



MARULENG MUNICIPALITY

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MOPANI DISTRICT

OFFICE OF THE SPEAKER

MPAC OVERSIGHT REPORT 2021/2022



OVERSIGHT REPORT 2021/2022
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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 2021 /2022, Annual Report was tabled in Council on 25 January 2023. 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(A) 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 rational 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 2021/2022 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 this? | 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. |
| (f) Has the performance met the expectations of council and the community? | Yes, even though not all objectives achieved because of queries identified by AG. |

| | |
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| <p>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>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> |
| <p>(k) Have the recommendations of internal audit been acted on during the financial year? (l) Have recommendations by internal audit and/ or the auditor general</p> | <p>Yes Yes</p> |

| | |
|---|---|
| been included in action plans to improve performance in the following year? | |
| (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 backlogs 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? (s) Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council? If so has proper evaluation of performance been undertaken? Was the evaluation approved by council? Does the performance evaluation align and reconcile with the performance reported in the annual report? | MPAC prepare oversight report. Performance bonuses are paid Yes Yes Yes |

3.2. Projects visit

MPAC conducted projects visit on the 15-16 February 2023 to verify and confirm the completeness of the projects, the visit also measured the project to the community and all findings an project visit are documented, the following projects were visited namely Calais sport ground, Indoor sport centre, Lorraine community hall, Sekororo access road, Sofaya low bridges level, Metz low bridge level, and Mametja low bridge level and some project are completed while others not yet completed

3.3. 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 23 March 2023 at Hlohlokwe Community Hall, 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.

3.4 Challenges

- (a) The executive responded very late to public hearing questions which makes the committee failed to analyse all answers to make follow up questions.
- (b) The committee visited projects without wearing protective clothing
- (c) Calais sport field and Indoor sport centre both project are not completed while the compilation date was 2021/2022 financial year, indoor sports centre turned into sleeping ground of livestock.
- (d) Lorraine community hall the building contracted at wet land, during rains the building surrounded by water and are getting inside, no V-drain to control the volume of water and illegal connection of electricity to the Hall
- (e) Sekororo access road no v-drainage to control water and low level bridge is needed next to tribal authority.
- (f) Sofaya bridge- is fallen, no V-drain to channel water and thickness of concrete is too small
- (g) Metz low level bridge- no v-drain to control water channel and storm water not covered both sides of the bridge.
- (h) Mabins low level bridge- water is flowing on top of the bridge, no v-drain to control the water and no stone pitching.

4. Recommendations of the Municipal Public Account Committee

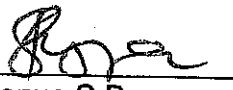
- The council to approve 2021/2022 Annual Report of the Municipality with the following reservations:

- That the Management addresses all AG's findings as per the management action plan and progress report be given in all council meetings.
- Management to respond or submit the requested documents according to time frame to MPAC
- 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.
- Management to ensure that targets on the SDBIP are smart and that targets achieved be supported by portfolio of evidence.
- Management should ensure the full implementation of risk management (NB: PPEs).
- Management to ensure that reasonable steps is taken to prevent the occurrence of UIFW.
- The municipality must engage with Eskom with regard free basic electricity.
- Management to address all the challenges mentioned above about the projects visited.

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 
Cllr Raganya S.B
MPAC Chairperson

Date 30/03/2023