



MADIBENG LOCAL MUNICIPALITY



OVERSIGHT REPORT ON ANNUAL REPORT

FOR 2018/2019 FINANCIAL YEAR

*"Madibeng, the Prosperous Platinum
and Green Tourism City"*



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and Green Tourism City"*



DRAFT OVERSIGHT REPORT ON ANNUAL REPORT FOR 2018/2019 FINANCIAL YEAR

COUNCIL RESOLUTION NUMBER\ ADMIN.0158

DATE OF ADOPTION: 28 July 2020

NAMES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERS

The committee has thirteen (13) members proportionally representing political parties in Council as follows:

NO	NAME OF COUNCILLOR	DESIGNATION	GENDER
1	CLLR. E.D DIALE	CHAIRPERSON	MALE
2	CLLR. K.S KOMAPE	ORDINARY MEMBER	MALE
3	CLLR. E.D.F LOURENS	ORDINARY MEMBER	FEMALE
4	CLLR. A.W.S MALATSE	COMMITTEE WHIP	MALE
5	CLLR. B.A MAUBANE	ORDINARY MEMBER	MALE
6	CLLR. M.S MOLOI	ORDINARY MEMBER	MALE
7	CLLR. J. MOSITO	ORDINARY MEMBER	FEMALE
8	CLLR. MD MOSOLODI	ORDINARY MEMBER	MALE
9	CLLR. R.P PADI	ORDINARY MEMBER	MALE
10	CLLR. M.M SEKGO THE	ORDINARY MEMBER	FEMALE
11	CLLR. K.M SHALANG	ORDINARY MEMBER	MALE
12	CLLR. P. TSHEOLA	ORDINARY MEMBER	MALE
13	CLLR. E.VAN DER SCHYFF	ORDINARY MEMBER	MALE

Councillor M.M Sekgothe was removed as a councillor of Madibeng Local Municipality during council sitting dated 26 November 2019 and was never replaced.

The committee has four (4) support staff officials appointed permanently and reports administratively to the Deputy Director Monitoring and evaluation.

NO	NAME OF EMPLOYEE	DESIGNATION	GENDER
1	MS. E T MOLEFE	MPAC MANAGER	FEMALE
2	MR. K N POO	COMPLIANCE OFFICER:FINANCE	MALE
3	MR. P M MAAKE	COMPLIANCE OFFICER:LEGAL	MALE
4	MR .J M KODISANG	ADMIN ASSISTANT	MALE



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1. FOREWORD OF THE CHAIRPERSON

Honourable Speaker of Council; Cllr Ntshabele

Honourable Executive Mayor of Madibeng; Her worship Cllr Mothibe

Honourable Single Whip of Council; Cllr Makgabo

Honourable Members of Mayoral Committee

Chairpersons of Portfolio Committees and Section 79 Committees

Honourable Councillor

Acting Municipal Manager

Senior Managers of the Municipality

Office of the Auditor General

Ladies and Gentlemen

Dumelang! Good morning! Avuxeni! Molweni! Goie more!

Mr Speaker and the august house at large, on behalf of the committee allow me to convey words of gratitude to the Municipal Public Accounts Committee (MPAC) and staff.

Mr Speaker let me convey words of appreciation to council for entrusting the MPAC members with huge task of playing oversight role on its behalf on the annual report for 2018/2019 financial year even though there were challenges faced by the committee.

No future is a future without the past and the present. One cannot make corrections unless errors have occurred.

Here are the errors faced as challenges:

- The municipality failed to table the draft annual report by end of August as per stipulations of circular 63.
- By end of January as per section 121(1) and 127(2) of the MFMA council was expected to note the annual report together with the audited financial statements but failed to do so.
- Section 129 (2)(a) of the MFMA 56 OF 2003 state that “the accounting officer must attend council and council committee meetings where the annual report is discussed for purposes of responding to questions..
- The committee was forced to compress the program to cater for covid19 regulations.
- Local radios i.e. Madibeng F.M and radio Bosveld were utilised to spread public Participation message.

Mr Speaker one cannot talk of improvement unless there has been a start. Taking into consideration our current challenges, we dig in on our heels to ensure that whereas we notices that members of the public have not been able to make submissions as expected due to mostly Covid19 restrictions, the committee still has the responsibility of doing so on behalf of the entire constituency of Madibeng .Section 130(1)(b) of the MFMA 56 of 2003 requires that : **council meetings open to public and certain public officials.**

(1) “The meetings of municipal council at which the annual report is to be discussed or at which decisions concerning an annual report are to be taken must be open to the public and any organ of the state and reasonable time must be allowed for

(b) “For members of local community or any organ of state to address the council”

REPORTED CORRUPTION/MALADMINISTRATRON

There was an identified follow up on open cases of maladministration by MPAC to make sure that cases opened surface at court without fear.

The following cases were registered: Case No.99/12/2018 – Credit Cards and Case No.47/9/2018 - VBS



Mr Speaker with all challenges mentioned as formant to processes of going through the annual report for its acceptance after implementation of section 130 (1)(b) I submit on behalf of MPAC to council to accept the 2018/2019 annual report with reservations

THANK YOU

2. REPORT TO COUNCIL

The report to Council is herewith attached as **ANNEXURE A2**.

3. MPAC RECOMMENDATIONS

Below is a table for other matters referred to MPAC for further investigation during the 2018/2019 financial year.

DATE OF THE MEETINGS	MATTERS REPORTED	RESOLUTIONS
22 November 2018		The meeting was adjourned due non attendance of the Accounting officer
21 February 2019	<p>1. MPAC.0054 1st oversight report (April 2018 – June 2018)</p> <p>2. MPAC.0055 Report on the findings of the municipal manager on unauthorised expenditure: non cash items</p> <p>3. MPAC.0056 Report on the findings of the municipal manager on fruitless and wasteful expenditure</p> <p>The committee resolved that MPAC.0057 to MPAC.0060 be tabled in the next meeting</p>	<p>That the report be considered and recommended for council adoption.</p> <p>That the report be submitted to the next MPAC meeting</p> <p>That the report be submitted to the next MPAC meeting</p> <p>That the committee takes suitable action to rectify the problem</p>
03 April 2020	<p>MPAC.0061 Report on the preparation for public participation program on the 2017/2018 annual report</p>	That all clustered meetings to take part in the main white hall.
30 May 2019	<p>MPAC.0062 Adoption of the oversight report on the 2017/2018 annual report</p>	That the oversight report on the 2017/2018 annual report be adopted with reservations



The municipality has adopted a Municipal calendar for council and its committees of council as part of its operational plan. The Municipal Public Accounts Committee (MPAC) could not convene its meetings in line with the adopted calendar due to non attendance of both some members of the committee and the Accounting officer together with relevant directors.

The office of Municipal Public Accounts Committee (MPAC) has on several occasions sought intervention on the lack of support from management (administration) and political leadership. Attached herewith are letters sent out to the municipal leadership for intervention and council resolution and report as **ANNEXURE B** and **C** respectively.

4. INTRODUCTION

PURPOSE

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Finance Management Act, 56 of 2003 requires the council to consider the annual report of its municipality and to adopt an oversight report containing the council's comments on the annual report. The purpose of the annual report is to:

- Provide a record of the activities of the municipality;
- Provide a report on performance in service delivery and against the budget;
- Provide information that supports the revenue and expenditure decisions made
- Promote accountability to the local community for decisions made

The final step of reporting is for the municipality to consider and adopt the annual report in light of the Findings contained in the Oversight report. In terms of the new guidelines, the oversight report must be compiled by MPAC in consultation with members of the community and other stakeholders in terms of the provisions of section 129 of the Local Government: Municipal Finance Management Act.

Municipal Public Accounts Committee appointed by council in accordance with the provisions of section 79 (1) (a)(b) and (c) of the Municipal Structures Act 1998, to amongst other to oversee the content of the annual report on its behalf.

Madibeng Local Municipality's Municipal Public Accounts Committee, which was established in December 2007 as per Council resolution **A.0107** consisting of 13 members. The new (current) committee was elected during the month of September as per resolution **A.0025** dated the 9 September 2016 following the election of new councillors during the month of August 2016. The resolution is attached herewith as **ANNEXURE D**.

The 2018/2019 annual report was tabled in council on the 31 January 2020. This was done in compliance with section 127 (2) of the MFMA, 56 of 2003 which states that the mayor of the municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. See **ANNEXURE E**.

However, MPAC, through scrutinizing the report found that the annual report was not complying with some sections of the MFMA. The office informed the Accounting officer, administrator and the speaker and advised that the annual report be rescinded, corrected and the corrected one be re tabled. The advice was not honoured by the Municipal manager, Speaker and the Administrator. During MPAC meeting held on the 28th March 2020, the AGSA was invited to advise on the lack of response from the Accounting officer with regards to re tabling the annual report, still the municipality did not re table the annual report with the advice from the AGSA. Minutes attached herewith as **ANNEXURE F**.

Council subsequently noted the revised annual report on the 29th May 2020 and referred the report to MPAC to embark on public participation to solicit questions and/or comments on the 2018/2019 annual report. Council resolution attached as **ANNEXURE G**.

5. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

In terms of section 121 of the Municipal Finance Management Act, the Municipality must prepare and adopt the annual report within a period of nine (9) months after the end of the financial year in terms of sections 127 and 129 of the Act. The Municipality is further required to deal with the annual report in accordance with the following provision of the Act:

- **Section 127:** *submission and tabling of the annual report in Council within a period of seven (7) months after the end of the financial year, and submission of the annual report to public participation process in terms of section 21A of the Local Government: Municipal Systems Act, inviting the community to submit comments on the annual report.*



- **Section 129:** consideration of the annual report by Council within a period of two (2) months after the report has been tabled in terms of section 127 of the Local Government: Municipal Finance Management Act and subsequent adoption of the Oversight Report containing the Council 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
 - Has referred the Annual report back for revision of those components that can be resolved.

and submission of the same to relevant authorities.

6. 2018/19 OVERSIGHT ON THE ANNUAL REPORT PROCESS PLAN

The municipality usually embarks on ward based public participation to solicit comments and/or questions on its annual report. However, the 2018/2019 public participation on the annual report was done only in line with section 21A of the Municipal Systems Act. No ward based participation was done due to late tabling of the annual report and the COVID19 challenges.

The 2018/2019 annual report was made public in line with section 21A of the MSA and the advert was subsequently issued and placed in the Kormorant newspaper and radio coverage was also done as part of publication. See attached notice as **ANNEXURE H and I respectively**.

During MPAC virtual meeting held on the 17th June 2020, the committee resolved that questions on the 2018/2019 annual report be sent to management and the audit committee for comments and/or questions.

7. ANNUAL REPORT CHECK LIST

CHECK LIST OF THE ANNUAL REPORT AS PER SECTION 121 (3) OF MFMA, 56 OF 2003 AND MFMA CIRCULAR 11

CONTENT OF THE ANNUAL REPORT	YES/NO
a) Annual Financial Statement of the municipality	yes
b) AG's report on the financial statements	yes
c) Annual Performance report of the municipality prepared by the municipality in terms of section 46 of the municipal systems act.	yes
d) Auditor General's report in terms of section 45 (b) of the Municipal System Act	yes
e) An assessment by the Accounting officer of any arrears on municipal taxes and services	yes
f) Assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year.	yes
g) Particulars of corrective action taken or to be taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d)	yes
h) Any explanation that maybe necessary to clarify issues in connection with the financial statement	yes
i) Any information as determined by the municipality	yes
j) Any recommendations of the municipal's audit committee	yes
k) Any other information as may be prescribed	yes

8. COMMENTS ON THE COPONENTS OF THE ANNUAL REPORT



LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
Annual financial statements- Section 121(3) (4); of MFMA.	<ol style="list-style-type: none"> 1. Have the AFS of the municipality and that of municipal entity been included in the annual report? 2. Are both annual financial statement and annual report been audited 3. Are the AFS compliant with GRAP? 4. Is the audit report been included in the tabled annual report? 5. Any explanations that may clarify issues in connection with the financial statement? 6. Any assessment by the accounting officer on arrears on municipal taxes and service charges including that of MODA? 7. Any comment by the audit committee in relation to the AFS? 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	
Supply Chain Management Regulations and Policy	<ol style="list-style-type: none"> 1. Has certain disclosures of SCM matters been included in the annual report as required. 	Yes	

1.1 DIVISION OF REVENUE ACT

SECTION 123 OF MFMA AND CIRCILAR 11	<ol style="list-style-type: none"> 1. Has the municipality had any allocation per DORA delayed or withheld 2. Is there any disclosure on allocation made by the municipality to an organ of state, municipal entity or other municipality? 3. Are all compulsory disclosures contained in the notes to the Annual Financial Statements? 4. Has the municipality complied with the conditions of the grant? 	<p>Yes</p> <p>No</p> <p>Yes</p> <p>Yes</p>	
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SECTION 124 (1)(2) Disclosure of councillors, Directors and Officials in the notes to the AFS	<ol style="list-style-type: none"> 1. Have the salaries, allowances and benefits paid to councillors and the Municipal Manager, CFO and senior been disclosed? 2. Is there a statement by the Accounting Officer, stating that salaries, allowance and benefits paid to councillors are within the upper limits of the framework envisage in section 219 of the constitution? 3. Have arrears for rates and services owed by councillors, in which the arrears was more than 90 days been disclosed including the name of the councillor? 4. Have salaries of the board of MUDA, CEO and senior managers been disclosed? 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	
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1.1 MUNICIPAL SYSTEMS ACT- PERFORMANCE MANAGEMENT

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
Section 46 of the MUNICIPAL SYSTEMS ACT Annual Performance reports of the Municipality	<ol style="list-style-type: none"> 1. Has the performance report been included in the annual report? 2. Have all the performance target set in the budget, SDBIP, service agreements etc. been included in the report? 3. Does the performance evaluation in the annual report compare actual performance with target expressed in the budget and SDBIP approved for the financial year? 4. In terms of key functions or services, how has each performed? 5. To what extend have targets been met? 6. Are council and community satisfied with the performance? 7. What actions have been taken and planned to improve performance? 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Unsatisfactory</p> <p>Poor</p> <p>No</p> <p>Revised PAAP</p>	



	<p>8. Did the target set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and other senior manager?</p> <p>9. Does the report evaluate the efficiency of mechanism applied to deliver the performance outcomes?</p> <p>10. Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</p>	<p>Not all</p> <p>Yes</p> <p>No</p>	
PERFORMANCE OF MUNICIPAL ENTITIES AND MUNICIPAL SERVICE PROVIDERS	<p>1. Has an assessment been included in the Annual Report on the performance of the municipal entities?</p> <p>2. Has the assessment been included in the annual report on the performance of all contracted service providers?</p>	<p>N/A</p> <p>Yes</p>	

PUBLIC PARTICIPATION

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
Section 46 of the MUNICIPAL SYSTEMS ACT Annual Performance reports of the Municipality	<p>11. Has the performance report been included in the annual report?</p> <p>12. Have all the performance target set in the budget, SDBIP, service agreements etc. been included in the report?</p> <p>13. Does the performance evaluation in the annual report compare actual performance with target expressed in the budget and SDBIP approved for the financial year?</p> <p>14. In terms of key functions or services, how has each performed?</p> <p>15. To what extent have targets been met?</p> <p>16. Are council and community satisfied with the performance?</p> <p>17. What actions have been taken and planned to improve performance?</p> <p>18. Did the target set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and other senior manager?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Unsatisfactory</p> <p>Poor</p> <p>No</p> <p>Revised PAAP</p> <p>Not all</p>	



	<p>19. Does the report evaluate the efficiency of mechanism applied to deliver the performance outcomes?</p> <p>20. Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</p>	<p>Yes</p> <p>No</p>	
PERFORMANCE OF MUNICIPAL ENTITIES AND MUNICIPAL SERVICE PROVIDERS	<p>3. Has an assessment been included in the Annual Report on the performance of the municipal entities?</p> <p>4. Has the assessment been included in the annual report on the performance of all contracted service providers?</p>	<p>N/A</p> <p>Yes</p>	

PUBLIC PARTICIPATION

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPOND	RECOMMENDED CORRECTIVE ACTION
<p>Section 127 (2);130 (1)(2)(3)and section 21A of MSA</p> <p>Council meetings open to public and certain public official</p>	<p>1. Was the public invited to the council sitting where the annual report was considered?</p> <p>2. Did the Accounting Officer make public the annual report?</p> <p>3. Was the annual report submitted to the AG; PT and DLG&TA?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>None</p> <p>None</p> <p>None</p>
WRITTEN COMMENTS	<p>1. Did the municipality receive any written submission on the Annual Report?</p>	No	To encourage the community to take part in public participation processes.

9. QUESTIONS AND REPOSSES ON THE ANNUAL REPORT

9.1. Management comments

The office of MPAC sent out a list of questions to the office of the MM on the 25th June 2020. Responses were due on the 03rd July 2020. However, no responses were received. The audit committee was also requested to give inputs on the annual report. No feedback received. Questions attached as **ANNEXURE J**.

9.2. Councillors and ward committee inputs

Questions were received from Councilor E Van der Schyff from ward 39 who is also a member of MPAC. Attached as **ANNEXURE K**.



9.3. Public & interested parties comments on the annual report

- No comments / questions were received from the public

10. 2018/19 PROJECTS SITE INSPECTION REPORTS

During the financial year under review (2018/2019), the municipality did not take part in any project site inspection due to lack of corporation from management by not providing information requested on projects and some MPAC councillors not honouring MPAC meetings.

11. MFMA SECTION 32 REPORT

The municipality was not tabling the section 32 reports to council in line with the MFMA. During the previous financial year, 2017/2018, the municipality reported section 32 reports to council for the past five years, **2011/2016**. The office of MPAC considered to write off all unauthorised expenditures on non cash items and referred back all other U.I.F&W's to the office of the Accounting officer to investigate in line with section 32(4) of the MFMA and report back to council.

No section 32 were reported to council during 2018/2019 financial year. The MMC's Finance (B.T.O) was invited to MPAC meeting to address the non compliance with section 32 reports. However, the meeting could not convene due to lack of quorum and non attendance of the directors and the Accounting officer. Attached herewith is the copy of the invitation as **ANNEXURE L**.

Municipal Public Accounts Committee has since not been able to hold its meetings as per approved council calender due to either the absence of the accounting officer and/or absence of its members. A report was tabled before council with regards to councillors not attending meetings but the resolution was not implemented as the issue of non attendance continued. See **ANNEXURE M**.

CLLR E.D DIALE
CHAIRPERSON MPAC:

