

LETSEMENG LOCAL MUNICIPALITY



OVERSIGHT REPORT

2012/2013

OVERSIGHT REPORT 2012/2013: LETSEMENG LOCAL MUNICIPALITY

1. INTRODUCTION

1.1 Background

Letsemeng Local Municipality was established on 06 December 2001 as results of section 21 of the Local Government Demarcation Act (Act 27 of 1998) this report is thus prepared based on and in accordance with the legislative requirements.

1.2 Purpose

To consider the Letsemeng Local Municipality's Annual Report for the 2012/2013 financial year and to compile an Oversight Report containing Council comments on the Annual Report in terms of section 129(1) of the local Government: Municipal Finance Management Act,2003(Act No.56 of 2003) (hereafter referred to as the MFMA).

1.3 Regulatory Requirements

1.3.1 Section 121(1) of the MFMA stipulates the following:

Every Municipality must for each financial year, prepare an Annual Report. The Council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129 of the MFMA.

1.3.2 Section 121(2) of the MFMA states that the purpose of an annual report is:

- (a) To provide a record of the activities of the municipality during the financial year to which the report relates.
- (b) To provide a report on performance against the budget of the municipality for the financial year, end.
- (c) To promote accountability to be local community for the decision

1.3.3 Section 121(3) of the MFMA state that the annual report of the municipality must include:

- (a) The annual financial statements of the municipality, and in addition, if section 122(2) applies consolidation annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(3);
- (b) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
- (d) The Auditor-General's audit report in terms of section 45(b) of the Municipality System Act, Act 32 of 2000;
- (e) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and services charges;
- (f) An assessment by the Municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)

for revenue from each source and each vote in the municipality's approved budget financial year;

- (g) Particulars of any corrective action take or be taken in response to issues raised in the Audit reports referred to the paragraphs (b) and (d);
- (h) Any explanations that may be necessary to clarify issue in connection with the financial Statement;
- (i) Any information as determined by the municipality;
- (j) Any recommendation of the municipality's audit committee; and
- (k) Any other information as may be prescribed.

1.3.3 In terms of section 127(5) of the MFMA:

The Accounting Officer must immediately after the Annual Report is tabled, make public the Annual Report, invite the local community to submit the representations in connection with the and submit the Annual Report to the Auditor-General, the relevant Provincial Treasury and the Provincial Department responsible for Local Government in the Province.

1.3.4 According to section 129(1) of the MFMA:

The Council must consider the annual report by no later than two months from the date on which the Annual Report was tabled, adopt an oversight report containing the Council's comments on the annual report which must include the statement whether-

- The Council has approved the annual report with or without reservations
- Has rejected the annual; report or
- Has referred the annual report back for revision of those components that can be revised.

1.4 Submission and tabling of the Annual Report

The Annual Report of the municipality for the year **2012/13** financial year was tabled in the Council meeting held on **30 January 2013** in terms of section 127/(2) of the Local Government : Municipality Finance Management Act 2003.

Council resolved during the meeting held on 30 January 2013:

- Council notes the Letsemeng Local Municipality 2012/13 Annual Report;
- That the office of the Speaker and the Municipal Manager be mandated to convene an Oversight Committee to review the report and prepare an Oversight thereon for approval of Council : and
- That the 2012/13 Annual Performance Report be submitted to both office of the MEC for Cooperative Governance ,Traditional Affairs and Human and Settlement, Free State Provincial Treasury and Auditor-General South Africa.

Oversight Committee Members

The committee consists of the following members:

Initial and surname	Designation	Position
Mr. Patrick Mathobie	Community Representative	Chairperson
Cllr. Pudumo Louw	Councillor	Member
Cllr. K. Nel	Councillor	Member
Mr. O. Seseane	Internal Auditor	Representing Shared Audit & Performance Committee
Mr. K. Phetlho	Intern: Internal Auditor(FS COGTA)	Scriber

2. THE APPROACH, OBSERVATION AND CONCLUSION OF THE OVERSIGHT COMMITTEE

2.1 The Approach

The Oversight Committee inspected the Annual Report of Letsemeng Municipality. Items reported on in the Annual Report and issues raised by the Auditor-General were thoroughly studied.

2.2 Observation

The committee takes note and acknowledge the improvement of Auditor General Report though it still remains a qualification. The committee takes note that Revenue Section of the municipality need constant monitoring and it is not effective and policies are not effectively implemented. The committee also is concerned about Irregular expenditure especially the effective implementation of SCM policies and constant monitoring of processes.

2.3 Comments/objections received

The committee noted that the local community was invited through public notices and/or advertisements to submit written comments and/or objections on the Annual Report. The period allowed for comments and/or objections was from 8 February 2014 until 18 March 2014. However, no responses were received to date. While the committee accepts that the local community was informed and did not respond.

The committee recommends that the Municipality must implement and improve Public Participation through Mayor/Speaker Office to enhance liaison with of community.

2.4 Inputs from the Committee

- The Committee considered all contents of the Annual Report and the Auditor General's view and conclusions on reports included herein.
- The Committee recommends that Action Plan drafted to address Auditor General findings it's important that it is executed and also there must be timeframes attached to it to improve monitoring of it.
- The Committee takes note that appointment of Senior Management and Accounting Officer is important to bring stability and improve accountability and it should be addressed urgently.

- The Committee takes note that vacancy rate is high and appointment of staff is slow it need to be improved and vacancies filled within 3months of advertisement.
- The Committee takes note Revenue Section is not effective a follow up should be made by Finance Committee on Rates Policy and how far is the process of intervention from SALGA.
- The Committee takes note SCM policies are not effectively adhered to and treatment of Irregular Expenditure is also noted on Auditor General Report and this matter was raised in the previous report and Finance Committee to constantly monitor implementation of SCM regulations and Expenditure.
- The Committee is concerned about lack of or non-implementation of Action Plan and this matter should be constantly monitored by Council.
- The Committee takes note of Council Vision and Management and remains optimistic that an improved service delivery and better audit opinion is possible.

3. RECOMMENDATION

The committee recommends the following:

- They acknowledge the audit recovery plan in the annual report and recommends that it be executed and have time frames attached to it and quarterly reports be submitted in management meetings and to Council to improve key controls.
- Finance Committee constantly monitor SCM policies and process and Revenue policies to enhance and improve effectiveness of operation.
- Filling of vacancies be prioritised and process be complete within 3months.

4. CONCLUSION

Based on the results of the review stated above, the Oversight Committee accepts the Annual Report for the 2012/2013 financial year: However, the committee requires that management promptly addresses the issues it raised in the report.

Resolution by the Council

- Council approves the Annual Report without reservations

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Mr. Patrick Mathobie
Chairperson of the Oversight
Committee

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Date: Signed