

CHAIRPERSON'S FOREWORD

A democratic government has ushered in a new hope for all citizens of South Africa. In terms of the Constitution of South Africa, Act 108 of 1996, the objects of local government are clearly defined at Section 152(1). As local government is then our responsibility of turning the hopes of citizens into sustained service delivery that enriches all our citizens' lives on a financially sustainable basis.

With the introduction of the Municipal Public Accounts Committees (MPAC's) at all municipalities within Gauteng, an expectation has been created whereby effect would be given to Section 152(1)(a) of our Constitution; "to provide democratic and accountable government for local communities."

MPAC throughout the Gauteng Province was slow off the mark. However it must be noted that although MPAC was enthusiastically launched almost a year ago, the initial system of training was too technical in nature and the approach not methodical, resulting in uncertainty with respect to the terms of reference as well as the method of operation. The recent round of training and workshops addressed these shortcomings and I say to you that MPAC is ready to play its rightful role in the Metsweding District.

The relationship between the IDP, Budget and Annual Report is well documented in National Treasury's MFMA Circular No. 11 as follows:

"The IDP and Budget is forward looking, they set out what the municipality intends to do and the funds it will raise and spend. The Annual Report, on the other hand, is backward-looking as it reports on actual performance at the end of the financial year, reporting on how the IDP and budget were implemented."

This oversight report is the first for the Metsweding District Municipality and the first for the District. This marks the beginning of a new era for accountable local government for Metsweding in striving to make a better life for all.

The year under review has been one of significant progress and achievement. On behalf of members of MPAC, I congratulate the Executive Mayor, Councillor Agnes Mlondobozi, the Municipal Manager, Mr. Nava Pillay, the CFO, Mr. Eddie Sweeny, the senior manager and the staff of MDM. I would also like to thank the Speaker of MDM, Councillor Richard Makola, the Manager in the office of the Speaker, Tshepo Rakgahla, the Secretary in the office of the Speaker, Thandi Phuthi and not forgetting the MDM Committee Secretary, Caroline for their hard work and support provided to MPAC.

On behalf of MPAC.

Clr. Haroon A M Khan
Chairperson: MPAC

TABLE OF CONTENTS

1. OVERVIEW
2. POSITIVE ASPECTS OF THE 2006/2007 ANNUAL REPORT
3. SUMMARY OF ISSUES AND CONCERNS WITH THE 2006/2007 ANNUAL REPORT
4. CONCLUSION
5. RECOMMENDED RESOLUTIONS TO BE ADOPTED BY COUNCIL

1. OVERVIEW

This report is intended to fulfill the obligation of the Metsweding District Municipality for an Oversight Report on the 2006/2007 MDM Annual Report, as required by the Municipal Finance Management Act 56 of 2003 (MFMA), Section 129 (1);

“The Council of a municipality must consider the Annual Report of the municipality and of any municipal entity under the municipalities sole or shared control, and by no later than 2 months from the date on which the Annual Report was tabled in the Council in terms of Section 127, 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.

The Metsweding District Municipal Council, the Kungwini Local Municipal Council and the Nokeng Tsa Taemane Municipal Council created a joint Municipal Public Accounts Committee (MPAC) by resolution of the various Councils. However within the context of the Gauteng Province, this is the only MPAC that constitutes a joint committee to serve the District and Local Municipalities. MPAC will effectively constitute a Committee as envisaged in Section 33 and Section 79 of the Municipal Structures Act.

In reviewing the 2006/2007 Annual Report of MDM the committee was guided by the following information:

- MDM 2006/2007 Annual Report;
- MFMA;
- National Treasury MFMA Circular No. 11, Annual Report Guidelines;
- National Treasury MFMA Circular 32, The Oversight Report;
- 2006/2007 IDP;
- 2006/2007 Budget Document

All members of the committee were afforded sufficient time to review the Annual Report. Three meetings were convened where members of the committee discussed the Annual Report.

The committee also solicited other inputs and comments on the Annual Report from the following:

- Invited the Auditor General to attend a meeting of the committee to provide his perspective on the Annual Report and on his Audit Report, and to discuss with the committee questions raised on the Annual Report;
- Invited the Internal Auditor to present the committee with his perspective on the Annual Report.

2. POSITIVE ASPECTS OF THE 2006/2007 ANNUAL REPORT

The committee believes that the 2006/2007 Annual Report reflects a substantial and positive improvement in MDM's annual planning, budgeting and reporting processes.

The Annual Report complies with most of the MFMA requirements and with National Treasury guidelines as contained in National Treasury MFMA Circular No. 11. The committee notes and commends the MDM management team for preparing a well organized and coherent document, in the format suggested by National Treasury.

The committee notes specifically that most of the information required to be included by the MFMA was included . Specifically the 2006/2007 Annual Report contains the following:

- Annual Financial Statements;
- Auditor General's Audit Report;
- Annual Performance Report;
- Auditor General's Report on Performance Measurement;
- Compensation received by Councillors, the Municipal Manager, the CFO and other Senior Managers;
- Total audit fees, taxes, levies, duties, and pension and medical aid contributions;
- Bank accounts held by MDM and balances;
- Summary of investments.

3. SUMMARY OF ISSUES AND CONCERNS WITH THE 2006/2007 ANNUAL REPORT

The committee concludes that despite the significant improvement in the Annual Report, improvement is still needed in the area of spending of grant funding. The committee notes with concern the slow spending of grant funding and recommends proper mechanisms to monitor and expedite grant funding.

4. CONCLUSION

The committee thanks the Speaker, all Councillors, the Executive Mayor, all MMCs, MDM's entire management team and staff, the Auditor General and the Internal Auditor General for their support and co-operation in completing this first Oversight process which has resulted in this Oversight Report.

The committee is of the opinion that MDM and the citizens it serves will realize substantial and tangible benefits from the oversight process which will be an ongoing process by the Municipal Public Accounts Committee (MPAC).

The committee is honoured for the opportunity to be of service to MDM and it's citizens.

5. RECOMMENDED RESOLUTION TO BE ADOPTED BY COUNCIL, IN ACCORDANCE WITH MFMA SECTION 129(1)

Council resolves that;

- (a) Having fully considered the Annual Report of the municipality and representations thereon, Council adopts the Oversight Report; and
- (b) Council approves the Annual Report without reservations.
- (c) That a quarterly report on the spending of grant funding be submitted to MPAC.