
KWA SANI MUNICIPALITY

OVERSIGHT REPORT ON THE 2015/16 ANNUAL REPORT

15 March 2017

INDEX

1.	Introduction	3
2.	Legislative Mandate for Oversight Report	3
3.	Comments on the Annual Report	3
3.1	Municipal Finance Management Act	3
3.2	Division of Revenue Act	4
3.3	Municipal Systems Act – Municipal Performance	4
3.4	Other Findings	4
4.	Recommendations	5
	ANNEXURE 'A' – Process Followed	6

1. INTRODUCTION

In terms of the Municipal Finance Management Act and the Municipal Systems Act, a municipality must prepare an Annual Report for each financial year. The purpose of the Annual Report is to:

- Provide a record of the activities of the municipality;
- Provide a report on performance in service delivery and against the budget;
- Provide information that supports the revenue and expenditure decisions made; and
- Promote accountability to the local community for decisions made.

The 2015/16 Annual Report was tabled in Council on 23 January 2017.

The final step in the reporting process is for the Council to consider the Annual Report in the light of the findings contained in an Oversight Report. The Oversight Report must be compiled by Non-Executive Councillors and members of the community as it represents a separation of powers between the Council and the Administration and is aimed at enhancing accountability and good governance.

2. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

Section 129 (1) of the Municipal Finance Management Act (Act No. 56 of 2003) states that the Council of the Municipality must consider the Annual Report of the Municipality and by no later than two months from the date on which the Annual Report was tabled in the Council, adopt an oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council has:

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

3. COMMENTS ON THE ANNUAL REPORT

The requirements for the Annual Report as set out in the various Acts and MFMA Circulars, together with an indication of the level of compliance, are set out below.

3.1 Municipal Finance Management Act

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
(a) The annual financial statements are compliant with Generally Recognised Accounting Practice (GRAP).	The annual financial statements are GRAP-compliant. An unqualified audit opinion was issued by the Auditor-General.
(b) The Auditor-General's Report is to be included in the Annual Report.	It is included in Chapter 6.
(c) Explanations to be included that are necessary to clarify issues in connection with the financial statements.	The explanations form part of the financial statements.
(d) An assessment of arrears on municipal taxes and service charges to be included.	An assessment has been included in Chapter 5.
(e) Corrective action taken or to be taken in response to issues raised in the audit report.	An action plan for taking corrective action is included in Chapter 6 of the Annual Report.

3.2 Division of Revenue Act

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
(a) The Annual Report to disclose: <ul style="list-style-type: none"> • Details of conditional grants received from national and provincial spheres; • Details of conditional grants received from other municipalities; and • Details of grants made to any organs of state. 	This information is contained in the financial statements in Chapter 5.
(b) The extent to which the conditions of the grants were met.	This information is contained in the financial statements. The conditions were all met.
(c) Information relating to outstanding debtors and creditors of the Municipality.	This is part of the financial statements.
(d) Information relating to the benefits paid to Councillors, Managers and officials.	Included in the financial statements.

3.3 Municipal Systems Act – Municipal Performance

LEGISLATIVE REQUIREMENTS	LEVEL OF COMPLIANCE
(a) Has the Performance Report been included in the Annual Report?	Yes, included in Component H of Chapter 3.
(b) Have all the performance targets been included in the report?	Yes
(c) Does the performance evaluation in the Annual Report compare actual with planned performance?	Yes
(d) In terms of key functions or services, how has each performed?	An explanation of how each has performed is set out in Component H of Chapter 3 of the Annual Report.
(e) To what extent have targets been achieved?	An explanation of how each has performed is set out in Component H of Chapter 3 of the Annual Report.
(f) Is the Council and the community satisfied with the performance?	Performance is satisfactory.
(g) What actions have been taken and planned to improve performance?	Explanations of corrective measures, where applicable, are set out Component H of Chapter 3 of the Annual Report.
(h) Is there a correlation with the targets set for the Municipality and the targets set for the Municipal Manager and Heads of Department?	Yes, as reflected in the managers' performance plans which are based on the Service Delivery and Budget Implementation Plan.
(i) Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	This evaluation was done while formulating the corrective actions referred to in (g) above.
(j) Taking into account the Audit Report and opinion and the views of the Audit Committee, is performance considered to be efficient and effective?	Performance management system requires improvement to attain a "Clean Audit".

3.4 Other Findings

Service-delivery backlogs need to be established, in liaison with the District, so that realistic targets that are commensurate with resources can be set. In this way a programme can be developed to eradicate backlogs and meet the 2014 national service delivery targets.

4. RECOMMENDATIONS

In view of the above report, the Municipal Public Accounts Committee recommends that Council resolves as follows:

- (a) The Council, having fully considered the 2015/16 Annual Report of the Kwa Sani Municipality, adopts the 2015/16 Oversight Report; and
- (b) Council approves the Annual Report without any reservations, as recommended in the Oversight Report.

Cllr MT Zikode
Chairperson: Municipal Public Accounts Committee
15 March 2017



OVERSIGHT PROCESS FOLLOWED:

1. The general public and members of the ward committees were invited to attend the full council meeting held on 23 January 2017 when the 2015/16 annual report was tabled.
2. Following this meeting the annual report was immediately disseminated to strategic points in the municipal area and onto the website with the invitation to make comments. This notice inviting input to the report was published in the Witness and Isolezwe newspapers. The closing date for comments was set at 28 February 2017.
3. Comments were received from the following sources only
 - Office of the Auditor-General (all comments received have been responded to in the attached annual report, but none of major effect).
 - Cogta Municipal Finance Unit (their letter states that the report has been properly prepared).
4. The municipal public accounts committee sat on 15 March 2017 to consider the 2015/16 annual report against the legislated requirements and to make a recommendation to the council on the acceptability or otherwise of the attached annual report.

ANNUAL REPORTING CHECKLIST - MUNICIPALITIES

DATE: 14/3/17

MUNICIPALITY: KWA SANI

FINANCIAL YEAR: 2015/16

CAPACITY: L

Prepared by: Cllr ZT Zikode - MPAC Chairperson

MFMA	Yes	No	N/A	Page	Comments
------	-----	----	-----	------	----------

ANNUAL REPORT COMPONENTS

1	Is there a set of the audited annual financial statements?	s121(3)(a)	Y			Chapter 5	
2	Does the annual report contain the audit report on the AFS?	s121(3)(b)	Y			Chapter 6	
3	Does the annual report contain an annual performance report in terms of s46 of the MSA?	s121(3)(c)	Y			Component H of Chapter 3	
4	Does the annual report contain the Auditor-Generals report on the municipalities performance report?	s121(3)(d)	Y			Chapter 6	
5	Does the annual report contain an assessment of the performance against measurable performance objectives for revenue collection by the accounting officer.	s121(3)(f)	Y			Chapter 5	
6	Does the performance report include the current years performance and targets as well as the prior year?	MSA s 46 (1) (a)	Y			Component H of Chapter 3	
7	Does the performance report include measures that were taken or are to be taken to improve performance?	MSA s 46 (1) (a)	Y			Component H of Chapter 3	
8	Does the performance report contain the development and service delivery priorities and performance targets set for the next financial year.	MSA s 46 (1) (a)	Y			Chapter 3	
9	Is there an assessment by the accounting officer on any arrears on municipal taxes and services charges?	s121(3)(e)	Y			Chapter 5	
10	Does the annual report contain a response to the audit report on the AFS?	s121(3)(g)	Y			Component B of Chapter 6	
11	Does the annual report contain the recommendations of the audit committee?	s121 (3)(j)	Y			Appendix G	
12	Does the municipality have sole or effective control of a municipal entity?		N			N/A	
13	If yes to above, is there a set of consolidated annual financial statements	s121(3)(a), s 122 (2)			N/A	N/A	

CONCLUSION

Performance management system requires improvement to attain a "Clean Audit".



cogta

Department:
Cooperative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL

Tel. +27 33 356 6226 Fax. +27 33 356 6292
Postal. Private Bag X 9078, Pietermaritzburg, 3200
Office. Southern Life Plaza, 271 Church Street,
Pietermaritzburg 3201

BUSINESS UNIT: MUNICIPAL FINANCE

Enquiries:	My Reference:	Annual	E-mail:	Date:
Imibuzo: N Majola	Inkomba Yami:	Report	Nompumelelo.shezi@kzncogta.gov.za	Usuku: 14/03/2017
Navrae:	My Verwysing:			Datum:

The Acting Accounting Officer
Dr. Nkosazana Dlamini Zuma Municipality

P.O. Box 62 Creighton,
3263

Dear Sir/ Madam

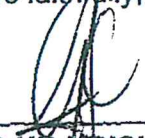
ANALYSIS OF 2015/16 ANNUAL REPORT OF KWASANI LOCAL MUNICIPALITY

The Department of Co-operative Governance has a mandate to monitor, support and build capacity for efficient, effective and transparent financial management. The Department has analysed the 2015/16 Annual Report on the basis of Section 121 of the Municipal Finance Management Act (MFMA), No.56 of 2003. In terms of the MFMA, every municipality and every municipal entity must for each financial year prepare an annual report which include all information (financial and non-financial) as illustrated in section 121 of the MFMA and section 46 of the Local Government Municipal Systems Act (No. 32 of 2000), including reports on all aspects of performance against goals set by council reporting on how the Integrated Development Plan (IDP) and Budget were implemented for the year.

The annual report was adequately prepared and in compliance with above mentioned legislations.

Kindly ensure that the oversight report is adopted by your council as per Section 129 of the Municipal Finance Management Act (No.56 of 2003), your municipal council is required to consider the annual report of the municipality and adopt an oversight report on the annual report. The accounting officer must submit oversight report and Council resolution to CoGTA, Auditor General and Provincial Treasury in compliant with section 129(2) (b) of MFMA. The oversight template is attached.

Yours faithfully,


pp
MRS HB KRISHNAN
CHIEF DIRECTOR
MUNICIPAL FINANCE

Date: 14/03/17
cc. Honourable MPAC Chair