



STELLENBOSCH

STELLENBOSCH • PNIEL • FRANSCHHOEK

MUNISIPALITEIT • UMASIPALA • MUNICIPALITY

MPAC/Oversight report

2016/17

Financial year



MPAC/Oversight visit Jamestown housing



MPAC/Oversight visit Devon Valley WWTW R400 million project



MPAC/Oversight visit Kayamandi housing project



MPAC/Oversight visit service delivery at Enkanini informal settlement

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1 INTRODUCTION

This document constitutes the MPAC/Oversight Report on the 2016/17 Annual Report of the Stellenbosch Municipality which has been compiled in terms of Section 129 of the Local Government Municipal Finance Management Act, Act 56 of 2003 (MFMA) read in conjunction with:

- MFMA Circular 11 - Annual Reporting Guidelines - 14 January 2005
- MFMA Circular 32 - The Oversight Report
- MFMA Circular 18 - New Accounting Standards - 23 June 2005
- MFMA Circular 28 - Budget Content and Format - 12 December 2005

2 LEGAL FRAMEWORK

The MPAC/Oversight Report is compiled in accordance with the following:

➤ **LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO 56 OF 2003):**

1. Sections 121 (1) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) requires every municipality to prepare an Annual Report. The municipal council must deal with this report within nine months of the end of the financial year (31 January).
2. Section 127 (2) (a) (i) (ii) of the MFMA requires the accounting officer to make the annual report public and invite the local community to submit representations in connection with the annual report following the tabling thereof.
3. Section 127 (2) (b) of the MFMA requires that the tabled annual report must be submitted to the Auditor General, Provincial Treasury and the Provincial Department of Local Government.
4. Section 129 (1) requires the municipal council to adopt an oversight report by no later than 31 March containing the councils comments on the annual report which must include a statement whether the council;
 - a) has approved the annual report with or without reservations;
 - b) has rejected the annual report; or
 - c) has referred the annual report back for revision of those components that can be revised.”

➤ **LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, ACT 32 OF 2000:**

1. Section 46 of the Municipal Systems Act requires every municipality to prepare a performance report for each financial year which reflects the performance of the municipality and each of its external service providers during the financial year, as measured against predetermined targets as well as the performance of the previous year. The annual performance report must form part of the municipality's annual report.

3 BACKGROUND

Stellenbosch Municipality tabled its Draft Annual Report on 30 January 2018. The Annual Report was submitted to the relevant authorities and made public on 31 January 2018 and the closing date for submissions was 28 February 2018. Advertisements were placed in the Boland Gazette on the 30 January 2018 in all three languages. No written submissions were received from the public. An evaluation report was received from the Provincial Government: Department of Local Government indicating that the Annual report should contain the guidelines of Circular 63 as addendums.

4 APPOINTMENT AND MANDATE OF THE MPAC/OVERSIGHT

MFMA Circular 32 of 2006 prescribes the Oversight Process and the establishment of an Oversight Committee. The Municipal Council appointed its MPAC to fulfil the role of an Oversight Committee and make a recommendation to council in terms of Section 79 of the Local Government: Municipal Structures Act, Act 117 of 1998 at the 15th Council meeting of Stellenbosch Municipality on the 24th February 2018 as follows:

- “1. *That the Stellenbosch Municipal MPAC/Oversight Committee be constituted as follows:*
 - (a) (i) *Councillor WF Pietersen;*
 - (ii) *Councillor MC Johnson;*
 - (iii) *Councillor NS Louw;*
 - (vi) *Councillor N Olayi;*
 - (viii) *Councillor N Mananga-Gugushe*
2. *The members co-opted for the Oversight Committee (MPAC) are Alderman JC Anthony and Ms. Mariaan Roos.*
3. *Councillor WF Pietersen served as Chairperson of the Oversight Committee;*
4. *That the functions of the Oversight Committee be as follows:*
 - (a) *that Council confirm the Council resolution of 16 February 2017 where MPAC was given the Terms of Reference to fulfil the role as Oversight Committee when considering the Annual Report to undertake a detailed analysis and review of the Municipality’s Annual Report;*
 - (b) *that Council refer the draft Annual Report to the MPAC/Oversight Committee to consider the Draft Annual Report and make recommendations to Council as contemplated in Section 129(1) of the MFMA;*
 - (b) *to consider inputs from the Council, Management; Portfolio Committees, Ward Committees and the public on the Municipality’s Annual Reports;*

- (c) to consider inputs from the Municipality's Audit Committee and Performance Audit Committee as well as the Auditor General on the Municipality's Annual Reports;
- (d) to draft the MPAC/Oversight Report based on the Municipality's draft Annual Report.
5. That the MPAC/Oversight Committee complete its work as contained in the Compilation item of the MPAC/Oversight Committee, including a planning sitting and a sitting to present the MPAC/Oversight Report to Council;
6. That the Oversight Committee be permitted to co-opt advisory members should this be necessary; and

5 METHODOLOGY

The Oversight Committee conducted the Oversight Process over 9 sittings between 31 January 2018 and 17 of March 2018 and the process will be concluded with a presentation to the Municipal Council on 28 March 2018.

The meeting schedule was as follows:

MEETING	SECTION	DATE	Time
1	Orientation session facilitated by Dr. Len Mortimer with all MPAC Oversight Members	31 January 2018	15:00 – 16:30
2	Chapter 1 and 2	06 February 2018	12:00 – 16:00
3	Chapter 3 and 4	08 February 2018	12:00 – 16:00
4	Chapter 5 and Chapter 6 (Auditor General Report)	15 February 2018	12:00 – 16:00
5	Preparation for the Discussion with Directors and the Municipal Manager	20 February 2018	09:00 – 12:45
6	Discussions with Directorates on Questions and answers	23 February 2018	09:00 – 11:17
7	Public Hearing – No Submissions received. Preparation of the Draft MPAC Oversight report	26 February 2018	09:00 – 12:00
8	MPAC Oversight - Site visit to service delivery areas as discussed within the draft Annual report	27 February 2018	09:30 – 13:00
9	Final drafting of the MPAC/Oversight Report	8 March 2017	12:00 – 16:00

The 2016/17 Annual Report was compiled to align to the new format prescribed by National Treasury MFMA Circular 11. For ease of reference the structure of the Stellenbosch Municipality Annual Report is given below:

- Foreword by the Executive Mayor
- Foreword by the Municipal Manager
- Chapter 1: Municipal Overview and Executive Summary
- Chapter 2: Governance
- Chapter 3: Service Delivery Performance
- Chapter 4: Organisational Development Performance
- Chapter 5: Financial Performance
- Chapter 6: Annual Financial Statements and Report of the Auditor General

During the Oversight Process, the Oversight Committee made recommendations on the improvement of the Draft Annual Report 2016/17 which entailed minor corrections and additional information that would make the Draft Annual Report reader friendly. These improvements were made to the extent that information was available.

The Oversight Committee also made specific recommendations on issues contained in the Draft Annual Report which should be addressed by the Municipal Council. These recommendations are dealt with chapter by chapter as mentioned in paragraph 5 below.

6 RECOMMENDATIONS BY THE OVERSIGHT COMMITTEE

That the matters in the following table be:

- *adopted by Council as an action plan*

Question /Observation by MPAC		Page	Recommendations/Actions
All directorates	Repairs and Maintenance budget of various departments is underspent at -48.59% for the organisation	302	Every directorate must introduce a maintenance plan to secure the optimal functioning of assets. Progress against the budgets will provide clarity on the strategy.
Office of the Speaker	Ward Committee public meetings that did not take place	94 - 96	Performance driven measures needs to be introduced to improve consultation with the community on a regular basis
Human Settlements	Underspending of the capital budget – which is of great concern	124	Greater capital spending needs to be enforced with the implementation of the annual Demand Management Plan (DMP)
Community and Protection Services	Fleet management is considered as a risk	105	Development of a fleet and maintenance plan to safeguard the assets of council as a collective strategy
Finance	Outstanding debt	304	Efforts should be introduced to decrease the outstanding debt
All directorates	Legal litigation is a concern although it is under control	AFS page 2	A strategy is required to proactively address legal litigation
All directorates	Contract Management	AFS page 17	Current efforts to manage contractors should be maintained and further enhanced
Administration	The Curatorship of the Councillors pension fund is of great concern	AFS page 113	That the curatorship be addressed as a matter of urgency

7 CONCLUSION

The Committee would like to commend the Municipality on its performance and praise the Executive Mayor, Councillors, Municipal Manager, Directors and administrative staff, especially for:

- the achievement of a clean audit outcome;
- the administration for expenses which is above the norm;
- no fruitless and wasteful expenditure (Note 54);

- 100% Municipal Infrastructure Grant (MIG) spending;
- the decrease in grant spending and highlighting the stability and strength to be self-sufficient;
- resolution of shortcomings highlighted by the Auditor General; and
- good water security having in mind the current budget

I would like to thank the members of the MPAC/Oversight Committee and all officials who participated in the 2016/17 Oversight Process. The process was successful and enabled the Committee to identify areas that requires improvement and maintenance of a clean audit

The MPAC/Oversight committee is extremely thankful to observe the existence of cooperation within the ranks of the administration of Stellenbosch Municipality.

I am of the opinion and in consultation every member of the MPAC/Oversight committee that the 2016/17 Annual Report accurately reflects the performance of the Stellenbosch Municipality for the year under review and recommend that the Council approve the 2016/17 Annual Report without reservations.



Cllr. WF. Pietersen
Chairperson: MPAC/ Oversight Committee

Date: 8 March 2018