



## The uMngeni Municipality

### Oversight Report

2014/2015

Signed by Chairperson:

Cllr STJ Ndlovu

Date:

29 March 2016

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***To be read in conjunction with National Treasury Circular 32 – The Oversight Report attached***

## 1. INTRODUCTION

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council in regard to the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the establishment of an Oversight Committee of Council would provide the appropriate mechanism in which Council could fulfill its oversight responsibilities.

The Oversight Committee's primary role will be to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council.

## 2. BACKGROUND

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

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

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight.

- ✓ Approval of budgets;
- ✓ Approval of Budget related Policies; and
- ✓ Review of the Annual Report and adoption of the Oversight Report.

### 3. FUNCTIONS OF THE OVERSIGHT COMMITTEE

The functions of the Oversight Committee are to:

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

## 4. COMPOSITION OF OVERSIGHT COMMITTEE

### 4.1 Membership

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

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

Accordingly, Council nominated members of the Oversight Committee to prepare the oversight report for the 2014/15 financial year and the ensuing financial years at its meeting of 17 March 2016 in terms of MFMA Circular 32. The objectives of the circular are to provide councilors with practical guidance in financial governance and to assist in maintaining oversight within the broader governance context. The Oversight Committee is composed of the following members:

- Councillors:
  - Cllr. STJ Ndlovu (Chairperson)
  - Cllr. HP Ndlela
  - Cllr. TA Duggan
  - Cllr. MJ Grueneberg
  - Cllr. GT Dlamini

- Members of the community:
  - Mr. Blessing Themba Qwabe
  - Ms. Lucky Mkhize
  - Mr. Nick McConnell

#### **4.2 Authority and Power**

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

Timely notice of all meetings should be given and all meetings held by the Oversight Committee must be open to the public and minutes of the meetings must be submitted to Council meetings.

#### **4.3 Meeting Schedule**

The draft Annual Report was tabled to Council on 27 January 2016; the public was represented by a few members. Notices were placed in the newspapers, namely The Village Talk and The Witness (local newspapers) regarding the availability of the draft report, inviting the public to make representations to the Annual Report by 11 February 2016.

The draft Annual Report was made available at all municipal libraries and offices and was also placed on the Municipality's website. The draft Annual Report was submitted to the Auditor-General, Provincial Treasury and the Department of Cooperative Governance and Traditional Affairs (COGTA).

At the closing date for public submissions on 1 March 2016, there were no submissions for representations received from the public, however there were recommendations for corrections received from Cllr. Passmoor.

## 5. THE OVERSIGHT REPORT

The Oversight Report is for the financial year ended 30 June 2015.

The Annual Report was presented to Council on 27 January 2016 with the details of the following chapters

**Chapter 1 - Introduction and Overview (Page 6-7)**

Component A: Mayor's Foreword

Component B: Executive Summary

**Chapter 2 - Governance Structure (Page 28-49)**

Component A: Political and Administrative Governance

Component B: Intergovernmental Relations

Component C: Public Accountability and Participation

Component D: Corporate Governance

**Chapter 3 - Service Delivery Performance Report (Page 50)**

Component A: Basic Services

Component B: Road Transport

Component C: Planning and Development

Component D: Community and Social Services

Component E: Environmental Protection



Component F: Security and Safety

Component G: Sports and Recreation

Component H: Corporate Policy Offices and Other Services

Component I: Introduction to the Municipal Personnel

Component J: Organisational Performance

Component K: Financial Performance

**Chapter 4 - Annual Financial Statements (Annexure A)**

**Chapter 5 - Report of the Auditor-General (Annexure B)**

## 6. ANNUAL REPORT CHECKLIST

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	
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>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 accounting standards for municipalities.</p> <p><u>Have the required standards been met?</u></p>	<p>Yes, the AFS are in compliance with Circular 18 and has been prepared in line GRAP.</p> <p>The Municipal Finance Managers prepared the AFS without assistance and it was submitted to Auditor General on 18 November 2015 the municipality received an unqualified audit report with emphasis of matters.</p>

121 (3)(a) 121 (4) 121 (4)(b)	The above applies also to the AFS of municipal entities.	Not applicable.
121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	<ul style="list-style-type: none"> <li>• Has an adequate assessment been included?</li> <li>• Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation?</li> <li>• Is any other action required to be taken?</li> </ul>	<p>Yes, the Mid-year performance assessment report was submitted to Council in 25 January 2016 the state of outstanding debtors were submitted.</p> <p>The municipality is developing the strategy including the procurement of smart metering. The Credit Control and Debt Collection Sub-Committee meets monthly to manage the municipal debtors.</p>
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 are:</p> <ul style="list-style-type: none"> <li>✓ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable;</li> <li>✓ The objective of the municipality should be to achieve an unqualified audit opinion.</li> <li>✓ Taking into account the audit report, audit opinion and the views of the audit committee, council considered:</li> </ul> <p>To what extent does the report indicate serious or minor</p>	<p>The audit opinion was unqualified with emphasis of matters raised of which electricity losses, overtime, lack of revenue enhancement, EPWP has been raised.</p> <p>The municipality continuously embarked on the process of stop electricity theft campaign which resulted to disconnections of all that had tampered with the meters and issuing of</p>

	<p>financial issues?</p> <ul style="list-style-type: none"> <li>To what extent are the same issues repeated from previous audits?</li> <li>Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?</li> <li>Has a schedule of action to be taken been included in the annual report, with appropriate due dates?</li> </ul>	<p>penalties. This programme was discontinued because there were faulty meters and people wanted to convert from conventional meters to prepaid meter and the municipality was running short of equipment. The Interim Finance Committee meets weekly to monitor finance performance of the municipality.</p> <p>As per attached AG Action plan.</p>
	<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 said MECs.</p>	<p>Council confirms that the Annual Financial Statements, Audit report, Management Report together with the action plans were forwarded to the MEC for Co-operative Governance and Traditional Affairs and MEC for Provincial Treasury.</p>
<p>121 (3)(f)</p> <p>An assessment by the municipality's accounting officer of the municipality's performance against measurable performance</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17 (3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly.</p>	<p>SDBIP (Service Delivery Budget Implementation Plan) quarterly report which includes measurable performance objectives were submitted to Council.</p>

objectives for revenue collection from each revenue source and for each vote in the approved budget.	Has the performance met the expectations of council and the community?  Have the 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?	Not to the expected levels  72% objectives were met.  Revenue collection was low due to non-payment of services.  Significant has led some service delivery objectives not achieved.
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.	AFS were reviewed before submission to the AG.
<b>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</b>	<b>Financial reporting matters to be considered</b>	
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	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	Yes, Audit Committee approved the AFS prepared by the Finance Section Managers and there were no recommendations raised that needs to be addressed.

entities.	recommendations?	
<b>2. Disclosures - Allocations received and made - Section 123-125 MFMA</b>	<b>Considerations</b>	
<p>123 (1)(a)</p> <p>Allocations received by and made to the municipality.</p>	<p>The report should disclose:</p> <ul style="list-style-type: none"> <li>✓ Details of allocations received from another organ of state in the national or provincial sphere.</li> <li>✓ Details of allocations received from a municipal, entity or another municipality.</li> <li>✓ Details of allocations made to any other organ of state, another municipality, or a municipal entity.</li> <li>✓ Any other allocation made to the municipality under Section 214(1) (c) of the Constitution.</li> </ul> <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?</p>	<p>The Annual Financial Statements include all allocations received and the municipality received allocations from Provincial DAC, DME and COGTA. The Equitable Share has been disclosed in the AFS</p> <p>Yes, the allocations were received and the audit report confirms the correctness of the allocations received.</p>

<p>125 (1)</p> <p>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"> <li>✓ the information has been properly disclosed;</li> <li>✓ conditions of allocations have been met; and</li> <li>✓ that any explanations provided are acceptable.</li> </ul>	<p>Yes, Water Affairs, SANRAL, Schools Department of Education and Public Works has been disclosed in the AFS as an Age Analysis with regard to all outstanding debts.</p> <p>Council is confident information has been properly disclosed, conditions have been met and explanation provided were acceptable.</p>
<p>123 (1)(c)</p> <p>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"> <li>✓ 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</li> </ul>	<p>Information was disclosed as required by the MFMA and all grant allocations were cash backed at 0% outstanding.</p> <p>R997, 000 EPWP grant was withheld. The Equitable Share is an unconditional grant and is utilized for free basic services and rates relief.</p>

	<p>spent, and for what projects.</p> <ul style="list-style-type: none"> <li>✓ Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</li> <li>✓ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</li> </ul> <p>This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation.</p> <p>The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> <li>✓ the information has been properly disclosed;</li> <li>✓ conditions of allocations have been met; and</li> </ul>	<p>Expenditure is too high linked to bulk purchases, non-cash item and 2014 top notch which resulted to increase of internal spending.</p> <p>The Information was properly disclosed and explanation were also given. The AG was satisfied with the disclosure.</p>
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	<p>✓ that any explanations provided are acceptable.</p> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	
<b>3. Disclosures in notes to AFS</b>	<b>Considerations relating to section 124</b>	
Information relating to benefits paid by municipality and entity to councilors, directors and officials.	<p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ul style="list-style-type: none"> <li>✓ salaries, allowances and benefits of political office bearers, councilors and boards of directors, whether financial or in kind;</li> <li>✓ any arrears owed by individual councilors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councilors;</li> <li>✓ salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;</li> <li>✓ contributions for pensions and medical aid;</li> <li>✓ travel, motor car, accommodation, subsistence and other allowances;</li> <li>✓ housing benefits and allowances;</li> </ul>	<p>Information was disclosed in the AFS and the AG was satisfied with the disclosure.</p> <p>Yes, financially</p> <p>N/A</p> <p>It was disclosed</p> <p>It was disclosed</p> <p>It was disclosed</p>

	<ul style="list-style-type: none"> <li>✓ overtime payments;</li> <li>✓ loans and advances, and;</li> <li>✓ any other type of benefit or allowance related to staff.</li> </ul> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> <li>✓ the information has been properly disclosed;</li> <li>✓ conditions of allocations have been met; and</li> <li>✓ that any explanations provided are acceptable.</li> </ul> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	<p>N/A</p> <p>Yes, everything was disclosed.</p>
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INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
<b>4. Municipal Performance</b>	<b>Considerations</b>	
The annual performance reports of the municipality and entities.	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are –</p> <ul style="list-style-type: none"> <li>✓ Has the performance report been included in the annual report?</li> <li>✓ Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</li> <li>✓ Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</li> </ul> <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation, and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p>	<p>Yes, the Annual Performance report has been included in the report.</p> <p>Partially met</p> <p>Yes, the information was not qualified by the AG and met the required standard.</p> <p>Water and sanitation is the District function. Electricity backlogs has been reduced. Library usage has shown significant improvement.</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?</p> <p>✓ Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations</p>	<p>72%</p> <p>Not met full expectations</p> <p>No</p> <p>Systems improvement, functionality of Ward Committee, consistent meeting with Ward Councilors and Committee.</p> <p>Not</p> <p>The performance contract capture all targets within Budget.</p> <p>To a certain extent</p> <p>Performance is efficient and effective.</p> <p>15% targets were brought forward. Plan is ongoing.</p>
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	satisfactory? Council should comment and draw conclusions on information and explanations provided.	Yes, revenue enhancement. Appointment of the Chief Financial Officer and General Manager: Community Services.
Audit reports on performance.	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?	Yes, it was captured and included in the AG action plan.
Performance of municipal entities and municipal service providers.	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.  The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.  Is the council satisfied with the evaluation and conclusions of the municipality?	uMngeni Municipality does not have a municipal entity.

	What other actions are considered necessary to be taken by the accounting officer?	No  Monitoring, evaluation intervention and consequent management.
<b>5. General information</b>	<b>The following general information is required to be disclosed in the annual report.</b>	
Relevant information on municipal entities.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.	N/A
The use of any donor funding support.	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> <li>✓ Have the purposes and the management agreements for the funding been properly agreed upon?</li> <li>✓ Have the funds been used in accordance with agreements?</li> <li>✓ Have the objectives been achieved?</li> <li>✓ Has the use of funds been effective in improving services to the community?</li> <li>✓ What actions need to be taken to improve utilisation of the</li> </ul>	N/A

	funds?	
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.	N/A
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.	High level summary included in the annual performance report with the annual report.
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.	Long-term contracts details are submitted in the Annual budget which was adopted by Council on 27 May 2015 and further disclosed in the Annual Performance Report

<p>Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.</p>	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarized. Council should comment and draw conclusions on the information provided.</p>	<p>included in the Annual Report.</p>
		<p>The IT Department has developed and implemented the IT Governance Framework and is in the third year of implementing its IT Strategy, the Master Systems Plan. The accurate implementation is stifled by the limited financial and resource constraints.</p> <p><b>Disaster Recovery</b> – The implementation of the Municipal Disaster Recovery Plan is being implemented in phases due to financial constraints. We are in the process of implementing the first Phase (Tape installation and Alternative Internet Line Installation).</p> <p><b>Systems Automation</b> – The automation of the Registry System, Contract Management and Document Management systems are in the process of implementation. Leave System Automation is also underway.</p> <p><b>IT Governance</b> – The IT Governance</p>



		<p>Structure (IT Steering Committee has been put in place. Council has adopted the Corporate Governance of ICT Policy for implementation.</p> <p>The section's success in performing its natural role as an enabler to the organization is dependent on the effective management of its Human, Financial and Physical Resources.</p> <p>It is therefore</p> <p>Recommended that;</p> <ul style="list-style-type: none"> <li>• The proposed ICT organogram (Included in the IT Strategy), be adopted and implemented.</li> </ul> <p>Budget Allocation for implementing the IT Strategy be considered amongst the Municipal Priorities.</p>
Three year capital plan for	A summary of the long-term capital plans and how these address	Three year capital investment programme is

addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework.	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.	included in the IDP.
<b>6. Other considerations recommended</b>		
Timing of reports.	Was the report tabled in the time prescribed?  Has a schedule for consideration of the report been adopted?	Yes, the Annual Report was tabled on 25 January 2016 as per the requirements of the MFMA, made public and the community was invited to give representations. No inputs were received except for Councillor PA Passmoor.
Oversight committee or	What mechanisms have been put in place to prepare the	The Oversight Committee was appointed by Council in 2016 and this report was

<p>other mechanism.</p>	<p>oversight report?</p> <p>Has a schedule for its completion and tabling been adopted?</p>	<p>compiled to assist the Committee in its oversight role.</p> <p>The oversight report will be submitted to Council on Tuesday, 29 March 2016 for adoption and also to adopt the Annual Report without reservations.</p>
<p>Payment of performance bonuses to municipal officials.</p>	<p>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.</p> <p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p> <p>✓ If so has a proper evaluation of performance been undertaken?</p> <p>✓ Was the evaluation approved by council?</p>	<p>None. No performance bonus were paid to any Section 56/57 employee during the 2014/2015 financial year.</p>

	<p>✓ Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report?</p> <p>✓ Are the payments justified in terms of performance reported in the annual report.</p>	<p>Proper evaluation has been done.</p> <p>Yes</p> <p>Yes</p> <p>No</p>
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## CONCLUSION

The onerous requirements of many legislative mandates, make it difficult to achieve an unqualified report, a feat that many municipalities fail to achieve in South Africa. This achievement is recognised by the Oversight Committee.

The Oversight Committee commends Council, the Management and staff at uMngeni Municipality on the strides made towards good governance. However, a lot still needs to be done towards curbing fruitless expenditure as well as the electricity losses incurred every financial year.

Having performed the following tasks:

- ✓ Reviewed and analyzed of the Annual Report;
- ✓ Invited, received, and considered inputs from Councilors and Portfolio Committees, on the Annual Report;
- ✓ Done Public Announcements to allow the local community or any organs of state to make representations on the Annual Report;
- ✓ Prepared the draft Oversight Report, taking into consideration, the representatives of the Auditor-General, organs of state and Councilors;

The Oversight Committee has pleasure in presenting the Oversight Report to Council to consider the following resolutions:

## **RESOLVED TO RECOMMEND**

1. That the oversight committee resolve to recommend to council to adopt the Annual Report with the amendments and without reservations;
2. That the oversight report and the Annual Report be forwarded to the Provincial Legislature, the Provincial Department of Co-operative Governance and Traditional Affairs and the Provincial Treasury;
3. That the Annual Report be posted on the website within seven days of the adoption;
4. That the notice be published in the local media indicating that the Annual Report has been adopted, and
5. That copies of the minutes of the Oversight Committee and Council dealing with the Annual Report be submitted to the Auditor-General, Provincial Treasury and the Department of Co-operative Governance and Traditional Affairs.

ANNEXURES

National Treasury Circular 32

Annual Report (with Annual Financial Statements Attached)