

**OVERSIGHT
REPORT
ON
2015/16 ANNUAL
REPORT**

March 2017



Vision:

A developmental people driven organization that serves its people"

Mission:

To provide essential and sustainable services in an efficient and effective manner.

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1. Acronyms and Definition of terms

AG	Auditor General
COUNCIL	Council of Molemole Local Municipality as constituted
FY	Financial Year
LM	Local Municipality
IDP	Integrated Development Plan
LED	Local Economic Development
MPAC	Municipal Public Accounts Committee
MIG	Municipal Infrastructure Grant
MFMA	Municipal Finance Management Act
NDP	National Development Plan
KPA	Key Performance Areas
OCA	Operation Clean Audit
PMS	Performance Management System
SDBIP	Service Delivery and Budget Implementation Plan
MSA	Municipal Systems Act
RDP	Reconstruction of Development Programme
CLLR	Councillor
EXCO	Executive Committee
GRAP	Generally Recognized Accounting Practice
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs

2. Applicable Legislative Framework

- i. Final Guidelines for the Establishment of Municipal Public Accounts Committees, August 2011
- ii. Republic of South Africa. *Constitution of the Republic of South Africa. Act no 108 of 1996.*
- iii. Republic of South Africa. *Local Government: Municipal Finance Management Act. No. 56 of 2003.*
- iv. Republic of South Africa. *Local Government: Municipal Finance Management Act: Circular no. 11, 32 & 63*
- v. Republic of South Africa. *Local Government: Municipal Systems Act no. 32 of 2000.*
- vi. Republic of South Africa. *Municipal Structures Act no 117. 1998.*
- vii. Republic of South Africa. *Municipal Supply Chain Management Regulations, 2005*
- viii. Republic of South Africa. *The White Paper on Local Government. 1998. Pretoria: Government Printers.*

3. Municipal Public Accounts Committee Members:

Names	Designation	Political Party affiliation
Councillor P.T Rathete	Chairperson	ANC
Councillor M.P Makgato	Member	ANC
Councillor S.E Kobola	Member	ANC
Councillor MJ Leferela	Member	EFF
Councillor M.C Matjee	Member	DA

4. FOREWORD BY THE CHAIRPERSON

The duly elected and constituted Council of Molemole Local Municipality has the responsibility to oversee the performance of the Municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA). As part of performing its mandatory duties, Council has considered the Draft 2015/16 Annual Report of Molemole Local Municipality and referred it to the Municipal Public Accounts Committee (MPAC) for review and the drafting of this Oversight Report.

Accordingly, MPAC embarked on a public participation drive with a view to canvass the views of the community to assess the impact of the projects implemented in their communities. The public participation drive was focused on the performance of the municipality in relation to the set IDP targets. This Oversight Report is the final major step in the annual reporting process of a municipality. The Oversight Report is therefore clearly distinguished from the Annual Report. The Oversight Report is a report of the Municipal Council and follows consideration and consultation on the Annual Report by the Council itself.

The Municipal Public Accounts Committee of Molemole Local Municipality fulfils the oversight role of Council. The mandate of the Municipal Public Accounts Committee includes an analysis of the institution's Annual Report and the development of appropriate recommendations to Council. I am glad to report that the meetings of the Municipal Public Accounts Committee on the 2015/16 Annual Report were open to the public and media to ensure a transparent and credible oversight process. As reflected in this Oversight Report, the Municipal Public Accounts Committee has also raised concerns on a number of issues requiring immediate intervention.

Finally, I would like to commend my fellow Municipal Public Accounts Committee members for their hard work and commitment. I would also like to thank the Speaker and the Officials for their support in the Oversight process and most importantly providing strategic support in the process. A word of thanks must also be given to the Office of the Auditor-General and the Audit Committee for their input in the Annual Report and oversight processes.

5. Overview

Each municipality is required to prepare an Annual Report in terms of Section 121 of the MFMA. Circular No. 63 issued by the National Treasury provides guidance on the structure of the Annual Report to ensure consistency by all municipalities in preparing their Annual Reports.

The adoption of an Oversight Report by the municipal council should be viewed as a compulsory task in terms of Section 129(1) of the Municipal Finance Management Act (MFMA) No.56 of 2003 in exercising financial management over the respective municipality.

The introduction of the Municipal Public Accounts Committee (MPAC) to Molemole Local Municipality has created an expectation of a transparent and accountable local government institution which will aspire to a sound financial management practice which will ultimately result in world class service delivery.

MPAC is now in position to table to Council the Oversight Report on the 2015-2016 Annual Report of Molemole Local Municipality. Credit should go to members of MPAC, officials from COGHSTA, Audit Committee, and Internal Audit who have contributed in ensuring that the oversight is credible.

5.1 The purpose of Annual Report

- i. To provide a record of the activities of the municipality or municipal entity during the financial year which the report relates to;
- ii. To provide a report on performance against the budget of the municipality or municipal entity for that financial year;
- iii. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

5.2 Major Elements of the Annual Report

- i. Annual performance report, comparing the year's performance with the performance objectives established in the IDP, Budget and SDBIP's.
- ii. Annual Financial Statements submitted to the Auditor General.

- iii. The Auditor General's audit report in terms of section 126(3) on those financial statements.
- iv. Other disclosures as required by the MFMA in Section 121, 124, 125 (e.g. Councillors and Top Management compensation, grants, bank accounts, investments information etc.)

6. PROCESSES FOLLOWED BY COUNCIL

The 2015-16 Annual Report was tabled in Council on the 27th January 2017 in terms of section 127(2) of the MFMA no.56 of 2003. In terms of Section 129(1) the Council is required to 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 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, or refer the annual report back for revision of issues that need to be revised.

Council appointed the Municipal public Accounts Committee during 2016 and the primary functions of this committee is that of oversight.

The committee adopted Circular 63 of the National Treasury as the guiding document for the oversight process as well as the relevant legislation, i.e. MFMA.

The following documents relevant to the committees' responsibilities were given to each committee member:

- i. National Treasury Circular 63 – The Annual Report.
- ii. The Annual Report including the report of the Auditor General.

All MPAC members were given sufficient time to review and discuss the Annual Report. The committee also solicited inputs and comments on the Annual Report from the following:

- i. Audit Committee Chairperson and Internal Auditor Unit to present their perspective on the Annual Report;
- ii. Public comments were invited through notices in the local media and website, but no written comments were received; and
- iii. Public through public consultation meetings.

7. SUMMARY OF SUBMISSIONS RECEIVED FROM THE COMMUNITY AND OTHERS

The following table reflects the key written representations received from the respective bodies/individuals relating to the contents of the Annual Report:

Representation submitted by:	Key issues raised	Determination by Oversight Committee
Individual Councillors	None	N/A
Private Individuals	None	N/A
Civic organizations	None	N/A
Public, communities and other stakeholders	<i>See attached MPAC public participation report.</i>	Public Participation sessions were held on the 09 to 14 March 2017 in Molemole East (Eisleben Community Hall and Sekakene Community Hall) and Molemole West (Maponto Community Hall and Radipitsi Community Hall) respectively.

N.B. Comments received from members of the community during MPAC public participation sessions were mainly on the service delivery needs, which should ideally be raised during IDP process. Other issues related to the quality of services received or projects implemented which required attention by the municipality. However none of the inputs warrants changes to the Annual Report. Clarity was provided to some of the questions or comments while others were noted for further attention by the relevant municipal departments and other sectors.

8. CONCLUSION

Having considered the 2015-16 Annual Report of Molemole Local Municipality as tabled on the 27 January 2016, Council should adopt the Oversight Report in terms of Section 129 of the Municipal Finance Management Act (MFMA).

The Committee experienced a lot of challenges, especially on the coordination of the MPAC Activities as some events were not properly coordinated due to staff challenges.

The Committee concluded that the Public Hearing would be held during the Month of April as the Questions were submitted late to management.

9. RECOMMENDATIONS


The committee recommended as follows:

9.1 That Council adopt the Oversight Report and the Annual Report with reservations in terms of Section 129 of the Municipal Finance Management Act (MFMA), NO 56 of 2003.

9.2 The committee further recommended as follows:-

- i. That the action plan to deal with the responses of the Auditor General should be submitted to Municipal Public Accounts Committee (MPAC) and it should be monitored on a monthly basis.
- ii. That the Accounting Officer must put in place processes which will allow for the verification of all information that is submitted to the Mayor, EXCO, Portfolio Committees and Auditor General's Office, Audit Committee and Municipal Public Accounts Committee (MPAC), respectively.
- iii. That quarterly reports on the spending of grants should be submitted to Municipal Public Accounts Committee (MPAC) on quarterly basis.
- iv. That all Section 29s and Section 32s Reports should be submitted to Municipal Public Accounts Committee on monthly basis and should also be reported to Council to ensure that necessary steps are taken in time.
- v. Municipality should develop a plan to ensure that Section 32 as a method of procurement of goods and services should be minimized or eliminated.

- vi. That the municipality should put systems and accurate internal controls to combat abuse of SCM Processes.
- vii. The municipality should set clear, specific, and measurable, time bound and well defined targets to measure the performance and achievements of the municipal objectives (SDBIPs should be aligned to IDP).
- viii. That the municipality should ensure that presentation of the Financial Statements and other finance components are prepared and presented according to the SA Standards GRAPs.
- ix. That the municipality should maintain and monitor an Accurate Assets Register.
- x. The Municipality should create a conducive environment to allow the Standing Committees of Council to exercise oversight role, i.e. Audit Committee, MPAC, Ethics, Rules and Integrity Committee.
- xi. That the Municipal Public Accounts Committee should be resourced accordingly, i.e. Finance and Personnel.
- xii. That the Council should replace members who never attended the committee meetings.



Cllr Rathete P.T
MPAC Chairperson

ANNEXURE A:

REPORT ON MPAC PUBLIC PARTICIPATION ON THE DRAFT 2015/16 ANNUAL REPORT

a. Background

The committee expected a minimum of 120 people per cluster to attend the events due to financial constraints. Four buses were organized per cluster to collect people from wards which are far from the actual venue. The municipal event committee was roped in to assist with preparations for logistics in all the sessions. Catering was organized in each sessions and it can be reported that the committee is relatively happy with the service provided by the appointed Service Providers. The public participation sessions were held as follows:

Date	Time	Cluster	Venue
09 -03-2017	10h00	Ward 1,2,3,4	Eisleben Community Hall
10-03-2017	10h00	Ward 5,6,7,8,9	Sekakene Community Hall
13-03-2017	10h00	Ward 11, 12, 13, 14	Maponto Community Hall
14-03-2017	14h00	Ward 10, 15, 16	Radipitsi Community Hall

b. Attendance

The attendance in all the sessions was satisfactory as the minimum number of 120 people attended the sessions in all the clusters.

DATE	CLUSTER	VENUE	ATTENDANCE
09-03-2017	Ward 1,2,3,4	Eisleben Community hall	132
10-03-2017	Ward 5,6,7,8,9	Sekakene Community hall	115
13-03-2017	Ward 11,12,13,14	Maponto Community Hall	116
14-03-2017	Ward 10,15,16	Radipitsi Community Hall	263
Total number of attendees in all sessions			726

The Committee took note of the number of ward committee members who attended the sessions. It was critical that they do attend in order to have an overview of municipal performance in the previous financial years as they prepare themselves for years ahead. It is hoped that they will also make sure they attend all municipal outreach programmes to listen to the needs of the people. Ward Councillors are therefore urged to encourage their ward committees to attend all the sessions as that form an important part of their work.

c. Presentation of the 2015/16 Annual Report

The chairperson presented a summarized version of the draft Annual report in all the sessions and invited members of the public to make comments and inputs which will be incorporated into the Annual report for approval by Council. Most importantly the comments and inputs will be used to compile an Oversight report. A copy of the draft Annual Report was handed over to Ward Secretaries as well as traditional authorities for perusal with the purpose of making inputs. The closing date for the submission of inputs to the annual report was set to the 17th March 2017. All comments must be submitted at municipal offices on or before the closing date.

d. Issues raised by the Community

The residents were also given an opportunity to raise issues after the presentation of the draft Annual Report. The following issues were raised in each cluster

09 March 2017	Eisleben Community Hall
ISSUES RAISED	
<ul style="list-style-type: none"> a. Technical Services must improve their performance to ensure they attain all their targets. b. Roads at Eisleben and Ramokgopa are not in a good condition. The municipality must maintain them periodically. This matter was even raised with the Mayor in the recent Mayoral Imbizo held in Ward 5. c. There is a concern that there is no project in Ward 02. The municipality must give the ward priority in the coming financial year. d. The community of Ramokgopa are not happy with Madiehe Bridge as it has already collapsed. There's suspicion of poor workmanship by the contractor. e. The chairperson of MPAC has committed to visit the Bridge for assessment and inspection. f. MPAC was requested to monitor the projects during implementation instead of after the contractor has left the site. 	

10 March 2017	Sekakene Community Hall
ISSUES RAISED	
<p>a. Machaka to Sekakene gravel to tar: the community is requesting for a drain on either side of the road to control water during rainy season.</p> <p>b. The community of Ward 09 have raised the following issues:</p> <ol style="list-style-type: none"> i. They are not happy that hiring of labour is done via Moshate. This matter was corrected by Councillor Malema that the normal open system of hiring was used. That Moshate was only used as a venue and not that Moshate has got the power to decide who gets hired for the projects. ii. Shortage of water in the area iii. Shortage of toilet facilities in the area iv. The community of Mangata are complaining that they are not being considered for service delivery projects by the municipality. 	

13 March 2017	Maponto Community Hall
ISSUES RAISED	
<ul style="list-style-type: none"> • Madikana: <ol style="list-style-type: none"> i. Madikana low level bridge is not properly compacted and it must be fitted with culverts. MPAC officials were requested to visit the area for assessments ii. The community request that Humps on the tar road are not safe for cars travelling there. They appeal to the municipality to please lower them. iii. Electrical cables (Eskom) have become loose and too low which is dangerous for the kids. The municipality is requested to engage Eskom to deal with this problem before our children are injured. iv. Mamolele Primary school doesn't have toilet facilities for the kids attending there. v. The community want to know when is phase 2 of gravel to tar project going to start. vi. The municipality must maintain internal streets as they are not in good drivable state. • Maponto: <ol style="list-style-type: none"> i. Mohodi/Maponto taxi rank is not situated where the community wanted it to be during planning stage. However the Ward Councillor highlighted that the project had to be moved the current site, next to Shalas after it was realized that there is a driving school in the initial site. ii. Ward Councillor for Maponto area is requested to clear up the loads of soil/concrete in several roads which were left by the Contractor as they are said to be unsafe for the kids. Ward Councillor highlighted that they are waiting for the municipality to send 	

13 March 2017	Maponto Community Hall
<p>TLB and Tipper as the soil is to be used to level the roads to make it easy to travel on them. The Councillor will make follow ups with the Technical services officials.</p> <ul style="list-style-type: none"> iii. EPWP staff are appealing for improvement of their stipends as the current one is not enough to cover their basic needs iv. The municipality is not giving support to the Cooperatives. The members claimed that a municipal official have promised to assist them with their Cooperative but to date he has not got back to them. An appeal is made to the municipality to assist Cooperatives. v. The municipality is requested to assist pre-schools with supply of water and maintenance of toilet facilities as they are struggling to cater for the young ones without water. vi. The municipality should assist the community with extra primary school as there is a new settlement. vii. Bataung School need Jojo tanks and toilets. viii. Apolo lights, regravelling of roads and sports fields, proper waste management for pampers as well as electricity for new settlements. <ul style="list-style-type: none"> • Koek Koek <ul style="list-style-type: none"> i. Need toilets for the RDP houses and pre-school ii. Regravelling/maintenance of roads especially those used for transporting kids to school. iii. Mohodi: The Road from Ga-Seshoka to Manthata tribal need to ma be maintained as it is in a bad state. iv. Appeal to the municipality to put in humps in Matipane to Madikana road 	

14 March 2017	Radipitsi Community Hall
<ul style="list-style-type: none">a. A complaint that the notice for the event was not circulated to all the areas in the cluster.b. Whether the municipality has only inherited electrification project for ward 10, 15, 16.c. What is the municipality going to do with water infrastructure projects that were said to be completed but the community is still living without water, especially in Masehlong.d. The report was not clear on the sources of funding for municipal projects.e. There is no project for the road project of Percy Five to Lonsdalef. There's a need for a bridge at Ga-Phago villageg. How did the municipality decide on the percentage and rating of each departmenth. The community need a satellite office to cater for Wards 10, 15, 16 as it is inconvenient for them to travel to Dendron every time they need minor services.i. Kgoshi Moloto have requested an extension of cutoff date for submission of inputs as they wanted to study the document before making inputs. The chairperson has acceded to their request and moved the cutoff date to March 2017.	

Annexure B: Extract of Council Resolution



31 March 2017

EXTRACT OF COUNCIL

OC/6.2 & 6.4/31/02/2017

REPORT ON THE 2015 / 2016 ANNUAL REPORT – MPAC OVERSIGHT REPORT

- The Hon Mayor, Cllr ME Paya indicated to Council that the Annual Report provides a record of activities of the Municipality during the financial year.
- The MPAC Chairperson, Cllr TP Rathete seconded the move by Cllr MC Matjee that the report be approved as submitted.

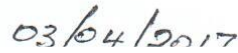
Unanimously Resolved

1. That Council adopt the Oversight report and the Annual report with reservations.
2. That the action plan to deal with the responses the AG be submitted to MPAC and monitored on a monthly basis
3. That the Accounting Officer put in place processes which will allow for the verification of all information that is submitted to the Mayor, EXCO, Portfolio Committees, AG's office, Audit Committee and the MPAC respectively.
4. That quarterly reports on spending of grants be submitted to the MPAC every quarter.
5. That all section 29s and 32s reports be submitted to the MPAC on monthly basis and reported to Council.
6. That municipality should develop a plan to minimize or eliminate Section 32s.
7. That municipality should put systems and accurate internal controls to combat abuse of SCM processes.
8. That municipality should set clear, specific, measurable, time bound and well defined targets to measure the performance and achievements of the municipal objectives (SDBIP's should be aligned to IDP)

9. That the Municipality should ensure that presentation of the Financial Statements and other finance components are prepared and presented according to the SA standards GRAP's.
10. That municipality should maintain and monitor an accurate Asset Register.
11. That municipality should create a conducive environment to allow the Standing Committees of Council to exercise oversight role i.e. Audit Committee, MPAC, Ethics Rules & Integrity.
12. That the MPAC should resourced accordingly i.e. Finance and Personnel.
13. That Council replace members who never attended the MPAC meetings.



Cllr. MS MOREROA
COUNCIL SPEAKER



DATE

Annexure C: Schedule of MPAC Meetings

DATE	DESCRIPTION	VENUE	TIME	MAIN CONSIDERATION
13 February 2017	MPAC meeting	Mogwadi Council Chamber	10H00	Submission of Annual Report to Council
12 April 2017	MPAC meeting and Projects visits	Mogwadi Council Chamber	14H00	-Madiehe Low level bridge -Sekakene Low level bridge
26 May 2017	MPAC meeting and Projects Visits	Morebeng Council Chamber	14H00	-Morebeng Internal streets and storm water -Nthabiseng Internal streets and storm water -Annual Work Programme
09 March 2017	Public participation	Eisleben Community Hall	10H00	MPAC Annual Report public participation
10 March 2017	Public participation	Sekakene Community Hall	10H00	MPAC Annual Report public participation
13 March 2017	Public participation	Maponto Community Hall	10H00	MPAC Annual Report public participation
14 March 2017	Public participation	Radipitsi Hall	14H00	MPAC Annual report public participation
31 March 2017	Oversight Report	Mohodi Community Hall	12H00	Oversight was tabled to Council and adopted
30 May 2017	Annual work programme	Tidima sports ground		Adoption of Annual Work programme for 2017/18

Annexure D:

Management Action Plan on the 2015/16 AG report

Management Action Plan on the 2015/16 AG report

Office of Auditor General finalized the audit report of the municipality on the 30 November 2017. The municipality obtained an unqualified audit opinion. An action plan on issues raised by the Auditor General was submitted to the Committee. The progress on resolving issues raised as at the end of finalizing the oversight report was at 42% resolved (28 out of 66).

The matter remains a concern as a target of 75% should be achieved at the end of third quarter. Management should provide reasons for non-achievement of the target as at end of third quarter.

End of report