

ELIAS MOTSOALEDI LOCAL MUNICIPALITY



OVERSIGHT REPORT FOR THE 2022/23 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 2022/2023 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 2024, the Mayor tabled the Draft 2022/2023 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 2022/2023 audit report of draft 2022/2023 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 2022/2023 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

During 2021, 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.
- (5) (a) For the purposes of this section ‘audit committee’ means the audit committee envisaged in section 166 of the Local Government Municipal: Finance Management Act.
- (b) Each municipality and each municipal entity must establish an audit committee in accordance with that section.

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 2022/2023 annual report was extensively published for public comments.

DATE	ACTIVITY
25 January 2024	The draft 2022/2023 Annual Report is uploaded on municipal website and made available in municipal offices, municipal library and Municipal Satellite Offices.

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

<u>DATE</u>	<u>PURPOSE</u>	<u>VENUE</u>
26-28 February 2024	Strategic Session to draft questionnaire to Management of their findings.	Loskop dam, A forever resort
22 March 2024	Conducted MPAC public hearing on the draft 2022/23 annual report	Ward 16, Donkey stop, Kwa-Mahlangu first Part
20 & 25 March 2023	Compiling Oversight report on the Draft 2021/2022 Annual Report	Municipal Manager's boardroom

Summary of comments on the draft 2022/2023 Annual Report

The MPAC believes that the draft 2022/2023 annual report reflects a substantial and fair improvement in municipal annual planning, budgeting, and reporting processes, however there is still room for improvement. 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 congratulates EMLM for maintaining 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

- A few misleading information, spelling and grammar errors noticed in the report.
- Low attendance of the MPAC public hearing by EXCO members.

5. FINDINGS AND PROPOSED SOLUTIONS

The table below shows challenges noted by the Committee during the perusal of the Draft 2022/2023 Annual Report and proposed solutions to these challenges.

MPAC has noted that copies of the Performance Report still don't 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 challenged 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.
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.
Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	The accounting officer should ensure that he reviews the financial statements and annual performance report before submitting for audit. He should further ensure that the information provide is credible.
Ineffective measures to review and monitor compliance with legislations	The municipality should come up with effective measures to review and monitor compliance with legislations.

6. DEPARTMENTAL PERFORMANCE FINDINGS

DEPARTMENT	CHALLENGE/FINDING	PROPOSED SOLUTION
CORPORATE SERVICES	The municipality does not have skills retention clause in the work human resource policy.	<ul style="list-style-type: none"> The municipality must develop skill retention clause, 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	Review of KPI to adhere to the S.M.A.R.T principles, as per the Auditor General's advice.	<ul style="list-style-type: none"> The municipality should review all the KPI's and ensure that they adhere to the S.M.A.R.T principles.
	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 it's 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.
	Misleading information regarding EPWP programme.	<ul style="list-style-type: none"> The municipality should ensure that the information provided is correct to avoid misleading our communities.
BUDGET AND TREASURY	No submission of Annual Financial Statement as required by section 126(1)(a) of the MFMA.	<ul style="list-style-type: none"> Municipality must ensure that the AFS are submitted on time as per section 126(1)(a) of the MFMA.
	Restatement of corresponding figures on the Annual Financial Statement	<ul style="list-style-type: none"> The municipality should come up with ways to help improve when it comes to misstatements on the AFS.

	Payment of Goods and Services after 30 days	<ul style="list-style-type: none"> The municipality should ensure consequence management is implemented to officials who are responsible for the late payments that are avoidable.
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 could have been completed in time had reasonable measures implemented. The PSC members who are appointed must be continuously capacitated by the municipality to know their role and functions.
	Lack of maintenance on roads	<ul style="list-style-type: none"> The municipality must allocate sufficient budget to maintain the completed roads. Although the low collection of 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.
	Illegal electricity connections	<ul style="list-style-type: none"> The municipality must come up with a plan to help reduce illegal connection within the municipality.
	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 to make the satellite offices user friendly so that they 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. The municipality should ensure that the skip bins are collected regularly.
	Lack of improvement in the Waste management in the municipality.	<ul style="list-style-type: none"> The municipality should start community engagement to encourage community members to pay for waste management services. This will help improve revenue collection.

7. FINANCIAL STATEMENTS

- MPAC notes maintenance on the municipality on AG's audit opinion.
- The AG's finding on non-submission of Annual Financial Statement as required by section 126(1)(a) of the MFMA.
- The AG's finding on restatement of corresponding figures on the Annual Financial Statement
- The AG's findings on Unauthorised, Irregular and Fruitless & Wasteful expenditure will be investigated and a report will be submitted to council.

8. 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 fair for MPAC to play oversight as it is aligned to MFMA Circular 63.

9. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 25 MARCH 2024 **RESOLVE TO RECOMMEND:**

1. That Council approves the draft 2022/2023 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.

A handwritten signature in black ink, appearing to read 'R.N. Ndlovu', written over a horizontal line. The signature is stylized and somewhat cursive.

CLLR. R.N NDLOVU

MPAC CHAIRPERSON