



Ugu District Municipality

NOTICE OF ADOPTION AND AVAILABILITY OF UGU DISTRICT MUNICIPALITY'S AND ITS ENTITIES' 2017/2018 ANNUAL REPORTS AND UGU REVISED 2018/2019 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

Members of the public are advised of the adoption of the Ugu District Municipality's revised 2018/2019 Service Delivery and Budget Implementation Plan as well as the 2017/2018 Annual and Oversight Report on 28 March 2019 and that such documents are accessible from the municipal website www.ugu.gov.za and the municipal offices at 28 Connor street, Port Shepstone, 4240 from 08h00 to 16h00.

By
DD Naidoo
Municipal Manager

UGU DISTRICT MUNICIPALITY

EXTRACT FROM THE DRAFT MINUTES OF THE MEETING OF THE UGU DISTRICT MUNICIPAL COUNCIL HELD ON 28 MARCH 2019.

10.2 2017/2018 Oversight Report

The Chairperson of the Municipal Public Accounts Committee (MPAC) presented the 2017/2018 Oversight Report.

Following which,

It was

RESOLVED:

- (a) That the 2017/18 Oversight Report be and is hereby **NOTED**.
- (b) That having fully considered the Annual Report of the Ugu District Municipality for the 2017 / 2018 Financial Year, the Oversight Report for the 2017 / 2018 Financial Year be and is hereby **ADOPTED**.
- (c) That the Annual Reports of the Ugu District Municipality and its Entities for the 2017 / 2018 Financial Year, with the reservations as included in the comments in the Oversight Report be and is hereby **APPROVED**.
- (d) That the Oversight Report be made public in accordance with Section 129 (3) of the Municipal Finance Management Act 56 of 2003.
- (e) That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(3) of the Municipal Finance Management Act 56 of 2003.

CERTIFIED A TRUE COPY OF THE ORIGINAL

VO MAZIBUKO
GENERAL MANAGER: CORPORATE SERVICES



OVERSIGHT REPORT

2017/ 2018 FY

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1. INTRODUCTION

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regards to the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the establishment of an Oversight Committee of Council would provide the appropriate mechanism in which Council could fulfil its oversight responsibilities.

The Municipal Public Accounts Committee (MPAC) is one such committee at the Ugu District Municipality.

The MPAC's primary role has been to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council.

The committee's analysis on the Annual report is outlined below.

2. BACKGROUND

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Mayor and Executive Committee) and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that Council has given to the Executive (Mayor/Executive Committee). In other words, in exchange for the powers which Council has delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non performance of the municipality.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight.

- ✓ Approval of budgets;
- ✓ Approval of Budget related Policies; and
- ✓ Review of the Annual Report and adoption of the Oversight Report.

3. FUNCTIONS OF THE OVERSIGHT COMMITTEE

The functions of the Oversight Committee are to:

- ✓ Undertake a review and analysis of the Annual Report.
- ✓ Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- ✓ Consider written comments received on the Annual Report from the public consultation process.
- ✓ Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- ✓ Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- ✓ Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

4. COMPOSITION OF OVERSIGHT COMMITTEE

4.1 Membership

The MPAC is a committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79 allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

Due to the separation of roles and responsibilities, between Council and the Executive (Mayor and Executive Committee) it is not appropriate that members of the Executive Committee be members of the MPAC.

4.2 Authority & Power

The MPAC is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

Timely notice of all meetings should be given and all meetings held by the MPAC must be open to the public and minutes of the meetings must be submitted to Council meetings.

It has come to light during deliberations of the Committee that the terms of reference of the committee may need review and / regular workshops be held to remind or alert members and enable the committee to perform its functions effectively. E.g. The calling of persons involved or affected in an investigation is one of the powers that the committee has and should be used whenever necessary.

4.3 Meeting Schedule

The Annual Report submitted to Council at its 24 January 2019 meeting, was referred for public participation and input on the Report. The community was advised through the print media of the availability of the Annual Report and were invited to submit representations on the report.

The Annual Report was available at all municipal libraries and offices and was also placed on the UGU District Municipality website. The Annual Report was submitted to the Auditor-General, Provincial Treasury and the Department of Local Government and Traditional Affairs.

CoGTA included comment to the draft Annual Report which was tabled in January.

At the closing date for public submissions of 15 February 2019, no submissions were received. The Public was invited to the tabling of the Annual Report to Council on 28 March 2019.

5. THE OVERSIGHT REPORT

This Oversight Report is for the financial year ended 30 June 2018.

The Annual Report was presented to MPAC on 01 March and the following matters were raised and noted at the workshop, the minutes thereof annexed hereto:

Regarding the terms of reference of the committee, we observed that the committee has authority to call on any person with information to assist with oversight. Although it has been discussed that reports be submitted to the committee, these have not always been forthcoming.

It was also noted that generally, the Annual Report emphasizes positive matters and focusses less on what is detrimental.

Chapter 2 – Human Resource and Organisational Management

It was observed that Governance is one of the areas where the municipality is doing well, with AG also having identified same in the main.

Overtime however remains a challenge albeit the slight improvement in comparison to prior years on work done in excess to the 40-hour requirement allowed. It has been observed that the pilot shift system has not been successful, and overtime still needs focused attention.

Overtime has contributed towards excessive personnel costs, which the municipality needs to seriously cut down on.

Chapter 3 – Service delivery

The municipality remains one of those providing services to a large number of communities, being 87% for access to water and sanitation, at 71%. Much as this is commended, the 2035 target to ensure 100% coverage remains a focus area. The committee is concerned about ageing infrastructure.

Chapter 4 – Organisational Development Performance

The 84% overall achievement of targets set in the financial year on the Service Delivery and Budget Implementation Plan is commended.

It is important that the Corrective Measures Action Plan as per AG findings are to be monitored strictly and addressed. The main issues identified in the report, Assets, Revenue SCM, Expenditure and the reliability of the AFS will be addressed with the assistance of provincial Treasury. For the year prior, only 38% of the issues raised by the AG and planned for correction were addressed and this is a concern. Exacerbating issues is the lack of consequence management. The committee resolved to call those implicated to provide explanation and should this be inadequate then Council would resolve further.

6. ANNUAL REPORT CHECKLIST

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	
121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General.	The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the accounting standards for municipalities. <u>Have the required standards been met?</u>	In terms of the AG report, the financial statements do not present fairly, in all material respects, the financial position of the Ugu District Municipality as at 30 June 2018. This then means that the standards were not met accordingly.
121 (3)(a) 121 (4) 121 (4)(b)	The above applies also to the AFS of municipal entities.	Yes, The Treasury has confirmed that the entities AFS were according to standard.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
<p>121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.</p>	<p>Has an adequate assessment been included?</p> <p>Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation?</p> <p>Is any other action required to be taken?</p>	<p>It could not be determined as according to AG, he was unable to obtain sufficient appropriate audit evidence for VAT payable disclosed as receivable in the statement of financial position, as the municipality did not maintain accurate and complete records of the correspondence with the South African Receiver of Revenue Services. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to value added tax stated at R18, 27 million in note 16 to the financial statements.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
<p>121 (3)(g)</p> <p>Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.</p>	<p>The conclusions of the annual audit are:</p> <ul style="list-style-type: none"> ✓ an adverse audit opinion, which means that the financial statements do not fairly present, in all material respects, the financial position of the municipality. ✓ The objective of the municipality should be to achieve an unqualified audit opinion. ✓ Taking into account the audit report, audit opinion and the views of the Audit Committee, MPAC considered: <ul style="list-style-type: none"> • To what extent does the report indicate serious or minor financial issues? • To what extent are the same issues repeated from previous audits? • Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? • Has a schedule of action to be taken been included in the annual report, with appropriate due dates? 	<p>A Corrective Action Plan has been presented to Council and management continues to address the issues identified, with regular monitoring of same, based on the set timelines.</p> <p>Prior year findings have been given attention although inadequately. A Corrective measures Action plan is in place with clear targets.</p> <p>MPAC raised serious concerns with the seemingly non-commitment of management on addressing prior year issues.</p> <p>Note 48 in the financial statements, indicates that, as of 30 June 2018 the municipality's current liabilities exceeded its total assets by R25,94 million. There was also a significant decrease in the municipality's cash balance. As stated in note 48, these events or conditions, along with other matters as set forth in note 48, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
		<p>A few of the Procurement and contract management issues were repeated from the years prior, e.g. non compliance to SCM regulations and vendor management is not monitored.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<p>Note that actions taken on audit issues are to be reported to the provincial legislature, the MEC for Cooperative Government & Traditional Affairs to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MEC.</p>	<p>The Audit Report was submitted to the MEC on 27/02/2019</p>
<p>121 (3)(f)</p> <p>An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly.</p> <p>Has the performance met the expectations of council and the community?</p> <p>Have the objectives been met?</p> <p>What explanations have been provided for any non-achievement?</p> <p>What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>The Annual performance report outlines performance against the budget as well.</p> <p>The SDBIP was aligned to the IDP to the satisfaction of the AG.</p> <p>At midyear when the budget was adjusted the SDBIP was accordingly adjusted as well, and 84% of the set targets were achieved and those not achieved have been adequately explained.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality.	Review any other information that has been included in regard to the AFS.	The different notes in the AFS address issues identified.
1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	
121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.	Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity? What actions need to be taken in terms of these recommendations? Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	At least 50% of the recommendations of Audit Committee have been adequately addressed. Some of these need to be more elaborated upon to resolve the issues. Preparation of quarterly AFS. Timeous submission of AFS for review and Completion of the audit file will go a long way in resolving same.
2. Disclosures - Allocations received and made - Section 123 -125 MFMA	Considerations	

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
<p>123 (1)(a)</p> <p>Allocations received by and made to the municipality.</p>	<p>The report should disclose:</p> <ul style="list-style-type: none"> ✓ Details of allocations received from another organ of state in the national or provincial sphere. ✓ Details of allocations received from a municipal, entity or another municipality. ✓ Details of allocations made to any other organ of state, another municipality, or a municipal entity. ✓ Any other allocation made to the municipality under Section 214(1) (c) of the Constitution. <p>Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?</p>	<p>Note 18 and 26 refer to grants received other organs of state</p> <p>No grants were received from other municipalities nor entities</p> <p>The Ugu South Coast Tourism was allocated R12 522 013, while the Development agency R5 788 125</p>
<p>125 (1)</p> <p>Information in relation to outstanding debtors and creditors of the municipality and entities.</p>	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.</p> <p>It is also a requirement to report on whether the</p>	<p>Note 8 of the Consolidated AFS classifies debtors according to the debt ageing.</p> <p>Note 58 discloses payment of audit fees</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<p>municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> ✓ the information has been properly disclosed; ✓ conditions of allocations have been met; and ✓ that any explanations provided are acceptable. 	<p>Note 28 discloses employee related costs, covering contributions</p>
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations	
<p>123 (1)(c)</p> <p>Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <ul style="list-style-type: none"> ✓ The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three 	<p>Note 26 discloses grants from provincial and national departments and any unmet conditions are referred to in note 18</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<p>financial years, and indicate how such funds were spent, and for what projects.</p> <ul style="list-style-type: none"> ✓ Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided. ✓ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this. <p>This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation.</p> <p>The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a</p>	

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	<p>municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> ✓ the information has been properly disclosed; ✓ conditions of allocations have been met; and ✓ that any explanations provided are acceptable. <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	
3. Disclosures in notes to AFS	Considerations relating to section 124	
Information relating to benefits paid by municipality and entity to councillors, directors and officials.	<p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ul style="list-style-type: none"> ✓ salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind; ✓ any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors; 	<p>Disclosed in notes 28 and 29 are the salaries and allowances as well as benefits of senior management and councilors and all contributions are included herein.</p> <p>Councillor accounts in arrears are on note 54</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<ul style="list-style-type: none"> ✓ salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; ✓ contributions for pensions and medical aid; ✓ travel, motor car, accommodation, subsistence and other allowances; ✓ housing benefits and allowances; ✓ overtime payments; ✓ loans and advances, and; ✓ any other type of benefit or allowance related to staff. <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> ✓ the information has been properly disclosed; ✓ conditions of allocations have been met; and ✓ that any explanations provided are acceptable. <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	
4. Municipal Performance	Considerations	

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
<p>The annual performance reports of the municipality and entities.</p>	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report.</p> <p>Questions that may be considered are –</p> <ul style="list-style-type: none"> ✓ Has the performance report been included in the annual report? ✓ Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report? ✓ Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation, and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p>	<p>The Performance report as submitted and audited by AG has been included in the AR.</p> <p>Targets and status thereof is reported.</p> <p>The main service, delivery of water to communities was found by AG to be inadequately measured therefore the need for the KPI to be revised came about. This also led to a qualified audit opinion on performance.</p> <p>84% of the targets set were achieved.</p> <p>During the financial year no customer satisfaction survey was taken however the target was set to be done in the 19/20 year</p> <p>Performance is measured quarterly by Council, having reported to audit committee as well.</p> <p>The senior management targets are aligned with the departmental SDBIP. Adjustments were made to include audit outcomes and EPWP during the year.</p>

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	<ul style="list-style-type: none"> ✓ Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective? ✓ To what extent have actions planned for the previous year been carried over to the financial year reported upon? ✓ Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory? <p>Council should comment and draw conclusions on information and explanations provided.</p>	<p>Unachieved targets remain on the SDBIP until achieved unless they do not meet the SMART principle, whereupon they are adjusted accordingly.</p> <p>The AG has raised an issue on performance as there were material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the basis for qualified opinion paragraphs</p>
Audit reports on performance.	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the auditor-general been included in action	Yes, Internal Audit remains part of the process. The recommendations on performance by Internal audit are addressed and reported at the Audit Committee meetings.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	plans to improve performance in the following year?	
Performance of municipal entities and municipal service providers.	<p>The Annual Report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.</p> <p>The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the municipality?</p> <p>What other actions are considered necessary to be taken by the accounting officer?</p>	<p>Performance reviews for the entities are done at the same time as that of the parent, following review of the reports by the parent PMS section and IA.</p> <p>Recommendations are implemented and followed up on with each audit.</p> <p>Quarterly performance assessments for section heads are also conducted.</p> <p>MPAC noted the evaluation of the municipality and will monitor implementation thereof throughout.</p>
5. General information	The following general information is required to be disclosed in the annual report.	
Relevant information on municipal entities.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact	The disclosure is included as an annexure to the Annual Report

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.	
The use of any donor funding support.	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> ✓ Have the purposes and the management agreements for the funding been properly agreed upon? ✓ Have the funds been used in accordance with agreements? ✓ Have the objectives been achieved? ✓ Has the use of funds been effective in improving services to the community? ✓ What actions need to be taken to improve utilisation of the funds? 	N/a
Agreements, contracts and projects under Private-Public-Partnerships.	<p>Information similar to the details of municipal entities should be provided.</p> <p>Council should ensure that all details have been supplied.</p>	Nil were received
Service delivery performance on key services provided.	This may be a high level summary, in addition to detailed information on performance, which sets out	Access to water to households is at 87% and sanitation at

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<p>overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality.</p> <p>This information may be found in an executive summary section of the annual report and or in statistical tables.</p>	<p>71%, this being above the norm. It is understood however the 2030 target is 100%</p>
Information on long-term contracts.	<p>Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.</p>	<p>Other than the banking agreement, the municipality did not have long term contracts.</p>
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p>	<p>Note 3.27 highlights the key activities within the ICT environment</p> <p>With the limited budgets in the municipality, IT infrastructure refresh is done on a needs basis rather than as would be required strictly thus utilising infrastructure as long as possible. Much as this poses risk, the financial pressure cannot be ignored</p>

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	Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.	Billing is fully done on a mSCOA complaint system.
Three-year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework.	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.</p> <p>This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets.</p> <p>Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.</p>	<p>Although a backlog study is not yet concluded, plans are in place to ensure that this is done with external sector department assistance.</p> <p>Funding for the project is required and this is the current target.</p>
6. Other considerations recommended		
Timing of reports.	<p>Was the report tabled in the time prescribed?</p> <p>Has a schedule for consideration of the report been</p>	Yes, 24 January was for the submission of the draft

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	adopted?	
Oversight committee or other mechanism.	<p>What mechanisms have been put in place to prepare the oversight report?</p> <p>Has a schedule for its completion and tabling been adopted?</p>	<p>The oversight report is written during scheduled MPAC meetings and special meetings for the Annual Report as deemed necessary.</p> <p>MPAC is satisfied with the process.</p>
Payment of performance bonuses to municipal officials.	<p>Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p> <p>✓ If so has a proper evaluation of performance been undertaken?</p>	<p>Evaluation of performance was done throughout the year quarterly however bonuses were not paid due to the audit opinion received.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<ul style="list-style-type: none"> ✓ Was the evaluation approved by council? ✓ Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report? ✓ Are the payments justified in terms of performance reported in the annual report? 	
Overtime Policy.	A number of employees worked overtime in the current year.	This is managed according to the collective agreement as well hours of work policy. As indicated, overtime remains a concern of Council.

7. CONCLUSION

The onerous requirements of so many legislative mandates, makes it difficult to achieve an unqualified report, a feat that very few municipalities achieve in South Africa.

As I present on behalf of the committee, the MPAC commends Council, the Municipal Manager, the Senior Managers and all staff at UGU District Municipality on the strides made towards good governance.

The MPAC functions with the Ugu vision in mind, 'A place where everyone benefits equally from socio economic opportunities and services'

It is acknowledged that strides have been made towards achieving this for 100% of the communities.

More needs to be done in planning and reporting on performance information, cutting down on non-strategic, support functions, Key Performance Indicators and report these in the line management performance indicators rather than the organisational scorecards. The 2018/2019 financial year must target focussed attention in core function reporting.

Having performed the following tasks:

- ✓ Reviewed and analysed of the Annual Report;
- ✓ Invited, received, and considered inputs from Councillors and Portfolio Committees, on the Annual Report;
- ✓ Considered that no written comments were received on the Annual Report from the public consultation process;
- ✓ Conducted Public Hearings to allow the local community or any organs of state to make representations on the Annual Report;
- ✓ Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- ✓ Prepared the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors;

The MPAC has pleasure in presenting the Oversight Report to Council to consider the following resolutions and then to be forwarded to the relevant Departments and Provincial Legislature:

WE RESOLVED TO RECOMMEND

1. That Council, having fully considered the Annual Report of the Ugu District Municipality for the 2017/2018 Financial Year, adopts the Oversight Report for the 2017/2018 Financial Year, a copy of which is attached to the signed minutes of the meetings considering the Annual Report.
2. That Council unconditionally approves the Annual Report of the Ugu District Municipality for the 2017/2018 Financial Year with the reservations as included in the comments in the Oversight Report as referred to in part (1) of this resolution.
3. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
4. That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.

ANNEXURES

Annual Report with annexures

Annual Performance Report

Minutes of MPAC