

**HANTAM MUNISIPALITEIT**  
**HANTAM MUNICIPALITY**



**OVERSIGHT REPORT**  
**2012/2013**

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**1. Statement of Purpose of the Oversight Report**

It is important to have some understandings of the accountability framework for municipalities in order to coorrectly understand the role of the Oversight Report as distinct from that the Annual Report and any other reports required from the municipality.

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

**ACCOUNTABILITY FRAMEWORK FOR LOCAL GOVERNMENT**

	Responsible for	Oversight over	Accountable to
Council	Approving policy And budget	Mayor	Community
Mayor	Policy, budgets, Outcomes, Management Of/oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outputs and implimentation	The Administration	Mayor
Chief Financial Officer And Senior Managers	Outputs and implimentation	Financial Management and Operational	Municipal Manager

The Oversight Report is the final major step in the annual reporting process of a municipality.

Section 129 or the Municipal Finance mangement 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 is a separate product from the Annual Report.

The Annual Report is submitted to the Council by the Accounting Officer and the 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 stated desires of the community as contained in the IDP.

## 2. The Oversight Committee

The Oversight Committee consists of the Following Councilors:

C. J. Swarts	Chairperson
G.J. Engelbrecht	Councillor
G. Opperman	Councillor
H.C. Steenkamp	Councillor
M.S. Esau	Councillor

## 3. Circulation of the Annual Report

The Annual report was circulated by making copies available and advertising its availability for inspection as follows:

Hantam Municipal Offices:

Hopestraat  
CALVINIA  
8190

BRANDVLEI  
8915

LOERIESFONTEIN  
8185

NIEUWOUDTVILLE  
8180

## 4. Summary of Findings relating to the Reporting Process – 2012/2013

The following table summarises the respective findings of the oversight Committee relating to the process followed in compiling the Annual Report and the resultant Oversight Report in comparison to the process required by statute.

Reservation Expressed by the Oversight Committee	Actions required	Due date
The Annual Report was submitted to council on due	Done	During January

Date. The Council meeting was held on the 28 <sup>th</sup> January 2014		
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5. Summary of Submissions received from the Community and others

The following table reflects the key written representations received from the respective bodies/individuals relating to the contents of the Annual Report:

Representation Submitted by:	Key Issues Raised	Determination by Oversight Committee
Individual Councillors	None	
Private Individuals	None	
Civic organisations	None	
Other organised Community Structures (business, Churches, sporting Bodies, agriculture, Labour, etc.)	None	
Auditor-General	See Audit Report	Presented at Oversight Committee
Audit Committee	See Audit Committee Report.	
Other spheres of government	None	

6. Summary of Reservations Expressed and Corrective Actions Required.

A summary of reservations expressed by the Oversight Committee and actions required to be taken by the Administration (MFMA 131/1) on the Annual Report and Auditor Generals Report 2012/13 are as follows:

**ACTION PLAN: AUDIT REPORT 2012/2013 : QUALIFICATION MATTERS**

EXCEPTION	NATURE	ACTION	RESPONSIBLE PERSON	DATE
Property,	Land and	1. The new	Chief Financial	30

Plant and Equipment	Buildings not measured at a revalued amount being its fair value.	valuation roll that is implemented from 1 July 2013 will be used to determine the fair value. 2. Asset Register will also be corrected	Officer	June 2014
Investment Property	Investment property not measured at a revalued amount being its fair value.	1. The new valuation roll that is implemented from 1 July 2013 will be used to determine the fair value. 2. Asset Register will also be corrected	Chief Financial Officer	30 June 2014

**EMPHASIS OF MATTERS**

EXCEPTION	NATURE	ACTION	RESPONSIBLE PERSON	DATE
Material losses – Water	Material losses in the distribution of water amounts to R1 491 706	1. Installation of meters to all the necessary points. 2. Repair of damage meters and leakages. 3. Audit of all meter-readings by an independent person.	Technical Services/Chief Financial Officer/Internal Audit	30 June 2014
Material losses- Electricity	Material losses in the distribution of electricity amounts to R3 675 300	1. Installation of meters to all the necessary points. 2. Repair of damage meters. 3. Audit of all meter-	Technical Services/Chief Financial Officer/Internal Audit	30 June 2014

		readings by an independent person. 4. Installation of pre-paid meters to all residents.		
Irregular Expenditure	Irregular expenditure amounts to R3 838 505 and R3 965 452 for the 2012 and 2013 years respectively.	1. Condonement of all Irregular Expenditure by Council on next council meeting	Chief Financial Officer	31 January 2014

7. Minutes of the Meeting of the Oversight Committee.

The Minutes of the Meeting of the Oversight Committee held on Monday 3 March 2014 are attached to this report and send to COGHSTA, Provincial Treasury and National Treasury.

8. Resolution of council.

Recommendation:

The Resolution of Council at the meeting where the final version of the Oversight Report was considered is as follows:

1. Council approves the 2012/13 Annual Report.
2. Council having fully considered the 2012/13 Annual Report of the municipality and representations expressed made thereon, and adopts the 2012/13 Oversight Report.

## Hantam Local Municipality

Annual Financial Statements for the year ended 30 June 2013

### Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2013.

#### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 2 meetings were held.

1. F.J.Rootman (Chairperson)
2. F.J.Van der Merwe
3. Vacant

#### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the MFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are adequate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective. The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

#### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concurs with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

#### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and was able to advise both the Accounting Officer and Council on risks pertinent to the Municipality. The internal audit performed its function in line with the requirement of Section 165 (2)(a) – (x). The internal audit unit was able to assess the adequacy and effectiveness of internal controls.

#### Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

#### Chairperson of the Audit Committee

Date: 17.11.2014.

