



## **FINAL OVERSIGHT REPORT IN RESPECT OF THE 2015/16 ANNUAL REPORT OF THABAZIMBI LOCAL MUNICIPALITY**

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### **1. PURPOSE**

The purpose of this oversight report is to enable the Municipal Public Accounts Committee to discharge its oversight responsibility in considering the 2015/16 Annual Report of Thabazimbi Local Municipality in terms of section 129 of the Municipal Finance Management Act 56 of 2003 (MFMA)

### **2. BACKGROUND AND DISCUSSION**

Section 127 (3) of the Municipal Finance Management Act states that; “ *The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality.....*”. The 2015/16 annual report for Thabazimbi Local Municipality was tabled on 28 February 2018.

In terms of section 129(1) of the Municipal Finance Management Act, the Council of a Municipality must consider the tabled annual report of the Municipality by no later than two months after the date on which the annual report was tabled in council in terms of section 127 of the MFMA.

MFMA Circular 32 recommends the establishment of an oversight committee to analyse and review the annual report. In the case of Thabazimbi Local Municipality, the annual report is analysed and reviewed by the Municipal Public Accounts Committee as a committee of Council in terms of section 79 of the Municipal Structures Act.

In line with section 127 (5) of the Municipal Finance Management Act, the community must be invited to make representations in terms of the draft annual report. The draft report was made available on the official website of the municipality for the community to access and make comments.

The Municipal Public Accounts Committee (MPAC) considered, reviewed and analyzed the 2015/16 draft annual report of Thabazimbi Local Municipality at a meeting held 11 July 2018.





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The committee drafted the oversight report on the annual report and this oversight report was considered at the Committee meeting of 08 August 2018.

According to section 129 of the MFMA, the council must adopt an oversight report containing the council's 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.

MFMA Circular 32 dictates that in order to approve the annual report without reservations, council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality and properly accounts for the actions of the municipality in the financial year reported upon. Approval means that the executive and administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable to the community.

### **3. FINANCIAL IMPLICATIONS**

None.

### **4. LEGAL IMPLICATIONS**

- The Municipal Finance Management Act 56 of 2003
- MFMA Circular 32 of 15 March 2006
- The Municipal Systems Act 32 of 2000
- The Municipal Systems Amendment Act 44 of 2003
- Municipal Structures Act 117 of 1998

### **5. HUMAN RESOURCE IMPLICATIONS**

None.





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### **6. PARTIES CONSULTED**

- Members of the Council of Thabazimbi Local Municipality
- The Local Community of Thabazimbi

### **7. POWER OF APPROVAL**

The power of approval to approve the oversight report is vested in the Council of Thabazimbi Local Municipality.

### **8. RECOMMENDATIONS**

It is recommended that:

- Council, having fully considered the 2015/16 annual report of Thabazimbi Local Municipality and the representations thereon, adopt the oversight report and approve the annual report without reservations but with emphasis on the following:
  - The municipality must ensure that the annual report is compiled and tabled on time in order to ensure compliance with legislation.
  - The annual financial statements as well as the Auditor General's report for the 2015/16 financial year must be included in the 2015/16 Annual report.
  - Money owed to the municipality must be recovered from debtors.
  - The expenditure on telephones must be controlled and reduced.
  - Stock losses must be prevented and kept to a minimum level.
  - The electricity and water distribution losses must be reduced to the acceptable levels of between 7% and 10% for electricity and between 15% and 30% for water.
  - Councillors and officials owing the municipality for more than 90 days must pay the money owed to the municipality and ensure that they honour arrangements made to settle their accounts.
  - The concerns of the Audit Committee especially regarding performance management must be addressed.
  - The Municipality must ensure that the findings raised by the Auditor General are addressed.





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- The Accounting Officer in line with section 62(d) of the MFMA is responsible for managing the financial administration of the municipality and therefore must for this purpose take all reasonable steps to ensure that unauthorised, irregular, fruitless and wasteful expenditure and other losses are prevented.
- The municipality must ensure that performance targets set in terms of the key performance areas are achieved and evidence is available to support the targets indicated as having been achieved.

  
Cllr. G. Gouws

Chairperson MPAC: Thabazimbi Local Council