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## MPAC OVERSIGHT REPORT 2023/24

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28 MARCH 2025

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## ABREVIATIONS

AFS	-	Annual Financial Statements
AG	-	Auditor General
APR	-	Annual Performance Report
AR	-	Annual Report
BTO	-	Budget and Treasury Office
COGHSTA	-	Cooperate Governance Human Settlement and Traditional Affairs
CLLR	-	Councillor
EXCO	-	Executive Committee
MLM	-	Maruleng Local Municipality
IDP	-	Integrated Development Plan
INEG	-	Integrated National Electrification Grant
MFMA	-	Municipal Finance Management Act
MIG	-	Municipal Infrastructure Grant
MPAC	-	Municipal Public Accounts Committee
MSA	-	Municipal Systems Act
MSA	-	Municipal Structures Act
OR	-	Oversight Report
PMS	-	Performance Management System
SDBIP	-	Service Delivery Budget and Implementation Plan
UIFWE	-	Unauthorised, Irregular, Fruitless & Wasteful Expenditure

## **1. INTRODUCTION**

### **Section 121 (1)(2) and (3) of the MFMA determines as follows:**

Every municipality must for each financial year prepare an Annual Report. The council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

### **The purpose of an annual report is:**

- (a) To provide a record of the activities of the municipality during the financial year to which the report relates;
- (b) To provide a report on performance against the budget of the municipality for the financial year; and
- (c) To promote accountability to the local community for decisions made through the year by the municipality.

According to section 129(1) of the MFMA, the Council must consider the annual report by no later than two months from the date on which the annual report was tabled, 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;
- Has rejected the annual report or;
- Has referred the annual report back for revision of those components that can be revised.

## **2. BACKGROUND**

### **Resolutions and statement required by MFMA section 129 (1)**

To consider Maruleng Municipality's Annual report for the 2023/24 financial year and to adopt an Oversight Report containing Council's comments on the Annual report in

terms of section 129 of Local Government: Municipal Finance Management Act, 2003 (Act NO 56 of 2003) (hereafter indicated as MFMA).

### **3. FUNCTIONS OF MPAC**

MPAC is tasked with the review of the annual report and all inputs received in responses to the advertising process and the preparation of an Oversight Report for consideration by the Council.

### **4. REVIEW OF THE ANNUAL REPORT**

#### **4.1 SUBMISSION AND TABLING OF THE DRAFT ANNUAL REPORT**

4.1.1 The Draft Annual Report of the Maruleng Municipality for the 2023/2024 financial year was tabled at a Scheduled Council meeting, on 30 of January 2025, in terms of section 127(2) of the Local Government: Municipal Finance Management Act 56 of 2003.

4.1.2 Council resolved (through council resolution no 0CO7/01/2025 at its meetings held on 30 January 2025 on the following :

- 1) That the tabling of the Draft Annual Report be adopted; and
- 2) That the Municipal Manager in terms of section 127 (5) of the MFMA:
  - a) Make public the Draft Annual Report for 2023/2024 financial year;
  - b) Invites the local community and to submit representations in connection with the Annual Report on or before 19 March 2025
  - c) Submit the Draft Annual Report to the Auditor-General, the Provincial Treasury and the Provincial Department responsible for Local Government;
- 3) That the Draft Annual Report be referred to MPAC for oversight.

### **5. CONSULTATION BY MPAC**

#### **5.1 Meeting Scheduled**

- MPAC Committee managed to hold the Meeting on the 29 January 2025 to discuss about our work plan regarding working session dates
- MPAC had a working session on the Annual report from 25 -28 February 2025.

- In the session, internal audit and risk management were present for support
- MPAC prepared questions and submitted to Management.
- Management responded to MPAC questions within 7 working days.
- Municipal Public Account Committee (MPAC) held the final meeting on the 26 March 2025 for oversight report at Thusong Centre

5.2 The National Treasury's MFMA Circular No 32 further provides for certain provisions regarding the compilation of the Oversight Report. These provisions cover the following areas:

- Managing the process and forming committees
- Timing considerations
- Understanding the Annual Report and determining conclusions.

## **6. MPAC PROJECT VISITS**

6.1 MPAC conducted project visit on the 17--18 February 2025 to verify and confirm the completeness, the visit also measured the projects impact to the community, and all findings on project visit are documented. The following projects were visited namely Lorraine Access Road , Nkopetjie internal street, Bellavalley Access Road, Sofaya Access Road , Madeira Access Road , Makgaung Access Road and Sedawa Internal Street, During the visit it was identified that there is room for improvement on the quality of workmanship

## **7. CIRCULATION OF THE DRAFT ANNUAL REPORT**

7.1 The Draft Annual Report was advertised as follows:

- The local community was invited via the Facebook and website of the Maruleng Municipality to submit comments / objectives in connection with the Report on or before 19 March 2025.
- The Annual Report was placed on the municipal website at [www.maruleng.gov.za](http://www.maruleng.gov.za)
- The Annual Report was submitted to all relevant government departments.

7.2 At the closing date for public comments on the 19 March 2025, no comments / representation were received.

## 8. PUBLIC HEARING

The public notice of the public hearing was advertised on Facebook, Local Radio station and municipal website and distributed around the jurisdiction of Maruleng Municipality. The public hearing on the 2023/2024 Draft Annual report was held on the 19 March 2025 where the public were invited to attend as observers. The Accounting Officer through the Mayor had to respond and clarifying the committee on issues raised and questions pertaining to the draft annual report. The Office of the Auditor General, COGHSTA, Provincial Treasury, SALGA, district /local municipalities and all the stakeholders were invited to attend the Public Hearing (Section 130 of the MFMA).

## 9. ANNUAL REPORT CHECKLIST

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COMMENTS
<b>1. Financial matters – Annual Financial Statements – section 121 (3) MFMA</b>	
Section 121 (3) (a) MFMA (a) The Annual financial statements (AFS) of the municipality, and in addition, if section 122(2) applies the consolidated annual financial statements as submitted to the Auditor General;	The Annual Financial Statements of the municipality are included and signed by the Municipal Manager, and the municipality does not have an entity.
(b) The Auditor General's audit report is included in the annual report in terms of section 126(3);	The Auditor General's report is included in the annual report and signed by the Auditor General
(c) An assessment by the Accounting Officer on any arrears on municipal taxes and service charges ; (section 121 (3)( e ) )	The municipality has appointed a debt collector , and anticipated to also use SMS method as a reminder to client for payment of

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COMMENTS
	services. The municipality has a credit control and debt policy in place.
<p>(d) Particulars of any corrective action taken or to be taken in responses to issues raised in the audit reports referred to in paragraphs (b) and (d)</p> <p>Council should also confirm that the audit report has been forwarded to the MEC</p>	<p>The municipality obtained unqualified audit with management issues.</p> <p>Audit Action plan has been developed to address issues raised in the audit report.</p> <p>The Audit Report was submitted to COGHSTA, Auditor General and Provincial Treasury</p>
(e) An assessment on asset management, as required by section 63(2)(a) of the MFMA	The municipality is using fixed assets register which is monitored on a monthly basis.
(f) Audit report on leadership.	Management did not provide adequate supervision and review over the operations of the municipality to ensure compliance with laws and regulations.
(g) Section 121 (3) (j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality	Audit Committee made recommendations to the municipality, however not all recommendations were implemented by the end of the financial year.
<b>2. Disclosures – Allocations received and made – Section 123 - 125 MFMA</b>	
(a) 123 (1) (a) Allocations received and made to the municipality.	It should be noted that the municipality's functionality depends largely on grants; ((EPWP) Expanded Public Works

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COMMENTS
	Programme, (FMG) Finance Management Grant, MIG Municipal Infrastructure Grant , (DMRG)Disaster Management Relief Grant
(b) Information in relation to the use of allocations received;	on MIG and conditions of the MIG The municipality has spent 83%of its MIG allocation and received an additional R79 734.920 Million as an acknowledgement for its expenditure were met.
(c) Information in relation to outstanding debtors and creditors of the municipality;	<p>The municipality has material impairment due to trade debtors. It should be noted that the municipality has appointed a debt collector to improve the municipality's revenue collection.</p> <p>The municipality has incurred of UIFW Expenditure due to none compliance with supply chain management process and regulation.</p>
<b>3. Disclosures in notes to AFS</b>	
(a) Information relating to benefits paid by municipality and entity to Councillors, directors, and officials	It should be noted that the information has been properly disclosed and explanations provided are acceptable and conditions of allocations have been met and they are fully detailed on the AFS;
<b>4. Municipal Performance</b>	
(a) Information on the annual performance reports of the municipality;	The performance report has been included in the annual report.
(b) Audit reports on performance (section 45, MSA);	The municipality received unqualified audit opinion on performance with findings.

<b>INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS</b>	<b>COMMENTS</b>
<b>5. General information</b>	
(a) Information on long term contracts	Long term Contract are for As and When Consultants, which remain in a pool for a period of 3 years
(b) Capital plan for addressing infrastructure backlogs	Every financial year municipality has own budgeted funding to address backlog on roads projects and community hall Other are implemented through MIG
(c) Information Technology and systems purchases and the effectiveness of these systems in the delivery of services and ensuring compliance with statutory obligations	The ICT section managed to procure ups, switched 48 ports and 17 laptops 2023/24 financial year
<b>6. Other considerations recommended</b>	
(a) Timing of reports	The annual report was tabled in council on the 30 January 2025 council resolution OC07/01/2025
(b) Oversight committee or other mechanism	The Municipal Public Accounts Committee (MPAC) was delegated the responsibility of preparing the oversight report 2023/24
(b) Payment of performance bonuses to municipal officials (section 57 MSA)	Both Directors and Officials that qualified for performance bonus 2023/2024 were paid
(c) Public consultative meetings	Public hearing on the draft annual report was conducted on the 19 <sup>nd</sup> March 2025 at The Lorraine Community Hall

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COMMENTS
(d)Annual Report distribution points documented and feedback documented	The Annual Report was placed for inspection at municipal website and copies were circulated to all Councillors.

## 10. MPAC OBSERVATIONS

- 10.1) Maruleng Municipality obtained unqualified audit opinion for 2023/2024 and was able to maintain the audit opinion for more than Six consecutive years.
- 10.2) On annual performance the municipality for the year under review was at **74.8%** as compared to the **74.2 %** for 2022/2023 financial year which shows slight institutional performance has improved in the year under review.
- 10.3) That the Annual Financial Statements have prior matters which must dealt with.
- 10.4) The municipality failed to prevent the reoccurrence of UIFW Expenditure.
- 10.5) That the beneficiary list was not amended with Eskom for free basic electricity.
- 10.6) That there was a delay in the appointment of service providers since this has a negative impact on service delivery projects.
- 10.7) For 2023/2024 financial year management managed to implement 97% of AGSA queries.

## **11. MPAC RECOMMENDATIONS**

MPAC Committee recommend as follows

- 11.1) That the internal controls be strengthen and management should work towards attaining clean audit opinion
- 11.2) The municipality should conduct cost benefit analysis on long overdue litigation and if possible some of the case be settled out of court
- 11.3) Management to ensure that prior error matters should be resolved before audit commence, further that files should be prepared and reviewed, and that management complies with GRAP standards when preparing AFS.
- 11.4) Management to ensure that reasonable steps are taken to prevent the Re-occurrence of UIF&W Expenditure especially unauthorised expenditures.
- 11.5) Management to ensure that credit control and debt control policy is fully implemented and that awareness be made to communities, to encourage them to pay of municipal taxes and rates in order to improve revenue.
- 11.6) The municipality must engage with Eskom with regarding free basic electricity.
- 11.7) Management to ensure that targets on the SDBIP are Specific Measurable Achievable Relevant Time bound (SMART) and that targets achieved be supported by portfolio of evidence.
- 11.8) That all municipal projects must be regularly monitored by relevant technical officials including Director and Project steering committees
- 11.9) Management should ensure the full implementation of risk management mitigation measures
- 11.10) Management should place more emphasis on repeat findings as per the AGSA audit report but not overlooking the prospects of having a clean control environment for the current period and going forward.
- 11.11. The Housing officer together with councillors must reassess all beneficiaries who are on the beneficiary list for the past years.
- 11.12. That the Skills Development Office be moved to Thusong service Centre

## **12. CONCLUSION**

The MPAC commends Council, the Acting Municipal Manager, Senior Management and all staff of the Maruleng Municipality on maintaining the unqualified audit opinion and good governance. However, there is room for improvement on controls to ensure

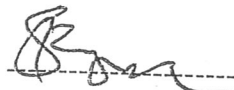
effective financial management, contract and procurement management, compliance management. Improvement of internal controls to ensure that issues raised by both internal and external auditors are addressed effectively.

Having performed the following tasks:

- Reviewed and analysed the 2023/2024 Draft Annual Report;
- Invited, received and considered inputs from the management and council committees, on the Annual Report;
- Received and considered Council's audit committee views and comments on the annual financial statements and the performance report and
- Prepared the Oversight Report, taking into consideration, the views and inputs of the public representatives of the Auditor General, organs of state, Audit Committee and Councillors

Therefore, the **COMMITTEE RECOMMENDS, Council to:**

- **Approve** the oversight report with its recommendations;
- Adopt the Annual Report 2023/2024 without reservation;
- Ensure that the 2023/2024 Oversight Report of Maruleng Municipality be made public in terms of section 129(3) of the MFMA, and;
- Ensure the submission of the Oversight Report 2023/2024 be submitted to the Limpopo Provincial Legislature in terms of section 132(2) of the MFMA.



Cllr Raganya SB  
MPAC Chairperson

28/03/2025  
Date