



**2016/2017**

# **Oversight Report**

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## **1. INTRODUCTION**

The Annual Report is a key instrument of transparent governmental and accountability. It is a post financial year document, which provides an overview of the process of the financial and non- financial performance in respect of the previous financial year in this instance 2016/2017.

Given the processes required by Council to effectively undertake its oversight role, the establishment of the Municipal Public Accounts Committee of Council will provide appropriate mechanism in which Council could fulfil its oversight responsibilities.

The Municipal Public Accounts Committee and herein referred to as to the oversight committee, has a primary role to consider the Annual Report, receive inputs from various role players, and to draft Oversight report for consideration by Council.

## **2. BACKGROUND**

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Mayor and Executive Committee) and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have been given to by the Executive (Mayor/Executive Committee). In other words, in exchange for the powers in which Council have delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the Municipality.

The Municipal Finance Management Act vest in Council specific powers of approval and oversight on the following amongst others;

- ❖ The approval of Integrated Development Plan (IDP);
- ❖ Approval of Budget related Policies; and
- ❖ Review of the Annual Report and adoption of the Oversight Report.

### **3. FUNCTIONS AND COMPOSITION OF THE OVERSIGHT COMMITTEE**

The Oversight Committee is a Committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79, allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

Due to the separation of roles and responsibilities, between Council and the Executive (Mayor and Executive Committee) it is not appropriate that members of the Executive Committee be members of the Oversight Committee.

The functions of the established Oversight Committee in relation to the Annual report are to:

- ❖ Undertake a review and analysis of the Annual Report.
- ❖ Invite, receive, and consider inputs from Councillors on the Annual Report;
- ❖ Consider written comments received on the Annual Report from the public consultation process.
- ❖ Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- ❖ Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- ❖ Preparation of the Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

**Members of the MPAC Committee**



**Cllr S Dlamini**

**Chair: MPAC**



**Cllr SD Nkuna**



**Cllr M Mkhize**



**Cllr BK Mkhize**



**Cllr S Holmes**



**Cllr N Ngongo**

**Councillors continued...**



**Cllr S Hlatshwayo**



**Cllr R Soobiah**



**Cllr M Mkhize**

**4. AUTHORITY AND POWER**

The Oversight Committee is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

The 2016 / 2017 Annual Report was submitted to Council at its meeting held on the 25<sup>th</sup> January 2018, and was referred to the MPAC to carry out the necessary oversight. The community was advised through the print media of the availability of the Annual Report and were invited to submit representations on the Annual Report with a closing date of 06 March 2018.

The Annual Report was further placed at all uMDM's Customer Care Centres throughout the District and on the Municipal website. The Annual Report was also submitted to the Auditor-General, Provincial Treasury and the Department of Local Government and Traditional Affairs as legislated.

## 5. ANNUAL REPORT CHECKLIST

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
Section 121 (3)(a) of the MFMA- The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	Where the municipality has sole or effective control of a municipal entity, consolidated financial Statements are required. The AFS are to be in the form as required by the applicable Accounting standards. MFMA Circular 18 with annexure, 23 June 2005, provides guidelines on the new accounting standards for Municipalities.	Audited Annual Financial Statements have been included in the Annual Report. <b>Please see Appendix M</b>
Section 121 (3)(b) of the MFMA- The Auditor-General's reports on the financial statements of the Municipality.		The audit report has been included under Component A of Chapter 6 of the Annual Report
Section 121 (3)(c) of the MFMA- The annual Performance report of the Municipality prepared in terms of section 46 of the Municipal Act.		The Annual Performance report is included under Chapter 3 , component H
Section 121 (3)(d) of the MFMA- The Auditor-General's reports in terms of section 45 (b)of the Municipal Systems Act ( Performance measures)		The audit report has been included under Component A of Chapter 6 of the Annual Report
121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	Yes Refer to note 17 in the Annual Financial Statements Appendix M on the Annual Report.

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
<p>121 (3), (f) An assessment by the municipality’s accounting officer of the municipality’s performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)).</p> <p>The accounting officer must include these objectives in the annual report and report on performance accordingly.</p> <p>Has the performance met the expectations of council and the community?</p> <p>Have the objectives been met?</p> <p>What explanations have been provided for any non-achievement?</p> <p>What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>Refer to Annual Financial Statements and Note 17 of the AFS under Appendix M of the Annual report.</p>
<p>121 (3)(g)</p> <p>Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.</p>	<p>The conclusions of the annual audit are:</p> <ul style="list-style-type: none"> <li>✓ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable;</li> <li>✓ The objective of the municipality should be to achieve an unqualified audit opinion.</li> <li>✓ Taking into account the audit report, audit opinion and the views of the audit committee, council considered: <ul style="list-style-type: none"> <li>• To what extent does the report indicate serious or minor financial issues?</li> </ul> </li> </ul>	<p>Yes, Management Action Plan on findings attached, Refer to Chapter 6 of the Annual report.</p>



Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	<ul style="list-style-type: none"> <li>To what extent are the same issues repeated from previous audits?</li> <li>Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?</li> <li>Has a schedule of action to be taken been included in the annual report, with appropriate due dates?</li> </ul>	
121 (3)(j) - Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.	<p>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</p> <p>What actions need to be taken in terms of these recommendations?</p> <p>Conclusions on these recommendations and the actions required should be incorporated in the oversight report.</p>	Audit committee report attached, refer to Appendix L of the Annual report and Audit reports attached under Chapter 6
121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality	Review any other information that has been included in regard to the AFS.	Not applicable.
<b>. Disclosures - Allocations received and made - Section 123-125 MFMA</b>		
123 (1)(c) Information in relation to the use of allocations received.	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <ul style="list-style-type: none"> <li>✓ The current year and details of</li> </ul>	Refer to Appendix M of the Annual Financial Statements for 2016/2017

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	<p>spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects.</p> <ul style="list-style-type: none"> <li>✓ Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</li> <li>✓ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</li> </ul> <p>This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation.</p>	

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	<p>The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> <li>✓ the information has been properly disclosed;</li> <li>✓ conditions of allocations have been met; and</li> <li>✓ that any explanations provided are acceptable.</li> </ul> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	
<b>3. Disclosures in notes to AFS - Considerations relating to section 124</b>		
Information relating to benefits paid by municipality and entity to councillors, directors and officials.	<p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ul style="list-style-type: none"> <li>✓ salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind;</li> <li>✓ any arrears owed by individual councillors to the municipality or entity for rates and services, which at</li> </ul>	Refer to note 41 of the Annual Financial Statements under Appendix M

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	<p>any time were outstanding for more than 90 days, including the names of councillors;</p> <ul style="list-style-type: none"> <li>✓ salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;</li> <li>✓ contributions for pensions and medical aid;</li> <li>✓ travel, motor car, accommodation, subsistence and other allowances;</li> <li>✓ housing benefits and allowances;</li> <li>✓ overtime payments;</li> <li>✓ loans and advances, and;</li> <li>✓ any other type of benefit or allowance related to staff.</li> </ul> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> <li>✓ the information has been properly disclosed;</li> <li>✓ conditions of allocations have been met; and</li> <li>✓ that any explanations provided are acceptable.</li> </ul> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
<b>4. Municipal Performance</b>	<b>Considerations</b>	<b>Responses</b>
<p>The annual performance reports of the municipality and entities.</p>	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are –</p> <ul style="list-style-type: none"> <li>✓ Has the performance report been included in the annual report?</li> <li>✓ Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</li> <li>✓ Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</li> </ul> <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation, and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p> <ul style="list-style-type: none"> <li>✓ To what extent has performance achieved targets set by council?</li> <li>✓ Is the council satisfied with the performance levels achieved?</li> <li>✓ Is the community satisfied with performance? Has a customer</li> </ul>	<p>Attached, refer to chapter 3 of the Annual Report.</p> <p>Also refer to component H of Chapter.</p>

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	<p>satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</p> <ul style="list-style-type: none"> <li>✓ What actions have been taken and planned to improve performance?</li> <li>✓ Is the council satisfied with actions to improve performance?</li> <li>✓ Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</li> <li>✓ Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</li> <li>✓ Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</li> <li>✓ To what extent have actions planned for the previous year been carried over to the financial year reported upon?</li> <li>✓ Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</li> </ul>	

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	Council should comment and draw conclusions on information and explanations provided.	
Audit reports on performance.	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?	Yes Refer to Chapter 6 Audit report for 2016/2017 and Appendix L, the Audit Committee Report
Performance of municipal entities and municipal service providers.	<p>The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.</p> <p>The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered</p>	Refer to Appendix D of the Annual report

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	necessary to be taken by the accounting officer?	
<b>General information</b>	<b>The following general information is required to be disclosed in the annual report.</b>	
Relevant information on municipal entities.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.	Not applicable.
The use of any donor funding support.	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> <li>✓ Have the purposes and the management agreements for the funding been properly agreed upon?</li> <li>✓ Have the funds been used in accordance with agreements?</li> <li>✓ Have the objectives been achieved?</li> <li>✓ Has the use of funds been effective in improving services to the community?</li> <li>✓ What actions need to be taken to improve utilisation of the funds?</li> </ul>	Refer to page 122 - 128, note 25. Appendix G on Grants and Subsidies on page 136. The origins of the grants are also reflected in Appendix G. Memorandums of Understanding (MOUs) are signed on receipt of grants and such MOUs set out the objectives to be achieved. Progress reports are submitted to the Council political structures.



<b>Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</b>	<b>For Consideration</b>	<b>Responses</b>
Service delivery performance on key services provided.	<p>This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms.</p> <p>Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report and or in statistical tables.</p>	Yes, Refer to chapter 3
Information on long-term contracts.	<p>Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.</p>	Refer to Chapter 5 of the Annual report – Financial performance report
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised. Council should comment</p>	This has not been addressed in the Annual Report, but it will be done going forward.

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	and draw conclusions on the information provided.	
<b>Other considerations recommended</b>		
Timing of reports.	Was the Annual report tabled in time prescribed? Has a schedule for consideration of the report been adopted?	Yes, on 25 January 2018
Oversight committee or other mechanism.	What mechanisms have been put in place to prepare the oversight report? Has a schedule for its completion and tabling been adopted?	The oversight process is conducted by the Municipal Public Accounts Committee that also serves as the Oversight Committee
Payment of performance bonuses to municipal officials.	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?	Yes, refer to Chapter 4 of the Annual report

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	For Consideration	Responses
	<ul style="list-style-type: none"> <li>✓ If so has a proper evaluation of performance been undertaken?</li> <li>✓ Was the evaluation approved by council?</li> <li>✓ Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report?</li> <li>✓ Are the payments justified in terms of performance reported in the annual report?</li> </ul>	

## **6. OVERVIEW OF THE FINDINGS AND RECOMMENDATIONS ON THE 2016/2017 ANNUAL REPORT**

As per section 127 (5) (i) & (ii) of the Municipal Finance Management Act, (No.56 of 2003), A notice was published on the local newspapers on the 17 February 2018, advising the public that the Annual Report was available for their viewing and comments, however no written submissions were received.

### **COMMENTS RECEIVED FROM THE AUDIT COMMITTEE**

The Annual report was discussed in the Audit Committee meeting held on the 28<sup>th</sup> February 2018; comments from the audit committee were received and amendments were made to the Annual report prior to final printing.

A detailed Audit committee report on the performance of the Municipality is attached under Appendix L, of the Annual Report.

### **COMMENTS RECEIVED FROM THE AUDITOR GENERAL**

Annual Report was submitted to the Office of the Audit General as legislated; comments were received and subsequently resolved in the Annual report before final print.

However for a detailed report of the Auditor General, please see attachment under chapter 6, component A of the Annual report.

### **COMMENTS RECEIVED FROM THE PUBLIC THROUGH THE OVERSIGHT CONSULTATIVE MEETINGS HELD PER LOCAL MUNICIPALITY**

Extensive verbal comments were received through the oversight consultative engagements with the public, held at uMkhambathini, Richmond, Mpofana, uMshwathi. Impendle and uMngeni Local Municipality's. Councillors and all ward committee members were invited to attend such meetings in each of the Local Municipalities where actual delivery as reported in the Annual Report against performance targets set out in the Integrated Development Plan.

Presentations on the 2016/2017 Annual report were conducted by officials of the district. Over and above the presentations on the performance for the year under review, feedback reports on issues raised at the previous oversight meetings were also provided.

Below are concerns raised at the oversight meeting held at Impendle Local Municipality on 20 February 2018,

➤ **IMPENDLE LOCAL MUNICIPALITY**

- Incorrect customer billing, resulting to non -payment of services by the Public;
- Social services programs/ SDBIP not specific to type of program or intervention to be conducted;
- Water shortages at kwa Novuka and Nhlabamkhosi areas.
- Lack of communication by the district municipality on the indigent registration process
- Lack of sanitation programs, request received for toilets were received, as the existing ones are full in ward 2
- Ward 1, communal taps are not working.
- Water Shortages, at Ntokozweni area (Ward 2)
- The Municipality to fast track the indigent registration process,
- Water at Nzinga has too much chlorine, request for the district to assist.
- District is very slow in responding to disaster incidents,
- Requests for speed humps on local roads;
- Lack of communication by the district with ward councillors and ward committee members on information relating to water shortages and water restrictions.

The following are the issues raised in the 2015/2016 Oversight meetings, however no progress have been made thus far;

- Incorrect customer billing has not been resolved.
- TLB driver to be appointed on a permanent basis
- At the budget Imbizo meeting it was indicated that there will be budget for a sewer plant at the shopping centre to be constructed.
- Requests for the sewer plant to be separated from the housing project.

Below are concerns raised at the oversight meeting held at uMngeni Local Municipality on the 20 February 2018:

➤ **UMNGENI LOCAL MUNICIPALITY**

- Ward 12. Water shortages in the area, also when incidents are reported Technical Services unit is very slow to respond
- Ward 1. Issue of ageing infrastructure, this reflects negatively on service delivery;
- Some of the households in ward 1 do not pay for basic services, and the district has not implemented and measures in this regard.
- In ward 10. Pipes are exposed over ground, there is also shortage of water in the area. When enquired at the municipal offices, they were advised that there are not maps that can allocate the route of the pipes.
- Concerns regarding incorrect billing.
- In ward 8, request for sanitation services for schools in the area,
- District to focus more on Job Creation programs as unemployment rate is high especially for youth and women;
- LED programs are not communicated with the public.
- Requests for district councillors and officials to attend ward committee meetings.

Below are concerns raised at the oversight meeting held at Mkhambathini Local Municipality on 21 February 2018,

➤ **MKHAMBATHINI LOCAL MUNICIPALITY**

- Ward 2: Concerns over lack of sanitation services (no toilets) in the area
- Incorrect customer statements
- In ward 5: No sanitation services in the area, and concerns over lack of job opportunities for the public in the area;
- Requests for camperdown sewerage project to be implemented;
- In ward 4: Meters in the area are not read, which results to incorrect customer billing;
- Concerns over illegal water and electricity connections
- Some households in the area, applied for water connections in the district but until now, no basic services supplied.
- Requests for the Municipality to hire local people, especially for plumbing professions
- Ward 6: There are no stand pipes, no water services ;
- District make promises but do not fulfil any;
- Lack of communication by the district on issues relating to projects to be implemented, water interruptions and indigent registration

Below are concerns raised at the oversight meeting held at Mkhambathini Local Municipality on 02 March 2018

➤ **RICHMOND LOCAL MUNICIPALITY**

- Lack of communication of planned projects with the public.
- Lack of communication by the district regarding the indigent registration and the amnesty program.
- Lack of monitoring and evaluation of projects implemented
- The district should consider assisting the community with Wendy houses instead of tents in case of a disaster;
- Concerns were raised over communication and implementation of social programs;
- More programs on food safety to be implemented by the district,
- Constant water shortages in the area

Below are concerns raised at the oversight meeting held at Mpofana Local Municipality on 28 February 2018

➤ **MPOFANA LOCAL MUNICIPALITY**

- The employment of people from other areas for water and sanitation services while there are qualified people from Mooi River who can do the same job?
- Clinic in ward 4, not in a good state, what can the municipality do to assist?
- Requests for more programs and interventions for people with disability including children.
- Water shortages in the area, for more than 3 days, and the district do not communicate restrictions to the public why is that?
- Poor attitude of UMDM workers based in the Mpofana area, the municipality needs to look into this;

Below are concerns raised at the oversight meeting held at uMshwathi Local Municipality on 15 March 2018,

➤ **UMSHWATHI LOCAL MUNICIPALITY**

- Request on more water tankers to the public was received;
- Concerns were raised by the public over illegal water and electricity connections
- In ward 10 – Water project in the area has been implemented , but still the community does not receive water
- Concerns over slow implementation of water project in ward 3
- Public also raised concerns over the ageing infrastructure, which leads to constant water leaks and water interruptions
- Ward 11- Requests for maintenance of rural roads.



## **7. CONCLUSION AND RECOMMENDATIONS**

The current report provides the oversight on the Annual report of the Municipality for the financial year 2016/2017 in terms of provisions of the Municipal Finance Management Act as well as the process that the MPAC undertook to comply with applicable legislation.

The Municipal Public Accounts Committee commends Council, the Municipal Manager, the Senior Managers and all staff of the uMgungundlovu District Municipality on the strides made towards good governance.

The Committee has pleasure in presenting the Oversight Report on the 2016/20167 Annual report to Council to consider the following recommendations;

### **RECOMMENDATIONS**

1. That Full Council having fully considered the Annual Report of the uMgungundlovu District Municipality adopts oversight report for the 2016/2017 financial year.
2. That Council approves the Annual Report of the uMgungundlovu District Municipality with the following reservations,
  - I. Arising from the proceedings of the Oversight meetings , it be noted that the MPAC is highly concerned about the following matters;
    - ✓ Lack of budget available for sanitation projects for the 2016/2017 financial year, as some areas of Mkhambathini Local Municipality still utilise the bucket system for sanitation facilities;
    - ✓ The non- implementation/ or resolving of issues raised in the previous oversight meetings,
    - ✓ Incorrect customer billing throughout the district;
    - ✓ The issue of ageing infrastructure throughout the district, which results to constant water interruptions due to burst pipes;
    - ✓ Low rate of revenue collection by the district for the 2016/2017 financial year.
    - ✓ Regression of the Municipality from a clean audit status to unqualified;
    - ✓ Diversion of funds from one project to another;

3. That Management put plans in place to address the issues raised in oversight meetings held and progress be monitored and reported.
4. That the Oversight and Annual report be made public as legislated by Municipal Finance Management Act, No. 56 of 2003, Section 129(3).