

ELIAS MOTSOALEDI LOCAL MUNICIPALITY



OVERSIGHT REPORT FOR THE 2021/22 DRAFT ANNUAL REPORT



"The agro-economical and ecotourism heartland"

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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 and on the draft 2021/2022 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 2023, the Mayor tabled the Draft 2021/2022 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 consider the presentation of 2021/2022 audit report of draft 2021/2022 Annual Report by the Auditor General.**
- 2. That the report be made public for local community representation submissions.**
- 3. That the tabled draft annual report be submitted to AGSA, Treasuries, and CoGHSTA for comments.**
- 4. That the public hearing sessions on draft 2021/2022 annual report be commenced with by the MPAC as part of Annual Oversight Report on the Council Annual Report process**

In terms of the Local Government: Municipal Structures Amendment Act, 2021, Section 79A (3)(c) which states that a Municipal Public Accounts Committee should "Initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act".

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 Local Government: Municipal Structures Amendment Act, 2021, Section 79A.

(1) A municipal council must establish a committee called the municipal public accounts committee.

(2) The mayor or executive mayor, deputy mayor or executive deputy mayor, any member of the executive committee, any member of the mayoral committee, speaker, whip and municipal officials are not allowed to be members of the municipal public accounts committee.

(3) The municipal council must determine the functions of the municipal public accounts committee, which must include the following:

- a. Review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
- b. Review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;
- c. Initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;
- d. attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a Councillor and the municipal manager; and
- e. On its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.

(4) Reports of the municipal public accounts committee must be submitted to the speaker who must table such reports in the next meeting of the municipal council.

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 2021/2022 annual report was extensively published for public comments.

DATE	ACTIVITY
25 January 2023	The draft 2019/2020 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

<u>DATE</u>	<u>TIME</u>	<u>VENUE</u>
03/04/2023	10h00	Liberty sports ground

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

<u>DATE</u>	<u>PURPOSE</u>	<u>VENUE</u>
15-17 March 2023	Strategic Session to draft questionnaire to Management of their findings.	Municipal Manager's boardroom
29 March 2023	Compiling Oversight report on the Draft 2021/2022 Annual Report	Municipal Manager's boardroom

Summary of comments on the draft 2021/2022 Annual Report

The MPAC believes that the draft 2021/2022 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

Due to budget constrains MPAC was unable to conduct Public Hearing which caused a delay in the submission of the oversight report.

5. FINDINGS AND PROPOSED SOLUTIONS

The table below shows challenges noted by the Committee during the perusal of the Draft 2021/2022 Annual Report and proposed solutions to these challenges;

FINDINGS NOTED BY MPAC

MPAC has noted that copies of the Performance Report still does not reach the entire communities as envisaged.	Ward Councillors, through the assistance of ward committees must convene community meetings where the objectives and purpose of the meetings are to extensively discuss the draft Annual Report to ensure participation.
Community members are challenge by the language in which the reports are written (English only)	It is therefore recommended that a summary of the original document be translated to local languages. The municipality can utilise translation software's or website to assist with translation while looking into hiring someone who can assist the municipality with such.
Higher dependency on National grants	The municipality should develop a S.M.A.R.T revenue enhancement strategy for implementation.
High dependency on outsourced services	The municipality should implement and comply with its developed outsourced services reduction plan
Lack of oversight on in-year reporting	Section 79 committees must sit and peruse their departmental quarterly reports.

DEPARTMENTAL PERFORMANCE FINDINGS

DEPARTMENT	CHALLENGE/FINDING	PROPOSED SOLUTION
CORPORATE SERVICES	The municipality does not have staff skills retention policy	<ul style="list-style-type: none"> The municipality must develop skill retention policy, more especially where the municipality use its own resources to capacitate employees.
	Struggling to fill vacant posts`	<ul style="list-style-type: none"> The municipality should come up with a way to fill the highly prioritized vacancies. The municipality should ensure that the organisational structure is realistic.
DEVELOPMENT PLANNING	Excluding of other partnerships	<ul style="list-style-type: none"> The annual report does not include all the organisations that have a partnership with the municipality.
	Lack of awareness campaign	<ul style="list-style-type: none"> 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.
	Delay in addressing issues of informal settlement	<ul style="list-style-type: none"> The municipality should fast track getting eviction orders for mushrooming community before its too late for eviction. e.g. Lusaka (Steve Biko extension) The municipality should improve the working relationship with the tribal offices in terms of land distribution for human settlement.
BUDGET & TREASURY	Regress on revenue collection	<ul style="list-style-type: none"> The municipality must look on developing a method where one cannot access any service from the municipality when still owing other services billed. Where people are not able to pay, the municipality must invoke on the own policies e.g. credit control and indigent policy.
	Over spending on operational budget	<ul style="list-style-type: none"> The municipality must find a way to avoid over spending as it tarnishes the image of the municipality.
	High percentage on contracted services	<ul style="list-style-type: none"> The municipality must where possible avoid using too much outsourced services.

INFRASTRUCTURE	Incomplete projects	<ul style="list-style-type: none"> The municipality must develop a monitoring mechanism on the projects that are being implemented. Notably Kgaphamadi Bus route and Laersdrift Access Road could have been completed in time had reasonable measures implemented. The PSC members who are appointed must be capacitated by the municipality to know their role so that they are able to see when the contractor is not doing quality work. Section 79 committee of infrastructure must do project visits to play oversight on the projects during implementation.
	Lack of maintenance on roads	<ul style="list-style-type: none"> The municipality must allocate sufficient budget to maintain the completed roads. Although the negative variance on revenue contributes to this, we believe that a little should be done as opposed to nothing.
	Unrealistic project timelines with regards to road construction.	<ul style="list-style-type: none"> The municipality should set realistic timeframes and give provision of natural hazards that may occur. The section 79 committee of infrastructure should develop a project oversight model.
	Poor working conditions in satellite offices	<ul style="list-style-type: none"> The municipality must put a budget aside for renovations of satellite offices. E.g. Elandsdoring Satellite and Magaseng Satellite The municipality must come up with a plan on how the satellite offices can be used for revenue collection.
	Unrealistic budgets for projects	<ul style="list-style-type: none"> Municipality should set realistic budget when it comes to projects especially on road construction projects Municipality should appoint consultants that are capable of executing the given task in the best possible way.
COMMUNITY SERVICES	Lack of oversight on municipal cemeteries	<ul style="list-style-type: none"> The municipality must maintain cleanliness in all municipal cemeteries and they must also set budget aside for fencing.
	Insufficient skip bins	<ul style="list-style-type: none"> The municipality must increase the number of skip bins in strategic areas in different wards.
	Lack of improvement in the Waste management in the municipality.	<ul style="list-style-type: none"> 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.

1. FINANCIAL STATEMENTS

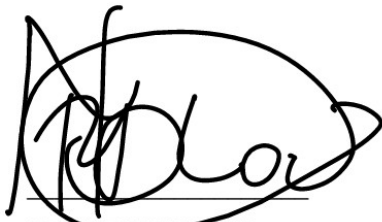
- MPAC notes maintenance on the municipality on AG's audit opinion. The municipality has moved from unqualified to qualified audit opinion.
- Whereas there is an undertaking from the management to turn this around, MPAC will continue to follow this matter up to check to the adequacy and efficiency of the Audit Action Plan.
- We commend management on the fact that there is no finding on performance, meaning that the municipality has performed well in terms of their annual targets.
- The AG's findings on Unauthorised, Irregular and Fruitless & Wasteful expenditure will be investigated and a report will be submitted to council.

2. CONCLUSION

The MPAC committee thank all the relevant participants for their support and cooperation during the oversight process. The committee believes that Elias Motsoaledi 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.

3. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 29 MARCH 2023 RESOLVE TO RECOMMEND:

1. That Council approves the draft 2020/2021 Annual Report with 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. R.N NDLOVU

MPAC CHAIRPERSON