

A47 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT ON THE 2023/2024 ANNUAL REPORT (11/1/1; 6/1/1 – 2023/2024)

Report: Municipal Public Accounts Committee (MPAC): 2025-03-20

1. PURPOSE

The purpose of the report is for Council to consider the 2023/2024 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 2023/2024 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 2023/2024 Draft Annual Report was provided in the agenda for a Council meeting which was held on 07th Of February 2025, under item A9, 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 2023/2024 report will be 31st of March 2025;

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 2023/2024 Annual Report, the following relate to further progress made in respect of other compliance matters relating to the tabling of the annual report:

ACTIVITY	DATE	COMMENT
Copy submitted to AGSA	6 February 2025	Submitted with invite to attend Council sitting to present audit outcome
Copy submitted to Cogta,	13 February 2025	
Copy submitted to Treasury	17 February 2025	All documents uploaded online to NT portal
Placing on municipal website	12 February 2025	A whatsapp poster also designed for circulation to encourage public comments
Date of publication of draft	14 February 2025	Published in Standerton Advertiser as part of inviting public comments/inputs
Copies placed in municipal buildings	17 February 2025	Copies placed at: <ul style="list-style-type: none"> • Standerton Municipal Office • Sakhile Municipal Office • Morgenzon Library
Comments/input received and closing date	28 February 2025	Comments received from AGSA and incorporated into updated draft
All components complete and accurate	12 March 2025	Based on additional inputs still received from Departments
Date for submitting Final	13 March 2025	MPAC's review and comments on draft AR that must still be incorporated.

3.2.1. As at the stipulated closing date of 28 February 2025, no comments or inputs were received from the public;

3.2.2. Letters were sent to Mpumalanga Provincial COGTA, Treasury and AGSA to inform these stakeholders that the draft 2023/2024 Annual Report was tabled to Council on 07th February 2025, in line with the Council Resolution on the item

3.3 The following is a summary of MPAC comments on the 2023/2024 Draft Annual

Report:

- (a) The Annual Report as provided to Council at its meeting held on 2022-02-07, 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 2025/03/10, 2025/03/18 and 2025/03/20 to consider the 1st, 2nd and final Draft of the 2023/2024 Annual Report together with the consultative process and the Physical inspection undertaken made the committee to smoothly concludes 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 2025/03/10 during which meeting the 1st and 2nd 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
 - Chapter 3
 - Updates in respect of service delivery performance on water, sanitation and electricity services;
 - Chapter 4
 - Information not updated in its entirety
 - Chapter 5
 - Information not updated in its entirety
 - Appendices
 - Relating to Capital Expenditure on Assets and projects
- (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 and 2nd 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 as part of physical inspections on projects undertaken for the period in question:

Capital Project visited	status	Comments
Water		
Construction of Kieser reservoir and pressure tower	Satisfactory	The project was completed in time and at hand-over stage
Installation of boreholes	No comment	
Refurbishment of Morgenzon raw water pumping units	No Comment	
Sanitation/Sewerage		
Installation of VIP Toilets	No Comment	

100% Refurbishment of Johan, Steijn and Rooikppen sewer pump stations	Satisfactory	Rooikoppen sewer pump has an issue with the fence which is broken
Electricity		
Upgade of A Sub (Phase 1) (20MVA transformer installed)	Satisfactory	Security Guards does not have toilets and water
100% Design completion for 11kV line between A Substation and Rooikoppen.		
2km bulk electricity line to Meyerville constructed	No Comment	
100% Expenditure on rehabilitation of electricity infrastructure	Satisfactory	BB sub and Skougronde sub require fencing
Roads		
10km of roads rehabilitated	No comment	
Rehabilitation and upgrading of two damaged road bridges in Rooikoppen.	Dissatisfactory	Both bridges are collapsing again, the work done was of poor quality
Refuse removal		
100% Upgrade of Standerton Landfill site	Satisfactory	The project completed

NB: see attached photos of projects visited.

RECOMMENDATIONS BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- (1) That the report of the Municipal Public Accounts Committee in respect of the Oversight Report on the 2023/2024 Annual Report for Lekwa Local Municipality **BE NOTED**;
- (2) That the Oversight Report on the 2023/2024 Annual Report as prepared and considered by the Municipal Public Accounts Committee (MPAC) during its meetings held on 2025/03/10, 2025/03/18, and 2025-03-20, 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 2025-03-10 which meeting the 1st and 2nd 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
 - Chapter 3
 - Updates in respect of service delivery performance on water, sanitation and electricity services;
 - Chapter 4
 - Information not updated in its entirety
 - Chapter 5
 - Information not updated in its entirety
 - Appendices
 - Relating to Capital Expenditure on Assets and projects

- (c) Since the submission of the 1st and 2nd 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 notice of the 1st draft Annual Report was placed on Local Newspaper of records on 14-02-2025 and the actual document was made available at Municipal main office, Morgenzon library and Sakhile Satellite office 17-02-2025 and was also placed on the Lekwa Municipal website and Lekwa Facebook page on 12-02-2025 with a cut-off date of 28-02-2024 for public comments;
- (e) Based on point (d) above, no comments and inputs were received from the public;
- (3) That Council, having fully considered the Oversight Report for the 2023/2024 Financial Year, the 2023/2024 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 that 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.