

1.3.1 Section 121(1), of the MFMA stipulates the following:

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.

1.3.2 Section 121(2) of the MFMA states that the purpose of an annual report is:

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

1.3.3 Section 121(3) of the MFMA states that the annual report of a municipality must include:

- (a) 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);
- (b) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (d) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, Act 32 of 2000;
- (e) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (f) 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;

- (g) 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);
- (h) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (i) Any information as determined by the municipality;
- (j) Any recommendations of the municipality's audit committee; and
- (k) Any other information as may be prescribed.

1.3.4. 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.

1.3.5. 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.

1.4 Submission and Tabling of the Annual Report

The Annual Report of the Municipality for the 2017/18 financial year was tabled in the Council at its meeting held on the **24th January 2019** in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 2003.

Council resolved during its meeting held on the **24th January 2019**:

- (a) Council notes the Xhariep District Municipality 2017/2018 Annual Performance Report;
- (b) that the Office of the Speaker and the Municipal Manager be mandated to convene an Municipal Public Accounts Committee (MPAC) to review the report and prepare an Oversight Report thereon for approval of Council; and
- (c) that the 2017/2018 Annual Performance Report be submitted to both the offices of the MEC for Cooperative Governance, Traditional Affairs and Human Settlement, Provincial Treasury and the Auditor-General.

1.5 Appointment of the Oversight Committee

The Municipal Public Accounts Committee (MPAC) was established by Council resolution 4.1 of December 2016, in terms of section 33 and 79 of the Municipal Structures Act, 117 of 1998. Council Municipal Public Accounts Committee (MPAC) nominated 3 non – executive members to serve on the MPAC are Chief Internal Auditor (for **assistance and expert advice**), Auditor General of South Africa (AGSA) for **assistance and expert advice**), (South African Local Government Association) SALGA for **assistance and expert advice**).

The committee consists of the following members:

Initial and Surname	Designation	Position
Cllr J Moitse	Chairperson of the MPAC	Chairperson
Cllr IS Riddle	Councilor	Member
Cllr. ML Mogapi	Councilor	Member

2. THE APPROACH, OBSERVATION AND CONCLUSION OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

2.1 The Approach

The approach followed by the MPAC includes obtaining and inspecting the Annual Report of the Xhariep District Municipality for the 2017/2018 financial year. The MFMA Circular 32 was used as a guiding tool or checklist to consider the Annual Report.

The issues raised by the Auditor-General South Africa (AGSA) were also thoroughly studied and the action plan to correct them.

2.2 Observations

a. Compatibility of Information

Examination of the Annual report using the checklist contained in the MFMA Circular 32 to trace information contained in the Annual Report showed that reporting was done consistently to the document, and that there was an acceptable level of accuracy and completeness in the information reported on, based on comparisons made.

b. Comments / objections received

The committee found that the local community was invited via notices and the internet to submit comments and/or objections on the Annual Report. The period allowed for comments and/or objections was from the 24th January 2019 until the 14th February 2019. However, no response was received at all.

c. Implementation of the Action Plan to address issues raised by the Auditor General

MPAC : CHAIRPERSON: HON J. MOITSE,
MEMBERS: HON S. RIDDLE, HON M. MOGAPI

The committee considered all contents of the Annual Report and the Auditor-General's view and conclusions on reports included therein. Based on the findings of the Auditor-General, the remedial actions provided by management in the action plan developed to address deficiencies identified by the Auditor-General, the committee sought to determine the extent to which action plans have been implemented.

The committee found that there is positive progress regarding implementation of the action plan. Implementation of corrective measures to address all the issues included in this document is in progress.

d. Convening Section 32 of MFMA for Unauthorized, Fruitless and Wasteful Expenditure

The committee resolved Unauthorized, Irregular, Fruitless and wasteful expenditure should be investigated by MPAC and a report be tabled to ensure the reduction of some of the expenditure.

e. MFMA Circular No.32: Checklist on considering the annual Report of a Municipality

The criteria that was used by the Oversight Committee was as per the following check-list as prescribed by the MFMA circular No.32.

<i>Information required to be included in annual reports</i>	<i>REFERENCE/COMMENTS</i>	<i>√/X</i>
Financial Matters	Reference/Comments	
The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	Page 117-179	√
The Auditor-General's reports on the financial statements of the municipality and the entities	Page 83-85	√
Any explanations that may be necessary to clarify issues in connection with the financial statements	Page 87-94	√
An assessment by the accounting officer on any	N/A	-

arrears on municipal taxes and service charges, including municipal entities	Xhariep District Municipality does not charge any rates and taxes because of the limited powers and functions and does not have entities	
Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	Page 180-198	✓
An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget	Information incorporated in the AFS(page 89)	✓
An assessment by the municipal entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and the municipality	N/A Xhariep District municipality does not have entities	-
Any information as determined by the municipality, the entity or its parent municipality	N/A Xhariep District municipality does not have entities	-
Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	AFS were reviewed by the Audit and Performance Committee on the 29 th August 2018 before tabling to Council	✓
<i>Allocations received and made Considerations</i>	<i>Reference/Comments</i>	

MPAC : CHAIRPERSON: HON J.MOITSE ,
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Allocations received by and made to the Municipality	Information incorporated in the AFS(Appendix F: page 191)	√
Allocations received by and made to the municipal entity	N/A Xhariep District municipality does not have entities	-
Information in relation to the use of allocations Received	Information incorporated in the AFS(Appendix F: page 191)	√
Information in relation to outstanding debtors and creditors of the municipality and entities	Information incorporated in the AFS(page 164 debtors, Creditors page 168)	√
Disclosures in notes to AFS Considerations relating to section 124	Reference/Comment	
Information relating to benefits paid by municipality and entity to councillors, directors and officials	Information incorporated in the AFS(page 172-179)	√
Municipal Performance	Reference/Comment	
The annual performance reports of the municipality and entities	Page 89-91	√
Audit reports on performance	Information contained in the Report of the Auditor General (page 89-91)	√
Performance of municipal entities and municipal service providers	Appendix I(page 110)	
For municipal entities – an assessment of the entity's performance against any measurable performance objectives set in terms of the	N/A Xhariep District municipality does not have entities	-

service delivery agreement or other agreement between the entity and municipality		
General information	Reference/Comment	
Relevant information on municipal entities	N/A Xhariep District municipality does not have entities	-
The use of any donor funding support	N/A XDM did not have any donor funding support for the year under review	-
Agreements, contracts and projects under Private-Public-Partnerships	N/A XDM did not have any agreement, contracts and projects under Private-Public Partnership	-
Service delivery performance on key services provided	N/A	-
Information on long-term contracts	Appendix H(page 109)	
Information technology and systems Purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations	Page 40	✓
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	N/A MIG allocations are made to local municipalities as they are the ones that have infrastructure	-

<i>Other considerations recommended</i>	<i>Reference/Comment</i>	
Timing of reports	Annual report tabled before Council on the 24 th of January 2019	✓
Oversight committee or other mechanism	Oversight committee sat on the 19 th February 2019 to consider the annual report	✓
Payment of performance bonuses to municipal officials	No performance bonuses were paid to municipal officials in the year under review	✓

3. RECOMMENDATIONS

The committee recommends the following:

- Pursuant to section 129 (1) of the Municipal Finance Management Act, the Municipal Public Account Committee recommends to Council to approve and adopt the annual report of the municipality without any reservations

4. CONCLUSION

The Municipal Public Account Committee accepts the Annual Report for the 2017/2018 financial year.

Chairperson of the MPAC



Hon J Moitse

Date Signed

05/03/2019

**Acknowledgements:*

The MPAC of XDM would like to thank and acknowledge the following Departments for their contributions.

- 1. Office of the Executive Mayor*
- 2. Office of the Speaker*
- 3. Municipal Manager*
- 4. Office of Auditor General*
- 5. SALGA FS*
- 6. Chief Internal Audit : XDM*
- 7. XDM Directors*
- 8. XDM Managers*
- 9. XDM staff*
- 10. MPAC Secretariat*

MINUTES OF THE SPECIAL COUNCIL MEETING OF XHARIEP DISTRICT MUNICIPALITY HELD ON THE 29 MARCH 2019, AT 14:00, AT SALGA HOUSE , BLOEMFONTEIN

COUNCILLORS IN ATTENDANCE

SPEAKER

Cllr NS. Mqungquthu

LIST OF COUNCILLORS

Cllr K Moeketsi
Cllr MJ Moitse
Cllr TS Tseuo
Cllr AN November
Cllr JK. Sebeco
Cllr AJJ Van Rensburg
Cllr IS Riddle
Cllr MJ Phaliso
Cllr RW Van Wyk

OFFICIALS IN ATTENDANCE

Ms. LY Moletsane	: Municipal Manager
Adv. ZQ Majenge	: Director: Corporate Services
Mr. K Mokhele	: Acting: Chief Financial Officer
Mr. M Mohale	: Director: Planning and Social Development
Ms. NE. Ngeyakhe	: Manager: PMS and Executive Support
Mr N Fubu	: Manager: Communications
Mr. TS. Matsiliso	: Acting Manager: Budget and assets
Ms. PA Loape	: Chief Risk Officer
Ms. NY. Augustus	: Manager: Administration
Ms. NC. Rafube	: Intern
Ms. MH Khantsi	: Administrative Officer

APOLOGIES

Councilors

Cllr. MJ Sehanka
Cllr TD Mochechepa
Cllr MG Ntwanambi

Officials

None

5. REPORTS FROM THE OFFICE OF THE SPEAKER

5.1.1 REPORT ON OVERSIGHT

Cllr Moitse presented the report on Oversight. He explained that the report is for the financial 2017/ 2018. He further explained that Council should take note that there is still an outstanding report for 2016/2017 and said that they are still in the process of finalising that report. After consideration of the report, Council,

Resolved

- a) That pursuant to Section 129 of the Local Government: Municipal Finance Management Act (Act 56 Of 2003), Council approves the Annual Report of the municipality without any reservations.
- b) That the 2017/2018 Final Annual Report be submitted to both the offices of MEC for Local Government, Provincial and National Treasury and Auditor General of South Africa.

4. CLOSING

The Speaker thanked all attendees and thereafter he declared the meeting officially closed.

Signed at.....on this.....day of.....month of 2019

CLLR NS. MQUNGQUTHU
SPEAKER