

DIPALESENG LOCAL MUNICIPALITY



OVERSIGHT REPORT 2017/2018 FINANCIAL YEAR

1. INTRODUCTION

Section 129 of the Local Government: Municipal Finance Management Act, no.53 of 2003 (MFMA) requires the Municipal Council to consider the Annual Report of its municipality and to adopt an Oversight Report containing the Municipal Council's comments on each Annual Report.

The Oversight report is a report of the Municipal Council and follows consideration and consultation on the Annual Report by the Council itself.

The purpose of the Annual Report as highlighted in Section 121 of the MFMA 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 against the budget of the municipality for that financial year; and
- to promote accountability to the local community for the decisions made throughout the year by the municipality.

Council is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA).

2. THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Dipaleseng Municipal Council has delegated the responsibility of the Oversight Report on the Annual Report to MPAC in terms of Council resolution **C 04/01/19** dated 31 January 2019 and MPAC is responsible to:

- ❖ To consider and evaluate the Annual Report as tabled to Council, and thereafter make recommendations to Council in this regard.
- ❖ To compile an Oversight Report and table it in Council no later than 60 days from the date of which the Annual Report was tabled, in terms of Section 129 of the MFMA.

The Municipal Public Accounts Committee therefore in its work check whether the information contained in the Annual Report is fair and reasonable record of the performance of the municipality and accounts for the actions of the municipality and properly accounts for the actions of the municipality in the financial year reported upon.

MPAC consists of the following members:

Cllr A K Nyamade (Chairperson)
Cllr T J Mahlangu
Cllr L M Maruping
Cllr M F Dlamini

3. 2017/2018 ANNUAL REPORT CONSULTATION PROCESS

The community was advised through Public Notices in nodal points in 06th February 2019 of the availability of the Annual Report and was invited to submit representations/comments on the report to the Office of the Municipal Manager.

By February 2018, the Annual Report was also available at all municipal libraries and offices and was also placed on the Dipaleseng Municipality website. The Annual Report was further submitted to the Auditor General, National Treasury and the Provincial Department of Local Government as required by legislation on the 05th February 2019.

At the closing date which was the 21st February 2019, no public submissions were received by MPAC.

4. SUMMARY OF COMMENTS ON THE 2017/2018 ANNUAL REPORT

4.1 Chapter 1

4.1.1 Executive Mayor's Foreword

The Executive Mayor's foreword includes the information required in terms of Circular 63 of September 2012.

4.1.2 Municipal Manager Overview

The Municipal Manager's foreword includes the information required in terms of the MFMA Circular 63 of September 2012.

4.2 Auditor- General Report

The municipality received a "qualified opinion" with emphasis of matter for the 2017/2018 Financial Year. "In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the financial statement presents fairly, in all material respects, the financial position of Dipaleseng Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practise (SA STANDARDS OF GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no 56 of 2003) and the division of Revenue Act of South Africa 2017, Act no 3 of 2017".

The Auditor General did however point out that the Annual Financial Statements and Performance Information submitted for audit contained inaccuracies which for the AFS had to be corrected before the final audit was completed.

The Auditor General also raised a number of matters which would require attention to avoid an adverse opinion in the future, namely:

- Property, Plant and Equipment
- Investment Property
- Irregular Expenditure
- Going Concern
- Restatement of Corresponding figures
- Material Impairments – Consumer Debtors
- Material Losses - Water
- Unauthorised Expenditure
- Fruitless and Wasteful Expenditure

4.3 Chapter 3 - Annual Performance Report

The Annual Performance Report indicated a considerable finding which need a lot of improvements. Thus, Performance Management System needs a special attention as the Auditor General has started to express an opinion on performance information.

4.4 Comments from the Public

No comments received from the public.

4.5 Comments from Provincial Treasury

No comments received from Provincial Treasury

5. MPAC CONCERNS

Late submissions to stakeholders by Management should be eliminated.

6. CONCLUSION

6.1 That the Annual Report for 2017/2018 is a considerable improvement over reports for previous years and presents itself to be much more user friendly;

6.2 The Administration can be commended on the efforts made on the presentation of the Annual Report.

7. RECOMMENDATIONS

a) That the 2016/2017 Oversight Report together with the Annual Report 2016/2017 be adopted;

b) That the Oversight Report be made public by the Municipal Manager in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act, 2003;

c) That the Oversight Report and Annual Report 2017/2018, be submitted to the provincial legislature by the Municipal Manager in accordance with section 132 (2) of the Local Government: Municipal Finance Management Act, 2003;

- Assets verification to be done early between April – June
- Improve communications between the consultants and the municipality
- The outstanding information be filled in before the finalization of the document e.g. page 18 of the annual report.
- Correction to be made on incorrect spelling e.g. page 25
- Corrections on the financial statements on overlining of figures