

OVERSIGHT REPORT ON THE 2021/2022 ANNUAL REPORT



March 2022

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 2021/22 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 22 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 2021/22 financial year:

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

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 2021/2022 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 2021/22 financial year
- ii. To provide a report on performance against the budget of the municipality for the 2021/22 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 2021/22 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 2023 Council passed a resolution (resolution (OC/4.1.1/30/01/2023) referring the draft 2021/22 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
13/03/2023	12H00	Ward 1,2,3,4,5,6,7,8,9	137	MOTSWAPO COMMUNITY HALL
15/03/2023	12H00	Ward 10,11,.12,13,14,15 and 16	101	MARIBANA COMMUNITY HALL
Total			238	

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 are some of the questions raised by MPAC and forwarded to the Accounting Officer for consideration:

1. Page 56 list of beneficiary for bins (Mogwadi and Morebeng)

- Is our Municipality doing well in terms of revenue collection?

2. Page 66 Financial year needs to be corrected

Page 80 3.13 cemeteries or crematoriums

How often do they do maintenance in terms of cleaning? Let's also encourage our community members to clean for their loved ones at the cemeteries.

Page 82 who is running the pollution control at CDM?

Who is the relevant person to liaise with CDM in terms of pollution control?

3. Page 83 3.17 Sports and recreation

- Why is the sports officer not appointed as the post keeps on being in re-advert?
- Sports complex are not functional and they are not maintained
- We need a detailed report of the two sports complex Morebeng and Mohodi

4. Electricity collection 2021/22

We are not doing well in electricity collection, please let's improve

What is submitted to treasury is not aligned with what is submitted at LGTC

5. Page 85 is this information correct on the table please rectify

Page 90 C, E and D please correct the numbers all of them.

Number of disability – 03 its improved can we have the report of disability employees we have in Municipality?

How many disability is our Municipality hired?

6. LED&P

To senior manager LED what are the future plans for Mogwadi town Buildings looking at your roles, what are the plans regarding structures at Mogwadi?

Who approved those buildings in Mogwadi town?

TECHNICAL SERVICES

8. Tech 0012021/22

- How far is the progress with regard to this KPI?

Tech 0072021/22

- We will have to revisit Kgwadu internal street
- What are the procedures of doing site hand over?

Tech 010 2021/22

- In the meantime, let Management apply at Eskom for energizing as it takes time.

Tech 003 /2021/22

- Can you clarify if is 19% or 32% in terms of loss of energy

9. CORPORATE SERVICES

Corp 004-007

- You have spent mostly the whole budget and you haven't achieved and you have incurred expenditure, please provide reasons and means of verification.

CHAPTER 4**10. Page 150 HR Policies**

- Transfer and placement how effective is it?

11. Skills development

- The municipality should stop equipping people who will not be serving the municipality for a long term.
- We should capacitate young people or those who are still having many years to serve the municipality.

Page156 check the table 5 instead of 4 it does not make sense.

12. MM's Overview summary of non-achieved performance.

Our strategic departments were unable to achieve their targets why? (Page 4)

MPAC request a full detailed plan of action from Management to make this departments achieve.

13. 1.6 Auditor General Report.

- What is the plan of management to improve this opinion?
- How do we get clean audit? While our departments are under performing?
- How is the municipality going to get a clean audit?
- There is a recurrence finding to the financial statements lets improve that.

MID- YEAR SDBIP**14. LED&P check the financial year and correct it****LED &P001-2022/23**

- Can the management clarify the committee that indeed there was none responsive Bid.
- What were the root cause for not demarcating the planned sites?
- To check how far with the advert and the appointment of the service provider by the end of march 2023
- Please provide the committee with an advert issued and check if there are no expenditure incurred.

15. LED&P 002 2022/23

What are the causes of non-responsive bids?

What are the plans in place to solve this non bidder issue?

TECHNICAL SERVICES**16. Tech 001 2022/23**

- The committee is requesting monthly progress and construction

MPAC is hereby requesting that having considered the 2020/21 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 2021/22 Annual Report.

The committee further congratulate the Municipality for having maintained the unqualified Audit report for the 8th consecutive time this year and hope that the municipality is well and ready to get a clean audit in the 2021/2022 financial year.

The Committee wishes all the best for the upcoming Council and hopes that the new MPAC committee will use the Oversight reports to get a sense of service delivery challenges in the municipality and to come with programme of action to address them.

9. RECOMMENDATIONS

The MPAC presented a report in an open council meeting held on the 30th March 2023. The committee recommended the following to Council:

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**