

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

**OVERSIGHT REPORT
ON THE 2017/2018
ANNUAL REPORT**



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MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERS

NO	NAMES	GENDER	ROLE
1.	CLLR. MAKHOMISANI S.E.	Female	CHAIRPERSON
2.	Cllr. Rambuda S.	Female	Committee Member
3.	Cllr. Matamela S.	Female	Committee Member
4.	Cllr. Masithi J.	Female	Committee Member
5.	Cllr. Tharaga M.D.	Male	Committee Member
6.	Cllr. Mafhala N.A.	Male	Committee Member
7.	Cllr. Madzunya E.	Male	Committee Member
8.	Cllr. Madzhiga F.N.	Male	Committee Member
9.	Hosi Mukhari H.S.	Male	Committee Member

MPAC SUPPORT STAFF

NO.	NAMES	ROLE
1.	Ramugumo P.C.	Acting MPAC Coordinator
2.	Mudau M.	Student Trainee

CHAIRPERSON'S FOREWORD

In terms of MFMA Act no 56 of 2003 – Circular no 32 and 11. MPAC is required to also oversee the annual report of the municipalities.

As well as mandated by Ordinary Council Meeting of 30th January 2019, to review and scrutinize the 2017/2019 draft annual report. As an oversight committee we have fulfilled the obligation.

The Annual Report is one of the key instruments of transparent governance and accountability. It is a post financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year. The adoption of an Annual Report is a legislative requirement in terms of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003).

The Municipal Public Accounts Committee records its concern at the repetition of the same matters of emphasis being raised repeatedly by the Auditor-General in Audit Reports over successive financial years, and also its concern at the failure by the Municipality to rectify such matters, inter alia, by implementing existing measures and action plans.

We would like to thank MMC and Acting Municipal Manager as well as senior management for their cooperation while performing this task.

LEGAL FRAME WORK

The oversight report is compiled in terms of Section 129 (1) of the Municipal Finance Management Act, No. 56 of 2003 which reads as follows: “ *The council of a municipality must consider the annual report of the municipality and of any municipality entity under the municipality’s sole or shared control and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include statement whether the council:-*

- a)** Has approved the annual report with or without reservations;
- b)** Has rejected the annual report
- c)** Has referred the annual report back for revision of those components that can be revised”.

Section 129 of the Municipal Finance Management Act requires a municipality to prepare an oversight report over the annual report and to publish the same.

The oversight report of 2017/2019 draft annual report tables the below concerns and recommendations:-

CONCERNS

1. Draft annual report of 2017/2018 does not comply with prescribed legislations such as MFMA No. 56 of 2003 Circulars No. 63
2. The report did not agree with the reported achievements and it was inconsistent
3. Service delivery performance e.i. backlogs not clearly addressed
4. Institution is still signing contracts that favour the client than that of the municipality.
5. Questions that MPAC submitted were not satisfactorily or convincingly answered.
6. Audit Action Plan was not addressed nor in place
7. Audit Findings are too many and most of them are repeated.
8. The Unauthorised; Irregular; Fruitless and Wasteful expenditures management is not implementing consequence management or corrective measures as prescribed in the legislations.
9. Questions nad Answers report was not signed by the Accounting Authority nor by Accounting Officer.

RECOMMENDATIONS

We as oversight committee, having fully considered the 2017/18 Draft Annual Report of Vhembe District Municipality, hereby recommends:-

1. That the progress report of the previous annual report 2016/2017 be reviewed.
2. That Action Plan with remedial actions of all 103 audit findings be part of standing items across all meetings (Senior Management; portfolio committees; Mayoral Committee) as well as council sittings. Portfolio of evidence to be submitted to MPAC Office.
3. That Draft Annual Report of 2017/2018 be reviewed as per legislations e.i. MFMA Act No. 56 of 2003 Circular No. 63.
4. That the UIF expenditures identified in the Auditor General's report be explained and also the corrective measures be taken, the report thereof be submitted to MPAC
5. That before publishing annual report, MMC and AGSA to agree on the final document
6. Annual Financial Statements to be drawn at regular intervals and not wait for year end to achieve cleaner books.
7. **That the Draft Annual Report of 2017/2018 financial year be approved with reservations.**

**VHEMBE DISTRICT MUNICIPALITY
MPAC CHAIRPERSON
CLLR: MAKHOMISANI S.E.**

DATE

ANNEXURE A

SCHEDULE OF

ACTIVITIES

**SCHEDULE OF ACTIVITIES LEADING TO OVERSIGHT REPORT OF 2017/2019
ANNUAL REPORT**

1. Council adopting and referring Draft Annual Report to MPAC	30 January 2018
2. Discussing and Scrutinizing the Annual Report. Formulation of Questions	05-09 March 2019
3. Submission of Questions to Executive	11 March 2019
4. Attending to Responses from Executive	19 March 2019
5. Project Site Visits	12–15 March 2019
6. Closed Hearing	22 March 2019
7. Referral back of Draft Annual Report	27 March 2019
8. Public Hearing	26 April 2019
9. Tabling of oversight report to Council	28 April 2019

ANNEXURE B

PROGRESS REPORT ON OVERSIGHT REPORT OF 2016/2017 ANNUAL REPORT

Executive Mayor on behalf of EXCO and Management tabled the progress report on oversight report of 2016/2017 Annual Report as follows:-

Questions/concerns raised by the public	Progress Report in addressing the issues
1.1 Expired contracts of water operators	<ul style="list-style-type: none"> ● 140 Positions of borehole operators has been advertised, shortlisting and appointment will be finalised before end of June 2019.
1.2 Ha-Mangilasi borehole challenges next to Agape City	<ul style="list-style-type: none"> ● The district has a dedicated borehole maintenance team, which attends to boreholes that are reported. However, the challenges faced by the district is that borehole yield are getting depleted in some cases, which require re-drilling; ● Vandalism and theft of electrical equipment (cables, transformers, control panels, etc.) remains a challenge; ● Lack of technical skills by Operators to optimally operate boreholes, resulting in collapse of boreholes; ● In some case, inadequate casing of the boreholes, resulting in borehole collapse; ● The borehole was previously attended and fixed, but currently, the borehole requires attention, which will be prioritized in the 2019/2020 Financial Year.
1.3 Illegal water connections in general	<ul style="list-style-type: none"> ● Illegal water connections remain a challenge to the district. As a result of illegal water connections, a lot of communities are disadvantaged, in terms of receiving reliable water supply. The district has implemented penalties to the reported incidents of illegal water connections. The district has also intensified house connections, which is aimed at discouraging illegal connections. The water by-laws are being implemented, although enforcement remains a challenge. The district plans to capacitate Water Governance sub-directorate in the 2019/2020 Financial Year, which its mandate is enforcement of water services by-laws.
1.4 Tshivhazwaulu reservoir	<ul style="list-style-type: none"> ● The village has a reservoir, which is currently inadequate to meet the current demand. The district has appointed a service provider who has developed a technical report, Dzwerani and surrounding villages water supply. This project will address issues related to the required reservoir and reticulation network for under-served and un-serviced sites. The technical report has been

	submitted through to the Department of Water and Sanitation (DWS) and it is awaiting approval.
1.5 Functionality of Vondo and Albasini water schemes	<p>Vondo Water Scheme</p> <ul style="list-style-type: none"> • The district implemented a refurbishment project funded through Water Services Infrastructure Grant (WSIG) in the 2016/17 Financial Year. The project was implemented as an intervention measure, to improve functionality of the plant. The functionality of the plant improved, the plant was at that time operating at 50% output on the design capacity and it improved to 85%. • The district has in the 2017/18 started implementing a long-term project through Municipal Infrastructure Grant (MIG), which is aimed at increasing capacity of the Vondo Treatment Works, improve the functionality of the treatment plant by introducing a process which will treat the high iron and manganese content, which currently experienced on the raw water. The project is a multi-year contract, and it is aimed to be completed in the 2020/2021 Financial Year. <p>Albasini Water Scheme</p> <ul style="list-style-type: none"> • The district implemented a refurbishment project funded through Water Services Infrastructure Grant (WSIG) in the 2016/2017 Financial Year. The project was aimed at attending to the refurbishment of the rapid sand filter, which successfully improved operational efficiency from 75% to 98% clear water output on the design capacity of the plant. • There are still challenges with aged infrastructure, especially in relation to pumping main, which is more than forty (40) years old. The pumping main experience regular pipe burst, which are attended as part of repair and maintenance programme. • The Makhado West Regional Water Supply Scheme, which is currently at 65% complete, is in the long term aimed at alleviating water supply challenges to Makhado town and Tshikota. There were several delays experienced by the Department of Water and Sanitation Construction North, which have now been addressed and the project is currently progressing well, and it is scheduled to be completed in the 2020/2021 Financial Year.

ANNEXURE C

PUBLIC

PARTICIPATION

COMMENTS FROM

COMMUNITY

MEMBERS

PUBLIC PARTICIPATION COMMENTS FROM COMMUNITY MEMBERS

Public Participation on 2017/2018 Annual Report was conducted on the 26th of April 2019 at Town Hall- Thulamela Local Municipality. Her Worship Executive Mayor formally presented the 2017/2018 to all stakeholders. Stakeholders/Community Members were given an opportunity to present their inputs/comments/questions.

INPUTS/COMMENTS/QUESTIONS RECEIVED FROM THE STAKEHOLDERS	RESPONSES
<p>1. PROJECTS A concern was raised that the many projects listed on the Annual Report were not monitored effectively.</p>	<p>The Executive Mayor alluded that there are several oversight committees that are assisting in monitoring projects</p>
<p>2. SKILLS TRANSFER Concern was raised that there seem to be no tool for skills transfer and consultants are not transferring skills on completion of their tasks</p>	<p>Executive Mayor assured the community that the skills development unit has been set up, which will assist both employees and Cllrs in skills transfers</p>
<p>3. QUALITY ASSESSORS Concern was raised that all the project being undertaken need to meet certain standard therefore there is a need of quality assessors .</p>	<p>The Executive Mayor informed the community that Monitoring and Evaluation office is in place and it conducts the function of quality assessors</p>
<p>4. ANNUAL FINANCIAL STATEMENTS & RECORD MANAGEMENT It was highlighted that AFS need to be reviewed on regular intervals in order for the municipality to be progressive. Records Management should also be taken in to account in improving the audit opinion.</p>	<p>Executive Mayor informed the community that they would work hand in hand with Internal Audit Office to improve the status of AFS and weekly meetings will be conducted. The Mayor also mentioned that Each portfolio would keep their records as agreed in the recently held strategic planning session</p>
<p>5. BOREHOLES OPERATORS POSTS Concern that many boreholes are left unattended and not operating, which leaves them to be vulnerable to vandalism . When will the borehole operator post be filled.</p>	<p>Executive Mayor reassured the community that 100 posts will be advertised in the new financial year</p>
<p>6. SOUTH AFRICAN MILITARY VETERAN ASSOCIATION SAMVA representative raised a concern that their body is not recognised in the municipality level.</p>	<p>Executive Mayor echoed and committed to working together with SAMVA and meetings are already scheduled as well as survey are being conducted. A wall of remembrance will be erected.</p>

ANNEXURE D

PROJECT SITE VISITS

REPORT

ANNEXURE E

**ADVERTISEMENT/
INVITATION TO THE
PUBLIC TO COMMENT &
PARTICIPATE PUBLIC
PARTICIPATION
MEETINGS**

ANNEXURE F

EXECUTIVE MAYOR

FORMAL

PRESENTATION OF

ANNUAL REPORT

2017/2018

Overview

- Introduction
- Legislative Requirements
- The Process Followed
- Good Governance and Public Participation
- Risk Management: Strategic Risks
- Previous Municipal Public Accounts Committee – MPAC
- Service Delivery Performance – Water
- Service Delivery Performance – Sanitation
- MIG Projects 2015/16 Financial Year
- Community and Social Services
- Job Creation and Local Economic Development
- Human Resources and other support services
- Capacitating the Municipal Workforce
- Financial Viability
- Statement of Financial Position as at June 30, 2016 – Assets
- Statement of Financial Position as at June 30, 2016 – Liabilities
- Statement of Financial Performance – Revenue
- Statement of Financial Performance – Expenditure
- Audit Report
- Initiatives taken to address issues raised by the AG
- Conclusion



Introduction

- It is once again with a great sense of humility and responsibility that I present the 2017/18 Annual Report of the Vhembe District Municipality
- I am doing this in compliance with legislative requirements that I have mentioned in the next slide
- As politicians we have been mandated by communities we serve to improve the quality of their lives. We are able to achieve this through the IDP that we adopt at the beginning of the financial year
- Our 2017/18 Annual Report, from various dimensions, mirrors our service delivery and developmental achievements as well as our challenges
- This Report presents the institution's achievements and challenges in accelerating and improving service delivery and development in Vhembe District
- There is no denying that the year under review has been a challenging one for the institution



The Process Followed

- The Draft Annual report was tabled to council on the end of January 2017 in line with Section 127 of the MFMA.
- Council has appointed MPAC to process the Annual Report and to submit an oversight report on the Annual Report on or before the 31st March 2017 as per Section 129 of the MFMA.
- The accounting officer in accordance with Section 21(a) of the MSA made public the Annual Report and invited the local community to submit representations in connection with the Annual Report.



SUMMARY OF MUNICIPAL PERFORMANCE ON SERVICE DELIVERY

Technical services department

- Technical services focus in the following areas water services, sanitation, EPWP, electricity and energy.
- The municipality in technical services department achieved most of targets including amongst others the following
 - hundred and six (106) repair and removal of street tap,
 - 679 replacement of corrugated galvanized pipes,
 - drinking water compliance was recorded at 99.9%,
 - one thousand two hundred (1200) water sample taken for testing,
 - six hundred VIP toilets were constructed
 - thirty (30) extended public works(EPWP) programme job opportunities created.

Community Services Department

a. Emergency services (fire and rescue)

- Eighty three percent (83%) of report accident were responded,
- three hundred and twenty fire safety inspections were conducted in various areas,
- forty one (41) fire awareness campaigns were conducted and
- hundred percent (100%) of building plans submitted to the municipality were scrutinized

b. Emergency services (Disaster management)

- Four (4) disaster management forums held,
- hundred percent (100%) of reported disaster was responded,
- two (2) disaster memorandum of understanding with local municipalities were signed,
- one (1) disaster community risk assessments was conducted, four
- (4) disaster ward campaigns were conducted and one (1) risk reduction plan reviewed.

Development Planning Department

- **Roads and public transport**
- four (4) public transport forum held, two (2) road safety awareness conducted for Easter and festive seasons and transport management system is in place and functional.
-
- **Local economic development (LED)**
- The municipality participated in all local municipalities' shows including
- Marula festival and
- National shows commonly known as Rand Easter show.
- On local economic development (LED) activities municipalities conducted three (3) youth empowerment.
- The municipality manages to create thousand and two hundred (200) job opportunities through LED initiatives land development,
-
- **Spatial Planning and Geographical Information System (GIS)**
- Geographic information system (GIS) in place and function as GIS week was conducted.
-
- **Integrated Development Plan and Public Participation Strategy**
- The municipal IDP and budget was approved by council as per regulation.
- The municipality conducted four (4) IDP meetings, four (4) IDP public consultation meeting.
- The municipality conducted IDP workshop to the stakeholder's during IDP engagement meetings.

Corporative services Department

- **Skills development**
- Total number of ten (10) councilors were trained,
- Work skill development plan was reviewed and four (4) training meeting were held,
- Annual training report was submitted on time to the department of labour,
-
- **Recruitment and organizational development**
- There are nifty five (95) employees were employed and
- Four (4) equity meeting were held,
- Two (2) equity target appointment was at management position was done Four OHS meeting were conducted and One (1) employees verification was conducted.
-
- **Information technology**
- Daily IT users support, website maintenance, broad brand, visual private network, data backups, upgrade of LAN and server virtualization was conducted

Finance Department

- Finance department focus in the following areas budget and reporting, expenditure management, assets management, supply chain management and revenue.
- **Budget and reporting**
 - Four(4) section 52 report compiled,
 - One (1) Section 72 report compiled,
 - Annual financial statement was compiled and submitted to Auditor general and relevant stakeholder's on time,
 - Monthly cash flow management conducted,
 - The municipal budget comply with MSCOA requirement,
 - Twelve (12) monthly bank reconciliation and 12 monthly section 71 report compiled.
- **Expenditure management and assets management**
 - Twelve (12) Value added tax (VAT) was conducted.
 - Twelve monthly fixed assets reconciliation conducted and
 - One (1) assets register compiled.
- **Supply chain management**
 - Two (2) stick taking conducted,
 - twelve (12) inventory reconciliation conducted and
 - 100% formal quotation processed on targeted date and
 - Four (4) supply chain management reports were compiled
- **Revenue**
 - Twelve (12) billing monthly reconciliation conducted.
 - Financial budgetary and revenue policies were reviewed and approved by council

Office of the Municipal Manager

- Office of the municipal manager has four units which are risk management, performance management system (PMS), internal audit, inter-governmental relations (IGR), monitoring and evaluation
- Inter-governmental relations
 - Sixteen (16) IGR cluster meeting were held,
 - four (4) IGR technical forums,
 - four (4) district Mayors forum held.
 - All reported complaints were addressed;
 - four (4) reports on municipal hotline functionality were compiled.
 - All litigation against the municipality and development of service level agreements were achieved.
- Performance management system
 - Annual report was compiled and submitted on time,
 - four service delivery budgets and implementation plan progress report,
 - section 54A and 56 Managers signed performance agreements,
 - four Back to Basics reports were compiled and submitted to the CoGHSTA and Premier and
 - Presidential hotlines reported cases were addressed.

Office of the Executive Mayor

- Office of the Mayor focus on the following areas communications, special programmes, Thusong centre, and public participations,
- fifty nine (59) were made with an addition of nineteen more against plan targets due to the public interest information,
- forty (40) mayoral speech were made to public,
- three(3) newsletter were produced and distributed to public as per of sharing information on what the municipality is doing to communities,
- one (1) media conference was done,
- fifteen marketing, publication and advertisement were conducted,
- four(4) communicators form held,
- four Imbizo were conducted to give feedback to communities on the implementation of IDP and
- states of district address was conducted to inform community on the plan of the municipality including budget and achievement of the 2016/17 financial year.

Conclusion

- The municipality still acknowledges the mammoth challenge on water provision and we are determined to work even harder to improve the situation.
- The year ahead of us brings more challenges that will require all of us to multiply our efforts to ensure that we deliver as expected.
- We are confident that we will remain focused to the task at hand and live up to the expectations of the inhabitants of this district.