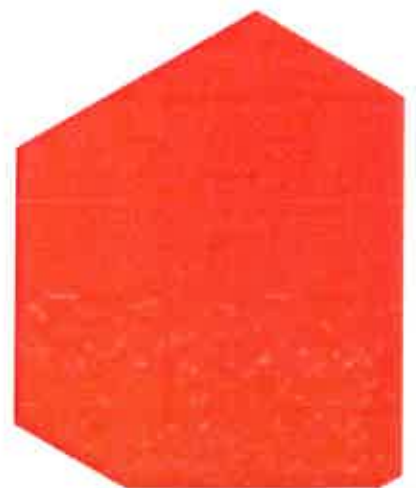
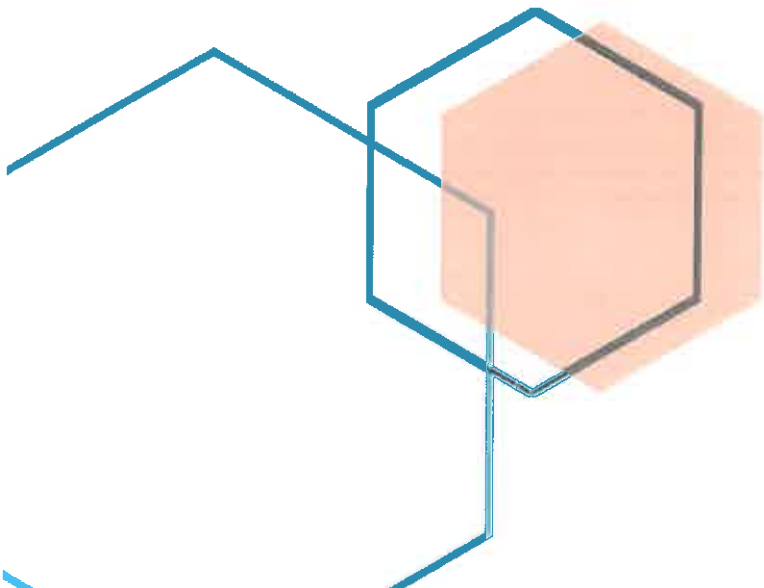


ANNEXURE “A”

OVERSIGHT REPORT 2017/2018



ANNEXURE “A”



OVERSIGHT REPORT: 2017/18

MPAC Members:

Chairperson: Cllr L Arries
Deputy Chairperson: Cllr W Harris
Cllr J Dut Toit
Cllr H Ingo
Cllr K J Mkhondo
Cllr V Muller
Cllr J Safërs
Cllr E Stroebe
Cllr GJ van Niekerk

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| ANNEXURE 'B' MEMORANDUM FROM THE CHAIRPERSON OF MPAC | |
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1. FOREWORD BY THE CHAIRPERSON

The George Municipal Council has the responsibility to oversee the performance of the Municipality, as required by the Constitution of the Republic of South Africa, 1996, the Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA) and the Local Government: Municipal Systems Act, No. 32 of 2000 (MSA). On 31 January 2019, Council considered the Draft 2017/2018 Annual Report of George Municipality and referred the Report to the Municipal Public Accounts Committee for further consideration and evaluation as well as the preparation of this Oversight Report.

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the Council to consider the Annual Report and to adopt an Oversight Report containing the Council's comments on the Annual Report. The Oversight Report is therefore clearly distinguished from the Annual Report. The Oversight Report is a report of the Municipal Council and follows consideration and consultation on the Annual Report by the Council itself.

The Municipal Public Accounts Committee of the George Municipality fulfils the oversight role of Council. The mandate of the Municipal Public Accounts Committee includes an analysis of the institution's Annual Report and the development of appropriate recommendations to Council.

The process that was followed for the consideration and evaluation of the 2017/2018 Annual Report can be summarised as follows:

| DELIVERABLE AND PROCESS MANAGEMENT | DATE |
|---|------------------------------------|
| Tabling of the 2017/2018 Annual Report in terms of Section of 127(2) of the MFMA | 31 January 2019 |
| 2017/2018 Annual Report made public in terms of 127 (5) of the MFMA | 08 February – 04 March 2019 |
| Memorandum from the MPAC Chairperson inviting all Directors, Councillors, including the Chairperson of the Audit Committee to a session where the 2017/2018 Annual Report was considered and evaluated (See Annexure "B") | 28 January 2019 |

| DELIVERABLE AND PROCESS MANAGEMENT | DATE |
|--|-------------------------|
| MPAC interacts with the Municipal Managers Office and Directorate Corporate Services on the content of the 2017/2018 Annual Report | 04 February 2019 |
| Memorandum from the Municipal Manager inviting all Directors, Councillors, Ward Committee members including the Chairperson of the Audit Committee to a MPAC information session on the 2017/2018 Annual Report (see Annexure “C”) | 22 February 2019 |
| Directorates respond to comments received: Email sent to relevant Directorates to respond on comments received | 04 March 2019 |
| Municipal Public Accounts Committee meeting to consider and evaluate the 2017/2018 Annual Report (MPAC interacts with Municipal Manager, Directors and Ward Committee Members) | 06 March 2019 |
| Municipal Public Accounts Committee meeting to finalise the oversight process on the 2017/2018 Annual Report | 18 March 2019 |

The Municipal Public Accounts Committee noted both improvements in certain performance areas as reflected in the 2017/2018 Annual Report, but also unsatisfactory performance in some areas.

2. CONCLUSION

Inputs received from ward committee members were not all confined to the content of the Annual Report as anticipated but however the inputs given were highly appreciated as it assisted the Municipality to critically look into the reported information.

As the MPAC we are serious in ensuring that the public takes active participation in the oversight process and will endeavour to improve.

Finally, I would like to commend my fellow Municipal Public Accounts Committee members for their hard work and commitment. I would also like to thank the Municipal Officials for their support in the Oversight process. A word of thanks must also be given to the Office of the Auditor-General and the Performance Audit Committee for their input in the 2017/ 2018 Annual Report and oversight processes.

"A highlight for me in this financial year's oversight process, although it has proven to be a difficult process was the ongoing participation of ward committee members in the discussions and deliberations on the Annual Report of the George municipality"

COUNCILLOR L ARRIES
CHAIRPERSON

3. STATEMENT OF PURPOSE OF MUNIPAL PUBLIC ACCOUNTS COMMITTEE

The Municipal Finance Management Act and Municipal Systems Act recognise that Council has a critical role to play to ensure better performance by municipal departments and entities. There now exists an explicit linkage between the strategic goals, set by Council through the IDP, which are translated into the budget, and the delivery of those goals which is reported in the Annual Report.

It is important for Council to ensure that the budget gives effect or expression to priorities contained in the IDP. A good budget will lay basis for better oversight and cement the contracts between the Executive/Council, the administration and public.

It is imperative to understand the accountability framework for municipalities in order to correctly understand the role of the Oversight Report as distinct from that of the Annual Report and any other reports required from the Municipality.

The following table displays the nature of the accountability framework for local government:

| | RESPONSIBLE FOR | OVERSIGHT OVER | ACCOUNTABLE TO |
|--|----------------------------------|--|-------------------|
| Council | Approving policy and budget | Executive Mayor | Community |
| Executive Mayor | Oversight over Municipal Manager | Municipal Manager | Council |
| Municipal Manager | Outputs and Implementation | The Administration | Executive Mayor |
| Chief Financial Officer and Senior Managers | Outputs and Implementation | Financial Management and Operational Functions | Municipal Manager |

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Finance Management Act requires the Council to consider the Annual Report of its Municipality and to adopt an "oversight report" containing the Council's comments on the annual report.

The Oversight Report must include a statement whether the Council:

- has approved the annual report, with or without reservations;
- has rejected the annual report; or
- has referred the annual report back for revision of those components that can be revised.

The Oversight Report is a separate product from the Annual Report. The Annual Report is submitted to the Council by the Accounting Officer and the Executive Mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the Municipality in the relevant financial year.

The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the Municipal Council to the community disclosing the level of success or otherwise, obtained with meeting the priority needs and desires of the community as contained in the IDP.

4. PROCESS FOLLOWED

On 31 January 2019, Council referred the 2017/2018 Annual Report to the Municipal Public Accounts Committee (MPAC), which performs the function of an Oversight Committee. The MPAC consists of the following Councillors:

- **Chairperson: Cllr L Arries**
- Deputy Chairperson: Cllr W Harris
- Cllr J Duf Toit
- Cllr H Ingo
- Cllr K J Mkhondo
- Cllr V Muller
- Cllr J Safërs
- Cllr E Stroebel
- Cllr GJ van Niekerk

The Committee based its work on the following documents:

- 2017/2018 Annual Report
- MFMA, 2003
- National Treasury's Circular 32 – The Oversight Report
- National Treasury's Circulars 11 and 63 – The Annual Report.

Immediately after the Annual Report was tabled in Council, the Municipal Manager in accordance with Section 21 A of the MSA made the Annual Report public.

The 2017/2018 Annual Report was uploaded on the municipal website, also made available in the Office of the Manager: IDP, PMS & Public Participation, all area offices and all municipal libraries. An advertisement was placed in the George Herald and on George Municipality's website respectively, inviting members of the public to submit written comments or representations in connection with the Annual Report for the 2017/2018 financial year.

At the closing date (4 March 2019) no written comments were received from the community. In addition to the above Section 21A (of the MSA) process, an information session was scheduled by MPAC with all Directors, Councillors, Ward Committees including the Chairperson of the Audit Committee where the consideration and evaluation of the 2017/18 Annual Report was deliberated upon. The information session allowed for questions and answers where Directors gave immediate responses to questions asked (see Minutes attached as **Annexure "C"**). The municipality received written comments from the Provincial Department of Treasury which is attached as **Annexure "D"**.

5. COMMENTS AND DEPARTMENTAL RESPONSE ON THE 2017/2018 ANNUAL REPORT

| No | Page | Comment | DIRECTORATE RESPONSE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|-------------------------------|--|--|-------------|--|---|---|--|---------|----|--------|--------|---------|-----|-----|--------------------------|---------|---------|-----------------------------|--------|----------------|---|--------|----------------|--|-------|-------------|----------------------------------|---|---|---|--------|---------------|--|-----|-----------|--------------------------|--|--|---|----|----|---|----|----|-----------------|-----|-----|---------------------------------------|-------|-------|--|----|---------|--|--------|---------------|
| 1 | Pg 69 | 2.10 By-laws abd Policies: Replace list of by-laws with updated one | PMS Office Corrected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | 96 | 3.3.3 Service Delivery Levels: Water Statistics incorrectly reported | DirectorateCivil Engineering Services: <table><tr><th colspan="3">Water Service Delivery Levels</th></tr><tr><th colspan="3">Households:</th></tr><tr><th>Description</th><th>2016/17</th><th>2017/18</th></tr><tr><td></td><th>Actual</th><th>Actual</th></tr><tr><td></td><th>No.</th><th>No.</th></tr><tr><td colspan="3">Water: (above min level)</td></tr><tr><td>Piped water inside dwelling</td><td>36 385</td><td>36 385- 37 799</td></tr><tr><td>Piped water inside yard (but not in dwelling)</td><td>19 317</td><td>19 317- 20 626</td></tr><tr><td>Using public tap (within 200m from dwelling)</td><td>3 362</td><td>3 362 3 277</td></tr><tr><td>Other water supply (within 200m)</td><td>0</td><td>0</td></tr><tr><td>Minimum Service Level and Above sub-total</td><td>59 064</td><td>59 064 61 702</td></tr><tr><td>Minimum Service Level and Above Percentage</td><td>98%</td><td>98% 98.2%</td></tr><tr><td colspan="3">Water: (below min level)</td></tr><tr><td>Using public tap (more than 200m from dwelling)</td><td>74</td><td>74</td></tr><tr><td>Other water supply (more than 200m from dwelling)</td><td>46</td><td>46</td></tr><tr><td>No water supply</td><td>995</td><td>995</td></tr><tr><td>Below Minimum Service Level sub-total</td><td>1 115</td><td>1 115</td></tr><tr><td>Below Minimum Service Level Percentage</td><td>2%</td><td>2% 1.8%</td></tr><tr><td>Total number of households (formal and Informal)</td><td>60,179</td><td>60,179 62 817</td></tr></table> | Water Service Delivery Levels | | | Households: | | | Description | 2016/17 | 2017/18 | | Actual | Actual | | No. | No. | Water: (above min level) | | | Piped water inside dwelling | 36 385 | 36 385- 37 799 | Piped water inside yard (but not in dwelling) | 19 317 | 19 317- 20 626 | Using public tap (within 200m from dwelling) | 3 362 | 3 362 3 277 | Other water supply (within 200m) | 0 | 0 | Minimum Service Level and Above sub-total | 59 064 | 59 064 61 702 | Minimum Service Level and Above Percentage | 98% | 98% 98.2% | Water: (below min level) | | | Using public tap (more than 200m from dwelling) | 74 | 74 | Other water supply (more than 200m from dwelling) | 46 | 46 | No water supply | 995 | 995 | Below Minimum Service Level sub-total | 1 115 | 1 115 | Below Minimum Service Level Percentage | 2% | 2% 1.8% | Total number of households (formal and Informal) | 60,179 | 60,179 62 817 |
| Water Service Delivery Levels | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Households: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Description | 2016/17 | 2017/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | Actual | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | No. | No. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water: (above min level) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Piped water inside dwelling | 36 385 | 36 385- 37 799 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Piped water inside yard (but not in dwelling) | 19 317 | 19 317- 20 626 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Using public tap (within 200m from dwelling) | 3 362 | 3 362 3 277 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other water supply (within 200m) | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minimum Service Level and Above sub-total | 59 064 | 59 064 61 702 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minimum Service Level and Above Percentage | 98% | 98% 98.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water: (below min level) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Using public tap (more than 200m from dwelling) | 74 | 74 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other water supply (more than 200m from dwelling) | 46 | 46 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No water supply | 995 | 995 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Below Minimum Service Level sub-total | 1 115 | 1 115 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Below Minimum Service Level Percentage | 2% | 2% 1.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total number of households (formal and Informal) | 60,179 | 60,179 62 817 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | | 3.3.4 Access to Water: Statistics incorrectly reported | Directorate Civil Engineering Services: <table><tr><th colspan="4">Access to Water</th></tr><tr><th></th><th>Proportion of households with access to water points*</th><th>Proportion of households with access to piped water</th><th>Proportion of households receiving a kiosk</th></tr><tr><td>2015/16</td><td>6%</td><td>92%</td><td>100%</td></tr><tr><td>2016/17</td><td>6%</td><td>92%</td><td>100%</td></tr><tr><td>2017/18</td><td>6% 5.2%</td><td>92% 93%</td><td>100%</td></tr></table> <p>* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute</p> <p># 6,000 litres of potable water supplied per formal connection per month</p> | Access to Water | | | | | Proportion of households with access to water points* | Proportion of households with access to piped water | Proportion of households receiving a kiosk | 2015/16 | 6% | 92% | 100% | 2016/17 | 6% | 92% | 100% | 2017/18 | 6% 5.2% | 92% 93% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Access to Water | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Proportion of households with access to water points* | Proportion of households with access to piped water | Proportion of households receiving a kiosk | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015/16 | 6% | 92% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2016/17 | 6% | 92% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017/18 | 6% 5.2% | 92% 93% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No | Page | Comment | DIRECTORATE RESPONSE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------|---|--|------------------------------------|--|--|--------------|--|--|-------------|---------|---------|--|---------|--------|--|-----|-----|--|--|--|--------------------------------------|--------|---------------|---------------------------------|-------|-------------|-----------------|----|----|-------------------------|-----|-----|---|-------|-------------|---|--------|---------------|--|-------|-------|--|--|--|---------------|-----|-----|---|-----|-----|----------------------|-----|-----|---------------------------------------|-------|-------|--|------|------|------------------|--------|---------------|
| 3 | 99 | 3.4.2 Service Delivery Levels: Wastewater (Sanitation) Statistics incorrectly reported | Directorate Civil Engineering Services: <table><tr><th colspan="3">Sanitation Service Delivery Levels</th></tr><tr><th colspan="3">*Households:</th></tr><tr><th>Description</th><th>2016/17</th><th>2017/18</th></tr><tr><td></td><th>Outcome</th><th>Actual</th></tr><tr><td></td><th>No.</th><th>No.</th></tr><tr><td colspan="3">Sanitation/sewerage: (above minimum level)</td></tr><tr><td>Flush toilet (connected to sewerage)</td><td>49 339</td><td>49 339 51 825</td></tr><tr><td>Flush toilet (with septic tank)</td><td>5 231</td><td>5 231 5 468</td></tr><tr><td>Chemical toilet</td><td>18</td><td>18</td></tr><tr><td>Pit toilet (ventilated)</td><td>811</td><td>811</td></tr><tr><td>Other toilet provisions (above minimum service level)</td><td>3 488</td><td>3 488 3 403</td></tr><tr><td>Minimum Service Level and Above sub-total</td><td>58 887</td><td>58 887 61 525</td></tr><tr><td>Minimum Service Level and Above Percentage</td><td>97.9%</td><td>97.9%</td></tr><tr><td colspan="3">Sanitation/sewerage: (below minimum level)</td></tr><tr><td>Bucket toilet</td><td>155</td><td>155</td></tr><tr><td>Other toilet provisions (below minimum service level)</td><td>812</td><td>812</td></tr><tr><td>No toilet provisions</td><td>325</td><td>325</td></tr><tr><td>Below Minimum Service Level sub-total</td><td>1 292</td><td>1 292</td></tr><tr><td>Below Minimum Service Level Percentage</td><td>2.1%</td><td>2.1%</td></tr><tr><td>Total households</td><td>60 179</td><td>60 179 62 817</td></tr></table> | Sanitation Service Delivery Levels | | | *Households: | | | Description | 2016/17 | 2017/18 | | Outcome | Actual | | No. | No. | Sanitation/sewerage: (above minimum level) | | | Flush toilet (connected to sewerage) | 49 339 | 49 339 51 825 | Flush toilet (with septic tank) | 5 231 | 5 231 5 468 | Chemical toilet | 18 | 18 | Pit toilet (ventilated) | 811 | 811 | Other toilet provisions (above minimum service level) | 3 488 | 3 488 3 403 | Minimum Service Level and Above sub-total | 58 887 | 58 887 61 525 | Minimum Service Level and Above Percentage | 97.9% | 97.9% | Sanitation/sewerage: (below minimum level) | | | Bucket toilet | 155 | 155 | Other toilet provisions (below minimum service level) | 812 | 812 | No toilet provisions | 325 | 325 | Below Minimum Service Level sub-total | 1 292 | 1 292 | Below Minimum Service Level Percentage | 2.1% | 2.1% | Total households | 60 179 | 60 179 62 817 |
| Sanitation Service Delivery Levels | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| *Households: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Description | 2016/17 | 2017/18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Outcome | Actual | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | No. | No. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sanitation/sewerage: (above minimum level) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Flush toilet (connected to sewerage) | 49 339 | 49 339 51 825 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Flush toilet (with septic tank) | 5 231 | 5 231 5 468 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chemical toilet | 18 | 18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pit toilet (ventilated) | 811 | 811 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other toilet provisions (above minimum service level) | 3 488 | 3 488 3 403 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minimum Service Level and Above sub-total | 58 887 | 58 887 61 525 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minimum Service Level and Above Percentage | 97.9% | 97.9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sanitation/sewerage: (below minimum level) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bucket toilet | 155 | 155 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other toilet provisions (below minimum service level) | 812 | 812 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No toilet provisions | 325 | 325 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Below Minimum Service Level sub-total | 1 292 | 1 292 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Below Minimum Service Level Percentage | 2.1% | 2.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total households | 60 179 | 60 179 62 817 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | 115 | 3.10.5 Highlights 'Intelligent Transport System (ITS) – ITS should read ITS | PMS Office Corrected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | 116 | 3.11 Wastewater (Stormwater Drainage) Remove Waste Water | PMS Office Corrected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | | 3.11.3 Challenges: Wastewater (Stormwater Drainage) Remove Waste Water | PMS Office Corrected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | | 3.104 under the budget – remove line item JCB rubber wheels. | PMS Office Corrected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | 117 | 3.11.5 Employees: Waste Water Replace Waste Water with Stormwater Drainage | PMS Office Corrected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | 118 | 3.12.1 Remove 1 st sentence and second paragraph, not relevant to Planning and Development | PMS Office Corrected | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | 119 | Par 3.12.3: 'Attracting scarce skilled workers / employees within designated equity groups: Question: What is the alternative? Can't we move to the next 'group' other than 'designated group'? | Directorate Planning and Development: The Directorate is bound to act in terms of Council's approved Employment Equity policy and Recruitment policy. Generally over represented candidates are appointed once all options have been exhausted. The process is however time consuming and often the Directorate cannot meet equity targets. Hence the request that remuneration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No | Page | Comment | DIRECTORATE RESPONSE |
|----|------|--|--|
| | | | packages be improved to recruit suitably qualified candidates within a reasonable period. |
| 11 | 122 | <p>1.13.1 – Table</p> <p>Agriculture, forestry and fishing</p> <p>Electricity, gas and water</p> <p>Construction</p> <p>Question: What has / is being done to attract investors / encourage entrepreneurs?</p> | <p>Directorate Planning and Development:</p> <p>Efforts are ongoing and is continuously improved to incentivise development and support catalysts for development in partnership with other stakeholders and role players. See section 3.13.2 for detail regarding some projects and partnerships</p> |
| 11 | 136 | 3.16.3 Line item: Supersucker should be moved to Community Services | <p>PMS Unit</p> <p>Corrected</p> |
| 13 | 142 | 3.20.3 Under challenges, it should reflect number of traffic officers, not amount of traffic officers | <p>PMS Unit</p> <p>Corrected</p> |

6. SUMMARY OF COMMENTS, RECOMMENDATIONS AND CONCLUSIONS ON THE 2017/2018 ANNUAL REPORT

The 2017/2018 Annual Report reflects a substantial and positive improvement in George Municipality's annual planning, budgeting and reporting processes. It is a significant improvement over the previous years' Annual report. The Annual Report complies with the requirements of the MFMA and National Treasury's guidelines for annual reports. It is further noted that the required information in terms of the MFMA is included. More specifically, the 2017/2018 Annual Report contains *inter alia*:

- the annual financial statements;
- Auditor-General's audit report;
- the annual performance report of the Municipality and
- recommendations of the Municipality's Audit Committee.

Innovative public participation strategies must be explored to improve the manner in which the Annual Report is communicated to the public in future. This should include the translation of the document into three official languages (i.e Afrikaans, English and Xhosa). The 2017/2018 Annual Report as tabled in Council on 31 January 2019 is revised in accordance with the comments made / received from various role-players during the oversight process (see attached as **Annexure "D"**).

Section 129(1) of the MFMA stipulates that the Council of a Municipality must consider the annual report of the Municipality by no later than two months from the date on which the annual report was tabled in 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-

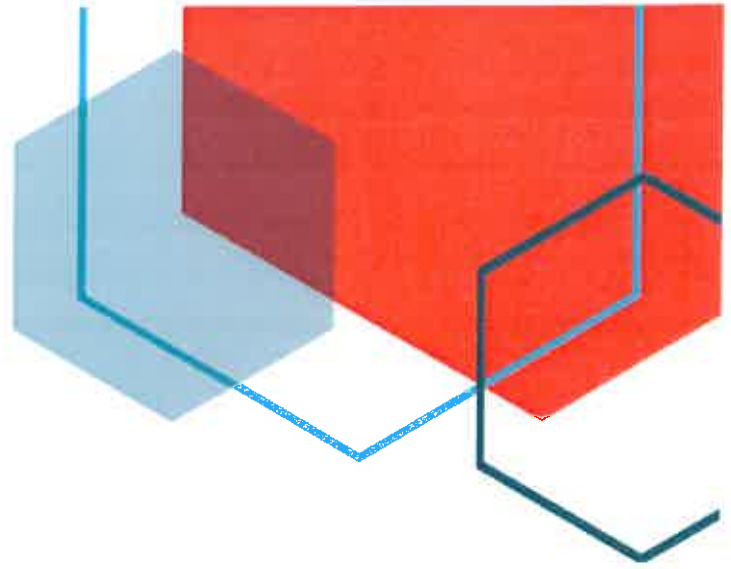
- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised.

After evaluating the content of the Annual Report and taking into consideration all comments and deliberations at the MPAC meetings (see MPAC Minutes attached as **Annexure "C"**), it is recommended that the Annual Report be adopted without reservations, but that Council should comprehensively note all comments by the MPAC including all the minutes of meetings held.

7. RECOMMENDATIONS TO COUNCIL

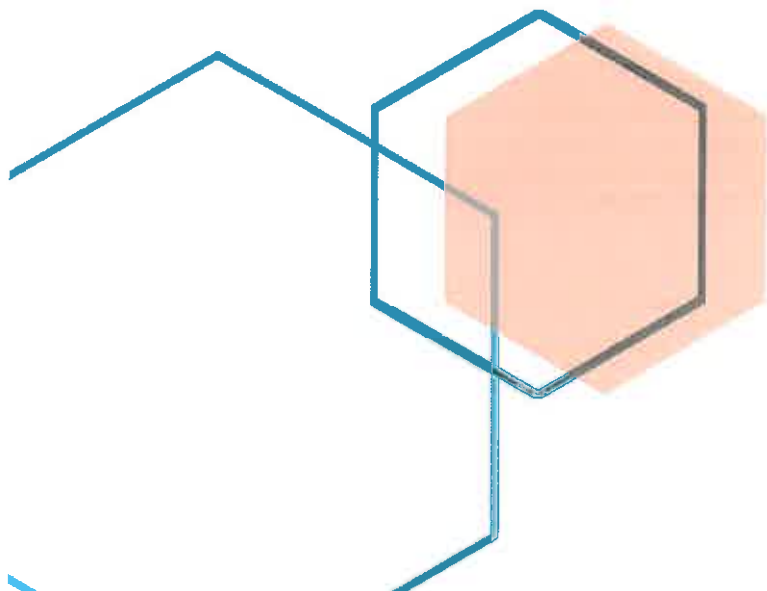
Council having fully considered the George Municipality's 2017/2018 Annual Report, resolves that:

- (a) The Oversight Report on the 2017/2018 Annual Report as Annexure "A" **BE ADOPTED**;
- (b) The revised 2017/2018 Annual Report attached as **Annexure "E" BE APPROVED** without reservations;
- (c) The Oversight Report on the 2017/2018 Annual Report **be made public** in accordance with Section 129(3) of the Local Government: Municipal Finance Management Act, No.56 of 2003;
- (d) the Oversight Report on the 2017/2018 Annual Report **BE SUBMITTED** to the Provincial Legislature in accordance with Section 132(2) of the Local Government: Municipal Finance Management Act, No. 56 of 2003.



ANNEXURE “B”

MEMORANDUM FROM THE CHAIRPERSON OF MPAC



MEMORANDUM



POSBUS/PO BOX 19 GEORGE 6530

E-POS/E-MAIL: lharries@george.gov.za/ laetitiaarries@gmail.com CELL: 072 312 1146

OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS CHAIRPERSON

| | |
|-----------------------|---|
| AAN: TO: | ALL MPAC members, Councillors, Municipal Manager, Directors/Acting Directors, Chairperson of the Audit Committee and Ward Committee members |
| VAN: FROM: | MANAGER IDP, PMS AND PUBLIC PARTICIPATION |
| DATUM: DATE: | 22 February 2019 |
| INSAKE: REGARDING: | OVERSIGHT PROCESS: CONSIDERATION AND EVALUATION OF THE 2017/2018 ANNUAL REPORT |

1. PURPOSE

The purpose of this memorandum is to request the attendance and participation of all Directors/ Acting Directors, Councillors and Ward Committees during the forthcoming Municipal Public Accounts Committee meeting. This meeting will be facilitated as part of the oversight process to consider and evaluate the 2017/2018 Annual Report. The overall objective being to establish an appropriate mechanism to enable Councillors and Ward Committees to fully digest and discuss the Annual Report contents. These sessions will be facilitated as part of the oversight process to consider and evaluate the 2017/2018 Annual Report.

2. BACKGROUND

On 31 January 2019, the George Municipal Council resolved inter alia;

that the Annual Report for the 2017/2018 financial year attached as Annexure "A" be referred to the Municipal Public Accounts Committee for further consideration and evaluation.

In compliance with the above Council resolution, the Municipal Public Accounts Committee (MPAC) has convened a meeting to consider and evaluate the 2017/2018 Annual Report. This meeting is planned as follows:

Date: 6 March 2019

Venue: Main Hall - Civic Centre, George Municipality Main Building, York Street

Time: 08h30 – 13:00

Copies of the 2017/2018 Annual Report are available on the municipal website (www.george.gov.za) at all Municipal Libraries and Area Offices and will be distributed to all the invited participants. It is advisable that you acquaint yourselves with the contents to ensure a meaningful contribution during the meeting. Councillors are respectfully requested to bring along the copy of the 2017/18 Annual Report as provided for the Special Council meeting of 31 January 2019. Furthermore, Ward Councillors are urged to ensure that Ward Committees do share the document amongst themselves as only two copies are provided per ward.

3. EXPECTATION FROM DIRECTORS/ ACTING DIRECTORS/ OFFICIALS:

To provide response(s) to question(s)/clarity related to their area of responsibility.

4. CONCLUSION

Kindly refer to the attached programme for full details as well as the second attachment entitled "*Discussion Management*" which provides guidance on how the discussions are intended to unfold during the forthcoming sessions.

Thanking you in anticipation.

Yours sincerely



S NGQELE

MANAGER: IDP, PMS & PUBLIC PARTICIPATION



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): INFORMATION SESSION WITH WARD COMMITTEES

Date:

06 MARCH 2019

Venue:

**Main Hall - Civic Centre, George Municipality Main
Building, York Street**

Overall objective of the session:

For Municipal Public Accounts Committee (MPAC) to consider and evaluate the 2017/18 Annual Report.

PROGRAMME

| TIME | ACTIVITY | RESPONSIBILITY |
|---|---|---|
| 08:00 – 09:00 | Registration and Tea | ALL |
| 09:00 – 09:10 | Opening and Welcoming | Executive Mayor: Mr MG Naik |
| 09:00 – 09:10 | Purpose of the Session | MPAC Chairperson: Cllr L Arries |
| 09:10 – 09:20 | Programme orientation | Manager IDP/PMS & Public Participation: Dr S Ngqele |
| DISCUSSIONS ON THE ANNUAL REPORT | | |
| 09:20 – 09:40 | Office of the Municipal Manager | Municipal Manager: Mr T Botha |
| 09:40 – 10:10 | Department Corporate Services | Director: Mr S James |
| 10:10 – 10:30 | Department Civil Engineering Services | Acting Director: Mr R Wesso |
| 10:30 – 10:50 | Department Human Settlements and Development Planning | Director: Mr C Lubbe |
| 10:50 – 11:10 | Department Planning and Development | Acting Director: Ms D Power |
| 11:10 – 11:30 | Department Financial Services | Director: Mr K Jordaan |
| 11:30 – 11:50 | Department Electro-Technical Services | Acting Director: Mr P Gerber |
| 11:50 – 12:10 | Department Community Services | Director: Mr W Hendricks |
| 12:10 – 12:40 | Department Protection Services | Director: Mr S Erasmus |
| 12:40 – 12:50 | Closure and way forward | MPAC Chairperson: Cllr L Arries |
| LUNCH | | |

DISCUSSION MANAGEMENT DOCUMENT

OVERSIGHT PROCESS: CONSIDERATION AND EVALUATION OF THE 2017/18 ANNUAL REPORT

To be held in the Civic Centre, Main Hall
on 06 March 2019 at 08:00 – 13:00

GUIDING HEADINGS/SUB-HEADINGS

DEPARTMENT
Office of the
Municipal
Manager

Corporate Governance: Risk Management

Anti-Corruption & Anti-Fraud

Audit Committee

Report of the Audit and Performance Audit Committee

Internal Audit

By-Laws & Policies

Website

Communication

Office of the MM: Highlights & Challenges, etc

Legal Services

Organisational Development Overview

Political Governance Structure: Council/Council Committees

Administrative Governance Structure

Community halls, facilities & Thusing Centres

Administration (Committee Services, Records Management and

Telecommunications)

Human Resource Services & Total employees

Component A: Municipal Personnel, employee total, turnover and vacancies

Component B: Managing the Municipal Workforce

Component C: Capacitating the Municipal Workforce

Statutory Annual Report Process

Public Accountability and Participation: Ward Committees

Overview of Performance within the Organisation/ Organisation Performance

Planning and Development, Statistics on Building Plan approvals etc.

Economic Development

Tourism

Corporate
Services

Planning and
Development
Services

Pg. 40- middle of pg. 42

Bottom of pg. 42 – top of pg. 43

Middle of pg. 43 – top of pg. 49

Middle of pg. 49 - top of pg. 56

Middle of pg. 56 - top of pg. 60

Top of pg. 69

Bottom of pg. 69 – top of pg. 71

Bottom of pg. 71 – pg. 72

Pg. 150 – middle of pg. 151

Middle of pg. 155 – 156

Middle page 14

Pg. 18 – top pg. 28

Middle pg. 28

Middle of pg. 135 – top of pg. 136

Middle pg. 151 – middle of pg. 152

Pg. 154 – top pg. of 155

Pg. 165 - pg. 168

Pg. 169 – pg. 170

Pg. 171 – pg. 173

Pg. 15

Pg. 31- pg. 39

Pg. 74 – Top of pg. 76

Pg. 118 – pg. 121

Pg. 122 – pg. 129

Pg. 130 – pg. 132

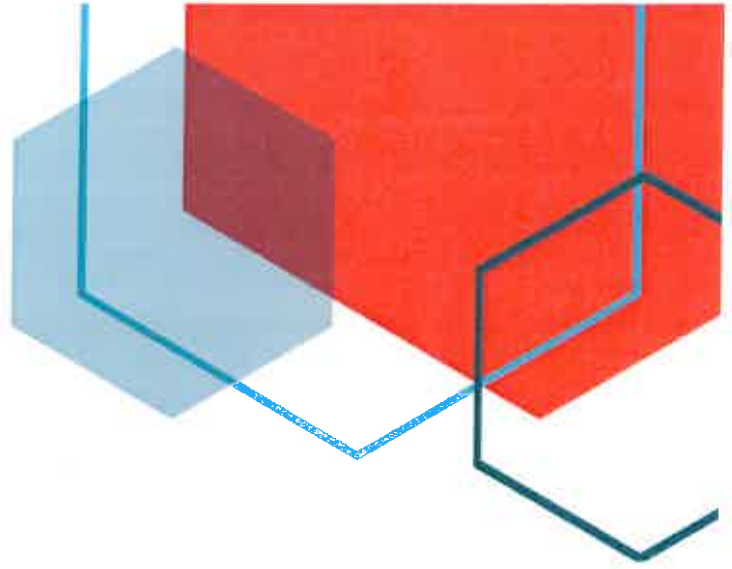
DISCUSSION MANAGEMENT DOCUMENT

| OVERSIGHT PROCESS: CONSIDERATION AND EVALUATION OF THE 2017/18 ANNUAL REPORT | | | |
|--|---|--|--|
| To be held in the Civic Centre, Main Hall on 06 March 2019 at 09:00 - 13:00 | | | |
| DEPARTMENT | PAGE NUMBERS | GUIDING HEADINGS/SUB-HEADINGS | |
| Protection Services | Bottom of pg. 114 – top of pg. 116 Pg. 142 – top of page 145 Middle/top of pg. 145 – pg. 146 | Public Transport Security & safety, traffic & licensing etc. Fire Services | |
| Financial Services | Middle of pg. 60 – top of pg. 69 Pg. 110 – pg. 111 Bottom of pg. 152 – pg. 153 Pg. 174 – pg. 175 Pg. 177 – pg. 191 Pg. 192 – pg. 193 Pg. 194 – pg. 195 Pg. 197 – pg. 201 Pg. 202 – Pg. 207 Pg. 211 – pg. 337 | Supply Chain Management Free Basic Services and Indigent Support Financial Services: highlights, challenges, etc Managing the Workforce Expenditure Component A: Statement of Financial Performance etc. Component B: Spending Against Capital Budget Component C: Cashflow Management and Investments Component A: Auditor General Opinion of Financial Statements Year 2016/17 Component B: Auditor General Opinion Year 2017/2018 Financial Statements | |
| NOT APPLICABLE | Pg. 5 – Pg. 8 | CROSS-CUTTING INFORMATION Mayor's Foreword and Municipal Manager's Overview | |
| NOT APPLICABLE | Pg. 9 – pg. 10 | Deals with general statistical information | |
| ALL | Pg. 11 – top of pg. 13 | Service Delivery Overview, highlights and Challenges | |
| ALL | Pg. 29 – pg. 30 | Intergovernmental Relations | |
| ALL | Middle of pg. 76 – pg. 90 | Strategic Service Delivery Budget Implementation Plan (Top Layer) | |
| ALL | Pg. 91 – pg. 93 | Service Providers Performance | |
| ALL | Pg. 94 | Municipal Functions | |
| ALL | Pg. 157 – pg. 163 | Organisational Performance Scorecard/ Development and Service Delivery Priorities for 2018/19 | |
| ALL | Pg. 193 | Basic Services and Infrastructure Backlogs | |

OVERSIGHT PROCESS: CONSIDERATION AND EVALUATION OF THE SERVICE

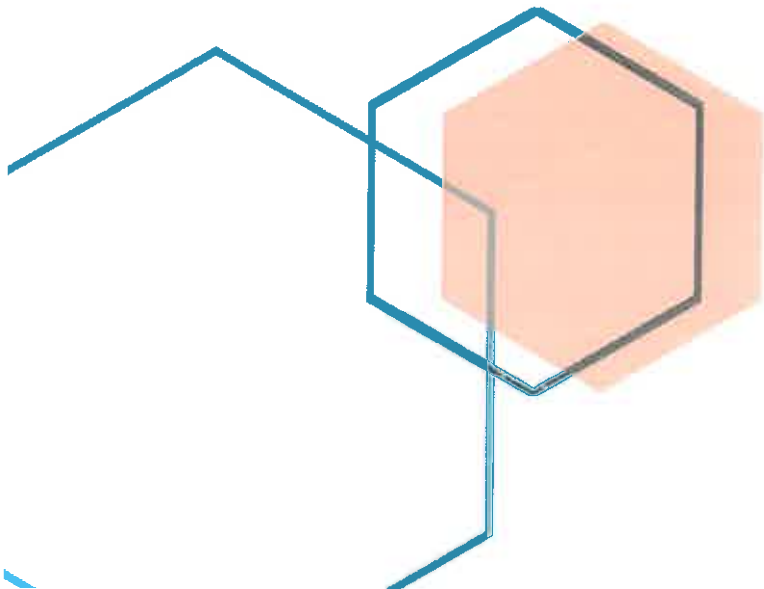
Water provision: high school

Water provision: highlights, challenges, etc.
Waste Water (Sanitation) Provision: highlights, challenges, etc.
Road Transport: Roads
Stormwater
Housing, highlights, challenges, housing waiting list etc.
Electricity Services
Waste Management (refuse collections, waste disposal etc).
Libraries
Social Development, highlights & challenges etc.
Environmental Protection: highlights, challenges,
Sport and Recreation: highlights, challenges, etc.
Mayor's Foreword and Municipal Manager's Overview
Deals with general statistical information
Service Delivery Overview, highlights and Challenges
Service Delivery Overview
Intergovernmental Relations
Strategic Service Delivery Budget Implementation Plan (Top Layer)
Service Providers Performance
Municipal Functions
Organisational Performance Scorecard/ Development and Service Delivery
Priorities for 2018/19
Basic Services and Infrastructure Backlogs



ANNEXURE “C”

MPAC MINUTES



MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 04 FEBRUARY 2019**MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
MEETING HELD IN THE COUNCIL CHAMBER, CIVIC CENTRE, YORK STREET,
GEORGE ON MONDAY, 04 FEBRUARY 2019 AT 09:00**

At this stage, the time being 09:02, the meeting adjourned due to no quorum.
The meeting reconvened at 09:14.

Alderlady Draghoender opened the meeting with a prayer.

At this stage, the time being 09:16, Councillor Clarke joined the meeting.

The Chairperson cordially welcomed everyone present at the Municipal Public Accounts Committee (MPAC) meeting.

At this stage, the time being 09:18, Councillor Clarke and the Senior Officer: Ward Committees (Ms P Saaiman) left the meeting.

1.1 PRESENT

Councillors L H Arries (Chairperson)

Alderlady M Draghoender

Councillors J Du Toit
H Ingo
V Muller [from 13:43]
J Säfers [09:14]
E Stroebe

Municipal Manager (Mr T Botha) [from 09:27] [until 12:50]

Director: Corporate Services (Mr S James) [from 09:36]

Director: Human Settlements (Mr C Lubbe) [until 09:49]

Director: Civil Engineering Services (Mr R Wesso) [until 09:49]

Director: Financial Services (Mr K Jordaan) [until 09:49]

Deputy Director: Internal Audit (Mr L H Fourie) [until 12:50]

Deputy Director: Corporate Services (HR) (Mr T Roodman) [from 13:43]

Manager: Compliance (Mrs I Du Plessis) [until 12:50]

Manager: Legal Services (Mr W Muller) [from 10:57]

Manager: IDP/PMS (Dr S Ngqele)

Manager: Committees (Miss R P Bredenkamp)

Manager: Records and Telecommunication (Mr T Craak) [from 13:43]

Manager: Human Resources (Mr M Eksteen) [from 13:43]

Manager: Human Resources (Mr D Rennie) [from 13:43]

Manager: Human Resources (Ms J Kiewit) [from 13:43]

Manager: Client Services (Mr P Noble) [from 13:43]

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 04 FEBRUARY 2019**3. THE OVERSIGHT REPORT (DR S NGQELE)****3.1 OVERVIEW: THE OVERSIGHT REPORT**

The Manager: IDP/PMS (Dr S Ngqele) was granted an opportunity to present an overview of the oversight report. He explained the process pertaining to the aforementioned process. (See Overview Report attached as **Annexure "A"** to these minutes).

At this stage the Director: Human Settlements (Mr C Lubbe) requested if he may be excused at 11:00 for interviews.

At this stage, the time being 09:21, Alderman Naik and Councillor Clarke rejoined the meeting.

At this stage, the time being 09:21, Councillor Willemse joined the meeting.

At this stage, the time being 09:23, Councillors Von Brandis and Figland joined the meeting.

At this stage, the time being 09:26, Councillor Willemse left the meeting.

At this stage the time being 09:26, the Senior Officer: Ward Committees (Ms P Saaiman) rejoined the meeting.

At this stage, the time being 09:27, the Municipal Manager (Mr T Botha) joined the meeting.

At this stage, the time being 09:32, Councillor Bussack joined the meeting.

At this stage, the time being 09:34, the Senior Officer: Ward Committees (Ms P Saaiman) left the meeting.

The Chairperson thanked the Manager: IDP/PMS (Dr S Ngqele) for the overview he presented.

At this stage, the time being 09:36, the Director: Corporate Services (Mr S James) joined the meeting.

NOTED.

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 04 FEBRUARY 2019

At this stage, the time being 10:03, Councillor Figland rejoined the meeting.

At this stage, the time being 10:03, the Manager: IDP/PMS (Dr S Ngqele) left the meeting.

At this stage, the time being 10:04, Alderman Naik left the meeting.

At this stage, the time being 10:16, Councillor Bussack rejoined the meeting.

At this stage, the time being 10:29, Councillor Säfers left the meeting. Säfers out 10:29

At this stage, the time being 10:30, the meeting adjourned. The meeting reconvened at 10:39.

At this stage, the time being 10:39, the Manager: IDP/PMS (Dr S Ngqele) rejoined the meeting.

At this stage, the time being 10:41, Councillor Von Brandis left the meeting.

Councillor Säfers requested that a ward-based Disaster Management Plan be compiled and that the Ward Councillors be consulted in this matter.

At this stage, the time being 10:50, Councillor Noble left the meeting.

The Municipal Manager requested that Councillors must report to his office should they feel threatened.

(ii) Anti-Corruption and Anti-Fraud (pages 42 to 43)

At this stage, the time being 10:51, the Manager: Compliance Services (Mrs I Du Plessis) left the meeting.

At this stage, the time being 10:57, the Manager: Legal Services (Mr W Muller) joined the meeting.

At this stage, the time being 10:58, the Manager: IDP/PMS (Dr S Ngqele) left and rejoined the meeting at 11:00.

The Chairperson requested a full report pertaining to irregular expenditures.

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 04 FEBRUARY 2019(vi) By-Laws and Policies (page 69)

Alderlady Draghoender requested that a policy registry be submitted to Council and that these policies be workshopped.

(vii) Website (pages 69 to 71)

Alderlady Draghoender requested that the website be more user friendly and that a champion be appointed to do such upgrades.

(viii) Office of the MM: Highlights and Challenges, etc (pages 150 to 151)

Alderlady Draghoender requested the organigram of the Municipal Manager's office.

(ix) Legal Services (pages 155 to 156)

The Manager: Compliance Services (Mrs I Du Plessis) reported on the abovementioned section.

The Chairperson requested the Municipal Manager to ensure that the Director: Corporate services submit a report pertaining to the quality of the Human Resources section.

The Chairperson thanked the Municipal Manager and his team for their presence at this session.

The Municipal Manager thanked the Committee for the engagement and mentioned that the reports as requested will be submitted.

At this stage, the time being 12:49, Alderlady Draghoender left the meeting.

At this stage, the time being 12:50, the Municipal Manager (Mr T Botha), the Manager: Compliance Services (Mrs I Du Plessis), the Chief Risk Officer (Mrs C Segon), the Senior Admin Officer: Municipal Manager's Officer (Mrs T Arendse), Mr C Lamprecht (Audit Committee) and the Deputy Director: Internal Audit (Mr L Fourie) left the meeting.

At this stage the time being 12:50, Councillor Stroebel and Councillor Ingo left the meeting.

At this stage, the time being 12:52, the meeting adjourned for lunch. The meeting reconvened at 13:43.

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 04 FEBRUARY 2019

(v) Human Resource Services and Total employees (pages 154 to 155)

The Director: Corporate Services (Mr S James) was afforded an opportunity to report on the time and attendance registers. He explained that intergration between the systems need to take place.

(vi) Component A: Municipal Personnel, employee total, turnover and vacancies (pages 165 to 168)

The Director: Corporate Services (Mr S James) reported on the highly critical posts.

The following aspects were discussed:

- Unskilled employees;
- Skilled employees;
- Skills audit;
- Training programmes;
- Formal qualifications;
- Bursaries;
- Mentorships program;
- Promotional posts;
- EPWP workers;
- Launch of a proper marketing project to understand why people are demotivated;
- Standby allowance;
- Protective clothing.

At this stage, the time being 14:24, Councillor Ingo rejoined the meeting.

Alderlady Draghoender was of the opinion that training funds must be shared equally between the various directorates.

Alderlady Draghoender was further of the opinion that Human Resources should be more professional with their dates for interviews and requested that these dates form part of the monthly Council programme.

The Chairperson thanked The Director: Corporate Services (Mr S James) and his team for their presence.

The Chairperson requested the Manager: IDP/PMS (Dr S Ngqele) to engaged with Committee Services for dates for the other MPAC sessions.

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019**ITEM 2 ANNEXURE "A"****MEMORANDUM**

POSBUS/PO BOX 19 GEORGE 6530

E-POS/E-MAIL: lharries@george.gov.za/ laetitiaarries@gmail.com CELL: 072 312 1146

OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS CHAIRPERSON

| | |
|-----------------------|--|
| AAN: TO: | ALL MPAC members, Portfolio Councillors, Municipal Manager, Directors/Acting Directors and Chairperson of the Audit Committee |
| VAN: FROM: | MPAC Chairperson |
| DATUM: DATE: | 28 January 2019 |
| INSAKE: REGARDING: | OVERSIGHT PROCESS: CONSIDERATION AND EVALUATION OF THE 2017/2018 ANNUAL REPORT |

1. PURPOSE

The purpose of this memorandum is to request the attendance and participation of all MPAC members, Portfolio Councillors, the Municipal Manager, Directors/ Acting Directors, and the Chairperson of the Audit Committee during the forthcoming Municipal Public Accounts Committee sessions. These sessions will be facilitated as part of the oversight process to consider and evaluate the 2017/2018 Annual Report.

2. BACKGROUND

In terms of Section 127(2) of the Local Government: Municipal Finance Management Act 56 of 2003, the Mayor of a municipality must table, within seven months after the end of a financial year, in the Municipal Council, the annual report of the municipality. Pursuant to the above legislative mandate, a Special Council meeting is scheduled for Thursday, 31 January 2019 for the Executive Mayor to table the 2017/2018 Annual Report of the George Municipality.

Sessions to commence with the oversight process as per the 2017/2018 Annual Report are scheduled in anticipation that the Municipal Council at its Special Council meeting scheduled for Thursday, 31 January 2019 will resolve *inter alia*:

that the Annual Report for the 2017/2018 financial year be referred to the Municipal Public Accounts Committee for further consideration and evaluation.

ITEM 2 ANNEXURE "A" CONTINUED



**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(MPAC): 2017/2018 ANNUAL REPORT
DISCUSSION SESSIONS**

Dates:

4 & 6 FEBRUARY 2019

Venue:

**Council Chambers, George Municipality Main
Building, York Street**

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019**ITEM 2 ANNEXURE "A" CONTINUED**

| DAY 2 – 6 FEBRUARY 2019 | | |
|---|---|---------------------------------|
| TIME | ACTIVITY | RESPONSIBILITY |
| 08:30 – 09:00 | Registration and Tea | ALL |
| 09:00 – 09:10 | Opening and Welcoming | MPAC Chairperson: Cllr L Arries |
| 09:00 – 09:25 | Overview of the oversight process on 2017/18 Annual Report | Dr S Ngqele |
| DISCUSSIONS ON THE ANNUAL REPORT | | |
| 09:25 – 10:30 | Directorate: Civil Engineering Services | Director: Mr R Wesso |
| 10:30 – 11:30 | Directorate: Human Settlements | Director: Mr C Lubbe |
| 11:30 – 12:30 | Directorate: Electro-Technical Services | Acting Director: Mr P Gerber |
| 12:30 – 13:30 | LUNCH | ALL |
| 13:30 – 14:30 | Department Community Services | Director: Mr W Hendricks |
| 14:30 – 14:35 | Closure and way forward | MPAC Chairperson: Cllr L Arries |

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019

ITEM 2 ANNEXURE "A" CONTINUED

| ITEM | PAGE NUMBERS | GUIDING HEADINGS/SUB-HEADINGS |
|------------|------------------------------------|---|
| Section 1 | Bottom of pg. 114 – top of pg. 116 | Public Transport |
| Section 2 | Pg. 142 – top of page 145 | Security & safety, traffic & licensing etc. |
| Section 3 | Middle/top of pg. 145 – pg. 146 | Fire Services |
| Section 4 | Article pg. 12 – top pg. 14 | Financial Health Overview |
| Section 5 | Middle of pg. 60 – top of pg. 69 | Supply Chain Management |
| Section 6 | Pg. 110 – pg. 111 | Free Basic Services and Indigent Support |
| Section 7 | Bottom of pg. 152 – pg. 153 | Financial Services: highlights, challenges, etc |
| Section 8 | Pg. 174 – pg. 175 | Managing the Workforce Expenditure |
| Section 9 | Pg. 177 – pg. 191 | Component A: Statement of Financial Performance etc. |
| Section 10 | Pg. 192 – pg. 193 | Component B: Spending Against Capital Budget |
| Section 11 | Pg. 194 – pg. 195 | Component C: Cashflow Management and Investments |
| Section 12 | Pg. 197 – pg. 201 | Component A: Auditor General Opinion of Financial Statements Year 2016/17 |
| Section 13 | Pg. 202 – Pg. 207 | Component B: Auditor General Opinion Year 2017/2018 |
| Section 14 | Pg. 211 – pg. 337 | Financial Statements |
| Section 15 | Pg. 5 – Pg. 8 | CROSS-CUTTING INFORMATION Mayor's Foreword and Municipal Manager's Overview |
| Section 16 | Pg. 9 – pg. 10 | Deeds with general statistical information |
| Section 17 | Pg. 11 – top of pg. 13 | Service Delivery Overview, highlights and Challenges |
| Section 18 | Pg. 29 – pg. 30 | Intergovernmental Relations |
| Section 19 | Middle of pg. 76 – pg. 90 | Strategic Service Delivery Budget Implementation Plan (Top Layer) |
| Section 20 | Pg. 91 – pg. 93 | Service Providers Performance |
| Section 21 | Pg. 94 | Municipal Functions |
| Section 22 | Pg. 157 – pg. 163 | Organisational Performance Scorecard/ Development and Service Delivery Priorities for 2018/19 |
| Section 23 | Pg. 193 | Basic Services and Infrastructure Backlogs |

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019**ITEM 3.1 ANNEXURE "A"**

NATIONAL TREASURY

56 of 2003

The Oversight Report**Introduction**

This circular aims to provide councillors with practical guidance in financial governance and to assist in maintaining oversight within the broader governance context.

It focuses on the oversight process that councils must follow when considering the annual report and how to deal with the *Oversight Report* by encouraging continuous improvement and promoting accountability to stakeholders.

Please read this circular in conjunction with the following circulars:

- MFMA Circular 11 - Annual Reporting Guidelines - 14 January 2005
- MFMA Circular 18 - New Accounting Standards - 23 June 2005
- MFMA Circular 28 - Budget Content and Format - 12 December 2005

Background

Council is vested with the responsibility to oversee the performance of their respective municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). This oversight responsibility of council is particularly important for the process of considering annual reports.

The MFMA and MSA recognise that council has a critical role to play to ensure better performance by municipal departments and entities. There now exists an explicit linkage between the strategic goals, set by council through the IDP, which are translated into the budget, and the delivery of those goals, which is reported in the Annual Report. It is important for council to ensure that the budget gives effect or expression to priorities contained in the IDP. A good budget will lay a basis for better oversight and cement the contracts between the executive/council, the administration and the public.

The MFMA gives effect to financial management reforms that place greater service delivery responsibilities on managers and makes them more accountable for performance. Whilst, in the first instance it is left to the mayor or the Executive Committee to resolve any performance failures, ultimately the council is vested with the power and responsibility to oversee both the executive and administration. Oversight occurs at various levels in a municipality and is explained in the following table:

Financial governance framework applicable to local government

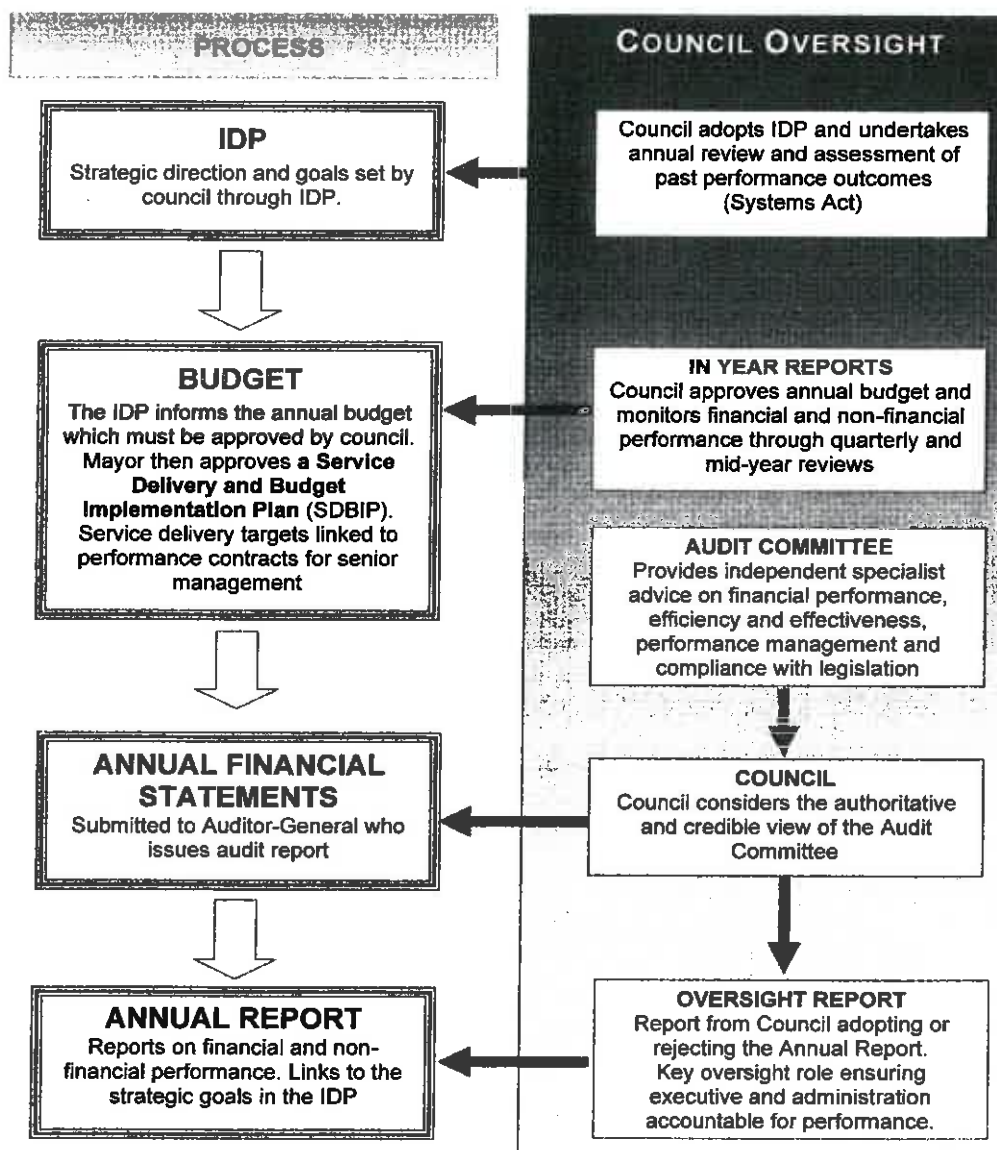
| | Responsible for | Oversight over | Accountable to |
|--|---|--|------------------------------|
| Council | Approving policy and budget | Executive Mayor or Committee | Community |
| Executive Mayor or Committee | Policy, budgets, outcomes, management of/oversight over municipal manager | Municipal Manager | Council |
| Municipal Manager | Outputs and implementation | The Administration | Executive Mayor or Committee |
| Chief Financial Officer and Senior Managers | Outputs and implementation | Financial Management and Operational Functions | Municipal Manager |

The Oversight Report
15 March 2006

ITEM 3.1 ANNEXURE "A" CONTINUED

MFMA Circular No 32

Financial Governance in Practice – COUNCIL OVERSIGHT



MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019**ITEM 3.1 ANNEXURE "A" CONTINUED***MFMA Circular No 32*

representations by the same individuals to the full council as this promotes transparency in the process.

At the same time that the committee is analysing the report in detail, other councillors should also be conducting their own review of the report. This can include discussions with constituents, ward committees and ward representatives to encourage inputs and comments and to prepare for the full council meeting that considers the annual report and oversight report.

Questions raised with the administration by council or the committee may be taken on notice by the accounting officer and responses subsequently provided to the committee process. Ideally however, questions should be responded to immediately during the committee meetings to avoid delays. The top management team may assist the accounting officer if needed. If the executive or the accounting officer and administration are unable to respond immediately to questions raised at committee or council meetings, then the committee or council may rightfully conclude that the executive and administration have not performed satisfactorily and may not understand the report that they have tabled.

When enquiring on matters in the annual reports from municipal entities, issues of commercial confidence may arise. In such cases the council should make a judgement as to whether the information is essential to determine a conclusion on the annual report and whether it may be necessary to meet in private. Such a step must be taken with caution in order not to weaken the democratic and transparency objectives of the annual reporting process.

Municipalities should take into account all costs of the various mechanisms (oversight committee and other meetings) for reviewing the annual report and preparing an oversight report. The cost needs to be balanced against the need for transparency, good governance practice and accountability, the capacity of the municipality and the need for an effective process within the time allowed.

Timing considerations

Annexure B provides the key steps in the annual reporting process as required by the MFMA. Note that no later than two months from the date of tabling, council must consider the annual report and adopt an oversight report. Also the annual report must be made public immediately after it is tabled and the public invited to submit representations. To assist with this process a municipal finance management "calendar" will be published in the near future.

Councils are encouraged to effectively use the time permitted under the MFMA (two months from when report tabled) for consideration in order to achieve a quality and acceptable annual report and strive for approval of a report that meets the provisions of the MFMA and MSA. Municipalities are encouraged to review the report immediately upon it being tabled so that steps to obtain additional information and amendments can be taken to facilitate completion of the oversight report within the timetable provided. The process for consideration may involve an initial review and analysis that seeks inputs from the community, Audit Committee and the administration, to be followed by a further review of the report, additional information and representations received. When any additional information is required the administration should promptly provide this.

The MFMA provides that if all the components of the annual report are not completed on time, then those components that are available must be tabled and considered and a written explanation be submitted to council as to why components are delayed and when they will be tabled. In such cases an oversight report may be completed and the report approved, but this should be with reservations or referred back for completion when the missing components are tabled, no more than two months later. In any case the components that have been tabled must be published and open for public representations and, where required, the oversight report amended when the remaining components are tabled.

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019

ITEM 3.1 ANNEXURE "A" CONTINUED

MFMA Circular No 32

Conclusion

Municipalities and municipal entities are required to table in council by 31 January an annual report for the previous financial year. Councils must consider the reports and adopt an oversight report by 31 March. This circular outlines the importance of the annual report in ensuring effective democratic and accountable local government and provides guidance on the manner in which the reports should be considered.

The MFMA provides that the National Treasury may issue guidelines on the manner of consideration of annual reports and the functioning and composition of any public accounts or oversight committee. Until such guidelines are issued, councils and boards of entities are encouraged to consider and implement this circular.

The challenge facing councillors is to utilise their strategic plans, budget documents and annual reports to improve oversight and to hold municipal departments and entities and the executive to account for their performance.

Further enquiries on this circular may be directed to the MFMA helpline email address below.

Abbreviations

| | |
|-------|--|
| AFS | Annual Financial Statements |
| MFMA | Municipal Finance Management Act, No. 56, 2003 |
| MSA | Municipal Systems Act, No. 32, 2000 |
| SDBIP | Service Delivery and Budget Implementation Plans (s 53 MFMA) |
| DORA | Division of Revenue Act for the relevant budget year. |
| IDP | Integrated Development Plan |

Other information relating to annual reporting for municipalities may be found in:

- MFMA Circulars 11 and 18.
- Performance Management Guide for Municipalities, DPLG, 2001.
www.dplg.gov.za - go to "documents" then "general publications"
- Introductory Guide to MFMA, Updated Edition – August 2004.
- On SDBIP, refer to MFMA Circulars 13 and 19.

Contact

**National Treasury****Private Bag X115, Pretoria 0001****Phone****012 315 5850****Fax****012 315 5230****Email****mfma@treasury.gov.za****Website****[www.treasury.gov.za /mfma](http://www.treasury.gov.za/mfma)**

T. Pillay
Chief Director: Local Government
15 March 2006

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019**ITEM 3.1 ANNEXURE "A" CONTINUED**

MFMA Circular No 32

The resolutions should, as a minimum, state:

Council resolves that:

1. The Council having fully considered the annual report of the municipality and representations thereon, adopts the oversight report; and
2. *(insert one of the following as appropriate)*
 - Council approves the annual report without reservations; or
 - Council approves the annual report with reservations as included in the comments in the oversight report pages xx to xx; or
 - Council refers the annual report back for revisions of the components listed on pages xx to xx of the oversight report; or
 - Council rejects the annual report of the municipality for the reasons summarised in pages xx to xx of the oversight report.
3. *(Where further action or revisions are required in the resolutions):* Council requests the Mayor (Executive Mayor) to report to Council on the actions required as a result of these resolutions by <date to return to Council>.

Where the annual reports of municipal entities are also considered additional resolutions should be adopted to refer to the municipal entities –

Council resolves that :

1. The Council having fully considered the annual report of the municipal entity <name> and representations thereon, adopts the oversight report; and
2. *(insert one of the following as appropriate)*
 - Council approves the annual report without reservations; or
 - Council approves the annual report with reservations as included in the comments in the oversight report pages xx to xx; or
 - Council refers the annual report back for revisions of the components listed on pages xx to xx of the oversight report; or
 - Council rejects the annual report of the municipal entity <name> for the reasons summarised in pages xx to xx of the oversight report.
3. *(Where further action or revisions are required in the resolutions):* Council requests the municipal entity to report to Council on the actions required as a result of these resolutions by <date to return to Council>.

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019

ITEM 3.1 ANNEXURE "A" CONTINUED

MFMA Circular No 32

ANNEXURE C

Checklist for considering the annual report

The MFMA provides that the purpose of the annual report of a municipality or a municipal entity for each financial year is:

- to provide a record of activities;
- to provide a report on performance against the budget; and
- to promote accountability to the local community for decisions made throughout the year.

The MSA provides that an annual *performance report* must be prepared for each financial year to report on the performance of the municipality and each external service provider, compared with targets set for performance.

The annual report requirements are provided in Chapter 12 of the MFMA, sections 45 and 46 of the MSA and the annual Division of Revenue Act.

The following checklist summarises what must be included in the annual report and is designed to support and guide councillors and officials. It should be noted however, that this list is not exhaustive and from time to time other information requirements may be prescribed. Consideration must also be given to specific circumstances and conditions in which other questions may be appropriate. Councillors and officials are encouraged to make suggestions to enhance this checklist and send these to the National Treasury.

Council should verify that the required information is contained in the annual report and then consider the relevance and accuracy of information accordingly. The checklist provides guidance on how matters could be considered.

The oversight committee and the full council may use this checklist as a means to organise the report and to manage requests for additional information. The questions suggested may be used by all councillors to gain clarification on contents of reports and also to verify compliance with the MFMA and MSA. Responses to many of these questions should be provided by the accounting officer of the municipality and/or municipal entities.

Note that the views of the Audit Committee and the findings of the Auditor-General are primary sources of information to assist council in determining a decision on the annual report.

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019

ITEM 3.1 ANNEXURE "A" CONTINUED

MFMA Circular No 32

| <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><i>Has the performance met the expectations of council and the community?</i></p> <p><i>Have the objectives been met?</i></p> <p><i>What explanations have been provided for any non-achievement?</i></p> <p><i>What was the impact on the service delivery and expenditure objectives in the budget?</i></p> <p>Council should comment and draw conclusions on performance and explanations provided.</p> |
|---|---|
| <p>An assessment by the municipal entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and the municipality</p> | <p>Agreements between the municipality and its entities for service delivery are to include measurable performance objectives. This will include measures of services delivered to the community, financial targets, expenditure targets etc. The entity's annual report must include an assessment by the accounting officer, of performance against these objectives. In order to show the linkage between the entity and the municipality, the report of the municipality should also include the performance of entities.</p> <p><i>Has the performance met the expectations of council and the community?</i></p> <p><i>Have the performance objectives been met?</i></p> <p><i>What explanations have been provided for any non-achievement?</i></p> <p><i>What was the impact on the service delivery and expenditure objectives in the budget?</i></p> <p>Council should comment and draw conclusions on performance and explanations provided.</p> |
| <p>Any information as determined by the municipality, the entity or its parent municipality</p> | <p>Review any other information that has been included in regard to the AFS.</p> |
| | <p>The above applies also to the AFS of municipal entities.</p> |
| <p>Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities</p> | <p><i>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</i></p> <p><i>What actions need to be taken in terms of these recommendations?</i></p> <p>Conclusions on these recommendations and the actions required should be incorporated in the oversight report.</p> |
| Allocations received and made | Considerations |
| <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><i>Have these allocations been received and made?</i></p> <p><i>Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</i></p> <p><i>Does the audit report or the audit committee recommend any action?</i></p> <p>Council should comment and draw conclusions on information and explanations provided.</p> |

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019

ITEM 3.1 ANNEXURE "A" CONTINUED

MFMA Circular No 32

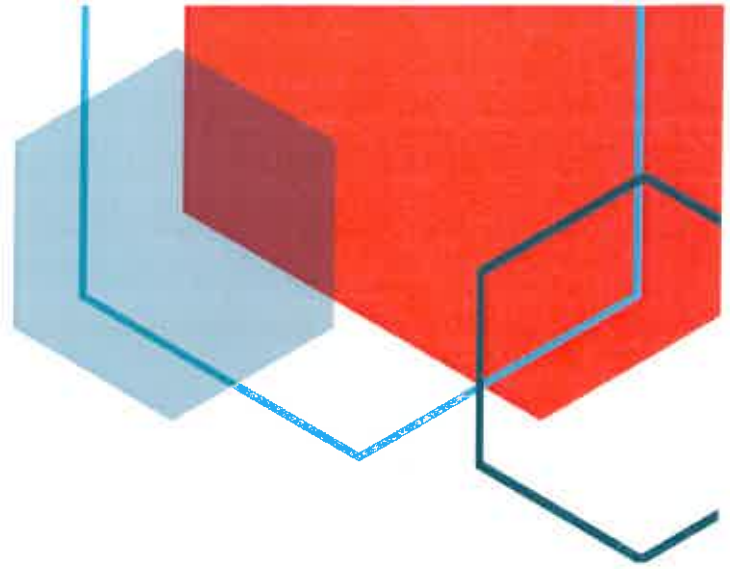
| Disclosures in notes to AFS | Considerations relating to section 124 |
|---|---|
| <p>Information relating to benefits paid by municipality and entity to councillors, directors and officials</p> | <p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <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; • 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> |
| Municipal Performance | Considerations |
| <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. Questions that may be considered are –</p> <p><i>Has the performance report been included in the annual report?</i> <i>Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</i> <i>Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</i> <i>In terms of key functions or services, how has each performed? Eg. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</i> <i>To what extent has performance achieved targets set by council?</i> <i>Is the council satisfied with the performance levels achieved?</i> <i>Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</i> <i>What actions have been taken and planned to improve performance?</i> <i>Is the council satisfied with actions to improve performance?</i> <i>Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</i> <i>Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</i> <i>Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</i> <i>To what extent have actions planned for the previous year been carried over to the financial year reported upon?</i> <i>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?</i></p> |

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING 4 FEBRUARY 2019

ITEM 3.1 ANNEXURE "A" CONTINUED

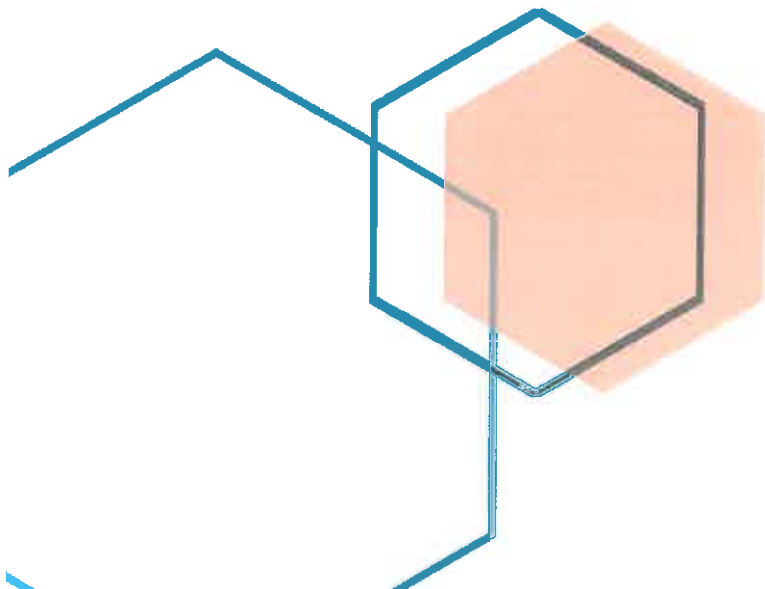
MFMA Circular No 32

| | |
|--|---|
| | <p>entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report and or in statistical tables.</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> |
| 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. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.</p> |
| 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. 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. 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> |
| Other considerations recommended | |
| Timing of reports | <p><i>Was the report tabled in the time prescribed?</i> <i>Has a schedule for consideration of the report been adopted?</i></p> |
| Oversight committee or other mechanism | <p><i>What mechanisms have been put in place to prepare the oversight report?</i> <i>Has a schedule for its completion and tabling been adopted?</i></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. <i>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</i> <i>If so has a proper evaluation of performance been undertaken?</i> <i>Was the evaluation approved by council?</i> <i>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?</i> <i>Are the payments justified in terms of performance reported in the annual report?</i></p> <p>Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.</p> |



ANNEXURE “D”

PROVINCIAL TREASURY COMMENTS ON TABLED 2017/2018 ANNUAL REPORT



Sandile Ngqele

From: Malcolm Booysen <Malcolm.Booyesen@westerncape.gov.za>
Sent: 04 March 2019 15:29
To: Sandile Ngqele
Cc: Trevor Botha; 'George Manager PA (mmreception@george.org.za)'
Subject: Comments on draft 2017-18 Annual Report
Attachments: George Annual Report Assessment 2017-18_F.pdf

Good afternoon Colleagues,

Herewith Provincial Treasury's comments in this regard.

Thanks

Mr Malcolm Booysen
Senior Manager: Local Government Budget Office
Western Cape Government
Provincial Treasury
3rd Floor, 7 Wale Street, Cape Town
Tel: +27 21 483 3386
Mobile: 082 895 1798
E-mail: malcolm.booyesen@westerncape.gov.za
Website: www.westerncape.gov.za



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Mr Moses Mlangeni
Local Government Budget Office
Email: moses.mlangeni@westerncape.gov.za
tel: +27 021 483 6210 fax: +27 21 483 4680

Reference: PTR/12/2/13/4

The Municipal Manager

George Municipality
PO Box 19
George
6530

For attention: Mr T Botha

PROVINCIAL TREASURY COMMENTS ON THE TABLED 2017/18 ANNUAL REPORT

1. INTRODUCTION

- a. MFMA section 121(1) states that every municipality and every municipal entity must for each financial year prepare an annual report. The council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.
- b. MFMA sections 121(3) and (4) sets out the framework relating to the content of the annual reports for both municipalities and municipal entities.
- c. National Treasury has further introduced the new annual report template and MFMA Circular No. 63 on 26 September 2012. MFMA Circular 63 aims to provide guidance to municipalities and municipal entities on the Annual Report format and its contents.
- d. The municipal council is then obliged to consider any views of the local community; the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the Annual Report.

2. LEGISLATIVE COMPLIANCE

2.1 Conformance

The conformance assessment highlights compliance by George Municipality with the MFMA and Annual report MFMA Circular 63 is as follows:

- a. The Municipality submitted the draft 2017/18 Annual Performance Report together with the AFSs to the Auditor General by 31 August 2018.
- b. The unaudited Annual report was not tabled into Council at least two months at the end of the budget year in accordance with MFMA Circular 63.
- c. The Annual report was tabled to Council on 31 January 2019 which is within 7 months after the end of the financial year in accordance to MFMA section 121(1).
- d. The draft Annual report was placed on the website on the 31 January 2019 which is in accordance to section 75 of the MFMA.
- e. The Annual report was made public and the public was given sufficient time to comment on it.

2.2 Format of the Annual Report as per MFMA Circular 63

- a. The Annual Report partially complies with the Annual Report Template as described by MFMA Circular 63 as the relevant Appendices are excluded.
- b. All the required Appendices A to T, as per MFMA Circular 63 are not included.
- c. The Mayor's Foreword is included as per MFMA Circular 63 guidelines for this section.
- d. The Municipal Manager's Foreword is included as per MFMA Circular 63 guidelines for this section.
- e. The Annual Report provides a comprehensive overview of the demographics, population, growth, highlights and challenges faced in the municipal are during the 2017/18 financial year.

3. Chapter 3: Service Delivery Information and Performance

NON-FINANCIAL PERFORMANCE SUMMARY

| Strategic Objectives | Number of targets achieved | Number of targets not achieved |
|---|-----------------------------------|---------------------------------------|
| Strategic objective 1: Affordable quality services | 16 | 10 |
| Strategic objective 2: Develop and grow George | 3 | 0 |
| Strategic objective 3: Good governance and human capital | 12 | 0 |

| Strategic Objectives | Number of targets achieved | Number of targets not achieved |
|--|----------------------------|--------------------------------|
| Strategic objective 4: Participative partnerships | 3 | 0 |
| Strategic objective 5: Safe, clean and green | 2 | 2 |
| Total | 36 | 12 |

Comments

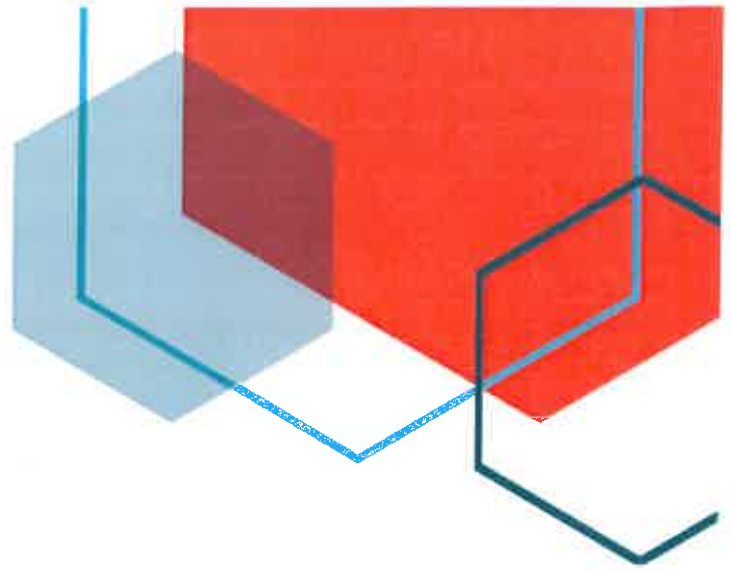
The Municipality achieved 36 out of 48 targets for the year, translating to 75 per cent achievement and 25 per cent variance between planned and actual performance. The Municipality must ensure that variances are kept below 20 per cent to avoid audit queries from the Auditor-General.

10 targets were not met (out of 16) under the strategic objective affordable quality services, including spending capital budget on electricity, limiting water network losses, construction of reservoir at George water works, construction of Garden Route dam wall, upgrade streets and stormwater, rehabilitate and upgrade sewerage networks, and compliance to waste water outflow standards and number of indigents receiving free basic electricity. The reasons for not achieving the targets are noted and it is hoped that the remedies put in place to meet the targets will be implemented and achieved.

According to the Annual Report there were 60 179 households that had access to water and sanitation services in George, the same number as that reported in 2016/17, translating to 98 per cent access levels. The number of households with access to electricity increased to 45 845 in 2017/18 from 45 301 in 2016/17. The number of households receiving waste management services increased from 52 300 in 2016/17 to 62 722 in 2017/18. It is also noted from the annual report that the housing waiting list increased from 17 650 in 2016/17 to 18 620 in 2017/18. Furthermore, the report shows that there was an increase in the number of indigent households receiving free basic water, sanitation and refuse removal from 14 484 households in 2016/17 to 15 213 in 2017/18, while the number of indigents receiving electricity services increased from 18 461 in 2016/17 to 19 376 in 2017/18. The municipality is commended for this performance as it is in excess of targets set at the beginning of the period. However, the municipality's attention is drawn to the auditor-general's report that the achievement in terms of indigents receiving free basic services was unable to be confirmed by alternative means. The municipality needs to make sure that this is addressed going forward.

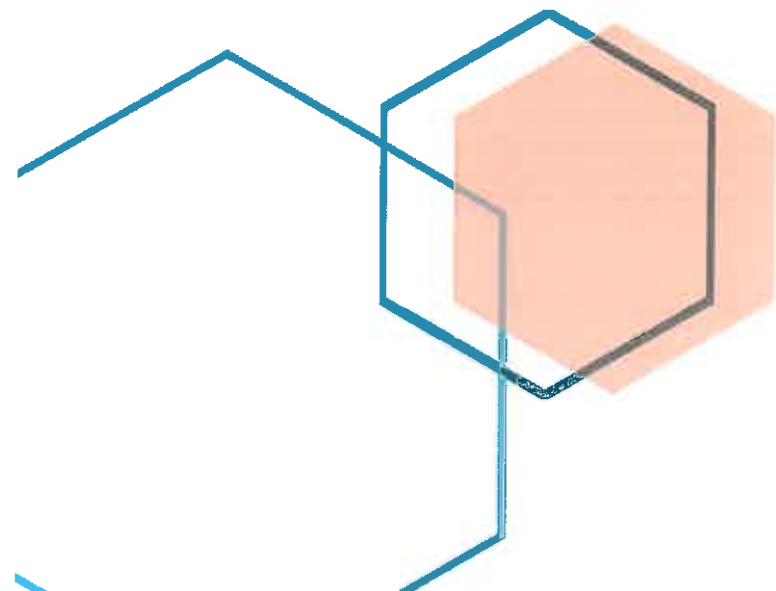
4. CONCLUSION AND RECOMMENDATIONS

George Municipality's Annual Report for 2017/18 substantially reflects the municipality's performance for the 2017/18 financial year. However, although municipality is commended for meeting the legislative requirements regarding the tabling, publishing and submitting the report to Provincial Treasury, the report partially complies with the format as stipulated by MFMA Circular 63 as required Appendices are not included. Regarding its annual performance, the municipality has reported a 75 per cent achievement of targets set for the 2017/18 financial year, translating to a 25 per cent variance from planned targets. The municipality must try to keep variances below 20 per cent. The municipality is advised to ensure that all missing components in terms of the annual report format as per MFMA Circular 63 should be addressed in the final report.



ANNEXURE “E”

REVISED 2017/2018 ANNUAL REPORT





2017 | 2018

ANNUAL REPORT



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