

EMALAHLENI LOCAL MUNICIPALITY

37 Indwe Road, P/Bag X1611 • Cacadu, 5410 • 0478782000 •



OVERSIGHT REPORT 2017/18

UNITY IN DEVELOPMENT

CONTENTS

PAGE

1. TABLE OF CONTENTS	1
2. FOREWORD BY THE MPAC CHAIRPERSON	2
3. ACRONYMS	5
4. INTRODUCTION	6
5. PURPOSE	6
6. LEGAL FRAMEWORK	6
7. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	8
8. LEGISLATIVE / STATUTORY REQUIREMENTS	9
9. CONSULTATION AND ADOPTION PROCESS	9
10. PUBLIC PARTICIPATION IN THE OVERSIGHT PROCESS	10
11. COMMITTEE FINDINGS AND RECOMMENDATIONS	13
12. RECOMMENDATIONS BY THE CHAIRPERSON	19
13. OVERSIGHT COMMITTEE RESOLUTIONS	19

ANNEXURES

Annexure “A”:	Minutes of the Municipal Public Accounts (MPAC) on the oversight of the Annual Report 2017/18
Annexure “B”:	Emalahleni Local Municipality Annual Report 2017/18

2. FOREWORD BY THE MPAC CHAIRPERSON

I would like to suggest what I will call A Good Governance and key values and standards that in my view should influence that the way government functions and more specifically in the case of Emalahleni Local Municipality how our values should influence the Political and Administration Leadership in delivering a good quality service delivery.

Firstly, there must be sustained and committed leadership that encompasses the core values of good governance. Direction starts at the top. Leadership can make good governance become a reality. When senior management is committed to transparency, integrity and accountability and lives by these standards, it will set the tone for staff. This leads me to another very important point. Just as ethical behaviour guides an organization, good governance also requires an easy to interpret legal and regulatory framework, properly enforced to ensure legitimacy.

Transparency in all areas but in particular in financials is of great importance to ensure good governance. All revenues, budgets and expenditure need to be published in a form that all citizens and other stakeholders understand. A follow-the-money approach can demonstrate all the leakage points in a program, from the budget decision to the point of delivery, be it a school, a health clinic or road construction.

As stated in chapter 2 of the Annual Report, Emalahleni Local Municipality has Oversight Committees such as the Audit Committee and MPAC to act as monitoring and evaluating bodies to make sure that public funds and resources are not mismanaged. Emalahleni Local Municipality MPAC Committee strives to follow the above mentioned values in conducting its oversight work.

The Draft 2017/18 Annual Report was table to Council on the 29 August 2018. Council referred the Draft Annual Report to the Municipal Public Accounts (MPAC) for further interrogation so that the Oversight Report can be developed. The Oversight Report is of great importance to Council in that it guides it in remedying the shortcomings identified in the Annual Report. In fulfilling the responsibilities assigned to it by Council, MPAC held meetings on the following dates:

24 July 2018;

16 October 2018;

23 November 2018;

04 December 2018

11 December 2018.

In considering the Draft 2017/18 Annual Report, MPAC also consulted the 2016/17 Oversight Report to establish those areas that had not yet been implemented or attended to, so that those could also be incorporated in the 2017/18 Oversight Report. MPAC will ensure that recommendations developed in the 2017/18 Oversight Report are fully implemented by the municipal administration, this will be monitored through quarterly reports to MPAC.

Finally, I would like to extended a word of gratitude to the honourable members of the Municipal Public Accounts Committee and the Administration Staff for their dedication and hard working in ensuring that this Report is tabled within seven days of receipt of the Auditor-General's Report. We will continue working hard to make sure that Emalahleni Municipality stays accountable to council and the community as a whole.

I thank you.

COUNCILLOR P. MAPETE

L. P. MAPETE

MPAC CHAIRPERSON

3. ACRONYMS

“AGSA”	Auditor General of South Africa
“COGTA”	Department of Cooperative Governance and Traditional Affairs
“EC”	Province of the Eastern Cape
“ELM”	Emalahleni Local Municipality
“FY”	Financial Year
“IDP”	Integrated Development Plan
“KPI”	Key Performance Indicators
“MFMA”	Municipal Finance Management Act
“MPAC”	Municipal Public Accounts Committee
“MSA”	Municipal Systems Act
“PMS”	Performance Management Systems
“RSA”	Republic of South Africa
“SDBIP”	Service Delivery Budget & Implementation Plan

4. INTRODUCTION

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Finance Management Act of 2003 requires Council to consider the Annual Report and adopt an Oversight Report containing the Council's comments on the Annual Report. The Annual Report is thus a key and critical instrument of good governance and accountability. It is a post-financial year reporting which provides an overview of the financial and non-financial performance in respect of the previous financial year.

5. PURPOSE

The purpose of this report is to present to Council for adoption the Final Audited Annual Report for 2017/2018 as well as the Oversight Report on the Annual Report as required in terms of Section 129 of the Municipal Finance Management Act of 2003.

6. LEGAL FRAMEWORK

Herewith are extracts from key legislative requirements as stipulated in the Local Government: Municipal Finance Management Act 56 of 2003 relating to the Annual Report :-

“121. Preparation and adoption of annual reports

- (1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The Council of a municipality must within nine (9) months after the end of the financial year deal with the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.
- (2) The purpose of an 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 that financial year; and
 - (c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.”

“127. Submission and tabling of annual reports

- (2) The Mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.”

“129. Oversight reports on annual reports

- (1) 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 27, adopt an oversight report containing the Council's comments on the Annual Report, which must include a 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 comments that can be revised.”

7. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Municipal Public Accounts Committee (MPAC) is a committee of council established in terms of Section 79 of the Local Government: Municipal Structures Act of 1998 (Act 117 of 1998). According to the Terms of Reference MPAC has the responsibility to, *inter alia*, perform oversight over the process of preparing the Annual Report of Council and produce an Oversight Report based on the Annual Report. Thus the committee is delegated the responsibility to conduct meetings and hold public hearings to receive and hear public submissions on the Annual Report on behalf of Council.

The Local Government elections that were held on the 3 August 2016 resulted in the ushering of new councillors. The current MPAC members were elected at the first Council Meeting.

MPAC currently consists of the following members:

- i. Cllr. P. Mapete **(Chairperson)**
- ii. Cllr. ZG Moshani
- iii. Cllr. MF Mthandeki
- iv. Cllr. M. Makatesi
- v. Cllr. N. Kraqa
- vi. Cllr. AT Lwanyana

8. LEGISLATIVE / STATUTORY REQUIREMENTS

The following legislative framework is applicable:

- i. The Constitution of the Republic of South Africa, Act 108 of 1996;
- ii. The Local Government: Municipal Structures Act 117 of 1998;
- iii. The Local Government: Municipal Systems Act 32 of 2000, as amended;
- iv. The Local Government: Municipal Finance Management Act 56 of 2003;
- v. The Local Government: Municipal Finance Management Act: Circular 11;
- vi. The Local Government: Municipal Finance Management Act: Circular 32;
- vii. The Local Government: Municipal Finance Management Act of 2003 (Circular 63);
- viii. National Treasury and Department of Cooperative Governance and Traditional Affairs: Final Guidelines for the establishment of the Municipal Public Accounts Committee, August 2011.

9. CONSULTATION AND ADOPTION PROCESS

The Draft Unaudited Annual Report was submitted to Council on the 29 August 2018 and was referred to the Municipal Public Accounts Committee for oversight in terms of relevant legislation. The community was advised through the print media on the availability of the Annual Report and was further invited to submit representation on the report thereof. Copies of the Annual Report were made available to all municipal libraries and community halls. Copies were further circulated to all Councillors, Office of the Auditor-General, the Provincial Treasury and the Department of Cooperative Governance and Traditional Affairs.

Members of MPAC interrogated the *Annual Report* and the minutes thereof are attached for formal records of the proceedings in accordance with the provisions of Section 129(2)(b) of the MFMA 56 of 2003.

In considering the Draft Unaudited Annual Report, the committee assessed the following documents:

- Annual Report 2017/18;
- Auditor-General's Audit Report;
- Management Audit Action Plan.

The first step for the MPAC adopted an approach to consider the report. The applied approach was to focus on four issues, thus:

- Annual Report 2017/18;
- Auditor-General Audit Report;
- Action Plan for addressing queries raised by the Auditor General; and
- Formulation of Recommendations to Council regarding the 2017/18 Annual Report.

10. PUBLIC PARTICIPATION IN THE OVERSIGHT PROCESS

Section 130 of the MFMA provides that meetings of a Municipal Council or committee established by Council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be open to the public and any organ of state. This is in promotion of public participation in municipal processes.

As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:

- Invite written submissions from the local community or organs of state on the Annual Report;
- Make public all meetings at which the Annual Report will be discussed;
- Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report; and
- Engage in the process of public participation on the Annual Report.

It is unfortunate that in considering the Annual Report for 2017/18 the MPAC did not invite the community to participate in its meetings.

The Municipality undertook the following initiatives to promote public participation in considering the Annual Report:

MECHANISMS TO PROMOTE PUBLIC PARTICIPATION	STATUS	COMMENTS
Invitation to the public to submit comments on the Annual Report	DONE	Public was invited to submit comments on the Annual Report. A relevant advertisement was published in the local newspaper
Make public all meetings of MPAC that will consider the Annual Report	NOT DONE	There was no invitation that was published inviting members of the public to participate in the MPAC meetings that were considering the Annual Report. Recommendations will

		be made by the chairperson in this report that going forward invitation must be extended to the public on the dates of the meetings that will consider the Annual Report.
Representatives of the Auditor-General invited to meetings of Council that consider the Annual Report	NOT DONE	Representatives from the Auditor-General were not invited to MPAC meetings that were considering the Annual Report. It will be recommended that going forward representatives from the Auditor-General, the EC Office of the Premier, Cogta, Provincial Treasury, and Chris Hani District Municipality be invited.

11. COMMITTEE FINDINGS AND RECOMMENDATIONS

The first step for the MPAC adopted an approach to consider the report. The applied approach was to focus on four issues, thus:

- Annual Report 2017/18;
- Auditor-General Audit Report;
- Action Plan for addressing queries raised by the Auditor General; and
- Formulation of Recommendations to Council regarding the 2017/18 Annual Report.

AREA 1	MATTERS UNDER CONSIDERATION	RECOMMENDATIONS
ANNUAL REPORT	Chapter 1: Mayor's Foreword and Executive Summary	The Municipal Public Accounts Committee is satisfied with the Mayor's Foreword. The committee does not have any finding in relation to the Mayor's Foreword. The committee is further satisfied that the Mayor's Foreword complies with Chapter 12 of the Municipal Finance Management Act. The committee is further satisfied that the Mayor's Foreword has been able to capture the spirit and ethos of the Municipality.

	Municipal Manager's Overview	The Municipal Manager's foreword includes the information required in terms of Circular 63 of September 2012.
	CHAPTER 2: GOVERNANCE	The Municipal Public Accounts Committee does not have any findings on Chapter of the Unaudited Annual Report. It is the view of the committee that Chapter is fairly the true reflection of the activities of the Municipality in relation to the political and administrative leadership of the Municipality.
ANNUAL REPORT	CHAPTER 3:	SERVICE DELIVERY PERFORMANCE
	SOLID WASTE (3.2.4)	The committee commends the strides that have been made in relation to solid waste management.
	ELECTRICITY	The committee is concerned with the loss of electricity as reported in the auditor's report. The

		<p>recommends that all the affected Directorates must report to the committee on the strategy to mitigate electricity loss and/or theft</p>
	<p>CHAPTER 4:</p> <p>ORGANISATIONAL DEVELOPMENT PERFORMANCE</p>	<p>The committee is satisfied that this chapter of the Annual Report has been sufficiently reported and thus no findings were made by the committee</p>
	<p>CHAPTER 5: FINANCIAL PERFORMANCE</p>	<p>The committee is satisfied with the presentation made by the Budget and Treasury Office on Chapter 5 (Financial Performance) of the Draft Annual Report. The committee is further concerned with the unauthorised expenditure of 5,5 million incurred by the municipality.</p> <p>THE COMMITTEE MAKES THE FOLLOWING RECOMMENDATIONS:</p>

		<ul style="list-style-type: none"> - The finance department to conduct a working session where all stakeholders that are involved in the procurement process are updated about legislation involving procurement. - The Credit Control and Debt Collecting policies must be implemented and/or reviewed to ensure maximum benefit thereof. - A strategy on revenue collection and debt recovery must be developed and/or implemented. - The municipality must use available avenue within the intergovernmental relations to ensure that debt owed to the municipality by sector departments and
--	--	--

		<p>municipalities is recovered.</p>
AREA 2	AUDITOR GENERAL'S AUDIT FINDINGS	RECOMMENDATIONS
	<p>EMPHASIS 9 on MATERIAL LOSSES:</p>	<p>The committee notes the finding of electricity loss is still a problem that needs long term solutions.</p> <p>THE COMMITTEE MAKES THE FOLLOWING RECOMMENDATION:</p> <ul style="list-style-type: none"> - The affected directorates must devise mechanisms to mitigate the loss energy. - The committee further recommends that the affected directorates to engage Eskom on their strategy in mitigating loss of electricity.

		<ul style="list-style-type: none"> - The committee will invite the affected directorates to make presentations on the progress thereof within 90 days.
	<p>EMPHASIS 10: IRREGULAR EXPENDITURE</p> <p>"10. As disclosed in notes 8 to the financial statements, the municipality incurred unauthorised expenditure of R5,5 million, mainly due to non-compliance with supply chain management legislation".</p>	<p>The committee recommends that any classification, validation of any unauthorised, irregular and fruitless expenditure reflected in the Annual Financial Statements 2017/18 must be determined by MPAC in accordance with section 32 of the MFMA and that a report be submitted to Council for consideration.</p> <p>The committee further recommends that the issues raised by the Auditor-General in relation to Supply Chain Management requires urgent attention</p>
	AUDIT ACTION PLAN	The committee recommends that relevant stakeholders to make a

		detailed presentation on audit action plan. This plan must be submitted in the next MPAC meeting
--	--	--

12. RECOMMENDATIONS BY THE CHAIRPERSON:

- a) That an Action Plan with time-frames to address the findings in the Auditor-General's Report be drawn up by the Accounting Officer and be submitted to the next MPAC meeting.
- b) That the municipal calendar of events should be drawn up in such a manner that MPAC should be the last standing committee to sit. This will ensure that the committee is able to invite members of the executive to account after they have held their directorates to account.

13. OVERSIGHT COMMITTEE RESOLUTIONS:

The Municipal Public Accounts Committee having fully considered the Emalahleni Local Municipality Annual Report for the 2016/17 Financial Year, resolves to recommend to Council:

- a) Council, having fully considered the Oversight Report on the Annual Report 2017/18 of Emalahleni Municipality, **ADOPTS** the Oversight Report.
- b) (b) Council, having fully considered the Final Draft Annual Report 2017/2018, attached hereto, **ADOPTS** the Annual Report 2017/2018 without any reservations.

- c) (c) That the Oversight Report 2017/2018 be made public in accordance with section 129(3) of the MFMA; and
- d) (d) The Oversight Report on the Annual Report 2017/18 be submitted to the Provincial Legislature in accordance with section 132(2) of the MFMA

Annexure “A”: **Minutes of the Municipal Public Accounts (MPAC) on
the oversight of the Annual Report 2017/18**



*AGENDA OF THE SPECIAL MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE MEETING*

TO BE HELD ON

TUESDAY, 24 JULY 2018

AT 10H00

W3 CLIFF TSOTSI PUBLIC LIBRARY BOARDROOM

CACADU



EMALAHLENI MUNICIPALITY



37 Indwe Road
Private Bag X1161
Lady Frere, EASTERN CAPE 5410
Tel: 047 878 0020 Fax: 047- 878 0112
Tel: 047 878 0020 Fax: 047- 878 0112

18 July 2018

CLLR P MAPETE
CLLR N KRAQA
CLLR ZG MOSHANE
CLLR M MAKATESI
CLLR MF MTANDEKI
CLLR LWANYANA

CHAIRPERSON: MPAC
WARD COUNCILLOR
WARD COUNCILLOR
WARD COUNCILLOR
PR COUNCILLOR
WARD COUNCILLOR

DR SW VATALA
ADV TD SAGELA

MUNICIPAL MANAGER
MANAGER: LEGAL SERVICES & ADMINISTRATION

NOTICE OF THE SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

NOTICE IS HEREBY GIVEN THAT THE SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING OF EMALAHLENI MUNICIPAL COUNCIL IS SCHEDULED TO TAKE PLACE ON WEDNESDAY, 24 JULY 2018 AT 10H00 AT THE WYCLIFF TSOTSI PUBLIC LIBRARY BOARDROOM, CACADU.

Yours faithfully

L. P. Mapete
CLLR P MAPETE
PORTFOLIO HEAD: MPAC

DR SW VATALA
DR SW VATALA
MUNICIPAL MANAGER

AGENDA INDEX

- 1. OPENING AND WELCOME**
- 2. NOTICE CONVENING THE MEETING**
- 3. APPLICATIONS FOR LEAVE OF ABSENCE**
- 4. CONFIRMATION OF MINUTES**
- 5. ADOPTION OF THE AGENDA**
- 6. CONSIDERATION OF REPORTS**

NO.	ITEMS	PAGES
6.1	- POLITICAL OVERVIEW BY THE HONOURABLE MAYOR	
6.2	- THIRD AND FOURTH QUARTER PERFORMANCE BY THE MUNICIPALITY (FINANCIAL AND NON-FINANCIAL)	
6.3	- IMPLEMENTATION OF THE RECOMMENDATIONS BY MPAC ON THE OVERSIGHT REPORT 2016/17	
6.4	- REPORT BY THE ACCOUNTING OFFICER ON THE IMPLEMENTATION OF THE RECOMMENDATIONS BY MPAC ON THE OVERSIGHT REPORT 2016/17	
6.5	- REPORT BY THE ACCOUNTING OFFICER ON THE IMPLEMENTATION ON THE AUDIT ACTION PLAN 2016/17	
6.6	- REPORT ON THE AUDITED THIRD QUARTER PERFORMANCE (INCLUDING FINANCIAL PERFORMANCE)	
6.7	- CONSOLIDATED REPORT ON THE CONSTRUCTION OF OFFICE BUILDINGS	
6.8	- ANNUAL WORK PLAN 2018/19	
6.9	- MUNICIPAL PUBLIC ACCOUNTS CHARTER	

- 7. CLOSURE**

EMALAHLENI LOCAL MUNICIPALITY

MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

OF THE

EMALAHLENI LOCAL MUNICIPALITY

HELD ON

TUESDAY, 24 JULY 2018

AT 10H00

WYCLIFF MLUNGISI TSOTSI PUBLIC LIBRARY BOARDROOM,

CACADU



EMALAHLENI LOCAL MUNICIPALITY
MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING
24 JULY 2018



A. PRESENT

COUNCILLORS

- | | |
|---------------------|--------------------|
| 1. CLLR L MAPETE | CHAIRPERSON |
| 2. CLLR M MAKATESI | WARD COUNCILLOR |
| 3. CLLR F MTHANDEKI | PR COUNCILLOR |
| 4. CLLR Z MOSHANI | WARD COUNCILLOR |
| 5. MR AT LWANYANA | TRADITIONAL LEADER |

OFFICIALS

- | | |
|--------------------|---------------------------------|
| 6. MR TD SAGELA | MANAGER: LEGAL & ADMINISTRATION |
| 7. DR SW VATALA | MUNICIPAL MANAGER |
| 8. MISS POB MAKOMA | DIRECTOR: CORPORATE SERVICES |
| 9. MR D NJILO | DIRECTOR: TECHNICAL |
| 10. MR L BAKANA | LEGAL & ADMIN ADMINISTRATOR |

B. DELIBERATIONS

1. Opening and Welcome

The meeting was officially opened by Cllr LP Mapete and she welcomed everyone present to the meeting.

2. Notice convening the meeting

Advocate Sagela read the notice convening the meeting.

3. Applications for leave of absence

The following applications for leave of absence were received, Cllr Moshane, Mr. Lwanyana, Acting Mayor, CFO and Cllr Moshane.


MR. N. MNTUYEDWA
ACTING MUNICIPAL MANAGER

16/10/2018
Date


CLLR L. MAPETE
CHAIRPERSON



**EMALAHLENI LOCAL MUNICIPALITY
MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING
24 JULY 2018**



Cllr Makatesi moved for the acceptance of the apology and he was seconded by Cllr Kraqa.

4. Adoption of the Agenda

MPAC Chairperson requested that item numbered 6.8 be deferred for the next meeting. Cllr Makatesi moved for the adoption of the agenda and she was seconded by Cllr Kraqa.

5. CONSIDERATION OF REPORT

5.1 POLITICAL OVERVIEW BY THE HONORABLE MAYOR.

The municipal manager firstly apologized for the Mayor's absence and stated that this item should be deferred for the following MPAC meeting.

The chairperson moved for the item to be deferred and she was seconded by Cllr Kraqa.

5.2 THIRD AND FOURTH QUARTER PERFORMANCE BY THE MUNICIPALITY (FINANCIAL & NON FINANCIAL)

This item was also deferred to the next meeting as the CFO was not present.

The chairperson moved for the item to be deferred and she was seconded by Cllr Kraqa.

5.3 IMPLEMENTATION OF THE RECOMMENDATIONS BY MPAC ON THE OVERSIGHT REPORT 2016/17

The Municipal Manager explained to the meeting that there might have been miscommunication, thus management requested that they be given a chance to compile the full consolidated report and it be submitted on the next meeting.

The chairperson moved for the item to be deferred and she was seconded by Cllr Kraqa.

5.4 REPORT BY THE ACCOUNTING OFFICE ON THE IMPLEMENTATION OF THE RECOMMENDATIONS BY MPAC


MR. N. MNTUYEDWA
ACTING MUNICIPAL MANAGER

16/10/2018
Date


CLLR L. MAPETE
CHAIRPERSON



**EMALAHLENI LOCAL MUNICIPALITY
MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING
24 JULY 2018**



This item was deferred to the next meeting.

5.5 REPORT BY THE ACCOUNTING OFFICE ON THE IMPLEMENTATION OF THE AUDIT ACTION PLAN 2016/17

This item was deferred to the next meeting.

5.6 REPORT ON THE AUDITED THIRD QUARTER PERFORMANCE (INCLUDING FINANCIAL PERFORMANCE)

This item was deferred to the next meeting.

5.7 CONSOLIDATED REPORT ON THE CONSTRUCTION OF OFFICE BUILDINGS

The municipal Manager stated that the construction was on its second phase as the first was the establishment of the council chamber. He then requested that management be given time to compile the full report and be submitted to council then MPAC committee.

5.8 ANNUAL WORK PLAN 2018/19

This item was deferred to the next meeting.

5.9 MUNIPAL PUBLIC ACCOUNTS CHARTER

Advocate Sagela stated to the meeting that the charter came from the district forum meetings held at Chris Hani District Municipality and that the terms of reference were still to be presented to the office of the Speaker.

6. CLOSURE

The Chairperson thanked everyone present to the meeting.

The meeting adjourned @ 13:00.


MR. N. MNTUYEDWA
ACTING MUNICIPAL MANAGER

16/10/2018
Date


CLLR L. MAPETE
CHAIRPERSON



EMALAHLENI LOCAL MUNICIPALITY

ATTENDANCE REGISTER

SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

TUESDAY, 24 JULY 2018

WYCLIFF MLUNISI TSOTSI PUBLIC LIBRARY BOARDROOM
AT 10H00

CACADU



INITIALS & SURNAME	DESIGNATION	TEL NO	TIME ARRIVED	SIGNATURE
CLLR L MAPETE	CHAIRPERSON: MPAC	071 6877 040	10H00	L. P. MAPETE
CLLR N KRAQA	MPAC MEMBER	083 522 4246	10H00	N. N. Kraqa
CLLR ZG MOSHANI	MPAC MEMBER	073 2835 321		
CLLR M MAKATESI	MPAC MEMBER	084 6411 070	10H00	
CLLR F MTHANDEKI	MPAC MEMBER	073 7357 224		
MR AT LWANYANA	MPAC MEMBER	082 6788 133		
ADV T SAGELA	MANAGER: LEGAL & ADMINISTRATION	071 8186 626	10H00	
MR. L. BAKANA	LEGAL & ADMIN ADMINISTRATOR	0787793982	10H00	

OTHER INVITED PARTICIPANTS

INITIALS & SURNAME	DESIGNATION	TEL NO	TIME ARRIVED	SIGNATURE
CLLR NC LALI	HON MAYOR			
DR SW VATALA	MUNICIPAL MANAGER		10H30	

OTHER INVITED PARTICIPANTS

[illegible]



*AGENDA OF THE SPECIAL MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE MEETING*

TO BE HELD ON

TUESDAY, 16 OCTOBER 2018

AT 10H00

ROYDON GAME RESERVE BOARDROOM

QUEENSTOWN



EMALAHLENI MUNICIPALITY



37 Indwe Road
Private Bag X1161
Lady Frere, EASTERN CAPE 5410
Tel: 047 878 0020 Fax: 047- 878 0112
Tel: 047 878 0020 Fax: 047- 878 0112

12 OCTOBER 2018

CLLR P MAPETE
CLLR N KRAQA
CLLR ZG MOSHANE
CLLR M MAKATESI
CLLR MF MTANDEKI
CLLR LWANYANA

CHAIRPERSON: MPAC
MPAC MEMBER
MPAC MEMBER
MPAC MEMBER
MPAC MEMBER
MPAC MEMBER

MR L BAKANA

LEGAL & MPAC ADMINISTRATOR

NOTICE OF THE SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

NOTICE IS HEREBY GIVEN THAT THE SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING OF EMALAHLENI MUNICIPAL COUNCIL IS SCHEDULED TO TAKE PLACE ON TUESDAY 16 OCTOBER 2018 AT 10H00 AT THE ROYDON GAME RESERVE BOARDROOM, QUEENSTOWN.

Yours faithfully


CLLR P MAPETE
PORTFOLIO HEAD: MPAC


MR. N. MNTUYEDWA
ACTING MUNICIPAL MANAGER

AGENDA INDEX

1. OPENING AND WELCOME
2. NOTICE CONVENING THE MEETING
3. APPLICATIONS FOR LEAVE OF ABSENCE
4. COFIRMATION OF MINUTES OF PREVIOUS MEETING
5. ADOPTION OF THE AGENDA
6. CONSIDERATION OF REPORTS

NO.	ITEMS	PAGES
6.1	OVERSIGHT REPORT PROCESS PLAN PREPARATION	4-5
6.2	IMPLIMENTATION OF THE RECOMMENDATIONS BY MPAC ON THE OVERSIGHT REPORT 2017/18	6-11

7. CLOSURE

ITEM NO: MPAC 6.1/10/2018

OVERSIGHT REPORT PROCESS PLAN

REFERENCE NO:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING: 16 OCTOBER 2018

PURPOSE

The purpose of this item is for the Municipal Public Accounts Committee to consider the oversight report process plan. The above includes the preparation meeting for the Oversight process, confirmation of the invited attendees, confirmation of the documents required, confirmation of other administrative and other logistical matters

BACKGROUND

The Municipal Finance Management Act, Circular 63 outlines the process to be followed in considering the unaudited and audited annual report. The Emalahleni Municipality is about to embark on the process of considering the Unaudited Annual Report 2017/18. The process for the consideration of the unaudited annual reports includes the oversight process by the Municipal Public Accounts Committee.

LEGISLATIVE FRAMEWORK

Municipal Public Accounts Committee Practical Guide, March 2012

Municipal Finance Management Act, 56 of 2003 (Circular 63) & (Circular 32)

DISCUSSION

Proposed dates for the oversight process:

DATE	AGENDA
16 OCTOBER 2018	Preparation meeting for the Oversight process Confirmation of the invited attendees, confirmation of the documents required, confirmation of other administrative and other logistical matters
19 OCTOBER 2018	Chapter 1: Mayor's Foreword and the Executive Summary
23 OCTOBER 2018	Chapter 2: Governance
30 OCTOBER 2018	Chapter 3: Service Delivery Performance
30 OCTOBER 2018	Chapter 4: Organizational Development Performance
1 NOVEMBER 2018	Chapter 5: Financial Performance
19 NOVEMBER 2018	Chapter 6: Auditor-General's Findings

27 -- 29 NOVEMBER 2018	PUBLIC CONSULTATION SIMULTANEOUSLY WITH THE MAYOR DURING THE MAYORAL IMBIZOS
5 DECEMBER 2018	CONSIDERATION OF THE AUDITED ANNUAL REPORT
14 DECEMBER 2018	SUBMISSION OF THE OVERSIGHT REPORT ON THE ANNUAL REPORT TO COUNCIL FOR CONSIDERATION
19 DECEMBER 2018	SUBMISSION OF THE OVERSIGHT REPORT WITH THE ANNUAL REPORT TO THE OFFICE OF THE AUDITOR-GENERAL, PROVINCIAL TRASURY AND DEPARTMENT OF COOPERATIVE GOVERNANCE

RECOMMENDATIONS

It is recommended that:

- a) Municipal Public Accounts Committee **ADOPT** the Draft Annual Report 2017/18
- b) to **INVITE** the executive committee and management to the oversight meetings as outlined in the oversight report process plan

ITEM NO: MPAC 6.2/10/2018

IMPLIMENTATION OF THE RECOMMENDATIONS BY MPAC ON THE OVERSIGHT REPORT 2017/18

REFERENCE NO:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING: 16 OCTOBER 2018

PURPOSE

The purpose of this item is for the Municipal Public Accounts Committee to **DRAFT** a consolidated report of questions to submit to the executive for a full report.

BACKGROUND

To enable MPAC to exercise its functions it has been vested with the power to access any information, documents and reports and to require councilors, officials, chairpersons of the municipal entities and directors to attend any meeting or interview and report on matters on agenda items. In light of the above, this item will help the MPAC Committee in its oversight role.

LEGISLATIVE FRAMEWORK

Municipal Public Accounts Committee Practical Guide, March 2012

Municipal Finance Management Act, 56 of 2003 (Circular 63) & (Circular 32)

DISCUSSION

COMMITTEE FINDINGS AND RECOMMENDATIONS

The applied approach is to focus on the recommendations made to council for the year 2017/18, thus:

AREA 1	MATTERS UNDER CONSIDERATION	RECOMMENDATIONS
ANNUAL REPORT	CHAPTER 3:	SERVICE DELIVERY PERFORMANCE
	WATER AND SANITATION	SANITATION The committee has noted with a great sense of dismay that there are communities that are using old septic tanks. The committee recommends that the affected Directorate to provide a

		<p>progress report on the eradication of such within 90 days.</p> <p>WATER:</p> <p>The committee has noted that the Draft Annual Report refers the reader to the Chris Hani District Municipality's Annual Report. The committee is cognisant that the municipality no longer provides water and water related services. The committee is, however, of the view that the municipality's annual report must at least provide a short narrative on water provision.</p>
	SOLID WASTE (3.2.4)	<p>The committee commends the strides that have been made in relation to solid waste management. The committee recommends that further strides should be made to ensure that there is enough budget for solid waste management.</p>
	ELECTRICITY	<p>The committee is concerned with the loss of electricity as reported in the auditor's report. The recommends that all the affected Directorates must report to the committee on the strategy to mitigate electricity loss and/or theft</p>
	HUMAN SETTLEMENTS	<p>The committee has resolved that the Municipality must engage in awareness campaign to educate the community in relation to Building Control Measures. The committee thus recommend that the Municipality must engage in awareness campaign on the By-Law in Relation to Buildings. The committee recommends that the community must be taught about the processes that need to follow before any person can renovate or build an immovable property. The committee has resolved</p>

		it must still engage in loco inspection on the houses that have been built during the financial year under review.
	COMPONENT B: ROAD TRANSPORT	The committee is satisfied with the work of the municipality. The committee is of the view that a lot still needs to be done to improve the state of our roads.
	PUBLIC TRANSPORT	The committee is concerned with the state of public transport. The committee recommends that the traffic department must play a critical role to ensure that vehicles that are not road worthy are taken off the road.
	COMPONENT G: TRAFFIC SERVICES	The committee notes the challenges provided in the Annual Report in relation to Traffic Services. The committee recommends that more staff should be employed in that Section to overcome staff shortages. The committee notes, with a sense of dismay the difficulty experienced in implementing municipal by-laws
	CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE	The committee is satisfied that this chapter of the Annual Report has been sufficiently reported and thus no findings were made by the committee
	CHAPTER 5: FINANCIAL PERFORMANCE	The committee is satisfied with the presentation made by the Budget and Treasury Office on Chapter 5 (Financial Performance) of the Draft Annual Report. The committee is concerned with the declining financial liquidity of the municipality. The committee is further concerned with the slight improvement if debt collection and revenue collection. In particular, the committee is concerned with the amount of debt that the municipality is owed by government departments and the district municipalities.

		<p>THE COMMITTEE MAKES THE FOLLOWING RECOMMENDATIONS:</p> <ul style="list-style-type: none"> - The Credit Control and Debt Collecting policies must be implemented and/or reviewed to ensure maximum benefit thereof. - A strategy on revenue collection and debt recovery must be developed and/or implemented. - The municipality must use available avenue within the intergovernmental relations to ensure that debt owed to the municipality by sector departments and municipalities is recovered. - The municipality must ensure that it recovers all debt owed by councillors and officials. - The municipality must create a "Capital Fund" that will be used for capital projects. - The municipality must desist from agency work unless it is paid for in advance.
AREA 2	AUDITOR GENERAL'S AUDIT FINDINGS	RECOMMENDATIONS
	<p>EMPHASIS 8 & 9: MATERIAL LOSSES:</p> <p>"8. As disclosed in note 35.4 to the financial statements, material electricity distribution losses of 2.8 million kilowatt (2016: 5.6 million kWh) were incurred which represents 26.81% of the total electricity purchased.</p>	<p>The committee notes with a great sense of dismay the finding of electricity loss. The committee is of the view that the revenue loss would have been utilised elsewhere in service delivery orientated projects.</p> <p>THE COMMITTEE MAKES THE FOLLOWING RECOMMENDATION:</p> <ul style="list-style-type: none"> - The affected directorates must devise mechanisms to mitigate the loss energy. - The committee further recommends that the affected directorates to engage Eskom

		<p>on their strategy in mitigating loss of electricity.</p> <ul style="list-style-type: none"> - The committee will invite the affected directorates to make presentations on the progress thereof within 90 days.
	<p>EMPHASIS 10: IRREGULAR EXPENDITURE</p> <p>"10. As disclosed in notes 35.3 to the financial statements, the municipality incurred irregular expenditure of R1.9 million, mainly due to non-compliance with supply chain management legislation".</p>	<p>The committee recommends that any classification, validation of any unauthorised, irregular and fruitless expenditure reflected in the Annual Financial Statements 2017/18 must be determined by MPAC in accordance with section 32 of the MFMA and that a report be submitted to Council for consideration.</p> <p>The committee further recommends that the issues raised by the Auditor-General in relation to Supply Chain Management requires urgent attention</p>
	<p>EMPHASIS 22: REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT: BASIC INFRASTRUCTURE AND SERVICE DELIVERY</p> <p>"Indicator: number of households with electricity backlog eradicated</p> <p>22. The reported achievement for the electrification of 363 households in Noluthando (114), Helushe (176) and Sokolani (73) villages (wards 5, 13 and 6) by June 2017 is not reliable. During the physical verification the absence of an electricity box was identified in one household and some households could not be located in the villages visited.</p>	<p>The committee recommends that there should be a physical verification by internal audit. This is to ensure that the finding does not occur again.</p>
	<p>EMPHASIS 25: COMPLIANCE WITH LEGISLATION</p> <p>"Strategic planning and performance management</p>	<p>The committee is shocked with this finding as the SDBIP is the bedrock of service delivery. The committee recommends all stakeholders should</p>

	28. The service delivery and budget implementation plan was revised during the year without the approval of the council as required by section 54(1)(c) of the MFMA	pay attention to detail, especially on matters relating to compliance with relevant legislation
	EMPHASIS 34: INTERNAL CONTROL DEFICIENCIES: "34. The municipality has adopted a formal action plan to address the previous year's audit findings. However, the implementation of the plan was not effective as similar issues were still evident in the year under review, particularly around performance information. Performance information reports are not adequately reviewed to ensure that complete, accurate and valid information is available to support reported performance".	The committee is concerned with the inadequate implementation of the adopted action plan. The committee recommends that it will invite relevant stakeholders to make a detailed presentation on audit action plan. This plan must be submitted in the next MPAC meeting

RECOMMENDATIONS

It is recommended that:

- c) Municipal Public Accounts Committee **APPROVE** the draft questions to be submitted to management
- d) to **INVITE** management to a meeting to report on the progress made on the Recommendations made to council for the year 2017/18.

EMALAHLENI LOCAL MUNICIPALITY

MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

OF THE

EMALAHLENI LOCAL MUNICIPALITY

HELD ON

TUESDAY, 16 OCTOBER 2018

AT 10H00

ROYDON GAME RESERVE QUEENSTOWN

A. PRESENT**COUNCILLORS**

- | | |
|--------------------|-------------|
| 1. CLLR L MAPETE | CHAIRPERSON |
| 2. CLLR M MAKATESI | MPAC MEMBER |
| 3. CLLR Z MOSHANI | MPAC MEMBER |
| 4. CLLR N KRAQA | MPAC MEMBER |

OFFICIALS

- | | |
|----------------|-----------------------------|
| 5. MR L BAKANA | LEGAL & ADMIN ADMINISTRATOR |
|----------------|-----------------------------|

B. DELIBERATIONS**1. Opening and Welcome**

The meeting was officially opened by Cllr LP Mapete and she welcomed everyone present to the meeting.

2. Notice convening the meeting

Mr. L. Bakana read the notice convening the meeting.

3. Applications for leave of absence

The following applications for leave of absence were received, Mr. Lwanyana and Cllr Mthandeki

Cllr Makatesi moved for the acceptance of the apology and he was seconded by Cllr Kraqa.

4. CONFIRMATION OF PREVIOUS MINUTES

Mr. Bakana read the minutes of the previous meeting. Cllr Kraqa moved for the acceptance of the minutes and she was seconded by cllr Moshane.

5. ADOPTION OF THE AGENDA

MPAC Chairperson requested that corrections be made on item 6.1 and the year under review to be changed to 2017/18. Cllr Makatesi moved for the adoption of the agenda and he was seconded by Cllr Kraqa.


MR. N. MNTUYEDWA
ACTING MUNICIPAL MANAGER

23/10/18
Date


CLLR L. MAPETE
CHAIRPERSON

6. CONSIDERATION OF REPORT

6.1 OVERSIGHT REPORT PROCESS PLAN PREPARATION

Cllr LP Mapete presented the item on the process plan to the meeting and the following dates were changed to accommodate events on the council calendar:

DATE	AGENDA
16 OCTOBER 2018	Preparation meeting for the Oversight process Confirmation of the invited attendees, confirmation of the documents required, confirmation of other administrative and other logistical matters
26 OCTOBER 2018	Chapter 1: Mayor's Foreword and the Executive Summary
26 OCTOBER 2018	Chapter 2: Governance
30 OCTOBER 2018	Chapter 3: Service Delivery Performance
30 OCTOBER 2018	Chapter 4: Organizational Development Performance
6 NOVEMBER 2018	Chapter 5: Financial Performance
6 NOVEMBER 2018	Chapter 6: Auditor-General's Findings
27 – 29 NOVEMBER 2018	PUBLIC CONSULTATION SIMULTANEOUSLY WITH THE MAYOR DURING THE MAYORAL IMBIZOS
5 DECEMBER 2018	CONSIDERATION OF THE AUDITED ANNUAL REPORT
14 DECEMBER 2018	SUBMISSION OF THE OVERSIGHT REPORT ON THE ANNUAL REPORT TO COUNCIL FOR CONSIDERATION
19 DECEMBER 2018	SUBMISSION OF THE OVERSIGHT REPORT WITH THE ANNUAL REPORT TO THE OFFICE OF THE AUDITOR-GENERAL, PROVINCIAL TRASURY AND DEPARTMENT OF COOPERATIVE GOVERNANCE

RECOMMENDATIONS

It is recommended that:

- Municipal Public Accounts Committee **ADOPT** the Oversight process plan with the changes made to the dates.
- to **INVITE** the executive committee and management to the oversight meetings as outlined in the oversight report process plan

Cllr Moshane moved for the acceptance of the recommendations and he was seconded by cllr Kraqa.


MR. N. MNTUYEDWA
ACTING MUNICIPAL MANAGER

Date


CLLR L. MAPETE
CHAIRPERSON

6.2 IMPLIMENTATION OF THE RECOMMENDATIONS BY MPAC ON THE OVERSIGHT REPORT 2017/18

Cllr Mapete presented the item to the meeting and moved for the recommendations to be taken as they are. She was seconded by cllr Kraqa.

RECOMMENDATIONS

It is recommended that:

- a) Municipal Public Accounts Committee **APROVE** the draft questions to be submitted to management
- b) to **INVITE** management to a meeting to report on the progress made on the Recommendations made to council for the year 2017/18.

7. CLOSURE

The Chairperson thanked everyone present to the meeting.

The meeting adjourned @ 13:00.


MR. N. MNTUYEDWA
ACTING MUNICIPAL MANAGER

23/10/18
Date


CLLR L. MAPETE
CHAIRPERSON



EMALAHLENI LOCAL MUNICIPALITY

ATTENDANCE REGISTER

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

TUESDAY, 16 OCTOBER 2018

ROYDON BNB QUEENSTOWN
AT 15H30



INITIALS & SURNAME	DESIGNATION	TEL NO	TIME ARRIVED	SIGNATURE
CLLR L MAPETE	CHAIRPERSON: MPAC	071 6877 040	10:14:00	L. P. Mapete
CLLR N KRAQA	MPAC MEMBER	083 522 4246	10:14:00	N. N. Kraqa
CLLR ZG MOSHANI	MPAC MEMBER	073 2835 321	10:14:00	Z. G. Moshani
CLLR M MAKATESI	MPAC MEMBER	084 6411 070	10:14:00	M. Makatesi
CLLR F MTHANDEKI	MPAC MEMBER	073 7357 224		
MR AT LWANYANA	MPAC MEMBER	082 6788 133		
MR. L. BAKANA	ACTING LEGAL & ADMIN MANAGER	0787793982	10:14:00	L. Bakana

OTHER INVITED PARTICIPANTS

INITIALS & SURNAME	DESIGNATION	TEL NO	TIME ARRIVED	SIGNATURE

[illegible][illegible]



***AGENDA OF THE SPECIAL MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE MEETING***

TO BE HELD ON

FRIDAY, 23 NOVEMBER 2018

AT 10H00

***AT THE WYCLIFF MLUNGISI TSOTSI PUBLIC
LIBRARY BOARDROOM***

CACADU



EMALAHLENI MUNICIPALITY



37 Indwe Road
Private Bag X1161
Lady Frere, EASTERN CAPE 5410
Tel: 047 878 0020 Fax: 047- 878 0112
Tel: 047 878 0020 Fax: 047- 878 0112

31 OCTOBER 2018

CLLR P MAPETE
CLLR N KRAQA
CLLR ZG MOSHANE
CLLR M MAKATESI
CLLR MF MTANDEKI
CLLR LWANYANA

MPAC CHAIRPERSON
MPAC MEMBER
MPAC MEMBER
MPAC MEMBER
MPAC MEMBER
MPAC MEMBER

CLLR NC LALI

HONOURABLE ACTING MAYOR

CLLR TG KULASHE
CLLR S LIWANI
CLLR N MTYOBILE
CLLR S LIMBA

PORTFOLIO HEAD: IDHS
PORTFOLIO HEAD: CORPORATE SERVICES
PORTFOLIO HEAD: COMMUNITY SERVICES
PORTFOLIO HEAD: PEDTA
PORTFOLIO HEAD: BTO

MR. N. MNTUYEDWA
MR L. BAKANA

ACTING MUNICIPAL MANAGER
LEGAL & ADMINISTRATION ADMINISTRATOR

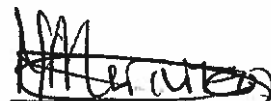
NOTICE OF THE SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

NOTICE IS HEREBY GIVEN THAT THE SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING OF EMALAHLENI MUNICIPAL COUNCIL IS SCHEDULED TO TAKE PLACE ON FRIDAY, 23 NOVEMBER 2018 AT 10H00 IN THE WYCLIFF MLUNGISI TSOTSI PUBLIC LIBRARY BOARDROOM, CACADU.

Yours faithfully



CLLR P MAPETE
PORTFOLIO HEAD: MPAC



MR. N. MNTUYEDWA
ACTING MUNICIPAL MANAGER

AGENDA INDEX

1. OPENING AND WELCOME

2. NOTICE CONVENING THE MEETING

3. APPLICATIONS FOR LEAVE OF ABSENCE

4. ADOPTION OF THE AGENDA

5. CONSIDERATION OF REPORTS

NO.	ITEMS	PAGES
5.1	PRESENTATION AND REVIEW ON CHAPTER 1 (MAYOR'S FOREWORD AND THE EXECUTIVE SUMMARY) OF THE DRAFT ANNUAL REORT 2017/18	4-5
5.2	PRESENTATION AND REVIEW ON CHAPTER 2 (GOVERNANCE) OF THE DRAFT ANNUAL REORT 2017/18	6-7
5.3	PRESENTATION AND REVIEW ON CHAPTER 3 (SERVICE DELIVERY AND PERFORMANCE) OF THE DRAFT ANNUAL REORT 2017/18	8-9
5.4	PRESENTATION AND REVIEW ON CHAPTER 4 (ORGANISATIONAL DEVELOPMENT PERFORMANCE) OF THE DRAFT ANNUAL REORT 2017/18	10-11
5.5	PRESENTATION AND REVIEW ON CHAPTER 5 (FINANCIAL PERFORMANCE) OF THE DRAFT ANNUAL REORT 2017/18	12-13
5.6	PRESENTATION AND REVIEW ON CHAPTER 6 (AUDITOR GENERAL'S FINDINGS) OF THE DRAFT ANNUAL REORT 2017/18	14-15
5.7	CONSOLIDATED REPORT ON THE IMPLIMENTATION OF RECOMMENDATIONS MADE BY MPAC COMMITTEE ON THE OVERSIGHT REPORT 2016/17	16-20

6. CLOSURE

ITEM NO: MPAC 5.1/11/2018

OVERSIGHT ON CHAPTER 1 OF THE DRAFT ANNUAL REPORT 2017/18

REFERENCE NO:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING: 23 NOVEMBER 2018

PURPOSE

The purpose of this item is for the Municipal Public Accounts Committee to consider the Draft Annual Report 2017/18 and submit the Oversight Report on the Draft Annual Report 2017/18

BACKGROUND

The Municipal Finance Management Act, Circular 63 outlines the process to be followed in considering the unaudited and audited annual report. The Emalahleni Municipality is about to embark on the process of considering the Unaudited Annual Report 2017/18. The process for the consideration of the unaudited annual reports includes the oversight process by the Municipal Public Accounts Committee.

LEGISLATIVE FRAMEWORK

Municipal Public Accounts Committee Practical Guide, March 2012
Municipal Finance Management Act, 56 of 2003 (Circular 63) & (Circular 32)

DISCUSSION

Circular 63 provides that every municipality must prepare an annual performance report which must form part of the Annual Report for each financial year in accordance with section 46 of the Municipal Systems Act and section 121 of the Municipal Finance Management Act.

Circular 63 further provides that the purpose of the Annual Report is:

- To provide a record of the activities of the municipality during the financial year to which the report relates;
- To provide a report on performance in service delivery and budget implementation for the financial year;
- To promote accountability to the local community for the decisions made throughout the year by the municipality.

The following is the narrative of the reformed and streamlined Annual Report process in relation to the role played by the Municipal Public Accounts Committee:

- The unaudited Annual Report is sent through in August for records and the Auditor-General for auditing. It is also submitted to the MPAC for oversight verification and community consultation together with council.
- The Auditor-General submits the audited report to the Accounting Officer by the end of November. The audited Annual Report is submitted to Council and the MPAC for finalising its oversight report.
- The accounting officer to report on actions on issues raised in the audit report and explanations on matters raised in the AFS, as well as the committee dealing with performance to enable it to report to council on recommendations on performance awards, if any.
- Public overview of the unaudited Annual Report and participation in the IDP/Budget process should occur simultaneously. This process should be completed by December when Council is responsible for concluding the Annual Report and matters related to the financial year, noting that five months would have lapsed already.
- The audited Annual Report must be submitted to the Treasury, Cogta and sector departments by the end of December.

RECOMMENDATIONS

It is recommended that:

- a) Municipal Public Accounts Committee **CONSIDER** the Draft Annual Report 2017/18
- b) to **CONSIDER** presentations made by members of the executive committee
- c) to **DRAFT** oversight report on the draft annual report
- d) to **SUBMIT** oversight report with recommendation to council

ITEM NO: MPAC 5.2/11/2018

OVERSIGHT ON CHAPTER 2 OF THE DRAFT ANNUAL REPORT 2017/18

REFERENCE NO:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING: 23 NOVEMBER 2018

PURPOSE

The purpose of this item is for the Municipal Public Accounts Committee to consider the Draft Annual Report 2017/18 and submit the Oversight Report on the Draft Annual Report 2017/18

BACKGROUND

The Municipal Finance Management Act, Circular 63 outlines the process to be followed in considering the unaudited and audited annual report. The Emalahleni Municipality is about to embark on the process of considering the Unaudited Annual Report 2017/18. The process for the consideration of the unaudited annual reports includes the oversight process by the Municipal Public Accounts Committee.

LEGISLATIVE FRAMEWORK

Municipal Public Accounts Committee Practical Guide, March 2012
Municipal Finance Management Act, 56 of 2003 (Circular 63) & (Circular 32)

DISCUSSION

Circular 63 provides that every municipality must prepare an annual performance report which must form part of the Annual Report for each financial year in accordance with section 46 of the Municipal Systems Act and section 121 of the Municipal Finance Management Act.

Circular 63 further provides that the purpose of the Annual Report is:

- To provide a record of the activities of the municipality during the financial year to which the report relates;
- To provide a report on performance in service delivery and budget implementation for the financial year;
- To promote accountability to the local community for the decisions made throughout the year by the municipality.

The following is the narrative of the reformed and streamlined Annual Report process in relation to the role played by the Municipal Public Accounts Committee:

- The unaudited Annual Report is sent through in August for records and the Auditor-General for auditing. It is also submitted to the MPAC for oversight verification and community consultation together with council.
- The Auditor-General submits the audited report to the Accounting Officer by the end of November. The audited Annual Report is submitted to Council and the MPAC for finalising its oversight report.
- The accounting officer to report on actions on issues raised in the audit report and explanations on matters raised in the AFS, as well as the committee dealing with performance to enable it to report to council on recommendations on performance awards, if any.
- Public overview of the unaudited Annual Report and participation in the IDP/Budget process should occur simultaneously. This process should be completed by December when Council is responsible for concluding the Annual Report and matters related to the financial year, noting that five months would have lapsed already.
- The audited Annual Report must be submitted to the Treasury, Cogta and sector departments by the end of December.

RECOMMENDATIONS

It is recommended that:

- e) Municipal Public Accounts Committee **CONSIDER** the Draft Annual Report 2017/18
- f) to **CONSIDER** presentations made by members of the executive committee
- g) to **DRAFT** oversight report on the draft annual report
- h) to **SUBMIT** oversight report with recommendation to council