



# UMZIMVUBU LOCAL MUNICIPALITY

**UMZIMVUBU**  
— LOCAL MUNICIPALITY —

## OVERSIGHT REPORT ON THE ANNUAL

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**2011/2012 FINANCIAL YEAR**

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## 1. INTRODUCTION

The Constitution of the Republic of South Africa Act No. 108 of 1996 section 151 (2) stipulates that both Executive and Legislative powers rest within the municipal Council. This results in difficulty to clearly define the separation of powers. The Local Government: Municipal Structures Act No. 117 of 1998 establishes committees of council in terms of section 79 and 80 thereof for effective and efficient performance of any of the Council functions or the exercise of any of its powers. The Municipal Finance Management Act No. 56 of 2003 calls for a committee of council that deals specifically with the annual oversight report of Council and other ad-hoc functions.

The MPAC has been established as a mechanism to enhance municipal performance of the municipality and promote accountability of the Executive Councilors to Council. It has been established as a standing committee of council that is responsible for consideration of the annual report and reporting to Council regarding the Annual Report. Page | 3

Given the processes required by Council to effectively undertake its oversight role on the annual report, the establishment of the MPAC of council would provide appropriate mechanism in which Council could fulfill its oversight responsibility.

Given the complexity of the oversight responsibility to be played by the council in the area such a as good governance which includes oversight accountability and institutional capacity, the establishment of the MPAC as Section 79 committee that discharges its responsibility throughout year, not to play its function at tail-end of the year would provide appropriate mechanism in which Council fulfills its oversight responsibility.

## 2. COMPOSITION OF THE COMMITTEE

The MPAC is composed of the following non- executive councilors, six whom are females:

1. Councillor N. Mpanda : Chairperson
2. Councillor Ngqasa : Deputy Chairperson
3. Councillor U.G. Makanda : Member
4. Councillor N. Mlenzana : Member
5. Councillor P.N. Ndabeni : Member
6. Councillor Ripa : Member
7. Councillor Mnukwa : Member
8. Councillor N. Godlo : Member
9. Councillor Mtebele : Member
10. Councillor Myingwa : Member
11. Councillor Gcadinja : Member

## 3. THE OVERSIGHT (MPAC) REPORT PROCESS

Section 121 (1) (2) of the MFMA determines as follows:

- Every municipality must for each financial year prepare an annual report. The council must within nine months after the end of the financial year deal with the annual report of the municipality in accordance with Section 129.

The draft annual report for 2011/2012 was tabled by the Mayor to the council on 30<sup>th</sup> November 2012. The Municipal Manager publicized the draft annual report on media for public comment and input, a process which closed on the 18<sup>th</sup> January 2013. The document was submitted to relevant authorities including the Office of the Auditor General, Treasury and the Department of Local Government and Traditional Affairs.

The MPAC invited the Municipal Manager to its meeting which sat on the 23<sup>rd</sup> January and 11<sup>th</sup> February 2013 wherein the Annual Report was considered. Concerns that were raised on the annual report included the following:

- The issue of time-frame on actions that was not included on the Audit Turnaround Strategy. This was resolved.
- The issue of discrepancies observed/disclosed in the financial statements with regards to remuneration of councilors. This was resolved.
- The issue of legal cases that are utilizing a huge budget that could otherwise be dedicated to something else. This was dealt with.
- Drafting of Mid Year financials to improve credibility of our Financial Statements at the end of the financial year. This was dealt with.
- The issue of end year plan – giving time frames to compilation of Annual Financial Statements and Annual Performance Report. This was dealt with.

#### 4. RECOMMENDATIONS

1. That the Council should note the report.
2. That the Council should adopt the Oversight Report (MPAC Report) on the Annual Report for 2011/2012 without reservations.