OKHAHLAMBA
LOCAL MUNICIPALITY

OVERSIGHT REPORT

2011/2012

TABLE OF CONTENTS

1. INTRODUCTION 3

2. BACKGROUND 4

3. FUNCTIONS OF THE OVERSIGHT COMMITTEE 5

4. COMPOSITION OF OVERSIGHT COMMITTEE 6

5. THE OVERSIGHT REPORT 8

6. ANNUAL REPORT CHECKLIST ..... **ERROR! BOOKMARK NOT DEFINED.**

7. CONCLUSION ..... **ERROR! BOOKMARK NOT DEFINED.**

1. INTRODUCTION

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council in regards to the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the establishment of an Oversight Committee of Council would provide the appropriate mechanism in which Council could fulfil its oversight responsibilities.

The Oversight Committee's primary role will be to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council.

2. BACKGROUND

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive Committee and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive Committee. In other words, in exchange for the powers in which Council have delegated to the Executive Committee, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight:

- Approval of budgets;
- Approval of Budget related policies; and
- Review of the Annual Report and adoption of the Oversight Report.

3. FUNCTIONS OF THE OVERSIGHT COMMITTEE

The functions of the Oversight Committee are to:

- Undertake a review and analysis of the Annual Report.
- Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation process.
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

4. COMPOSITION OF OVERSIGHT COMMITTEE

4.1 Membership

The Oversight Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79, allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

Due to the separation of roles and responsibilities, between Council and the Executive (Mayor and Executive Committee) it is not appropriate that members of the Executive Committee be members of the Oversight Committee.

In a meeting held on 24/01/2013, Council resolved that the Oversight Committee be composed of the Municipal Public Accounts Portfolio Committee:

- Cllr MW Hadebe (Chairperson)
- Cllr K Simelane
- Cllr PAM Mfuphi
- Cllr WE Goulding
- Cllr BL Ngwenya

4.2 Authority & Power

The Oversight Committee is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

Timely notice of all meetings should be given and all meetings held by the Oversight Committee must be open to the public and minutes of the meetings must be submitted to Council meetings.

4.3 Meeting Schedule

The Annual Report submitted to Council at its meeting on 24/01/2013, was referred to the Oversight Committee subject to a few minor enhancements to the Report. The community was advised through the print media of the Council meeting held on 24/01/2013 where the Annual Report was tabled and also of the availability of the Annual Report and were invited to submit representations on the Report. There were 28 members of the community who attended this Council meeting.

The Annual Report was available at all municipal libraries and offices and was also submitted to the Auditor-General, Provincial Treasury and the Department of Cooperative Government and Traditional Affairs. At the closing date for public submissions of 21/02/2013 the summary of submissions is as follows:

4.3.1 Oversight Committee

The Oversight Committee (MPAC) meeting held on the 12th February 13 minutes of the meeting are attached.

4.3.2 Council

Comments were received at both the Executive and Council meetings regarding the correction on the names of Directors reflected and the inclusion of the Administrator's name.

4.3.3 Community /other spheres of government comment

Community
At the closing date for public submission of 21/03/2013 (as per the print media) no written comments. The process of public consultation through the ward committees was held on 29/01/2013.

4.3.4 Auditor-General

No comments received

4.3.5. Provincial Treasury

No comments received

4.3.4. Department of Co-operative Governance and Traditional Affairs

Comments received regarding the inclusion of the assessment of arrears on municipal taxes and service charges.

5. THE OVERSIGHT REPORT

This Oversight Report is for the financial year ended 30 June 2012.

5.1. Annual Report

The Annual Report was presented to Council on 24/01/2013 and the following matters were raised and noted at the meeting:

Municipal details (page 8)

The names of Mr MS Nzuza (Director Social and Technical Services) and Mr SN Malinga be removed as they were not the directors at the Municipality for the financial year in question.

Councillors details (page 24)

The names of Cllr KE Mazibuko must be corrected to Cllr KA Mazibuko.

5.2. Action plan on findings raised by the Auditor General

The Management Report on the Regularity Audit and the Audit of Performance Management information for the year ended 30th June 2012 as captured in the Auditor-General Report has among others give effect to the following matters of compliance.

Action Plan is attached

Recommendations by the Municipal Manager

That Management must have addressed all the issues raised by the Auditor-General on or before the end of the current financial year. That EXCO monitors the progress in this regard and report to council.

Recommendations by the Oversight Committee

1.1 Auditor-General's Report and Management Report 2011/ 2012 financial year	ACTION
The Internal Auditor elaborated as per the report, the final Management Report with the Action Plan (Auditor-General Report) as attached in the agenda. It was indicated that there should be a flow of information between the Audit Committee and the Municipal Public Accounts Committee. It was enquired if the disaster management plan has been done and if the municipality does have the PMS Manager. The process of auditing started and acknowledged that there are two vacancies that are not yet been filled. The register has been done and in place and the IT Section has developed and improved. The quarterly reports have been submitted but affected by the non-seating of the Council. The half-yearly report has not yet been done.	

The Chairperson indicated that things like irregular expenditure be minimized and urged the officials to trace the people that have been awarded tenders and to put majors in place to prevent it. It was added that it would be wise to put that in the event where faults declaration has been made, the Municipality need to penalize and the Municipal Manager has dealt with approved leave. Concerns were raised that why employees were taking leave prior approval as it not a good procedure. It was advised that relevant channels must be followed to avoid irregular, fruitless and wasteful expenditure. It was reported the deviation is not a problem if it is timeously reported. It was added that a deviation is not an irregular until it is registered on the Annual Financial Statement as a deviation and thereafter becomes an irregular. The Internal Auditor advised as per Section 36 of the SCM Regulations and as per the guidelines of the MFMA on how deviations take place and that the Council can appoint a Special Portfolio Committee or MPAC to investigate if something is suspected. After few clarities were given and following a proposal from Councillor W. E. Goulding seconded by Councillor B. L. Ngwenya. It was accordingly; RESOLVED THAT: ▪ The report be acknowledged. ▪ The clause be added to clarify that should the false declaration made, the payment be held for services rendered as a penalty. ▪ The relevant majors be put to trace in place that war unto those who are workers of the state but still gaining tenders from the Municipality. ▪ The audit action plan be developed and progress be accordingly monitored. ▪ The fines be not cancelled since they are affecting the collection of the Municipality and the relevant staff be properly trained to ensure that there is no cancelled fine. ▪ The deviations be reported departmentally in order to detect the department that is letting the municipality down by having too many deviations.	

1.2 Auditor-General's Dashboard Report	ACTION
The Internal Auditor elaborated as per the report and a dash board report which attached in the	

agenda and added that the report she was tabling was for the 1st quarter. She gave thorough explanation on the internal controls of the Municipality and its indication meaning of colours. She advised that the MPAC Chairperson to do a report to Council since Council cannot meet before MPAC particularly regarding the auditing of the information. The Chairperson requested to be assisted by the Internal Auditor to draft a report which must be submitted to Council. following a proposal from Councillor W. E. Goulding seconded by Councillor B. L. Ngwenya It was accordingly; RESOLVED THAT: ▪ The action plan be formulated as per the Auditor-General's Dash Board Report. ▪ The progress on the implementation of the commitments and the action plans for the dash board report and be accepted as a standing item incredibility	

1. Issues of non-compliance raised by the Auditor-general

The Oversight Committee is satisfied with the responses and presentation by the Accounting Officer on the issues raised by the Auditor-General, however, emphasis was made with regard to the seriousness of the issues.

Resolved as follows:

That the recommendation by the Municipal Manager on the issues raised by the auditor-general above is supported.

6. ANNUAL REPORT CHECKLIST

1. Annual Financial Statements - Section 121 (3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	Where the municipality has sole or effective control of a municipal entity, consolidated financial statements are required. The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the new accounting standards for municipalities.	1. Have the financial statements been included? 2. Are the financial statements audited? 3. Have the financial statements been prepared in compliance with applicable accounting standards.	1. The Annual Performance Report, Audited Financial Statement and Report have been included in the Annual report. 2. The Auditor-General Report on the Financial Statements for 2011/2012 is unqualified 3. The Financial Statements are prepared in terms of GRAP/GAMAP compliance	
121 (3)(a)	The above applies to the AFS of municipal entities.	N/A	N/A	
121 (3)(b) The Auditor-General's reports on the financial statements of the municipality.		1. Is the audit report included in the tabled Annual Report? 2. If not, when will the audit report be tabled? 3. What are causes of the delays? 4. What actions are being taken to expedite the report?	1. The Audit Report is included is attached in the Annual Report 2. The Audit Report was tabled along with the Annual report 3. The office of the Auditor-General officially handed over the Report on the 24th January 2013 and tabled to Council on the 24th January 2013.	
121 (4)(b)	The above applies to the AFS of municipal entities.	N/A	N/A	
121 (3)(h) Any explanations that may	The accounting standards require that notes accompany the	1. Taking into consideration the audit report and the audit	1. The Audit Committee and Performance Audit	

1. Annual Financial Statements - Section 121 (3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
be necessary to clarify issues in connection with the financial statements	statements to provide explanations of issues and matters reported. Refer also points below on information in notes to AFS.	committee comments, is sufficient explanation of financial issues contained in the notes to the statements?	Committee have submitted their reports respectively.	
121 (4)	The above applies also to the AFS of municipal entities.	N/A	N/A	

2. Annual Financial Statements - Section 121 (3) & (4) MFMA cont.	For Consideration	Questions	Response	Recommended Corrective Action
121 (3)(e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities		1. Has an adequate assessment been included? 2. Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? 3. Is any other action needed?	The Report is included in the Annual report, Finance Department Section of the Annual Report A dedicated Legal section has been set up to deal with the collection of arrears and target has been set. • Debtors Age Analysis is captured in the Financial Statement	
121 (4)(c)	Above applies to AFS of municipal entities.	N/A	N/A	
121 (3)(g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	The conclusions of the annual audit may be either – - An unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; - A qualified audit opinion setting out reasons for qualification, which means that certain issues need to be addressed before an	1. Taking into account the audit report, audit opinion and the views of the audit committee, council should consider: ▪ To what extent does the report indicate serious or minor financial issues? ▪ To what extent are the same issues repeated from previous audits?	The Annual Audit is unqualified, however, minor management issues were raised and subsequently taken to management for corrective actions to be considered on issues of non-compliance. Refer to Annexure A of the Oversight Draft Report Most of the issues raised in the Management report has been	The Corrective Action Report on the matters is attached in the Audit Committee Report

2. Annual Financial Statements - Section 121 (3) & (4) MFMA cont.	For Consideration	Questions	Response	Recommended Corrective Action
	unqualified opinion can be achieved; or - The auditor will disclaim the statements and not offer an opinion. In this case there may be serious financial issues to be addressed. The objective of the municipality should be to achieve an unqualified audit opinion.	▪ Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? 2. Has a schedule of action to be taken been included in the annual report with appropriate dates? 3. Has the municipality taken steps to address the issues raised in the Audit Report? 4. Has the Audit Report been forwarded to the MEC?	attended to. The Municipality has taken a step ensuring that managers draw a up an action plan to address the issues as raised by the AG report .	
121 (4)(e)	Above applies to AFS of municipal entities.	N/A	N/A	
121 (3)(i)&(k) Any information as determined by the municipality, entity or its parent municipality	Review all other information contained in the Annual Report.	1. Is the other information contained in the Annual Report, relevant and accurate?	The Annual Report has been tabled in EXCO and Council as well as the public for comment.	
121 (4)(h)	Applies to municipal entities.	N/A	N/A	

3. Annual Financial Statements - Section 121 (3) & (4) MFMA continued	For Consideration	Questions	Response	Recommended Corrective Action
121 (4)(d) An assessment by the municipal entity's Accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or	Agreements between the municipality and its entities for service delivery are to include measurable performance objectives. This will include measures of services delivered to the community, financial targets, expenditure targets etc. The entity's annual report	1. Has the performance met the Expectations of council and the community? 2. Have the performance objectives been met? 3. What explanations have been provided for any non-achievement?	The Municipality does not have an entity, thus any Performance Agreements with entity is irrelevant.	

3. Annual Financial Statements - Section 121 (3) & (4) MFMA continued	For Consideration	Questions	Response	Recommended Corrective Action
other agreement between the entity and the Municipality	must include an assessment by the accounting officer, of performance against these objectives. In order to show the linkage between the entity and the municipality, the report of the municipality should also include the performance of entities. Council should comment and draw conclusions on performance and explanations provided.	4. What was the impact on the service delivery and expenditure objectives in the budget?		
121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	1. Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity? 2. What actions need to be taken in terms of these recommendations?	1. The Audit Committee Reports have been attached.	The Audit Committee will submit a separate report

4. Disclosures – Allocations received and made – S 123 & 125 MFMA	For Consideration	Questions	Response	Corrective Action
123 (1)(a) Allocations received by the municipality from an organ or state, a municipal entity or another municipality.	The annual financial statements must disclose: 1. Details of allocations received from another organ of state in the national or provincial sphere, municipal entity or another municipality	Have allocations received by an organ of state, a municipal entity or another municipality been disclosed? Does the audit report confirm the correctness of the allocations received in terms of DORA and	The disclosure of grants and subsidies in terms of section 123 of MFMA, 56 of 2003, the report is captured in the Financial Statements. The Audit Report has confirmed all allocations received.	

4. Disclosures – Allocations received and made – S 123 & 125 MFMA	For Consideration	Questions	Response	Corrective Action
	2. Any other allocation made to the municipality under Section 214(1)© of the Constitution. Council should comment and draw conclusions on information and explanations provided.	provincial budgets? Does the audit report or the audit committee recommend any action?	No actions were recommended	
123 (1)(b) Allocations made by the municipality to an organ of state, a municipal entity or another municipality.	The report should disclose: 1. Details of allocations made to an organisation of state, a municipal entity or another municipality. 2. Other information as may be prescribed. Council should comment and draw conclusions on information and explanations provided.	Have allocations made to an organ of state, a municipal entity or another municipality been disclosed? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?	No allocations made/ Not applicable. The Audit Report refers to grants in the financial statements No action necessary.	
125 Other compulsory disclosures and information in relation to outstanding debtors and creditors of the municipality and entities	Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities. Other disclosures required; Contributions to organised local labour and amount outstanding at year end	Are all the compulsory disclosures contained in the notes to the Annual Financial Statements? Does the audit report confirm that the disclosures have been made?	The following amounts owed to the Municipality has been disclosed: • Grants received disclosed in the Financial Statement. • Matters of compliance on MFMA Exemptions are outlined • The following were reported: -Contingent Liabilities Material irregular, fruitless or Wasteful expenditure Details of irregular Expenditure is attached	

4. Disclosures – Allocations received and made – S 123 & 125 MFMA	For Consideration	Questions	Response	Corrective Action
	Total amounts paid in audit fees, taxes, levies, duties and pensions and medical aid contributions and whether there where amounts outstanding at year end Name of bank where accounts held and year end balances Summary of investments held Contingent Liabilities Material irregular, fruitless or Wasteful expenditure Details of unauthorised Expenditure Particulars of non compliance with the MFMA The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.		The Comments of the Auditor-General are captured on page 3 of the Auditor-General Report	

4. Disclosures – Allocations received and made – S 123 & 125 MFMA	For Consideration	Questions	Response	Corrective Action
123 (1)© – (f) Information in relation to the use of allocations received	Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include: 1. The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects. 2. Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)© of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-	1. Disclosure on how allocations received have been spent per vote 2. Has the Municipality complied with the conditions of the grants received? 3. Has the Municipality had any allocation per DORA, delayed or withheld? 4. Does the Audit report or Audit Committee recommend any action?	Allocation received per vote are captured in the Financial Statements. Expenditure has not been classified by vote. All grants conditions have been complied with. No allocations in terms of DORA were withheld. No action necessary	

4. Disclosures – Allocations received and made – S 123 & 125 MFMA	For Consideration	Questions	Response	Corrective Action
	compliance are to be provided. 3. Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this. The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received. The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this Information.			

5. Disclosures Councillors, Directors and Officials in the notes to the Annual Financial Statements. Section 124 MFMA	For Consideration	Questions	Response	Recommended Corrective Action
124 (1) & (2) Information relating to benefits paid by municipality and entity to councillors, directors and officials	Information on the following items is to be included in the notes to the annual report and AFS: 1. Salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind; 2. Any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors; 3. Salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.	1. Have the salaries, allowances and benefits paid to Councillors and the Municipal Manager, CFO and Senior Managers been disclosed? 2. Is there a statement by the Accounting Officer, stating that salaries, allowances and benefits Paid to Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution. 3. Have arrears for rates and services owed by Councillors, in which the arrears was for more than 90 days been disclosed including the name of the Councillor? 4. Have the salaries, allowances and benefits paid to members of the board of directors, CEO and senior managers of the entity been disclosed?	1.Council Salaries and Allowances are disclosed 2.All Salaries and allowances of Councillors are within the upper limit 3.Councillors areas for rates are captured in the Financial Statements (Councillor's arrear consumer accounts) 4. The Salary and allowances of the MM and Senior Managers.	

6. Municipal Performance	For Consideration	Questions	Response	Recommended Corrective Action
The annual performance reports of the municipality and entities	Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc? To what extent has performance achieved targets set by council? Is the council satisfied with the performance levels achieved? Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings? To what extent have actions planned for the previous year been carried over to the financial year reported upon? Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?	1. Has the performance report been included in the annual report? 2. Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report? 3. Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? 4. What actions have been taken and planned to improve performance? 5. Is the council satisfied with actions to improve performance? 6. Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager? 7. Does the report evaluate the efficiency of mechanisms applied	The Performance Report has been included in the Annual Report and was audited by the Auditor General.	.

6. Municipal Performance	For Consideration	Questions	Response	Recommended Corrective Action
		to deliver the performance outcomes? 8. Taking into account the audit Report and opinion and the views of the audit committee, is performance considered to be efficient and effective		
Audit reports on performance	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.	1. Have the recommendations of internal audit been acted on during the financial year? 2. Have recommendations by the auditor-general been included in action plans to improve performance in the following year?	1. Yes the Recommendation of the Audit Committee were acted upon, for example, Council had adopted the Audit Plan and Charter. The impendence of the Auditors reporting directly to the MM has been strengthen 2. The Auditor-General has made reference to lack of Performance Audit during the period under review.	
Performance of municipal entities and municipal service providers	The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered. Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered necessary to be taken by the accounting officers?	1. Has an assessment been included in the Annual Report on the performance of the municipal entities? 2. Has an assessment been included in the Annual Report on the performance of all contracted service providers?	N/A The Municipality currently has IT services and PMU administration outsourced. In light of the assessment done by the Municipality in June the Municipality will acquire resources to perform the services internally.	
For municipal entities –	This is the separate report of the municipal	1. Has the entity performed in		

6. Municipal Performance	For Consideration	Questions	Response	Recommended Corrective Action
an assessment of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality	entity and should contain details of service delivery agreements with the municipality and the performance measures therein. Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities. To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP? Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality? What specific actions should be taken by the entity and the municipality to improve performance?	line with its service delivery agreements? 2. Have the objectives and performance measures of the entity been aligned to the overall strategy of the municipality?	N/A	

5. General information	For Consideration	Questions	Response	Recommended Corrective Action
Relevant information on municipal entities	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses and contact details for entities, the purpose of the entity, the functions and services provided, the type and term of service level agreements with	1. Does the Annual Report include detailed information on all municipal entities?	N/A	

5. General information	For Consideration	Questions	Response	Recommended Corrective Action
	the entities.			
The use of any donor funding support	What donor funding has the municipality received? Have the purposes and the management agreements for the funding been properly agreed upon? Have the funds been used in accordance with agreements? Has the use of funds been effective in improving services to the community? What actions need to be taken to improve utilisation of the funds?	1. Has there been disclosure of donor funding received in the Annual Report, if applicable?	No donor funding were received:	
Agreements, contracts and projects under Private-Public-Partnerships	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.	1. Have details of all PPP's been disclosed in the Annual Report, if applicable?	No PP in Place	
Service delivery performance on key services provided	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary	1. Is there a high level summary detailing the overall performance of the municipality against its strategic objectives?	The quarterly performance evaluation of the Municipal Manager and that of the Managers reporting directly to the Municipal Managers not done.	

5. General information	For Consideration	Questions	Response	Recommended Corrective Action
	section of the annual report or in statistical tables.			
Information on long-term contracts	Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.	1. Have all long term contracts been disclosed?	All long-term contracts with service providers have been disclosed.	
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.	1. Have significant IT activities been disclosed?	The IT Section is under review and we currently have one internal resource to fast track the development of the Section. The Municipality is also considering the purchase of the new Financial System to enhance the performance of the Municipality.	
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross	1. Has a summary of the long-term capital plans been disclosed?	The Long-Term Capital Plans have been disclosed, especially in the Engineering Section. However, a more detail plan would be included in future to capture Backlogs in terms of (MIG) and Department of Minerals and Energy (DME).	

5. General information	For Consideration	Questions	Response	Recommended Corrective Action
	reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.			
Supply Chain Management Regulations and Policy	Certain disclosures on Supply Chain matters are required to be in included in the Annual Report.		The Supply Chain matters has been disclosed	

7. Other considerations recommended	For Consideration	Questions	Response	Recommended Corrective Action
Timing of reports		1. Was the Annual Report tabled by 31 January, as per legislative requirements? 2. Has a schedule for consideration of the report been adopted?	1. The Annual Report was tabled to Council 24 January 2013 2. Council adopted the Annual Report	
Oversight committee or other mechanism		1. What mechanisms have been put in place to prepare the oversight report? 2. Has a schedule for its completion and tabling been adopted?	1. A schedule for the adoption of the Oversight Report has been adopted by the Oversight Committee.	
Payment of performance bonuses to municipal officials	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the	1. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council? 2. If so has a proper evaluation of performance been undertaken? 3. Was the evaluation approved by	1. The payment of performance bonuses is subject to the adoption of the Annual and evaluation of managers' performance report by Council. 2. No Proper evaluation has been conducted by the Performance	

7. Other considerations recommended	For Consideration	Questions	Response	Recommended Corrective Action
	end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report. Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.	council? 4.Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report? 5. Are the payments justified in terms of performance reported in the annual report?	Evaluation Committee appointed in 3. Not Yet Approved 4. Performance Report submitted t EXCO, pending approval and recommendation to council. 5. Payments are not yet done subject to council approval.	

7. CONCLUSION

The Oversight Committee commends Council, the Municipal Manager, the Senior Managers and all staff at Okhahlamba Local Municipality on the strides made towards good governance and encourages the Municipality at large for the achievement of a clean audit. Emphasis is made on the work to be performed in the areas of supply chain management, planning and reporting on performance information and the 2012/2013 financial year must target focussed attention in this area.

Having performed the following tasks:

- Reviewed and analysed of the Annual Report;
- Considered comments representations received;
- Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- Prepared the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors;

The Oversight Committee has pleasure in presenting the Oversight Report to Council to consider the following resolutions and then to be forwarded to the relevant Departments and Provincial Legislature:

RESOLVED TO RECOMMEND

1. That Council having fully considered the Annual Report of the Okhahlamba Local Municipality for the *2011/2012* Financial Year, adopts the Oversight Report for the 2011/2012 Financial Year.

2. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.

3. That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.