

MOGALAKWENA LOCAL MUNICIPALITY



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

2023-2024 OVERSIGHT REPORT

FOREWORD BY THE CHAIRPERSON

The Municipal Public Accounts Committee (MPAC) was established in terms of Section 79 of the Municipal Structures Act. No 117 of 1998 and Regulations

The main function of the Committee is to exercise Oversight in the municipality by promoting good governance, promoting the culture of accountability, promoting transparency, ensuring that compliance is adhered to on the execution mandate given to the municipality and the aspiration of a sound financial management practice, which will ultimately result in acceleration of quality service delivery to the entire community in the Mogalakwena.

In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary **information and documentation to interrogate** the actions taken.

Section 121 of Municipal Finance Management Act no 56 of 2003 requires each municipality to prepare the Annual Report and the council of a municipality must within **nine months after the end** of a financial year deal with the annual report of the municipality. Section 121 (2) highlights the purpose of the annual report as follows:

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

The 2023/24 Draft Annual Report was tabled in Special Council on the 28 January 2025, it was further referred to the Municipal Public Accounts Committee for scrutiny and the committee should report back to council on the findings.

The Municipal Public Accounts Committee is required by Section 129(1) of the Municipal Finance Management Act No, 56 of 2003 to consider the Draft Annual Report and thereafter table its findings and recommendations to Council within 02 months after it was referred to the committee, and by no later two months from the date which the annual report was tabled in the council in term of Section 127, adopt an oversight report containing the council comments. The final step in the reporting process is for Council to approve the Annual Report taking into consideration the findings contained in the Oversight Report as required by Section 121 (1).

The committee compiled the Oversight Report and is in a position to table the report to council with findings and recommendations. Appreciation goes to members of the Committee for ensuring that the oversight role is executed even in the difficult circumstance. Your tireless efforts for making sure that the assigned task is completed on time in line with the Section 129 (1) of MFMA is highly appreciated.

The Committee further extends its appreciation for the continued support offered by the office of the Auditor General, the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA). With the administrative support rendered by their officials under the leadership of the Municipal Manager.

On behalf of the committee, I would to thank the support from the entire council of Mogalakwena Local Municipality, Office of the Speaker, the committee managed to complete the assigned task as required in a very tight schedule. On behalf of the committee, we would like to thank you, Municipal manager for the support you offered and the courage you showed, motivated the committee to work tirelessly. On behalf of the Municipal Public Accounts Committee, Re rata go leboga, ebile go hlatsela moeno wa masepala wa rena wa gore: **Re soma le setshaba'**

1. STATEMENT OF THE PURPOSE OF THE OVERSIGHT

Council has appointed the Municipal Public Accounts in terms of Section 79 of Local Government Municipal Structures Act, No 117 of 1998. The committee is expected to play oversight role to promote accountability and transparency in the local government sphere.

Section 121 of Municipal Finance Management Act no 56 of 2003 requires each municipality to prepare the Annual Report and the council of a municipality must within **nine months after the end** of a financial year deal with the annual report of the municipality. Section 121 (2) highlights the purpose of the annual report as follows:

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

The 2023/2024 Draft Annual Report was tabled in Council on the 28th January 2025. In compliance with Section 127(2) of MFMA. The report was further referred to the Municipal Public Accounts Committee for further scrutiny and the committee should report back to Council on the findings.

Section 129(1) of the MFMA state that the council of the Municipality must consider the draft Annual Report of the Municipality and by no later than two months from the date on which the Draft Annual Report was tabled in the Council in terms of Section 127, adopt an Oversight Report containing the Council comments on the Annual Report, which must include a statement of whether Council has:

- **Approved the Annual Report with or without reservation;**
- **Rejected the Annual report or**
- **Referred the Annual Report back for revision of those components that can be revised.**

2. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Municipal Public Accounts Committee was established in the year 2021. In line with council election mandate. The committee contributes to the governance of the municipality through its review of annual reports and various other reports.

2.1 Herein please find the current MPAC Members.

New Committee
Cllr L.K Satege – Chairperson
Cllr. K.S Ramela - Member
Cllr M.S Thobane - Member
Cllr E. Wiid - Member
Cllr. K.S Majadibodu- Member
Cllr. R.P Sebatjane - Member

Cllr M.J Gumede - Member
Cllr M. J Molebale - Member
Cllr L.E Matlou - Member
Cllr. L.E Laka- Member
MPAC SUPPORT STAFF
Divisional Manager - vacant
Mpac Researcher - appointed
Mpac Coordinator -appointed

3. CIRCULATION OF THE ANNUAL REPORT TO THE PUBLIC

Since the referral of the 2023/24 Draft Annual Report by Council, Mogalakwena Local Municipality has advertised in News Papers and also posted the document on the Municipal Website, official notice advising where the annual reports could be viewed, the notice has been displayed in the municipal buildings, copies of the Draft Annual Report have been placed at the administration buildings including libraries. To inform the public of the availability of the document.

3.1 CIRCULATION OF THE ANNUAL REPORT TO STAKEHOLDERS

Mogalakwena Local Municipality has complied with 2023/2024 Draft Annual Report in Term of Section 132 (1) (a) (2) of the MFMA. Each municipality entity in the province should submit to provincial legislatures as required by the MFMA.

4. ANNUAL REPORTING PROCESS – 2023/2024 FINANCIAL YEAR

Mogalakwena Local Municipality has complied with 2023/2024 Draft Annual Report in terms of Section 121 (1), 2) and (3) of the Municipal Finance Management Act, No. 56 of 2003. With the resultant of Oversight Report in Comparison, as required in terms of Sections 121 to 129 of the Municipal Finance Management Act. No 56 of 2003.

5. METHODOLOGY AND FINDINGS

5.1 MPAC meetings

Municipal Public Accounts Committee managed to meet as Follows, where the Draft Annual Report was scrutinized to verify the validity and completeness of the information outlined in the 2023/2024 draft Annual report against legislative requirements:

- 5.1.1 **04- 07 February 2025** - Scrutinising of the 2023/2024 Draft Annual report and Annual Financial Statement, where the representative from the of Office Auditor General were in attendance assisting the committee and clarifying other matters on Annual Financial Statements and Annual Report.
- 5.1.2 **24 February 2025** – Questions were prepared in the working session for management to respond on the Draft annual Report.
- 5.1.3 **26 - 27 February 2025** – MPAC conducted project site visits on some of the projects in the 2023/24 Draft Annual report.
- 5.1.4 **28 February 2025** – MPAC conducted site visits on Rebone land fill site.
- 5.1.5 **10 March 2025** – Meeting with Committee to finalize the questions received from management and project visit.

- 5.1.6 **12 March 2025** – MPAC conducted public hearing on the 2023/24 draft Annual Report.
- 5.1.7 **20 March 2025** - finalisation and adoption of the Oversight Report before it could be tabled to Council.

The minutes and the attendance register of the meetings are attached as Annexure W1

5.2 Annual Report for 2023/2024

- 5.1.8 **Timelines for producing the Annual Report** – The annual report and that of any municipal entity for which it is a parent must be tabled in council by 31 January.
- 5.1.9 **Format of the Annual Report** – In terms of Section 121 (3) and (4) of the Municipal Finance Management Act (MFMA) set out the framework relating to the content of the annual reports and municipal entities and MFMA circular no 11 & 63.

5.3 Oversight Report - The Council must consider its annual report and that of any municipal entity under its shared or sole control within two months of it being tabled, by 31 March at latest. Furthermore, the Council is required to adopt the oversight report containing its comments on the annual reports and whether it approves, rejects or wishes it to be referred back for further revision.

5.4 MPAC Projects Visits

As part of playing an oversight, the Municipal Public Accounts Committee selected some projects which are completed and under construction during the 2023/2024 Financial Year. The following projects were visited on site, see attached photos as **Annexure W2**.

- Malepetleke high Mast Light
- Mesopotamia high Mast Light
- Mini water scheme 22 Fothane
- Industrial well field Sefakaola pipeline
- Commissioning of bulk water masterplan phase 1a
- Replacement of Asbestos Cement (AC) pipes to the peri urban area.

5.5 MPAC Public interaction and engagement on 2023/2024 Draft Annual Report.

An official notice advising where the annual reports could be viewed and inviting representation from the public has been advertised on the municipal website as part of promoting transparency, good governance, public participation and accountability. Further the notice has been displayed in the municipal buildings. Copies of the Annual reports have been placed at the Municipal administration buildings including libraries as well as notice board centres.

5.6 MPAC Public hearing on the Draft Annual Report.

The Municipal Public Accounts Committee shall be entitled to attend all public meetings where the draft annual report is presented and to facilitate public inputs on the annual report.

The public hearing on the draft annual report was held on the 12th March 2025 at Mogalakwena Council Chamber.

5.7 GENERAL FINDINGS

5.7.1 DRAFT ANNUAL REPORT FOR 2023/2024

- The Municipality has complied with 2023/2024 Annual Report in term of Section 121 (3) (a) (c) of the Municipal Finance Management Act, No. 56 of 2003. And MFMA Circular 11 & 63. **(Compliance matter).**
- The Municipality has complied with Section 127 (1) of the Municipal Finance Management Act, No. 56 of 2003. **(Compliance matter).**
- The Municipality has not complied with some (procurement and contracts management) in contravention of (SCM) regulation 17(1)(a) and (c) and Section 116 (1) of the Municipal Finance Management Act, no 56 of 2003. **(Compliance matter).**

5.7.2 MPAC Project Visit

As part of playing an oversight, the Municipal Public Accounts Committee selected the following projects during the 2023/2024 financial year.

No	Projects Names
1	Malepetleke high Mast light
2	Mesopotamia high Mast light
3	Mini water scheme: 22 Fothane
4	Industrial well field Sefakaola pipeline
5	Commission of bulk water master plan phase 1A
6	Replacement of asbestos cement (AC) pipes

5.7.2.1 Malepetleke high Mast Light

- The committee is satisfied with the erection of the high mast lights, quality of work and standard of completion. However, there was a concern that there is no maintenance plan in place after the completion of the project.

5.7.2.2 Mesopotamia high Mast light.

- The committee is satisfied with the erection of the high mast lights, quality of work and the standard of completion. however, there is a concern in increasing the number of high mast lights to increase more visibility at night.
- The committee is concerned about the maintenance plan from the municipality.

5.7.2.3 Mini Water Scheme: 22 Fothane

- The report stated that the project is complete with all targets achieved, the committee conducted the visit only to find that there was no transformer and no electrical connections. Therefore, the committee is not satisfied with the overall status of the project.

5.7.2.4 Industrial Well field Sefakaola

- The committee is satisfied with the overall status of the project.
- However, the committee is concerned with the process of the electrical connectivity from Eskom, and the site maintenance plan.

5.7.2.5 Commissioning of Bulk Water Master Plan Phase 1A

- The committee is satisfied with the overall status of the project.

5.7.2.6 Replacement of Asbestos Cement (AC) Pipes to HDPE Water Pipes in the Peri Urban Areas.

- The committee is satisfied with the overall status of the project. However, the committee is concerned that since the project completion date has already been revised due to the community unrests, will the project be complete on revised time.

See attached Notification letter and attendance register for project visit: Annexure W3

5.7.3 Rebone Landfill Site

Rebone Landfill site related infrastructure site visit conducted by the committee.

The committee has conducted a site visit, and the committee is satisfied with the management and the overall status of the site. However, the committee did pose a request to be updated with the following processes:

- Service level agreement relating to the skills transfers from service providers to in house personnel.
- The acquiring of the weighbridge and entrance signage in two official languages.

5.7.4 MPAC Public hearing on the Draft Annual Report.

- The Municipality has complied in accordance with Section 21A (1) of the Municipal System Act, no 32 of 2000. Annual report should be made public by displaying the documents at the municipality buildings, satellite offices and libraries, including the website address.
- The Municipality has complied in term of Section 130 (1) (a) (b) and (3) of the Municipal Finance Management Act.

5.7.5 CIRCULATION OF THE ANNUAL REPORT TO STAKEHOLDERS.

- The Municipality has complied in accordance with Section 132 (1) (a) of the Municipal finance Management Act as required. Mogalakwena Local Municipality has forward copies of the Draft Annual Report 2023/2024 to stakeholders as required by the MFMA: Provincial Treasury, provincial COGHSTA, and Provincial Legislature.

6. ANNUAL FINANCIAL STATEMENT

Mogalakwena Local Municipality managed to get an Unqualified Audit outcome for the financial statements and the committee is satisfied that the Municipality has improved compared to prior financial years.

7. CONCLUSION

The committee (MPAC) will continue to execute its mandate of playing oversight, encouraging continuous improvement, promoting accountability and transparency to stakeholders. The committee (MPAC) has noted, the **co-operation and clarifications** by the Administration, in addressing the action plan to improve institutional financial and non – financial performance, continuous engagement with relevant municipal structures in enforcing compliance, promoting accountability, promoting transparency, promoting good governance and ensuring that there is value for money.

8. RECOMMENDATION (MPAC)

THE COMMITTEE RECOMMENDED THAT:

- ❖ The Accounting Officer must ensure that he comply with Section 122 (1) (a) (b)(3) of the Municipal Finance Management Act no .56 of 2003.
- ❖ The Accounting Officer must ensure that he comply with Section 62 (1) (a) (b) (d) of the Municipal Finance Management Act no. 56 of 2003.
- ❖ The Accounting Officer must ensure that he comply with Section 116 (2) (a) (b) (c) (i) (ii) (d) of the Municipal Finance Management Act no. 56 of 2003.
- ❖ The Accounting Officer must ensure that he comply with Section 97 (a) (b) (c) (g) (j) of the Municipal Finance Management Act no. 56 of 2003.
- ❖ The Accounting Officer must ensure that he comply with Section 99 (b) (c) of the Municipal Finance Management Act no. 56 of 2003.
- ❖ The Accounting Officer must ensure that the format of the Annual report is in line with section 121 (3) and (4) of the Municipal Finance Management Act no 56 of 2003. And also, circular no 11 & 63.
- ❖ The Mayor must ensure that in term of Section 130 (1) (a) and (b) of the MFMA, the municipality comply and implemented.
- ❖ The Mayor must ensure that he comply in terms of Section 17 (1) (a)(b)(c)(d)(e) and (2)(a)(b)(c) of the MSA, of the Municipal System Act
- ❖ The Mayor must ensure that he comply in term of Section 152 (a) of the constitution of the Republic of south Africa.
- ❖ The Mayor must ensure that issues raised by Auditor-General in audit management report in term of Section 131 (1) of the MFMA, the municipality comply and implemented.
- ❖ The Accounting Officer must ensure that PMU provides progress report on the stolen transformer case of mini water scheme 22 Fothane project, to council and MPAC.

- ❖ The Accounting Officer must ensure that PMU has maintenance plans on projects upon completion.
 - ❖ The Accounting Officer must ensure that qualified, experienced contractors are appointed and track records is in good status before appointment of any projects.
 - ❖ The Accounting Officer must ensure that disciplinary action is implemented to any parties (contractor /consultant) failed to complete the project in the allocated time and budget.
 - ❖ The Accounting officer must in accordance with section 21A of the Municipality Systems Act. Make public an oversight report for 2023/2024 within seven (7) days of its adoption.
 - ❖ Management must ensure that the above recommendations are addressed before a final report is submitted.
- ❖ **The Council must approve the 2023/2024 Draft Annual Report without reservation.**


 Cllr L.K/SATEGE
 MPAC CHAIRPERSON

20/03/2025
 DATE