



Siyazama Municipality

Municipal Public Accounts Committee

Oversight Report on the Annual Report for the Year
ended 30 June 2011

1. PREAMBLE

The Siyazama Municipality's Public Accounts Committee (MPAC) has been established in terms of guidelines provided by the Department of Cooperative Governance and Traditional Affairs. The MPAC was established by the Municipal Council on 31 October 2011 and the following councillors were appointed to serve in the MPAC:

- i. Councillor M. L. Magqashela (Chairperson)
- ii. Councillor M. Goni
- iii. Councillor H. Meisi
- iv. Councillor A. Mtaba
- v. Councillor N. Maketsana
- vi. Councillor M. Notema

In order to minimise the potential of conflict of interest, Council has divested these councillors of any further responsibilities in the committees of Council.

In terms of the guidelines, the MPAC is responsible for the following primary functions:

- a) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
- b) In order to assist with the conclusion of matters that have not been finalised, information pertaining to past recommendations made on the annual report must also be reviewed. This relates to quarterly in-year reports, mid-year and annual reports;
- c) To examine financial statements and audit reports of the municipality, and in doing so, the committee must consider improvements from the previous statements and reports and must evaluate the extent to which the Audit Committee's and Auditor General's recommendations have been implemented;
- d) To provide good governance, transparency and accountability on the use of municipal resources;
- e) To recommend and undertake an investigation, after reviewing any investigation report already undertaken by the municipality or Audit Committee; and,
- f) To performance any other functions assigned to it through a resolution of Council within its area of responsibility.

The guidelines further direct that the MPAC shall have permanent referral documents as they become available relating to:

- i. In-year reports of the municipality and municipal entities
- ii. Financial statements of the municipality and municipal entities as part of the oversight process of the committee;
- iii. Audit opinion, other reports and recommendations from the Audit Committee;
- iv. Information relating to compliance in terms of sections 128 and 133 of the MFMA;
- v. Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before the committee;
- vi. Any other audit report from the municipality or its entity; and
- vii. Performance information of the municipality and municipal entities.

2. INTRODUCTION

The Mayor of the Siyazama Municipality has, in terms of section 127(2) of the Municipal Finance Management Act 56 of 2003 (MFMA), read with section 58 of the same Act, tabled before the Special Meeting of the Council held on the 31 January 2012, an annual report of the Siyazama Municipality for the year ended 30 June 2011. The annual report was prepared in terms of section 121 of the MFMA and section 46 of the Municipal Systems Act no. 32 of 2000 (MSA).

Section 129 of the MFMA requires the Council of a municipality to consider the annual report and by no later than two 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.

The Oversight Report is an outcome of the various meetings of the MPAC which were held as follows:

- 21 February 2012 – this first meeting of the MPAC looked at planning issues relating to the development of the oversight report.
- On 15 March 2012 – the section 56 managers were given questions to respond to in respect of certain aspects identified in the annual report, whether pertaining to the report of the auditor general or to the service delivery and performance reports as outlined in the annual report.

A final meeting is to be held to consider the draft Oversight Report to be tabled before the municipal council and authorise the chairperson of the Oversight Committee to sign it off for submission to Council.

3. Analysis of the Annual Report for the Year ended 30 June 2011 and the observations of the MPAC

The MPAC has noted the following:

- There has been 100% spending of Municipal Infrastructure Grant (MIG). The municipality continues to be a trend setter in many areas as evidenced by the MIG expenditure. Areas that need to be followed through in this regard include, inter alia, the quality of the work being undertaken by the municipality as well as ensuring that there is proper supervision and monitoring of the implementation of projects. It is these kinds of activities that will enhance the image of the institution and endear the municipality positively towards the communities.
- It is reported that there is a project to be implemented entailing the provisioning of new water infrastructure for 107 villages in the rural areas of Siyazama. This would mark a remarkable breakthrough in the institution's quest for the elimination of backlogs in the provisioning of clean water to the people residing in the rural areas of Siyazama. The Executive Committee and management would do well to monitor this programme.
- The electrification backlogs continue to bedevil the municipality and there does not appear to be any substantive interface between the municipality and ESKOM around this issue. It is noted that ESKOM is being restructured along provincial government boundaries, which will result in the Siyazama Municipality being serviced from one centre. This augurs well for the municipality, since it has battled to have a closer interface with either of the soon-to-be-defunct ESKOM regions, merely by virtue of its geographical location.

4. Interface between the MPAC and the Management

The MPAC has raised certain questions to the management of the municipality, which sought elucidation on certain assertions and averments contained in the annual report:

ROADS AND STORMWATER

The roads backlog within the Siyazama Municipality is estimated at 70% and the MPAC had wanted to establish whether there was a turnaround strategy in place to address these backlogs. Furthermore, there is a need for the municipality to undertake an audit of the roads that have been washed away during the rainy season and to have concrete strategies in place to deal with that situation. The management had noted that, over the years, council has achieved certain goals that would go a long way in mitigating these backlogs. These include the following:

- There has been a continuous trend of 100% expenditure of the MIG and the last time that the municipality had lost money to the national fiscus due to under expenditure was in the 2007/2008 financial year. MIG is the major source for the municipality to implement its roads and stormwater projects.
- Council had, in 2010, agreed to management recommendations for the acquisition of plant and machinery. This is viewed as a bold attempt at taking direct control in pushing back the backlogs.
- The municipality is currently negotiating a service level agreement with the Department of Roads whose implementation would result in a massive roads construction and maintenance programme. In terms of the service level agreement, the classification of roads between the province and the municipality will have very minimal, if any, meaning.

- As regards the roads washed away during the rainy season, councillors are encouraged to submit reports on damaged roads and stormwater structures since the municipality does not have adequate personnel to carry out this exercise and there is no budget to appoint a service provider.

These interventions will not result in a major reduction of the roads backlogs in the near future. This is due to the following, in the main:

- The MIG allocation of the municipality is seriously insignificant compared to the roads and storm water backlogs that have been noted.
- The municipality's revenue base is inadequate, which results in the equitable share allocation mainly being used towards the municipality's operations and thus having no significant allocation towards roads construction and maintenance. This is symptomatic in all rural municipalities.

Given the above it is clear that the roads backlogs will be with us for some time.

WATER AND SANITATION

The MPAC had noted the challenges pertaining to water and sanitation and wanted to establish whether there was any turnaround strategy in place and what timeframes have been set to achieve set targets. The management's response was to the effect that the water and sanitation function resides with the Joe Mabuda District Municipality (JMDM) and that strategies to reverse the backlogs would be formulated at that level. The Siyazama Municipality is a water services provider in respect of certain functions within the urban core. It is known from meetings that the municipality has had with the District Municipality, as well as from its role as a water services provider, that:

- The JMDM is currently implementing the Mount Norton Regional Scheme;
- There is a water master plan currently being development for Masvingo
- Water infrastructure has recently been upgraded in Gweru, although it has not yet been handed over to the Siyazama Municipality

UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE

The MPAC wanted to understand as to whether any remedial actions have been taken in relation to unauthorised, fruitless and wasteful expenditure. Management noted that the bulk of the fruitless and wasteful expenditure reported in the annual report relates to electricity and water distribution losses. A strategy for the minimisation of electricity distribution losses has been formulated, discussed in the management committee and audit committee and approved by the municipal council. Further instances where unauthorised, fruitless and wasteful expenditure has been detected was reported to the Executive Committee on 5 March 2012 and council is expected to appoint a committee to investigate all instances thereof for purposes of defining liability.

RECOMMENDATIONS

The MPAC therefore recommends that Council resolves as follows:

- a) That Council, having fully considered the Annual Report for the financial year ended on 30 June 2011, approves the annual report; and,
- b) Council approves the Annual Report for the year ended 30 June 2011 without reservations.

5. Conclusion

On behalf of the MPAC, I take this opportunity to congratulate the role players in the financial management of the institution for the unqualified audit opinion achieved for the period under review. We should all strive to better the remaining hiccups in order to sustain the positive signs of good governance, transparency and accountability prevalent within the institution.

My profuse gratitude goes to my colleagues within the MPAC, the Executive Committee, the municipal council, the management and indeed the entire community of Siyazama for the valuable inputs they contributed to make the compilation of this report a success;.

Thank you.

Councillor M. L. Magqashela
Chairperson: Municipal Public Accounts Committee