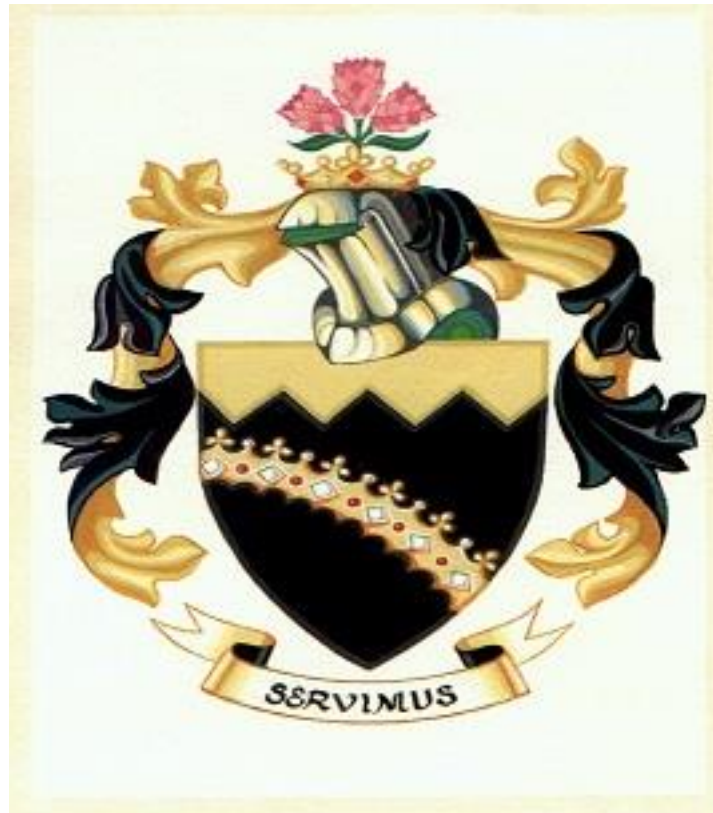


PRINCE ALBERT MUNICIPALITY



OVERSIGHT REPORT 2017/18

OVERSIGHT REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON THE ANNUAL REPORT FOR 2017/18

PURPOSE OF REPORT

The Annual Report is submitted to Council by the Accounting Officer and the Executive Mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality for the financial year. The Oversight Report is considered to be a report of the Municipal Council on the Annual Report.

Council is responsible to oversee the performance of the municipality as required by the Constitution, the Municipal Finance Management Act, Act No 56 of 2003 (MFMA), and the Municipal Systems Act. The oversight responsibility of council is particularly important for the process of considering annual reports. In terms of Section 129 (1) of the MFMA, the Council of a municipality must consider the annual report of the municipality and adopt an oversight report containing the council's comments on the annual report.

BACKGROUND

The 2017/18 draft Annual Report was tabled in Council on 26 November 2018, reporting on the Municipality's performance for the period 1 July 2017 to 30 June 2018. By doing so, Council complied with Section 133 of the MFMA that stipulates that the Executive Mayor must table the draft Annual Report in Council within 7 months after the end of the financial year, i.e. by the end of January 2019.

Council is legally compelled to engage with and finalise the Annual Report within 9 months after the end of the financial year, which is before 31 March 2019.

Tabling the draft 2017/18 Annual Report signifies the start of the public participation period stipulated in Section 127(5) of the MFMA and Section 21 of the Systems Act. The report was duly made public and the public given the period 4 December 2018 to 15 January 2019 to submit any comments.

The Annual Report was made available on Council's website, at municipal offices and the libraries. The Annual Report were also submitted to the offices of the Auditor-General, Provincial Treasury and the MEC for Local Government.

Comments were received from the Auditor-General, Mr Jeremy Witts-Hewinson and Mr Neels van Wyk. These comments were considered by the MPAC and responded on as in the attached Annexure D.

The MPAC convened on 22 January 2019 to consider the draft 2017/18 Annual Report and accompanying comments.

MANAGEMENT CONSIDERATIONS

The MPAC wishes to highlight the following issues:

- (i) Some concern remains on the low capital expenditure and the Accounting Officer must ensure that capital and operational expenditure is monitored at the senior management meetings with subsequent updates to be presented to Council.
- (ii) Aligned with the Audit Committee recommendation the Municipality must compile pro active asset maintenance plans and develop Standard Operating Procedures on all operations to secure the integrity and accountability of services.
- (iii) The Corrective Action Plan emanating from the Management Report on the Auditor General's findings for 2017/18 must be tabled to Council at all General Council meetings to assist with oversight responsibilities.
- (iv) Risk Management must be prioritised by the Accounting Officer and must be included in senior management meetings agendas with subsequent progress on implementation tabled to Council at the General Council meetings.
- (v) Dedicated focus should be placed on ensuring continued service delivery on basic services and any breakdown in services should be actively investigated with the view on preventing any repeat of said breakdown.
- (vi) Council should review future replacement of old, non-productive infrastructure and include such replacement in the IDP and subsequent budget.
- (vii) Closer integration in the internal planning processes that clearly communicates infrastructure needs to the community and senior staff and councillors, is needed to ensure a reliable, realistic IDP and budget process.
- (viii) Debt collection, especially in the Escom area, remains a concern and Council should seriously consider adding human resource capacity for a dedicated debt collection effort. A strategic review of debt collection policies and procedures should be considered in a special workshop.
- (ix) Performance management must be prioritised at senior management level and should be included on senior management meetings.

RECOMMENDATION

- (i) That Council having fully considered the Annual Report of the municipality for the 2017/18 financial year and representation thereon adopt the Oversight Report together with the Annual Report without reservations;
- (ii) That the Oversight Report be made public in accordance with Section 129 (3) of the Municipal Finance Management Act 56 of 2003;
- (iii) 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;
- (iv) That Council instructs the Accounting Officer to ensure that the matters raised in the comments above be addressed.