



MAKHADO MUNICIPALITY

Vision: A dynamic hub for socio-economic development by 2050

Mission: To ensure effective utilization of economic resources to address socio-economic imperatives through mining, agriculture and tourism

CERTIFIED A TRUE AND CORRECT EXTRACT FROM THE MINUTES OF THE 173rd SPECIAL COUNCIL MEETING WHICH WAS HELD ON THURSDAY, 30 MARCH 2023 AT 14:00

ITEM A.33.30.03.23

MPAC: MPAC OVERSIGHT REPORT AND FINAL ANNUAL REPORT 2021/22 APPROVAL: SUBMISSION TO DEPARTMENT NATIONAL TREASURY AND DEPARTMENT PROVINCIAL AND LOCAL GOVERNMENT (10/1/4/1-8)

RESOLVED A.33.30.03.23 (COUNCIL)

1. THAT it be noted that the Oversight Committee (MPAC) considered the Final Annual Report, 2021/22 and recommends that Council accepts the 2021/2022 Annual Report as more fully set out in its report of findings attached as Annexure B to this report. (MM/DCS)
2. THAT Council adopts the Oversight Committee's (MPAC) Report dated 20 March 2023 attached as Annexure A to the report in this regard, without any reservations as corrections have been made in line with the MPAC recommendations. (MM/DCS)
3. THAT it be noted that Council's Resolution under this report together with annexures will be submitted to National Treasury and the MEC of Cooperative Governance, Human Settlement and Traditional Affairs for submission to the Minister of Cooperative Governance and Traditional Affairs, as well as the Auditor General's Office in the Province as Makhado Local Municipality's demonstration of municipal performance to its community, as purported in terms of Section 121 of the Local Government: Municipal Finance Management Act, 2003. (MM/DCS)
4. THAT the Final Annual Report will be publicised on the Municipal Website and copies will be made available for collection by members of the public. (MM/DCS)

OversightReportMarch2023_itm

I the undersigned hereby certify that the above is a true and correct extract from the Minutes of the 173rd Special Council meeting held on 30 March 2023.


CLLR M D MBOYI
SPEAKER

04/04/2023
DATE



**OVERSIGHT REPORT OF THE MUNICIPAL
PUBLIC ACCOUNT COMMITTEE (MPAC) ON
THE
2021/2022
ANNUAL REPORT
MAKHADO MUNICIPALITY**

(Approved by Council Resolution A.33.30.03.23)


Cllr N V MALIVHA
Office of the Chairperson, MPAC
20 MARCH 2023

1. STRATEGIC OBJECTIVES

Good governance and Administrative Excellence.

2. OBJECTIVES

To submit to Council in terms of Section 129 of the Municipal Finance Management Act, 56 of 2003 (MFMA), the Oversight Report on the Annual Report 2021/22, Makhado Local Municipality.

Section 129 of the MFMA provides for oversight on the annual report. It requires that Council consider the annual report and must within two months from the date on which it was tabled in Council in terms of Section 127, adopt an oversight report.

3. BACKGROUND

In terms of Section 121(1) of the MFMA and Section 46 of the Municipal Systems Act, 32 of 2000(MSA), every Municipality must prepare an Annual Report for each financial year. In addition Section 121(1) of the MFMA further stipulates that the council of a municipality must within nine (9) months after the end of the financial year deal with the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with Section 129. Council is vested with the responsibility to oversee the performance of their respective municipal departments. This oversight responsibility of Council is a process of considering annual reports.

The Annual Report provides the opportunity to report on the financial and non-financial performance of the Municipality. Performance of the Municipality is reported against commitments in the Integrated Development Plan (IDP), Business Plans and other supporting planning documents. The purpose of this annual report is to-

- i. provide a record of the activities of the Municipality.
- ii. provide a report on performance (i.e. service delivery) against budget;
- iii. provide information that supports the revenue and expenditure decisions made; and
- iv. promote accountability to the local community for decisions made.

The Council of the Makhado Municipality has delegated Municipal Public Account Committee (MPAC) with the responsibility of oversight role envisaged in Section 129 of the MFMA and Circular number 32 of the MFMA. The ultimate function of MPAC is to **exercise oversight** and to **promote good governance, accountability and transparency** on the use of public funds. This function is thus enabled through the analyses of the Municipality's 2020/21 Annual Report referred to MPAC by Council at its meeting held on 26 January 2022, for oversight and to table an oversight report in Council by 31 March 2022. Moreover, Circular 32 of the MFMA prescribes that the oversight report tabled in Council must include a statement indicating whether the Council has –

- i. approved the annual report, with or without reservation;
- ii. rejected the annual report; or
- iii. referred the annual report back for revision of those components that can be revised.

4. OVERSIGHT METHODOLOGY

- a) The 2021/22 consolidated Draft Annual Report was tabled in the Council meeting held on Wednesday, 26 January 2023 and was referred to MPAC for oversight and scrutiny. An advertisement was published in various local newspapers informing the public and stakeholders to submit comments and inputs on the Draft Annual Report.

- b) Copies of the Draft Annual Report were also posted on the Municipality's website and at all Regional offices. Moreover MPAC developed a process plan as guideline on how to execute the activities of MPAC when considering the 2021/22 Draft Annual Report.

The Oversight Committee (MPAC) consisting of:

1. CLLR MALIVHA N V (CHAIRPERSON)
2. CLLR MPASHE M J
3. CLLR HLONGWANE F B
4. CLLR RAMALWA M W
5. CLLR MABUDU H G
6. CLLR BALOYI S E
7. CLLR SEBOLA D J
8. CLLR MUKHELI K
9. CLLR MUKOSI M
10. CLLR MULAUDZI M E

1. REPORT SUPPORTED BY ALL MEMBERS OF MPAC AS OVERSIGHT COMMITTEE

The members of the Municipal Public Account Committee (MPAC) resolved that the Annual Report dated 20 March 2023, is a true reflection of the business of Makhado Municipality and the Report of the Municipal Public Account Committee is a true reflection of all deliberations. The report is also submitted before the deadline of **31 March 2023** to Council (in session) for final approval.

CLLR MALIVHA N V (CHAIRPERSON)
CLLR MPASHE M J
CLLR HLONGWANE F B
CLLR RAMALWA M W
CLLR MABUDU H G
CLLR BALOYI S E
CLLR SEBOLA D J
CLLR MUKHELI K
CLLR MULAUDZI M E
CLLR MUKOSI M

2. RECOMMENDATIONS

THAT the Municipal Public Account Committee of Council recommends the following to Council:

2.1 That Council takes note of the following:

- a. The first draft of the 2021/2022 Annual Report dated 26 January 2023 was assessed by the Municipal Public Account Committee (MPAC) in **eight (8th)** respective meetings including Inspections in Loco. Feedback was given to the Municipality.
- b. The second draft of the 2021/2022 Annual Report dated 20 March 2023 was assessed by the MPAC Committee in a final wrap-up meeting in order to have it ready for submission to Council at its scheduled meeting of 31 March 2023.
- c. The minutes of the **eight (8th)** respective meetings of the Municipal Public Account Committee (MPAC) are also attached hereto.
- d. The comments of the Audit Performance and Audit Committee of Council was taken into account in the oversight processing of the Final Annual Report 2021/22.
- e. The comments of the Office of the Auditor General, SA was taken into account in the oversight processing of the final Annual Report 2021/22

2.2 That Council considers the following findings of the MPAC.

- a. That Council consider requesting the Municipal Management to pay undivided attention to Financial Management and Supply Chain Management as required by legislation, as well as the professional manning of these two functions.
- b. That Council request municipal management to concentrate on less but more important Key Performance Areas.
- c. That Council request Management to ensure that the Integrated Development Plan, the Strategic Objectives, the Key Performance Areas and the Budget are all synchronised.

- d. That the Accounting Officer implements all recommendations which were made when considering the 2021/2022 Annual Report.
- e. That the Accounting Officer implement the Action Plan based on the Auditor General findings
- f. That the Accounting Officer must fill all vacant posts as soon as possible

2.3 The Council is requested to consider and adopt the following:

The Municipal Public Account Committee (MPAC) Report for the 2021/22 Financial Year.

3. Council Resolution

The following Council Resolutions are required

- 3.1 The Council, having fully considered the 2021/2022 Draft Annual Report of the Municipality dated 26 January 2023 and representation thereon, adopts the Municipal Public Account Committee's (MPAC's) Report dated 20 March 2023.
- 3.2 Council approves the Final Annual Report 2021/22 without reservation.
- 3.3 Council requests the Mayor to report to Council at its first following meeting on the actions required and to be instituted as a result of these resolutions.

4. Process Followed

The following is a summary of the process followed

4.1 The process by MPAC is in accordance with the *Guide and Toolkit for MPACs*, as compiled under leading of Department of Cooperative Governance and Traditional Affairs and the National Treasury in consultation with various stakeholders in the field of operation and adopted by Council as Terms of Reference for MPAC by Resolution.

4.2 Documentation considered

The following documentation was submitted to the Municipal Public Account Committee as source documentation for consideration when assessing the Annual Report -

- a. Draft Annual Report 2021/2022 dated 26 January 2023
- b. Audited Financial Statements 2021/2022, for period ending 30 June 2022
- c. Report from the Auditor General
- d. National Treasury MFMA Circular No 11
- e. National Treasury MFMA Circular No 32
- f. National Treasury MFMA Circular No 63
- g. Municipal Finance Management Act (No 56 of 2003)
- h. Municipal System Act (No 32 of 2000)
- i. Supply Chain Management Policy, 2020/2021

4.2.1 Purpose of Report

- To consider the Annual Report for the 2020/2021 financial year and to adopt an Oversight Report containing Council's comment on the Annual Report in terms of Section 129(1) of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA)
- To provide a record of the achievements of the Municipality during the Financial Year to which the report relates.
- To provide a report on performance against the budget of the Municipality for the Financial Year.
- To promote accountability to be made throughout the year by the Municipality.

4.2.2 Background

(a) Legal Requirements

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

- Every Municipality must for each financial year prepare an Annual report.
- The council must within nine (9) months after the end of a financial year deal with the annual report of a municipality in accordance with Section 129.

(b) The annual Report of a Municipality must include

- The Annual Financial Statements of the Municipality and in addition, if Section 122(2) applies consolidated Annual Financial Statements as submitted to the Auditor General for audit in terms of Section 126(1).
- The Auditor General Audit report in terms of Section 126 (3) on said Financial Year.
- The Annual Performance Report of the Municipality prepared by the Municipality in terms of Section 46 of the Municipal System Act.

The Auditor-General's audit report in terms of section 45(b) of the Municipal system Act (Act 32 of 2000)

- An assessment by the Municipality's Accounting Officer of any arrears on municipal taxes and service charges.
- An assessment by the Municipality's Accounting Officer of the Municipality's performance against the measurable performance objectives referred to in Section 179(3) (b) for revenue from each source and for each vote in the relevant Financial Year.
- Particulars of any corrective action taken or to be taken in response to issues in the audit reports referred to in (i) and (iv).
- Any information as determined by the Municipality.
- Any recommendations as determined by the municipality and
- Any other information as may be prescribed.

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 and invite the local community to submit representations in connection with the Annual report, and also submit the Annual Report to the Auditor-General, the relevant provincial treasury and provincial department responsible for Local Government in the province.

According to section 129(1) of the MFMA, the Council must consider the Annual report by no later than two (2) months from the date on which the Annual report was tabled; and 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.
- rejected the annual report; or
- referred the annual report back for revision of those components that can be revised.

4.3 Meetings held.

The Municipal Public Account Committee (MPAC) met **eight (8)** respective times. They decided to follow the following process:

A. No 1:06 February 2023 Inspection in Loco around Makhado Municipality

The following projects were visited

- A. Lutanandwa Access Road and bridge Phase 1 and Phase 2
- B. Rehabilitation of Djunane street
- C. Rehabilitation of Joe Slovo Street at Vlifontein
- D. Refurbishment of Waterval Regional Office

B. No 02: 07 February 2023 Inspection in Loco around Makhado Municipality

The following projects were visited

- E. Development of Dzanani Park Phase 2
- F. Mudimeli stormwater \$ Surfacing

C. No 03: 09 February 2023 Inspection in Loco around Makhado Municipality

The following projects were visited:

- G. Regravelling of Waterval road Cemeteries
- H. Rehabilitation of Kruger Street
- I. Rehabilitation of Vlei street
- J. Construction of Admin Block at Tasting Ground
- K. Erf 210 Burger Street market revitalization project

D. Meeting No 1: 01 February 2023 at MPAC Office, Room B031, Civic Centre, Makhado

The committee divided themselves into four (4) working groups which consisted of two (2) and three (3) members each. The Department of Corporate Services rendered administrative assistance with arranging for secretarial support. The four (4) respective groups met and discussed their chapters, assisting one another on how to deal with different chapters. The committee then requested for a consecutive three (3) days' session at Tshipise Forever Resort, to deal with the report on a continual basis without disturbance.

C. Meeting No 2: 13 to 17 February 2023

Extensive discussions took place. On Monday Mr. Mokonyama M F from Limpopo Department of Treasury delivered presentation about the Purpose of the Annual Report while the Chairperson of the Audit Committee, Mrs. J Masite delivered the presentation about the role and function of MPAC, and the responsibilities of MPAC in relation to Annual and Oversight reports. The presentations are attached to these Minutes.

It was then agreed that MPAC would discuss the report with reference to the documents received, the Draft Annual Report 2021/2022 financial year. The meeting proceeded to scrutinise the document and to formulate recommendations. The meeting was strengthened by the presence of Mrs. J Masite (Audit Committee Chairperson), Mr. B Madiba (COGSTA), Mr.

Seroba K (SALGA, Limpopo),Mr. Makonyama M (Provincial Treasury),Ms Phaladi Mokone from Auditor General of South Africa presented the audit outcome of Makhado Municipality and their findings.,

D. Meeting No.3: 27 February 2023:

The Committee met to check and approve 119th minutes and finalization of Questions to be submitted to Accounting Officer.

E. Meeting No 4: 06 March 2023 at MPAC Office, Room B031, Civic Centre Makhado.

The Committee met to prepare for the Public Participation scheduled for 07 March 2023.

F. Meeting No 5: 07 March 2023, Waterval Community Hall

The committee presented the Public Participation where stakeholders and different Departments were invited to. More than 400 community members and stakeholders attended the Public Participation. Separate minutes were recorded of the business of this meeting.

I. Meeting No 6: 13 March 2023 at MPAC Office, Room B031, Civic Centre Makhado.

The Committee met to prepare for the Public Hearing scheduled for 14 March 2023.

J. Meeting No. 7: 14 March 2023, Makhado Showground, Makhado

The committee presented the Public Hearing where stakeholders and different Departments were invited to. More than 600 stakeholders attended the hearing. Separate minutes were recorded of the business of this meeting.

K. Meeting No 8: 20 March 2023 at MPAC Office, Room B031, Civic Centre Makhado.

The committee meet to prepare Oversight Report and Final Annual Report

Copies of the **eight (8th)** meetings held as recorded above is attached to this Oversight Report and forms part of the overall submission to Council.

4.4 Conclusion

The Municipal Public Account Committee (MPAC) wishes to extend its gratitude to the following parties:

- (i) the Municipality for the support to the Committee during its operations, and for the relevant documentation the Committee received promptly as and when requested.

- (ii) the Municipal Manager for his interventions to enable the Committee to deliver on its mandate.

5. CONCLUDING COMMENTS / RESOLVES FROM THE MPAC COMMITTEE ON DRAFT ANNUAL REPORT, 2021/2022 FINANCIAL YEAR

General Comments/ Resolutions

MPAC requests Council to take note of the following:

1. The Unqualified Audit Opinion which the Municipality received for 2021/22 financial year.

MPAC is of the view that the Municipality can achieve a clean audit in the near future, only if various structures in the municipality can work together in addressing issues raised by the AG and if proper plans are in place to enable the municipality to obtain a clean audit.
2. The Audit Committee must play a stronger role in ensuring that the comments by the Auditor General are taken seriously and should monitor those on a quarterly basis
3. The various municipal departments have too many different KPA's; these should be taken one level up so that the Municipality has fewer targets to pursue and on which it can deliver quality work
4. MPAC considered the revised 2021/22 Annual Report and can recommend that Council approves the Annual Report without reservation
5. Municipal Public Account Committee (MPAC) recommends that the Accounting Officer and Management continuously monitor and use the Audit Action Plan and other management action plans as a guiding tool to improve performance
6. Municipal Public Account Committee (MPAC) recommends that the Accounting Officer and Management must monitor the companies who did not perform on previous jobs rendered, and that they be not appointed in future.
7. The Accounting Officer must monitor Sane to Natale bridge which is off bad quality
9. The Mayor and the Executive committee must develop an action plan to address all the issues raised by AG.
10. The Accounting Officer must ensure that all documents are submitted to the AG before or on the 31 August of the financial year.
11. The Accounting Officer must at all times follow the legislation (SCM) before implementing the decision to avoid irregular expenditure.
12. All key posts which are vacant must be filled as soon as possible, especially vacant of Chief Financial Officer posts.

13. The Acting Chief Financial Officer must prepare documents needed by AG in time to avoid bad audit opinion.
14. The Acting Chief Financial Officer must prepare and submit all UIF to MPAC in time.
15. The Acting Chief Financial Officer must check all documents before submission to Treasury.
16. The Accounting Officer should make sure that all documents which are supposed to be submitted to the Auditor General are submitted in time.
17. MPAC must receive detailed quarterly reports from the Accounting Officer on the progress of the corrective measures taken by management to resolve AG's findings.
19. That the Municipality must do away to use consultant when preparing the Financial Statement.
20. That the consultant must transfer skills to the employees to avoid appointing them every year.
21. That the Accounting Officer must submit report on Fruitless and Wasteful Expenditure to MPAC to avoid unnecessary delay.
22. That the Municipality must continue to follow Supply Chain Management Policy and regulations

6. MINUTES OF OVERSIGHT COMMITTEE MEETINGS

Copies of the Oversight Committee (MPAC) meetings are attached hereto as follows:

1 st meeting held 01 February 2023	Annexure 1
2 nd meeting held on 13-17 February 2023	Annexure 2
3 rd meeting held on 27 February 2023	Annexure 3
4 th meeting held on 06 March 2023	Annexure 4
5 th meeting held 07 March 2023 (Public Participation)	Annexure 5
6 th meeting held on 13 March 2022	Annexure 6
7 th meeting (Public Hearing) on 14 March 2023	Annexure 7
8 th meeting held on 20 March 2023	Annexure 8
