



MAKHUDUTHAMAGA
LOCAL MUNICIPALITY

OVERSIGHT REPORT

2020/2021 FINANCIAL YEAR OVERSIGHT REPORT ON ANNUAL REPORT

ITEM NO:OD/9.1/03/2021

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MPAC OVERSIGHT REPORT 2020/21

REPORT FROM THE MUNICIPAL PUBLIC ACCOUNT COMMITTEE

1. INTRODUCTION

Section 121 (1) (2) and 3 of the MFMA determines as follows:

Every municipality must for each financial year prepare an annual report in accordance to Chapter 12 of the MFMA. The purpose of the Annual Report is:

- To provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- To provide a report on performance in service delivery and against the budget of the municipality for the financial year; and
- To promote accountability to the local community for decisions made throughout the year by the municipality.

According to section 129 (a) of the MFMA, council must consider the annual report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the councils comments on the annual report, which must include a statement whether the council –

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

2. THE PURPOSE OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Municipal Council resolved, at its meeting of 28 January 2022 (Item OC/17.18/01/2022) as follows:

- 1) That cognizance be taken of the 2020/2021 Draft Annual Report and the timeframes related to the adoption and publication thereof
- 2) That the Annual Report be submitted to MPAC in order to consider and evaluate the 2020/2021 Draft Annual Report to provide a detailed analysis and review thereof, and to submit an Oversight Report to Council.
- 3) That the 2020/2021 Draft Annual Report be submitted to the Office of the Auditor General, Provincial Treasury and the relevant Provincial Department responsible for Local Government.
- 4) That the Accounting Officer publishes the 2020/2021 Draft Annual Report for public comments and recommendations.



3. REVIEW OF THE ANNUAL REPORT

3.1 SUBMISSION AND TABLING OF THE ANNUAL REPORT 2020/2021

The draft annual report of Makhuduthamaga Local Municipality was tabled at a scheduled council meeting on 28 January 2022, which is within the timeframe as per MFMA circular 104.

4. CIRCULATION OF THE ANNUAL REPORT

Immediately after an annual report has been tabled in council, the accounting officer must

a) In accordance with section 21 A of the Municipal Systems Act, 2000 (Act 32 of 2000)

- I. Make public the annual report; and
- II. Invite the local community to submit representations in connection with the annual report; and
- III. Submit the annual report to the Auditor – General, and the relevant provincial treasury and the provincial department responsible for local government in the province

The availability of the 2020/2021 Draft Annual Report, the report was published on the Municipal Website on the 29 January 2022 where interested parties/public was invited to comment on the Draft Annual Report.

The communities were invited to public participations on annual report from 08/02/2022 to 14/03/2022 as to comment and give inputs on the report.

Copies of the Draft Annual Report were also made available at the following Municipal locations:

- Municipal main Office
- Municipal Libraries
- Municipal website: www.makhuduthamaga.gov.za

4.1 Comments received

Comments were received from the Office of the Auditor General and the public.

5. REPRESENTATIVES OF MPAC

The Municipal Public Accounts Committee members (MPAC) who had reviewed and evaluated the Draft Annual Report of 2020/2021 financial year consist of the following members:

- 2 | Cllr SP Diketane (Chairperson)
Cllr LD Kgatuke



Cllr TT Tau
Cllr MZ Tshehla
Cllr MA Moretsela
Cllr MM Lerobane
Cllr D Moshabane
Cllr J Maepa
Cllr SH Sebowane
Cllr MJ Monakedi
Cllr EM Matsomane

WORKING SESSION SCHEDULE

MPAC had working sessions on the annual report on the 01 – 05 March 2022 and public hearing was held on 22 March 2022.

MPAC PROGRAMME OF ACTION ON ANNUAL REPORT 2020/2021 FY

ACTIVITY	DATE (Deadline)	RESPONSIBLE PERSON/UNIT/DEPARTMENT
SCRUTINIZING OF DRAFT ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENT	01 MARCH 2022	<ul style="list-style-type: none"> • MPAC COMMITTEE • MLM LEGAL OFFICE • MPAC SUPPORT STAFF
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENT		
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENT	02 MARCH 2022	<ul style="list-style-type: none"> • MPAC COMMITTEE • MLM LEGAL OFFICE • COGHSTA • MPAC SUPPORT STAFF
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENT	03 MARCH 2022	<ul style="list-style-type: none"> • MPAC COMMITTEE • AUDIT COMMITTEE MEMBER • MLM LEGAL OFFICE • AGSA • MPAC SUPPORT STAFF
MPAC WORKING SESSION ON DRAFT ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENT	04 MARCH 2022	<ul style="list-style-type: none"> • LIMPOPO PROVINCIAL TREASURY • MPAC COMMITTEE • MPAC SUPPORT STAFF • MLM LEGAL OFFICE
CONSULTATIVE MEETING ON FORMULATION OF QUESTIONS ON ANNUAL REPORT 2020/2021 FY	05 MARCH 2022	<ul style="list-style-type: none"> • MPAC COMMITTEE • MPAC SUPPORT STAFF • MLM LEGAL OFFICE
PROJECT VISIT	14 MARCH 2022	<ul style="list-style-type: none"> • MPAC COMMITTEE



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CONSOLIDATION OF QUESTIONS	16 MARCH 2022	• MPAC COMMITTEE
SUBMISSION OF QUESTIONS TO MUNICIPAL MANAGER AND HEADS OF DEPARTMENTS	17 MARCH 2022	• MPAC COMMITTEE
MPAC PUBLIC HEARING SESSION	22 MARCH 2021	• MEMBERS OF PUBLIC
COMPILATION OF OVERSIGHT REPORT	25 MARCH 2021	• MPAC COMMITTEE
ADOPTION OF OVERSIGHT REPORT BEFORE IT GOES TO COUNCIL	28 MARCH 2022	• MPAC COMMITTEE
TABLING OF OVERSIGHT REPORT TO COUNCIL	29 MARCH 2022	• MPAC CHAIRPERSON

6. ANNUAL REPORTS CHECKLIST

INFORMATION REQUIRED AS PER SECTION 121 (3) OF THE MFMA	COMMENTS
a) The annual financial statements of the municipality, and in addition, if section 122 applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section (1)	The annual financial statements of the municipality is included
b) The Auditor General's audit report is included in the annual report in terms of section 126(3)	Report of the Auditor –General is included in the annual report
c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act	The performance report has been included within the annual report. The municipality had 127 targets for the 2020/2021 financial year and managed to attain 102 targets which is 80% of the total annual targets. There has been a decline of 8% as compared to 2019/2020 financial year.
d) The auditor general audit report in terms section 45 (b) of the Municipal Systems Act	The municipality has received an unqualified audit opinion with findings for the third consecutive year.
e) An assessment by the municipality on any arrears on municipal taxes and service charges	The municipality is under performing in terms of revenue collection as a result of non-payment
f) An assessment by the 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	Has been included in the report



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municipality's approve budget for the relevant financial year	
g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	Audit report status listed on in Chapter 6 does not includes Corrective steps and action plan to be implemented
h) Any explanations that may be necessary to clarify issues in connection with the Annual financial statement	None
i) Any information as determined by the municipality	None

6.1 OTHER COMPULSARY DISCLOSURES

INFORMATION REQUIRED AS PER SECTION 125 OF MFMA	COMMENTS
a) A list of all municipal entities under the sole or shared control of the municipality during the financial year and as at the last day of the financial year	The municipality does not have an entity
b) The total amount of contributions to organized local government for the financial year, and the amount of any contributions outstanding as at the end of the financial year	Included in note of Annual Financial Statement
c) The total amounts paid in audit fees, taxes, levies, duties and pension and medical aid contributions outstanding as at the end of the financial year	Included in note of Annual Financial Statement

7. MPAC OBSERVATIONS

1. The committee would like the council to take note that the audit outcome for the municipality remained unchanged from the prior year as an unqualified audit opinion with findings on compliance with legislation
2. That council should note that the municipality had 127 targets for the 2020/2021 financial year and achieved 102 targets and 25 targets were not achieved. The municipality has regressed on the 2020/2021 financial year's performance as compared to 2019/2020.
3. That council should note that the majority of targets not achieved relates to the Municipalities core functions



4. We have noted the response from the auditor general that Leadership did not monitor the implementation of action plans to address internal control deficiencies previously identified in a timely manner, resulting in material noncompliance in the current financial year
5. MPAC noticed that the municipality did not adhere to the circular 63 when compiling the appendices in chapter 6 of the annual report
6. The committee realised the inconsistency when reporting the performances on the key performance areas (KPA).

8. MPAC RECOMMENDATIONS ON THE OBSERVATION

1. The accounting officer should ensure that all information as per circular 63 be included before a final document is issued
2. That management should develop an action plan and implement corrective steps on issues raised by the auditor general on 2020/2021 Audit outcomes
3. That progress report should be submitted to council on a quarterly basis
4. That quarterly assessments on performance targets be done by the accounting officer and corrective measures with respect to targets not met be included and monitored, otherwise targets should be revised timeously
5. Implementation of zero tolerance to irregular expenditure. That the accounting officer should ensure that pending investigations on irregular expenditure be finalised as a matter of urgency.
6. That the disciplinary board should be effective as to address the lack of consequence management

9. Having performed the following task;

- Reviewed and analysed the 2020/2021 Annual Report,
- Received and considered the audit committees views and the comments from the auditor general on the annual financial statements and the performance report and;
- Having considered the inputs from provincial treasury's presentation on the municipal financial statement
- Taking into consideration the views, inputs of the Auditor general , provincial treasury , Council and audit committee



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MPAC Committee recommend to council to:

Approve the annual report without reservations taking into consideration the recommendations from MPAC.

Signature

MPAC Chairperson

Cllr SP Diketane

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Date 28/03/22