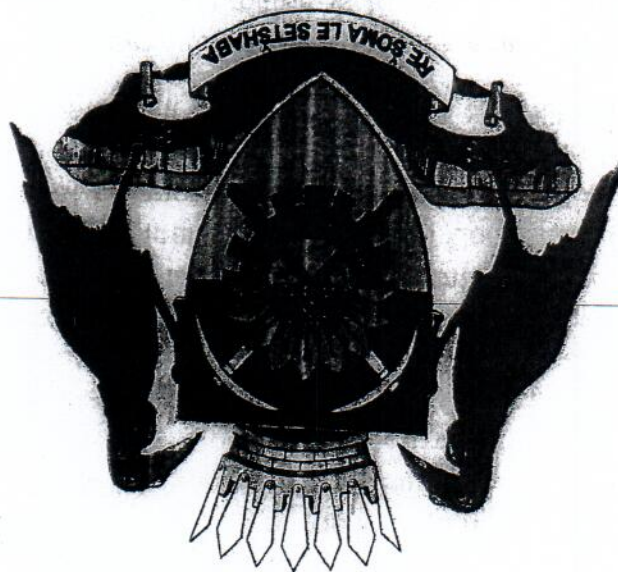


2016/17 OVERSIGHT REPORT

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE



CAPRICORN DISTRICT MUNICIPALITY

**FOREWORD BY THE CHAIRPERSON**

Section 121 of Municipal Finance Management Act no 56 of 2003 requires each municipality to prepare an Annual Report and the council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality. Section 121 (2) highlights the purpose of the annual report as follows:-

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year which the report relates;
- (b) to provide a report on performance against the budget of the municipal or municipal entity for the financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or entity

The 2016/17 Draft Annual Report was tabled in Council on the 30<sup>th</sup> January 2018 and referred to the Municipal Public Accounts Committee for scrutiny and report back to Council on the findings. The final step in the reporting process is for Council to approve the Annual Report taking into consideration the findings contained in the Oversight Report. The Municipal Public Accounts Committee is required by Section 129 (1) of the Municipal Finance Management Act No. 56 of 2003 to consider the Draft Annual Report and thereafter table its findings and recommendations to Council within 02 months after it was referred to the committee.

The Municipal Public Accounts Committee was established on the 14<sup>th</sup> September 2016. The main task of the Committee is to promote a culture of accountability, transparency, accountable local governance and the aspiration of a sound financial management practice which will ultimately result in acceleration of quality service delivery to the entire community in the District.

The Municipal Public Accounts Committee (MPAC) has finally completed its delegated work and is now in a position to table its Oversight Report with findings and recommendations.

Credit and much appreciation is also given to the Members of the Committee for their tireless efforts for making sure that the assigned task is completed in line with the Section 129(1) of MFMA and also appreciating the support offered by the Office of the Auditor General, the Limpopo Provincial Treasury and the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHTA).

The committee further acknowledge the administrative support rendered by the officials under the leadership of the Municipal Manager, Ms Nokuthula Mazibuko for their outstanding work of coordinating MPAC activities, submissions of relevant documentations and also honouring and responding to questions raised by the Committee.

To Madam Speaker, Cllr Nakedi Lekganyane through your support and courage, the committee managed to complete the assigned task within the required period in a very tight schedule. Not forgetting the support of the Executive Mayor, Chief Whip, Section 79 Chairperson, Members of the Mayoral Committee and Councillors at the district and local municipalities, members of the public, Magoshi a Rena and Members of the Traditional Councils who were part of the public participation and public hearings. On behalf of the Municipal Public Accounts Committee, I would like to say thank you, indeed **"Re šoma le setšhaba"**.

1. STATEMENT OF THE PURPOSE OF THE OVERSIGHT

Council has appointed the Municipal Public Accounts in terms of Section 79 of Local Government Municipal Structures Act, No. 117 of 1998. The Committee is expected to play oversight role and promote accountability and transparency in the local government sphere.

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The 2016/17 Draft Annual Report was tabled to Council on the 30<sup>th</sup> January 2018 and referred to the Municipal Public Accounts Committee for scrutiny and report back to Council.

Section 129(1) of the MFMA states that the Council of the Municipality must consider the Draft Annual Report of the Municipality and by no later than two months from the date on which the Draft Annual Report was tabled in the Council in terms of Section 127, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement of whether Council has:

- approved the Annual Report with or without reservations;
- rejected the Annual Report or
- referred the Annual Report back for revision of those components that can be revised.

Municipal Public Accounts Committee managed to meet in February (20<sup>th</sup> and 26<sup>th</sup>-27<sup>th</sup>) and March (08<sup>th</sup>, 19<sup>th</sup> and 23<sup>rd</sup>) to verify the validity and completeness of the information outlined in the 2016/17 Draft Annual Report against legislative requirements. The Office of the Auditor General, Provincial Treasury and Department of Cooperatives Governance, Human Settlement and Traditional Affairs and Audit Committee Chairperson were invited to clarify the committee on some issues. The minutes and the attendance registers of the meetings are attached as Annexure A.

5.1. MPAC meetings

5. METHODOLOGY AND FINDINGS

2003.

Sections 121 to 129 of the Municipal Finance Management Act, No. 56 of 2003. relating to the process followed in compiling the 2016/17 Draft Annual Report and the resultant of Oversight Report in comparison, as required in terms of Capricorn District Municipality has complied with the legislative requirements

4. ANNUAL REPORTING PROCESS – 2016/17

and Traditional Councils (Meshate). the document. The documents were also circulated to Local Municipalities document on the Municipal Website, to inform the public of the availability of District Municipality has issued adverts in News Papers and also posted the Since the referral of the 2016/17 Draft Annual Report by Council, Capricorn

3. CIRCULATION OF THE ANNUAL REPORT

- 2.1 Cllr M.P. Makgato
- 2.2 Cllr M.M. Tsiri
- 2.3 Cllr S.J. Dikgale
- 2.4 Cllr N.J. Legodi
- 2.5 Cllr M.G. Mabote
- 2.6 Cllr T.P. Mathabatha
- 2.7 Cllr M.O. Motolla
- 2.8 Cllr K.L. Mabena
- 2.9 Cllr M.C. Sesera
- 2.10 Cllr N.D. Setjhe

Chairperson

During the 2016/17 financial year, the Municipal Public Accounts Committee was consisting of the following Councillors.

2. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

5.2. MPAC Projects Visits

Verification process was conducted on a sample of projects appearing in the 2016/17 Draft Annual Report to confirm their completeness and also to check their impact to the community. The project visits reports is attached as Annexure B.

### 5.3. Public Participation

The Municipality invited public comments on the Draft Annual Report and a Public Participation Event was advertised in the *Capricorn Voice* (7-13 February 2018), *African Times* (01 – 07 March 2018) and *CDM website* (public notice) - 21 February 2018.

As part of promoting transparency, good governance, public participation and accountability, the committee solicited inputs and comments from stakeholders and community members from Local Municipalities in the District during Public Participation, which was held on the 02<sup>nd</sup> March 2018 at Bolivia Lodge, Polokwane. Presentation by the Acting Executive Mayor and Public Participation Report are attached as Annexure C Annexure D respectively.

### 5.4. Public Hearing

The Public Hearing on the 2016/17 Draft Annual Report was held on the 20<sup>th</sup> March 2018, where the Accounting Officer was responding and clarifying the committee on issues raised and questions submitted to her office pertaining to the 2016/17 Draft Annual Report. The Office of the Auditor General, COGHSTA, Provincial Treasury, SALGA and Limpopo Legislature were invited to attend the Public Hearing.

The Public Hearing was advertised in the *African Times Newspaper* (15 – 21 March 2018) and *CDM Website (Public Notice) on the 12 March 2018* where the public was invited to observe the proceedings.

Attached are:-

- i. Press cuttings ( Adverts) and website printout – Annexure E
- ii. Questions from MPAC to Management – Annexure F,
- iii. Responses from Management - Annexure G; and
- iv. Public Hearing Report - Annexure H.

5.5. General findings

5.5.1

Projects visit and Public Participation

- i. Poor performance and slow pace by some Contractors.
- ii. Municipality continues to implement projects but failing to monitor them as a result the communities are not getting water through those projects e.g. Essorinca and Eldorado which were reported to be completed.
- iii. Poor monitoring of some projects by some consultants and CDM.
- iv. **Allegations of Molemole Satellite Office both (O&M and administration) Office not executing their duties**
  - not answering the calls
  - not attending to breakdowns
  - concrete reservoirs next to police stations is wasting a lot of water and O&M unit is not attending to the matter
- v. Delay in electrifying the projects by ESKOM.
- vi. Non-consideration of public comments or inputs made during the Municipal Imbizos or IDPs (raised by Kgoshi Mathabatha).
- vii. No consultation with Moshate by CDM officials when implementing the project (Ga-Mphahlele).
- viii. CDM Officials not having good relationship with Moshate.

**ix. Allegations of misuse of funds by implementing projects which are not used or never used:-**

- More money is wasted to erect elevated steel tanks which are not providing the communities with water.
- Municipality (LED Unit) continues to waste money by allocating funds to refurbish Mampa Tourism Centre which was never used.
- Wasting of funds by building sports complex which are not utilised, Mafefe.
- Municipality continued to implement new projects while they are unable to maintain the old projects.

5.5.2

2016/17 Draft Annual Report - Public Hearing

- i. Some errors identified during the consideration of the quarterly reports were not rectified, specifically at Corporate Services Department.
- ii. Expenditure not updated in most votes.
- iii. Incorrect figures captured in the document.
- iv. Non-payment of receivables by local municipalities.
- v. Delay in appointing service providers.

- 9.1. That the Accounting Officer should ensure that documents submitted to Council and Committees of Council are proof read.
- 9.2. That all errors identified in the Draft Annual Report should be rectified when a final document is issued.
- 9.3. That the poor performing service providers are blacklisted to ensure that they are not doing business with the municipality.
- 9.4. That the project monitoring mechanisms should be strengthened.

**9. RECOMMENDATIONS**

The Committee has noted the clarifications as given by the management in the action plan to improve institutional financial and non-financial performance.

**8. CONCLUSION**

The Committee noted that the municipality maintained an **Unqualified Audit Opinion with lesser matters of emphasis and anticipating for Clean Audit (unqualified without matters of emphasis) for the 2017/18 Financial Year.**

**7. ANNUAL FINANCIAL STATEMENTS**

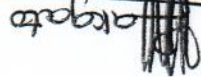
Representation submitted by:	Key issues raised	Determination by Oversight Committee
Individual Councillors	None	N/A
Private Individuals	None	N/A
Civic organisations	None	N/A
Public, communities and other stakeholders	Public Participation was held on the 02 <sup>nd</sup> March 2018, at Bolivia Lodge.	Report attached as <b>Annexure C</b>
Auditor General	Meeting between the Office of the Auditor General SA and Municipal Public Accounts Committee - (MPAC Minutes - 20 <sup>th</sup> February 2018)	Presented during MPAC meeting on the 20 <sup>th</sup> February 2018.

The following table reflects the inputs received from the respective bodies/individuals relating to the contents of the Annual Report

**OTHERS**

**6. SUMMARY OF SUBMISSIONS RECEIVED FROM THE COMMUNITY AND**

CLLR M.P. MAKGATO  
MPAC CHAIRPERSON



23.03.18  
DATE

- 9.5. That Operation and Maintenance Unit should ensure that breakdowns are attended on time.
- 9.6. That the Executive Mayor should engage ESKOM to address delays in energising the projects to ensure that service delivery is not affected.
- 9.7. That Council approve the 2016/17 Annual Report without reservations.