

LOCAL MUNICIPALITY OF LEKWA



EXTRACT OF THE VIRTUAL SPECIAL COUNCIL SITTING HELD ON TUESDAY, 2024-07-02 AT 09H00

A68 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT ON THE 2022/2023 ANNUAL REPORT (11/1/1: 6/1/1 – 2022/2023)

RESOLVED

- (1) That the report of the Municipal Public Accounts Committee in respect of the Oversight Report on the 2022/2023 Annual Report for Lekwa Local Municipality **BE NOTED**;
- (2) That the Oversight Report on the 2022/2023 Annual Report as prepared and considered by the Municipal Public Accounts Committee (MPAC) during its meetings held on 2024/02/23, 2024/03/20, and 2024-03-22, including the following **BE NOTED**:
 - (a) The major deficiencies in the original report was that not all the important reporting requirements and information were complete and correct in some components which was noted as a serious concern and a cause for delay in the process of oversight exercise;
 - (b) At the time of the MPAC meetings on 2022-02-23 which meeting the 1st draft Annual Report was considered, it was noted that the following components were omitted:
 - Chapter 1
 - The Executive Mayor's Foreword and the Municipal Manager's overview which is to be updated once the financial information has been updated in order to provide the necessary executive and overview summaries;
 - Financial Overview, Organisational Overview, Supply Chain Management
 - Comments on operating ratios and capital expenditure
 - Comment on 2021/2022 AG Report
 - Chapter 3
 - Updates in respect of service delivery performance on water, sanitation and electricity services;
 - Chapter 4
 - Information not updated in respect of human resources and related matters
 - Chapter 5
 - Information not updated in its entirety
 - Chapter 6
 - In its entirety and comment on AG report based on audited financial statements

- Appendices
 - Relating to Capital Expenditure on Assets and projects

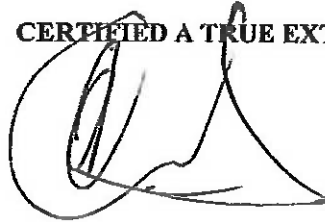
- (c) Since the submission of the 1st draft of the Annual report, after robust engagements, all the omitted components were successfully updated by management, in respect of the above components mentioned in point (b) as part of correcting, amending and preparing the final draft of the annual report (see attached final draft as Annexure "A");
 - (d) In respect of the consultation process, the 1st draft Annual Report notice was placed on Local Newspaper of records on 09-02-2024 and the actual document was made available at Municipal main office, Morgenzon library and Sakhile Satellite office 07-02-2024 and was also placed on the Lekwa Municipal website on Wednesday, 07-02-2024 with a cut-off date of 23-02-2024 for public comments;
 - (e) The committee has further resolved to benchmark with the Gert Sibande District Municipality on the model that they are using in respect of the public consultation process on the draft Annual report as part of trying to improve Lekwa MPAC oversight role;
 - (f) Based on point (d) above, no comments and inputs were received from the public and stakeholders;
 - (g) The committee did physical verification on projects reported in the period in question on the 12th, 13th and 14th of June 2024 and the following is a brief comment:
 - (i) Construction of kisser reservoir and pressure tower is expected to be completed by end of July 2024. the project is in its final stage and progress is efficacious;
 - (ii) Coligny sewer line is completed within budget and on time. Housekeeping at the end of the project is exemplary and no complaints have been received since;
 - (iii) Refurbishment of Standerton waste-water treatment works (Phase 2) is unsatisfactory. The committee is dissatisfied with what was witnessed and believe that retention should not be released. Most part of the refurbishment is not functional in less than a year of the project completion. It is surmised that a lack of proper supervision contributes to the dysfunctional of major components of the plant.
 - (iv) Upgrade of road Sivukile - Morgenzon paved road is completed and in good condition.
 - (v) Rehabilitation of Tarred roads – Hlongwane Drive phase 1 and 2 were completed and in good state;
 - (vi) Installation of VIP toilets in rural ward are of acceptable standard. An awareness campaign should be initiated to assist the community to take care of such infrastructure confirmed;
 - (vii) Purchase of refuse truck confirmed. Currently the truck is not operational. It is overdue for service, licence disk expired, repairs to crew-cab door, left side mirror broken and a damaged bolt on the refuse unit make it dysfunctional;
 - (viii) Upgrade of A sub (phase 1), installation of unit confirmed and functioning satisfactory.
- (3) That Council, having fully considered the Oversight Report for the 2022/2023 Financial Year, the 2022/2023 Annual Report **BE APPROVED WITHOUT RESERVATIONS**;



- (4) That the Oversight Report BE MADE PUBLIC in accordance with Section 129 (3) of the Municipal Finance Management Act, Act No 56 of 2003;
- (5) That the Oversight Report BE SUBMITTED to the Mpumalanga Provincial Legislature in accordance with Section 132 (2) of the Municipal Finance Management Act, Act No 56 of 2003;
- (6) That the Office of the Speaker and of the Municipal Manager BE REQUESTED to fully support MPAC on all its oversight roles and responsibilities going forward;
- (7) That a specific line item on the budget BE INCLUDED to cater for Annual report public consultation process;
- (8) That the Municipal Public Accounts Committee continue to MONITOR AND EVALUATE as part of its oversight role, every Department in respect of service delivery issues and other internal processes cited by the Auditor-General.

CERTIFIED A TRUE EXTRACT

M J Lamola
Municipal Manager



Date:

02/07/2024

LOCAL MUNICIPALITY OF LEKWA



EXTRACT OF THE VIRTUAL SPECIAL COUNCIL SITTING HELD ON TUESDAY, 2024-07-02 AT 09H00

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RESOLVED

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 - (a) The major deficiencies in the original report was that not all the important reporting requirements and information were complete and correct in some components which was noted as a serious concern and a cause for delay in the process of oversight exercise;
 - (b) At the time of the MPAC meetings on 2022-02-23 which meeting the 1st draft Annual Report was considered, it was noted that the following components were omitted:
 - Chapter 1
 - The Executive Mayor's Foreword and the Municipal Manager's overview which is to be updated once the financial information has been updated in order to provide the necessary executive and overview summaries;
 - Financial Overview, Organisational Overview, Supply Chain Management
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- Appendices
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- (c) Since the submission of the 1st draft of the Annual report, after robust engagements, all the omitted components were successfully updated by management, in respect of the above components mentioned in point (b) as part of correcting, amending and preparing the final draft of the annual report (see attached final draft as Annexure “A”);
- (d) In respect of the consultation process, the 1st draft Annual Report notice was placed on Local Newspaper of records on 09-02-2024 and the actual document was made available at Municipal main office, Morgenzon library and Sakhile Satellite office 07-02-2024 and was also placed on the Lekwa Municipal website on Wednesday, 07-02-2024 with a cut-off date of 23-02-2024 for public comments;
- (e) The committee has further resolved to benchmark with the Gert Sibande District Municipality on the model that they are using in respect of the public consultation process on the draft Annual report as part of trying to improve Lekwa MPAC oversight role;
- (f) Based on point (d) above, no comments and inputs were received from the public and stakeholders;
- (g) The committee did physical verification on projects reported in the period in question on the 12th, 13th and 14th of June 2024 and the following is a brief comment:
 - (i) Construction of kisser reservoir and pressure tower is expected to be completed by end of July 2024. the project is in its final stage and progress is efficacious;
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 - (iv) Upgrade of road Sivukile - Morgenzon paved road is completed and in good condition.
 - (v) Rehabilitation of Tarred roads – Hlongwane Drive phase 1 and 2 were completed and in good state;
 - (vi) Installation of VIP toilets in rural ward are of acceptable standard. An awareness campaign should be initiated to assist the community to take care of such infrastructure confirmed;
 - (vii) Purchase of refuse truck confirmed. Currently the truck is not operational. It is overdue for service, licence disk expired, repairs to crew-cab door, left side mirror broken and a damaged bolt on the refuse unit make it dysfunctional;
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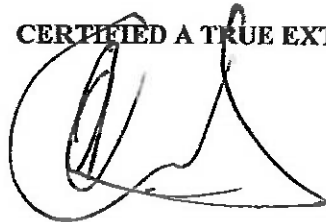
- (3) That Council, having fully considered the Oversight Report for the 2022/2023 Financial Year, the 2022/2023 Annual Report **BE APPROVED WITHOUT RESERVATIONS**;



- (4) That the Oversight Report BE MADE PUBLIC in accordance with Section 129 (3) of the Municipal Finance Management Act, Act No 56 of 2003;
- (5) That the Oversight Report BE SUBMITTED to the Mpumalanga Provincial Legislature in accordance with Section 132 (2) of the Municipal Finance Management Act, Act No 56 of 2003;
- (6) That the Office of the Speaker and of the Municipal Manager BE REQUESTED to fully support MPAC on all its oversight roles and responsibilities going forward;
- (7) That a specific line item on the budget BE INCLUDED to cater for Annual report public consultation process;
- (8) That the Municipal Public Accounts Committee continue to MONITOR AND EVALUATE as part of its oversight role, every Department in respect of service delivery issues and other internal processes cited by the Auditor-General.

CERTIFIED A TRUE EXTRACT

M J Lamola
Municipal Manager



Date: 02/07/2024

Council (S): 2024-07-02

A68 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT ON THE 2022/2023 ANNUAL REPORT (11/1/1; 6/1/1 – 2022/2023)

Report: Municipal Public Accounts Committee (MPAC): 2024-03-22

1. PURPOSE

The purpose of the report is for Council to consider the 2022/2023 Oversight Report in terms of section 129 of the Municipal Finance Management Act, 56 of 2003, and in line with MPAC terms of reference as approved by Council wherein it automatically refers the draft 2022/2023 Annual Report to the Municipal Public Accounts Committee (MPAC) to deal with as part of exercising its oversight responsibilities.

2. LEGISLATIVE BACKGROUND

2.1 The 2022/2023 Draft Annual Report was provided in the agenda for a Council meeting which was held on 31 January 2024, under item A8, in compliance with the Municipal Finance Management Act, Act No 56 of 2003, (MFMA), which requires under Section 127(2) that:

“The Mayor of a municipality must, within seven months after the end of a financial year table in the municipal council the annual report of the municipality.”

2.2 Paragraph 3 of Section 127 of the MFMA stipulate the following:

“(3) if the Mayor, for whatever reason, is unable to table in the Council the annual report of the municipality, or the annual report of any municipal entity under the municipality’s sole or shared control, within seven months after the end of the financial year to which the report relates, the Mayor must – (a) Promptly submit to the Council a written explanation referred to in section 133 (1) (a) setting out the reasons for the delay, together with any components of the annual report listed in section 121 (3) or (4) that are ready; and – (b) submit to the Council the outstanding annual report or the outstanding components of the annual report as soon as may be possible.”

2.3 When tabled, the annual report should include four main components, each which has an important function in promoting good governance and accountability. The main 4 components are:

- (i) The annual performance report as required by Section 46 of the Municipal System Act (MSA)
- (ii) Annual Financial Statements submitted to the Auditor-General;
- (iii) The Auditor-General’s audit report on the financial statements in terms of Section 123(3) of the Municipal Finance Management Act, Act No 56 of 2003; and
- (iv) The Auditor-General’s audit report on performance in terms of Section 45 (b) of the Local Government: Municipal Systems Act, Act No 32 of 2000.

2.4 In dealing with the tabled Annual Report, Council is required to adopt an Oversight Report by no later than two months from the date of tabling, which for the 2022/2023 report will be 28TH of March 2024;

2.5 An Oversight Report should contain Council’s comments on the annual report and must include in terms of Section 129 (1) of the Municipal Finance Management Act, Act No 56 of 2003, a statement as to 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.

2.6 In addition, in terms of Section 129 (3) of the MFMA the accounting officer must in accordance with Section 21A of the Local Government: Municipal Systems Act, No.32 of 2000 make public the Oversight Report within seven days of its adoption.

3. DISCUSSIONS

3.1 As part of the Municipal Public Accounts Committee's (MPAC) mandate to act as the Oversight Committee to consider the Draft Annual Report, was required to do the following as part of its function as Oversight Committee:

- Undertake a review and analysis of the Annual Report;
- Invite, receive and consider inputs on the Annual Report;
- Consider written comments received on the Annual Report from the public;
- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report and
- Prepare the Oversight Report taking into consideration the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

3.2 In respect of the consultation process on the Draft 2022/2023 Annual Report, the following must be noted:

- a) The notice of availability of the Draft 2022/2023 Annual Report for public inputs and comments was published in the Standerton Advertiser edition dated 9 February 2024;
- b) The Draft 2022/2023 Annual Report was available on the website with effect from 7 February 2024;
- c) The Notice was also placed on the Lekwa Facebook page from 1 February 2024;
- d) Copies of the Draft 2022/2023 Annual Report was made available with effect from 7 February 2024 at the following venues:
 - (i) Standerton Municipal Office
 - (ii) Sakhile Municipal Office
 - (iii) Morgenzon Library
- e) As at the stipulated closing date of 23 February 2024, no comments or inputs were received from the public or any other stakeholders;
- f) Letters were sent to Mpumalanga Provincial COGTA, Treasury and AGSA to inform these stakeholders that the draft 2022/2023 Annual Report was tabled to Council on 31 January 2024, in line with the Council Resolution on the item

3.3 The following is a summary of MPAC comments on the 2022/2023 Draft Annual Report:

- (a) The Annual Report as provided to Council at its meeting held on 2024-01-31, was not complete in respect of all the 6 components in line with National Treasury, MFMA Circular 63;
- (b) In line with MPAC terms of reference, MPAC, as the Oversight Committee met on 2024/02/23, 2024/03/20 and 2024/03/22 to consider the 1st, 2nd and final Draft of the 2022/2023 Annual Report together with the consultation process undertaken and the committee concluded with its final

oversight report;

- (c) The major deficiencies in the original report were that not all the important reporting requirements and information were complete and correct in some components of the report;
- (d) It must however be noted that as at the time of the MPAC meetings on 2023/02/23 during which meeting the 1st draft Annual Report was considered, it was noted that the following components were omitted:
 - Chapter 1
 - The Executive Mayor's Foreword and the Municipal Manager's overview which is to be updated once the financial information has been updated in order to provide the necessary executive and overview summaries;
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- (e) The committee raised a serious concern regarding the major deficiencies in the original report where almost all-important components and information were incomplete, and as a result such had an impact in the delay to the committee for doing its oversight role;
- (f) Since the submission of the 1st draft of the Annual report, after robust engagement, all the outstanding components were updated by management, in respect of the above components mentioned in point (d) as part of correcting, amending and preparing the final draft of the annual report (see attached as Annexure "A" is the final draft);

3.4. The following is the exercise done after the report was referred back by Council to MPAC for final revision of the incomplete part of physical inspections:

- (a) The committee held its meeting on the 15-05-2024 and 20-06-2024 to consider and conclude its oversight report as per the direction of Council;
- (b) The committee did manage physical verification on projects done in the period in question as reported in the Annual report, and the following is the list:

DATE	PROJECT VISITED	STATUS	SATISFACTION SURVEY
Day 1: 12 June 2024	a) Upgrading of Standerton water Bulk System phase (Construction of Kieser reservoir and pressure tower)	Satisfactory	Progress confirmed and the project is now on final stages
	b) Coligny sewer line upgrade	Satisfactory	No problem has been reported to date and beneficiaries are happy
	c) Refurbishment of the Standerton Waste-Water Treatment Works (Phase 2)	Unsatisfactory	Almost all the component that was part of the refurbishment was not functional
	d) Rehabilitation of Tarred roads – Hlongwane Drive	Satisfactory	No problem has been reported and beneficiaries are happy
Day 2: 13 June 2024	a) Installation of 50 VIP toilets (Ward 09)	Satisfactory	No problem has been reported and beneficiaries are happy
Day 3: 14 June 2024	a) Upgrade of A Sub (Phase 1)	Satisfactory	No problem has been reported and beneficiaries are happy
	b) Purchase of refuse truck	Confirmed with number plate..... partially satisfactory	Service issues to be attended to
	c) Upgrade of roads within Lekwa LM (Morgenzon -Sivukile)	Satisfactory	No problem has been reported and beneficiaries are happy

(c) MPAC comment:

- (i) Construction of kisser reservoir and pressure tower is expected to be completed by end of July 2024. the project is in its final stage and progress is efficacious;
- (ii) Coligny sewer line is completed within budget and on time. Housekeeping at the end of the project is exemplary and no complaints have been received since;
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RECOMMENDATIONS BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

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