


A 20 OVERSIGHT REPORT ON THE 2014/2015 ANNUAL REPORT**(E/C 2016 03 30; C 2016 03 30)****(12/2/3/1/1)****RESOLVED**

1. Having fully considered the 2014/2015 Annual Report, the Municipal Public Accounts Committee recommends that the report be adopted with the following recommendations:
 - a) That in future the draft Annual Report be corrected and edited mistakes and typing errors before tabling it to Council.
 - b) That excessive amounts of overtime paid monthly be managed and the overtime policy be adhered to by the directors in their respective departments.
 - c) That the municipality through the Chief Financial officer and the Municipal Manager improve the quality of Annual Financial Statements to improve the audit opinion.
 - d) That a template to monitor contractors on a monthly basis be developed and be presented to Council for approval in three months period (end of June 2016)
 - e) That the municipality refrain from procuring goods and services without following the supply chain management regulations which result in irregular expenditures
 - f) That an investigation be conducted on why the traffic book fines and registers were not given to the Auditor General upon request and corrective measure be taken against the responsible persons for such actions.
 - g) That the findings of the investigation be tabled before Council in three months period (end of June 2016)
 - h) That a report on the non-spending of the conditional grants and the reversal of the money to the National treasury be tabled to Council in the next normal Council sitting with an action plan to avoid the matter from recurring.
 - i) That the action plan on how the overspending on legal costs can be managed be presented in the next normal Council sitting.

Signed by the Speaker
Councillor C Machimana.....


5/4/2016

A 20 **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON THE 2014/15 DRAFT ANNUAL REPORT.**

(E/C 2016 03 30; 2016 03 30)

(12/2/3/1/1)

**REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE CHAIRPERSON:
COUNCILOR TK NUKERI.**

1. Purpose of the report

The purpose of the report is to report back to Council on the oversight conducted on the 2014/15 Draft Annual report and the recommendations thereof.

2. Background

As part of the process to discharge oversight and accountability by the Executive and the administration on the performance of the Greater Tzaneen Municipality, the Council has established the Municipal Public Accounts Committee (MPAC) in terms of section 33 and 79 of the Municipal Structures Act, 117 of 1998. The committee is assigned among other things, to assess the annual reports and make recommendations to Council. The 2014/15 Draft Annual Report was tabled and noted by Council during its meeting on the 28th January 2016.

The 2014/15 Annual Report was then referred to the Municipal Public Accounts Committee (MPAC) during the Council sitting of the 28th January 2016 to conduct oversight. A public notice on the availability of the annual report was placed in the Letaba Herald newspaper dated 05/02/2016. Hard copies of the said report were distributed to all Greater Tzaneen Municipality Libraries, Thusong centers and the Traditional authorities' offices. Electronic copies were also made available on the Greater Tzaneen Municipality's website.

The Municipal Public Accounts Committee drafted the questions on the 2014/15 Annual report which were submitted to the office of the Municipal Manager to respond in writing on or before the February 2016. As part of promoting transparency, good governance and accountability, the Municipal Public Accounts Committee held a Public Hearing on the 11th March 2016 at Nkowankowa Community Hall for the 2014/15 Draft Annual Report. Different stakeholders, Community members, all Councilors, Traditional authorities, AG, AC, COGHSTA, Provincial Treasury and MPAC Chairpersons from all Municipalities in the Mopani District were invited to observe the proceedings during the Public hearing.

3. Comments on the management responses

When perusing the annual report, the committee made an observation that the information provided was either incomplete or not trustworthy. During the public hearing, the Accounting officer had to clarify most of the information that was not correctly reported and it was indicated to the committee that it was an oversight for the information not to be included in the report.

Traffic fines

The committee found that there are no internal controls. There was no register kept to control the issuing out of the traffic book when a new book is requested. When the auditor general requested the books or the register during audit they could not be accessed which resulted in the Municipality not achieving the unqualified opinion. There was no investigation by management on why the registers and used traffic fines books were not presented to the auditors when requested

Legal costs

The municipality is still overspending on the legal costs with huge sums of money which can be utilized for service delivery in the communities. The accounting officer failed to indicate the plan of action in place to ensure that there is no overspending on legal fees or they are kept to a minimum.

Low spending on conditional grants

An amount of R60 million rands was not spend during the financial year 2014/15 which resulted in the money being reverted back to the National Treasury.

Performance of contractors

The committee observed that there is a lack of monitoring by management since the Auditor General found that there was no monitoring of contractors on a monthly basis.

Filling of vacant positions

It was detected that there is a lot of vacant positions not being filled, and the response by management to MPAC questions indicated that this was the reason some of the activities were not done.

Supply Chain Management

The committee observed that supply chain processes are disregarded which in turn cost the Municipality a lot of money in fruitless, wasteful, irregular and unauthorized expenditures. It was indicated in the Annual Report that Bid committees do not sit as they should. The committee was concerned that all the members of the Bid adjudication and Bid evaluation committees are full time employees of the municipality, yet the reason given for meetings not taking place is that committees do not quorate.

Corruption on testing stations

There is an indication that there is corruption at the testing stations and that CCTV cameras were installed to monitor the stations. The municipality has spend money to install a system to monitor and ensure that there is no corruption at the testing stations, yet there is no indication that any monitoring is done occasionally to check what is happening. Furthermore, it was indicated that there is no management representative appointed currently as a control measure.

RECOMMENDATIONS

1. Having fully considered the 2014/2015 Annual Report, the Municipal Public Accounts Committee recommends that the report be adopted with the following recommendations:
 - a) That in future the draft Annual Report be corrected and edited mistakes and typing errors before tabling it to Council.
 - b) That excessive amounts of overtime paid monthly be managed and the overtime policy be adhered to by the directors in their respective departments.
 - c) That the municipality through the Chief Financial officer and the Municipal Manager improve the quality of Annual Financial Statements to improve the audit opinion.
 - d) That a template to monitor contractors on a monthly basis be developed and be presented to Council for approval as a matter of urgency.
 - e) That the municipality refrain from procuring goods and services without following the supply chain management regulations which result in irregular expenditures
 - f) That an investigation be conducted on why the traffic book fines and registers were not given to the Auditor General upon request and corrective measure be taken against the responsible persons for such actions.
 - g) That the finding of the investigation be tabled before Council as a matter of urgency.
 - h) That a report on the non-spending of the conditional grants and the reversal of the money to the National treasury be tabled to Council in the next normal Council sitting with an action plan to avoid the matter from recurring.
 - i) That the action plan on how the overspending on legal costs can be managed be presented in the next normal Council sitting.

For consideration