

OVERSIGHT REPORT

2014/2015



PART I

1. FOREWORD BY CHAIRPERSON

The Honorable Mayor, this is the submission of the Oversight Committee report as elected by Council. The report is provided in terms of Council Resolution and Oversight terms of reference.

The annual oversight report is compiled in terms of Section 129(1) of the Municipal Finance Management Act, No. 56 of 2003 which read as follows: "The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include statement whether the council-

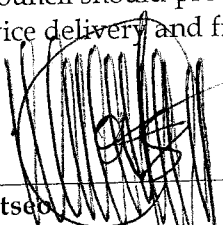
- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised."

The Municipal Finance Management Act (MFMA), Circular No 32, stipulates clearly the way the overall financial activities of the council should be handled and more emphasis is on the functionality of the oversight committee. Also the report ensures the executive and the administration account on the work of a municipality. In order for the Oversight Committee to fulfill this oversight role it needs to be provided with the necessary information and documentation in order to interrogate the actions of the municipality.

The annual report was posted on the municipality's website and public places. The meetings held formed the quorum. The oversight committee is there to ensure that the municipality runs its affairs in a manner that will promote effective use of Municipal resources. These will strengthen transparency as well as promoting good governance. As the committee, we believe that to fully discharge our council obligations and to oversee the executive function, more work needs to be done.

Finally, let me acknowledge that the municipality obtained a qualified audit opinion. We should strive for an unqualified audit opinion to be able to get to clean audit opinion. The Management is urged to address the basis of qualification issues and emphasis of matters currently expressed by the Auditor General in their audit recovery plan.

Furthermore, Council should provide administrative support to the Oversight Committee in order to ensure that service delivery and financial accountability is enhanced.


Cllr. M. D. Matseko
Oversight Committee: Chairperson

2. BACKGROUND

In accordance with the provisions of Section 79 (1) (a) (b) and (c) of the Municipal Structures Act 1998, a municipal council may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members. Furthermore Section 79 (2) of the Municipal Structures Act, 1998 provides the framework and guidelines within which such committees of council shall operate.

Thus in order to enhance, promote and consolidate the oversight role of the Council over the executive, the Department of Cooperative Governance and Traditional Affairs having consulted the National Treasury and SALGA, has instructed that all municipalities must establish Oversight Committee or MPACs. The focus will be to assist Council to hold the executive to account and to ensure the effective and efficient use of municipal resources.

The oversight report is thus clearly distinguished from the annual report. The annual report is submitted to the council by the accounting officer and the mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by council. The Oversight Report is a report of the municipal council and follows consideration and consultation on the annual report by the council itself. Thus the full accountability cycle is completed and the separation of powers is preserved to promote effective governance and accountability.

The 2014/15 Annual Report was tabled to Council on the 28 January 2016 in compliance with Section 127 (2) of the Municipal Finance Management Act, 56 of 2003 and Annexure A of MFMA Circular No 32 regarding that the Structure and Contents of the Oversight Report has been adhered to.

3. OVERSIGHT COMMITTEE COMPOSITION

An Oversight Committee was established by Council in terms of section 79 of the Municipal Structures Act, 117 of 1998.

The Committee comprises of:

- Cllr.M.Matseo (Chairperson of Oversight Committee)
- Cllr. J. Stuurman (Non -Executive Councillor)
- Cllr L. A Rigala (Non- Executive Councillors)
- Mrs P Tshabalala (PMS Officer)
- Mr. V. Vapi (Co-opted member-Chairperson of the Audit Committee)
- Mr. H Lekhotla (Community Member)
- Mrs P Mereko (Committee Clerk)

PART II

4. PURPOSE OF THE OVERSIGHT REPORT

An Oversight Report containing Council and Public comments on the Annual Report must be adopted no later than two months, after the tabling of the Annual Report in Council as stated in Section 129 (1) of the Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA).

In terms of Section 121(1), 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 in accordance with section 129, In terms of Section 127(5). 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, Provincial Treasury and the provincial department responsible for local government in the province. In terms of Section 129(1), the council must consider the Annual report by no later than two months from the date on which the Annual Report was tabled and adopt an Oversight Report containing the Council's comments on the Annual Report.

The Oversight Committees' primarily role will be to consider the Annual Report, receive inputs from the various role players and to prepare a draft Oversight Report for consideration by Council. Undertake a review and analysis of the Annual Report invite, receive and consider inputs on the Annual Report. Consider written comments received on the Annual Report from the public. Allow the local community or any organs of state to make representations on the Annual Report.

The Oversight Report is a separate document from the Annual Report. The Annual Report is prepared by the Accounting Officer and tabled in Council by the Mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality in the relevant financial year. The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the Municipal Council.

5. THE PROCESS FOLLOWED

The 2014/15 Annual Report was first tabled to Council on the 28 January 2016 in compliance with section 127 (2) of the Local Government: Municipal Finance Management Act, 56 of 2003. Council resolved to refer the annual report to Oversight Committee for oversight and compilation of oversight report. Public notice on the draft 2014/15 annual report was advertised on 3rd February 2016 in the municipal notice boards. Written presentation from the public of Jagersfontein were received.

6. ANALYSIS OF THE ANNUAL REPORT

The Oversight Committee met on 02 March 2016 to consider and scrutinize the annual report. This report details the findings of the Oversight Committee.

The content and structure of Kopanong Local Municipality's Annual Report complies with the MFMA Circular No 63 and section 121 (3) and 4 of the MFMA.

6.1 Oversight Committee assessments of the Annual Report

- The committee agreed that issues addressed under this annual report are relevant, true and compliant to the circular as well as the checklist for considering the annual report.
- The committee acknowledges that the economic development of the municipal area is a serious concern. Funds that are currently available should be used economically and effectively in order to reach the municipal's objectives and goals thereby stimulating the economic hype.
- The committee note the opinion issued in respect of the Auditor General's report. The Chairperson emphasized the possibility of realizing an Unqualified Audit Opinion as the municipality has the potential to achieve this through the effective implementation of the Audit Action Plan.
- Communication feedback to the community must be improved as a matter of obligation and necessity.
- The municipality must comply with the provision of the MFMA and ensure that performance is reported quarterly as required.
- The Accounting Officer must ensure that all Section 57 managers adheres to section 75 of the MFMA as this is a compliance matter and if left unattended it would have dire consequences for the municipality.
- The municipality needs to improve the overall compliance with all applicable laws and regulations.

6.2 Oversight Committee's consideration of Auditor General's Findings

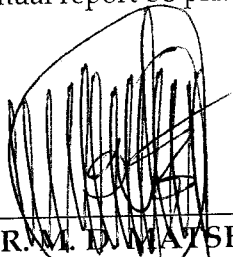
- The committee acknowledges the qualified audit opinion expressed by the Auditor-General of South Africa with matters of emphasis.
- The Auditor General made a presentation to Municipal Management on the detailed audit report and according to the oversight committee, there is still work that needs to be done to correct the areas of concerns with a view to get an unqualified audit report.
- The audit action plan must be a standing items in the municipal management meetings and audit committee meetings in order to closely monitor the implementation thereof.
- The key positions in the municipality need to be re-structured to allow for efficiency as well as segregation of duties.
- The oversight committee is content that the municipality will continue being a going concern in realizing its obligations, however unnecessary spending must be curbed.

7. RECOMMENDATIONS OF THE OVERSIGHT COMMITTEE

Recommends that:

- 1.1. After having fully considered the annual report of Kopanong Local Municipality 2014/2015, the Council adopts the Oversight Committee Report in terms of section 129 of the Municipal Finance Management Act, 56 of 2003.
- 1.2. Council approves the annual report 2014/2015 of Kopanong Local Municipality without reservations in terms of section 129 of the Municipal Finance Management Act, 56 of 2003.
- 1.3. The audit action plan be implemented and monitored continuously in addressing issues raised by the Auditor General's report.
- 1.4. The management makes a presentation on progress made regarding the implementation of the audit action plan to the Audit Committee on a quarterly basis.
- 1.5. The Internal audit findings be seriously considered and responded to by the management for the realization of a better audit opinion by the Auditor General.
- 1.6. The 2014/2015 oversight report be made public in terms of section 129(3) of the Municipal Finance Management Act, 56 of 2003 and be submitted to Free State Legislature in terms of section 132 (2) of the MFMA.
- 1.7. The management must attend to the complaints presented by the Jagersfontein Community with regard to service delivery and development.
- 1.8. The report be published in the municipal website.
- 1.9. The annual report be printed and distributed to relevant departments.

Compiled by:



COUNCILLOR M. D. MATSEO
Oversight Committee Chairperson

18/03/16

Date