



MOHOKARE
LOCAL MUNICIPALITY

OVERSIGHT COMMITTEE REPORT
ON
ANNUAL REPORT
FOR
2010/2011 FINANCIAL YEAR

28 MARCH 2012

1. Introduction

1.1. Background

Mohokare Local Municipality was established on the 06th of December 2000 as a result of section 21 of the Local Government Demarcation Act (Act 27 of 1998) this report is thus prepared based on and in accordance with the legislative requirements.

1.2. Purpose

To consider the Mohokare Local Municipality's Annual Report for 2010/2011 financial year and to compile an Oversight Report containing Council's comments on the Annual Report in terms of section 129(1) of the Local Government: Municipal Finance Management Act 2003 (Act No. 56 Of 2003) (hereafter referred to as the MFMA).

1.3. Regulatory Requirements

1.3.1. Section 121(1) of the MFMA stipulates the following:

Every Municipality must, for each financial year prepare an Annual Report. The Council must within nine (9) months after the end of a financial year deal with the annual report of a Municipality in accordance with section 129.

1.3.2. Section 121(2), of the MFMA states that the purpose of an Annual Reports is:

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

1.3.3. Section 121(3) of the MFMA states that the Annual Report of a Municipality must include:

- 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 prepared by 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 (Act 32 of 2000);
 - e. An assessment by the Municipality's Accounting Officer of 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 to in section 17(3)(b) for revenue from each source and for each vote in the Municipality's approved budget for the relevant financial year;
 - g. Particulars of any corrective action taken or to be taken in response to issues raised in the audit report 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.
- 1.3.4. In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the annual report, invite the local community to submit representations in connection with the annual report and submit the annual report to the Audit-General, the relevant provincial treasury and the provincial department responsible for local government in the province.
- 1.3.5. According to section 129(1) of the MFMA, the council must consider the Annual Report by no later than two months from the date on which the Annual Report was tabled, adopt an oversight report containing the council's comments on the report which must include a statement whether-
- The Council has approved the annual report with or without reservations;

- Has rejected the annual report; or
- Has referred the annual report back for revision of those components that can be revised.

1.4. Submission and tabling of the Annual Report

The Annual Report of the Municipality for the 2010/2011 financial year was tabled in the Council at its meeting held on the 24 January 2012 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 2003.

Council resolved during its meeting held on 24 January 2012

- a. Council endorsed the Annual Report for submission to the Oversight Committee for review of the report where after it will be tabled to Council together with the Oversight Report for adoption on or before 31 March 2012; and
- b. Council adopted the appointment of members to serve on the oversight Committee in line with Section 33 and 79 of the MFMA requires the Council to consider the Annual Report of the Municipality and to adopt an “Oversight Report” containing the Council’s comments on each annual report.

1.5. Appointment of the Oversight committee

An oversight committee was established by the resolution No. 10.3 on the 24th of January 2012 in terms of section 33 and 79 of the Municipal Structures Act, 117 of 1998. Council nominated non-executive councilors to serve on the Oversight Committee and headhunted for the community members and one (1) Audit Committee member to complete the Committee.

The committee consists of the following members:

INITIALS AND SURNAME	DESIGNATION	POSITION
Mr. I. Riddle	Councilor	Chairperson
Mr. B. Majenge	Councilor	Member
Mrs. I. Mehlomakulu	Councilor	Member
Mr. L. Thene	Community Member	Member
Mrs. L. Lephuthing	Community Member	Member
Mr. V. Vapi	Audit Committee Member	Member
Mr. M. Loape	Committee Clerk	Secretary

2. THE APPROACH, OBSERVATION AND CONCLUSION OF THE OVERSIGHT COMMITTEE

2.1. The Approach

The approach followed by the Oversight Committee was to critically understand the audit report issued by the Auditor-General which formed part of the 2010/2011 Annual Report;

1. The committee went through the Annual Report for 2010/2011 financial year in detail.
2. The Audit Report issued by Auditor-General was studied to understand recommendations and implication of corrective measures raised in the Audit Report by the Auditor-General.
3. The Audit Action Plan of the Municipality scrutinised.

2.2. Observation

a. Compatibility of information

Examination of the Annual Report, Auditor General Report and the Action plan and tracing of the information contained in these documents back to the Annual Report showed that reporting was done consistently to the planning documents, and that there was an acceptable level of accuracy and completeness in the information reported on, based on the comparisons made.

b. Comments / Objections received

The committee found that the local community was invited via the press and website to submit comments and/or objections on the Annual Report. The period allowed for the comments and /or objections was from the 15 February 2012 to 28 February 2012. However, no response was received at all.

- c. The committee found that there is a positive progress regarding the implementation of the Audit Action Plan. Implementation of corrective measures to address all the issues included in this document is in progress. However, the committee noted that failure to report progress made might result in the Municipality not being able to account fully for progress made. This matter was discussed with the Municipal Manager and Chief Financial Officer and it was agreed that reporting on progress

will be done on a monthly basis and that the reporting template will be improved to give more detailed information.

3. **RECOMMENDATION**

The committee recommended the following

- The appropriate municipal representative (CFO) must be available on time for the next Oversight Committee meeting;
- The fourth none-executive councilor must be appointed as per compliance with the terms of reference of the Oversight Committee;
- The chairperson of the committee must not be appointed on behalf of the committee but the committee must nominate its chairperson prior to the proceeding of the meeting; and
- The committee adopted the progress report and the ongoing activities in implementing the action plan.

4. **CONCLUSION**

Based on the results of the review stated above, the Oversight Committee accepted the Annual Report for the 2010/2011 financial year. However, the committee required that management will promptly address the issues raised in the annual report, and issues raised by the Auditor-General

**Chairperson
Oversight Committee**

Date

Resolution by the Council

Council has fully considered the Annual Report of the Mohokare Local Municipality for the 2012/2011 period and as such adopts the Oversight Report without reservations.

**Mayor/Speaker
Mohokare Local Municipality**

Date