

**UMKHANYAKUDE DISTRICT MUNICIPALITY – DC27
UMKHANDLU WESIFUNDA SASE-MKHANYAKUDE**



UMKHANYAKUDE DISTRICT MUNICIPALITY

OVERSIGHT REPORT

2016/2017

Contents

1. INTRODUCTION	2
2. BACKGROUND	3
3. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	4
4. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	5
5. ANNUAL REPORT CHECKLIST	6
6. CONCLUSION	29

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 MPAC of Council would provide the appropriate mechanism in which Council could fulfill its oversight responsibilities.

The MPAC'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 (Mayor and 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 (Mayor/Executive Committee). In other words, in exchange for the powers in which Council have delegated to the Executive, 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.

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

3. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The functions of the MPAC 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 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

4.1 Membership

The Municipal Public Accounts 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 MPAC.

4.2 Authority & Power

The MPAC 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 MPAC must be open to the public and minutes of the meetings must be submitted to Council meetings.

4.3 Meeting Schedule

The Annual Report tabled to Council at **25 January 2018** meeting, was referred to the MPAC to prepare Oversight Report. The community was advised through the print media of the availability of the Annual Report and was invited to submit representations on the report.

The Annual Report was available at all municipal libraries and offices and was also placed on the **UMkhanyakude District Municipality** website. The Annual Report was submitted to the Auditor-General, Provincial Treasury and the Department of Local Government and Traditional Affairs.

At the closing date for public submissions of **25 February 2018** no submissions were received. The Public were invited to the tabling of the Annual Report to Council on **25 January 2018** and no members of the public did attend.

5. ANNUAL REPORT CHECKLIST

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	LEVEL OF COMPLIANCE	RESPONSES/ COMMENTS
1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	
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.	The AFS are to be in the form as required by the applicable Generally Recognized Accounting Practice standards, MFMA and DoRA. Confirmed by Auditor – General report that the Annual Financial Statements were fairly presented as at 31 August 2017.	The annual financial statements (AFS) of UMkhanyakude District Municipality and UMhlosinga Development Agency (Consolidated) are included in the draft annual report. Refer to Annexure A. The consolidated AFS were audited by the Auditor General (AG). The AG issued an adverse audit opinion. The AGs audit report is included in the annual report, refer to Annexure B.

121 (3)(a) 121 (4) 121 (4)(b)	The above applies also to the AFS of municipal entities.	The Annual Report complies with section 121(3)(a), 121(4) and 121(4)(b). Furthermore, Annexure E: reflects on the Annual Report for uMhloosinga Development Agency`.
121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	The analysis and the assessment of the arrears on municipal charges had been made in the Annual Financial Statements.
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 are: <ul style="list-style-type: none"> ü an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; ü The objective of the municipality should be to achieve an unqualified audit opinion. ü Taking into account the audit report, audit opinion and the views of the audit committee, council considered: <ul style="list-style-type: none"> · To what extent does the report indicate serious or minor financial issues? 	The Audit Action Plan has been developed to address audit findings raised by the AG on the audit and management report. A copy of the audit action plan is attached. <u>MPAC Recommendation(s)</u> The Audit Action Plan must be a standing item to

	<ul style="list-style-type: none"> · To what extent are the same issues repeated from previous audits? · Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? · Has a schedule of action to be taken been included in the annual report, with appropriate due dates? 	<p>council and all its structures.</p> <p>The Council should monitor the implementation of the audit action on quarterly basis.</p> <p>The MPAC should frequently monitor the implementation of the audit action plan.</p>
	<p>Note that actions taken on audit issues are to be reported to the provincial legislature, the MEC for Cooperative Government & Traditional Affairs to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MEC.</p>	<p>The Audit Action Plan will be submitted to Legislature, Provincial Treasury and to the office of the Cooperative Government & Traditional Affairs (CoGTA). The municipal finance division within CoGTA is also providing inputs to the action plan as part of their oversight role.</p> <p><u>MPAC Recommendation(s)</u></p> <p>In line with section 131 of the MFMA, the mayor must ensure that all audit issues as raised by the AG are</p>

		addressed in the audit action plan to be presented to the MEC of CoGTA.
<p>121 (3)(f)</p> <p>An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly.</p> <p>Has the performance met the expectations of council and the community?</p> <p>Have the objectives been met?</p> <p>What explanations have been provided for any non-achievement?</p> <p>What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>The revenue performance has been made in form of Statement of Comparison between the budget and the actual amounts from page 08 to page 11 of the Annual Financial Statement (AFS). However it must be mentioned that the actual revenue collection has been very low due to the reason but not limited to the following:</p> <ul style="list-style-type: none"> • High number of unemployed coupled with dependency on social grants within the district; • Continuous none availability of water supply to the communities within the district;

		<ul style="list-style-type: none"> • Huge number of unmetered properties and illegal connection; • The Municipality has no Revenue Enhancement Strategy in place <p>MPAC Recommendation(s)</p> <p>The BTO portfolio committee should ensure full development and implementation of the Revenue Enhancement Strategy.</p> <p>The progress on the implementation of the strategy must be a standing item all BTO portfolio committee and EXCO meetings</p>
121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality.	Review any other information that has been included in regard to the AFS.	Not applicable.
1. Financial Matters – Annual Financial	Financial reporting matters to be considered	

Statements - Section 121 (3) MFMA			
<p>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.</p>	<table border="1"> <tr> <td data-bbox="416 421 1166 1361"> <p>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</p> <p>What actions need to be taken in terms of these recommendations?</p> <p>Conclusions on these recommendations and the actions required should be incorporated in the oversight report.</p> </td><td data-bbox="1166 421 1516 1361"> <p>The AFS were reviewed by the internal auditors and report tabled in the Audit Committee meeting. Refer to the attached annexure D. All issues highlighted on the report were addressed prior to finalisation of AFS.</p> <p><u>MPAC</u></p> <p><u>Recommendation(s)</u></p> <p>The council must start the process of establishing an in-house audit unit.</p> </td></tr> </table>	<p>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</p> <p>What actions need to be taken in terms of these recommendations?</p> <p>Conclusions on these recommendations and the actions required should be incorporated in the oversight report.</p>	<p>The AFS were reviewed by the internal auditors and report tabled in the Audit Committee meeting. Refer to the attached annexure D. All issues highlighted on the report were addressed prior to finalisation of AFS.</p> <p><u>MPAC</u></p> <p><u>Recommendation(s)</u></p> <p>The council must start the process of establishing an in-house audit unit.</p>
<p>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</p> <p>What actions need to be taken in terms of these recommendations?</p> <p>Conclusions on these recommendations and the actions required should be incorporated in the oversight report.</p>	<p>The AFS were reviewed by the internal auditors and report tabled in the Audit Committee meeting. Refer to the attached annexure D. All issues highlighted on the report were addressed prior to finalisation of AFS.</p> <p><u>MPAC</u></p> <p><u>Recommendation(s)</u></p> <p>The council must start the process of establishing an in-house audit unit.</p>		
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations		
<p>123 (1)(a) Allocations received by and made to the municipality.</p>	<table border="1"> <tr> <td data-bbox="416 1608 1118 1960"> <p>The report should disclose:</p> <ul style="list-style-type: none"> ü Details of allocations received from another organ of state in the national or provincial sphere. ü Details of allocations received from a municipal entity or another municipality. </td><td data-bbox="1118 1608 1516 1960"> <p>Included in the annual report is a disclosure of all allocations received by and made to the municipality. Refer to page 78 of the annual report.</p> </td></tr> </table>	<p>The report should disclose:</p> <ul style="list-style-type: none"> ü Details of allocations received from another organ of state in the national or provincial sphere. ü Details of allocations received from a municipal entity or another municipality. 	<p>Included in the annual report is a disclosure of all allocations received by and made to the municipality. Refer to page 78 of the annual report.</p>
<p>The report should disclose:</p> <ul style="list-style-type: none"> ü Details of allocations received from another organ of state in the national or provincial sphere. ü Details of allocations received from a municipal entity or another municipality. 	<p>Included in the annual report is a disclosure of all allocations received by and made to the municipality. Refer to page 78 of the annual report.</p>		

	<ul style="list-style-type: none"> Details of allocations made to any other organ of state, another municipality, or a municipal entity. Any other allocation made to the municipality under Section 214(1) (c) of the Constitution. <p>Have these allocations been received and made? 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?</p>	<p>As noted above, the municipality has established a Development Agency called uMhlosinga Development Agency (UMDA). The Annual allocations are made to UMDA for operational requirements.</p> <p>All allocations received / made to or by the municipality has been confirmed by the Auditor General.</p> <p><u>MPAC</u></p> <p><u>Recommendations(s)</u></p> <p>The council must review the performance UMDA that it meets its mandate as an entity of the council.</p>
125 (1) Information in relation to outstanding debtors and creditors of the	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.	The consolidated annual financial statements of UKDM has information pertaining to the amounts owed by national or provincial departments and

<p>municipality and entities.</p>	<p>It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> ü the information has been properly disclosed; ü conditions of allocations have been met; and ü that any explanations provided are acceptable. 	<p>private & public entities in line with section 125 (1) of the MFMA. Refer to note 4 (Receivables from exchange transactions).</p>
<p>2. Disclosures - Allocations received and made - Section 123-125 MFMA</p>	<p>Considerations</p>	
<p>123 (1)(c) Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <ul style="list-style-type: none"> ü 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. ü Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the 	<p>The information in relation to the spending of allocations received is provided note 20 of the AFS.</p> <p>However, details of spending on all previous conditional grants for the previous 2 financial years has not been provided.</p> <p>Information stating whether the municipality has complied with the</p>

	<p>Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</p> <ul style="list-style-type: none"> Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this. <p>This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation.</p> <p>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.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> the information has been properly disclosed; conditions of allocations have been met; and that any explanations provided are acceptable. <p>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.</p>	<p>conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state is not provided.</p> <p>There were instances of non-compliance with the terms of conditional grants; however, these details are not included in the annual report.</p> <p><u>MPAC</u></p> <p><u>Recommendation(s):</u></p> <p>The accounting officer should ensure that the non-disclosed information on:</p> <ul style="list-style-type: none"> spending on conditional grants and non-compliance with the conditions of the conditional grants
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		is rectified in the final annual report.
3. Disclosures in notes to AFS	Considerations relating to section 124	
Information relating to benefits paid by municipality and entity to councillors, directors and officials.	<p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ul style="list-style-type: none"> ü salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind; ü 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; ü salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; ü contributions for pensions and medical aid; ü travel, motor car, accommodation, subsistence and other allowances; ü housing benefits and allowances; 	<p>Included in the annual financial statements is the information relating to the benefits paid by the municipality and the entity to councilors, directors and officials. Refer to disclosure note(s) 21 and 22.</p> <p>There are no arrears owed by individual councilors to the municipality for services rendered.</p> <p>The following information is disclosed under note 21 to the annual financial statements:</p>

	<ul style="list-style-type: none"> ü overtime payments; ü loans and advances, and; ü any other type of benefit or allowance related to staff. <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> ü the information has been properly disclosed; ü conditions of allocations have been met; and ü that any explanations provided are acceptable. <p>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.</p>	<ul style="list-style-type: none"> • salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; • contributions for pensions and medical aid; • travel, motor car, accommodation, subsistence and other allowances; • housing benefits and allowances; and; • any other type of benefit or allowance related to staff.
4.Municipal Performance	Considerations	
The annual performance reports of the municipality and entities.	<p>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. Questions that may be considered are –</p>	<p>The Annual Performance Report for 2016-2017 includes all targets that were part of the SDBIP. See page 69 of the Annual Report.</p> <p>Performance information of the Development Agency is</p>

	<ul style="list-style-type: none"> ü Has the performance report been included in the annual report? ü Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report? ü Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? <p>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?</p> <ul style="list-style-type: none"> ü To what extent has performance achieved targets set by council? ü Is the council satisfied with the performance levels achieved? ü 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? ü What actions have been taken and planned to improve performance? ü Is the council satisfied with actions to improve performance? 	<p>contained on Chapter 3, p36 of the Agency's Annual Report</p> <p>The overall performance was 30.77% below target which considered very low.</p> <p>There was no customer satisfaction survey conducted.</p> <p><u>MPAC Recommendations(s)</u></p> <p>The municipality must establish mechanisms to conduct a community satisfaction survey.</p> <p>The council must monitor the implementation of SDBIP's through its structures.</p>
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	<ul style="list-style-type: none"> ü 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? ü Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes? ü Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective? ü To what extent have actions planned for the previous year been carried over to the financial year reported upon? ü 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? <p>Council should comment and draw conclusions on information and explanations provided.</p>	
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 annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the auditor-general been included in action	<p>The Audit Committee made comments on performance management. Refer to annexure D.</p> <p>MPAC Recommendation(s) MPAC ensures that the</p>

	plans to improve performance in the following year?	comments made by the Audit Committee are adhered to.
Performance of municipal entities and municipal service providers.	<p>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.</p> <p>The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the municipality?</p> <p>What other actions are considered necessary to be taken by the accounting officer?</p>	<p>The district municipality did not conduct a performance assessment on UMDA.</p> <p><u>MPAC Recommendation(s)</u></p> <p>The accounting officer and the mayor of the district must assess the performance of UMDA on a quarterly basis.</p> <p>The entity's performance must be reported to relevant Council structures.</p>
5. General information	The following general information is required to be disclosed in the annual report.	
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 the entities.	The required information is included on the annual report, refer to annexure E

<p>The use of any donor funding support.</p>	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> ü Have the purposes and the management agreements for the funding been properly agreed upon? ü Have the funds been used in accordance with agreements? ü Have the objectives been achieved? ü Has the use of funds been effective in improving services to the community? ü What actions need to be taken to improve utilisation of the funds? 	<p>None</p>
<p>Agreements, contracts and projects under Private-Public-Partnerships.</p>	<p>Information similar to the details of municipal entities should be provided.</p> <p>Council should ensure that all details have been supplied.</p>	<p>There were no PPPs</p>
<p>Service delivery performance on key services provided.</p>	<p>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.</p>	<p>A high level summary of service delivery performance is included on page 24 of the annual report.</p> <p>MPAC Recommendation(s)</p> <p>The council should establish a monitoring and evaluation unit which will conduct</p>

	<p>Council may draw conclusions on the overall performance of the municipality.</p> <p>This information may be found in an executive summary section of the annual report and or in statistical tables.</p>	physical verification of work done.
Information on long-term contracts.	<p>Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.</p>	<p>There is a disclosure on long-terms contracts in the annual report. Refer to page 75 of the Annual Report</p> <p>MPAC Recommendation(s):</p> <p>The municipality must urgently deal and resolve open-ended long term contracts.</p>
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarized. Council should comment and draw conclusions on the information provided.</p>	<p>Website Functionality (Chapter 2 Section 2.3)</p> <p>The Municipality's website is fully functional.</p> <ul style="list-style-type: none"> • The Firewall needs to be maintained. • Skills transfer and training of IT personnel on the maintenance of the Firewall to be prioritized. <p>Disaster Center</p>

		<p>Disaster Management Center has a network with computer equipment that is protected (the entire network has a Firewall to secure the network).</p> <p>Pastel Evolution</p> <p>It is used for financial management of the ff: Budget & Reporting, Revenue, Procurement, Cash & Expenditure and Reporting and oversight.</p> <p>There is value for money on the procurement of this finance system.</p> <p>Payday System</p> <p>The Payday system is used for Payroll and Human Resources Management. Data is secured and reliable and meets statutory requirements.</p> <p>Backup Server</p> <p>The Municipality has a SAN Storage (with live data). This is where data is stored for all the municipal systems.</p>
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Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework.	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.</p> <p>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 reference to the performance reports in the annual report and also will be highlighted in the coming budgets.</p>	<p>The water services backlog was determined utilising a combination of Census 2016, the UKDM asset register, and verified data from consultants to produce a combined GIS infrastructure database that shows a backlog of 31,57% of households.</p>

	<p>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.</p>	<p>Most projects are implemented under MIG within the District.</p> <p><u>MPAC Recommendation(s)</u></p> <p>The relevant council structures to ensure proper implementation of the water services development plan (WSDP).</p> <p>The Monitoring and Evaluation Unit be established to ensure value for money on WSDP implementation.</p>
6. Other considerations recommended		
Timing of reports.	<p>Was the report tabled in the time prescribed?</p> <p>Has a schedule for consideration of the report been adopted?</p>	<p>The report was tabled within the scheduled timelines.</p>
Oversight committee or other mechanism.	<p>What mechanisms have been put in place to prepare the oversight report?</p> <p>Has a schedule for its completion and tabling been adopted?</p>	<p>Training was offered to the oversight committee,</p> <p>The committee developed and adopted an oversight checklist.</p> <p><u>MPAC Recommendation(s)</u></p> <p>The MPAC to ensure that a schedule is developed and presented to the council.</p>

<p>Payment of performance bonuses to municipal officials.</p>	<p>Refer to Section 57 MSA as amended.</p> <p>Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the 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. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p> <ul style="list-style-type: none"> ü If so has a proper evaluation of performance been undertaken? ü Was the evaluation approved by council? ü 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? 	<p>No performance bonuses were paid to municipal officials</p>
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	<p>ü Are the payments justified in terms of performance reported in the annual report?</p>	
<p>Public Consultative meetings held</p> <p>Meetings conducted by ward councillors and feedback documented</p>	<p>Ward 16 under Umhlabuyalingana LM Ward 10 under Jozini LM Ward 6 under Hlabisa Big 5 LM Ward 14 under Mtubatuba LM</p> <p>Page 56 of AR</p>	<p>IDP/Budget consultative meetings were held as per the schedule indicated on page 56. During the proceedings of the meetings it was apparent that provision of water and electricity still remain the high priority that members of the community expect municipalities to fulfill. In finalizing the budget public comments were taken into account.</p> <p><u>MPAC Recommendations(s)</u></p> <p>The council must strengthen the public participation process.</p> <p>The council must determine the mechanism of strengthening the public participation process.</p>
<p>Residents/Ratepayers Association consulted and feedback documented</p>	<p>Needs to be noted and should be included in the annual report</p>	<p>No, however, the advert for the annual report was distributed to all local municipalities and covered all stakeholders</p>

		<p><u>MPAC Recommendation(s)</u></p> <p>The municipality must strengthen the relations with our social partners in order to ensure their full participation in the review of the annual report.</p>
Farmers Association consulted and feedback documented	Needs to be noted and should be included in the annual report	<p>No, however, the advert for the annual report was distributed to all local municipalities and covered all stakeholders</p> <p><u>MPAC Recommendation(s)</u></p> <p>The municipality must strengthen the relations with our social partners in order to ensure their full participation in the review of the annual report</p>
Other organisations identified, consulted and feedback documented	Needs to be noted and should be included in the annual report	<p>None</p> <p><u>MPAC Recommendation(s)</u></p> <p>The municipality must strengthen the relations with our social partners in order to ensure their full participation in the review of the annual report</p>
Annual report distribution points documented and feedback documented	<p>Distribution points were Municipal offices and Library.</p> <p>Feedback documented.</p> <p>No of responses:</p> <p>Document placed on website, however most of the reports and addendums placed</p>	<p>The advert was placed on newspaper on 5 February 2018. However, no responses were received.</p>

	separately and report back that not a user friendly site at all.	
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6. CONCLUSION

The MPAC notes the challenges on the overall municipal performance during the 2016/17 financial year. The current performance status of the municipality requires an extraordinary commitment from administration and political leadership to ensure an improved performance outcome in the next coming financial year (2017/18) and beyond.

The MPAC wants to note that part of its mandate is to:

- ü Review and analyse the Annual Report;
- ü Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report;
- ü Consider written comments from the public consultation process;
- ü Conduct Public Hearings to allow the local community or any organs of state to make representations on the Annual Report;
- ü Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- ü Prepare the 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.

We want to acknowledge that not all areas were covered to our satisfaction.

The MPAC has pleasure in presenting the Oversight Report to Council to consider one of 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 UMkhanyakude District Municipality for the 2016/17 Financial Year, adopts the Oversight Report for the 2016/17 Financial Year, a copy of which is attached to the signed minutes of this meeting.
2. That Council approves the Annual Report of UMkhanyakude District Municipality for the 2016/17 Financial Year with reservations (due to lack of credibility of information contained in the Annual Report).
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.

ANNEXURES

Annual Report

Report Approved by

.....
Cllr.SW Mzinyane
MPAC Chairperson

.....
Date

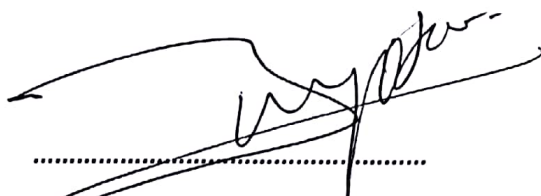
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ANNEXURES

Annual Report

Report Approved by



Mr. SW Mzinyane
MPAC Chairperson

28-05-18

Date