

OVERSIGHT REPORT 2016/2017

DATE: 29 MARCH 2018

LETSEMENG LOCAL MUNICIPALITY: OVERSIGHT REPORT 2015/2016

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 2016/2017 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 taken or to be taken in response to issues raised in the Audit reports referred to in paragraphs (b) and (d);
- (h) Any explanations that may be necessary to clarify an 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 Annual Report and submit the Annual Report to the Auditor-General, the relevant Provincial Treasury and the Provincial Department responsible for Local Government in the Province.

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 **2016/17** financial year was tabled in the Council meeting held on **31ST January 2018** in terms of section 127(2) of the Local Government : Municipal Finance Management Act 2003.

Council resolved during the meeting held on 31st January 2018:

- Council notes the Annual Report for the financial year 2016/2017;
- 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 Report thereon for approval of Council : and
- That the 2016/17 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. Nikiwe November	Councillor	Member
Cllr. Thabo Moqhoishi	Councillor	Member
Cllr. N Ntemane	Councillor	Member
Mieta Nkonki	Official	PMS Officer

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 of the outcome of the audit opinion which is really a concern as the municipality has regressed to a disclaimer for the financial year 2016-2017. The committee also noted that issues raised by the Auditor-General is recurring and there is no improvement and the Audit Action Plan for the financial year 2015-2016 was not implemented as raised in the Auditor- General's Report.

The committee also raised a concern that the Audit- Recovery Plan 2016/2017 based on the Auditor's General Report ending 30 June 2017 that is does not give a clear direction as to how are some issues/challenges going to be addressed. E.g the remedial action column "still awaiting management responses"

2.3 Comments/objections received

The committee noted that the local community was invited through public notices and advertisements to submit written comments and/or objections on the Annual Report. The period allowed for comments and/or objections was from **6th February 2018** until **2nd March 2018**. However, no responses were received to date. While the committee accepts that the local community was informed and did not respond.

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.

3. RECOMMENDATION

The committee recommends the following:


- They acknowledge the Annual Report for 2016-2017 financial year.
- The Committee advice that for the financial year 2017-18 annual report consideration, that it meets at least twice to review the Annual Report before concluding the Oversight Report.
- That the publication of the Annual report be in all languages understandable by our communities as per the adopted Language Policy of the Municipality.
- That the annual report be summarised because communities do not understand the contents of it, hence lack of inputs from community members.
- That Ward Councillors table the annual report to their constituencies and Ward Committees before the oversight committee finally sits.
- That the Sec 32 committee must investigate all Irregular, Fruitless and Wasteful expenditure and recommends that the committee sits on the 10th April 2018.
- Mr. P. Mathobie is willing to offer his expertise to the committee as a community member.

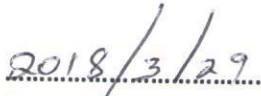
4. CONCLUSION

Based on the results of the review stated above, the Oversight Committee accepts the Annual Report for the 2016/2017 financial year.

Recommendation to the Council

- The committee jointly agreed that they are satisfied with the Annual report and accept the Report with reservations.
- The committee further recommends that consequential management must be implemented in the Municipality.
- The leadership as well as management must take accountability and commitment in order to improve the Audit Opinion for the next financial year.


Mr. Patrick Mathobie
Chairperson of the Oversight
Committee


Date: Signed