

## **SOL PLAATJE MUNICIPALITY**

### **OVERSIGHT REPORT FOR THE 2009/2010 ANNUAL REPORT ("THE ANNUAL REPORT")**

#### **1. INTRODUCTION**

The Annual Report had to be tabled by the Executive Mayor before council by no later than 31 January 2011. This is a requirement stipulated in section 127(2) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 ("the MFMA").

The Annual Report was tabled according to management, on 20 December 2010.

#### **2. OBJECTIVE**

The objective is to submit to council the oversight report on the Annual Report.

#### **3. BACKGROUND**

##### **3.1 Annual Report**

The Annual Report so tabled was only in draft form.

The Oversight Committee ("the committee") developed a rollout plan for the oversight report on the Annual Report ("Annexure A").

It is unclear whether the Annual Report lay open for inspection and comments by the community, Provincial Treasury, SALGA, organized business etc.

##### **3.2 Oversight Report**

The committee held several meetings in the oversight process which resulted in this report. Minutes of these meetings are attached herewith as Annexures ("B" – "C").

It is clear from the minutes that these meeting did not quorate due to non-attendance by councillors. This is simply unacceptable as it frustrated progress in the oversight process.

The committee could not conduct public hearings as sufficient arrangements were not made by the municipality for staging the hearings and as a result the very important participation by the public could not be secured.

The committee could not interact meaningfully with management due to non-compliance with the rollout plan.

Regrettably no comments were received by the Department Co-operative Governance, Human Settlements and Traditional Affairs ("COGHSTA"), Provincial Treasury and SALGA; notwithstanding management's contention that the Annual Report was forwarded to the above.

No comments were forthcoming from the audit committee on the auditor general's ("ag") report.

#### 4. **KEY COMMENTS/RESPONSES/QUESTIONS**

##### 4.1 The Auditor-General Report ("the AG Report") and Response by Management

The committee will not repeat the contents of the A.G. Report, which is contained in the Annual Report. (Annexure "D")

The following must however be noted with respect to the ag report.

##### 4.1.1. Irregular expenditure (par. 14 of A.G. Report)

- These items are recurring due to the consistent failure by management to respond directly and decisively to it.

#### 4.2 Community

The community of Sol Plaatje did not participate in the oversight process as a notice calling for public comments was not published timeously or at all and further, public hearings were not conducted for the reasons previously stated herein above.

#### 4.3 Provincial Treasury

- No comments were submitted by Provincial Treasury.

#### 4.4 Audit Committee

- No comments were received from the audit committee.

#### 4.5 Organised Business

- No comments were received from organized business.

#### 4.6 Members of the Committee

- Comments are attached herewith as (Annexures "E" & "E1").

#### 4.7 Contents of the Annual Report

Chapter 12, Section 121(3) of the MFMA prescribes which components the Annual Report must consist of. The above is augmented by an Annual Report checklist contained in the Terms of Reference document of the committee as well as MFMA circular no. 32.

##### 4.7.1 A.G. Report on the annual financial statements

- This report is included in the Annual Report.

#### 4.7.2 Assessment by the Accounting Officer on arrears on municipal taxes and service charges

- Particulars of the above are contained in note 4.1 to the annual financial statements.

#### 4.7.3 Corrective action taken or to be taken in response to issues raised in the A.G. Report

- The annual report contains no such information.
- Council is however referred to paragraph 4.1 of this oversight report.

#### 4.7.4 Municipal performance report

- Chapter 2 of the annual report purports to deal with municipal performance.
- The following information is however lacking:
  - Details of service agreements to determine whether performance targets were met are not included in the annual report.
  - There is no assessment of performance by service providers.
  - There is no information on long-term contracts and consequent levels of liability to the municipality.
  - The annual report contains no information of a three (3) year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant ("MIG") Framework.
  - See further paragraph 4.1 of this oversight report.

IT IS RECOMMENDED

1. That the council having fully considered the annual report and representations thereon, adopts the oversight report; and
  2. That the annual report be adopted with reservations as included in the comments in the oversight report, paragraph(s) 4.1.1 and 4.7.
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