

**DRAFT OVERSIGHT REPORT ON THE 2022/23 ANNUAL REPORT**



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## 1. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERS

1.1. The following councillors serve as members in the Municipal Public Accounts Committee of Metsimaholo Local Municipality:

Number	Title	Name and Surname	Designation
1	Cllr	Joseph Morena Molawa	Chairperson
2	Cllr	Thandiwe Linah Soetsang	Member
3	Cllr	Lunga Mthetho	Member
4	Cllr	Moeketsi Eric Maseko	Member
5	Cllr	Jantjie Tumelo Mampana	Member
6	Cllr	Jeff Zwane	Member
7	Cllr	Louis Van Heerden	Member
8	Cllr	Theo Du Toit	Member

## 2. PURPOSE

2.1. The purpose of this report is to enable the Municipal Public Accounts Committee to discharge its oversight responsibility of considering the 2022/23 Annual Report of Metsimaholo Local Municipality in terms of section 129 of the Municipal Finance Management Act (MFMA), Act 56 of 2003.

## 3. BACKGROUND

3.1. 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 municipal

entities, and to adopt an oversight report containing the council's comments on the annual report.

3.2. The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. The MPAC is required to perform the responsibilities of the Oversight Committee as envisaged in MFMA Circular No. 32 and Section 129 of the MFMA.

3.3. Section 129 of the MFMA provides for the Council to adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council:

- i. Has approved the Annual Report with or without reservations.
- ii. Has rejected the Annual Report.
- iii. Has referred the Annual Report back for revision of those components that can be revised.

#### **4. PROCESS FOLLOWED FOR THE 2022/23 ANNUAL REPORT**

4.1. The Annual Report was tabled in Council on 31 January 2024 and the Council referred the report to the Municipal Public Accounts Committee (MPAC) for oversight and public participation.

4.2. The Annual Report was submitted to the Provincial CoGTA, Provincial Treasury and the Auditor General of South Africa

4.3. An invitation to the public to submit comments on the Annual Report was publicised in all municipal notice boards in all towns across Metsimaholo Local Municipality, libraries as well as municipal website for scrutiny as provided for in terms of Section 127(5)(a) of the Municipal Systems Act and Section 21A and B of the MFMA.

4.4. MPAC held meetings on the 14<sup>th</sup> and 19<sup>th</sup> of March 2024 to consider the Annual Report and Audit action plan respectively.

4.5. Furthermore, the MPAC has prepared an Oversight Report on the 2022/23 Annual Report which will be tabled in Council in the next Council sitting as required by Section 129 of the MFMA

#### **5. CONCLUSION AND RECOMMENDATIONS**

##### **5.1. THE REPORT CONCLUDES BY REFLECTING MATTERS OF CONCERN NOTED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

The MPAC has a serious concern with regard with to the "Qualified" Audit opinion that the Municipality has received again as it is an indication that the Municipality is not improving as it has been the case in the previous.

See attached action plan for the basis for the qualified audit opinion.

**5.2. RECOMMENDATIONS BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE FOR ATTENTION**

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|---|---------|
| 5.2.1. That the action plan to address the Auditor General’s findings be developed  | AMM     |
| 5.2.2. Implementation of the action plan be monitored and the progress thereof be reported upon frequently  | MPAC    |
| 5.2.3. Payment of creditors within 30 days be adhered to, to avoid incurring of interest by the municipality  | AMM     |
| 5.2.4. Irregular, fruitless and wasteful expenditure be investigated and reported to Council  | MPAC    |
| 5.2.5. An approved staff establishment to be in place, as required by Section 66 (1) (a) of the MSA   | AMM     |
| 5.2.6. MAYCO to monitor and enforce the implementation of the corrective measures included in the audit action plan to address the weaknesses relating to the Finance and SCM directorates with regard to the prevention of irregular, fruitless and wasteful expenditure | COUNCIL |

**6. COUNCIL RESOLUTIONS**

- 6.1. That Council, having fully considered the 2022/23 Annual Report of the municipality and representations thereon:
- 6.1.1. The Oversight report be adopted;
  - 6.1.2. The Annual Report be approved without reservations;
  - 6.1.3. The Annual Report and Oversight Report be submitted to the Provincial Legislature as required by the MFMA 56 of 2003