

6/24/2021

MPAC OVERSIGHT REPORT

2019/20



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1. INTRODUCTION AND BACKGROUND

The Council of Moqhaka Municipality is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA). The draft of the Annual Report was tabled on **29 April 2021** as prescribed by Section 127 (2) of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

The Oversight Report is the final major step in the annual reporting process of the municipality. The Draft 2019/20 Annual Report of Moqhaka Municipality was considered by Council and referred to the Municipal Public Accounts Committee for review and for the drafting of the Oversight Report. The Municipal Public Accounts Committee (MPAC) of Moqhaka Municipality fulfils the oversight role of Council. The meeting of the Municipal Public Accounts Committee (MPAC) on the draft Annual Report of 2019/20 was held on **24 June 2021** and **28 June 2021**.

2. LEGAL REQUIREMENTS

In terms of Section 129 of the MFMA, the council must adopt an Oversight Report containing the council's comments on the Annual Report which must include a statement whether the council:-

- (a) Has approved the annual report with or without reservations;
- (b) Has rejected the annual report; or
- (c) Has referred the annual report back for revision of those components that can be revised.

In terms of the MFMA Circular Number 32, in order to approve the Annual Report without reservations, council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality in the financial year reported upon.

3. ADOPTION

The statutory authority to adopt an Oversight Report in respect of the Annual Report 2019/20 vests with the municipal council.

4. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

In terms of council resolution, a Municipal Public Accounts Committee (MPAC) was established in terms of Section 79 of the Structures Act, 1998. The Terms of Reference tasks the MPAC with the responsibility to perform an oversight role over the process of preparing the Annual Report of council and to produce an Oversight Report based on the Annual Report.

MPAC currently consists of the following members:-

1. MP Pietersen (Chairperson)
2. OA Leboko
3. HG Makae
4. MI Thajane
5. DJ Serapelo
6. SH Pittaway
7. L van Schalkwyk
8. JM Hattingh
9. E Mtunze
10. JM Baba
11. ME Mohoaladi

5. COMPONENTS OF THE ANNUAL REPORT

The format of the Annual Report 2019/20 is based on the annual report template issued by National Treasury in MFMA circular 63 of 2012. MFMA Circular 63 of 2012 comprises six (6) chapters and attempts to cover all the aspects that needs to be reported on as derived from the MFMA and the Local Government: Municipal Systems Act (Act 32 of 2000).

6. PUBLIC CONSULTATION PROCESS

The draft Annual Report 2019/20 notice was made public in the local newspaper on the **12 May 2021** (VrystaatKroon) which indicated where the community would find copies of the draft annual report at all municipal offices and the local libraries. Members of the community and other stakeholders were invited to submit written comments/inputs. The closing date for the comments were **11 June 2021**. The draft Annual Report 2019/20 was furthermore submitted in terms of Section 127(5) (b) to the Auditor General, Provincial Treasury and CoGTA Provincial Office.

6.1 Public Participation Outcomes

The MPAC Committee could not confirm during the meeting whether all the necessary inputs from the public were obtained due to the fact that the municipality's email were not operational since the 23 May 2021. In overcoming this predicament, the municipality also placed the MPAC Meeting on the Municipal website for the community to join in a participate to raise issues that they would have submitted by email or hand. This notice was further placed on the municipality's Facebook page for those community members who are following the municipal Facebook page to allow them to participate in the meeting.

7. ANNUAL REPORT CHECKLIST

ANNUAL REPORT CHECKLIST

The oversight report is the final substantive step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual report of the municipality and adopt an oversight report. The oversight report must include a statement whether the council:

- Has approved the annual report, with or without reservations,
- Has rejected the annual report,
- Has referred the annual report back for revision of those components that can be revised,

No	Question	Yes	No	Comments
1.	Was the annual report submitted to the Auditor-General, together with the annual financial statements by, the 31st August?	X		Electronically submitted and hard copy to National Treasury, Provincial Treasury and Auditor General on 31 October 2020. The Minister of Finance granted municipalities an extension with regards to the submission of the Annual Financial Statements and the related documents.

No	Question	Yes	No	Comments
CHAPTER 1				
2.	Does Chapter 1 of the annual report include: - The Mayor's/Executive mayor's foreword, - Municipal overview?	Yes		None
		Yes		None
CHAPTER 2				
3.	Does Chapter 2 of the annual report include the Governance Structures, both Political and Administrative?	Yes		None
4.	Does Chapter 2 of the annual report include details of Intergovernmental relations?	Yes		None
5.	Does Chapter 2 on Governance in the annual report include details on all public accountability and public participation meetings and the IDP participation & alignment?	Yes		None
6.	Does Chapter 2 on Governance in the annual report address risk management issues?	Yes		None
7.	Does Chapter 2 of the annual report address anti-corruption and fraud?	Yes		None
8.	Does Chapter 2 on Governance in the annual report address supply chain management issues?	Yes		None
9,	Does Chapter 2 on Governance in the annual report address By-laws?	Yes		None

No	Question	Yes	No	Comments
10.	Does Chapter 2 on Governance in the annual report address the website(s) where information is available?	Yes		None
11.	Does Chapter 2 on Governance in the annual report share information on public satisfaction on municipal services?	Yes		No survey was conducted for the 2019/20 Financial year.
12.	Does Chapter 2 in the annual report address the municipal oversight committees?	Yes		
13.	Does Chapter 3 in the annual report demonstrate what service delivery has been achieved and what is outstanding?	Yes		None
14.	In Chapter 3 of the annual report, are the service delivery issues structured, captured and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements against budget and SDBIP?	Yes		None
CHAPTER 4				
15.	Does Chapter 4 of the annual report provide information pertaining to the implementation of an effective performance management system, organizational development	Yes		None

No	Question	Yes	No	Comments
	and performance of the municipality?			
16.	Does Chapter 4 of the annual report provide information on planning, service delivery, organization, job evaluation, remuneration, benefits, personnel expenditure, affirmative action, recruitment, promotions, termination of services, performance management, skills development, injury on duty, labour relations, leave and discharge due to ill-health?	Yes		None
17.	Does Chapter 4 of the annual report provide information to identify skills gaps and plans for the development of such skills?	Yes		None
CHAPTER 5				
18.	Has Chapter 5 of the annual report on financial performance include information divided into the following framework: a) Statement of financial performance b) Spending against Capital budget c) Cash flow management and investment d) Other financial matters	Yes Yes Yes Yes		None

No	Question	Yes	No	Comments
CHAPTER 6				
19.	Does Chapter 6 of the annual report include the Auditor-General's Report as submitted by the Auditor-General?	Yes		None
20.	Does Chapter 6 of the annual report include details on issues raised during the previous financial year by the Auditor-General?	Yes		None
21.	Does Chapter 6 of the annual report include remedial action taken to address issues raised during the previous financial year by the Auditor-General and preventative measures?	Yes		The detailed Audit Action Plan which outlines the remedial actions to the respective findings is separately tabled to Council for noting and implementation by management and to put preventative measures in place where there are deficiencies.
APPENDICES				
22.	Is an Appendix A on Councillors; Committee allocation and council attendance included?	Yes		None
23.	Is an Appendix B on Committee and Committee purpose included, listing all committees of the council, the purpose of each committee and the names of councillors serving on them and the attendance of each councillor?	Yes		The names of Councillors and their attendance of meetings is not accommodated in the template.
24.	Is an Appendix C including an organogram of the administrative structure?	Yes		The organogram of the Administrative structure should be attached to Appendix C.
25.	Is an Appendix D included on what constitutes a municipal			

No	Question	Yes	No	Comments
	function and the applicable functions of the municipality?	Yes		None
26.	Is an Appendix E on Ward reporting included with information on the functions of ward committees, the sector of community representation, reports submitted by each of these committees' challenges experienced and measures taken to address them?	Yes		None
27.	Is an Appendix F on Ward information included outlining the name/number of the ward, listing the seven largest projects in each ward with start & end dates, their total value, progress and information on the top four delivery priorities per ward?	Yes		None
28.	Is an Appendix G included on recommendations of the audit committee, those adopted, those that were not adopted, and the meetings held?	Yes		None
29.	Is an Appendix H included on information related to the largest projects, agreements and contracts and any Public, Private Partnerships?	Yes		None
30.	Is an Appendix I include service provider performance	Yes		Appendix I refers to Municipality Entity.

No	Question	Yes	No	Comments
	schedule from the top four priority indicators in the IDP?			
31.	Is an Appendix J included with senior managers' disclosures of financial interest?	Yes		None
32.	Is an Appendix K included on Revenue collection by votes and by source based on prior year and current year actual collections?	Yes		None
33.	Is an Appendix L included on Conditional Grants received (excluding MIG) received during the year indicating adjustments budget and the actual, showing percentage variances and any major conditions applied by donors on each grant?	Yes		None
34.	Is an Appendix M included on capital expenditure: a) On new assets programme, b) On upgrade/renewal programmes Showing the actual of the prior year, the adjusted budget and actual expenditure in the current year?	Yes Yes		None None
35.	Is an Appendix N on all capital projects in the current financial year, indicating the adjusted budget, actual in the current year and the variance?	Yes		None

No	Question	Yes	No	Comments
36.	Is an Appendix O included on all capital projects per ward in the current financial year and if the work was completed or not?	Yes		None
37.	Is an Appendix P included on service connection backlogs at schools and clinics with their names and location?	N/A		
38.	Is an Appendix Q included with all service backlogs experienced by the community where another sphere of government is responsible for providing the service?	N/A		
39.	Is an Appendix R included listing all organisations or person in receipt of loans and grants; from the municipality stating the nature of the projects funded, conditions attached and the rand value?	Yes		None
40.	Is an Appendix S included listing all monthly MFMA S71 budget statements not submitted in time?	N/A		
VOLUME 2				
42.	Have all components of the audited financial statements, as signed by the Auditor-General, been included in the annual report in Volume 2?	Yes		None

8. CONCLUSION

As the Chairperson of the MPAC Committee, I would like to thank the MPAC Committee Members, The Executive Mayor and Municipal Manager for their diligence and constructive commitment during the oversight period. Despite the challenges experienced especially in terms of meeting quorums when the committee had to deal with matters brought to its attention/delegated by Council.

The MPAC is satisfied with the draft Annual Report 2019/20 and recommends that the draft Annual Report 2019/20 be adopted without reservations.

9. RECOMMENDED RESOLUTION FOR ADOPTION

- (a) That Council fully considered the Oversight Report 2019/20 on the Annual Report 2019/20 for adoption,
- (b) That Council fully considered the Annual Report 2019/20 without reservations for adoption,
- (c) That the Oversight Report 2019/20 be made public in accordance with Section 129(3) of the MFMA,
- (d) That the Oversight Report on the Annual Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the MFMA,
- (e) That the Audit Committee should report to Council on a quarterly basis.
- (f) The Speaker's office take charge of all apologies, for Council and Committee meetings and Council to request the Speaker to submit this to Council on a quarterly basis.


M Piertersen

Chairperson-MPAC

28/06/2021
Date