



JOE GQABI

DISTRICT MUNICIPALITY

**OVERSIGHT
ASSESSMENT
REPORT**

**2017/18
Financial Year**

March 2019

1. INTRODUCTION

This report is prepared in terms of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) - Circular No. 11. The circular was developed by the National Treasury to provide guidance on the preparation of the annual report. It aims to encourage continuous improvement in the standard of reporting by municipalities and to promote accountability to stakeholders. It also aims to consolidate reporting requirements by incorporating a range of information required by various stakeholders into the annual report reducing duplication and improving communication.

2. THE ASSESSMENT TEMPLATE

The assessment template below covers various issues such as financial matters, Auditor General's Report, audit action plan, performance against measurable performance objectives, financial allocations, outstanding debtors and creditors, information technology and systems purchases and the effectiveness of these systems as well as the three year capital plan.

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	Where the municipality has sole or effective control of a municipal entity, consolidated financial statements are required. The AFS are to be in the form as required by the applicable accounting standards.	The District AFS includes the statement for the Joe Gqabi Economic Development Agency (JoGEDA)	Volume 2 of the annual report	None
	MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the new accounting standards for municipalities.	The Consolidated AFS complies with the accounting standards	Volume 2 of the annual report	None
	<i>Have the required standards been met – refer to audit report and report of audit committee for views on this?</i>	The consolidated and separate financial statements were prepared in accordance with applicable legislation	Auditor General's Report	None
The Auditor-General's reports on the financial statements of the municipality and the entities	<i>Is the audit report included in the annual report as tabled?</i>	Yes. Chapter 6.	Chapter 6	None
	<i>If not, when will the audit report be tabled?</i>	N/A.	N/A	None
	<i>What are causes of the delays?</i>	N/A.	N/A	None
	<i>What actions are being taken to expedite the report?</i>	N/A. There are no delays.	N/A	None
Any explanations that may be necessary to clarify issues in connection with the financial statements	The accounting standards require that notes accompany the Annual Report.	There are notes attached to AFS	N/A	None
	Statements to provide explanations of issues and matters reported. Refer also points below on information in notes to AFS.	No explanatory issues were raised.	None	None
	<i>Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?</i>	Yes explanation provided are sufficient	None	None
An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities	<i>Has an adequate assessment been included?</i>	N/A	N/A	None
	<i>Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation?</i>	N/A	N/A	None
	<i>Is any other action required to be taken?</i>	N/A	N/A	None
Particulars of any corrective action taken or	The conclusions of the annual audit may be either –			None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
to be taken in response to issues raised in the audit reports	an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable;	The Auditor General has provided a CLEAN Audit opinion.	Refer to Chapter 6	None
	a qualified audit opinion setting out reasons for qualification, which means that certain issues need to be addressed before an unqualified opinion can be achieved; or	N/A	N/A	None
	The auditor general will disclaim the statements and not offer an opinion. In this case there may be serious financial issues to be addressed.	N/A	N/A	None
	The objective of the municipality should be to achieve an unqualified audit opinion.	A Clean Audit opinion was attained	Refer to Chapter 6.	None
	<i>Taking into account the audit report, audit opinion and the views of the audit committee, council should consider:</i>			None
	<i>To what extent does the report indicate serious or minor financial issues?</i>	Points 8 and 9 of the Auditor General's report highlight financial implications linked to material losses incurred due to aging infrastructure and significant impairment of debtors.	Refer to Chapter 6	None
	<i>To what extent are the same issues repeated from previous audits?</i>	The issue of material losses has been raised previously but the extent if different.	Refer to Chapter 6	None
	<i>Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?</i>	Yes	N/A	None
	<i>Has a schedule of action to be taken been included in the annual report, with appropriate due dates?</i>	Yes	Refer to Chapter 6	None
	Note that actions taken on audit issues are to be reported to the provincial legislature, the MECs for local government and finance to report on any omissions by municipalities in addressing issues. Council <i>should confirm that the audit report has been forwarded to the MECs.</i>	The draft annual report was forwarded to the Provincial Treasury and COGTA-EC. Upon approval of the final report it will be provided to the provincial legislature, MECs for local government and Treasuries.	N/A	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
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	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.	The budget refers to the KPA areas as reflected in the IDP (Service Delivery, Local Economic Development, Institutional Development and Transformation, financial viability and Good Governance and public participation). These in-turn have clear objectives related to each of the actions and are clearly indicated in the <u>annual performance report</u> and in the structuring of the annual report.		None
	<i>Has the performance met the expectations of council and the community?</i>	Yes. Council also did not raise any issues or concerns around performance. No issues were raised by the community.	N/A	None
	<i>Have the objectives been met?</i>	<i>71% of all objectives were met.</i>	<i>See Annual Performance Report</i>	None
	<i>What explanations have been provided for any non-achievement?</i>	Challenges to meet a quorum affected ability of meetings to sit. Staff shortage affected performance in some areas. Quality compromised due to old and aging infrastructure that compromises clean water when distributed. No new household connections were added due to delays in the Orio programme approval process.	<i>See Annual Performance Report and Auditor General's Report</i>	None
	<i>What was the impact on the service delivery and expenditure Objectives in the budget?</i>	There was no direct impact on the budget	N/A	None
	Council should comment and draw conclusions on performance and <i>explanations provided.</i>	The explanations provided are satisfactory.	<i>See Annual Performance Report</i>	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
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	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.			None
	<i>Has the performance met the expectations of council and the community?</i>	Yes	N/A	None
	<i>Have the performance objectives been met?</i>	86% of the set targets were met.	See Performance Report of JoGEDA	None
	<i>What explanations have been provided for any non-achievement?</i>	Establishment phase ongoing. Issues relating to securing of land to be developed still underway. Facilitation agreements not yet concluded due to issues that still being resolved.	See Performance Report of JoGEDA	None
	<i>What was the impact on the service delivery and expenditure objectives in the budget?</i>	Non-attainment of some set targets as per performance report.	See Performance Report of JoGEDA	None
	Council should comment and draw conclusions on performance and <i>explanations provided.</i>	The report is satisfactory. There is progress on the implementation of key projects though there is a need to fastrack implementation.	N/A	None
Any information as determined by the municipality, the entity or its parent municipality	Review any other information that has been included in regard to the AFS.	No additional information was provided		None
Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	<i>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</i>	Yes. All issues were addressed.	Audit Report	None
	<i>What actions need to be taken in terms of these recommendations?</i>	JoGEDA should seek to mobilise funding from alternative sources	See Performance Report of JoGEDA	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
Financial Matters	Financial reporting matters to be considered			
	Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	This was done.		None
Allocations received and made	Considerations			None
Allocations received by <u>and</u> made to the municipality	The report should disclose:			None
	Details of allocations received from another organ of state in the national or provincial sphere.	The annual report does disclose allocations received from other organs of state and allocations made to other organs of state and municipalities.		None
	Details of allocations received from a municipal, entity or another municipality.	No allocations were received.	See AFS notes	None
	Details of allocations made to any other organ of state, another municipality or a municipal entity.	Yes	See AFS notes	None
	Any other allocation made to the municipality under Section 214(1) (c) of the Constitution.	Yes	See AFS notes	None
	<i>Have these allocations been received and made?</i>	Yes	AFS notes	None
	<i>Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</i>	Yes	See Audit Report	None
	<i>Does the audit report or the audit committee recommend any action?</i>	<ul style="list-style-type: none"> ▪ Material losses of R45m due to aging infrastructure ▪ Significant impairment of debtors due to poor revenue collection ▪ Capital projects that are delayed, with reasons provided 		

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
	Council should comment and draw conclusions on information and explanations provided.	Council is satisfied with the report.		None
Allocations received by and made to the municipal entity	The report should disclose:			None
	Details of allocations received from any municipality or other organ of state.	Yes	See Annual Report	None
	Details of any allocations made to a municipality or other organ of state.	Yes	See Annual Report	None
	Other information as may be prescribed.	Yes	See Annual Report	None
	<i>Have these allocations been received and made?</i>	Yes. Allocation were received from the national fiscus	See AFS	None
	<i>Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</i>	Yes. These figures were restated.	See Annual Report - Point 8	None
	<i>Does the audit report or the audit committee recommend any action?</i>	No	N/A	None
	Council should comment and draw conclusions on information and explanations provided.	Council is satisfied with the report	N/A	None
Information in relation to the use of allocations received	Section 123 of the MFMA and MFMA guidance Circular 11, require that the municipality provide information per allocation received per vote and include:			None
	The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects.	Yes	See AFS notes	None
	Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1) (c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the seasons for non-compliance are to be provided.	Yes	See AFS notes	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
	Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.	No allocations as defined under DORA were delayed or withheld.	See AFS notes	None
	This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation.	All necessary information is declared in the AFS	See AFS notes	None
	The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.	All necessary information is declared in the AFS	See AFS notes	None
	Council should be satisfied that –			None
	the information has been properly disclosed;	Yes	See AFS notes	None
	conditions of allocations have been met; and	Yes.	See AFS notes	None
	that any explanations provided are acceptable.	Yes.	See AFS notes	None
	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.	Yes	Please see report of the Audit Committee	None
Information in relation to outstanding debtors and creditors of the municipality and entities	Municipalities and entities are reminded of the requirement to include in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.	Yes	See AFS notes	None
	It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid	Yes	See audit report	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
	funds.			
	Council should be satisfied that –			None
	the information has been properly disclosed;	All information has been properly disclosed	See AFS	None
	conditions of allocations have been met; and	All grant conditions were met.	N/A	None
	also that any explanations provided are acceptable.	All provided explanation are satisfactory.	N/A	None
	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.	The information supplied in the AFS is accurate and appropriate.	AFS notes	None
<i>Disclosures in notes to AFS</i>	<i>Considerations relating to section 124</i>			None
Information relating to benefits paid by municipality and entity to councillors, directors and officials	Information on the following items is to be included in the notes to the annual report and AFS:			None
	salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind;	Salaries, allowances and benefits of political office bearers, councillors have been included in the AFS	See AFS notes	None
	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;	Yes	See AFS notes	None
	salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;	Yes	See AFS notes	None
	contributions for pensions and medical aid;	Salaries allowances and benefits of the municipal manager, and senior manager are included in the AFS.	See AFS notes	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
	travel, motor car, accommodation, subsistence and other allowances;	All staff benefits are detailed in the AFS	See AFS notes	None
	housing benefits and allowances;	All staff benefits are detailed in the AFS	See AFS notes	None
	overtime payments;	All staff benefits are detailed in the AFS	See AFS notes	None
	loans and advances, and;	No loans are provided by the municipality.	See AFS notes	None
	any other type of benefit or allowance related to staff.		See AFS notes	None
	<i>Council should be satisfied that –</i>		See AFS notes	None
	<i>the information has been properly disclosed;</i>	All information on staff benefits has been properly disclosed	See AFS notes	None
	<i>conditions of allocations have been met; and</i>	Yes	N/A	None
	<i>that any explanations provided are acceptable.</i>	Yes	N/A	None
	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.			None
<i>Municipal Performance</i>	<i>Considerations</i>			None
The annual performance reports of the municipality and entities	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 –			None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
Financial Matters	Financial reporting matters to be considered			
	<i>Has the performance report been included in the annual report?</i>	The annual performance report was included in the Annual Report	See Annual Report	None
	<i>Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</i>	Yes	See Annual Report	None
	<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>	Yes	See Annual Report	None
	<i>In terms of key functions or services, how has each performed? E.g. Have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</i>	Backlogs as per sanitation indicators were reduced. The challenges with regard to water indicators have been highlighted above.	See Annual Report	None
	<i>To what extent has performance achieved targets set by council?</i>	71% of all targets set were achieved during the financial year.	See Annual Report	None
	<i>Is the council satisfied with the performance levels achieved?</i>	Yes.	See Annual Report	None
	<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>	Yes. The Annual Report and Annual Performance Report were advertised for community comments and none were received.	None	None
	<i>What actions have been taken and planned to improve performance?</i>	Corrective Action is detailed under each target in the annual performance report	See Annual Performance Report	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
Financial Matters	Financial reporting matters to be considered			
	<i>Is the council satisfied with actions to improve performance?</i>	The Council is satisfied with corrective actions	See Annual Performance Report	None
	<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>	Yes. No misalignment issues were raised by the AG and Audit Committee	See Annual Performance Report and Audit Report	None
	<i>Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</i>	Yes. No matters of inefficiency were raised by the AG and the Audit Committee	See Annual Performance Report and Audit Report	None
	<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>	Yes.	See Annual Performance Report and Audit Report	None
	<i>To what extent have actions planned for the previous year been carried over to the financial year reported upon?</i>	All issues addressed in the previous audit were addressed	N/A	None
	<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>	Continuous improvement in financial reporting frameworks and budget function control	N/A	None
	Council should comment and draw conclusions on information and explanations provided.	Issues identified are constantly being monitored and implemented. Annual actions plans are developed after each audit and these are implemented and where necessary these are included in the action plans of the following years as the issues may be same or similar.	N/A	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
Audit reports on performance	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.	The AG indicated satisfaction with the functioning of the audit committee and the internal audit including issues around performance management. Actions identified by the AG have been acted on.	None	None
	<i>Have the recommendations of internal audit been acted on during the financial year?</i>	Yes.	None	None
	<i>Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?</i>	Actions identified by the AG have been acted on in the development of the Audit Action Plan	See Annual Report	None
Performance of municipal entities and municipal service providers	The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.	A report on the performance of municipal entity (JoGEDA) is attached in the Consolidated Annual Report. With regard to monitoring of service providers information is also provided.	See Annual Report	None
	The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.	The SDBIP and performance agreements of senior management provides for the monitoring of all programmes implemented by service providers. Reporting occurs monthly, quarterly and annually.	See Annual Performance Report	None
	<i>Is the council satisfied with the evaluation and conclusions of the municipality?</i>	Yes. Corrective actions are detailed in the annual performance report.	See Annual Performance Report	None
	<i>What other actions are considered necessary to be taken by the accounting officers?</i>	Corrective Action is detailed under each target in the annual performance report	See Annual Performance Report	None
For municipal entities – an assessment of the entity's performance	This is the separate report of the municipal entity and should contain details of service delivery agreements with the municipality and the performance measures therein.			None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality	Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities.			None
	<i>To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP?</i>	The objectives and performance measures of JoGEDA were aligned to the objectives of the District and the IDP as no negative issues were raised by the AG and Audit Committee	See Annual Report	None
	<i>Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality?</i>	The report is consistent with the conclusions on performance evaluation	See Annual Report	None
	<i>What specific actions should be taken by the entity and the municipality to improve performance?</i>	Corrective Action is detailed under each target in the annual performance report	See Annual Report	None
<i>General information</i>	<i>The following general information is required to be disclosed in the annual report.</i>			None
Relevant information on municipal entities	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses and contact details for entities, the purpose of the entity, the functions and services provided, the type and term of service level agreements with the entities.	All information relating to the Joe Gqabi Development Agency is reflected in the AFS.	See Annual Report	None
The use of any donor funding support	<i>What donor funding has the municipality received?</i>	No donor funding was received	See Annual Report	None
	<i>Have the purposes and the management agreements for the funding been properly agreed upon?</i>	N/A	N/A	None
	<i>Have the funds been used in accordance with agreements?</i>	N/A	N/A	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
Financial Matters	Financial reporting matters to be considered			
	<i>Have the objectives been achieved?</i>	N/A	N/A	None
	<i>Has the use of funds been effective in improving services to the community?</i>	N/A	N/A	None
	<i>What actions need to be taken to improve utilisation of the funds?</i>	N/A	N/A	None
Agreements, contracts and projects under Private-Public-Partnerships	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.	No public private partnerships are in place.	N/A	None
Service delivery performance on key services provided	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality.	71% of all targets set were fully met.	N/A	None
	Overall results on the strategic functions and services should be summarised.	The performance of each KPA is provided in the Annual Report	N/A	None
	This should cover all services whether provided by the municipality, entities or external mechanisms.	The Overall performance for the municipal entity - JoGEDA was 86% of all set targets achieved	See Annual Performance Report	None
	Council may draw conclusions on the overall performance of the municipality.	The Council achieved most of its targets and this showed an improvement compared to the previous financial years.	See Annual Performance Report	None
	This information may be found in an executive summary section of the annual report and or in statistical tables.	Further information is provided in the executive summary of the Annual Report	See Executive summary in the Annual Report	None
Information on long-term contracts	Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.	Details of long term contracts were supplied in the annual report and have been audited by the Auditor General	See Annual report	None
Information technology and systems purchases	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.	Details of the IT activities have been included in the annual report.	See Annual Performance Report	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations	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 the IT activities have been included in the annual report.	See Annual Performance Report	None
	Details of any future IT proposals should be summarised.	IT targets are contained in the APR	See Annual Performance Report	None
	Council should comment and draw conclusions on the information provided.	The information provided is accurate and appropriate. The IT systems are being improved as evidenced by the IT audit action plan.	N/A	None
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.	A three year capital Plan is included in the Annual Report	See annual report appendix	None
	This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved.	Yes.	See Annual Report	None
	The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets.	The cross reference is made between the IDP, budget and annual report. Details of capital projects are also included in the annual report.	None	None
	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.	The plans appropriately do address the backlogs and are consistent with the strategic policy directions of council and needs of the community. Key issues are with regard to sanitation and water services backlog.	None	None
<i>Other considerations recommended</i>				
Timing of reports	<i>Was the report tabled in the time prescribed?</i>	Yes, legislated deadlines were met for the submission of the Annual Report. The legislation and MFMA guidelines and circulars provide concrete and clear guidelines.	None	None
	<i>Has a schedule for consideration of the report been adopted?</i>		None	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
Oversight committee or other mechanism	<i>What mechanisms have been put in place to prepare the oversight report?</i>	Municipal Public Accounts Committee was established towards end of 2011 and terms of reference adopted.	None	None
	<i>Has a schedule for its completion and tabling been adopted?</i>		N/A	None
Payment of performance bonuses to municipal officials	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.			None
	<i>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</i>	No performance bonuses relating to the year under review have been paid as yet. The process will only start after the annual report is approved by council.	N/A	None
	<i>If so has a proper evaluation of performance been undertaken?</i>	N/A. Nevertheless, evaluation are conducted annually as per legislation	N/A	None
	<i>Was the evaluation approved by council?</i>	N/A. However during the time of assessment evaluations are presented before Council for consideration and approval.	N/A	None
	<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>	Yes. Evaluation is aligned with information reported in the IDP, Budget, Annual Report, AG's Report and Audit Committee Reports	N/A	None
	<i>Are the payments justified in terms of performance reported in the annual report?</i>	Yes. Evaluation is aligned with information reported in the Annual Report, AG's Report and Audit Committee Reports	N/A	None

Information required to be included in annual reports	Council Considerations and Questions	Management Comments on Questions and Considerations	Reference	Comments of oversight committee
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>			
	Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.	Performance evaluations are conducted after the approval of the annual report by Council. Assessment panels are constituted as per the legislation and regulations. Assessment results are then presented before Council for adoption.	N/A	None