

NYANDENI LOCAL MUNICIPALITY

N.L.M.

**THE MUNICIPAL
PUBLIC
ACCOUNTS
COMMITTEE**

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NYANDENI LOCAL MUNICIPALITY

ANNUAL REPORT OVERSIGHT

2016/17

“But let’s tell the truth to ourselves, even if the truth coincides with what the enemy is saying. Let us tell the truth” Oliver Tambo, 1984

1. ACKNOWLEDGEMENTS

Having done all it could to unravel the workings of the institution in its second year took on the Annual Report with a fine toothcomb. This was because the work of the previous year served as lifelong lessons on how to refine the work done and how to manage under the conditions. Having learnt on the job, and appreciating that the learning experience is ongoing and imparted knowledge. The process of learning having been continuous and interactive, containing learning and teaching in one. It is in this context that the committee finds it important to name a few of those who played an important role in ensuring that it completes its work:

1. The Departments and their of Managers, staff, the Audit Committee, all units and their heads without whose support this Oversight Report would not be possible.
2. All Councilors, all party formations, Council Committees for their support.
3. The office of the Speaker for championing and advocating timeous and responsive interactions with all Stakeholders of the Municipality.
4. Stakeholders and the entire family of MPAC members who through trying times kept soldiering on and the secretariat for its commitment to the objects and mandate of the committee.

OVERSIGHT REPORT 2016/17



2. PREVIEW OF THE REPORT

In a society where everything is always in a constant state of flux, where principles are easily subsumed by the yearning of upward social mobility and the abuse of social capital by those in the saddle, it is necessary to restate the injunction by the delegates to the Congress of the people which declared: “The people shall govern”.

This statement placed the people at the center of transformation in a post-colonial society such as ours. It did not envisage that their role would be that of occupying the backbenches of transformation relegated to the position of cheerleaders who have no role to play but simply to watch the spectacle unfolding. However, the transformation process for many years after the 1994 political breakthrough, has left the people tailing behind the state in the deepening of democracy hence there has been a need to hark back to the past and the values that held the oppressed together providing basis for the notion of going “back to basics”. Going “**back to basics**” seeks to retrace its steps in order to properly appreciate the point at which the right course was abandoned. At the core of this oversight report is the desire to contribute to the collective effort to go “back to basics” and build on the best values of the ideals of those who built the democratic state so as to ensure that state processes are driven with the same ethos espoused in that glorious period.

MPAC is commissioned with the task to comply with section 129 of the municipal Finance Management Act (Act No 56 of 2003), MFMA Circulars 32 and 63 ,to report on its oversight activities of the 2016/17 Annual Report which communicates service delivery activities of the previous financial year whose reporting period is 01 July 2016 to 31 June 2017. In doing this, we will from time to time take a glance into the distant past, so as to better understand the

challenges of the present. Therefore, this process will straddle the past and the present in order to skillfully develop an idea of what might constitute the future.

The patience of the masses of the oppressed is wearing thin. Testimony of this fact is the tendency by the people to ventilate their unhappiness through the destruction of infrastructure, burning of schools and the mayhem that sometimes accompanies protest action by those who believe the state is dead-set against listening to their views. Among these is the consistent failure by state institutions to keep the people in the loop on processes of the state and the perennial tendency to view the people as unthinking and should only accept as god-ordained decisions without being included.

Consistent with this, the Committee sets out to promote accountability and create a remedial culture on all matters raised in the report which must in the spirit of MFMA Circular 63 be integrated in the Integrated Development Plan (IDP) for the ensuing year. An even more innovative promotion of responses that will address gaps in the service delivery as envisaged.

The committee is duty-bound to ensure not only studious expenditure of state resources but also to ensure that resources are spent skillfully in a manner that achieves greater results at the lowest cost to the state.

APPROACH

Oversight Report creates an understanding of the operations of the Committee, its mandate, role and functions, projects visited, departmental reports navigated, and the context within which the committee discharges its commissioned mandate. Its activities continue to evolve hence it is generally expected to embrace every change (like MSCOA and Back to Basics) that is designed to enhance quality services and accountability to our communities.

Back to Basics Imperatives

The founding document of the Back to Basics programme makes few observations crucial to the programme for change namely:

- System of reporting
- Being accountable for performance
- collective and consistently encouraging good performance
- For the programme to sustain the momentum, it requires champions at every level of government

This programme sets out key reporting activities in the following arrangement:

- That every month each **municipal council** must consider and endorse a report on the degree to which it is meeting its governance obligations.
- Each **councillor** to report to the Speaker on a monthly basis with regards to how they have made themselves available in communities to serve the needs of the communities. Also state how many people they have served and when they last they reported on initiatives of the council to an open public meeting.
- The **Speaker** to report to council on a monthly basis on dates of all the council related meetings since the last council meeting and provide summary of ward committee meetings and responses to issues raised since the previous council.
- The **Mayor** to report on monthly basis to council on : the number of report backs to communities, number of Executive Committee meetings, Hotspots visits, promotion of the culture of payment campaigns and community engagements.

- The **Chief Whip** on the other hand is obliged to report to Council on the weekly meetings of the Mayor, Speaker, Chief Whip and the Municipal Manager and on caucus meetings wherein councillors are apprised of the municipality's programme.
- The **Municipal Manager** is further expected to report to council regarding on a plethora of activities including overall operations of financial management (including fraud and corruption), on performance agreements of senior managers including shortfall in competencies. Engagements with labour, number of meetings with senior managers, Quarterly performance and many other outlined functions

These listed imperatives were tested through Committee interactions with the various departments. In particular reference to the 2016/17 Annual Report. Paragraph 3.3.2 ,on Good Governance which prescribes that all municipal council structure must be functional and meet regularly as well that Council committees must sit and process items for council decisions will further be tested.

The Oversight Report is divided into two main components namely:

- **Component One:** this section provides a chapter by chapter breakdown and delves into detailed information of each chapter starting from the mandate to the recommendations of the committee.
- **Component Two:** Gallery composed of activities in picture of good stories of service delivery. General information about places where reports are found and other relevant annexures.

Chapters Outline: 2016/17 Oversight Report

Chapter 1: deals with the inherent introduction, explanation of the engagement phases, objectives of the report, protocols of information requesting and deviations if applicable.

Chapter 2: provides brief on mandate, oversight tools, and three phase approach to oversight over the 2016/17 Annual Report, indispensable legislative Framework and its imperative.

Chapter 3: highlights the consultative processes and schedule, Overview of the Annual report determination in terms of compilation, distribution, publication as well as its process flow and limitation of the Oversight Report regarding the scope of the report.

Chapter 4: this chapter sets out specific performance report issues as per the annual report and extrapolates oversight matters as both reported and affecting that department in terms of milestones and activities.

Chapter 5: in this chapter, an analysis and assessment in a comparative sense is conducted with the rationale to determine the extent to which this committee has in the past three year performed and whether it is at an operational level effective. Juxtaposed to the rationale is the intent to establish the gravity and magnitude of how each department has integrated the Mpac recommendations and subsequently, council resolutions.

Chapter 6: This being the pinnacle of the Oversight Report provides report card on project visitation to determine value for money and quality assurance related issues. It will also cover stakeholder consultation report card by both the OR Tambo District and Nyandeni Local Municipalities' oversight committees. The latter part of this chapter will set out the rationale for its determination in terms of Section 129 (1) and make such a statement as part of the recommendations.

CHAPTER 1

1. PROLOGUE

The injunction in the Constitution of the Republic of South Africa which places at the apex the creation of institutions of the state that are responsive, accountable and transparent forms the basis upon which the creation of the Municipal Public Accounts Committee draws its existence. Although concretized in a myriad of legislative instruments, the substantive desire is quite clear and unambiguous. The basic intention of all this is to ensure proper use of state resources and to curb the possibility of any nefarious use of what is intended for public benefit. In seeking to perform its work, MPAC sought to ensure exactly this.

Section 127 of the Municipal Finance Management Act (Act No. 56 of 2003) sets out framework and timeframes within which Annual Report must be tabled namely; six months for the Accounting Officer and seven months for the Mayor. As a sequel, the Council must within two months from the date the Annual report was tabled adopt an oversight report containing the Council's comments on the Annual Report and state whether the Council:

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

Section 132 of the Municipal Finance Management Act (Act No. 56 of 2003) on the other hand, places responsibility on the Municipal Manager to submit both the Annual report and the Oversight Report to the Provincial legislature within seven days from the date of adoption. Section 133, of the same act, points to the consequences for non-compliance with these provisions.

Indeed, that time of the year in which the Municipality must take stock of what it set out to do in terms of the strategic plans. To this end, the MPAC is beginning the journey to reflect on the work of the committee in its discharge of oversight of the annual report with an objective to pronounce on its determinations coming out of the interrogation of the 2016/17 Annual Report to the extent that will provide picture and status on how the public resources were utilized in the year under review.

Because this is an attempt premised on available information and available resources to find that information, the information contained here is therefore relative. No amount of knowledge is absolute and thus MPAC does not in any way claim monopoly over information and knowledge. It is only relative to the extent that we have been able to gather and analyze that we have come across.

2. PRE – ENGAGEMENT DETERMINATION

The process of receiving the Annual report was set into motion once the Council in its session of 29th August 2017 referred the Draft Annual Report to the MPAC for scrutiny and the following then occurred:

1. Consequently, the committee had to, over the period of time between the 29th August 2017 and 24th January 2018, continue monitor state of the draft as submitted and the rectifications and additions as instructed by the MPAC in terms of:
 - Language (grammar and spelling errors) and structural issues in terms of the attachments and determinations of Section 121 of the MFMA.
 - Factual information recorded by omission or/and commission regarding targets, numbers or financial figures
 - Proposals in terms of adding new components in the Annual report in terms of Section 121 (4) (h)
 - Pre-engagements questions were sent to the departments for preparations of the sessions with the MPAC which were finally 20th January 2017.

- The committee also evaluates the structural arrangement of the report in terms of section 121(3) (a) – (h) of the Municipal Finance Management Act (Act No. 56 of 2003) and records what possible is the gap or missing puzzle.
- Establish whether the Annual Report is prefaced with the purpose of the report as spelt out in section 121 (2) of the Municipal Finance Management Act (Act No. 56 of 2003).
- Assess the entire report against the departmental targets as set out in the IDP and the SDBIP to identify if there is synergy in reporting and whether such reporting is reasonable and satisfactorily correct in terms of facts and detail.
- Comprehensively look for gaps in the report and processes through which elements of the report were subjected.
- Hold pre-engagement committee sessions to map up the engagement strategy and areas of focus.
- Engaged the Audit committee and sought its advice on the material accuracy of the reports and whether the report passes the quality assurance test in terms of compliance and accuracy.

3. OBJECTIVES OF THE REPORT

- The objectives of the Annual report as affirmed in section 121 (2) of the Municipal Finance Management Act (Act No. 56 of 2003) are:
 - (a) To provide a record of the activities of the municipality or municipal entity during the financial year to which it relates;
 - (b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
 - (c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

- The Oversight Report on the other hand sets out to assess the progress, successes and achievements made by various departments in delivering on the plans for the year under review thus seeks:
 - (a) To measure and test the credibility, accuracy and quality of the 2016/17 Annual Report submitted to council on the 29th August 2017 and as subsequently complied fully in the 24th January 2018 Edition as setup and prescribed in Section 121(2) (a) – (c).
 - (b) To asses and establish whether the projects implemented and as reported in the 2016/17 Financial year have been completed and whether they were in line with the budget allocation.
 - (c) Set out to ascertain whether there has been value for money and impact of all services paid for and rendered.
 - (d) To check out customer satisfaction through engagements of communities and beneficiaries to municipal services and allow them space and platform to make submissions on any aspects of the Annual report.
 - (e) To establish whether programmes and projects reported in the 2016/17 Annual Report are consistent with the policies of the municipality.
 - (f) To assess the extent and gravity to which the matters raised by the Auditor General in the 2016/17 Audit report have been responded to as well as the follow through of MPAC determination through various reports and set out in the Action Plan adopted by the Council.
 - (g) To establish issues of compliance with regard to the structure and contents of the 2016/17 Annual Report by testing it against the prescribed legislation/s (section 121 of the MFMA) in this case.

4. PROTOCOLS OF REQUESTING FOR INFORMATION

13. All communication for purposes of oversight including requesting documents is done in terms the prescriptions as contained in the Terms of Reference paragraph 17.9 to 17.12 entitled “**PROTOCOL ON ACQUISITION OF DOCUMENTS**” which states:

17.9. Written requests for documents or meeting between MPAC and members of the Executive shall be forwarded through to the office of the Mayor with a copy copied for the attention of the Speaker and the Municipal Manager.

CHAPTER 2

Introduction

This chapter will on the main, highlight and provide a short prognosis of the MPAC mandate, the various legislative references and sources that set out parameters on the functional behavior of the committee in its expedition of navigating the Annual Report, compiling and tabling of the 2016/17 Oversight Report. Reference will be made of the Stakeholders interacted with in the course of oversight of the 2016/17 Annual Report. It will also provide an outline of the three stage approach of engaging with the 2016/17 Annual and Oversight Reports.

2.1. Mandate

The mandate of the Municipal Public Accounts Committee is set out in the Constitution, various Local Government legislations and Committee Terms of References as adopted by Council Article 3 which prescribe as follows:

The Mandate of MPAC is to

- Interrogate the record of activities in each Financial Year, determine linkages between Strategic Plans [IDP], Budget, SDBIP and Annual Report.
- Establish deficiencies, omissions, variation, deviations and reasons thereof and corrective measures.
- To hold Executive accountable and to ensure effective use of Municipal resources and enhance public awareness of the financial and performance issues of the Municipality.
- Consider Annual Report and that of the Municipal Council and its entity, prepare and present its Oversight Report.

- To promote transparency and public accountability.
- To review any proposals for improving efficiency, effectiveness and economy in the financial sphere of the organization

2.2. Oversight Tools

The oversight tools are used as instruments to hold the Executive and the Administration accountable for their actions and/or inactions.

2.2.1. **Annual Report:** The purpose of the tool is curtailed in Section 121(2) of the Municipal Finance Management Act (Act No. 56 of 2003).

2.2.2. Service delivery and Budget Implementation Plan (SDBIP)

This tool is set out in Section 69 of the Municipal Finance Management Act (Act No. 56 of 2003).

2.2.3. **Budget Statement:** This tool includes actual revenue, actual borrowing, actual expenditure per vote, actual capital expenditure per vote and amounts received as well as amount of any allocation received and actual expenditure against such allocation.

2.2.4. **Performance Agreements:** These tools will be used to hold managers accountable for their successes or/ and failures.

2.3. Three Phase Approach

The process of engagement of the 2016/17 Annual report went through three stages namely:

- Information Gathering Stage
- Action stage
- Response Stage

The stages were followed in the logic in which they are written as they logically lead to the other thus having the snowballing effect.

(a) Information Gathering Stage

- In this stage, MPAC requested to be provided with information and documents that are relevant, accurate and timely: The Council meeting of the 29th August 2015 in

which the Annual Report was tabled. The committee also requested copies of 2014/15 IDP Document, SDBIP, Budget ,Annual Report, Internal Audit Reports and Auditor General's Reports to this end we received the requested documents much earlier.

- The Committee then drew up the Schedule in which dates for sessions with the various Departments were set as advised and informed by the Institutional Programmes.
- Also, as part of stakeholder mobilization, data was compiled by MPAC in preparation for their feedbacks on the Annual Report. Meetings were scheduled at these centers:

On the 21 – 23 November 2017 (Marubeni, CHB, Nomadolo, Ngolo, Ngqeleni Town Hall and Libode Town Hall)

As per requirement and invitations sent out and in addition to the general invitation extended to the communities, the following stakeholders were invited for each session:

- Once all these were received, we then doctored the documents for accuracy, credibility and reliability of their contents.
- Copies of reports referred to in the Annual report were requested as reflected in various departmental reports.

(b) Action Stage

- This phase included evaluating and analyzing the information.
- Making demands to the Administration and Executive with regards to clarity of their actions and inactions.
- The MPAC was able to process the information from phase 1 and used it as the foundation for the demands placed on the Executive and Administration.
- The success of this stage depended on the availability of the Departments and their management heads.

Legislative and regulatory framework

NO	SOURCE	PROVISION OF THE ACT/ REGULATION
1.	Municipal Structure Act No. 117 of 1998	Establishment of Oversight Committee
2.	Joint Guidelines by Department of Cooperative Governance and National treasury (2011)	Establishment of Oversight Committee and generic functions
3.	Municipal Finance Management Act No 56 of 2003	<ul style="list-style-type: none"> • Section 129: Council must consider the Annual Report of the Municipality. • Prepare an Oversight Report. • Allowance for the submissions and address by the members of the community
4.	Department of Cooperative Governance and National Treasury Guidelines [2011]	<ul style="list-style-type: none"> • To consider and evaluate the content of the Annual Report and make recommendation to council when adopting an Oversight report on the Annual Report
5.	Department of Cooperative Governance and National Treasury Guidelines [2011]	<ul style="list-style-type: none"> • To examine the Financial statements and audit report of the Municipality and consider improvements • Consider and evaluate the extent to which the Audit Committee and the Auditor General's recommendations have been implemented • To promote Good Governance, transparency and accountability on the use of Municipal resources.
6.	Municipal Finance Management Act No 56 of 2003	<ul style="list-style-type: none"> • To monitor compliance with Sections 52(d), 71,72,88 and 166 reports
7.	Municipal Systems Act No. 32 of 2000	<ul style="list-style-type: none"> • To monitor compliance with section 25,34,39,54 reports
8.	Local Government: Municipal Planning and Performance Management Regulations [regulation 6]	<ul style="list-style-type: none"> • To review the draft annual Budget and ensure that it is informed and aligned to IDP

9.	Department of Cooperative Governance and National Treasury Guidelines [2011]	<ul style="list-style-type: none"> • MPAC may engage directly with the public and consider public comments when received. • Will be entitled to request documents or evidence from the Accounting officer of the Municipality. • In cases of irregular expenditure or wasteful and fruitless expenditure, MPAC have the right to call upon the Accounting Officer
10.	Municipal Finance Management Act Circular 32	<ul style="list-style-type: none"> • Structure and content of Oversight Report. • Resolutions and statement
11.	Municipal Public Accounts Committee: Terms of Reference on the 31 st October 2011.	<ul style="list-style-type: none"> • Regulations on the processes and protocols of communication as well as delegated functions by Council
12.	Nyandeni Council Resolutions	<ul style="list-style-type: none"> • Resolution Number 728 on Establishment of MPAC and Provisioning of Institutional support: 31/10/2011
13	Institution Policies : assortment as per Departments	<ul style="list-style-type: none"> • Budget and Treasury • Human Resources Policies • By-laws • Council Standing Orders • Assortment of Plans

(c) Response Stage

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- In this phase, is the stage wherein the MPAC was adjudicating on the relevance and appropriateness of the responses from the Executive and the Administration?
 - The capacity of the committee to evaluate the responses given and draw appropriate determinations and conclusions has also improved in the process.
 - The individual member skills were tested with regards to their ability to read, analyze and write reports.

CHAPTER 3

3.1. INTRODUCTION

This chapter deals with two issues namely: the general organization and structure of the 2016/17 Annual Report mainly in relation to prescriptions of the Municipal Finance Management Act (Act No. 56 of 2003) as well as the Municipal Systems Act (Act No.32 of 2000) as well as the surfeit of legislations. It further serves as prelude to the report on infrastructure projects visited as verification for their existence and quality thereof.

The key discussion points in this chapter center around the need for compliance with the spirit of the legislation as alluded above to the extent it gives realization of correct and optimum utilization of the municipal resources under the clear conscience that they are public resources for which the municipality must account to detail in the Annual Report in no ambiguous manner. This is premised on the assumptions that the IDP information is informed by the conditions of the municipal inhabitants and as such its planning strategy is informed by the needs and problems that confront its people.

Consequently, the Annual report serves as an instrument through which the Executive Committee accounts to the Council and to a large extent serves as an exit or closure report on the activities of the 2016/17 Financial Year as set out in the Annual strategic document(IDP).

Section 1 Consultation Outline

3.2. Outline Preface

This section presents a very brief overview of consultations with the various stakeholders and Structures within the municipality as a measure of providing them with space and opportunity to make representations and submissions as set out in both the Municipal Finance Management

Act and the Municipal Systems act. The Municipal Public Accounts Committee is by law obliged to consider all representations in connection to the annual report received from the local community, in its preparation and draft of the Oversight Report. Section 130 (1) (a) prescribes that time be allowed for the discussion of any written submissions received from the local community or organs of the state on the annual report. To be able to realize this strategy, the MPAC adopted a schedule which was preplanned and plotted into the Council Calendar. It must be stated that notwithstanding the pre plans, the schedule continued to be upset by other imperatives and competing programmes thus slowing down the pace with which the oversight was to be conducted and consequently everyone had to work beyond the hours of the call of duty. Indeed everyone who was part of this expedition is applauded.

3.3. Stakeholder Consultation Programme

The District oversight outreach programme at the time of compilation of this report had not been undertaken and as such this report will not be able to reflect on the District Stakeholder outreach programme process of Stakeholder consultation for the 2016/17 Annual Report.

To this effect, the Mpac determines as follows:

- That, as when the District Stakeholder engagement takes place, the Mpac will compile a special annexure and add it up to the final report having subjected it to council processes.
- Consequently, a detailed report on the,
 - Water Provisioning
 - Sanitation
 - Local Economic Development
 - Human settlement
 - Community services

- Disaster Management will be dealt with as part of the main Oversight Report determination of 21 days beyond the sitting of this council. We propose to do so embraced by the dictates of the MFMA sections 121 and 129.

Second Phase of Stakeholder Engagement

The second phase by the Nyandeni Local Municipality MPAC will be to cluster wards according to proximity and communities shall be apprised of the determinations of the committee on the Annual Report. The Month of March will be utilised for this purpose following the municipal Stakeholder Register in which they are split into two categories namely:

- **Primary Stakeholders:** this is the category of made up by people or persons who are resident in the areas of Nyandeni and form part of the Nyandeni population and are mainly grounded in the wards.
- **Secondary Stakeholders:** these are Para-governmental bodies with commitments inscribed in the Integrated Development Plan namely Eskom, Telkom, OR Tambo district Municipality and service providers who by virtue of their business interest may want to make representations to the committee on various aspects of the annual report. Other key Sectoral Departments that form part of the IGR Forum such as Home Affairs, Social Development, South African Social Security Agency, South African Police Services, and representatives from the two main hospitals namely: Canzibe and St Barnabas hospitals. Community Safety Forums, clinic Committees, Sporting Codes and Community based Organisations.

Section 121 (a) of the Municipal Finance Management Act (Act No. 56 of 2003) states that, “Every Municipality and every municipal entity must for each financial year prepare an annual

report in accordance with this chapter.” Section 121 (3) (a) to (k) then specifies the specific elements of that must be included in the Annual Report as follows:

- (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 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;
- (e) An assessment by the municipality’s accounting officer on any arrears on municipal taxes and service charges;
- (f) An assessment by the municipality’s accounting officer of the of the municipality’s performance against the measurable performance objectives referred in section 17 (3) (b) for the revenue collection from each revenue source and for each vote in the municipality’s approved budget for the relevant year;
- (g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports 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.

The MPAC has perused the report and assessed its structural arrangement and generic compliance as set out in the elements of section 121 of the MFMA and came to the following conclusions:

- A concerted effort by all institutional role players to ensure that the MFMA and the Treasury Circulars are embraced towards achievement of the targeted outcomes namely that matters pertinent to service delivery be included in the subsequent IDP for the ensuing 2017/18 Financial Year.
- The 2016/17 Annual report is structurally compliant with the paragraphs as set out in section 121 (a) to (k) of the MFMA.
- Sections 127 (2) requires the Mayor of the Municipality to within seven months after the end of the financial year, table in the municipal council the annual report of the municipality. The 2016/17 Annual Report was tabled to council on the 24th January 2018. To this end the Municipal Public Accounts Committee is satisfied that the Mayor complied with the prescripts of afore cited section.

PUBLIC ISSUES AND PRESCRIPTIONS OF THE ANNUAL REPORT

The Accounting Officer of the municipality is further obligated by dictates of Section 127 (5) to “immediately after an annual report is tabled to council” perform the following:

- Make public the annual report
- Invite the communities to submit representations in connection with the annual report
- Do so in terms of section 21A of the Municipal Systems Act which prescribes that all documents that must be made public by the municipality as required by both pieces of legislation namely the Municipal Systems Act and the Municipal Finance Management Act must be conveyed to the communities as follows:
 - (a) By displaying the documents at the municipality’s head and satellite offices and libraries.
 - (b) By displaying the documents on the municipality’s official website

- (c) By notifying the local community, in accordance with section 21, of the place, including the website address, where detailed particulars concerning the documents can be obtained.

Section 21 of the Municipal Systems Act prescribes that when communicating anything to the local community in terms of this act or any other legislation, the following must be done:

- make use of the local newspaper or newspapers in its area
- Such a newspaper must have been determined by Council as newspaper of record
- That communication must be done by means of radio broadcasts covering the area of the municipality
- Section 21(2) further stipulates that any such notifications must be in the official languages determined by the council, having regard to language preferences and usage within the area.
- Section 21 (4) determines that when a municipality invites the local community to submit written comments or representations on any matter before the council, it must be stated in the invitation that any person who cannot write may come during office hours to a place where a staff member of the municipality named in the invitation, will assist that person to transcribe that person's comments or representations.
- Section 6 (e) of the Municipal Systems Act, obligates the municipal Administration to give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive.
- Section 6(f) further instructs the Administration to, "inform the local community how the municipality is managed, of the costs incurred and the persons in charge".

In reference and regards to the above the MPAC explored all relevant documents which included the following:

- Public Notice or invitation copy in terms of section 127 (5) (b)

- Portfolio of evidence on making the annual report public.
- Radio broadcast portfolio of evidence
- Website placements
- Record of walk-in queries and copies of submissions and/or representations
- Policy Framework and Guidelines

3.4. REPORT DETERMINATIONS

The committee after examining, viewing and interacting with documents submitted to it as well as having considered the responses particularly in regards to Publication of the report as dictated by Section 127 of the MFMA has arrived at the following determinations:

- The Publication of the 2016/17 Annual report complied with the prescripts of sections 127 (5) of the MFMA and sections 21, 21A of the Municipal Systems Act. Even the matters raised with the departments are not materially and significantly of a nature that would warrant non-compliance.
- The Newspaper advert was issued and is thus compliant with legislation.
- However, Section 21(2) further demands that notifications to the public must be in the official languages determined by the council, having regard to language preferences and usage within the area. To this end, the fact that the advert was only written in English means that it did not take into account or have regard to language preference in the municipal area which is IsiMpondo or at worst isiXhosa.
- Once more the committee was unable to make a conclusive determination of the use or issuing of notification made by means of radio broadcast covering the area of the municipality. The implication of this is that those who cannot read or write were excluded. There does not seem to have been concerted effort to assist those who cannot read or write to understand the Annual Report or to comment on it.

- The use of Daily Dispatch Newspaper only, whose circulation does not comprehensively cover the length and breadth of the municipality was raised by the committee yet it has not been addressed for the third time. This continues to prejudice people in the periphery of the Municipal Boundary. This can be viewed as nothing else but malicious compliance (the act of complying simply to pass procedure). There is a lot of that tendency throughout the report and something needs to be done to nip it in the bud as a matter of urgency. When a notice does not reach far and wide, the very act of issuing such notice makes nonsense of the injunction that communities need to be notified. It is a mockery of the act of communicating. The negative implication is that the institutions has something to hide, which may not be true but often owes to gross negligence and inability to respond to issues raised by MPAC. While it is significant to comply with law in terms of reporting, it is equally important and compelling to ensure that the method and mechanism through which the report is transmitted, conveys the desired message.
- Nonetheless, the advert and notice regarding the tabling of the Annual Report and Auditor General's Report was available in both languages something that is prevalent to the people of Nyandeni. The problem is that this is also done through a newspaper whose circulation within the Municipality is limited. This needs to be rectified.
- The two key components enhancing community participation namely, accessibility and language were not satisfactorily optimized. It is imperative that at all times documents be simplified into understandable codes and translated into local language something that will result in better understanding.

The MPAC to this regard recommends:

- **Council must develop a language policy as previously instructed by the MPAC:**
 - **the use of language must be consistent and not vary with each notice**

- **The IsiMpondo or IsiXhosa version be greater in status and content than the English component.**
- **The Notice of the Annual Report and other institutional documents must be distributed throughout the Ward Councilors Offices in order for ease of access for communities.**

1. On the accuracy of the information in the Annual Report as envisaged by Section 6 (e) and (f) of the Municipal Systems Act, the Committee has made the following observations:

- The MPAC in its engagements and oversight of the Annual report adopted an approach of testing the linkage, synergy and consistency of the SDBIP on the main, with the topics and activities as reported in the Annual report and discovered that:
 - Departments have failed to report on the activities as espoused in the SDBIP in the Annual Report and just resorted to reporting matters that portray its successes. What is planned on the SDBIP must be detailed as such in the Annual Report.
- Issues of accuracy whether by human intent or systemic shortfalls were quite prevalent and are referred back to the user departments for rectification
- Some activities in the SDBIP and in the IDP Document not reported in the Annual Report thus constituting failure to report for the Department's actions or inactions. The Technical Services Department is particularly guilty of this tendency.
 - Generally, departments are still failing to report on matters and commitments resourced by other spheres of government or even the District Municipality.
 - Departments have implemented some projects they had not included in their annual or revised targets and thus find themselves reporting on these in the Annual Report

The MPAC recommends that:

- 1. The Mayoral Outreach Programme and Imbizo be linked to the process of taking the Annual report to the people and that such a programme be plotted into the Council Calendar and must be preceded by advocacy programme. That following to that process, the Municipal Public Accounts Committee steps in with the oversight outreach programmes.**
- 2. The Section 80 Committees standardize their quarterly meetings and lift up the SDBIP targets as agenda items for their meetings. That the relevant departments be clustered for purposes of transmitting one message on core functions and activities. This instruction is being re-issued for the third time.**
- 3. Greater oversight should be exercised by section 80 committees to stop the willful implementation of unplanned projects disregarding both the IDP & SDBIP.**

3.5.LIMITATION OF THE REPORT

This paragraph points out thing and issues that could not be covered by the report which will however form part of the post tabling of this report follow up phase. These include the following:

- The Oversight Report as tabled has once more, not been covered comprehensively, the status of all the infrastructure projects due to time constraint coupled with the challenges of resources as characterized by competing programmes. To this end the committee sampled the Human Settlement, LED and Infrastructure departments projects to test whether project implementation were consistent with the project cycle as such
- Evidence regarding the distribution of the Annual and IDP report to the various wards was not conclusive: The committee draws lines between distribution and handing over of reports as such expresses discomfort at the approach and method used for this purpose:

- The limitation of this circulation or distribution method does not spell out protocols of communicating with the Ward offices or structure thus anyone is and can be given the documents.

- It is also not clear both from the method and responses whether stakeholders in the wards got sight of the report or received it as such it cannot be stated beyond reasonability that the report/s cascaded to the communities

- The elements of Section 21 as a whole as championed in the Municipal System's Act did not find full expression as copies distributed or circulated were only in one language namely English. this is in direct contravention of Section 21 of the Systems Act.

- There is still no synergy and functional link between the circulation of municipal documents as a political institution and the national Parliamentary Constituency offices both at Libode and in Ngqeleni such that responses are comprehensive.

MPAC Recommends:

To this end, it is recommended that matters that require attention of the other spheres of government must be channeled through by making use of and integration of the constituency offices activities and IGR structures.

- The use of only one language, namely: English in communicating the Annual Report further impeded and slowed down the transmission of the message something that is in breach of Section 21 (6) (e) of the Municipal Systems Act, which obligates the municipal Administration to give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive.

3.6. THE COMPILATION AND PROCESSING OF ANNUAL REPORT

Unlike the previous financial year in which the Municipal Public Accounts Committee had noted gaps in the compilation of the Annual Report (process plan) something threatened the

credibility and reliability of the Annual Report, the 2016/17 Annual report showed huge improvement something attributed to the willingness of role-players to encapsulate divergent contributions :

- a. There were no material or substantive disputes either on the status of reports or versions of documents used by the Departments or by the MPAC or Council.
- b. Secondly, the report despite the inconsistencies and inaccuracies picked up, did not have material and factual errors. it is further pleasing to report that departments were this time embrasive of the corrections and inaccuracies pointed out.
- c. However, the displeasure of the Committee of the council structures especially committees in terms of adhering to calendar and schedule which has not assisted in resolving the reported concern in previous Oversight reports in which the committee observed and noted that in the course of normal reporting to the Standing Committee, the SDBIP hardly ever gets utilized and as such gaps only get picked by the Portfolio Heads during the Mpac interactions with the Departments.
 - In line with the MPAC recommendation that: The Departments must at all material times ensure that the budget breakdown into quarterly activities must be juxtaposed with the specific activities. The committee in the current year, based on both the report and responses, could not establish implementation and/or adherence to this recommendation and therefore is still concerned that this matter has not been synergized.

3.7. Annual Report: Issues of Correction

The number of common errors picked through the navigation of the 2016/17 Annual Report which could reflect material fact changes were spotted and the departments will be instructed to make the necessary corrections before the Council of the finalization of the report. The Monitoring and Evaluation Unit will come in handy in this aspect and the register for these

issues will be filed to monitor if they have not resurfaced in the next report and should it be picked up they have, then departments will be displaying some negligence.

Section 3 : Departmental Report Card

The Municipal Public Accounts Committee (MPAC) wishes to report that unlike last year, the departmental responses have been slow and as such a turnaround strategy and timelines within which oversight must happen is directed by the MFMA and plethora of Treasury Circular in particular Circular 63. Nonetheless, the willingness to ensure cooperation of high magnitude by a number of colleagues remain the pillar of strength.

Rationale for Scrutinizing Departmental Policies

The MPAC had also set out to test how the institutional functionaries have developed policies and whether they adhere to them. One prevalent feature on the main has been the structural arrangement of the contents in the policy documents. Attention of the council is drawn to the cycle of Public Policy Process which is:

- Problem Identification
- Policy Formulation
- Policy implementation and management
- Public Policy evaluation

Various contributors have defined policy or public policy in different ways. Larry Gerston (2010: 7) contends:

Public policy is the combination of basic decisions, commitments and actions made by those who hold or influence government positions of authority

Two crucial and critical characteristics of public policy that are worth mentioning for the purpose of driving the point home are: Public policy emerge as a response to policy demands or claims on policy by actors within the society.

- Public policy involves, what governments intend to do as well as what government is doing.

Three categories of Public policy are: Distributive, regulatory and Redistributive categories. In the analysis and assessment of the policies, the MPAC was ransacking for these elements with the sole aim of assisting departments to plan their reviews of these policies accordingly to some generally accepted strategy. The committee also observed a general lack of editing of documents to the extent that they get distributed to the public without this component exercised. The council by definition is a public institution that serves the interests of the public be they groups or individuals

All the Departments and offices have presented and availed themselves for committee scrutiny of the 2016/17 Annual Report as scheduled albeit unremitting juggle around of schedule to accommodate each other.. We had a highly progressive and engaging oversight session with departments vigorously providing answers to the committee on issues raised in the Annual Report. The committee appreciates this high sense and spirit of cooperation particularly in view of the high mode of electioneering yet the public representative's still found time and space to ensure that the oversight process was as smooth.

3.1. Character of Determinations

The MPAC has applied its mind on the matters as raised in the Annual Report and the departmental responses during the oversight process and resolved on two approaches in dealing with the issues as raised in the Oversight Report:

3.1.1. There are matters that require further interactions with the various Departments and as such those will be subjected to further oversight process as has been communicated to the Departments.

3.1.2. On the matters that are conclusively captured and explained and Complemented either in the Annual or during the face to face Oversight sessions, the committee has reported on those with no Suggested following ups.

3.2. Comprehensive Summary of Determinations and Recommendation

Directorate: Office of the Municipal Manager

Directorate: Community Services

Directorate Budget and Treasury Office

Directorate: Infrastructure Department

Directorate: Corporate Services Department

Directorate: Planning and Development Department

Municipal Manager's Unit

2. Willfully, without basis Municipal structures do not adhere to the Council Calendar and nothing punitive has been done to the political heads of the Departments concerned.
3. Standing Committees literally struggle to sit according to the Council Calendar and are the biggest culprit in not respecting instructions from the Council around Travel and Accommodation.
4. The members of the Council struggle to perform their constituency functions because of proper budgetary mechanisms provided to this respect.
5. On the support to the elderly, the report is vague and inconclusive. The manner in which the target is structured gives rise to nefarious ways of compliance.
6. There was no clarity about what happened to the prizes and the soccer kits promised by the Minister of Sports at a Mayor's Cup in 2014.

MPAC Recommendations

- 1. SPU must investigate what happened to the prizes and soccer kits promised by the Minister of Sports at the Mayor's Cup in 2014 and report back to the Council within 2 months. (This was never done despite the Council Resolution of the previous term and thus it will be difficult to understand that it constitutes a mistake even this time around.)**
- 2. Targets must be developed in such a way that they are precise and concise**
- 3. Greater oversight must be performed by the Council in ensuring that Committees sit according to schedule.**
- 4. Greater oversight must be exercised by the Council in ensuring that Committees utilize Municipal Infrastructure for meetings**
- 5. There must be clarity on the target and the language which reflects "two" programs must be concise.**
- 6. The Council must develop a policy that regularizes Political Party Funding to assist members of the Council to perform their constituency work. This must be done within the next 6 months.**

3.1. Technical Services/ Infrastructure Directorate

The committee has on the main observed improvement in a number of areas regarding road projects for the 2016/17 Financial Year:

- The general road network is in terrible shape and collapses as soon as rain comes knocking.
- The state of the bridges and the drainage system is appalling and is hazardous to say the least of the fact that at some point it will be the basis upon which the roads collapse. We say nothing of the fact that the water is not properly directed in some areas and it leads stone water straight into the houses of community members who stand the risk of having their houses collapse and would only be prevented from litigating the institution by resources.

- In the year under review, there has been a slide backward in terms of the quality of the roads that are built and these are easily swept asunder as soon as heavy rain come knocking.
- The speed with which roads are moved to maintenance is worrisome because it leaves maintenance is then left with a heavy load of roads to maintain even those that have just been constructed. Answers from the Department are simply evasive when probed about the basis for this, choosing to hide behind the notion of the terrain and the fact that roads have been moved to maintenance and the speed with which roads are destroyed is very high.
- The brief of the MPAC is to ensure that resources have been properly used give valued for money and it is worrying that the massive resources that we pump into roads do not show this and the roads that have been constructed with the internal plant are of much better quality than those that have gone to tender.
- Planning seems to be weak and to the extent that roads that could have been constructed over three phases are constructed in two phases and therefore they are not completed and some sections of communities are left without access to the road network.

MPAC Recommendations

- 1. The Infrastructure Department needs to move swiftly to tighten our oversight over the process of building drainage systems and bridges because this literally is the pillar upon which most roads falter.**
- 2. All contracts that have had to be cancelled due to the failure of a service provider to perform optimally require the Municipality not just to cancel the contract but to recover the total money spent in order to severely punish contractors that fall short of their contractual obligation.**
- 3. The Ngqeleni Street surfacing requires urgent attention given the amount that has been pumped on the project over time and full accountability about what has been done to the contractors that have all come into the project and have been paid, yet none of them have delivered the required results are blacklisted and institutional resources are duly recovered. The Municipal Manager has to be provide written documents to the Council on what she has done with regards to this project in particular.**
- 4. All targets that get revised during the mid-term need sufficient engagement with communities that are affected and these communities must consent in order to avoid a situation where communities expect delivery when a target has been shifted.**

- 5. We need to improve our capacity to maintain roads so that roads are able to sustain their projected lifespan rather than going into waste not more than a year after their construction.**
- 6. The committee needs to reduce on the usage of private providers in the construction of Municipal Roads. The Department within 6 months needs to develop a plan on how we will reduce the usage of the private sector on the construction of Municipal Roads. And a proper plan on how the institution will steadily ensure that institutional resources result in the procurement of internal plants is provided to the Council within the next 6 months.**
- 7. All matters that relate to the quality of drainage and bridges must be attended to and a plan must be provided to the Council within a month on how to mitigate the challenges that beset projects that have just been constructed.**
- 8. Urgent attention must be paid to the drainage system at Renny with particular reference to the situation where water literally has the capacity of destroying the house of a member of the community and this must be reported back to the Council within 3 months.**
- 9. The percentage of the budget that is set aside for retention should be increased significantly in order to leverage against contractors that build roads that are in such terrible condition they can only collapse soon.**

3.2. Human Settlement, Spatial Planning and land use management

The MPAC with regards to the housing projects set out to answer very simple and basic questions namely:

- Are there housing units on the ground as reported?
- What is the status and quality of these projects?
- Are there any issues of dissatisfaction or complaints and if yes how are they addressed and what is their nature.

MPAC Recommendations

- 1. The department must compile a report of all beneficiaries of housing projects in the past 5 years and demonstrate whether or not these beneficiaries meet the set criteria. Develop a report for the Municipal Council on how to turnaround in relation to the process of identifying beneficiaries. (This was a directive in the past Financial Year which was not adhered to and failure cannot be tolerated once more)**

- 2. The Department must be dissuaded from building economically segregated settlements which end up as incubators of crime and violence. This must be done in practice rather than in word.**

Budget and Treasury

Reference Number 2016/17/ORBTO/8-11

1. There needs to be clarity whether or not the SCM processes play any role in developing the local economy. This requires the institution to have an understanding of the spread of the contracts and the amounts spent.
2. It is quite clear that the resources allocated to the institution are leaking right out of the Municipal Economy because of the absence of a deliberate SCM policy which is designed in such a way so as to keep these resources internally and to play a decisive role in improving the capacity of the local economy and creating employment.
3. The procurement process derailed the implementation of work for the first half of the term on the basis of a “SARS pin” and provided huge problems in this regard.

MPAC Recommendations

- 1. There needs to be a report provided within 6 months to the Municipal Council analyzing the geographical spread of Municipal Contracts and the amounts spent over a five year period since around 2011 to demonstrate the contribution of our supply chain processes to developing the local economy.**
- 2. Greater resources should be provided through deliberate policy prescripts to benefit and develop the local economy. The style and method of such policy must consider the implications of the law and work around it. The fact that the law makes this difficult is not sufficient a reasoning.**

3. **Matters related to SARS have clearly proven to be the reason for the delay of some of the projects being started on time and therefore needs proactive action to be taken in this regard.**

3.4. Corporate Services

1. There seems to be no proper clarity about the Departments Responsible for the recruitment of trainees and this caused a haphazard recruitment of trainees including those working in the EPWP and casual employees. It also appears that the Department is in sixes and sevens when it comes to mainstreaming recruitment and some issues are left to Departments that do not have the responsibility to recruit on such issues.
2. The pace at which the Department seeks to fulfil employment equity requirements is quite slow and needs to be rectified. There is a need for greater urgency, particularly with regards to the filling of posts for vulnerable groups.
3. The lackadaisical approach in dealing with OHS and in ensuring the OHS committee could have dire consequences for the entire Municipality. The attitude which does not seek to ensure that sufficient study of OHS in the institution is done as a matter of urgency.
4. The process for repairing Municipal Assets, particularly building assets is far too slow. More needs to be done in this case. The absence of a policy to guide the procurement of accommodation.
5. It appears that the procurement of Computers for institutional employees is lagging behind and moving at a snail's pace to the point that those that are employed can sit for months on end without working equipment before this is successfully procured.
6. We seem to be doing well in issuing drivers licenses and learner's licenses, yet do not have readily available information about the geographical spread of

those who tend to have an interest in acquiring these from the institution. Such information would be valuable to show the impact of the DLTC.

7. The fact that we have a car registration centre that is not accompanied by a vehicle roadworthiness testing capacity. This often leads potential customers to prefer registering their vehicles in areas that will serve as a one stop shop.
8. Owing to what is characterized as lack of Human Resources, there is little capacity to enforce the Municipal By-laws. Owing to lack of sufficient Human Resources and technological capacity, there is incapacity to protect Municipal Assets.

MPAC Recommendations

- 1. Council must properly delegate the process of recruitment and centralize it to corporate services including the recruitment of trainees or identification of beneficiaries of any program for training.**
- 2. The Department within 3 months needs to compile a report on the Municipality's contribution to reduction of employment by providing a spreadsheet of the geographical spread of Municipal employees.**
- 3. The Department needs to improve the implementation of OHS as a matter of urgency.**
- 4. Greater efficiency is needed in maintaining Municipal Assets and ensuring that our assets are well taken care of.**
- 5. There needs to be palpable implementation of the employee retention strategy given the mobility of some sections, particularly at Middle Management level.**
- 6. There needs to be an efficient method for the procurement of computers and other related equipment for employees that neither prejudices the employees concerned nor offers an opportunity for those in business to feed through it.**
- 7. Recruitment of staff must be mainstreamed including the recruitment of Ward Administrators.**

8. **The shifting of delegations in the middle of the term is a problem that causes confusion in the process of implementation, because it is a struggle appreciating who is responsible to report about matters that took place before the shifting of such terms and should not be done again. Clarity must be provided through a specific Council Resolution on the longevity of Public Safety out of the purview of Community Services.**

3.5. Community Services and Public Safety

4. The movement Public Safety to Corporate Services without proper timelines is a major problem that makes a mockery of the name of the Standing Committee.
5. There is nothing about the Park at Ngqeleni and at present nothing is done to this effect. Apparently there is no land for the Ngqeleni eco-Park and as result nothing has been done to implement it. Something surely needs to be done about this as a matter of urgency.
6. The landfill site seems to have resulted in damage for people of Moyeni. The extent of that damage cannot be verified at this point. It however also seems that engagements with the Department and Communities are intended to evade these communities rather than to resolve the problems at hand.
7. Skip-beans primarily serve peri-urban areas and this reinforces the old apartheid idea that those who reside in the rural areas are located outside the realm of Municipal Support and should not expect certain services to be advanced to them. The notion that rural areas sit outside the purview of the Municipality is dangerous.
8. There seems to be quite a lot of urban legends about the process of determining which ECD centres need to be built and this results in some communities not being aware when their turn will arrive. This is to say nothing of the fact that material for ECD centres is left sprawling and is already damaged.

Recommendations

1. **The Department needs to properly stick to reporting about its targets in the Annual Report and not resort to conjuring up new targets by way of reporting.**

- 2. There is a necessity to speed up the process of engaging communities in order to try and secure land for the Ngqeleni eco-Park.**
- 3. The Department needs to provide a comprehensive plan on how it seeks to further rollout skip-beans to places that are viewed as rural areas.**
- 4. The Department must engage the affected communities about the supposed damage caused by the landfill site, particularly the community at Moyeni in order to determine the extent of the damage and report back to the Municipal Council within 6 months.**

3.6. Rural and Local Economy Development

1. The Malungeni Essential Oils project is going ahead however it is located on land belonging to the Royal House and this could prove to be an issue in the long term. For this to be safe, the land needs to be transferred to the project. There are complaints about the service provider appointed to work at the site and the continuity of the project is in peril.
2. SMME's have been trained on a number of areas, however there has been no attempt to monitor the effects of this training. This gives the impression that the training was simply being done to pass procedure rather than to ensure an improvement. If there had been any intention to ensure improvement, such would have been followed up by some study to see its effects.
3. The world economy is organized on the basis of entrepreneurship and it is that entrepreneurship that has failed to develop the world economy and provide employment for all. Instead, entrepreneurship has caused famine the world over. Thus the idea of promoting entrepreneurship rather than collective means of economic development is a terrible idea.
4. The Department planned to conduct a feasibility study on the dairy, instead of that, fencing has been done which itself is incomplete, and subsequent to the feasibility study, it was found out that the land is not suitable for a dairy, yet the project still carries the name of a dairy and this can cause a lot of confusion to communities and lead to unanswered questions. Wilful disrespect was shown to Municipal Planning processes throughout the process. The Department contends that it has an alternative plan. This in itself is welcome but is not sufficient.

5. Support was given with inputs to communities that are involved in Agricultural farming. The greatest problem is that after providing the inputs, there was no monitoring to check how these inputs were utilized.
6. It is claimed that trials on Malungeni Essential Oils are underway therefore it is inappropriate to suggest that the department has achieved when the trials are still ongoing.
7. The report speaks on branding, marketing and signage posts, however only signage posts were erected. Some signage posts were erected even before some of the projects were agreed upon.
8. The Grahamstown Arts Festival Showcasing local arts and crafts at Grahamstown. The Arts Festival was started in 1974 to celebrate the 1820 settlers, such that the building owned by the Arts Festival is named the 1820 settlers monument. It is in this context that we need to understand our participation in the Arts Festival. We are, by extension, participating in the celebration of the 1820 settlers who have brought nothing but famine, murder and continue to view the majority our people as something akin to monkeys.
9. This Committee and its work seems greatly starved in terms of resources, both human and financial and this is a major problem in ensuring that it performs its work diligently.
10. The speed with which Tourist Boards were erected has no relationship with programs to receive tourists in such areas. These boards constitute wasteful expenditure at present.

MPAC Recommendations

1. **Land for the project must be moved to the Malungeni Essential Oils project.**
2. **The Department must follow up and rectify the problem related to the issue of the capacity of the company contracted to run the project on essential oils and resolve the complaint about the tools used by workers that they are expected to use their own tools.**
3. **The Department must show greater care towards projects that it supports and must monitor whether or not the instruments used as support are taken care of. It must not just throw money at problems.**
4. **The Department must cease acting in an arbitrary manner and implementing projects that are unplanned like they did when fencing the dairy. The process to**

change the name of the Makhotyana dairy must move with speed and the fencing of whatever else is left in the project must be completed.

- 5. The matter around the Grahamstown Arts Festival must be elevated to the level of the Executive Committee to advise the Council on what route must be taken having done investigation of modalities on how to deal with a matter of this magnitude given the issues around the celebration of 1820 settlers.**
- 6. There must be concerted program to ensure that there is a continuous rolling out of the flea market and plans must be provided to the Council on how this will be done.**
- 7. More resources must be allocated to the LED in order to assist it to implement its programs with haste. This must go hand in hand with a clear program to develop the local economy by LED and this must be fully funded.**

CHAPTER 4

4.1. Prelude

The Municipal Public Accounts Committee (MPAC) in the preliminary Oversight Report tabled to the Council under the topic **LIMITATION OF THE REPORT** pointed out two issues that were outstanding namely:

- a. A report on the committee findings, observations and determinations on the projects reported in the 2016/17 Annual Report.
- b. Reflections on the submissions and representations to the committee in terms of the invitation extended to the communities with regards to issues raised in the Annual Report of the year under review (2016/17).

As a sequel, the committee committed to address these two issues in the next Council meeting as agreed and scheduled in consultation with the honourable Speaker

4.2. RATIONALE FOR PROJECT VISITATION AND STAKEHOLDER CONSULTATION

The Mpac Terms of Reference as adopted by Nyandeni Council instruct and direct the committee under paragraphs 19.1 – 19.3 as follows:

19.1. The committee shall in the course of interrogating reports undertake project visits to determine linkages with the technical reports provided

19.2. In its visits the committee may interview person/s to verify public opinion and views on the project activities.

19.3. The MPAC shall compile reports of such visits and submit them to the office of the Speaker and shall advise on the course of action to be taken.

Paragraph 12 of the same Terms of References obligates the Mpac, in addition to the Section 129 (4) (a) of the Municipal Finance Management Act (Act No. 56 of 2003, directs the Mpac to the following:

12.1.2 In keeping with the spirit of Section 127(5) of making the Annual Report public, MPAC must undertake consultative meetings with the Stakeholders and provide proof thereof as an addendum to the Oversight Report.

12.1.1. In preparing the Oversight Report, the MPAC must consider all representations in connection with the Annual Report received from the local Community.

12.1.4 In the meeting of the MPAC considering the Annual Report, the public and the members of the local communities must be allowed to make representations in connection with the Annual Report in that meeting.

In view of the obligations stipulated in the aforesaid paragraphs coupled with the commitment in the Oversight Report as tabled on the 24th January 2017, the Mpac duly reports on the two issues.

4.3. ACCESS ROADS REPORT CARD

The committee approach in dealing with Access Roads was informed and limited by the time at the disposal of the committee to navigate the length and breadth of the municipal jurisdiction. The following strategic approaches were followed:

- a. Interrogate the Report on the projects and point out issues posing as gaps and deal with those in the Mpac sessions with the Technical Services Department.
- b. At the end of the interrogation of the Department's section in the 2016/17 Annual Report, the committee proceeded and visited the projects and compiled its report card which it tabling to Council.
- c. The committee set out to sample the projects as highlighted and visited them
- d. The committee will further engage the Department of Technical Services post the visits to test some of the observations and findings on the ground using the basis of the Department as contained in the Annual Report for the year 2016/17.
- e. In the Post-project visit stage, the committee interactions with the Department focused on the following:
 - Business Plan processes
 - Funding of the business plans
 - Credibility of the business plans
 - Implementability of the business plans

- Level of risks for the plans and mitigating factors

4.4. Comparative Assessment

The committee has set out to compare the general performance and quality of the Access Roads as constructed in the current Financial Year and arrived at the following observations:

- The number of “good story” roads has dramatically is impressive although some are spoilt by the terrain and strategy to channel water.
- There is observable escalation of contributory factors by beneficiaries in the form of vandalizing the signs and/ or driving ox pulled sledges on the roads.
- The capacity of some service providers as observable in the quality of work raises critical questions regarding the institutional assessment of their capacity. Poor workmanship is one thing but incomplete projects is another yet these features prevail and are evident in the projects.

CHAPTER 5

5.1. FORENOTE

South Africa, this year is has come of age as it is celebrating 21 years of democracy a journey that local government started in the year 2000 on December 5. It has not been an easy road and journey to travel but it was a worthy one.

The committee has noted a number of positive steps and gains in the financial and service delivery component of performance over the past three financial years. Unfortunately, these forward movement places the institution under immense pressure never to regress but soldier on. All of us must refresh our mandate and oath of office never to let down the people of Nyandeni.

5.2. RECOMMENDATIONS

Having navigated the 2016/17 Annual Report and interacted with all the departments, and visited the road network landscape, the committee is pleased to report that:

- All the Portfolio Heads availed themselves for the process and this gratified the committee in receiving such a noble gesture.
- There is once more massive improvement from the stage the Annual reports was at the instance of the first year of oversight.
- The prevailing positive spirit and attitude in the departmental Portfolio Heads which has resulted in zero incidents. This report will not sing praises for isolated incidents.

Having completed over sighting the 2016/17 Annual report, the attention of the Council is now directed to the opinion of the MPAC with regards to matters raised in law:

- Section 129 (a), (b) and (c) of the Municipal Finance Management Act No 56 of 2003.
- MFMA Circular No. 32 as issued by the National Treasury pages 8 of 17 and 9 of 17.

The obligation is placed on this Council by these pieces of legislation to consider and adopts an Oversight Report which must contain the following:

5.2.1. The Council's comments on the Annual Report as provided above.

5.2.2. That the comments envisaged above must include a statement whether the Council:

a. Has approved the annual report with or without reservations;

b. Has rejected the annual report; or

c. Has referred the annual report back for revision of those components that can be revised.

Sequel to these prescriptions, the MPAC, now presents to this Council, its Oversight Report on the 2016/17 Annual Report for consideration and adoption by this Council, as anticipated above, and do so in the following Statement:

5.3. RATIONALE AND REASONS FOR THE RECOMMENDATION

5.3.1. Section 121 (3) (a) of the Municipal Finance Management Act provides a list of items that “*must*” be included in the Annual Report and the attention of the Council is now brought to this list.

5.3.2. The MFMA Circular No 32 on page 12 of 17 provides a list of information that must be included in Annual report.

5.3.3. On page 11 of 17, Circular No. 32 further contends “the views of the Audit Committee and the findings of the Auditor General are primary sources of information to assist council in determining a decision on the Annual report.”

5.3.4. Sections 45 and 46 of the Municipal Systems Act provide for audit performance measurement and annual performance reports respectively. Section 46 (2) contends that “An annual performance report must form part of the Municipality’s annual report in terms of chapter 12 of the Municipal Finance Management Act. Refer to section 121 (c).

5.3.5. Clearly stated in the above is the fact that a Section 46 report is not a Municipality’s Annual Report rather that it is a component thereof.

5.3.6. Section 121 (g) dictates that the annual report must also contain particulars of any corrective measure or action taken or to be taken in response to the issues raised in the audit reports. Such information will indicate :

- a. To what extent does the report indicate serious issues?
- b. Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?
- c. Has the schedule of action to be taken been included in the annual report with appropriate due dates?
- d. To what an extent are the same issues repeated from the previous audits.

5.3.7. Section 121 (e) further places onus and obligation on the Accounting Officer to provide an assessment of any arrears on municipal taxes and service charges.

5.3.8. Section 121 (j) insists on the inclusion into this report recommendations by the municipality's Audit Committee.

5.3.9. Section 121 (a) prescribes inclusion of pre audited financial statements as part of the Annual report.

Over and above these instruments, the committee had determine accuracy and reliability of the report and look for underlying fact which would indicate whether there is gross misrepresentation of facts. The Committee is satisfied that despite some areas that requires corrections and adjustments:

- The report is a fair representation of the institutions performance in the year under review.
- That measured in terms of Section 121 of the 2016/17 report in all material facts complies with the relevant legislations as alluded in the aforementioned sections of law.

5.4. MPAC OVERALL RECOMMENDATION IN TERMS OF SECTION 129

5.4.1 MPAC recommends to Council as follows:

- (a) That the Council approves the 2016/17 Annual Report without reservations as set out in Section 129 (1) (a) of the Municipal Finance Management Act (Act No 56 of 2003)
- (b) That the matters set for specified period from the period of 21 days shall be dealt in a special session convened with the affected.

(c) adoption of this report by council shall be pursued as scheduled in a timetable presented by MPAC to departments within the 14 days.

6. CONCLUSION

The Mpac is happy to have been part of the oversight by council and as take the last lap, we do so knowing that this institution has not let down the people of Nyandeni.

accounting to the people of Nyandeni has risen and therefore we close this chapter knowing that this council has not let down the people of Nyandeni..

We trust that the audit outcome will inspire all of us into continued commitment to improve the outcome whilst we still continue to maximize service delivery.

Honourable Speaker, His Excellency, members of the Executive, dear colleagues and entire population of Nyandeni the MPAC now so tables and submits for Council consideration and adoption, the 2016/17 Oversight Report.

REPORT SIGNATORIES ON BEHALF OF COUNCIL

Signed:

Councillor N. Tyopo
MPAC Chairperson

Date

Councillor N. Matanda
Council Speaker

Date

INFRASTRUCTURE PICTURES







RENNY AR (14KM)































