

**! Kheis**  
Munisipaliteit  
Municipality

**OVERSIGHT REPORT ON ANNUAL REPORT**

**2014/ 2015**

**FINANCIAL YEAR**

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## INTRODUCTION

The Municipality Public Accounts Committee (MPAC) has scrutinized the 2014/15 Annual Report and has drafted this Oversight Report in compliance with Section 129 of Local Government Finance Management Act 2003 (Act NO. 56 of 2003) hereafter indicated as MFMA). The Oversight Report contains comments on the 2014/2015 Annual report (per section) as required Section 129 of the MFMA.

## PURPOSE OF THE REPORT.

To consider the Municipality's Annual Report for the 2014/2015 financial year and to adopt an Oversight Report containing MPAC comments on the Annual Report in terms of section 129 (1) of the MFMA.

## BACKGROUND

MFMA Circular 32 recommends the establishment of an oversight committee for the detailed review and analysis of the annual report after its tabling to Council, receiving and reviewing representations made by the public and inputs from Councillors and then drafting an oversight report to be considered by full Council.

### A. Legal Requirements

#### 1. Section 121 (1) (2) AND (3) OF THE MFMA DETERMINES AS FOLLOWS.

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 of a municipality in accordance with section 129.

#### 2. The purpose of the annual report is.-

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



**3. 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 against the measurable performance objectives referred to in section 17(3)(b) for revenue collection 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 recommendation of the municipality's audit committee; and
- (k) Any other information as may be prescribed.

2. 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.

3. 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-



#### 4. Comments and Findings

Reference in Annual Report	MPAC findings and recommendations
<b>Indexing</b>	
Municipal website	<p><b>Findings. Municipal Website</b> The publishing dates of some documents publish on the website of the municipality are not included in the annual report as required.</p> <p><b>Recommendations.</b> The Municipal Manager to ensures that all sections in the Annual Report are fully completed and that all dates as required will be included in the annual report.</p>
Performance Management system	<p><b>Findings. Performance Management System</b> A Performance Management System is in its development phase. As a start, all senior managers' performance have been measured for the 2014/2015 financial year through the SDBIP</p> <p><b>Recommendations.</b> That the Municipal Manager ensures that PMS will be fully implemented within the next financial year.</p>
Financial Performance	<p><b>Findings. Financial Performance</b> The Financial Performance of the municipality did improved as can be seen in the Audit Outcomes of the municipality.</p> <p><b>Recommendations.</b> The implementation of the Revenue Enhancement Strategy as part of financial performance can lead us to have sustainable cash flow.</p>
Report of the Auditor General	<p><b>Findings. Auditor General Audit Findings</b> The Audit report of the municipality is signed-off by the Municipal Manager. Kheis Municipality obtained a Qualified Opinion for the 2014/2015 financial year and a Audit Improvement plan was developed in line with the management Report</p> <p><b>Recommendations.</b> The Municipal Manager to ensures that findings within the management has been addressed in the Audit Recovery plan timeframes are adhered to.</p>



Registration of indigents	<p><b>Findings</b></p> <p>The register for indigents does not represent the full picture of indigents in the !Kheis municipal area, because the indigent register is not updated regularly.</p>
	<p><b>Recommendations</b></p> <p>The satellite offices should ensure more effective implementation of the indigent programme and regular update</p>
Outstanding debts	<p><b>Findings</b></p> <p>The Revenue Enhancement Strategy is developed for the write-off of outstanding debts and needs to be executed</p>
	<p><b>Recommendation</b></p> <p>The Municipal Manager should ensure that a more effective approach are implemented for the implementation of the Revenue Enhancement Strategy.</p>
Fixed Asset Register	<p><b>Findings</b></p> <p>There are progress on the fixed assets register with the appointment of SMEC to assist.</p>
	<p><b>Recommendation</b></p> <p>The Municipal Manager should ensure that the following matters be concluded.</p> <ul style="list-style-type: none"> <li>(a) the unbundling of the water metres, as a line item;</li> <li>(b) the transfer of title-deeds of RDP houses; and</li> <li>(c) the monthly update of the fix asset register.</li> </ul>
Valuation roll	<p><b>Findings</b></p> <p>The progress on the supplementary valuation roll has been concluded</p>
	<p><b>Recommendations</b></p> <p>Update of valuation should be done midterm to identify and rectify omissions and errors.</p>



## 5. Recommendations

Spelling and grammar mistakes to be corrected on pages 5, 6, 7, 11, 15, 17, 23, 29

Page 12 - Rectify the fact that unemployment status is 65% and not 54% as indicated

Page 13 - Game Resorts are not reflected as a tourism attraction.

Page 14 - The Post Office had been omitted as a financial service

Page 16 - Include SPLUMA and Electoral Act as legislative mandates

Indicate that the Mayor is independent and whom is ward councillors and whom PR

Page 18 - Write office of the Municipal Manager in capital letters

Page 23 - Projects with National and Provincial departments should include

- EEDSM
- LOTTO
- ACIP
- MIG
- COGHSTA

Page 30 - ESKOM and not Escom

Page 31 - Reconstruct introductory paragraph Component A

Page 32 - Councillors against councilors - Labourers and not laborers - consistency throughout the whole document is imperative

Page 34 - CONCLUSION bullet 3

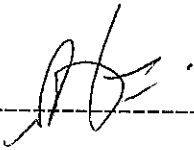
Review the effectiveness of Ward Committees .....

**6. Conclusion**

That Council having fully considered the 2014/15 Annual report of the municipality and represents thereon.

- (i) That the Oversight Report as compiled by Municipal Public Accounts Committee on the 2014/15 Annual Report be adopted in compliance with section 129(1) of Local Government: Municipal Finance Management Act, 2003(Act. No. 56 of 2003).
- (ii) That the 2014/15 Annual Report be approved without reservations in terms of Section 129(1)(a) of the Local Government Management Act, 2003( Act. No 56 of 2003).
- (iii) That the recommendations of the Municipality Public Accounts Committee as contained in the Oversight Report are accepted as resolutions and that the Municipal Manager must ensure the implementation thereof.
- (iv) That the Oversight Report be made available to the public within seven days of the date of this resolution in compliance with Section 129(3) of the Local Government Municipal Financial Management Act.
- (v) That the following schedule for the submission of the Annual Report for 2014/15 financial year be approved

Signature: \_\_\_\_\_



**MAYOR OF IKHEIS MUNICIPALITY**

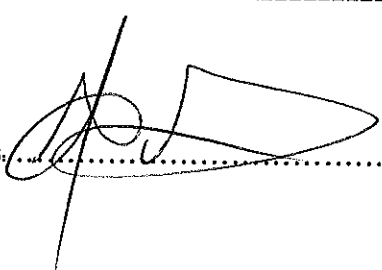
Signature: \_\_\_\_\_



**MPAC CHAIRPERSON**

Date: \_\_\_\_\_

*6 APRIL 2016*

Mrs. HT Scheepers, .....  ..... (municipal manager)