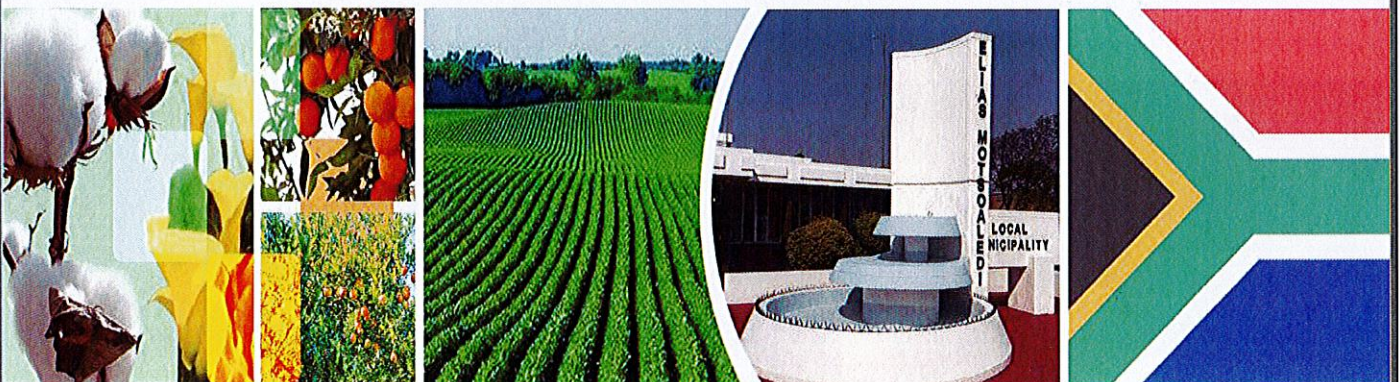


ELIAS MOTSOALEDI LOCAL MUNICIPALITY



OVERSIGHT REPORT FOR THE 2020/21 DRAFT ANNUAL REPORT



"The agro-economical and ecotourism heartland"

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
1. PURPOSE	3
2. BACKGROUND	3
3. ESTABLISHMENT OF MPAC	4
4. CHALLENGES AND PROPOSED SOLUTIONS	7
5. FINANCIAL STATEMENTS	8
6. CONCLUSION	9
7. RECOMMENDATIONS	9



1. PURPOSE

To inform Council about the work of the Municipal Public Accounts Committee (MPAC) and to make recommendations to Council as required in terms of Section 129 (1) of the Local Government: Municipal Finance Management Act 56 of 2003 on the draft 2020/2021 annual report.

2. BACKGROUND

In terms of Section 129 (1) of the Local Government: Municipal Finance Management Act 56 of 2003, 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.

In terms of section 121 (1) of the Local Government: Municipal Finance Management Act 56 of 2003: the council of a municipality must within nine months after the end of 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.

During council meeting of the 25 January 2022, the Mayor tabled the Draft 2020/2022 Annual Report as prescribed by Section 127 (2) of the Local Government: Municipal Finance Management Act 56 of 2003. In dealing with the tabled annual report, Council resolved inter alia:

1. *"That council notes the audit report for 2020/2021 financial year.*
2. *That considers the draft Annual Report for the 2020/2021 financial year in its entirety including the auditor general's report, audit action plan developed to address the audit findings.*
3. *That council refer the draft annual report to MPAC for further consideration and evaluation within the provision of Treasury Circular No. 63 for oversight report.*
4. *That, as prescribed by Section 127(5) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Accounting Officer ensures that the annual report is made public in accordance with Section 21A of the Municipal Systems Act and that the local community are invited to submit representations in connection with the annual report, and that the annual report be submitted to the Auditor-General, the relevant Provincial Treasury and the provincial department responsible for local government."*

3. ESTABLISHMENT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE. (MPAC)

During 2016, Elias Motsoaledi Municipal Council resolved to establish a Municipal Public Accounts Committee (MPAC) in terms of the provisions of the Local Government: Municipal Structures Act (Act 117 of 1998) and the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) to serve as an Oversight Committee to exercise oversight over the executive obligations of Council. In terms of SALGA's Practical Guide on MPACs (2012-10-14) the terms of reference for the MPAC include the interrogation of the following financial aspects addressed in the Municipal Finance Management Act:

- (i) Unforeseen and unavoidable expenditure;
- (ii) Unauthorized, irregular or fruitless and wasteful expenditure;
- (iii) The quarterly report of the Mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP;
- (iv) Monthly budget statements;
- (v) Mid – year budget and performance assessment;
- (vi) Mid – year budget and performance assessment of municipal entities – currently not applicable to Elias Motsoaledi Municipality;
- (vii) Disclosures concerning councilors, directors and Officials;
- (viii) Submission and auditing of Annual Financial Statements;
- (ix) Submission of the annual report;
- (x) Oversight report on the annual report;
- (xi) Issues raised by the Auditor – General in audit reports;
- (xii) Audit Committee;
- (xiii) Disciplinary action instituted in terms of the MFMA

The MPAC interrogate the following aspects addressed in the Municipal Systems Act:

- (xiv) Review of the IDP post elections;
- (xv) Annual review of the IDP;
- (xvi) Performance Management Plan;
- (xvii) Monitoring that the annual budget is informed by the IDP;
- (xviii) Monitoring that all declaration of interest forms is completed by councilors on an annual basis.

The MPAC committee constitutes of the following members:

PARTY	SURNAME	FULL NAMES	TITLE	GENDER
ANC	Ndlovu	Raymond Ndumiso	Chairperson	MALE
ANC	Makuwa	Nkhubedu Sarah	Member	FEMALE
ANC	Tlaka	Kgopotso Wiseman	Member	MALE
ANC	Mashilo	Malope Samaria	Member	FEMALE
EFF	Maphopha	Cheleboy Mpho	Member	MALE
ANC	Kgagara	Thabo Peter	Member	MALE
MP	Limakwe	Adelaide	Member	FEMALE
EFF	Mampana	Moleke	Member	MALE
ANC	Nkosi	Sibongile Beauty	Member	FEMALE
ANC	Buta	Medo Zephania	Member	MALE
DA	Matsomane	Shiko Tebogo	Member	FEMALE

Mechanisms for public participation process

Immediately after the annual report was tabled in Council, the Accounting Officer in accordance with Section 21A of the Local Government: Municipal Systems Act 32 of 2000 made the draft annual report public. The following are mechanisms which were followed to ensure that the public viewing of the draft 2020/2021 annual report was extensively published for public comments.

DATE	ACTIVITY
25 January 2022	The draft 2020/2021 Annual Report is uploaded on municipal website and made available in municipal offices, municipal library and Municipal Satellite Offices.

Below is the programme for Public hearings:

OVERSIGHT VISIT PROGRAM

DATE	TIME	CLUSTER	VENUE
24/02/2022	10h00	Ward 07	Ngolovane Liverpool sports ground
08/03/2022	10h00	Ward 24	Sizanani Adult Care Centre

Below are the processes undertaken by the MPAC in dealing with the report:

DATE	PURPOSE	VENUE
16-17 February 2022	Strategic Session to draft questionnaire to Management of their findings.	Municipal Manager's boardroom
24 February 2022	MPAC Outreach at Ward 07 on the Draft 2020/2021 Annual Report.	Ngolovane Liverpool sports ground
08 March 2022	MPAC Outreach at Ward 24 on the Draft 2020/2021 Annual Report.	Sizanani Adult Care Centre
28 March 2022	Engagement with Senior Managers with regards to the draft annual report.	Municipal managers boardroom
29 March 2022	Compiling Oversight report on the Draft 2020/2021 Annual Report	Committee Room

Summary of comments on the draft 2020/2021 Annual Report

The MPAC believes that the draft 2020/2021 annual report reflects a substantial and positive improvement in municipal 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 Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) and with National Treasury (NT) guidelines for annual reports. MPAC congratulate EMLM for having improved on their audit opinion and we hope that the municipality will be able to sustain the unqualified audit opinion and translate it to the improvement of service delivery.

The draft annual report complies with Circular 63 of the MFMA as it contains the following:

CHAPTERS	DETAILS
01	Mayor's Foreword and Executive Summary
02	Governance
03	Service Delivery
04	Organizational Development Performance
05	Financial Performance
06	Audit General's Findings
07	Appendices and Volume : AFS

4. CHALLENGES

None

5. FINDINGS AND PROPOSED SOLUTIONS

The table below shows challenges noted by the Committee during the perusal of the Draft 2020/2021 Annual Report and proposed solutions to these challenges;

FINDINGS NOTED BY MPAC

1. Community members are challenge by the language in which the reports are written (English only)	1. It is therefore recommended that a summary of the original document be translated to local languages
2. Higher dependency on National grants	2. Municipality must initiate revenue enhancement programs to encourage the communities to pay for services offered by the municipality.

DEPARTMENTAL PERFORMANCE FINDINGS

DEPARTMENT	CHALLENGE/FINDING	PROPOSED SOLUTION
CORPORATE	<ol style="list-style-type: none"> 1. Staff skills retention policy 2. Too many vacant posts 	<ol style="list-style-type: none"> 1. The municipality must develop a skills retention policy. MPAC recommends that all employees approved for study assistant should serve the municipality for a certain period after obtaining their qualifications. 2. The municipality should fill all vacant post that are currently on the organisational structure.
DEVELOPMENT PLANNING	<ol style="list-style-type: none"> 1. Excluding of other partnerships 2. Lack of awareness campaign 3. Increase in the number of informal settlement 	<ol style="list-style-type: none"> 1. In future the annual report should include all the organisations that have a partnership with the municipality. 2. That the municipality should conduct awareness campaigns with regards to services offered by the development planning and LED department. e.g. Small business licenses and site inspections. 3. The municipality should fast track getting an eviction order for mushrooming community before it's too late for eviction. e.g. Masakaneng 3.2 The municipality should improve the working relationship with the tribal offices in terms of land distribution for human settlement.
EXECUTIVE SUPPORT	<ol style="list-style-type: none"> 1. Ineffective public participation 2. No consolidated bursary report 3. Lack of feedback to complainant 	<ol style="list-style-type: none"> 1. The municipality should consider conducting public participation on radio stations that covers the jurisdiction of the municipality. This will allow full participation from the members of the community. E.g. SABC Radio stations 2. The municipality needs to compile a report of the bursary allocations per beneficiary. The report should include beneficiary details, proof of payments and progress made by the learner after receiving the bursary. 3. The municipality should find a way to give feedback to complainants.
BUDGET & TREASURY	<ol style="list-style-type: none"> 1. Over spending on operational budget 2. High percentage on contracted services 3. Lack of debt management 	<ol style="list-style-type: none"> 1. The municipality must find a way to avoid over spending as it tarnishes the image of the municipality. 2. The municipality must where possible avoid using too much outsourced services. 3. The municipality must make payments of all debts within 30 days to avoid unnecessary costs in a form of interest which will result to Fruitless and Wasteful expenditure.

INFRASTRUCTURE	<ol style="list-style-type: none"> 1. Lack of monitoring of projects 2. Insufficient maintenance of access roads 3. Poor working conditions in satellite offices 	<ol style="list-style-type: none"> 1. The municipality fails to monitor projects during construction stages, which leads to avoidable overspending and poor quality work. E.g Kgaphamadi Bus Route 1.2 Section 79 committee of infrastructure should conduct project visits to play oversight on the projects during implementation. 2. The municipality must increase the budget of maintaining the access roads while waiting for the long term road plan. 3. The municipality must put a budget aside for renovations of satellite offices. E.g. Elandsdoring Satellite and Magaseng Satellite 3.2. The municipality must come up with a plan on how the satellite offices can be used for revenue collection.
COMMUNITY SERVICES	<ol style="list-style-type: none"> 1. Lack of oversight on municipal cemeteries 2. Insufficient skip bins 3. Lack of improvement in the Waste management in the municipality. 	<ol style="list-style-type: none"> 1. The municipality must maintain cleanliness in all municipal cemeteries and they must also set budget aside for fencing. 2. The municipality must increase the number of skip bins in strategic areas in different wards. 3. Sec 79 committee for community services department should make a plan of action on address the finding and compile a reports which will be submitted to council.

Overall findings

1. MPAC notes that the Section 79 committees are not active. Can all Section 79 be capacitated on their roles and functions?
2. MPAC notes that the draft annual report has a lot of spelling and grammatical errors. Can that be corrected on the final annual report?
3. The municipality is not improving on Waste management service which is a core function of the municipality. The decline trend has been going on for the past 5 years.

4. FINANCIAL STATEMENTS

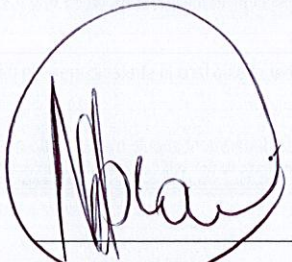
- MPAC notes the improvement registered by the municipality on AG's audit opinion. The municipality has moved from qualified to unqualified audit opinion.

5. CONCLUSION

The MPAC committee thank all the relevant participants for their support and cooperation during the oversight process. The committee believes that Elias Motsoaledi Local Municipality and its citizens will realize substantial and tangible benefits if a similar process is consistently followed in years to come. The draft annual report was easy for MPAC to play oversight as it is aligned to MFMA Circular 63, unlike in the past. We wish that this standard could be maintained for the credibility of the report.

6. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 31 MARCH 2022 RESOLVE TO RECOMMEND:

1. That Council approves the draft 2020/2021 Annual Report with no reservations
2. That the oversight report be made public in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act 56 of 2003.
3. That the oversight report be submitted to the Provincial Legislature in accordance with section 132 (2) of the Local Government: Municipal Finance Management Act 56 of 2003.



CLLR. N.R. NDLOVU
MPAC CHAIRPERSON