OVERSIGHT REPORT ON THE 2022/2023 ANNUAL REPORT

Kopano ke maatla, go aga setshaba se kaone

Molemole Municipality

March 2024

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

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

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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 2022/23 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 **November 2021** appointed fellow Council members to establish MPAC as 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 2022/23 financial year:

Names	Designation	Political Party
Cllr. P.T Rathete	**Chairperson**	**ANC**
Cllr. M.S Machaka	**Member**	**ANC**
Cllr. G.M Modiba	**Member**	**DA**
Cllr. M.C Nong	**Member**	**ANC**
Cllr. M.C Matjee	**Member**	**ANC**
M.E Ramarutha	**Member**	**CICAF**
M.J Kubyana	**Member**	**CW**
N.J Sekgota	**Member**	**EFF**

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 2022/2023 Annual Report of Molemole Local Municipality.

Credit should go to members of MPAC, The Accounting Officer, District MPAC, COGHSTA, Audit Committee, and Internal Audit who have contributed to the compilation of the Oversight report and to ensure the Municipality complies with the relevant legislative framework relating to the compilation of Annual Report.

5. The purpose of Annual Report

i. To provide a record of the activities of the municipality during the 2022/23 financial year

ii. To provide a report on performance against the budget of the municipality for the 2022/23 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 2022/23 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 of the MFMA (Act 56 of 2003), the Mayor is required to table the Annual Report in Council within 7 months after the end of financial year. 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.

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 or that Council reject the annual report.

In the Council meeting held on the 30 January 2024 Council passed a resolution (resolution (OC/30/01/2024/4.1.1) referring the draft 2022/23 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 publicized the Draft Annual report in the municipal website and was made available in all municipal service points, including libraries. The public was given over thirty (30) 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
ii. Chief Audit Executive
iii. Auditor-General of South Africa
iv. COGHSTA Limpopo
v. Limpopo Provincial Treasury
vi. Traditional Authorities

Public Consultation meetings were convened as follows:

Date	**Time**	**Cluster**	**Attendance**	**Venue**
18/03/2024	**10H00**	**Ward 1,2,3,4,5,6,7,8,**	99	**TSHERANE MULTIPURPOSE COMMUNITY CENTER**
19/03/2024	**10H00**	**Ward 910,11,.12,13,14,15 and 16**	103	**MARIBANA COMMUNITY HALL**
Total			**202**	

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

The committee provided clarity and responses to 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:

DRAFT ANNUAL REPORT 2022/2223

1. ***There is grammar error at Page 6 {Minutes of the special} (no Space)***
   Noted. The error has been correct.

2. ***Financial viability and sustainability***

The actual revenue collected for the period ending 30 June 2023 was R279 642 047 against 12 months budget.

- ✓ **Q=Can management break it down in terms of where this revenue collected comes from?**
  Please refer to component K: Organizational Performance scorecard for the breakdown of revenue sources

  - ❖ **Follow up**
- ✓ **Q=How much did we collect in our financial year from both two towns?**

3. ***The Committee made findings that the management mentioned this.., "The municipality has resolved to embark on a concerted effort to find alternative revenue sources in order to help address the service delivery backlog within our community".***
   - ✓ **Q=Is the management already found this alternative revenue sources?**
     Yes.

- ✓ **Typing error found on chapter 1 on financial viability 2020/221**
  The financial year is incorrect.
  Please refer to page number so we can quickly locate it.

4. ***Chapter 1- 3. Summary of non-Financial Performance per Department during 2022/23- FY.***

It is recorded that the overall performance on the Annual performance report for 2022/2023 has decreased from 73% in the prior year to 65% in the 2022/2023 financial year. This is concerning as we all agree that these may have negative service delivery implications, more so that the number of key performance indicators has decreased from 76 to 63 in current financial year. More still need to be done in order to improve on this performance in the 2023/2024 financial year.

- ✓ **Q= what are the root cause for the decrease in performance?**

Corporate Services performance was at 33% compared to previous financial year which was 80%

5. B) WATER SOURCES. Page [21]

The Committee has discovered that the information pertaining the water sources in page 21 is outdated information from Stats SA. Reference below.

- ✓ **Q=Why is the management providing the outdated information on the Annual report?**
  We use OFFICIAL statistics from Statsa not from private sources.

Source of Water	% of the population	Number of Households
Borehole in the yard	14.70%	18,423
Borehole outside the yard	0.60%	693
Flowing water/stream/river	0%	0
Neighbours tap	6.40%	8,067
Other	1.60%	1,977
Piped (tap) water inside the dwelling/house	5.40%	6,720
Piped (tap) water inside yard	47.30%	59,293
Piped water on community stand	14.90%	18,627
Public/communal tap	5.10%	6,388
Rain-water tank in yard	0.20%	234
Spring	0%	0
Water-carrier/tanker	3.90%	4,906
Well	0%	0
		125,328

Source: Statssa: 2016 Community Survey

- ✓ **Q=How will this outdated information assist the community and the municipality?**
  We use official statistics for comparison purposes and the last Community Survey was conducted in 2016. We are expecting to get latest information from Statssa following the national census conducted last year.

For our planning purposes we can use that information and escalate it to the current period.

6.The Municipality is currently facing no cash flow challenges, only general resistance mainly resulting from unpaid services by the surrounding communities, however these is a reason.

- ✓ **Q=Based on the statement above the committee would like to find out from the management that….What are the plans in place to deal with general resistance mainly resulting from unpaid services by the communities?**
  Reference (Policy on rates and services).

To enforce the credit control measures which will ultimately lead to protest action as happened in April 2022 but if need be that is the option that will be taken.

7.(c) FINANCIAL INTERPRETATION

The Municipality's net assets amount of R 474 610 498 is positive; the Net working Capital of the Municipality is significantly in a healthy balance.

- **Can the management furnish the committee with the list of all assets of the municipality?**
  A list of Assets attached

8. (1.3) ORGANISATIONAL DEVELOPMENT OVERVIEW

a) ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality developed a Workplace Skills plan (WSP) to guide provision of training to employees and Councillors. A total of two Learnership programmes were coordinated for employees and one Learnership for Councillors. An annual training report is submitted to LGSETA as part of compliance to legislative requirements. Training programmes covered for officials included National Diploma (NQF Level 5) in Municipal Finance and Administration, Further Education and Training Certificate (NQF Level 4), Municipal Finance and Administration, and Public Administration Certificate (NQF Level5) for Councillors. We hope the skills acquired through the training will diligently be applied in their day to day activities at work, prepare them for promotional opportunities and help enhance their performance. These interventions will also assist the municipality in its retention and succession planning strategies.

- **Q=How far are the management with empowering Councillors in terms of training? The committee propose all Councillors who are not yet trained be trained in the next financial year.**
  The request is noted. Management will check budget availability and arrange training for Councillors based on budget allocated.

9. b) INTERNAL EMPLOYEE BURSARY PROGRAMME

Employees must be trained in Courses which are in line with the positions they are appointed for in the municipality in order to be able to assist the municipality going forth.

Please check the employee bursary policy under purpose.

- **Q=is there any monitoring tool of courses chosen by employees or is there any tool that guides employees on which courses to choose? See the below picture of employees who benefited from the employee bursary.**

NO	SURNAME INITIALS	DEPARTMENT	POSITION	COURSE	AMOUNT
1	MC Matotoka	B&T	Assistant Accountant	Diploma in Real Estate	R 7 715.00
2	Letsoalo SS	Community Services	Traffic officer	Advance Diploma in Traffic Policing	R 19 670.00
3	Semosa K	B&T	Accountant Budget and Reporting	Advance Diploma in Accounting Science	R 16 921.00
4	Manyape NL	MM Office	PMS Coordinator	Bachelor of commerce HRM	R39 060.00
5	Wiso MP	B&T	Manager Budget and Reporting	Post graduate diploma in Financial management	R9 340.00
6	Mashiane MF	Community services	Traffic Officer	Diploma in Traffic and Metro police	R19 285.00
7	Makwala MD	Community services	Examiner	Bachelor of Administration in Licensing and practice	R19 395.00
8	Modika MA	Community services	Examiner	Bachelor of Administration in Licensing and practice	R19 395.00
9	Ntjana SK	Community services	Senior Licensing	Bachelor Administration: Licensing	R15 070.00

Composition of the municipal Council

Total seats are 32 instead of 22

Corrected

10. f) POLITICAL DECISION-TAKING.

All Council resolutions are signed by Speaker of Council and Management is expected to implement them. Decisions approved by Council are binding and become obligatory for management to implement them.

- ✓ **Q=How far are you with implementing the resolutions taken in Council 2022/2023?**

The only outstanding resolution is the one for recruitment of Senior Managers. Three positions are still outstanding but the advert is now out and we are hoping to attract suitable candidates.

1.7 Departmental performance against planned target as per the 2022/2023 SDBIP in the annual report page 101

The MPAC has gone through the Annual report as required to monitor and play oversight over departmental SDBIP targets for 2022/2023, this give progress and overall performance by each department on their implementation of their targets.

Below are the summary of findings or seeking clarity questions to Management and executive Committee as per department as they unfold.

LOCAL ECONOMIC DEVELOPMENT/page 103

1.LED OP 001 and LED OP 006 shows number of settlements of sites demarcated and the number of assorted seeds distributed

LEDOP001: Projects finalized

LED006: Assorted seeds……

- **Can the committee be provided with the progress reports to date and also be provided with the means of verification for those KPA**
  Means of verification for the KPIs attached.

MUNICIPAL MANAGERS

MM010 & MM012

- **1. Can we have means of verification:** Means of verification for Older persons KPI attached. There's no KPI number: MM012 on the report
- ✓ **Q=Why have you budgeted a little amount for three events?** Due to budget constraints

CORPORATE SERVICES

1. Based on the KPIs planned against budget allocation, the KPIs are too many to be covered by the set budget especially on training and development programmes.

- ✓ **Q=Is this a mismanagement of budget?**
- ✓ **Q=Is this because of poor planning?**

Reason is budget constraints

On Corp 007 training of ward committee targets were two and one was not achieved.

- **Can we have means of verifications.**
  Means of verification for Ward Committee training attached

MPAC is hereby requesting that having considered the 2022/23 Annual Report of Molemole Local Municipality, Council should adopt the Oversight Report in terms of Section 129 (1)(of the Municipal Finance Management Act, 2003 (Act 56 of 2003).

MPAC encouraged the Management to improve review mechanisms to ensure the information in the Annual report is accurate and is backed up by factual information.

8. GENERAL COMMENTS ON THE CONTENT OF THE ANNUAL REPORT

MPAC appreciates the support given by all stakeholders during the oversight processes for the 2022/23 Annual Report.

The committee further congratulate the Municipality for having maintained the unqualified Audit report for the 5th consecutive time this year and hope that the municipality is well and ready to get a clean audit in the 2023/2024 financial year.

9. RECOMMENDATIONS

The committee recommended as follows:

9.1 That Council adopt the Oversight Report and the Annual Report without reservations in terms of Section 129 of the Municipal Finance Management Act, 2003 (Act no.56 of 2003)

CLLR RATHETE PT
MOLEMOLE MPAC CHAIRPERSON