



MARULENG MUNICIPALITY

P.O. BOX 627
HOEDSPRUIT
1380

TEL : (015) 793 2409
TEL : (015) 793 2237
FAX : (015) 793 2341

MOPANI DISTRICT

OFFICE OF THE SPEAKER

OVERSIGHT REPORT 2019/2020



**OVERSIGHT REPORT 2019/2020
CONTENT**

- 1. Introduction**
- 2. Legislative mandate for the Oversight Report**
- 3. Comments on the Annual Report**
 - 3.1 Municipal Finance Management Act**
 - 3.2 Municipal Systems Act- Municipal Performance**
 - 3.3 Public Consultative Meeting**
 - 3.4 Challenges**
- 4. Recommendations**

1. Introduction

In terms of the Municipal Finance Management Act and the Municipal Systems Act, municipalities must prepare an Annual Report for each financial year. The purpose of the Annual Report is to:

- Provide a record of the activities of the municipality;
- Provide a report on the performance in service delivery and against the budget
- Provide information that supports the revenue and expenditure;
- Promote accountability to the local community for decisions made.

The 2019 /2020, Annual Report was tabled in Council on 23 April 2021. The final step in reporting process is for Council to consider the Annual Report in light of the findings contained in an Oversight Report. The report compiled by The Municipal Public Accounts Committee as it represents a separation of functions between the executive and Legislation arm of the Council and is aimed at enhancing accountability and good governance.

2. Legislative mandate for the Oversight Report

The Municipal Public Account Committee (MPAC) was established in terms of section 79 of the Municipal Structure Act (Act 117 of 1998). The role of the MPAC is to play an oversight function on behalf of the Council. The Committee is established to hold the Executive Committee as it accountable for the use of public resources.

The roles and responsibilities of council should always be carried out with a clear distinction between oversight and interference in administration, as defined in the Municipal Finance Management Act 56 of 2003 (MFMA), Section 52(b) and 103 respectively as well as in the code of conduct for councilors, defined in Schedule 1 of Municipal Systems Act (Act 32 of 2000).

Section 129(4) of the MFMA further provides for the assurance of the guidance on the manner in which municipal councils should consider annual reports and conduct public hearings and the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

The idea is to promote transparency, accountability, good governance, effective financial management and quality service delivery at municipalities. The rationale for establishing the MPACs is to monitor the following:

- Weak monitoring, evaluation and enforcement of compliance by municipalities
- Inadequate accountability to the people and
- Bad financial management at the municipalities

Among others, the MPAC should be established in order to achieve the following:

- Strengthen oversight and accountability
- Improve compliance to legislations
- Eliminate element of fraud, corruption and maladministration

- Deliver quality services to the people and
- Promote effective, efficient and economically sound system for the financial control and management.

The functionality of the MPAC is to evaluate Annual Reports of the municipality and to make recommendations to the council. The financial statements, any audit opinion, other reports and recommendations from the Audit Committee, information relating to the compliance in terms of Section 128 and 133 of MFMA and the performance information of the municipality.

The council has mandated the MPAC to play an oversight role to evaluate the quarterly reports and the annual report 2019/2020 and to oversee issues on deviation, wasteful and irregular expenditure.

3. Comments on the Annual Report

The requirements for the Annual Report as set out in the Acts, together with an indication of the level of compliance are set out below:

3.1 Financial Management Act

Legislative requirement	Level of compliance
(a) Have the required standards been met-refer audit report and report of audit committee for the views on financial management	Yes
(b) Is the audit report included in the annual report as tabled?	Yes
(c) Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?	Yes, financial statements contain notes to support information.
(d) Has an adequate assessment been included? Is there sufficient explanation of the cause of the areas and actions to be taken to remedy the situation?	Yes
(e) Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? Has a schedule of action to be taken been included in the annual report with appropriate due dates?	Action plan has been drafted to address the audit report. Schedule of action to be taken was not included in the draft annual report.

<p>(f) Has the performance met the expectations of council and the community? Have the performance objectives been met? What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>Yes, even though not all objectives achieved because of queries identified by AG. Will only be address by the Action plan once is available.</p>
<p>(g) Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality? What actions need to be taken in terms of those recommendations?</p>	<p>Yes There was a meeting of AFS and the resolutions were implemented.</p>
<p>(h) Have these allocations been received and made? Does the Audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?</p>	<p>Yes There was no recommendation from audit report/ audit committee on the matter.</p>
<p>(i) Has the information been properly disclosed? The comments of AG and views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	<p>Yes Was disclosed</p>
<p>(j) Has the performance report been included in the annual report? Have all the performance targets set in the budget, SDBIP, service agreements etc, been included in the reports? Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? Have any actions planned in the reported year been carried over to the current future years?</p>	<p>Yes Yes Yes No</p>

(k) Have the recommendations of internal audit been acted on during the financial year?	Yes
(l) Have recommendations by internal audit and/ or the auditor general been included in action plans to improve performance in the following year?	Yes
(m) Is the council satisfied with the evaluation and conclusions of the municipality?	Yes
(n) Details of all long term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied	Yes
(o) Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained?	Yes
(p) A summary of the long term capital plans and how these address the basic needs of services in the municipality should be provided?	The summary of the long term capital plans is tabled in the IDP 2019, 2020 - 2023
(q) Was the report tabled in time prescribed? Has a schedule for considering of the report been adopted?	Yes
(r) What mechanisms have been put in place to prepare the oversight report?	MPAC prepare oversight report.
(s) Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?	Performance bonuses are not paid
If so has proper evaluation of performance been undertaken?	Yes
Was the evaluation approved by council?	Yes
Does the performance evaluation align and reconcile with the	Yes

performance reported in the annual report?	
--------------------------------------------	--

3.2. Public Consultative meeting/ Comments from public

The Community was invited to submit questions or comments, there was no public comments submitted.

A public hearing was organized on 28 May 2021 at Maruleng Community Radio Station (Maruleng FM); the municipal manager responded the questions publicly and in writing. Most will be addressed in the management action plan which addresses Auditor General queries.

The correct procedure was followed and the committee was not satisfied with items which raised questions based on Annual report and Auditor General Report demanding clarity as stated in the questions.

4. Recommendations of the Municipal Public Account Committee

- The council to approve 2019/2020 Annual Report of the Municipality with the following reservations:
 - That the Management addresses all AG's findings as per the management action plan and progress report be given in all council meetings.
 - Activities that are planned must be done according to the time frame.
 - Proper monitoring should be implemented on a daily, weekly and monthly in all municipal sections/ departments.

The council must take note that the committee is not done with the investigations on fruitless, wasteful, irregular expenditure on Auditor General's findings, the Investigation report will be tabled in the next council.

The committee requests council to adopt the annual report under the reservations mentioned above.

THANK YOU

Signed 
Clir Mametja S.V
MPAC Chairperson

Date 28 / may / 2021