



Mbashe Local Municipality Oversight Report for 2014/15

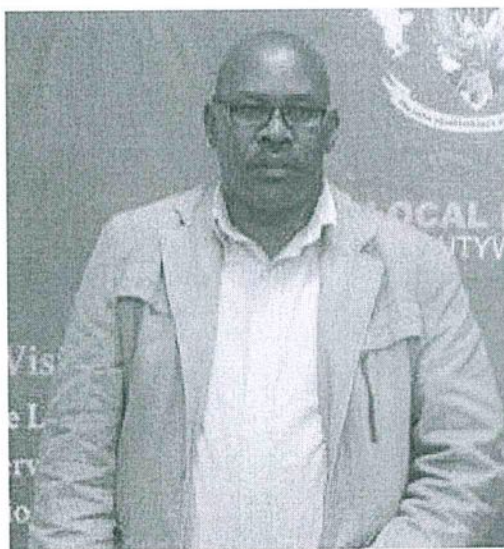
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CHAPTER ONE

Foreword by the Chairperson

MPAC CHAIRPERSON CLLR.V Somana



The Council of Mbashe Local Municipality has the responsibility to oversee the performance of the Municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA). On 26 August 2015, Council considered the Draft 2014/15 Annual Report of Mbashe Local Municipality and referred the Report to the Municipal Public Accounts Committee for scrutiny and the drafting of this Oversight Report. The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the Council to consider the Annual Report and to adopt an Oversight Report containing the Public comments on the Annual Report. The Oversight Report is therefore clearly distinguished from the 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 Municipal Public Accounts Committee of the Mbashe Local Municipality fulfils the oversight role of Council. The mandate of the Municipal Public Accounts Committee includes an analysis of the institution's Annual Report and the development of appropriate recommendations to Council. The meetings of the Municipal Public Accounts Committee on the 2014/15 Annual Report, as reflected below, was open to the public and media to ensure a transparent and credible oversight process:

- 15-18 September 2015
- 27 October 2015
- 04 December 2015

Furthermore, the 2014/15 Annual Report was subjected to a public participation process during 18 to 20 November 2015, during which members of the Municipal Public Accounts Committee and the political leadership of Mbashe Local Municipality engaged with the

communities of the various Wards. In addition, copies of the Draft 2014/15 Annual Report were made available for inspection at all municipal libraries and municipality offices.

The Municipal Public Accounts Committee noted both improvements in certain performance areas, as reflected in the 2014/15 Annual Report, but also unsatisfactory performance in some areas. As reflected in this Oversight Report, the Municipal Public Accounts Committee has also raised concerns on a number of issues requiring immediate intervention. It is noted with concern that, despite the fact that Council has twice resolved that the Municipal Public Accounts Committee become a stand alone

Committee, no effect has been given to this resolution. Together with my fellow MPAC members, I hereby appeal that MPAC must have a dedicated official who will be responsible for the coordination and provision of secretariat to the MPAC. Finally, I would like to commend my fellow Municipal Public Accounts Committee members for their hard work and commitment. I would also like to thank the Internal Audit Officials for their support in the Oversight process. A word of thanks must also be given to Speaker who was intervening when we had a problem of as committee.



.....
COUNCILLOR V. Somana
MPAC CHAIRPERSON

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.

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.

CHAPTER 4

4.1 Composition of the Oversight Committee (MPAC)

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.

Municipal Public Accounts Portfolio Committee is as follows:

| Number | Initials and Surname | Gender | Political Party |
|--------|-----------------------------|--------|-----------------|
| 1. | Cllr V Somana (Chairperson) | M | ANC |
| 2. | Cllr A Bambiso | M | Cope |
| 3. | Cllr A Ngqola | M | APC |
| 4. | Cllr T Mafanya | F | DA |
| 5. | Cllr F Mbiko | F | COPE |
| 6. | Cllr S Wulana | M | UDM |
| 7. | Cllr T Tshika | M | INDEPENDENT |
| 8. | Cllr N Magatya | F | ANC |
| 9. | Cllr N Mlungu | F | ANC |
| 10. | Cllr MN Mlandu | F | ANC |
| 11. | Cllr N Benya | F | ANC |
| 12. | Cllr N Sigcawu | F | Chief |
| 13. | Cllr T Nodliwa | M | ANC |

4.2 Committee member's attendance

| MPAC MEMBER | NUMBER OF SCHEDULED MEETINGS FOR 2014/2015 | NUMBER OF MEETINGS ATTENDED | NUMBER OF MEETINGS NOT ATTENDED | Number of Apologies received from Members |
|-------------------|--|-----------------------------|---------------------------------|---|
| 1. CLLR Somana | 16 | 16 | 0 | 0 |
| 2. CLLR Bambiso | 16 | 7 | 9 | 1 |
| 3. CLLR Ngqola | 16 | 2 | 14 | 0 |
| 4. CLLR Mafanya | 16 | 4 | 12 | 0 |
| 5. CLLR Mbiko | 16 | 1 | 15 | 0 |
| 6. CLLR Wulana | 16 | 3 | 13 | 0 |
| 7. CLLR Tshika | 16 | 5 | 11 | 1 |
| 8. CLLR Magatya | 16 | 2 | 14 | 2 |
| 9. CLLR Mlungu | 16 | 2 | 14 | 0 |
| 10. CLLR Mlandu | 16 | 12 | 4 | 0 |
| 11. CLLR Benya | 16 | 3 | 13 | 0 |
| 12. Chief SIGCAWU | 16 | 1 | 15 | 1 |

| | | | | |
|------------------|----|---|----|---|
| 13. CLLR Nodliwa | 16 | 5 | 11 | 0 |
|------------------|----|---|----|---|

It is for the best interest of the council to note that the MPAC has not been functioning well or effective as required. The problem identified was the poor attendance of the members. It resulted in many of the scheduled meetings being cancelled.

4.3 Authority & Power

The Oversight Committee is delegated for 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.

4.4 Legislative and Regulatory Framework

| No | SOURCE | PROVISION OF THE ACT/ REGULATION |
|----|--|---|
| 1. | Municipal Structure Act No. 117 of 1998 | Establishment of Oversight Committee |
| 2. | Joint Guidelines by Department of Cooperative Governance and National treasury (2011) | Establishment of Oversight Committee and generic functions |
| 3. | Municipal Finance Management Act No 56 of 2003 | <ul style="list-style-type: none"> • Section 129: Council must consider the Annual Report of the Municipality. • Prepare an Oversight Report. • Allowance for the submissions and address by the members of the community |
| 4 | Department of Cooperative Governance and National Treasury Guidelines [2011] | <ul style="list-style-type: none"> • To consider and evaluate the content of the Annual Report and make recommendation to council when adopting an Oversight report on the Annual Report |
| 5. | Department of Cooperative Governance and National Treasury Guidelines [2011] | <ul style="list-style-type: none"> • To examine the Financial statements and audit report of the Municipality and consider improvements • Consider and evaluate the extent to which the Audit Committee and the Auditor General's recommendations have been implemented • To promote Good Governance, transparency and accountability on the use of Municipal resources. |
| 6. | Municipal Finance Management Act No 56 of 2003 | <ul style="list-style-type: none"> • To monitor compliance with Sections 52(d), 71,72,88 and 166 reports |
| 7. | Municipal Systems Act No. 32 of 2000 | <ul style="list-style-type: none"> • To monitor compliance with section 25,34,39,54 reports |
| 8. | Local Government: Municipal Planning and Performance Management Regulations [regulation 6] | <ul style="list-style-type: none"> • To review the draft annual Budget and ensure that it is informed and aligned to IDP |
| 9. | Department of Cooperative Governance and National Treasury Guidelines [2011] | <ul style="list-style-type: none"> • MPAC may engage directly with the public and consider public comments when received. • Will be entitled to request documents or evidence from the Accounting officer of the Municipality. |

| | | |
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| | | <ul style="list-style-type: none"> • In cases of irregular expenditure or wasteful and fruitless expenditure, MPAC have the right to call upon the Accounting Officer |
| 10. | Municipal Finance Management Act Circular 32 | <ul style="list-style-type: none"> • Structure and content of Oversight Report. • Resolutions and statement |
| 11. | Municipal Public Accounts Committee: Terms of Reference on the 31 st October 2011. | <ul style="list-style-type: none"> • Regulations on the processes and protocols of communication as well as delegated functions by Council |
| 12. | Institution Policies assortment as per Departments | <ul style="list-style-type: none"> • Budget and Treasury • Human Resources Policies • By-laws • Council Standing Orders • Assortment of Plans |

Consultation

This section presents a very brief overview of consultations with the various stakeholders and Structures within the municipality as a measure of providing them with space and opportunity to make representations and submissions as set out in both the Municipal Finance Management Act and the Municipal Systems act.

The Municipal Public Accounts Committee is by law obliged to consider all representations in connection to the annual report received from the local community, in its preparation and draft of the Oversight Report. Section 130 (1) (a) prescribes that time be allowed for the discussion of any written submission's received from the local community or organs of the state on the Annual Report.

The Committee will table the Oversight Report to Council as per the following programme:

| Structure and responsibility | Date | Activity |
|-------------------------------------|-----------------------------|--|
| Mayor | 26 August 2015 | Tabling of Annual Report to council |
| Oversight Committee | 15, 16 and 18 October 2015. | Interrogation of the Annual Report by the committee |
| Public hearing | 18 November 2015 | Invite public to make comments on the Annual Report (Dutywa) |
| Public hearing | 19 November 2015 | Invite public to make comments on the Annual Report (Elliotdale) |
| Public hearing | 20 November 2015 | Invite public to make comments on the Annual Report (Willowvale) |
| Oversight Inauguration meeting | 04 December 2015 | Formulation of the draft Oversight Report |
| Oversight Committee | 09 December 2015 | Tabling and adoption of Oversight Report to council |
| Municipal Manager | 21 December 2015 | Make Oversight Report public. |
| Municipal Manager | 21 December 2015 | Submit Oversight Report to Provincial and National Treasury |
| Municipal Manager/Strategic Manager | 21 December 2015 | Submit Oversight report to Local Government |

Section 121 (a) of the Municipal Finance Management Act (Act No. 56 of 2003) states that, "Every Municipality and every municipal entity must from each financial year prepare an annual report in accordance with this chapter."

Section 121 (3) (a) to (k) then specifies the specific elements of report that must be included in the Annual Report as follows:

- a) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor – General for audit in terms of section 126(1);
- b) The Auditor-General's audit report in terms of section 126(3) on those financial statements;

- c) The annual performance report of the municipality in terms of section 46 of the Municipal Systems Act;
- d) The Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act;
- e) An assessment by the municipality's accounting officer on any arrears on municipal taxes and service charges;
- f) An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred in section 17 (3) (b) for the revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant 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 issues in connection with the financial statements;
- i) Any information as determined by the municipality;
- j) Any recommendations of the Municipality's audit committee; and
- k) Any other information as may be prescribed.

The MPAC has perused the report and assessed its structural arrangement and generic compliance as set out in the elements of section 121 of the MFMA and came to the following conclusions:

Mbhashe Local Municipality Oversight Report 2014-2015

- The 2014/15 Annual report is structurally compliant with the paragraphs as set out in section 121 (1) of the MFMA.
- Sections 127 (2) of the MFMA requires the Mayor of the Municipality within seven months after the end of the financial year, table in the municipal council the annual report of the municipality.

The 2014/15 Annual Report was tabled to council on the 26 August 2015. To this end the Municipal Public accounts Committees is satisfied that the Mayor complied with the prescripts.

The Accounting Officer of the municipality is further obligated in Section 127 (5) to," immediately after an annual report is tabled to council" perform the following:

- Make public the annual report
- Invite the communities to submit representations in connection with the annual report
- Do so in terms of section 21A of the Municipal Systems Act which prescribes that all documents that must be made public by the municipality as required by both pieces of legislation namely the Municipal Systems Act and the Municipal Finance Management Act must be conveyed to the communities as follows:

- (I) By displaying the documents at the municipality's head and satellite offices and libraries.
- (II) By displaying the documents on the municipality's official website
- (III) By notifying the local community, in accordance with section 21, of the place, including the website address, where detailed particulars concerning the documents can be obtained.

Section 21 of the Municipal Systems Act prescribes that when communicating anything to the local community in terms of this act or any other legislation, the following must be done:

- make use of the local newspaper or newspapers in its area
- Such a newspaper must have been determined by Council as newspaper of record
- That communication must be done by means of radio broadcasts covering the area of the municipality

Section 21(2) further stipulates that any such notifications must be in the official languages determined by the council, having regard to language preferences and usage within the area.

Section 21 (4) determines that when a municipality invites the local community to submit written comments or representations on any matter before the council, it must be stated in the invitation that any person who cannot write may come during office hours to a place where a staff member of the municipality named in the invitation, will assist that person to transcribe that person's comments or representations.

Section 6 (e) of the Municipal Systems Act, obligates the municipal Administration to give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive.

OVERSIGHT COMMITTEE FINDINGS

6.1 GENERAL FINDINGS

Section 6(f) of the MFMA further instructs the Administration to, "inform the local community how the municipality is managed, of the costs incurred and the persons in charge".

In reference and regards to the above the MPAC explored all relevant documents which included the following:

- Public Notice or invitation copy in terms of section 127 (5) (b) of the MFMA
- Portfolio of evidence on making the annual report public.
- Radio broadcast portfolio of evidence
- Website placements
- Record of walk-in queries and copies of submissions and/or representations

The committee after interacting with documents submitted to it, arrived at the following determinations:

The Publication of the 2014/15 Annual report did not fully comply with the prescripts of sections 127 (5) of the MFMA and sections 21, 21A of the Municipal Systems Act in that:

- There was no newspaper advert made by the municipality to advertise the Annual Report.
- There was no notification made by means of radio broadcast covering the area of the municipality.
- Only public notices were issued.
- There is no proof that the Annual Report was sent to public libraries on time for public comments.
- The audit report was not part of the Annual Report as the AG was still busy with the audit.
- The two key vital components enhancing community participation namely, accessibility and language were not satisfactorily optimized. It is imperative that at all times documents be simplified into understandable codes and translated into local language something that will result in better understanding.

The Municipal Public Accounts Committee has noted gaps and omissions in the compilation of the Annual Report something that has displayed a potential that threatens the credibility and reliability of the Annual Report and director are required to come to meeting with explanation following.

6.2 MANAGEMENT RESPONSES

The management acknowledges the MPAC findings. The management would like to respond to the above findings as follows:

- The municipality did advertise the draft Annual Report on the Daily Dispatch on the 14 October 2015. The copy of the advert has since been provided to the Chairperson of the MPAC.

- The proof of submission of the copies Libraries has since been provided to the Chairperson of the MPAC.
- The Copy of the updated (Financial Information and Audit Report) Annual Report was submitted to the MPAC meeting which was held on the 09 December at the municipal boardroom. The copy of the Attendance and the agenda has been submitted to the Chairperson of the MPAC.
- Management acknowledges the finding on use of language. The summary of the Oversight Report will be prepared.

6.3 Annual Report Findings

Chapter One

| Finding | Annual Report page number | Comment |
|--|---------------------------|---|
| <p>Under Mayor's foreword the Committee picked that it is supposed to include :-</p> <ul style="list-style-type: none"> • Under Service Delivery Improvements <ul style="list-style-type: none"> ○ The functionality of the following committees is questionable therefore the committee is going to request: proof of the meetings such attendance register, minutes (ICT Steering Committee, training committee and Rules Committee. • In page 9 the committee stated that last sentence of paragraph 4 should be reviewed. • Mayor did not sign the Draft Annual Report. <p>Under Municipal Manager overview</p> <ul style="list-style-type: none"> • Percentages for surfacing is 80% and Elliotdale is 50% stated in the last two sentence of this page are not accurate as they contravene with the one stated in Annual Performance information in page 113 (Dutywa surfacing 50% and Elliotdale 25%.) | 11-14 pages | <p>Corrected with regards to ICT Steering and Rules Committee.</p> <p>Attendance Register and minutes of the Training committee have been provided.</p> <p>Management acknowledges the finding.</p> <p>Corrected</p> <p>Corrected</p> |
| Chapter 3 | | |

| Service Delivery Performance | | |
|---|---------|--|
| <ul style="list-style-type: none"> Committee noted that Municipal Manager did not provide details of administrative policies made during the year reflecting the pressures from the world recession that impact on everyone (e.g. restrictions on conferences and other events outside your municipality and the use of meeting accommodation other than your municipality's own venues). From page 13 to page 23 there are tables and graphs which do not have sources and the committee will need CFO to come with the supporting evidence of the graph in page 22 of Capital Expenditure. On Page 18 There is a lot of challenges but there is no remedial Actions to address those challenges and the committee is requesting Management to provide those. | 13-23 | <p>The management acknowledges the finding and will be taken into consideration.</p> <p>All tables and graphs identified in the report as not referenced, the management commits that these will be corrected.</p> <p>Management acknowledges the finding and more information will be provided.</p> |
| <p>1.6 Auditor General Report</p> <ul style="list-style-type: none"> Committee noted that the Annual Report was not submitted to Internal Audit and Auditor General and should have been submitted in July and there was no explanation of any failures to achieve the timescales. | 23 | <p>The management was aware that Audit Report was not part of the Draft Annual Report as the Auditor General was on site auditing.</p> |
| <p>2.1 POLITICAL GOVERNANCE</p> <ul style="list-style-type: none"> INTRODUCTION TO POLITICAL GOVERNANCE - Photos should have been included It was not stated whether there is an Audit Committee and also the Oversight Committee on the Annual Report such as MPAC. | Page 26 | <p>Management noted the finding and the finding has been corrected.</p> <p>Management noted the finding.</p> |
| <p>POLITICAL DECISION-TAKING</p> <ul style="list-style-type: none"> percentage of Council Resolutions implemented was not included and the management should provide the resolution register. | Page 27 | <p>Finding noted and as a result the management has since developed Council Resolution Register for the current financial year.</p> |
| <p>2.2 ADMINISTRATIVE GOVERNANCE</p> <ul style="list-style-type: none"> Roles to make the greatest impact on service delivery was not included. Functions and the summary of the structure | 28 | <p>Management acknowledges the finding and committed to implement MPAC resolutions</p> |

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| not included. | | and as per the guide. |
| <p>Chapter 2</p> <p>TOP ADMINISTRATIVE STRUCTURE</p> <p>It is noted that the person who was acting as CFO in December is not mentioned in the report.</p> | | Management acknowledges the finding. |
| <p>2.3 INTERGOVERNMENTAL RELATIONS is duplicated in page 29 and 30.</p> <p>Numbering is not accurate as 2.4 page 30</p> | 29-30 | Finding noted by management and corrections will be done. |
| <p>NATIONAL INTERGOVERNMENTAL STRUCTURES</p> <ul style="list-style-type: none"> The information provided in the section is not enough because the committee is in a view that the municipality does not only participate in SALGA. More information is needed as documented in the Provincial below. | | Management acknowledges the finding. Additional intergovernmental structures will be stipulated. |
| <p>RELATIONSHIPS WITH MUNICIPAL ENTITIES</p> <ul style="list-style-type: none"> The Information provided in the section should be reviewed as the Municipality does not have the entity | | Management acknowledges the finding and follow ups in the Annual Report will be done. |
| <p>DISTRICT INTERGOVERNMENTAL STRUCTURES</p> <ul style="list-style-type: none"> This was not included as specifically how the municipality benefits from these arrangements – for district and local municipalities | | Management acknowledges the findings. Additional information will be provided. |
| <p>OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION</p> <ul style="list-style-type: none"> The sentence in the second last sentence should be rephrased. | | Managements commits that paragraph will be attended to. |
| <p>2.4 PUBLIC MEETINGS</p> <ul style="list-style-type: none"> The Committee noted that there is no specific reference to the IDP/Budget and Performance Management Representative forums | 35 | Management acknowledges the finding. |
| <p>WARD COMMITTEES</p> <ul style="list-style-type: none"> First paragraph that talks about Ward councillors and last paragraph (CWDs) should be removed under the section. | 36 | Management noted the finding and thorough reference check will be performed. |
| <p>2.5 IDP PARTICIPATION AND ALIGNMENT</p> <ul style="list-style-type: none"> Committee will need a brief explanation from the Management as why there was a NO in the following question: Were the four quarter aligned reports submitted within stipulated time frames? | | They were submitted late |

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| <p>2.7 FRAUD AND ANTI-CORRUPTION STRATEGY</p> <p>The committee will need more explanations as why the municipality does not have this strategy.</p> | | <p>The municipality is in the process of developing the Fraud Prevention Strategy. The vacancy gap in Senior Management positions contributed.</p> |
| <p>2.10 WEBSITES</p> <p>The committee needs reasons as why those documents were not uploaded in the website</p> | 40 | <p>Management acknowledges the finding. The position of the ICT Manager has been filled.</p> |
| <p>COMMENT ON SATISFACTION LEVELS</p> <ul style="list-style-type: none"> The committee will need explanation as why the public satisfaction level was not done as these will prevent strikes. | 41 | <p>The management acknowledges the finding and is doing its best to address this matter.</p> |
| <p>3.1 WATER PROVISION</p> <ul style="list-style-type: none"> The information should be provided even if this function is performed by the District as our community are the recipient (the municipality should provide this information as they have done in the Electricity.) as from page 37 to 43 of the template. | | <p>Management acknowledges the finding.</p> |
| <p>3.2 WASTE WATER (SANITATION)</p> <ul style="list-style-type: none"> The committee requires this information to be provided by the management as this information was included in the Municipal IDP. | 43 | <p>The management acknowledges the finding.</p> |
| <p>3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)</p> <p>Under achievements registered in the year under review</p> <ul style="list-style-type: none"> The committee is of the view that the information below is not an achievement as it does not have impact.(procurement of the three (03) waste trucks should be removed from the Achievements as they said it will happened in the future). <ul style="list-style-type: none"> Committee will confirm the existence of (3) trucks and two (2) bakkies and the dates in which they were received. Reviewal of the organisational structure to address the waste management challenges | 47 | <p>Management acknowledges the finding. The municipality opted for white fleet.</p> |

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| as the ones provided in the template | 67 | management. |
| COMPONENT C: PLANNING AND DEVELOPMENT <ul style="list-style-type: none"> This should include Opportunities, but are not included (such SMMEs and tourism) | 69 | The finding is acknowledged by management. |
| 3.10 PLANNING <ul style="list-style-type: none"> The information provided is not according to the template (Omitted information such as Main elements of planning strategies, top 3 service delivery priorities and support given to those communities that are living in poverty). | 71 | The finding is acknowledged by management. |
| 3.11 Economic Employment by Sector <ul style="list-style-type: none"> Tables provided does not have source and the information should be provided in numbers not in percentages. | 75 | Management will revisit the report and rectify the omissions. |
| COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL: <ul style="list-style-type: none"> Information provided in this section is not according to the template and there was no explanation of the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. | 80 | The finding is acknowledged by management. |
| COMPONENT D: COMMUNITY & SOCIAL SERVICES <p>The municipality has been constructing multi-purpose community halls: would like to get a number constructed.</p> <p>Lack of funds is often cited as a reason why there is poor maintenance of cemeteries across all wards. The committee is in a view that the information should reflect as "in three units".</p> <p>The committee is questioning the existence of the following and explanation as well supporting evidence from Management.</p> | 81 | <p>The management acknowledges the finding.</p> <p>Finding corrected</p> |
| Workers' facilities <p>change-rooms, sitting places as well as recreational spaces</p> | | Management acknowledges the |

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| | | finding. |
| Policy development information Information provided under this section is not sufficient as it only reflects the community halls. | | |
| 3.13 CEMETERIES & CREMATORIUMS <ul style="list-style-type: none"> The committee is going to visit to verify following as they are in a view that this is not done as stated (Done the routine maintenance in the form of grass cutting and clearing of the overgrown vegetation in cemeteries). | 84 | Management acknowledges the finding. The management is committed to assist the members of the MPAC for any project that they may wish to visit. |
| 3.15 POLLUTION CONTROL <ul style="list-style-type: none"> This information should be provided as community services department is busy conducting awareness campaigns and the by-laws and policies that were just adopted by the council. | 85 | The management acknowledges the finding. |
| 3.17 CLINICS <ul style="list-style-type: none"> The committee is of the view that the information should be gathered from the relevant department to update our members of communities. | | The management acknowledges the finding. |
| 3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC. <ul style="list-style-type: none"> The committee is of the view that the information should be gathered from the relevant department to update our members of communities. | 86 | The management acknowledges the finding. |
| 3.21 FIRE <ul style="list-style-type: none"> This information must be provided in the Annual Report as there are new fire stations built such as in Willowvale. | 88 | The management acknowledges the finding. |
| 3.23 SPORT AND RECREATION <ul style="list-style-type: none"> The committee is convinced that Security measures still need to adhere to. Therefore the committee is not convinced under this section of the Annual Report. | 88 | The management acknowledges the finding and will make a follow up to correct the document. |
| INTRODUCTION TO CORPORATE POLICY OFFICES <ul style="list-style-type: none"> The committee is not convinced with the response provided under this component. | | The management acknowledges the finding and will make a follow up to correct the |

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| | | document. |
| <p>COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:</p> <ul style="list-style-type: none"> The information provided in section is silent about the executive. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and there is no effort made to by the executive | | The finding is acknowledged by management. |
| <p>Page 100 committee is questioning the correctness of the information provided that table and the committee will need all 7 polices of ICT as the proof ICT Service Policy Objectives Taken From IDP</p> | 100 | The finding is acknowledged by management and any omissions that may have occurred will be attended to. |
| <p>3.28. PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES</p> <ul style="list-style-type: none"> Information provided in this section is not enough as it only talks about Risk. It is silent about legal (as the municipality has got a lot of litigations and there is lot of money used in this regard) and procurement of big projects regarding MIG (Service Delivery). | 102 | The finding is acknowledged by management and any omissions that may have occurred will be attended to. |
| <p>REMEDIAL ACTIONS</p> <ul style="list-style-type: none"> the last point should be removed in remedial actions as it appears as not a remedial actions It should be noted that due the challenges listed above, the assessment of the SDBIP shows that there are 37 (thirty seven) targets which were not implemented in the year under review. | 104 | The finding is acknowledged by management and as such corrections will be effected. |
| <p>CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)</p> <p>The municipality does have an Employment Equity Plan and a Human Resource Plan. The committee is more interested that at what extent this Employment Equity Plan used, as the Top management positions are dominated by males and the newly appointed interns is dominated by females.</p> | | The finding is acknowledged by management and responses will be provided to MPAC when is needed. |
| <p>Vacancy Rate:Year 0 table provided page 129 the CFO position was vacant as at 30 June 2015 and this information provided is not accurate.</p> <p>Chapter 4</p> <p>Disciplinary Action Taken on Cases of Financial Misconduct</p> | | The finding is acknowledged by management and correction has been effected. |

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| <p>Position Nature of Alleged Misconduct and Rand value of any loss to the municipality Disciplinary action taken Date Finalised.</p> <p>This should be included</p> | | |
| <p>COMPONENT B: SPENDING AGAINST CAPITAL BUDGET</p> <p>INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET</p> <p>Information provided is the same as the one in the template.</p> | 154 | <p>The finding is acknowledged by management and any corrections that need to be done will be attended to.</p> |
| <p>5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS</p> <p>This section is omitted</p> <p>comment on capital projects This section is omitted</p> | | <p>The finding is acknowledged by management and any omissions that may have occurred will be attended to.</p> |
| <p>5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS</p> <p>All of 5.8 were omitted.</p> | | <p>The finding is acknowledged by management and any omissions that may have occurred will be attended to.</p> |
| <p>COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS</p> <ul style="list-style-type: none"> • This section was also omitted. • COMMENT ON CASH FLOW OUTCOMES: CFO should provide this comment as it was omitted in the Annual Report. | | <p>The finding is acknowledged by management and any omissions that may have occurred will be attended to.</p> |
| <p>5.12 SUPPLY CHAIN MANAGEMENT</p> <ul style="list-style-type: none"> • Supply Chain Management is centralized and situated in the Budget and Treasury Department with 2 staff members. Both of them have registered the Certificate in Municipal Finance with the University of Fort here, the committee require a proof that supports that these two officials have | 160 | <p>The finding is acknowledged by management and proof will be made available.</p> |

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| registered in Fort hare. | | |
| CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS This copied from the template of the annual report. | 161 | The Audit Report has since been provided to the Annual Report. |

6.4 Audit outcomes for the financial under review

As it was indicated in the report above that the Audit Report was not part of the Annual Report, the MPAC noted that the municipality has not regressed in the AG's opinion as it received a qualified opinion.

Public comments

The oversight Committee visited the three towns for public comments in the Annual Report and the following were comments from the public:

1. Dutywa: There were no comments from Dutywa community
2. Elliotdale comments are as follows:
 - Appreciation from ward 15 for the municipality to have a gathering of this nature and commended the municipality for attending to the issue of the cleanliness of the town as it is very clean. Further to that they recorded the following complaints:
 - Nketshu access road as it has been recently constructed but it's not in a good condition.
 - Contractors that are not doing proper jobs and of poor quality.
 - Caweni to Maxhama access road in ward 16 complained about this project as it has been on the IDP but nothing has been done.
 - Nkonyane access road the community complained that this access road is on the IDP but nothing has been done and students are struggling because of the river that crosses through the road, this imposes danger to young students.
 - Appreciation of the plant that the Municipality has bought that will assist in the maintenance of access roads.
3. Willowvale: Comments are as follows:
 - A representative from the Department of Health made a comment about the non implementation of by-Laws and also concerned about the state of the Public toilets which is reported in the Annual Report on page 11.

RESPONSE FROM THE MAYOR AND EXECUTIVE {WILLOWVALE}

- The issue of by-laws should be on the action plan and be assisted by COGTA

Recommendations

- Municipal Manager should ensure that compliance issues regarding the advertising of Oversight Report to the public should be adherence to.
- Office of the Municipal Manager should assist in publishing the annual report as prescribed of sections 127 (5) of the MFMA and sections 21, 21A of the Municipal Systems Act before Road shows of the Annual Report for the citizen to access it, in-order for them to ask necessary questions during the road show.
- The committee recommends that the Council Resolution must be implemented which states that the Annual Report should be available in two dominate languages used in this Area i.e. English and Isixhosa in the case of Mbhashe Local Municipality.
- The committee recommends that those gaps identified in the Annual Report, management should be given an opportunity to amend and provide sufficient information where it is indicated.
- The committee strongly recommends that the management should make means of providing the information for those components that are not performed by the municipality e.g. the information regarding water and sanitation can be accessed at District Municipality (Amathole District Municipality) as they did in Statistic South Africa.
- Committee recommends that management should develop an Action Plan to address all the agreed findings in the Annual Report with clear and realistic time frames.
- The committee also noted the comments from the public and will do an investigation on the matters raised and report the findings in the next ordinary council meeting.

CHAPTER 9


Conclusion

The MPAC would like to thank all the relevant participants for their support and cooperation during the oversight process. The MPAC believes that Mbhashe Municipality and its citizens will realise substantial and tangible benefits if a similar process is consistently followed in years to come.

N.B The committee would like to indicate that there has been a great improvement in the Annual Report comparing it with previous years.

COMMITTEE OVERALL CONCLUSION:

1. That Council having fully considered the Annual Report of the Mbhashe Municipality for the 2014/2015 Financial Year adopts the Oversight Report for the 2014/2015.
2. That Council endorses the Annual Report of the Mbhashe Municipality for the 2014/2015 Financial Year with reservations.
3. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
4. 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.

Prepared by: Cllr Somana {MPAC Chairperson} Date.....17/12/2015