

//KHARA HAIS MUNICIPALITY



OVERSIGHT REPORT 2015/2016

1. Introduction

The 2015/2016 draft Annual Report was tabled to Council on 28 January 2016 in compliance with the Municipal Finance Management Act (MFMA) which requires under section 127 (2) that:

“The Mayor of a municipality must, within seven months after the end of a financial year, table in the Municipal Council the annual report of the municipality.”

In dealing with the tabled draft Annual Report, Council is required to adopt an Oversight Report by not later than two months from the date of tabling, which for the 2015/2016 report will be 28 March 2016.

An oversight report should contain Councils’ comments on the annual report and must include under section 129 (1) of the MFMA a statement as to 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.

2. The Oversight Committee

The functions of the Oversight Committee are to:

- Undertake a review and analysis of the Annual Report
- Invite, receive and consider inputs from Councilors and Portfolio Committees, on the Annual Report
- Consider written comments received on the Annual Report from the public consultation process
- Allow the local community or any organ of the state to make representations on the Annual Report
- Receive and consider the views and comments of the Councils’ Audit Committee on the Annual Financial Statements and the Performance Report
- Prepare the draft Oversight report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organs of the state, Councils’ Audit Committee and Councillors.

According to the Terms of Reference of MPAC, one of the duties of MPAC is to make recommendations to Council when it adopts the **oversight report** on the annual report in terms of Section 129 of the Municipal Finance Management Act;

The following Councillors were appointed as members of MPAC on 30 September 2016:

Cllr	M Bosman	-	Chairperson
	J Assegaai		
	BLB Bosman		
	DJ Coetzee		
	MW Davids		
	K de Wee		
	B Kalote		
	J Mei		
	ACC Morkel		
	M Plaatjies		
	S Sandlana		

At a Council Meeting held on 31 January 2017 the following Councillors was re-appointed on MPAC:

Cllr	M Bosman	Chairperson
	S Davids	
	BLB Bosman	
	ACC Morkel	
	B Kalote	
	F Olifant	
	PSJ Isaacs	
	PT van der Steen	
	J Mei	
	K de Wee	
	DJ Coetzee	

3. 2015 / 2016 Annual Report Consultation Process

The community is advised through the printed media of the availability of the draft Annual Report and is invited to submit representations on the report.

The draft Annual Report is available at all municipal libraries and offices. The report is also placed on the //Khara Hais Municipality website. The draft Annual Report was also submitted to the Auditor General, National Treasury, Provincial Treasury and the Department of Local Government and Traditional Affairs.

The closing date for public submissions is 24 February 2017.

4. Summary of Comments on the 2015 / 2016 Annual Report

4.1 Purpose of Annual Report

The purpose of the annual report as set out in MFMA Circular 32 is:

- To provide a record of the activities of the municipality or entity;
- To provide a report on performance in service delivery and budget;
- To provide information that supports the revenue and expenditure decisions made; and
- To promote accountability in the local community for decisions made.

4.2 The draft Annual Report was discussed by the Oversight Committee (MPAC) on the following dates:

23 January 2017 and
23 March 2017

4.3 Comments on the Annual Report

Due to the Municipal Elections on 3 August 2016 there were no functioning MPAC. On 29 August 2015 the Audit Committee discussed the Annual Report for the 2015/2016 financial year and made the following findings:

1. The following corrections had to be made to the 2015/2016 annual Report:

Table	Chapter	Finding
Mayor's forward	1	The information in the draft annual report is a duplicate of the information contained in the final 2014/15 annual report. Reference is also being made to "Council meets the

		people” program while the program did not happen for the 2015/16 financial year. Some of the projects that are listed as “to be undertaken” are already completed like the connection road between Rosedale and Paballelo and the Abraham “Holbors” September water treatment works.
Municipal Manager’s overview	1	Not yet completed as some financial information lacks. The information in the draft annual report is a duplicate of the information contained in the final 2014/15 annual report and only the amounts and percentages will change.
Financial overview	1	Template 1.4.1 not yet completed. Template 1.4.3 not yet completed.
Comment on annual report process	1	Template 1.7.1.1 seems incomplete as the information is not in line with the directive note.
T 1.2.1 & T1.2.8	1.2 Municipal functions, population and environmental overview	T1.2.1 indicate Population group for coloured people for as 5.2%. T1.2.8 indicate population group for coloured people as 65.2%. The information of 80/20 local government report was used.
T1.4.1	Chapter 2 – Financial overview	Not completed.
T1.4.3	Chapter 2 – comments on financial ratios	Not completed
T1.7.1.1	Chapter 1 – Comments on Annual Report Process	Seems incomplete. The importance of achieving Statutory Annual Report Process deadlines to prepare the Annual Report and importance of alignment between the IDP, Budget and Performance Management System was not explained under the table
T2.2.1	Chapter 2: Introduction to Administrative governance	Completed
T2.4.3	Chapter 2: Public meetings Number of Community members attending	No information for ward 8 regarding the dates of meetings and number of attendees.
T2.4.3	Chapter 2 – Public meetings	According to Annual Report the following meetings were held: Ward 13: 4 meetings, 196 attendees. Evidences: Internal Audit only found 3 public meeting and 187 attendees.
T2.4.3	Chapter 2 – Public meetings	According to Annual Report the following meetings were held: Ward 6: 2 meetings, 163 attendees. Evidence: Internal Audit only found 1 public meeting and 167 attendees.
T2.4.3	Chapter 2 – Public meetings	According to Annual Report the following meetings were held: Ward 11: 4 meetings, 845 attendees. Evidence: Internal Audit found 4 public meeting and only 701 attendees.
T2.10.1	Chapter 2: Municipal Website : Content And Currency Of Material	The following information in terms of Section 75 of MFMA could not be found on website: An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2015/16, All service delivery agreements (2015/2016),

		All long-term borrowing contracts (2015/2016)		
T3.1.2.2	Chapter 3 – comment on water use by sector	<p>Total use of water by sector: According to approved 2014/15 AR: 2014/2015 Irrigation: 1 081 183 m3/annum</p> <p>Raw water for treatment: 17 240 693 m3/annum</p> <p>According to draft 2014/15 AR: 2014/2015 Irrigation: 1 037 524 m3/annum</p> <p>Raw water for treatment: 14 360 453 m3/annum</p>		
T3.1.4	Chapter 3 – service delivery performance	The table is partially completed, budget information outstanding		
T3.1.5	Chapter 3 – service delivery performance	According to the graph, the free basic water was 10kl. During the 2015/16 financial year it was 6kl.		
T3.2.4	Chapter 3 - service delivery performance	The table is partially completed, budget information outstanding		
T3.2.3 and T1.2.1	Chapter 1: Introduction to background data Chapter 3 – services delivery performance	<p>According to T1.2.1 there are 23245 households and 10.9% have a bucket toilet which equals 2533.</p> <p>According to T3.2.3 there are 3234 bucket toilets.</p> <p>According to T5.8.4 there are approximately 3300 bucket toilets.</p>		
T1.2.4	Chapter 1 – housing backlog	According to the template there is no information available.		
T3.4.3	Chapter 3 – waste management	No budgeted information regarding waste management below the minimum level for formal and informal settlements.		
T3.5.2	Chapter 3 – housing	<p>According to T3.5.2 there is 14763 households of which 14047 is formal.</p> <p>According to T1.2.1 there is 23245 households of which 17689 (76.10%) is formal.</p> <p>According to T5.8.2 there are 7411 houses below minimum standards.</p> <p>Year ends incorrect on template.</p>		
T3.6.1	Chapter 3 - service delivery performance	According to the AR, free basic services were provided which amounts to R21,5m while according to the June 2016 Adjustments Budget it was R21,4m.		
T3.6.4	Chapter 3 - service delivery performance	According to the AR, free basic services were provided which amounts to R21,410m while according to the June 2016 Adjustments Budget it was R21, 4m.		
T1.2.1 & T3.2.3	Chapter 2 – Introduction to background data & Chapter 3 - Sanitation	Differences found between T1.2.1 and T3.2.3	T1.2.1	T3.2.3
		None	5%	0
		Flush Toilets connected	74.8%	16480
		Flush toilet with septic		
		Chemical Toilet		
		Pit toilet with or without ventilation	8.9%	0
		Bucket Toilet	10.9%	3 234
Other toilet provision (above min)	0	2 396		

		All information for 2015/16 is based on the 80/20 report on local government and not the statistics of the municipality. Based on percentages used, Internal Audit could not verify the accuracy of the calculation as the actual numbers are not in the report.
T3.7.1	Chapter 3 – Introduction to roads	Information in 2014/15 AR and 2015/16 AR are identical.
T3.7.1 & T3.7.2	Chapter 3 – Introduction to roads	T3.7.1: 146.7km gravel roads. 193.8km tarred roads T3.7.2: 187km gravel roads. 198km tarred roads
T3.9.4	Chapter 3 – storm water infrastructure costs	No information in graph for 2015/16 financial year.
T3.68.2	Chapter 3 – sport and recreation	Not included in AR.
T4.0.1	Chapter 4 – organisational development performance	Not completed
T4.5.0	Chapter 4 – introduction to workforce capacity development	Not Completed
T4.6.6	Disclosure of financial interest	No information in template.
T5.1.1	Statement of financial performance	Original budget totals verified. It seems that the totals from Adjustment budget for period 26.02.2016 and not the last adjustments budget for period 30.06.2016 totals have been used on Annual report.
T5.1.2	Financial Performance of operational Services	Information could not be reconciled with approved budget.
T5.2.1	Grant performance	Original and Adjustment budget totals verified to AR
T5.3.2	Treatment of 3 largest assets	Information completed.
T5.3.3	Comments on asset management.	Information completed
T5.5.0	Introduction to spending of capital budget	Information completed
T5.6.1.1	Comments on sources of funding.	Information completed
T5.7.1	Capital spending on 5 largest projects	Information is just for 3 capital projects and not 5 as required.
T5.7.1.1	Comments on capital spending	Template incomplete. Amounts of spending not completed.
T5.10.5	Comments on borrowing and investments	No information in template.
T6.0.1 till T6.2.5	Chapter 6	Template incomplete as audit outcome will be releases November 2016.
Appendix A	Cllr LA Kolo (committee for financial viability)	Percentages for apologies for non-attendance not completed.
Appendix C	Manager Communications	Indicated as vacant. PP Williams was appointed in the post on 01 April 2016.
	Manager: Housing & Human Settlement	Information incorrect as M Maczali (resigned).
	Vacant positions (Manager Office of Mayor and Speaker)	Manager Office of Mayor and Speaker does not exist on organogram and can therefore not be vacant.

2. The following corrections had to be made to the 2015/2016 Top Layer SDBIP:

2.1 Environmental Health Services - No Corrections

2.2 Directorate Electro-Mechanical Services:
The Following Corrections must be made:

IDP Ref	Development Priority	KPA	Indicator Definition	Evidence file Yes/No	Is evidence in file for Quarter 1?	Is evidence in file for Quarter 2?	Is evidence in file for Quarter 3?	Is evidence in file for Quarter 4?	Comments by Internal Audit
KPI 44	Development Priority 5: Energy and Electricity	Service Delivery and Infrastructure Development	Upgrading of networks - 2015/2016	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.
KPI 45	Development Priority 5: Energy and Electricity	Service Delivery and Infrastructure Development	Electrification of New Developments : 455 Connections in Rosedale Westerkim	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.
KPI 46	Development Priority 5: Energy and Electricity	Service Delivery and Infrastructure Development	Electrifying 89 Houses - Louisvale Road - (Roll-over)	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.
KPI 47	Development Priority 5: Energy and Electricity	Service Delivery and Infrastructure Development	Electrifying 200 Houses - Rosedale (Roll-over)	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.
KPI 48	Development Priority 5: Energy and Electricity	Service Delivery and Infrastructure Development	Energy Efficiency & Demand Side Management - (Roll-over)	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.

2.3 Directorate Civil Engineering Services:
The Following Corrections must be made:

IDP Ref	Development Priority	KPA	Indicator Definition	Evidence file Yes/No	Is evidence in file for Quarter 1?	Is evidence in file for Quarter 2?	Is evidence in file for Quarter 3?	Is evidence in file for Quarter 4?	Comments by Internal Audit
KPI 57	Development Priority 6: Roads, Transport and Stormwater Drainage	Service Delivery and Infrastructure Development	Improvement of road safety of Schröder Street (Roll -over)	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.
KPI 60	Development Priority 2: Water Resources and Services	Service Delivery and Infrastructure Development	Upgrading of Raaswater and Protea Raw Water Pumpstations	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.
KPI 62	Development Priority 2: Water Resources and Services	Service Delivery and Infrastructure Development	Installation of Water Services Dakota Road - R318,959.00 (Phase 2)	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.
KPI 64	Development Priority 6: Roads, Transport and Stormwater Drainage	Service Delivery and Infrastructure Development	Paving Streets and Upgrading of Stormwater Smarties Valley - R14738.00	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found
KPI 65	Development Priority 2: Water Resources and Services	Service Delivery and Infrastructure Development	Provision of Civil Services - 6667 Erven (various areas)	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found

KPI 66	Development Priority 2: Water Resources and Services	Service Delivery and Infrastructure Development	Bulk Water Infrastructure - Acquisition and Installation of 10 Bulk Meters & Loggers	Yes	Evidence incomplete	Evidence incomplete	Evidence incomplete	Evidence incomplete	No Progress report on capital projects could be found on the evidence file.
KPI 59	Development Priority 2: Water Resources and Services	Service Delivery and Infrastructure Development	Replacement of worn-out pumps, valves, switch gear & meters - Water network	Yes	N/A	N/A	N/A	Evidence incomplete	Copies of requisition and invoice as proof of spending not included in file

2.4 Water Purification

The Following corrections must be made:

IDP Ref	Development Priority	KPA	Indicator Definition	Evidence file Yes/No	Is evidence in file for Quarter 1?	Is evidence in file for Quarter 2?	Is evidence in file for Quarter 3?	Is evidence in file for Quarter 4?	Comments by Internal Audit
Water Purification, Sewerage Treatment & Sanitation									
KPI	Development Priority 2: Water Resources and Services	Service Delivery and Infrastructure Development	Review of WSP : WSP approved and submitted by 31 December 2015	Review of WSP : WSP approved and submitted by 31 December 2014	N/A	Review of WSP : WSP approved and submitted by 31 December 2015	N/A	N/A	Indicator was not evaluated. According to the Director, the plan should only be reviewed every 2 years (last review was in 12.'2014). No proof to substantiate the reason, could be found on the evidence file.

2.5 Directorate Planning and Development

No Corrections

MPAC will, during the course of the review period, ensure that the findings of the Audit Committee were corrected in the Annual report.

The draft Annual Report was discussed by the Oversight Committee (MPAC) on 23 January 2017.

At the meeting it was resolved as follows:

1. *Dat die Konsepjaarverslag van Munisipaliteit //Khara Hais vir die 2015/2016 boekjaar in beginsel goedgekeur word en aan die publiek vir insette en kommentaar beskikbaar gestel word.*
2. *Dat die volgende tydraamwerk vir die goedkeuring van die Konsepjaarverslag goedgekeur word:*

Konsepverslag aan Raad - Dinsdag, 31 Januarie 2017

Publikasie vir Publieke deelname - Vrydag, 3 Februarie 2017

Finale verslag aan MPAC - Maandag, 20 Maart 2017

Goedkeuring van finale verslag - Maandag, 28 Maart 2017

4.4 COMPLETENESS OF THE ANNUAL REPORT

All the above mentioned amendments was included in the final Annual Report

5. Declaration in terms of Section 129 of the MFMA

It is hereby declared that, in terms of section 129 of the MFMA, the Annual Report was approved without reservations.

RECOMMENDATION

1. That Council considers the Annual Report of the municipality for the 2015/2016 financial year and representation thereon, and adopts the oversight report as compiled by the Oversight Committee (MPAC) together with the Annual Report.
2. That the Oversight Report be made public in accordance with section 129 (3) of the MFMA 56 of 2003;
3. That the Oversight Report be submitted to provincial legislature in accordance with section 132 (2) of the MFMA 56 of 2003.
4. That it be noted that all the amendments, that is mentioned in the report, was included in the final Annual Report