



**STELLENBOSCH MUNICIPALITY**  
STELLENBOSCH – PNIEL – FRANSCHHOEK

**Oversight report**

**2015/16**

**Financial year**

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# 1 INTRODUCTION

This document constitutes the Oversight Report on the 2015/16 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).

# 2 LEGAL FRAMEWORK

The Oversight Report is compiled in accordance with the following:

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

1. Section 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 (5) (1) 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 (5) (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 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 without reservations; or
  - 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 25 January 2017. The Annual Report was submitted to the relevant authorities and made public on 31 January 2017 and the closing date for submissions was 3 March 2017. Advertisements were placed in the Eikestad Nuus on the 02 February 2017 (1<sup>st</sup> advert) and 09 February 2017 in the Boland Gazette. Three (3) 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 OVERSIGHT COMMITTEE

MFMA Circular 32 of 2006 prescribes the Oversight Process and the establishment of an Oversight Committee. The Municipal Council appointed its Oversight Committee in terms of Section 79 of the Local Government: Municipal Structures Act, Act 117 of 1998 at an urgent Council meeting on the 16 February 2017 as follows:

*"1. That the Stellenbosch Municipality 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. HC Bergstedt.*

*3. Councillor WF Pietersen served as Chairperson of the Oversight Committee;*

*4. That the functions of the Oversight Committee be as follows:*

- (a) to undertake a detailed analysis and review of the Municipality's Annual Report;*
- (b) to consider inputs from the Council, 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 Oversight Report based on the Municipality's draft Annual Report.
5. That the Oversight Committee complete its work as contained in the Compilation item of the Oversight Committee, including a planning sitting and a sitting to present the Oversight Report to Council;
  6. That the Oversight Committee be permitted to co-opt advisory members should this be necessary; and
  7. That the municipality advertise its intention to appoint the Oversight Committee as set out above".

## 5 METHODOLOGY

The Oversight Committee conducted the Oversight Process over 12 sittings between 22 February 2017 and 22<sup>nd</sup> of March 2017 and the process concluded with a presentation to the Municipal Council on 29 March 2017.

The meeting schedule was as follows:

MEETING	SECTION	DATE
1	Training session facilitated by PGWC	22 February 2017
2	Orientation: Presentation and discussion on the content of the Annual Report	24 February 2017
3	Chapter 1 and 2	28 February 2017
4	Chapter 3 and 4	1March 2017
5	Chapter 5 and Chapter 6 (Auditor General Report)	2March 2017
6	Discussions on Questions and Answers	3 March 2017
7	Discussions on Questions and Answers	6 March 2017
8	Public Hearing	7 March 2017
9	Discussions with Directorates on Questions and answers	9 March 2017
10	Drafting of Oversight report	10/14 March 2017
11	Final preparation of Oversight Report	17 March 2017
12	Review of Final of Oversight Report 2015/16	22 March 2017
13	Table of oversight report to Council	29 March 2017

The 2015/16 Annual Report was compiled to align to the new format prescribed by National Treasury. 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 2015/16 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 following matters be:

- adopted by Council as an action plan; and
- reported by the Accounting Officer on a quarterly basis to Council on its progress.

### **REVIEW ANNUAL REPORT:**

All matters are added as an addendum to this report:



Question / Observation by MPAC		Page	Responses by Directorates	Recommendations/Actions (Oversight Report)
Human Settlements	Municipal criteria for housing differs from Provincial criteria and is causing problems with the waiting list	252	Department agree to align the waiting lists of the Municipality and Provincial Government	Attention should be spent on the accuracy of the waiting list. The criteria of the Municipality and the Province should be aligned to prevent any problems within the housing waiting list.
Human Settlements	Slow pace of Housing provision	227	Proper planning process should be put into place by all the departmental stakeholders.	The directorate for Human Settlements in partnership with Planning and LED must identify land for housing
Human Settlements	The delivery of houses do not match the expenses of the directorate	252 (3.10.3)	Proper planning process should be put into place by all the departmental stakeholders.	The productivity of the directorate should improve to justify the delivery of houses compared to the salary expenses.
Property Management	Total under performance by the directorate in terms of rental income	307	Progress report to be tabled to MPAC	An action plan to be developed to increase income from rental housing
Property Management	Excessive rental Expenditure on municipal offices	309	Take note.	The Municipality to develop its own office space in the medium term. This is particular in reference to ABSA 3 <sup>rd</sup> floor, Ecclesia and Eikestad Mall.
Community and Protection	Parking tenders allocated to private service providers	485	Investigation to be done	Parking should be handled in-house as a job creation tool for local employment.
Community Services	Holiday resorts and campsites	334	Commitment made to address shortcomings	Improvement in the revenue collection and control systems at the holiday resorts and campsites. Income should be allocated to the correct votes and line items.
Performance Management	Total under and over performance of certain Key performance indicators	142-188	Continuous feedback on the adjustment of targets	Improvement of the performance management system by re-evaluating certain KPI's to ensure realistic and optimal targets
Waste Water Treatment Upgrades	Slow progress of waste water treatment plans	198	Progress report to be tabled	Improvement in contract management to ensure that basic services can be delivered in the near future.

Human Resources	High % of vacancies in certain directorates	79/92	Director took note of the observation and will diligently fill critical vacancies	Action plan to be put in place to speed up employment for vacant positions
Human Resources	TASK implementation	72	TASK investigation is in progress	Task investigation report to be finalised expeditiously
Human Resources	Sick Leave	315	See attached list on sick leave	The committee takes note of the previous placement of staff between directorates.
All directorates	Low capital spending	348	Progress report to be tabled	Improved planning and implementation is required
Strategic and Corporate	Legal Services is understaffed	64	Restructuring was ongoing in the legal services	To be addressed with the 2017 restructuring process
Planning and Local Economic Development	Develop Spatial Development Framework (SDF) for Stellenbosch (TL 32)	169	The first phase of the development of the SDF has started by developing an integrated urban development framework.	If the SDF is not updated it will pose a risk for future development in Stellenbosch Municipal area (WC024). A progress report on the development of the SDF
Finance	Supply Chain Management	484 (note 64)	The number of deviations have decreased	Welcomed improvement in the management of deviations
Human Settlements	Quality of Housing developments	35	Updated response required	Conditions of houses at Jamestown – MPAC support the findings and actions recommended by the Auditor General
Human Settlements	Condition of the Kayamandi Hostels	32	Status report on the action plan required	Action plan to be developed and regular status report required.



## **CONCLUSION**

The Committee would like to commend the Municipality on its performance, especially the achievement of a clean audit.

I would like to thank the members of the Oversight Committee and all officials who participated in the 2015/16 Oversight Process for their time and cooperation. The process was successful and enabled the Committee to identify areas that will enable the Municipality to maintain its clean audit and to improve on areas identified. It was observed by the oversight committee that a spirit of improved cooperation by the administration was observed which we are extremely thankful for.

I am of the opinion that the 2015/16 Annual Report accurately reflects the performance of the Municipality for the year under review and recommend that the Council approve the 2015/16 Annual Report without reservations.



**Chairperson: MPAC/ Oversight Committee**

**Date: 22 March 2017**

