



UMHLABUYALINGANA MUNICIPALITY

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THE 2015/2016 OVERSIGHT REPORT FOR UMHLABUYALINGANA MUNICIPALITY

Introduction

Council has a vested responsibility to oversee the performance of its municipality as required by the Constitution, the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA). This oversight responsibility of council is particularly important for the process of considering Annual Reports.

The MFMA and MSA recognize that council has a critical role to play to ensure better performance by municipalities. There is an explicit linkage which exists between the strategic goals determined by council through the IDP process as well as the budgeting process through which the delivery of those goals translate into service delivery, which is then reported in the Annual Report. Similarly the achievement of those strategic goals through service delivery will lay a basis for better oversight and cement the contracts between council, the administration and the public at large.

This oversight report will focus on the following areas:

1. The chairman's foreword
2. The performed programmes
3. Statement of purpose of the oversight report
4. The oversight committee
5. Circulation of the annual report meeting
6. Summary of findings relating to the annual reporting process 2015/2016
7. Resolution and recommendations of the MPAC
- 8 Conclusion

1. THE CHAIRPERSON'S FOREWORD

It is an immense honor and privilege to present to council an oversight report that was compiled by members of MPAC. I can affirm that for its inaugural meeting, the seriousness with which MPAC took its responsibility was palpable. I further account that MPAC will function in order to fulfill its obligations in terms of the provisions of the Local Government Municipal Systems Act, Act 117 of 1998 and the Municipal Finance Management Act, Act 56 of 2003 regarding the exercise of oversight. It is imperative to note that the municipality has achieved a clean audit opinion for two consecutive years however; we do have a challenge with the following:

- Persisting outcomes i.e. tenders awarded to members in service of the state

The functioning of the MPAC is to strengthen the oversight arrangements in the municipality. This is carried out with a clear distinction between oversight and interference in the administration, as defined in the Municipal Finance Management Act no.56 of 2003 section 52 (b) and 103 respectively, as well as the code of conduct for councillors defined in schedule 1 of Municipal Systems Act no 32 of 2000. Sect on 129 (4) of the MFMA further provides for the assurance of the manner in which the municipal council should consider the Annual Report and conduct public hearings and the functioning and composition of any public accounts and oversight committees established by the council to assist it to consider such an annual report.

2. THE PERFORMED PROGRAMME

- The council has approved the Auditor- General Action plan based on previous financial year findings following its presentation in the presence of the office of the Auditor General and the Audit Committee
- There is a serious need for proper coordination between political and administrative leadership to ensure effectiveness of the MPAC

3. STATEMENT OF PURPOSE OF THE OVERSIGHT COMMITTEE

It is important to have some understanding of the accountability framework for municipalities in order to understand the role of the oversight report as distinct from that of the annual report and any of reports required from the municipality. The table presented below shows the financial governance framework which is applicable to local government.

	Responsible for	Oversight	Accountable to
Council	Approving policies and budget	Mayor	Community
Mayor	Policy, budgets, outcomes management of /oversight over municipal manager	Municipal manager	Council
Municipal manager	Outputs and implementation	The administration	Mayor
Chief financial officer and senior managers	Outputs and implementation	Financial management and operational functions	Municipal manager

Section 129 of the Municipal Finance Management Act requires council to consider the Annual Report of its municipality and to adopt an oversight report containing the council's comments on the Annual Report.

The oversight report is a separate product from the Annual Report. The Annual Report is submitted to the council by the Accounting Officer and the Mayor and is part of the process for discharging accountability by the executive and administration for their performance and achieving objectives and goals set by the municipality in the relevant financial year and etc.

The oversight report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal council to the community disclosing the level of success or otherwise obtained with meeting the priority needs and stated desires of the community as contained in the IDP.

4. THE OVERSIGHT COMMITTEE

The MPAC committee was established under Section 33 and 79 of the Municipal Structures Act 1998. It is imperative to mention that the committee is made up of only non-executive councillors and representatives of the community. The members of the MPAC committee are presented in the table below:

MPAC COMMITTEE
1. Cllr SP Mthethwa (Chairperson) – ANC –Ward 11
2. Cllr KO Tembe- ANC – Ward 1
3. Cllr BC Zikhali -AIC – Ward 16
4. Cllr NC Mdletshe –ANC – Ward 15
5. Cllr MJ Mthembu – IFP – Ward 3
6. Cllr SG Nxumalo -IFP – Ward 7

5. CIRCULATION OF THE ANNUAL REPORT MEETING AND ISSUES

It is imperative to note that on the 24/03/2017 the MPAC held a meeting where they prepared and consolidated the oversight report.

It is imperative to acknowledge that the Annual Report was subject to public scrutiny in the form of Annual Report public participation process, which the MPAC has used the level of satisfaction of the community, annexed in the adopted annual report. Minutes are available for verification. The Annual Report public participation was conducted on the following dates:

DATE	VENUE	WARDS
30 January 2017	Mboza- One stop Shop	13 and 14
31 January 2017	KwaNdaba –Big 11 Store	9 and 6
01 February 2017	Mashalaza High School	4 and 8
02 February 2017	Manyampisi Primary School	15 and 5
03 February 2017	Manqakulana Hall	16 and 18
06 February 2017	Gazini	12, 11 and 1
08 February 2017	Mazambane (Happy Stars Sports Field)	10 and 17
09 February 2017	EMphakathini Hall	7,2 and 3

6. SUMMARY OF FINDINGS RELATING TO THE ANNUAL REPORTING PROCESS 2015/2016

- Tenders not advertised for the required days
- Quotation not stamped and request not sent to supplier.
- Suppliers in which persons in service of other state institutions have an interest
- No proof of service delivery or good received note
- Municipality incurred expenditure on performing functions for the district municipality
- Business Continuity and Disaster Recovery Plans not tested
- Segregation of duties conflict as users can capture and approve EFT payments
- Incorrect employee genders captured on the system
- Missing employee Pay-As-You-Earn numbers on VIP Payroll
- Reported performance not verifiable
- Reported information as per the indigent register is not reliable
- Indigent register is not updated and is not accurate
- Monthly budgets statements did not include explanations of material variances as required by the Act.

7. RESOLUTIONS AND RECOMMENDATIONS OF THE MPAC

- We affirm the recommendations in the management letter based on the issues raised and further recommend the implementation of the AG action plan to address such issues.
- We recommend that the management focus on the reporting of performance information.
- We recommend that management focus on the issue of the indigent register
- We further recommend that management pays particular attention to the emphasis of matter paragraph in the audit report which relates to the material under spending of the capital budget.

8. CONCLUSION

The committee recommends the adoption of the oversight report and approves the 2015/2016 Annual Report without reservations

Compiled by MPAC Chairperson



Date: 30/03/17