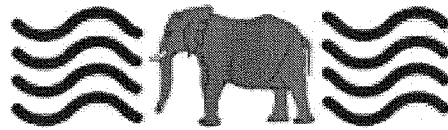
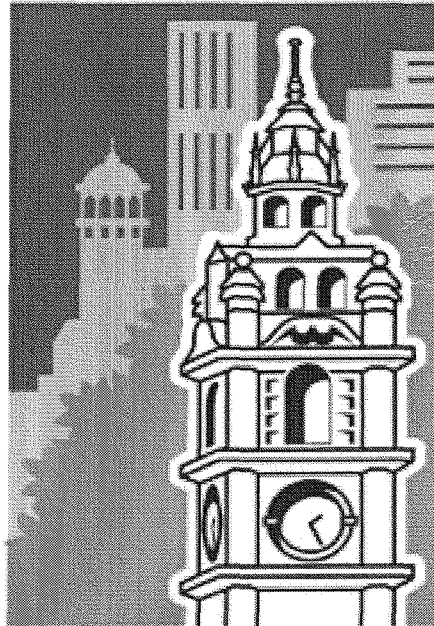


CITY OF CHOICE



**PIETERMARITZBURG
MSUNDUZI**

COUNCIL OVERSIGHT REPORT
2010/2011 FINANCIAL YEAR

Msunduzi Municipality Council Oversight Committee

Councillors:

Chairperson of the Oversight Committee: Councillor M Tarr

Council Members: A Ashe
N Atwaru
SI Madonda
T Matiwane
SC Ndawonde
TP Ngcobo
PG Ngidi
TD Ntombela
RB Singh
MS Sokhela
R Soobiah

Community Representatives: N Magubane
P Mahlaba
E Sithole

Technical Support Provided by: M. Jackson-Plaatjies
(Manager: Office of the
Municipal Manager);
I. Chetty (Manager: Strategic
Analysis & Research [Acting]);
S. Nene (Policy & Research Intern)
Committee Officers: B. Nxumalo
Y. Jadoo

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OVERSIGHT REPORT CONSIDERING THE 2010/2011 ANNUAL REPORT OF THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY

Dated: 28th March 2012

1. PURPOSE:

To submit to Council, in terms of Section 129(1) of the Municipal Finance Management Act (MFMA), the Oversight Report on the Annual Report 2010/2011, encompassing the Msunduzi Municipality and its municipal entity, Safe City.

2. ANNUAL REPORT

2.1 In compliance with the legislative requirements set out in the Municipal Systems Act, 32 of 2000, and the Municipal Finance Management Act (MFMA) 56 of 2003, an Annual Report has to be prepared and approved by Council.

2.2 In terms of section 133 of the MFMA, the Mayor must submit the Annual Report within 7 months after the end of the financial year, which means that the report should be submitted by the end of January on an annual basis.

2.3 The Annual Report was tabled by the Mayor at the Council meeting held on Wednesday, 25th January 2012 and was circulated to all Councillors (**Bound separately**).

2.4 The Annual Report was prepared in terms of the provisions of the MFMA and the new template compiled by National Treasury. The Act aims to modernize budget and financial management whilst simultaneously promoting transparency in the process and accountability to its stakeholders.

2.5 The purpose of the annual report is to:

- provide a record of the activities of the municipality and its entity;
- to provide a report on performance in service delivery and budget implementation; and,
- to promote accountability to the local community.

2.6 Once the Annual Report is tabled, the Accounting Officer must make the report public and invite public input.

2.7 The Annual Report was made available for public viewing on the municipality's website immediately after being tabled in council and copies were made available at all Area Based Management Offices as per attached advertisement which was placed in the Witness, Echo, Public Eye and Edendale Eyethu (**Attached Annexure 'A' & 'B'**).

3. OVERSIGHT REPORT

3.1 The Oversight Committee is responsible for the drafting of the Oversight report on the Annual Report.

3.2 The Oversight Committee consists of the Municipal Public Accounts Committee plus 3 community representatives.

3.3 The adoption of the Oversight Report is the concluding step in the annual reporting process of a municipality and is a requirement in terms of Section 129 of the MFMA, which requires the Council to adopt an Oversight Report. Once the Annual Report is tabled, the Council has two (2) months in which to consider the report, invite the public submissions and to finalize its Oversight Report.

3.4 Council must consider the Annual Report and adopt an Oversight Report that includes a statement with one of the following:

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

3.5 The Oversight Report is a separate document from the Annual Report. The Annual Report is prepared by the Accounting Officer and tabled in Council by the Mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality in the relevant financial year. The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the Municipal Council.

3.6 The attached schedule (**Annexure 'C'**) indicates the process that was adopted by the Oversight Committee in developing the Oversight Report on the 2010/2011 Annual Report of the Municipality.

3.7 The minutes of all meetings where the Msunduzi Municipality's Annual Report are attached:

- (a) Oversight Committee Meeting – Thursday, 16th February 2012 (**Annexure 'D'**)
- (b) Oversight Committee Meeting – Friday, 24th February 2012 (**Annexure 'E'**)
- (c) Oversight Committee Meeting – Monday, 05th March 2012 (**Annexure 'F'**)
- (d) Oversight Committee Meeting – Wednesday, 07th March 2012 (**Annexure 'G'**)
- (e) Oversight Committee Meeting – Friday, 09th March 2012 (**Annexure 'H'**)
- (f) Oversight Committee Meeting – Wednesday, 14th March 2012 (**Annexure 'I'**)
- (g) Oversight Committee Meeting – Friday, 16th March 2012 (**Annexure 'J'**)
- (h) Oversight Committee Meeting – Monday, 19th March 2012 (**Annexure 'K'**)
- (i) Oversight Committee Meeting – Tuesday, 20th March 2012 (**Annexure 'L'**)

3.8 In terms of public consultation, an advertisement was published to invite, receive and consider written submissions, on the Annual Report, with public submissions to be submitted to the Office of the Municipal Manager (**Annexure 'A' & 'B'**). In addition, the advert contained the dates, venue and times of the Oversight Committee meetings. No public comment was received.

3.9 The Auditor General's office attended the meeting held on the **24th February 2012**.

4. KEY COMMENTS AND RESPONSES

- Annexure A of Circular 32 of the MFMA recommends that the summary of key issues raised by the community, Auditor-General and other spheres in government, be detailed in the Oversight Report. In addition the Circular proposes that responses to questions raised in written representations be captured in the Oversight Report. This section summarises the key questions and comments arising out of discussions at meetings of the Oversight Committee, including responses by the Msunduzi Municipality's Management.
- The Oversight Committee wishes to place on record problems and inconvenience caused by several meetings being rescheduled due to non-availability of key members.
- The Committee wishes to emphasize the importance of adherence to scheduled timetables and the need to develop these well in advance.

5. Annual Financial Statements (AFS):

- 5.1 Refer Annual Financial Statements, pages 142-273 of Annual Report 2010/2011.
- 5.2 Refer minutes, 09th March, 2012, page 2 (**Annexure 'H'**)
- 5.3 Committee raised concerns regarding the figures provided by business units for functional area reporting and their relationship to the AFS. In response the Chief Financial Officer (CFO) (Acting) stated that it will be difficult to make a direct link as the AFS are at a high level whereas the business unit reporting are at a more detailed level.
- 5.4 It was resolved that, in future, the Internal Audit Unit must check the report for consistencies between the AFS and figures provided by the Business Units.
- 5.5 It was further resolved that all business units must ensure that the figures provided in the business unit reporting can be cross-referenced to the AFS.

6. Office of the Auditor General:

- 6.1 Refer Report of the Auditor General (AG), pages 302-307 of Annual Report 2010/2011.
- 6.2 Refer minutes, 24th February, 2012 pages 1-2 (**Annexure 'E'**)
- 6.3 Ms. V. Devpruth from the Office of the AG highlighted the following:
 - The report of the Auditor General for 2010/2011 was conducted during a time when the Municipality was under a Section 139(b) intervention in terms of the Constitution;
 - Issues relating to performance management were raised as, at the time of the audit, there was no functional performance management unit;
 - The audit raised concerns regarding the staffing of the Internal Audit Unit and the functioning of the Audit Committee. In response, management indicated that the concerns regarding the staffing of the Internal Audit Unit are being attended to. Furthermore, all vacancies on the Audit Committee had been filled and regular meetings are taking place.
 - The following text contained in the final print of the Annual Report, which appears on page 214, is incorrectly included in the Annual Financial Statements:
For the current financial year no adjustment has been made to the provision account due to late awarding of the contract, the scope of the contract will only be finalized at the end of August 2011. The necessary adjustment to the provision account during the 2011/2012 financial year."
- 6.4 The report of the Audit Committee was duly noted.

7. Report of the Audit Committee:

- 7.1 Refer Report of the Audit Committee, page 313-314 of Annual Report 2010/2011.
- 7.2 No reference to minutes.
- 7.3 The Chairperson of the Audit Committee was unable to attend the meeting. The report outlines the following:
 - Audit Committee members and attendance;
 - Audit Committee responsibility;
 - The effectiveness of internal control;
 - Municipality performance and risk assessment;
 - The quality of monthly management/ quarterly reports submitted in terms of the Act and the Division of Revenue Act;
 - Evaluation of financial statements.

8. Safe City Annual Report:

- 8.1 Refer Safe City Pietermaritzburg - Annual Financial Statements 30 June 2011, pages 274-299 of Annual Report 2010/2011.
- 8.2 Refer minutes, 24th February, 2012 pages 2-3 (**Annexure 'E'**)
- 8.3 The General Manager of Safe City presented on the Annual Financial Statements of the entity.
- 8.4 Concerns raised and/ points highlighted during the discussion included:
 - The municipality's business units need to interact and work with Safe City at the same optimal level at which the entity is performing and operating;
 - The municipality needs to fast-track the signing of the Memorandum of Understanding with regards to the Automatic Number Plate Recognition System (ANPRS);
 - Law enforcement must be placed as a matter of emphasis on the City's strategic planning agenda.

9. Municipal Manager's Response to the Report of the Auditor General:

- 9.1 Refer Summarized Response to the Auditor General, page 308-312 of Annual Report 2010/2011.
- 9.2 No reference to minutes.
- 9.3 The CFO (Acting), during discussion on the Annual Financial Statements, summarized the responses contained in the Annual Report.
- 9.4 In response to concerns related to irregular expenditure, the CFO advised:
 - that some of the issues relating to irregular expenditure were still in the process of forensic investigation;
 - the Controls Transformation Steering Committee (CTSC), established in the previous financial year, is dealing, amongst other things, with issues relating to Supply Chain Management (SCM) and irregular expenditure;
 - The expenditure committee had been established to interrogate all expenditure.
- 9.5 The Chairperson indicated that the Audit Action Plan must be submitted to the Municipal Public Accounts Committee (MPAC) on a monthly basis.

10. Presentations on Performance by Strategic Business Units (SBUs):

10.1 INFRASTRUCTURE SERVICES:

- Refer minutes, 05th March, 2012, pages 2-3 (**Annexure 'F'**).

- Refer Annual Report, pages 49-75 of Annual Report 2010/2011.
 - (i) Committee raised concerns regarding the formatting and certain information as reflected in the minutes, this must be attended to in the final print of the Annual Report;
 - (ii) Committee was briefed on the situation regarding the Landfill site and that, in partnership with the uMgungundlovu District Municipality, a new site had been identified outside the boundaries of Msunduzi as no suitable land is available within the boundaries. The District municipality is currently in negotiations for the rezoning and utilization of the land with the landowners;
 - (iii) Committees raised concerns with regards to the backlogs, construction and maintenance of roads which has a bearing on service delivery. In response, management stated that in order to deliver on its mandate of service delivery, sufficient tools of trade were required;
 - (iv) It was noted with concern that due to financial constraints traffic calming measures could not be implemented;
 - (v) Due to inconsistencies, Committee requested table 163 relating to Municipal Infrastructure Grant (MIG) be reworked and reflected as such in the final print of the Annual Report;

10.2 COMMUNITY SERVICES:

- Refer minutes, 07th March, 2012, pages 1-3 (**Annexure 'G'**).
- Refer minutes, 16th March 2012, pages 2-3 (**Annexure 'J'**).
- Refer Annual Report, pages 82-102 of Annual Report 2010/2011.
 - (i) Committee raised concerns regarding the formatting and certain information as reflected in the minutes, this must be attended to in the final print of the Annual Report;
 - (ii) Committee raised concerns with regards to computers not being installed at branch libraries;
 - (iii) Committee emphasized that reports on Revenue and Expenditure should be traceable in the Financials.

10.3 ECONOMIC DEVELOPMENT AND PLANNING:

- Refer minutes, 09th March, 2012, page 3 (**Annexure 'H'**).
- Refer Annual Report, pages 168-172; pages 119-120.
- Refer Annual Report, pages 76-81 of Annual Report 2010/2011.
 - (i) Management indicated that due to funding constraints, the performance of the business unit was restricted and that only grant-funded projects were able to continue.
 - (ii) Committee raised a concern regarding street trading and stated that this required serious attention.

10.4 CORPORATE SERVICES:

- Refer minutes, 14th March, 2012, page 2 (**Annexure 'I'**).
- Refer Annual Report, pages 108-110 (Human Resource Services); pages 110-119 (Information and Communication Technology (ICT) Services; pages 124- 136 (Human Resource Management; and, pages 118-119 (Legal Services).
 - (i) Committee resolved that all graphs and tables must be checked for inconsistencies and must be corrected in the final print of the Annual Report.

- (ii) Committee also requested that all abbreviations must be explained.

11. The Annual Report Checklist:

- 11.1 National Treasury, Circular No.32 of the MFMA Act No. 32 of 2003, prescribes the utilization of an Annual Report Checklist for use during the Oversight process.
- 11.2 This checklist is attached as **Annexure 'M'**.
- 11.3 Responses to the checklist have two (2) components as follows:
- (i) A statement of endorsed/not endorsed in terms of the relevant reporting requirement/s;
 - (ii) Issues highlighted by Committee with reference to particular areas of concern.

12. Comments from the Department of Cooperative Governance and Traditional Affairs (CoGTA):

- 12.1 CoGTA submitted the attached communiqué (**Annexure 'N'**) in terms of the Annual Report 2010/2011.
- 12.2 The following is noted in response thereto:
- **A comparison of the current and prior year performance in the performance report as stipulated in the Municipal Systems Act s46(1)(b):** included in the final print of the Annual Report 2010/2011 on page 139;
 - **An assessment by the Accounting Officer on any arrears on municipal taxes and service charges s121 (3)(e):** included under note 2. Debtors - Refer to Annual Report - page 192 Note 5 & doubtful Debtors provision - Refer to Annual Report - page 194;
 - **Statement by the Accounting Officer that the salaries, allowances and benefits above are in accordance with the framework in s219 of the Constitution s124(1)(b):** included under note 1. Statement by accounting officer - Refer to Annual Report - page 144
 - **Account type, s125(2)(a), in respect of each bank account during the relevant financial year:** All bank accounts reflected under note 6 are current accounts and will be reflected as such in the final print of the Annual Report, page 196.

13. Financial Implications:

The 2010/2011 Annual Report and Oversight Reports will entail certain costs, including:

- Publishing and Printing costs of Annual Report (**R168 777**): this has been budgeted for and attended to within the regulated Supply Chain processes of the Municipality.
- Advertising costs to the amount of **R22 686. 92** have been incurred during this process.
- Payment to Community Representatives on Oversight Committee- payment to the community members will be effected by virtue of the approval of the Oversight Report by Council.

14. Communications Implications:

The 2010/2011 Annual Report and Oversight Report will be distributed to:

- The National Treasury;
- Auditor-General;
- MEC, Department of Cooperative Governance and Traditional Affairs;
- MEC: Provincial Treasury;
- The Provincial Legislature;
- Both reports will be made available on the Msunduzi Municipality's website.
- The Final Annual Report, 2010/2011 will be made available at all ABM offices.

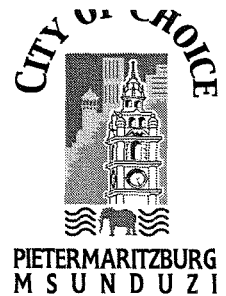
15. Recommendations

It Is Recommended:

- 15.1 That the Council, having considered the 2010/2011 Annual Report of the Msunduzi Municipality, as tabled on 25th January 2012, adopts the Oversight Report, in terms of Section 129 of the Municipal Finance Management Act (MFMA).
- 15.2 That the 2010/2011 Annual Report of the Msunduzi Municipality and its Municipal Entity, be: **Approved - With Reservations**, in terms of Section 129 of the Municipal Finance Management Act (MFMA). **Reservations noted:**
- A. All tables on financial performance in the business unit reporting must be checked for accuracy in terms of their relation to the Annual Financial Statements;
 - B. All other tables must be checked for consistency in terms of formatting, accuracy of information and provision of information;
- 15.3 That the minutes of the meetings where the Annual Report was discussed be submitted to:
- the Auditor-General;
 - MEC: Department of Cooperative Governance and Traditional Affairs; and,
 - MEC: Provincial Treasury,
- as attached to the report, in terms of Section 129 (2) of the MFMA.
- 15.4 That the 2010/2011 Oversight report of the Msunduzi Municipality be made public in terms of Section 129 (3) of the Municipal Finance Management Act, and be submitted to the KwaZulu Natal Provincial Legislature in terms of Section 132(2) of the Municipal Finance Management Act.
- 15.5 The Audit Action Plan to deal with the response to the Auditor General, must be submitted to the Municipal Public Accounts Committee and monitored on an monthly basis.
- 15.6 In future, all information, particularly financial, must be audited by the Internal Audit Unit prior to publication of the draft Annual Report.
- 15.7 The Accounting Officer must put in place a process which will allow for the verification of all information that is submitted to the Mayor, Executive Committee (EXCO), Portfolio Committees and the Municipal Public Accounts Committee (MPAC).

Respectfully submitted,


Councillor M. Tarr,
(Chairperson: Oversight Committee, 2012)



Msunduzi Municipality

PROVINCE OF KWAZULU-NATAL
KZN225

MEMBERS OF THE PUBLIC ARE CORDIALLY INVITED TO ATTEND MSUNDUZI'S
OVERSIGHT COMMITTEE MEETINGS AS FOLLOWS:

- **Wednesday, 22nd February 2012**
- **Wednesday, 29th February 2012**
- **Wednesday, 07th March 2012**
- **Wednesday, 14th March 2012**
- **Wednesday, 21st March 2012**
- **Wednesday, 28th March 2012 (Council meeting at which the Oversight Report is to be presented)**

All meetings will be held at the Council Chamber, City Hall. Meetings will commence at 10H00.

The adoption of the Oversight Report is the final document in the reporting process of a municipality. The Oversight Report is a requirement in terms of Section 129 of the MFMA, and requires the council to adopt an Oversight Report, no later than 2 months after the tabling of the Annual Report.

Msunduzi Municipality's 2010 / 2011 Annual Report was tabled in Council on 25th January 2012, and is available for public viewing and has been published on the municipality's website www.msunduzi.gov.za. Copies are available at the following satellite offices:

Area Office	Contact Name/s	Contact Number/s
Vulindlela	Caleb Magubane/ Ziningi Ndlela	033-505 0006
Ashburton	Balraj Roopan/ Margaret Mntungwa	033-392 2380/1
Edendale	Emerald Buthelezi / Buyi Hlophe	033-392 3171/2
Imbali	Sasa Mngadi/ Thabsile Khumalo	033-392 3619/22
Northern Areas	Anwar Hoosen/ Xolani Ntshangase	033-397 0131/ 387 3168
City Hall	Scelo Nene	033-392 2882

The public is hereby informed that consultation on the Annual Report will convene at the meetings, as outlined above, thereafter; the Oversight Report will be developed and recommended to the Full Council for adoption.

The public is invited to submit written concerns on the Annual Report to:

**Office of the Municipal Manager,
Ref: Annual Report 2010 / 2011
Private Bag X321,
Pietermaritzburg, 3200.**

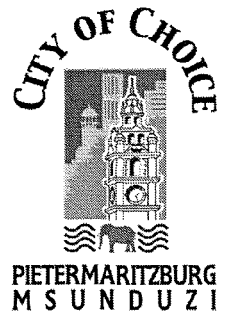
Or

Email: madeleine.jackson@msunduzi.gov.za

Final Date for Submissions: Friday, 23rd February 2011

UMASIPALA WASEMSUNDUZI

KWISIFUNDAZWE SAKWAZULU-NATAL KZN225



Malunga omphakathi niyamenywa emhlanganweni yikomidi elibhekelele ukusetshenziswa kwezimali zomkhandlu ngalezizi nsuku ezilandelayo ngezansi:

- Ngolwesine mhlaka, 22th [kuNhlolanja] 22rd February 2012
- NgolwesiThathu mhlaka, 29st [kuNdasa] 29st March 2012
- NgolwesiThathu mhlaka, 07th [kuNdasa] 07th March 2012
- NgolwesiThathu mhlaka 14th [kuNdasa] 14th March 2012
- NgolwesiThathu mhlaka 21 [kuNdasa] 21nd March 2012

Yonke lemihlangano izobanjelwa [KwiGumbi LoMkhandlu] Council Chamber, Kwi Hholo leDolobha [City Hall] nge hora leshumi ekuseni [10H00.]

Ukwamukelwa kombiko womqulu ophelele wokusetshenziswa kwezimali zaMasipala. Umbiko wokusetshenziswa kwezimali kuwumgomo ngokulandisa kwesigatshana 129 we MFMA; futhi okudinga uMkhandlu wamukele umbiko wokusetshenziswa kwezimali, kungakadluli izinyanga ezimbili emva kokwethulwa kombiko wonyaka wokusetshenziswa kwezimali.

Uhlaka lombiko wonyaka ka 2010/2011 kaMasipala waseMsunduzi wethulwe eMkhandlwini ngomhlaka 25th January 2012; uyatholakala kwisizinda solwazi [www.msunduzi.gov.za] ukuba umphakathi uwufunde. Amakhophi ayatholakala kumaHhovisi alandelayo:

KWIIHOVISI LENDAWO	AMAGAMA ABANTU ONGAXHUMANA NABO	IZINOMBOLO ZABO XOKUXHUMANA
Vulindlela	Celeb Magubane/ Ziningi Ndlela	033-505 0006
Ashburton	Balraj Roopan/ Margaret Mntungwa	033-392 2380/1
Edendale	Emerald Buthelezi / Buyi Hlophe	033-392 3171/2
Imbali	Sasa Mngadi / Thabsile Khumalo	033-392 3619/22
Northern Area	Anwar Hoosen / Xolani Ntshangase	033- 397 0131 / 3873168
City Hall	Scelo Nene	033-392 2882

Umphakathi Uyaziswa ukuthi kuyoxoxiswana ngombiko wonyaka ngezinsuku zemihlangano mayelana nalombiko, njengoba kubhaliwe ngenhla; emvakwalokho; umbiko uzosungulwa umbiko bese uhanjiswa iziphakamiso kumkhandlu uphelele ukuba wamukelwe.

Umphakathi uyacelwa ukuba ubhale iziphakamiso ezimayelana nombiko wezimali kwi:

**Hhovisi leMenenja kaMasipala
INkomba yefayela: Annual Report 2010 / 2011
Private Bag X321
Pietermaritzburg 3200**

Noma

Email: Madeleine.jackso@msunduzi.gov.za

Usuku lokugcina lokufaka iziphakamiso: lwesiHlanu [Friday] 4th kuNhlolanja [February] 2011

Annexure 'C'

**OVERSIGHT COMMITTEE – SCHEDULE OF MEETINGS AND DISCUSSION
ITEMS: 16th FEBRUARY- 28th MARCH 2012**



DATE	ITEM/ DISCUSSION ITEMS	REQUIRED OFFICIALS/ OTHER
Thursday, 16 th February 2012	Orientation on Oversight Committee and Report	<ul style="list-style-type: none"> - Municipal Manager; - Oversight Committee support team
Wednesday, 22 nd February 2012	<ul style="list-style-type: none"> - Annual Financial Statements (consolidated) - Report of the Auditor General - Report of the Audit Committee - Safe City Annual Report - Response to the Auditor General 	<ul style="list-style-type: none"> - Municipal Manager - Deputy Municipal Manager: Financial Services (Acting) - Office of the Auditor General - Chairperson of the Audit Committee - CEO, Safe City - Oversight Committee support team
Wednesday, 29 th February 2012	<ul style="list-style-type: none"> - Presentations by Business Units on information contained within the Annual Report and Service Delivery achievements (Infrastructure Services and Community Services) - Begin review of Annual Report checklist 	<ul style="list-style-type: none"> - Municipal Manager - Deputy Municipal Manager: Infrastructure Services (Acting) - Deputy Municipal Manager: Community Services (Acting) - Oversight Committee support team
Wednesday, 07 th March 2012	<ul style="list-style-type: none"> - Continue presentations by Business Units on information contained within the Annual Report and Service Delivery achievements - Public comment received on Annual Report - Continue review of Annual Report Checklist 	<ul style="list-style-type: none"> - Municipal Manager - Deputy Municipal Manager: Development Services (Acting) - Deputy Municipal Manager: Corporate Services (Acting) - Deputy Municipal Manager: Financial Services (Acting) - Manager: Office of the Municipal Manager - Oversight Committee support team
Wednesday, 14 th March 2012	<ul style="list-style-type: none"> - Presentation on Municipal Infrastructure grant - Continue Review of Annual Report Checklist - Confirm recommendations of Oversight Report 	<ul style="list-style-type: none"> - Municipal Manager - Deputy Municipal Manager: Infrastructure Development, Service Delivery & Maintenance Management (Acting) - Oversight Committee support team
Friday, 23 rd March 2012	<ul style="list-style-type: none"> - Finalize Oversight Report for onward transmission to Council 	
Wednesday, 28 th March 2012	<ul style="list-style-type: none"> - Oversight Report presented to Council for adoption. 	

MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD AT THE COUNCIL CHAMBER, CITY HALL, 1ST FLOOR
ON THURSDAY, 16 FEBRUARY 2012 AT 14H15

PRESENT: Councillors M Tarr (Chairperson), R Ashe, N Atwaru, S.I Madonda, , SC. Ndawonde, T.P. Ngcobo, P.G. Ngidi, T.D. Ntombela, R.B. Singh, MS Sokhela, B Baijoo (the Speaker).

OFFICIALS

PRESENT: Mesdames M Jackson Plaatjies (Manager: Office of the Municipal Manager), Y Jadoo (Committee Officer) and B Duze (Committee Officer).

OTHERS: Mr P.J Mahlaba (Public Representative).

ABSENT: Councillors T Matiwane (Leave without application) and R Soobiah (in hospital).

1. **WELCOME AND APOLOGIES FOR THE CURRENT MEETING OF THE MANAGEMENT COMMITTEE.**

(Item 1 of the agenda)

The Chairperson welcomed all to the meeting. An apology was received from Councillor R. Soobiah who was in hospital.

It was

AGREED

That Councillor R. Soobiah be granted leave from the current meeting of the Oversight Committee meeting.

2. **SCHEDULE OF COUNCIL OVERSIGHT MEETINGS**

Schedule dated 15 February 2012 by the Corporate Services Business Unit.

(Raised Verbally).

The Chairperson indicated that the schedule of meetings was handed to all committee members and should be taken to all Oversight committee meetings as it contained all the listed items for discussion and consideration. He further pointed out that in addition to the schedule of meetings other documentation should also be accompanied with it namely : the Services Delivery Budget Implementation Plan 2010/2011 (SDBIP), The Annual Report (includes the Auditor General's report and the responses 2010/2011) plus the half yearly financials. He emphasised that the role of the Oversight Committee was in monitoring the performance of the municipality as required by legislation in which all documentation would be scrutinised and interrogated and submitted to the Full Council for noting.

NOTED.

3. **MSUNDUZI COUNCIL OVERSIGHT ROLE**

Presentation dated 15 February 2012 by the Manager: Office of the Municipal Manager.

(Tabled at the meeting).

The Manager: Office of the Municipal Manager briefed Committee on the presentation. She highlighted that Council was vested with the power and responsibility to oversee the performance of the municipality as required by the Constitution, the Municipal Finance Management Act (MFMA), The Municipal Systems Act (MSA) and the Municipal Structures Act (MSA).

She stated that this oversight role was particularly significant in the process of considering the Annual Report.

She further added that the Council nominated the Oversight Committee, which was responsible for developing the Oversight Report for Council and of which the Committee consisted of Non-Executive Councillors (MPAC) and Representatives of the Community. She stated that Municipal Officials could not be members of the Oversight Committee as this would pose a conflict of interest. She pointed out that the Oversight process ensured that the separation of roles and responsibilities between Council and the Administration and was intended to strengthen the oversight of Councillors. She highlighted the process as follows:

- Approved Oversight Committee – MPAC AND 3 Community Members.
- 2010/2011 Annual Report –Required to be Tabled in Full Council by 31 January 2012
- Oversight Committee was responsible – developing the oversight report by 31 March 2012

She further indicated that the Mayor should submit the Annual Report 7 months after the end of the financial year, end of January (MFMA, Section 127 [2]). She pointed out that if the Annual Report was not tabled by 31 January the Mayor should submit a written explanation, illustrating the reason for delay (MFMA, Section 133). She stated that if all the components of the Annual Report were not completed then the Mayor should table those components available, stating why the components were delayed and when they would be tabled. She added that the components that were tabled should be published and open for public presentation. She reported that the Oversight report was the final major step in the Annual Reporting process and Council was responsible for developing an oversight report. She advised that the Oversight report was distinguished from the Annual Report in that it was the report of the Council and it follows consideration and consultation on the Annual Report.

(At this stage of the proceedings the Speaker left the meeting: 15h00).

Concerns were raised in respect of whether the 5 year Integrated Development Plan (IDP) would be reviewed with the public and how.

It was advised that public consultation was held every year in terms of the IDP and the budget. However, with experience in the reviewal process, numerous responses were received. Submissions from the public were normally received and if reasonable and valid then they were dealt with accordingly in terms of the required budget and IDP for that particular year.

It was further advised that in arriving to an understanding of the Annual Report and the Service Delivery Implementation Plan all Councillors were urged to revise and peruse the documents in their own time prior to each meeting, in order that valid questions and feedback were raised, so that the process becomes fruitful whereby proper monitoring is accomplished.

It was

AGREED

That the Manager: Office of the Municipal Manager submits an Annual Report checklist to all Oversight Committee members at the next Oversight Committee meeting.

Terminated at 15H25
Confirmed By

CHAIRPERSON

PIETERMARITZBURG
YJ/DOCS.oversight.MINS.16.02.12

MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD AT THE **COMMITTEE ROOM 3, CITY HALL, 1ST FLOOR**
ON FRIDAY, 24 FEBRUARY 2012 AT 9:00AM

PRESENT: Councillors M Tarr (Chairperson), R Ashe, N Atwaru, , SC. Ndawonde, T.P. Ngcobo, P.G. Ngidi, T.D. Ntombela, MS Sokhela, B Baijoo (the Speaker).

OFFICIALS

PRESENT: Mesdames M Jackson Platjies (Manager: Office of the Municipal Manager), Y Jadoo (Committee Officer) and B Duze (Committee Officer).

OTHERS: Messers L Holtzhausen (Safe City), D Kambouris (Chief Executive Officer: Safe City), E.S. Sithole (Public Representative: Richmond) P.J Mahlaba (Public Representative), N Naidoo (Msunduzi Rates Forum) and Mesdames V Devpruth (Auditor General), N.P. Magubane (Public Representative), H Phewa (Auditor General).

ABSENT: Councillors S.I Madonda (apology submitted), R.B. Singh (apology submitted at previous meeting, T Matiwane and R Soobiah).

1. **WELCOME AND APOLOGIES FOR THE CURRENT MEETING OF THE MANAGEMENT COMMITTEE.**

(Item 1 of the agenda)

The Chairperson welcomed all to the meeting. Apologies were received from Councillors S.I. Madonda and R. Singh. The Manager: Office of the Municipal Manager indicated that the Municipal Manager and the Chief Financial Officer (Acting) submitted their apologies for not attending this meeting in view of them attending another meeting at the Pietermaritzburg Chamber of Business (PCB).

It was

AGREED

That Councillors R.B Singh and SI Madonda be granted leave from the current meeting of the Oversight Committee.

(A moments silence was observed for Mr P Warmington (Former Chief Executive Officer: Safe City) who passed away in January 2012).

It was advised that Mr D Kambouris had taken over the position of Chief Executive Officer : Safe City.

2. **ANNUAL FINANCIAL STATEMENTS 2010/2011**

(Raised Verbally).

The Manager: Office of the Municipal Manager reported that the Municipal Manager requested for the discussion on the Annual Financial Statements (consolidated) 2010/2011) to be STOOD DOWN until the next meeting of the Oversight Committee.

NOTED.

3. **REPORT OF THE AUDITOR GENERAL 2010/2011**

Undated document by the Auditor General.

(Raised Verbally).

Mrs V Devpruth briefed committee on the report of the Auditor General. She indicated that the report was compiled during the period that the Msunduzi Municipality was under Administration in terms of Section 139 of the Constitution.

A concern was raised in respect of performance management since during the reporting period since no unit existed in terms of monitoring and evaluation in this area of investigation.

It was reported that under current circumstances measures were being set into place to ensure that a business unit for Performance Management was formed. It was indicated that the Municipal Public Accounts Committee during its series of meeting would ensure that the Performance Management Unit would be formed and undertake its duties accordingly.

In respect of concerns pertaining to Internal Audit not being fully fledged and functioning, it was indicated that the Municipal Manager was tasked with ensuring that Internal Audit would be fully staff and operational as soon as possible as per the Auditor General's requirements.

A further concern was raised in respect of whether the Audit Committee was operational and functioning.

It was reported that since the previous financial year 2010/2011 the Audit Committee was functional and all vacancies were filled. The Manager: Office of the Municipal Manager indicated that the next meeting of the Audit Committee was scheduled to be convened on 6 March 2012. It was also suggested that the Pietermaritzburg Chamber of Business might be able to assist Council in providing expertise to the Audit Committee by seconding two members, since the Audit Committee was short of members.

(At this point in the proceedings the Auditor General left the meeting – 10:00am).

It was

AGREED

That the Report of the Auditor General 2010/2011 be NOTED by the Oversight Committee.

3. SAFE CITY ANNUAL REPORT

Presentation by Safe City, Lucas Holtzhausen.

(Tabled at the meeting).

Mr L Holzhausen (Safe City) briefed Committee on his presentation. He indicated that Safe City was a Municipal entity and that Council provided it with an operating and capital budget, response teams for traffic and security and bylaw infringements. He outlined various aspects in terms of Safe City's responsibilities.

Safe City was commended for undertaking the duties as set out in the presentation however, concern was placed on the issue that relevant Council departments were required to interact and work with Safe City on the similar level.

A further concern was raised that in view of a Memorandum of Understanding being drafted and submitted for signature for the Number Plate Recognition system, the approval and signature thereof was required to be expedited.

Concern was raised that law enforcement in the city should be placed as a matter of emphasis in future strategic planning.

In response to this issue of law enforcement the Manager: Office of the Municipal Manager advised that it would be placed as a matter of emphasis in the next strategic plan in order to step up strategic collaboration for 2012/2013.

The Chairperson thanked Safe City and commended them for their excellent job.

Councillor Atwaru indicated that she tendered her apologies for the next Oversight Committee meeting which was scheduled for 2 March 2012 at 9:00am.

It was

AGREED

That the Safe City Annual Report be NOTED by the Oversight Committee.

Terminated at 10H45
Confirmed By

CHAIRPERSON

PIETERMARITZBURG
YJ/DOCS.oversight.MINS.24.02.12

MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD IN COUNCIL CHAMBER, CITY HALL, 1ST FLOOR
ON MONDAY, 5 MARCH 2012 AT 09H00.

PRESENT: Councillors M Tarr (Chairperson), R Ashe, N Atwaru, SC Ndawonde, TP Ngcobo, TD Ntombela, RB Singh and MS Sokhela

ALSO

PRESENT: Public Representatives PJ Mahlaba, N Magubane and S Sithole.

ABSENT: Councillors SI Madonda (Ward commitment), T Matiwane (no apology received), PG Ngidi (no apology received) and R Soobiah (no apology received).

OFFICIALS

PRESENT: Messrs B Maphanga (Municipal Manager's Representative), S Mbimbi (Deputy Municipal Manager: Infrastructure Services [Acting]), N Sarawan (Deputy Municipal Manager: Financial Services [Acting]), S Raghunandan (Project Manager: Landfill), T Maseko (Process Manager: Water and Sanitation), B Sosibo (Process Manager: Roads and Transportation [Acting]), D Reddy (Fleet Manager [Acting]), S Nagasar (Process Manager: Electricity [Acting]), I Chetty (Manager: Strategic Analysis and Research [Acting]), S Nene (Intern: Policy Development), K Singh (Manager: Project Management Unit [Acting]), MB Sahibdeen (Manager: Financial Services) and Y Govender (Finance Support Services Manager); Mesdames M Plaatjies (Manager: Office of the Municipal Manager), Y Jadoo (Committee Officer) and B Nxumalo (Committee Officer).

1. **APPLICATIONS FOR LEAVE FROM THE CURRENT MEETING OF THE OVERSIGHT COMMITTEE.**

(Raised verbally)

An application for leave was received from Councillor Madonda who had a ward commitment. An apology was tendered on behalf of the Municipal Manager who had a prior arrangement in Durban.

It was

RESOLVED

That Councillor Madonda be granted leave of absence from the current meeting of the Oversight Committee.

2. **PRESENTATION BY THE INFRASTRUCTURE SERVICES BUSINESS UNIT ON INFORMATION CONTAINED WITHIN THE ANNUAL REPORT 2010/2011 AND SERVICE DELIVERY ACHIEVEMENTS**

[Councillor Ngcobo joined the meeting at 09h25]

2.1 Water Services

It was reported that the water system was continuously interrupted which resulted in water loss. With regard to asset renewal it was mentioned that only the designs had been completed and that the target was not achieved. Committee was advised that figures on the piped water dwelling would be verified before they were confirmed as accurate.

Committee was advised that there were no projects undertaken in 2010/2011, therefore the budget was not catered for with regards to water service delivery levels below minimum. In response to a query raised regarding 5000 meters that were not achieved on asset renewal, it was explained that water meters were non-functional and that funding from MIG and Water Council was acquired in order to address all faulty meters. It was reported that 80% of the water projects undertaken in Willowfontain and Shayamoya had been completed.

2.2 Sanitation

Concerns were raised regarding the fact that variances from the adjusted budget were not reflected as well as the fact that information contained in some of the tables was not consistent. Members raised their dissatisfaction regarding the format used in the Annual Report. It was stated that the format was prescribed by the National Treasury; however, recommendations for amendments could be submitted.

It was indicated that the bar chart reflected on page 56 of the Annual Report required further adjustments. A proposal was made that overtime per Business Unit should be reflected in the Annual Report.

In response to a query raised regarding employees exceeding the number of posts, the Process Manager: Water and Sanitation pointed out that he would investigate the matter and report back to the Municipal Public Accounts Committee. It was stated that the Water Borne sanitation programme was instituted to assist in the monitoring process. A request was made that headings of all tables be amended to reflect the 2010/2011 financial year instead of 2008/2009.

2.3 Electricity

Several concerns were raised regarding the fact that information required was not reflected in the tables. A suggestion was made that tables as specified by the National Treasury be populated in the future. It was noted that the total number of households reflected in table 26, page 59 of the Annual Report should have appeared in table 25, page 58 of the Annual Report.

2.4 Landfill Site

It was reported that the Municipality was working closely with Umgungundlovu District Municipality on the new landfill site. Committee was advised that a constitution had been developed and that a waste collection system was to be developed as well. It was stated that a project in relation to waste management activities with the Municipality was incorporated by the Minister of Environmental Affairs; however, the launch had partially been implemented.

It was stated that 360mw were currently purchased from Eskom and that national departments had set up a fund that would take care of any shortfall that may be encountered. Committee was advised that high rates would be subsidized by the Department of Energy.

It was mentioned that there was no land available within the boundaries of Msunduzi Municipality and that the District Municipality was negotiating with the landowners to rezone and utilize the proposed site which fell outside the boundaries of Msunduzi.

2.5 Roads

Concerns were raised regarding the fact that the Municipality was facing backlog with regards to the construction and maintenance of roads. It was stated that table 46 should reflect variances from the adjusted budget.

A query was raised as to why the budget was adjusted up and yet it was not spent. In response Mr Sithole advised that a second adjustment could be engaged with whereby adjustments of the adjusted budget would be undertaken. In response to another concern raised regarding the fact that services were not delivered to the community as required, it was emphasized that employees required to have the necessary tools in order to carry out their duties more effectively.

2.6 Transportation

It was highlighted that the Road Safety plans could not be implemented due to Municipal financial constraints. It was noted that there was no achievement with regards to the number of implemented traffic calming as per plan.

2.7 Storm water

A concern was raised regarding the fact that units were mixed up in table 53 and it was recommended that the table should be reworked.

2.8 Municipal Infrastructure Grant (MIG)

It was noted that table 163 of the MIG did not add up to the financials reflected in page 250 of the Annual Report. It was stated that details of unspent grant had to be reconciled with details reflected in table 163.

The Chairperson explained that the responsibility to interrogate the responses of the Auditor General lay with the Municipal Public Accounts Committee. The Manager: Office of the Municipal Manager further explained that the Controls Transformation Steering Committee was responsible for the Audit Action Plan which was reflected from page 315 to 370 of the Annual Report. She added that the Auditor General's report as well as the action plan by the Controls Transformation Steering Committee would be interrogated at the Municipal Public Accounts Committee meeting.

2.9 Irregular expenditure

A query was raised as to whether there were any measures put in place regarding forensic investigations that were carried out in respect of irregular expenditure. In response to this the Committee was advised that the Municipality did not have reports on the forensic investigations; however, items raised by the Auditor General in terms of the Supply Chain Management were dealt with at the Controls Transformation Steering Committee meetings.

It was further explained that the expenditure committee had been set up to interrogate expenditure processes. It was indicated that processes were being improved to ensure that contractors did not exceed the time frame provided. It was mentioned that Irregular Expenditure would continue to appear in the Auditor General's report until it was indicated what steps had been taken to deal with it.

It was

**RESOLVED TO RECOMMENDED
TO THE FULL COUNCIL**

- (a) That the Deputy Municipal Manager: Infrastructure Services addresses the concerns raised at the current meeting of the Oversight Committee by revisiting the tables reflected in the Annual Report and ensures that the information contained is accurate.
- (b) That further recommendations be made to the National Treasury to review the format of the tables and wording contained in the tables as reflected in the Annual Report.
- (c) That overtime per each Business Unit be reflected in the Annual Report.
- (d) That the years reflected in the headings of the Annual Report be amended to read "2010/2011".

The meeting terminated at 12H25.

Confirmed by

CHAIRPERSON

PIETERMARITZBURG

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MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD IN COMMITTEE ROOM 3, CITY HALL, 1ST FLOOR
ON WEDNESDAY, 7 MARCH 2012 AT 14H15.

PRESENT: Councillors M Tarr (Chairperson), R Ashe, N Atwaru, SI Madonda, T Matiwane, SC Ndawonde, PG Ngidi, TD Ntombela, RB Singh and R Soobiah.

ALSO

PRESENT: Public Representatives PJ Mahlaba, N Magubane and S Sithole.

ABSENT: Councillors MS Sokhela (who had a ward commitment) and TP Ngcobo (no apology received).

OFFICIALS

PRESENT: Messrs B Maphanga (Municipal Manager's Representative), M Zuma (Process Manager: Community Development), S Naicker (Manager: Parks, Sports and Recreation), I Chetty (Manager: Strategic Analysis and Research [Acting]), S Nene (Intern: Policy Development), Mesdames Y Jadoo (Committee Officer) and B Nxumalo (Committee Officer).

1. **APPLICATIONS FOR LEAVE FROM THE CURRENT MEETING OF THE OVERSIGHT COMMITTEE.**

(Raised verbally)

An application for leave was received from Councillor Sokhela who had a ward commitment. An apology was received from the Municipal Manager who was attending another meeting as well as the Manager: Office of the Municipal Manager who was also attending another meeting. It was noted that the Manager: Office of the Municipal Manager was represented by Manager: Strategic Analysis and Research (Acting)

It was

RESOLVED

That Councillor Sokhela be granted leave of absence from the current meeting of the Oversight Committee.

2. **PRESENTATION BY THE COMMUNITY SERVICES BUSINESS UNIT ON INFORMATION CONTAINED WITHIN THE ANNUAL REPORT 2010/2011 AND SERVICE DELIVERY ACHIEVEMENTS**

Presentation on Information contained within the Annual Report and Service Delivery achievements (2010/2011 Annual Report).

2.1 Libraries

Concerns were raised with regards to computers not being installed in Library branches; however the Chairperson advised that the matter would be interrogated at a Municipal Public Accounts Committee meeting.

2.2 Art Gallery

A concern was raised regarding an IDP objective highlighted with regard to the Art Gallery which was to promote and improve sports and recreation. It was pointed out that sports and recreation did not fall within the competence of the Art Gallery.

2.3 Theatres and Halls

It was indicated that the issues related to Theatres and Halls would be interrogated at a Municipal Public Accounts Committee meeting. It was noted that there was no data provided under the adjustment budget with regards to Capital Expenditure for Community Halls and Theatres. The Process Manager: Community Development was requested to revisit the table and provide the required information.

2.4 Cemeteries and Crematoria

Committee members requested that values be added on table 82 instead of percentages and that table 85 be reworked as required information was not provided. The Process Manager: Community Development stated that he would confirm the figures reflected in tables 79 and 80 of the Annual Report and provide amendments where necessary. A concern was raised that table 79 of the Annual Report was split into two pages. It was also raised with concern that the numbers reflected in table 96 on page 93 did not add up.

2.5 Sports and Recreation

The Process Manager: Community Development was requested to rework tables 118 and 119 to provide sufficient and accurate information.

[Councillor Ngidi left the meeting: 15h15]

2.6 Waste Management

It was reported that the launch that was scheduled for September 2011 for Umgungundlovu Small Recycling Association (USRA) did not take place. A request was made that repairs and maintenance on tables 31 and 84 of the Annual Report be reworked to reflect the adjusted amounts. It was emphasized that reports on Revenue and Expenditure should be traceable in the Financials.

It was

RESOLVED TO RECOMMEND TO THE FULL COUNCIL

- (a) That the Process Manager: Community Development confirms figures reflected in the Annual Report and make all necessary amendments as well as provide required and accurate information in all tables pertaining to his sub-units.

- (b) That the Deputy Municipal Manager: Community Services (Acting) be requested to conduct a presentation on all the outstanding sub units at the next meeting of the Oversight Committee.

The meeting terminated at 15h35.

Confirmed by

CHAIRPERSON

PIETERMARITZBURG

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MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD AT THE **COUNCIL CHAMBER, CITY HALL, 1ST FLOOR**
ON FRIDAY, 9 MARCH 2012 AT 9:00AM

PRESENT: Councillors M Tarr (Chairperson), N Atwaru, SC Ndawonde, TP Ngcobo, PG Ngidi, TD Ntombela, MS Sokhela.

OFFICIALS

PRESENT: Messrs M Sahibdeen (Chief Financial Officer [Acting]), B Maphanga (Municipal Manager's Representative), M Greatwood (Process Manager: Planning and Environment), S Nene (Advisor: Policy and Development), W Robbins (Manager: Safety and Loss Control), R Ramharak (Process Manager: Entrepreneurial Development and BEE [Acting]), S Zimu (Process Manager: Process Manager: Economic Development & Growth, Real Estate and Valuations [Acting]), R Gounden (Process Manager: Infrastructure, Planning and Survey [Acting]) and Mesdames Y Jadoo (Committee Officer) and B Duze (Committee Officer).

OTHERS: Mr PJ Mahlaba (Public Representative) and Ms, NP Magubane (Public Representative) and Councillor JJ Ngubo (Chairperson – Corporate Services Portfolio Committee).

ABSENT: Mrs M Jackson Plaatjies (Manager: Office of the Municipal Manager), Councillors R Ashe and R Soobiah.

1. **WELCOME AND APOLOGIES FOR THE CURRENT MEETING OF THE MANAGEMENT COMMITTEE.**

(Item 1 of the agenda)

The Chairperson welcomed all to the meeting. He advised that in view of an ANC conference which was being held at 10:00am, requests were received from ANC councillors at the meeting to leave the meeting before 10:00am. He requested if committee could expedite the matters rapidly in order to complete discussions as per the agenda. He indicated that should a number of councillors leave the meeting early, committee will lack a quorum and the meeting will not be able to continue. Apologies were received from Councillors R Ashe (attended a function in Durban) and S Soobiah (Member of the National Executive Committee – ANC Youth League, attended a conference). It was reported that the Municipal Manager and the Manager: Office of the Municipal Manager submitted their apologies for not attending this meeting in view of them attending another meeting in Johannesburg.

It was

AGREED

That Councillors RA Ashe and R Soobiah be granted leave from the current meeting of the Oversight Committee.

2. **CONFIRMATION OF MINUTES**

Circular No 76 of 2012.

Tabled at the meeting.

- 2.1. Minutes of the meeting held on 16 February 2012.
- 2.2. Minutes of the meeting held on 24 February 2012.

It was

AGREED

That the minutes of the meetings held on 16 February 2012 and 24 February 2012 be STOOD DOWN for confirmation at the next Oversight Committee meeting.

3. **PRESENTATION BY THE FINANCE BUSINESS UNIT ON THE AUDITED ANNUAL FINANCIAL STATEMENTS 2010/2011**

(Raised Verbally).

The Chief Financial Officer (Acting) indicated that the Annual Report 2010/2011 contained notes to the Annual Financial Statements and the accounting policies.

The Chairperson mentioned that on perusal of the Annual Financial Statements it was not possible to draw links between the Annual Financial Statements and the Annual Report. He pointed out that he noticed a number of differences between the two documents.

The Chief Financial Officer (Acting) stated that the Annual Financial Statements were produced at a high level and it was difficult to link figures to the annual report if the source data was not present.

The Chairperson emphasised that within the Annual Report many Business Units populated their sections incorrectly and Committee assumed that it was correct. He pointed out that the Internal Audit Unit should review the Annual Report and make any corrections if required, prior to it being submitted to Committee for discussion.

In response to the Chairperson the Chief Financial Officer (Acting) pointed out that each department should verify its figures prior to onward submission for inclusion in the Annual Report.

A suggestion was made that in future all figures should be verified for accuracy by the Internal Audit Unit prior to being placed on the Annual Report.

The Chairperson further indicated that at midyear should the budget be adjusted, the Service Delivery Budget Implementation Plan (SDBIP) should also be adjusted.

(At this point Councillor JJ Ngubo arrived at the meeting: 9:30am)

It was

AGREED

- (a) That all Deputy Municipal Managers should ensure that all figures entered into the Annual Report 2010/2011 are cross referenced with the Annual Financial Statements prior to being added to the final Annual Report.
- (b) That that the Internal Audit Unit becomes involved in verification of figures and tables to be placed in the future Annual Reports.

4. **PRESENTATION BY THE ECONOMIC DEVELOPMENT ON THE ANNUAL REPORT 2010/2011**

(Raised Verbally).

The Manager: Investment briefed Committee in terms of the performance of the economy within the Msunduzi boundary for the 2010/2011 financial year. He indicated that on table 64, page 80 those projects were council funded and not grant funded and therefore they could not continue. He pointed out that the Tourism Hub project was grant funded and that the contractor was appointed in August 2011. He indicated that the expenditure for this project would be reflected in the next Annual Report 2011/2012. He emphasised that in 2010 in view of the Council being under administration, funding constraints were experienced, and therefore expenditure was reduced considerably. As a result only essential projects were continued.

The Chairperson thereafter commented that street trading issues required serious attention in the city.

Concern was raised that table 59 was incorrect and required to be corrected by the Business Unit.

It was

AGREED

- (a) That the Deputy Municipal Manager: Economic Development (Acting) submits a schedule of conditional grants for the current financial year 2012/2013 together with a progress report on the expenditure of the conditional grants to the Municipal Public Accounts Committee (MPAC) for interrogation.
- (b) That the Oversight Committee Chairperson convenes an urgent meeting with the Municipal Manager expressing committee's concern that many inaccuracies were visible throughout the Annual Report 2010/2011; it being noted that Internal Audit be requested to verify each table for accuracy and correctness.

5. **PRESENTATION BY THE CORPORATE SERVICES BUSINESS UNIT ON THE ANNUAL REPORT 2010/2011**

(Raised Verbally).

In view of most members leaving to go to an ANC conference, the Chairperson indicated that Committee would not have a quorum therefore

It was

AGREED

That the Presentation by the Corporate Services Business Unit on the Annual Report 2010/2011 be STOOD DOWN until the next Oversight Committee meeting.

Terminated at 9H50
Confirmed By

CHAIRPERSON

PIETERMARITZBURG
YJ/DOCS.oversight.MINS.9.03.12

MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD AT THE **COMMITTEE ROOM 3, CITY HALL, 1ST FLOOR**
ON, **14 MARCH 2012 AT 9:00AM**

PRESENT: Councillors M Tarr (Chairperson), R Ashe, SC Ndawonde, TP Ngcobo, TD Ntombela, R Singh, MS Sokhela and R. Soobiah.

OFFICIALS

PRESENT: Messrs S.P. Mbimbi (Deputy Municipal Manager : Infrastructure Services [Acting]), K Singh (Manager : Project Management Unit [Acting]), B Maphanga (Municipal Manager's representative), S Maharaj (Process Manager: ICT), M Naidoo (Manager: Information Management), S Nene (Advisor: Policy and Development), I Chetty (Manager : Strategic Analysis and Research [Acting]) W Robbins (Manager: Safety and Loss Control and Mesdames N.S. Sibiya (Occupational Health), Y Jadoo (Committee Officer) and B Nxumalo (Committee Officer).

OTHERS: Messrs E.S. Sithole (Public Representative: Richmond Municipality) and P.J Mahlaba (Public Representative)

ABSENT: Councillors N Atwaru (another commitment), SI Madonda (meeting at the Premier's office) PG Ngidi and P Matiwane

1. **WELCOME AND APOLOGIES FOR THE CURRENT MEETING OF THE MANAGEMENT COMMITTEE.**

(Item 1 of the agenda)

The Chairperson welcomed all to the meeting.

It was

AGREED

That Councillors S.I Madonda and N Atwaru be granted leave from the current meeting of the Oversight Committee.

2. **CONFIRMATION OF MINUTES**

2.1. Minutes of the meeting held on 16 February 2012.

(Page 1 of the agenda).

2.2. Minutes of the meeting held on 24 February 2012.

(Page 4 of the agenda).

It was

AGREED

- a) That the minutes of the Oversight Committee meeting held on 16 February 2012 be confirmed.
- b) That the minutes of the Oversight Committee meeting held on 24 February 2012 be confirmed.

3. **PRESENTATION BY THE CORPORATE SERVICES BUSINESS UNIT ON THE ANNUAL REPORT 2010/2011**

(Raised Verbally).

The Chairperson indicated that table 129 required amendments to be made accordingly as the table was incorrect. He pointed out that there appeared to be much inconsistency between tables. He stated that on table 132 the headings and months reflected were required to be amended to be read as "July 2010 to June 2011".

The Manager: Office of the Municipal Manager stated that all abbreviations which appeared in the annual report should be reflected on page 2 of the list of abbreviations in the annual report.

The Chairperson further pointed out that where tables reflected not applicable; this should be either replaced by nil or zero. It was indicated that table 136 should be amended by ICT.

The Manager: Office of the Municipal Manager further provided a brief explanation of the graphs and tables reflected on pages 138 and 139 of the annual report 2010/2011.

It was

AGREED

- (a) That the Chairperson circulates a memorandum to the Deputy Municipal Managers (Acting) informing them that each business unit is required to check all figures and tables before the final print of the annual report 2010/2011, prior to it being submitted to Full Council for approval.
- (b) That the Internal Audit Unit and the Finance Business Unit are requested to attend the next Oversight Committee meeting to provide any outstanding feedback and report back to committee should any questions be raised from the annual report 2010/2011.
- (c) That section 10 of the Annual Report 2010/2011 should be read as "Introduction to Human Resource Management" instead of Organisational Development Performance".
- (d) That on table 148 directly under Waste Water (Sanitation), number "226 to 41" should be deleted.
- (e) That In table 151 of the Annual Report 2010/2011 the headings should be amended to be read as "Percentage Completion" instead of "Complete".
- (f) That in table 151 of the Annual Report 2010/2011 the headings should be revisited and amended accordingly by the Business Unit concerned.
- (g) That in table 154 and 155 of the Annual Report 2010/2011 data by the Business Unit should be included in order to ensure that the table reflects the correct information.
- (h) That in table 157 of the Annual Report 2010/2011 the year to be corrected to read as "2011" instead of "2001".
- (i) That in table 158 of the Annual Report 2010/2011 more information was required by Committee.

4. **PRESENTATION ON THE MUNICIPAL INFRASTRUCTURE GRANT BY THE DEPUTY MUNICIPAL MANAGER (ACTING) ON THE ANNUAL REPORT 2010/2011**

(Raised Verbally).

It was raised that the Municipal Infrastructure Grant funding could not be transferred to fund other unapproved projects without prior approval from National Treasury and Council.

It was

AGREED

- (a) That the Manager : Project Management Unit (Acting) resubmits the tables as indicated on pages 302 -303 which should be linked to the figures as contained in the Annual Financial Statements.

5. **REVIEW OF THE ANNUAL REPORT CHECKLIST**

Undated document of the Manager: Office of the Municipal Manager.

(Page 7 of the agenda).

It was

AGREED

- (a) 121 (3) (a) – That Finance Business Unit submits comments to the next Oversight Committee meeting.
- (b) 121(3) (a) – That That Finance Business Unit submits comments to the next Oversight Committee meeting.
- (c) 121 (3) (b) – correct: endorsed.
- (d) 121 (3) (h) – correct: endorsed, pages 185 to 238 was submitted to the Auditor General.
- (e) 121 (4) – endorsed.
- (f) 121 (3) (e) – That this item be revisited and a memo by the Chairperson of the Oversight Committee be forwarded to the Chief Financial Officer (Acting) requesting for the assessment on any arrears on municipal taxes and service charges.
- (g) 121 (4)c) – It was not applicable.
- (h) 121(3) (g) – refer to pages 315 to 375 of the Annual Report 2010/2011. That the monthly report reflecting actioning of the auditor general's report at the Controls Transformation Steering Committee monthly, should also be submitted to the Municipal Public Accounts Committee on a monthly basis for interrogation.
- (i) 121(3) (f) – Pages 244 to 270, Revenue breakdown of variances and expenditure – endorsed.
- (j) 121 (3) (i) (k) – not applicable
- (k) 121 (4) (d) – A service level agreement was required in this regard, refer to page 276 of the annual report – endorsed.
- (l) 121 (3) (i) (k) – same above.
- (m) That any further discussions on the checklist requires the presence of the Finance Business Unit in order to provide insight and feedback to the various technical aspects of the annual checklist; it being noted that the annual checklist be referred to the next Oversight Committee meeting.

6. **ANALYSIS OF THE REPORTING AND DISCLOSURE REQUIREMENTS IN THE ANNUAL REPORT**

Letter dated 15 February 2012 by the Department of Co-Operative Governance and Traditional Affairs.

(Page 17 of the agenda).

It was

AGREED

- (a) That a memorandum be submitted to the Manager : Office of the Municipal Manager requesting for the comparison of the current and prior year performance in the performance report MSA s46 (1) (b); it being noted that a response be brought to the next oversight Committee meeting.
- (b) That a memorandum be submitted to the Chief Financial Officer (Acting) requesting for :
 - (i) An assessment on any arrears on municipal taxes and service charges s121 (3) (e).
 - (ii) Statement that salaries, allowances and benefits are in accordance with the framework in s 219 of the Constitution s124 (1) (b).
 - (iii) Each Bank account during the relevant financial year: Account Type s125 (2) (a).

Terminated at 11H35
Confirmed By

CHAIRPERSON

PIETERMARITZBURG
YJ/DOCS.oversight.MINS.14.03.12



MINUTES OF THE OVERSIGHT COMMITTEE

**MEETING HELD IN COUNCIL CHAMBER, CITY HALL, 1ST FLOOR
ON FRIDAY, 16 MARCH 2012 AT 09H00.**

PRESENT: Councillors M Tarr (Chairperson), N Atwaru, SI Madonda, T Matiwane, SC Ndawonde, TP Ngcobo, PG Ngidi, MS Sokhela and R Soobiah.

ALSO

PRESENT: Ms NP Magubane (Public Representative)

ABSENT: Councillors R Ashe (who had another commitment), RB Singh (who had a commitment) and TD Ntombela (who had a commitment)

OFFICIALS

PRESENT: Messrs B Maphanga (Municipal Manager's Representative), K Khumalo (Deputy Municipal Manager: Community Services [Acting]), VL Mtshali (Deputy Municipal Manager: Financial Services [Acting]), S Maharaj (Process Manager: Information Communication and Technology), M Naidoo (Manager: Information Management), V Mohanlal (Contacts Officer: Supply Chain Management) M Errakiah (Area Based Management Facilitator), F Cassimjee (Executive Manager: Internal Audit [Acting]), R Czujko (Acting City Librarian), D Reddy (Fleet Manager), T Maseko (Process Manager: Water and Sanitation), N Sarawan (Manager: Promis Expenditure), Y Govender (Finance Support Services Manager), MB Sahibdeen (Process Manager: Expenditure [Acting]), I Chetty (Manager: Strategic Analysis and Research [Acting]), S Nene (Intern: Policy Development) ; Mesdames M Plaatjies (Manager: Office of the Municipal Manager), Y Jadoo (Committee Officer) and B Nxumalo (Committee Officer).

1. APPLICATIONS FOR LEAVE FROM THE CURRENT MEETING OF THE OVERSIGHT COMMITTEE.

(Raised verbally)

Applications for leave were received from Councillors R Ashe, RB Singh and TD Ntombela. Apologies were tendered on behalf of Mr Mahlaba and Mr Sithole.

Councillor Ngidi raised that he tendered his apology for the previous meeting of the Oversight Committee; however, this was not reported at the meeting. The Chairperson apologized in that regard and Councillor Ngidi's apology was noted.

It was

RESOLVED

That Councillors Ashe, Singh and Ntombela be granted leave of absence from the current meeting of the Oversight Committee.

2. CONFIRMATION OF MINUTES

Minutes of the meetings held on 5, 7 and 9 March 2012.

Members raised a concern regarding the fact that they were not afforded enough time to read through the minutes. It was suggested that all minutes be confirmed at the Oversight Committee meeting scheduled for Monday, 19 March 2012.

NOTED.

3. PRESENTATION BY THE COMMUNITY SERVICES BUSINESS UNIT ON INFORMATION CONTAINED WITHIN THE ANNUAL REPORT 2010/2011 AND SERVICE DELIVERY ACHIEVEMENTS

3.1 Libraries (section 4.1)

The Deputy Municipal Manager tendered an apology for being unable to attend the previous meetings of the Oversight Committee.

Queries were raised with regard to the ## symbol reflected in table 70, on page 83, it was indicated that they created confusion as members did not understand what they meant. With regards to employees, it was noted that the budget was overspent; therefore it should have reflected a minus on variances to budget. The Deputy Municipal Manager: Community Services pointed out that the Finance Support Services Manager would rework the table.

3.2. Art Galleries (section 4.2)

It was requested that table 72 be re-adjusted to remove sports and recreation which did not fall within the competence of the Art Gallery. A typing error was noted in table 73 whereby October 09 and November 10 were reflected instead of financial years 09/10 and 10/11. The Deputy Municipal Manager: Community Services was requested to verify the accuracy of figures.

A request was made that variances to budget as reflected in table 74 be revisited. A concern was raised regarding the fact that ratios were being used for calculations instead of percentages. It was noted that there was no consistency in reporting of the Business Units.

3.3. Environmental Health (section 5.1)

There were no concerns raised on the above matter.

3.4. Biodiversity and Landscape (section 5.2)

A query was raised as to why the adjustment budget under expenditure in table 96 was reflecting a negative. A suggestion was made that financial and Human Resources tables should all be revisited.

3.5. Health (section 6.1)

It was noted that under vacancies in table 100 decimals instead of numbers were used. A request was made to rework the table. It was emphasized that Finance Support Services Managers in liaison with Human Resource Support Services Managers should rework the tables and submit their final drafts by the end of the day.

In table 101, a request was made that "total operational revenue" be amended to read "Operational Grant". It was however noted that the 2009/2010 operational grant was not reflected and a request was made to rework the table.

3.6. Traffic, Safety and Security (section 7.1)

Concerns were raised regarding the fact that there was insufficient information in table 104 of the Annual Report. In response to a query raised, it was explained that revenue from traffic fines was reflected under "other revenues" whereby all different types of unspecified revenues were combined.

A proposal was made that revenues collected by Business Units should be reflected in future.

3.7. Fire (section 7.2)

Committee was advised that the unit encountered financial constraints hence there was an overspending in budget. A request was made that numbers in table 111 be divided in thousands and that under total operational expenditure, figures should be corrected. Another request was made to insert figures in table 109 in order to be consistent.

3.8. Disaster Management (section 7.3)

The Deputy Municipal Manager: Community Services (Acting) was requested to verify the numbers reflected in table 113 and submit them to the Manager: Office of the Municipal Manager.

It was

RESOLVED TO RECOMMENDED TO THE FULL COUNCIL

- (a) That the Deputy Municipal Manager: Community Services addresses the concerns raised at the current meeting of the Oversight Committee by revisiting the tables reflected in the Annual Report and ensures that the information contained is accurate.

- (b) That the final draft of all amendments and inputs made to the Annual Report as per resolution (a) above be submitted to the Manager: Office of the Municipal Manager by the end of the day.

4. FINANCIAL SERVICES BUSINESS UNIT

(Pages 104 - 108 of the Annual Report)

Concerns were raised regarding inaccuracy and inconsistency reflected in the Annual Report. The following were noted and requests to rework tables were made:

- Table 122 in page 104 under vacancies, figures were incorrect and there was inadequate information.
- Table 125 in page 106, the revenue collection should reflect what was "received" instead of what was "achieved".
- Table 127 in page 107 variances to budget should be reworked and the total project value be captured.

4.1. Supply Chain Management (section 9.6)

A request was made to omit brackets as well as information contained in the brackets under vacancies in table 114. A query was raised as to why negative figures were reflected in table 142. It was requested that the actual expenditure be reflected in table 143 of the Annual Report.

It was

RESOLVED TO RECOMMENDED TO THE FULL COUNCIL

- (a) That the Deputy Municipal Manager: Financial Services addresses the concerns raised at the current meeting of the Oversight Committee by revisiting the tables reflected in the Annual Report and ensures that the information contained is accurate.
- (b) That the final draft of all amendments and inputs made to the Annual Report as per resolution (a) above be submitted to the Manager: Office of the Municipal Manager by the end of the day.

5. INTERNAL AUDIT BUSINESS UNIT

(Section 9.7 of the Annual Report)

Suggestions were made to revisit tables 145 and 146 of the Annual Report.

It was

RESOLVED TO RECOMMENDED TO THE FULL COUNCIL

- (a) That the Executive Manager: Internal Audit addresses the concerns raised at the current meeting of the Oversight Committee by revisiting the tables reflected in the Annual Report and ensures that the information contained is accurate.
- (b) That the final draft of all amendments and inputs made to the Annual Report as per resolution (a) above be submitted to the Manager: Office of the Municipal Manager by the end of the day.

6. **ANALYSIS OF THE REPORTING AND DISCLOSURE REQUIREMENTS IN THE ANNUAL REPORT**

Minute dated 14 March 2012 by the Chairperson of the Oversight Committee.

(Tabled at the meeting)

In response to requests made by the Oversight Committee on reporting and disclosing requirements in the annual report, the Process Manager: Expenditure (Acting) pointed out the following:

- i) With regard to the statement by the Accounting Officer that salaries, allowances and benefits were in accordance with the framework in section 219 of the Constitution section 124(1) (b), he referred committee to page 146 whereby the declaration by the former Acting Municipal Manager was reflected.
- ii) Committee was advised that all Municipal bank accounts were reflected in page 198 of the Annual Report and that all accounts were current accounts.
- iii) It was reported that all the required information was already included in the 2010/2011 Annual Report.

The meeting terminated at 10h46.

Confirmed by

CHAIRPERSON

PIETERMARITZBURG

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MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD AT THE **COMMITTEE ROOM 3, CITY HALL, 1ST FLOOR**
ON, 19 MARCH 2012 AT 9:00AM

PRESENT: Councillors M Tarr (Chairperson), R Ashe, N Atwaru, T Matiwane, SC Ndawonde, TP Ngcobo, TD Ntombela, S.I. Madonda and R Singh.

OFFICIALS

PRESENT: S Nene (Advisor: Policy and Development), I Chetty (Manager: Strategic Analysis and Research [Acting]), N Sarawan (representing the Chief Financial Officer [Acting]), B Paton (Chief Fire Officer: Fire Department) and Mesdames Y Jadoo (Committee Officer) and B Nxumalo (Committee Officer).

OTHERS: Messrs and P.J Mahlaba (Public Representative) and N Magubane (Public Representative)

ABSENT: Mr B Maphanga (Municipal Manager's representative), M Jackson Plaatjies, E.S. Sithole (Public Representative: Richmond Municipality) Councillors R. Soobiah (Attending Councillor Pops Chetty's funeral), PG Ngidi (Ward Commitment) and MS Sokhela.

1. WELCOME AND APOLOGIES FOR THE CURRENT MEETING OF THE OVERSIGHT COMMITTEE.

(Item 1 of the agenda)

The Chairperson welcomed all to the meeting. An apology was received from Mrs M Jackson Plaatjies

It was

AGREED

That Councillors R Soobiah, P.G. Ngidi and M.S. Sokhela be granted leave from the current meeting of the Oversight Committee.

2. CONFIRMATION OF MINUTES

2.1. Minutes of the meeting held on 5 March 2012.

(Page 1 of the agenda).

2.2. Minutes of the meeting held on 7 March 2012.

(Page 5 of the agenda).

2.3. Minutes of the meeting held on 9 March 2012.

(Page 8 of the agenda).

2.4. Minutes of the meeting held on 14 March 2012.

(Page 1 of cc No 95 of 2012).

2.5. Minutes of the Meeting held on 16 March 2012.

(Tabled at the meeting).

It was

AGREED

That the minutes of the Oversight Committee as referred to in 2.1 to 2.5. above be STOOD DOWN for confirmation at the next Oversight Committee meeting.

3. COUNCIL OVERSIGHT REPORT 2010/2011 FINANCIAL YEAR

(Undated document by the Manager: Office of the Municipal Manager).

(Tabled at the meeting).

The Chairperson explained that the minutes of all the oversight committee meetings informed the oversight report. He further pointed out that as per point 3.7 of the oversight report, 7 sets of minutes appeared in the oversight report thus far, inclusive of the first two sets of minutes which were confirmed by the members already.

It was further suggested to members that in view of members only receiving and reading the report at the meeting for the first time, that the time was insufficient to make any further amendments. The Chairperson also pointed out that many members were going to attend the funeral service of councillor Pops Chetty.

It was

AGREED

- (a) That under item 5.3.3. of the oversight report, a further sentence be included to read as " Verifying information that appears before the Executive Committee, Municipal Public Accounts Committee (MPAC), AND Portfolio Committees. An adequate structure for the Internal Audit Unit to be put in place to be able to undertake relevant duties."
- (b) That item 6.5. of the oversight report be included to read as " To exclude/remove the audit action plan from the final print of the Annual Report."
- (c) That Item 6.6. of the oversight report be included to read as " The action plan is to be submitted to the Municipal Public Accounts Committee (MPAC) on a monthly basis."
- (d) That the numbering as per item 13 of the oversight report be amended accordingly as per sequence.
- (e) That in item 13.5 of the oversight report the word "ongoing" be amended to read as "monthly".
- (f) That item 13.6. of the Oversight report be included to read as " A process be put in place by the Municipal Manager to verify and sign information as correct on a monthly basis to the Mayor, the Executive Committee, the MPAC AND Portfolio Committees; it being noted that the Internal Audit is to be adequately resource as champion of the verification process."
- (g) That all councillors read through all the documentation subsequent to the meeting and a further meeting be scheduled for Tuesday, 20 March 2012 at 15h00 in Committee Room 3 for consideration of the Council Oversight Report and the Annual Checklist.

- (h) That should councillors have any amendments to the documentation, this should be forwarded to the Office of the Municipal Manager, Indrasen Chetty and Scelo Nene for inclusion into the report if necessary.

(Councillor N Atwaru arrived to the meeting at 9:34am).

4. **REVISED ANNUAL REPORT CHECKLIST**

(Tabled at the meeting).

It was

AGREED

That the Revised Annual Checklist be STOOD DOWN for discussion until the next Oversight Committee meeting.

Terminated at 9H50
Confirmed By

CHAIRPERSON

PIETERMARITZBURG

YJ/DOCS.oversight.MINS.19.03.12

MINUTES OF THE OVERSIGHT COMMITTEE

MEETING HELD AT THE **COMMITTEE ROOM 3, CITY HALL, 1ST FLOOR**
ON, 20 MARCH 2012 AT 15H00

PRESENT: Councillors M Tarr (Chairperson), R Ashe, N Atwaru, SI Madonda, T Matiwane, SC Ndawonde, TD Ntombela, MS Sokhela S.I. Madonda and R Singh.

OFFICIALS

PRESENT: S Nene (Advisor: Policy and Development), I Chetty (Manager: Strategic Analysis and Research [Acting]), M Sahibdeen (Process Manager: Expenditure [Acting]) and Mesdames Y Jadoo (Committee Officer) and B Nxumalo (Committee Officer).

OTHERS: Messrs and P.J Mahlaba (Public Representative) and N Magubane (Public Representative)

ABSENT: Mr B Maphanga (Municipal Manager's representative), E.S. Sithole (Public Representative), Mrs M Jackson Plaatjies, Councillors TP Ngcobo and PG Ngidi.

1. **WELCOME AND APOLOGIES FOR THE CURRENT MEETING OF THE OVERSIGHT COMMITTEE.**

(Item 1 of the agenda)

The Chairperson welcomed all to the meeting. Apologies were received from Councillor P.G. Ngidi and Mrs M Jackson Plaatjies.

It was

AGREED

That Councillor P.G. Ngidi be granted leave from the current meeting of the Oversight Committee.

2. **CONFIRMATION OF MINUTES**

2.1. Minutes of the meeting held on 5 March 2012.

(Page 1 of the agenda).

2.2. Minutes of the meeting held on 7 March 2012.

(Page 5 of the agenda).

2.3. Minutes of the meeting held on 9 March 2012.

(Page 8 of the agenda).

2.4. Minutes of the meeting held on 14 March 2012.

(Page 1 of cc No 95 of 2012).

2.5. Minutes of the Meeting held on 16 March 2012.

(Tabled at the meeting).

It was

RESOLVED

- a) That the minutes of the meeting held on 5 March 2012 be confirmed.
- b) That the minutes of the meeting held on 7 March 2012 be confirmed.
- c) That the minutes of the meeting held on 9 March 2012 be confirmed subject to the following amendments:
 - i) That in resolution 3 (b) of the minutes the second word "that" be deleted.
 - ii) That Councillors SI Madonda's name be added under PRESENT.
- d) That the minutes of the meeting held on 14 March 2012 be confirmed.
- e) That the minutes of the meeting held on 16 March 2012 be confirmed subject to the following amendments:
 - i) That on page 1 the surname Sokhela should be added next to the initials "MS" under PRESENT.
 - ii) That on page 4, item 4 the word "received" should be replaced by the word "achieved"
 - iii) That on page 2, item 3.1., next to "##" the word "symbol" should be added.

3. **COUNCIL OVERSIGHT REPORT 2010/2011 FINANCIAL YEAR**

(Undated document by the Manager: Office of the Municipal Manager).

(Tabled at the meeting).

It was

AGREED

- (a) That a new bullet be inserted under item 4.3.3 to read as "That the Municipal Manager or his delegated official responsible for a specific Business Unit institutes a system inclusive of relevant signatures, that verifies the figures of the Annual Report prior to them being submitted to the Executive Committee, the Municipal Public Accounts Committee and the Portfolio Committees."
- (b) That in item 4.3.3, fifth bullet the word "reporsts" be spelt correctly to read as ""reports".
- (c) That item 6 of the draft oversight report should include a bullet under 6.4. to read as "Exclude the audit action plan from the Annual report (action plan to be interrogated monthly by the MPAC)".
- (d) That in item 7.2. of the draft oversight report the words "pages 2-3" be added.
- (e) That all the numbering in the draft oversight report be corrected accordingly.

4. **REVISED ANNUAL REPORT CHECKLIST**

(Tabled at the meeting).

It was

AGREED

- (a) That with reference to item in 121 (3) (e), a letter was written to the Chief Financial Officer for further action, hence the matter was dealt with accordingly; it being noted that page 235 be added in the comments column.

(Councillors S.I. Madonda and Ntombela left the meeting at 16h00).

- (b) That in item 121 (3)(g) under the comments column, the words " Due dates must be included in the final report" be amended to read as " Yes due dates will be included in the municipal response to the Annual report and these will be monitored by the Municipal Public Accounts Committee".
- (c) That in item 121 (4) (d) under the comments column the words "Is there an SLA in place between the municipality and entity?" be replaced by "An SLA between the municipality and Safe City exists".
- (d) That in item 121 (1) (c) of the annual checklist under the comments column the words "Need to get response from Sixtus Gwala – Budget Office" be replaced by "Section 71 report done on a monthly basis to National Treasury which includes the conditional grants".

5. **GRAPH CONTAINING COMPARISONS BETWEEN 2009/2010 AND 2010/2011 FINANCIAL YEARS**

The Chairperson indicated that the graph did not provide illustrations of any numbers and values and did not contain significant information.

The Chairperson pointed out that in both years the IDP was not properly budgeted for and budget was amended, so issues were removed randomly from the IDP. He stated that in the SDIP most targets illustrated nil achieved.

It was

AGREED

That footnotes be inserted to provide an explanation in respect of the table to read as follows:

- *"The graph below is a comparative summary of project performance for the financial years 2009 / 10 & 2010 / 11" ;*
- *"The not applicable yellow bars indicate the percentage of projects that were removed from the SDBIP as they were not cash backed as well as those projects where no information was received."*

Terminated at 16H20
Confirmed By

CHAIRPERSON

PIETERMARITZBURG
YJ/DOCS.oversight.MINS.20.03.12

ANNEXURE M: ANNUAL REPORT CHECKLIST

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</p>	<p>Financial reporting matters to be considered</p>	<p>Responses/Comments</p>
<p>121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General</p>	<p>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 annexures, 23 June 2005, provides guidelines on the new accounting standards for municipalities. Have the required standards been met – refer audit report and report of audit committee for views on this?</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Consolidated Annual Financial Statements (AFS) compiled and submitted to the Auditor General’s Office. ▪ Yes, the required GRAP Standards have met. ▪ Audit Committee did not function ▪ AFS was corrected- items identified by the Auditor-General’s office
<p>121 (3)(a)</p>	<p>The above applies also to the AFS of municipal entities.</p>	<p>Endorsed</p> <p>AFS compiled and submitted to the AG’s Office</p>
<p>121 (3)(b) The Auditor-General’s reports on the financial statements of the municipality.</p>	<p>Is the audit report included in the annual report as tabled? If not, when will the audit report be tabled? What are causes of the delays? What actions are being taken to expedite the report?</p>	<p>Endorsed</p> <p>Yes, Page 302</p>
<p>121 (4)(b)</p>	<p>The above applies also to the AFS of municipal entities.</p>	<p>Endorsed</p> <p>Yes</p>
<p>121 (3)(h) Any explanations that may be necessary to clarify issues in connection with the financial statements</p>	<p>The accounting standards require that notes accompany the statements to provide explanations of issues and matters reported. Refer also points below on information in notes to AFS. Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Yes, Appendices A to I provides additional information to the Annual Financial Statements - Pages 237 to 273 ▪ Notes – Pages 183 to 236 ▪ Accounting policy – Pages 151 to 183
<p>121 (4)</p>	<p>The above applies also to the AFS of municipal entities.</p>	<p>Endorsed</p> <p>Yes</p>
<p>121 (3)(e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities</p>	<p>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?</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Provision of Action Plan to address arrear debt. Refer to Note 55-Going Concern- Page 233

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
121 (4)(c)	The above applies also to the AFS of municipal entities.	N/A
121 (3)(g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	<p>The conclusions of the annual audit may be either –</p> <ul style="list-style-type: none"> ▪ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; ▪ a qualified audit opinion setting out reasons for qualification, which means that certain issues need to be addressed before an unqualified opinion can be achieved; or ▪ the auditor will disclaim the statements and not offer an opinion. In this case there may be serious financial issues to be addressed. ▪ Adverse opinion; indicating that a Municipality's financial statements are misrepresented, misstated, and do not accurately reflect its financial performance and health. <p>The objective of the municipality should be to achieve an unqualified audit opinion.</p> <p>Taking into account the audit report, audit opinion and the views of the audit committee, council should consider:</p> <ul style="list-style-type: none"> ▪ To what extent does the report indicate serious or minor financial issues? ▪ To what extent are the same issues repeated from previous audits? ▪ Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? ▪ Has a schedule of action to be taken been included in the annual report, with appropriate due dates? <p>Note that actions taken on audit issues are to be reported to the provincial legislature, the MECs for local government and finance to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MECs.</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Unqualified Audit Opinion –with emphasis of Matter Items <ul style="list-style-type: none"> • Irregular Expenditure • Material Losses • Unauthorised expenditure • Going Concern • Material under spending on Budget ▪ Controls Transformation Steering Committee to address issues raised via the Audit Action Plan. ▪ Reports to be submitted to MPAC monthly and quarterly
121 (4)(e)	The above applies also to the AFS of municipal entities.	Endorsed
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>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)). 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>Endorsed</p> <ul style="list-style-type: none"> ▪ Refer to statement of Financial Performance Page 147- Pages 242 to 268

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<p>What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget? Council should comment and draw conclusions on performance and explanations provided.</p>	
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
<p>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</p>	<p>Financial reporting matters to be considered</p>	<p>Responses/Comments</p>
<p>121 (4)(d) An assessment by the municipal entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and the municipality</p>	<p>Agreements between the municipality and its entities for service delivery are to include measurable performance objectives. This will include measures of services delivered to the community, financial targets, expenditure targets etc. The entity's annual report must include an assessment by the accounting officer, of performance against these objectives. In order to show the linkage between the entity and the municipality, the report of the municipality should also include the performance of entities. Has the performance met the expectations of council and the community? Have the performance objectives been met? What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget? Council should comment and draw conclusions on performance and explanations provided.</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Refer to page 274 Safe City- Annual Financial Statements
<p>121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality</p>	Review any other information that has been included in regard to the AFS.	Not Applicable
121 (4)(g)(h)	The above applies also to the AFS of municipal entities.	Not Applicable
<p>121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities</p>	<p>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity? What actions need to be taken in terms of these recommendations? Conclusions on these recommendations and the actions required should be incorporated in the</p>	<p>Endorsed</p> <p>Report of Audit Committee Page 313 to 314</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
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	oversight report.	
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2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations	Responses/Comments
<p>123 (1)(a) Allocations received by <u>and</u> made to the municipality</p>	<p>The report should disclose:</p> <ul style="list-style-type: none"> ▪ Details of allocations received from another organ of state in the national or provincial sphere. ▪ Details of allocations received from a municipal, entity or another municipality. ▪ Details of allocations made to any other organ of state, another municipality or a municipal entity. ▪ Any other allocation made to the municipality under Section 214(1)(c) of the Constitution. <p>Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action? Council should comment and draw conclusions on information and explanations provided.</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Refer to Note 25 Government Grants/Subsidies ▪ Refer to Appendix F/G page 252-254 ▪ Yes, the allocations have been made ▪ Yes, the allocations have been audited
<p>121 (1)(b) Allocations received by and made to the municipal entity</p>	<p>The report should disclose:</p> <ul style="list-style-type: none"> ▪ Details of allocations received from any municipality or other organ of state. ▪ Details of any allocations made to a municipality or other organ of state. ▪ Other information as may be prescribed. <p>Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action? Council should comment and draw conclusions on information and explanations provided.</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Refer to Annual Financial Statements –Safe City page 288 ▪ Yes, the allocations have been made ▪ Yes, the allocations have been audited
<p>121 (1) Information in relation to outstanding debtors and creditors of the municipality and entities</p>	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.</p> <p>It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> ▪ the information has been properly disclosed; ▪ conditions of allocations have been met; and ▪ also that any explanations provided are acceptable. 	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Refer to Note 5 – Debtors page 192 ▪ Refer to Note 13-Trade and other payables ▪ Met all statutory obligations

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<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>	
<p>121 (1)(c) Information in relation to the use of allocations received</p>	<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"> ▪ The current year and details of 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. ▪ 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. ▪ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this. <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> <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"> ▪ the information has been properly disclosed; ▪ conditions of allocations have been met; and ▪ that any explanations provided are acceptable. <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>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Refer to Appendix F/G- Page 252-254 ▪ Disclosure is made of all unspent conditional grants
<p>3. Disclosures in notes to AFS</p>	<p>Considerations relating to section 124</p>	<p>Responses/Comments</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
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<p>Information relating to benefits paid by municipality and entity to councillors, directors and officials</p>	<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"> • salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind; • any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors; • salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; • contributions for pensions and medical aid; • travel, motor car, accommodation, subsistence and other allowances; • housing benefits and allowances; • overtime payments; • loans and advances, and; • any other type of benefit or allowance related to staff. <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> • the information has been properly disclosed; • conditions of allocations have been met; and • that any explanations provided are acceptable. <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>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Refer to Note 28-employee related cost page 218 ▪ Refer to Note 29-Remuneration of Councillors page 222 ▪ Councillor arrear consumer accounts – Pages 225
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INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
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4. Municipal Performance	Considerations	Responses/Comments
<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> <p>Has the performance report been included in the annual report?</p> <p>Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</p> <p>Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</p> <p>In terms of key functions or services, how has each performed? Eg. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p> <p>To what extent has performance achieved targets set by council?</p> <p>Is the council satisfied with the performance levels achieved?</p> <p>Is the community satisfied with performance? Has a customer 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> <p>What actions have been taken and planned to improve performance?</p> <p>Is the council satisfied with actions to improve performance?</p> <p>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?</p> <p>Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</p> <p>Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</p> <p>To what extent have actions planned for the previous year been carried over to the financial year reported upon? 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?</p> <p>Council should comment and draw conclusions on</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Performance Report included on pages 49-141 and annexure A-E; ▪ Alignment between the budget, SDBIP, service agreements, etc. not institutionalized in the reporting format; ▪ Yes, the SDBIP reporting does compare actual performance with targets expressed. ▪ No customer satisfaction survey was conducted; ▪ No performance agreements in the 2010/ 2011 financial year; ▪ Realistic, cash-backed budget will ensure improved performance;

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
Audit reports on performance	<p>information and explanations provided.</p> <p>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?</p>	<p>Endorsed</p> <p>Action plans have been developed and implemented to deal with concerns raised by internal audit and the auditor general. These are included in the Audit Action plan and management responses to the internal audit reports on performance.</p>
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 necessary to be taken by the accounting officers?</p>	<p>Not Endorsed</p> <p>The annual report does not include a separate assessment of the performance of the municipal entity <i>Safe City</i>.</p>
For municipal entities – an assessment of the entity’s performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality	<p>This is the separate report of the municipal entity and should contain details of service delivery agreements with the municipality and the performance measures therein.</p> <p>Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities.</p> <p>To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP? Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality? What specific actions should be taken by the entity and the municipality to improve performance?</p>	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Performance report is contained on pages 278-283 of the Annual Report;

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
5. General information	The following general information is required to be disclosed in the annual report.	Responses/Comments
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.	<p>Endorsed</p> <ul style="list-style-type: none"> ▪ Relevant information is contained on pages 274-284 in the Annual Financial Statements of the entity <i>Safe City</i>. ▪ A service level agreement for between Safe City and the Municipality was concluded for the 2010/ 2011 financial year.
The use of any donor funding support	<p>What donor funding has the municipality received? Have the purposes and the management agreements for the funding been properly agreed upon? Have the funds been used in accordance with agreements? Have the objectives been achieved? Has the use of funds been effective in improving services to the community? What actions need to be taken to improve utilisation of the funds?</p>	Endorsed
Agreements, contracts and projects under Private-Public-Partnerships	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.	No Private-Public-Partnerships during the 2010/ 2011 financial year (refer page 45 of the Annual Report)
Service delivery performance on key services provided	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. 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>Endorsed</p> <p>Executive Summary on pages 5-15 of the Annual Report</p>
Information on long-term contracts	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>Endorsed</p> <p>Appendix A refers to long term liabilities – External Loans Refer to pages 237 to 241</p>
Information technology and systems purchases and the effectiveness of these systems in the delivery of	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services. Council should consider how effectively the IT	<p>Endorsed</p> <p>ICT report included on pages 110-118 of Annual Report</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
services and for ensuring compliance with statutory obligations	services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.	
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.	Not Endorsed Although backlogs are contained in the MIG report, there is no plan/ strategies to address these backlogs included in the Annual Report.
6. Other considerations recommended		Responses/Comments
Timing of reports	Was the report tabled in the time prescribed? Has a schedule for consideration of the report been adopted?	Endorsed <ul style="list-style-type: none"> ▪ Yes, tabled on the 25th January 2012; ▪ Attached schedule (annexure '...' for consideration of the report.
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?	Endorsed <ul style="list-style-type: none"> ▪ Oversight Committee consisting of MPAC + 3 community representatives;
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? If so has a proper evaluation of performance been undertaken? Was the evaluation approved by council? Does the performance evaluation align and reconcile with the performance reported in the	No bonuses will be paid as no performance agreements were concluded in the 2010/ 2011 financial year.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<p>annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report?</p> <p>Are the payments justified in terms of performance reported in the annual report?</p> <p>Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.</p>	

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cogta

Department:
Co-operative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL

Enquiries Imibuzo Navrae	Mrs HB Krishnan	Telephone Ucingo Telefoon	033 3556563	Private Bag Isikhwama Seposi Privaat Sak	X9123 PIETERMARITZBURG 3201
Reference Inkomba Verwysing	KZ225	Fax iFeksi Faks	033 3556292	Date Usuku Datum	15 February 2011

The Municipal Manager
Msunduzi Municipality
Private Bag x321
PMBurg
3200
Dear Sir

ANALYSIS OF THE REPORTING AND DISCLOSURE REQUIREMENTS IN THE ANNUAL REPORT

Please be advised that the Department of Co-operative Governance and Traditional Affairs has analysed your 2010/11 annual report in terms of the reporting and disclosure requirements as set out in Chapter 12 of the Municipal Finance Management Act (No.56 of 2003), in particular sections 121(3) and (4), 123, 124 and 125, and section 46 of the Local Government Municipal Systems Act (No. 32 of 2000).

The analysis highlights that the following items are not included in your annual report:

1. A comparison of the current and prior year performance in the performance report MSA s 46 (1) (b)
2. An assessment by the accounting officer on any arrears on municipal taxes and service charges s121(3)(e).

The analysis also highlights that the following items are not included in your annual financial statement:

1. Statement by the accounting officer that the salaries, allowances and benefits above are in accordance with the framework in s 219 of the Constitution s124(1)(b).

Tel: +27(0) 33 355 6100

Fax: +27(0) 33 355 6292

www.kzncogta.gov.za

Address: 271 Church Street, Pietermaritzburg 3200 | Pvt. Bag X9123 3200

People centred sustainable co-operative governance which focuses on effective service delivery responsive to the needs of the community