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Molemole Municipality

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EXTRACT COUNCIL RESOLUTION

OC/5.3.1/26/03/20 REPORT ON MPAC OVERSIGHT ON THE 2018/19 FINANCIAL YEAR

The Chairperson of MPAC, Councillor T.P Rathete presented the oversight report for the 2018/19 Annual Report.

Council unanimously resolved that:

- The oversight report and the 2018/19 Annual report be approved without reservations in terms of section 129 of the Municipal finance management Act, 2003 (Act 56 of 2003)

THE SPEAKER
CLLR MOREROA M.S

DATE

**OVERSIGHT REPORT
ON
2018/19 ANNUAL REPORT**

March 2020



Molemole Municipality

VISION: "A developmental people driven organization that serves its people"

Mission: "To provide essential and sustainable services in an efficient and

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1. Acronyms and Definition of terms

AG	Auditor General
COUNCIL	Council of Molemole Local Municipality as constituted
FY	Financial Year
LM	Local Municipality
IDP	Integrated Development Plan
LED	Local Economic Development
MPAC	Municipal Public Accounts Committee
MIG	Municipal Infrastructure Grant
MFMA	Municipal Finance Management Act
NDP	National Development Plan
KPA	Key Performance Areas
OCA	Operation Clean Audit
PMS	Performance Management System
SDBIP	Service Delivery and Budget Implementation Plan
MSA	Municipal Systems Act
RDP	Reconstruction of Development Programme
CLLR	Councillor
EXCO	Executive Committee
GRAP	Generally Recognized Accounting Practice
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs

2. PURPOSE OF OVERSIGHT REPORT

The main purpose of this report is to recommend to Council the consideration of the 2018/19 Annual Report and to adopt an Oversight Report containing comments on the Annual Report in terms of Section 129 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act no.56 of 2003).

3. Municipal Public Accounts Committee

Council has after inauguration in August 2016 appointed fellow Council members to establish an oversight committee over the work administration and to engender the culture of openness, transparency and accountability.

The Municipal Public Accounts Committee is the mechanism through which Council exercises oversight over the management and expenditure of public funds. Council must provide assurance to the public that public monies and assets are being managed properly and that value for money is being rendered by public sector institutions in their spending of public funds. Municipal Public Accounts Committees are established in terms of Section 79 of the Municipal Structures Act to conduct oversight functions. The following Councillors served in the committee during the 2018/19 financial year:

Names	Designation	Political Party
Cllr. Rathete P.T	Chairperson	ANC
Cllr. Makgatho M.P	Member	ANC
Cllr Leferela M.J	Member	EFF
Cllr Kobola S.E	Member	ANC
Cllr Matjee C	Member	DA
Cllr. Sephesu M.G	Member	ANC
Cllr. Duba M.	Member	ANC

4. Overview of legislative framework on Annual Report

Each municipality is required to prepare an Annual Report in terms of Section 121 of the MFMA. Circular No. 63 issued by the National Treasury provides guidance on the structure of the Annual Report to ensure consistency by all municipalities in preparing their Annual Reports.

The adoption of an Oversight Report by the municipal council should be viewed as a compulsory task in terms of Section 129(1) of the Municipal Finance Management Act (MFMA) No.56 of 2003 in exercising financial management over the respective municipality.

The introduction of the Municipal Public Accounts Committee (MPAC) to Molemole Local Municipality has created an expectation of a transparent and accountable local government institution which will aspire to a sound financial management practice which will ultimately result in world class service delivery.

MPAC is now in position to table to Council the Oversight Report on the 2018-2019 Annual Report of Molemole Local Municipality.

Credit should go to members of MPAC, Coordinator, District MPAC Officials, COGHSTA, Audit Committee, and Internal Audit who have contributed in ensuring that the oversight report is credible.

5. The purpose of Annual Report

- i. To provide a record of the activities of the municipality during the 2018/19 financial year
- ii. To provide a report on performance against the budget of the municipality for the 2018/19 financial year;
- iii. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

5.1 Major Elements of the 2018/19 Annual Report

Circular 63 of the MFMA stipulates that the following elements must be included in the Annual Report:

Chapter 1: Mayor's Foreword and Executive Summary;

Chapter 2: Governance;

Chapter 3: Service Delivery Performance;

Chapter 4: Organizational Development Performance;

Chapter 5: Financial Performance;

Chapter 6: Auditor General's Findings;

Appendices; and AFS

Other disclosures as required by the MFMA in Section 121, 124, 125 (e.g. Councilors and Top Management compensation, grants, bank accounts, investments information etc.)

6. PROCESSES FOLLOWED BY COUNCIL

In terms of Section 127 (5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the Annual Report, invite the local community to submit the representations in connection with the Annual Report and submit the Annual Report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

The 2018-19 Annual Report was tabled in Council on the 29 January 2020 in terms of section 127(2) of the MFMA (act no.56 of 2003). In terms of Section 129(1) the Council is required to consider the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the 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 has approved the Annual Report with or without reservations, or refer the annual report back for revision of issues that need to be revised.

In the Council meeting held on the 29th January 2020 Council passed a resolution (resolution OC5.4/29/01/2020) referring the draft 2018/19 Annual Report to the Municipal public Accounts Committee for consideration as well as to embark on a public consultation campaign in all the sixteen wards of the municipality. The Accounting Officer had also publicised the Draft Annual report in the municipal website and was made available in all municipal service points, including libraries. The public was given twenty one (21) days to make inputs and/or representations on the draft Annual report.

Subsequent to the public consultations MPAC members were given sufficient time to review and discuss the Annual Report. The following stakeholders were also requested to provide inputs and comments in the Annual Report:

- i. Audit Committee Chairperson and Internal Auditor Unit to present their perspective on the Annual Report
- ii. Auditor-General of South Africa
- iii. COGHSTA Limpopo
- iv. Traditional Authorities

Public Consultation meetings were convened in all the four clusters as follows:

Date	Time	Cluster	Attendance	Venue
10-03-2020	14h00	Ward 1,2,3, and 4	181	Eisleben Community Hall
11-03-2020	14h00	Ward 5,6,7,8 &9	64	Makgato Community Hall
12-03-2020	14H00	Ward 11,12,13 and 14	98	Manthata Tribal Office
13-03-2020	14H00	Ward 10,15 and 16	102	Ga-Sako Community Hall

It is the view of MPAC that the public consultations were successful and gave the communities an opportunity to make the Council account on the use of financial resources under its custodianship.

Public comments raised related to the IDP process and MPAC is of the view that those issues should form part of the input data into the coming IDP.

The committee and the Mayor provided clarity for some of the questions or comments while others were noted for further attention by the relevant municipal departments and other sectors.

7. ISSUES OF CONCERN TO MPAC

The following questions were raised by MPAC and forwarded to the Accounting Officer for consideration:

FINDINGS	ANNUAL REPORT
<p>Question 1 Project No.2</p> <p>a. The Municipality planned to demarcate 1 settlement which was achieved with an expenditure amounting to R150 000.00.</p> <ul style="list-style-type: none"> ✓ In which area did the Municipality demarcated the settlement? ✓ Was the settlement for business or Residential? <p>Question 2 Project No 5</p> <p>a. The Municipality managed to peg 250 sites with expenditure of R197 641, 45.</p> <ul style="list-style-type: none"> ✓ Where the Municipality did pegged the sites. <p>Question 3 Project No 10</p> <p>b. The Municipality managed to capacitate 20 x SMME's during the 2018/19 financial year.</p> <ul style="list-style-type: none"> ✓ Provide the on capacity building and which institutions offered the trainings. ✓ Provide Expenditure breakdown with copies on invoices. <p>Question 4 Project 14</p> <p>c. The 200 IDP documents were printed during 2018/2019 Financial Year.</p> <ul style="list-style-type: none"> ✓ How did the Municipality incur an expenditure amounting to R191 100.00 if means of verification is only printed documents without invoices, (please attach invoices) <p>Question 5 Project No 20, 21,22,23 and 24</p> <p>The Municipality managed to achieve the above projects with various expenditure.</p> <ul style="list-style-type: none"> ✓ Why did he prices of kilometres differ in the above mentioned projects? 	

8. CONCLUSION

Having considered the 2018/19 Annual Report of Molemole Local Municipality as tabled on the 29 January 2020, Council should adopt the Oversight Report in terms of Section 129 of the Municipal Finance Management Act (MFMA).

MPAC encouraged the Municipal Manager to improve consequence management in order to ensure that employees are held accountable for work that is expected from them.

9. GENERAL COMMENTS ON THE CONTENT OF THE ANNUAL REPORT

The Accounting Officer has improved the manner in which the Annual Report is packaged and that is seen by the decrease in the number of errors that the Committee identified on the Draft Annual Report compared to previous financial years.

The Committee applauds the progress that the municipality has made in terms of its performance management which has led to the municipality maintaining unqualified audit opinion with five Matters affecting audit report.

Further Controls should be put in place to ensure the municipality is able to obtain a clean audit opinion in the 2019/20 financial year.

10. RECOMMENDATIONS

The committee recommended as follows:

- 10.1** That Council adopt the Oversight Report and the Annual Report without reservations in terms of Section 129 of the Municipal Finance Management Act (MFMA), NO 56 of 2003.

**CLLR RATHETE PT
MOLEMOLÉ MPAC CHAIRPERSON**