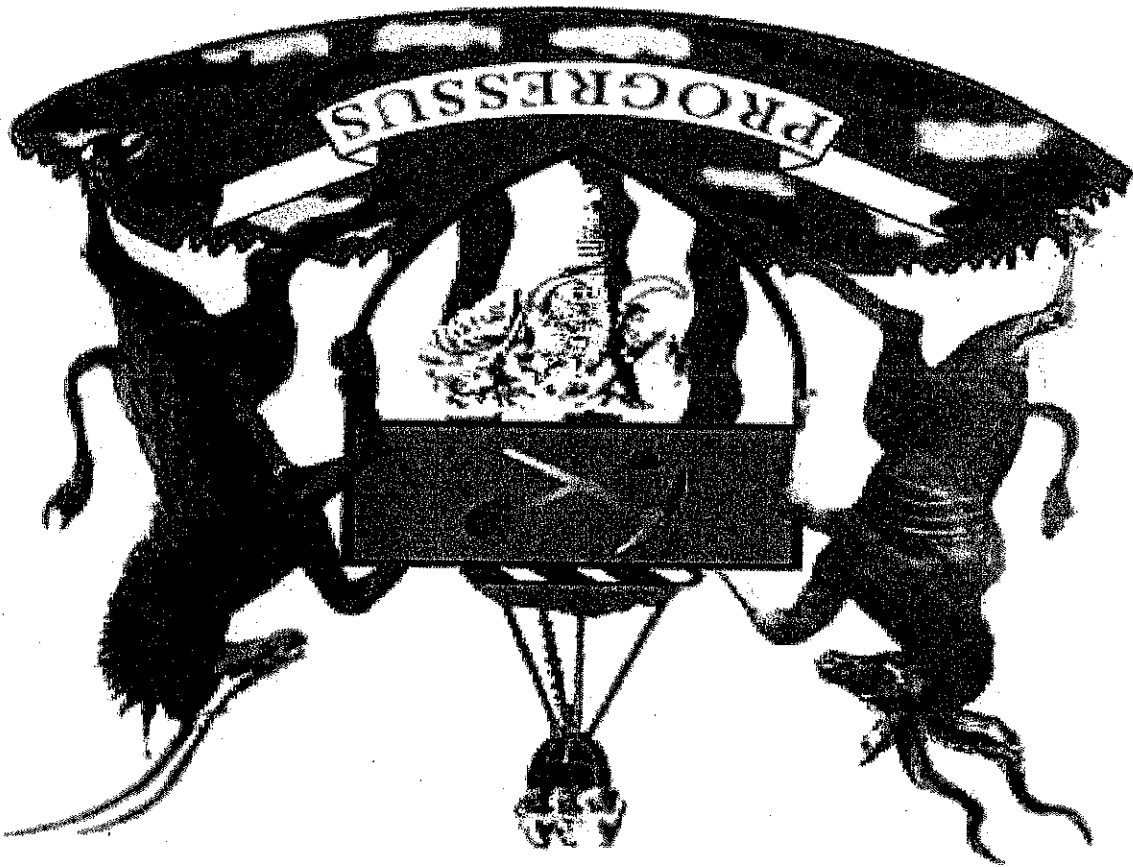


PROBED BY MPAC 30 /03/ 2023

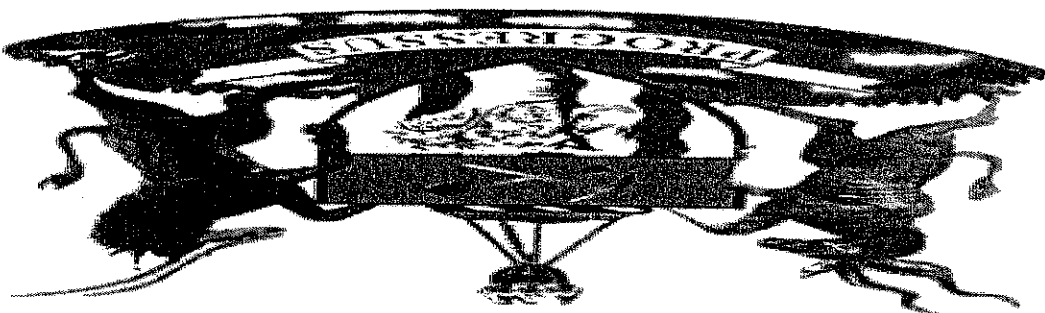
OVERSIGHT REPORT 2021/2022



BA-PHALABORWA LOCAL MUNICIPALITY

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ABBREVIATIONS

MPAC.....MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

AO..... ACCOUNTING OFFICER

MM.....MUNICIPAL MANAGER

AG.....AUDITOR GENERAL

CAE..... CHIEF EXECUTIVE OFFICER

GRAP..... GENERALLY, RECOGNISED ACCOUNTING PRACTICE

IMFO..... INSTITUTE OF MUNICIPAL FINANCE OFFICERS

MFMA..... MUNICIPAL FINANCE MANAGEMENT ACT

MIG..... MUNICIPAL INFRASTRUCTURE GRANT

CFO.....CHIEF FINANCIAL OFFICER

PPFA..... PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT

SDBIP.....SERVICE DELIVERY AND IMPLEMENTATION PLAN

AOPo..... AUDIT OF PERFORMANCE INFORMATION

SCM.....SUPPLY CHAIN MANAGEMENT

Introduction

The Annual report is a document which provides an overview of the process of financial and non-financial performance in respect of previous financial period 2021/2022. The adoption of the Annual report is a legislated requirement in terms of MFMA Act 56 of 2003.

Background

The annual report for the financial year 2021/2022 was prepared by management and tabled in Council meeting dated 30 January 2023. Reporting on the Municipality's performance for the period of 1 July 2021 to June 2022. The Community was advised through public notices in the printed media and Municipal website as from the 2 of February 2023. Copies of the 2021/22 Annual Report were distributed to all local libraries, Traditional authorities also to the other Municipality's offices around Ba-Phalaborwa. Community was advised to present their comments on the Annual report.

The Oversight report is the final step in the Annual reporting process. Section 129 of the MFMA requires the Council to consider the Annual report of the municipality and municipal entities and to adopt an oversight report containing the Council comments on each annual report as per MFMA circular 32.

The oversight report must include a statement whether the Council:

- (i) has approved the annual report with or without reservations;
- (ii) reject the annual report; or
- (iii) has referred the annual report back for revision of those components that can be revised.

The roles identified in the Annual Reporting process

1. The role of Management

The Management is responsible for the preparation of the Annual Report and to submit the report to Council. The Council will refer the Annual report to the committee(MPAC) for consideration.

2. The role of the Committee (MPAC)

The role of MPAC is to consider the structure and content of the Annual Report to determine whether it complies with standards set by the National Treasury, contains information required in terms of circular 63 and 68 and if such content fairly represent the achievements of the Municipality over the relevant financial year. After consideration of the Annual report, MPAC must prepare an Oversight report in terms of the circulars.

3. The role of Council

The Councils role is to receive and consider the recommendations of the MPAC with a view of taking final decision on the matter.

3.1 Legal Status

3.2 The constitution of SA 108 of (1996).

3.3 The Municipal Structures Act 117 of (1998).

3.4 The Municipal Systems Act of 32 (2000).

3.5 The Municipal Financial Management Act 56 of (2003).

3.6 The Municipal Performance Regulations for Municipal Managers directly

accountable to Municipal Managers (2006).

3.7 The Municipal Financial Management Act circular 32,63 and 68.

3.8 Municipal Public Accounts guidelines.

3.9 The Public Audit Act No.25 of 2004.

4. Purpose of the report

The purpose of this report is to provide comments to the Council on the Annual report for the 2021/22 financial year referred to MPAC by Council dated 30th January 2023 and to make appropriate recommendations for adoption.

5. MPAC Processes

The Municipal Public Committee therefore its work should check whether the information contained in the Annual Report is fair and reasonable, and record of the performance of the municipality and properly accounts for the actions of the municipality in the financial year reported upon.

5.1 Members of MPAC

- Cllr Mukhari MP MPAC Chairperson
- Cllr Mampuru NJ Member
- Cllr Shayi S Member
- Cllr Nyathi EF Member
- Cllr Mathebula DS Member
- Cllr Ramothwala B Member
- Cllr Malobane TM Member

5.2 Meetings Conducted

Meeting held on the 6th February 2023 to reflect on the Annual Report referred to MPAC by Council on the 30 January 2023 for probing. The report included annexure's:

- Performance report.
- Organizational structure
- Attendance registers for Council meetings
- The Auditor General Report
- Audited Annual Financial Statement
- Audit committee report

MPAC conducted working session to examine and discuss the Annual Report in detail. MPAC also obtained the views of the following stakeholders on the dates 6 to 9 March 2023 in order to facilitate the consideration of the Annual Report:

The Audit Committee Chairperson

Chief Audit Executive (Internal Audit)

Risk Manager

PMS Manager

Salga

Auditor General

The committee was unable to conduct project visit under quarter review due to time constrains.

The Committee meeting was held on the **22 March 2023** to further engage issues of the Annual report regarding questions sent to Management and preparations for public hearing.

Public hearing was held on 23 March 2023 at Lulekani town hall.

6. Comments from the Public

6.1 No comments received from the public.

7. Supporting documents

7.1 Supporting documents which the Committee requested were not perused due to answers brought late, the committee will peruse and give a feedback.

8. Recommendations

Municipal Public Accounts Committee in terms of section 129 of the Local Government Municipal Finance Management Act, Act 56 of 2003: Annual report 2021/22

8.1 That Council Approve the Oversight report without reservations.

8.2 That the following recommendations of MPAC be endorsed and that

Committee monitor the progress on the recommendation and

Executive give regular feedback to MPAC

8.3 Non-compliance

✓ Service provides that assist in AFS preparation must assist as early April each year.

✓ Establish APR Technical Committee which will monitor preparation of the APR.

✓ Establish compliance unit that will also assist SCM/BTO to review SCM processes prior appointment/commitment.

8.4 Annual Performance Report

✓ Continuous training on Smart Indicator and targets development.

8. Annexures

The following documents to be attached on the Oversight report

8.1 Schedule for considering the 2021/22 Annual report.

8.2 Questions and responses.

8.3 Working template

8.4 Attendance register

.....


CLLR Mukhari MP

MPAC CHAIRPERSON

DATE

.....
20/02/2023



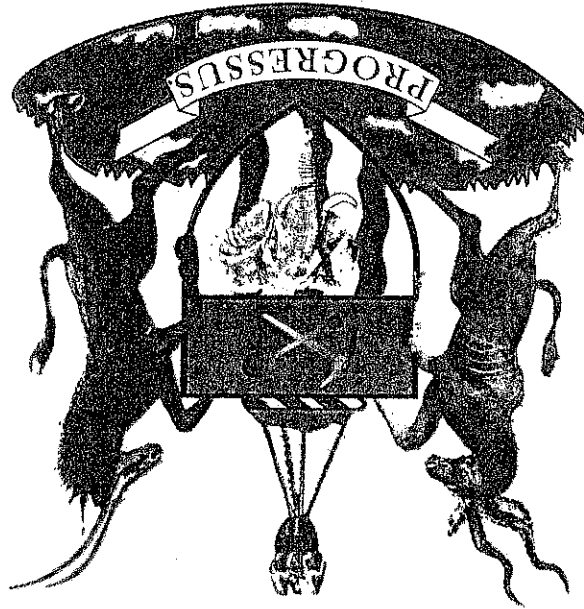
Website: www.ba-phalaborwa.gov.za

Physical Address
 Nelson Mandela Drive
 Selati Road, PHALABORWA
 1390

Postal Address
 Private Bag x01020
 PHALABORWA
 1390

Telephone and Fax
 Tel: 015 780 6300
 Fax: 015 781 0726

**PROPOSED SCHEDULE FOR CONSIDERING
 2021/22 ANNUAL REPORT**



BA-PHALABORWA MUNICIPALITY

PROPOSED SCHEDULE FOR CONSIDERING 2021/2022 ANNUAL REPORT

BACKGROUND

The 2021/22 Annual Report was tabled in Council by the Honourable Mayor Cllr MM Malatji on the 30th January 2023. According to Section 129 of the MFMA, Council has to consider the Annual Report of the Municipality, and by no later than two months from the date on which the annual report was tabled adopt an oversight report containing the Council's comments on the report. Council has referred the Annual Report to the Municipal Public Accounts Committee (MPAC) for consideration. The MPAC is expected to probe the Annual Report and compile an Oversight Report on the Annual Report on behalf of Council. Members of the public have been invited to make representations on the Annual Report and to also express interest to participate in the MPAC committee that will be probing the report (see advert below):

BA-PHALABORWA MUNICIPALITY



NOTICE OF PUBLICATION OF THE 2021/22 ANNUAL REPORT AND AN INVITATION TO SERVE IN THE OVERSIGHT COMMITTEE
In terms of Section 16(1) of the Local Government Municipal Systems Act, Act 32 of 2000, Ba-Phalaborwa Municipality strives to develop a culture of community participation in municipal affairs and hereby gives notice of publication of the 2021/22 Annual Report.
Members of the public are encouraged to probe and comment on the content of the annual report which will be made available in municipal libraries, offices, the website, and local traditional authorities from February 2023.
Interested individuals are requested to submit written applications to serve in the MPAC that will be constituted and mandated by Council to consider the 2021/2022 Annual Report and further submit an Oversight Committee Report within two months from the date in which the Annual Report was tabled in Council.
The closing date for the submission of comments or representations on the Annual Report is Thursday the 7th of February 2023.
All applications and representations should be in sealed envelopes and addressed to the Municipal Manager, Hand deliveries should be made and registered at the reception of the Phalaborwa municipal offices, Cnr Nelson Mandela Drive and Selati Road.
Address all correspondences to: The Municipal Manager
Ba-Phalaborwa Municipality
P/Bag x 01020
Phalaborwa
1390
Enquiries should be directed to Khoza LP at Tel: (015) 780 6858 or Cell: 0730441570 or khozal@ba-phalaborwa.gov.za
Notice No.

SCHEDULE FOR CONSIDERING THE 2021/2022 ANNUAL REPORT

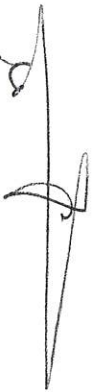
PROCESS PLAN

The Municipal Public Accounts Committee (MPAC) has to adopt a process plan to be followed in probing the Annual Report. The following is a draft process plan to be ratified and adopted by the MPAC.

MEETING NO.:	DATE	ACTIVITIES	OUTPUTS / OUTCOMES / RESULT	PARTICIPANTS
1	30/01/2023	<ul style="list-style-type: none"> Referral of Annual Report by Council to MPAC. MFMA 127&129 (1) 	<ul style="list-style-type: none"> Comments and Clarifications. 	<ul style="list-style-type: none"> MPAC members / MM
2.	07/02/2023	<ul style="list-style-type: none"> Public participation on the Annual Report. MFMA 127 (5) 	<ul style="list-style-type: none"> Comments and clarifications 	<ul style="list-style-type: none"> MPAC Members / MM
3.	10/02/2023-16 th /02/2023	<ul style="list-style-type: none"> Open for Public Comments. MFMA 127(5) 	<ul style="list-style-type: none"> Comments and Clarifications 	<ul style="list-style-type: none"> MPAC members MM
4.	21/02/2023-24/02/2023	<ul style="list-style-type: none"> Working Session (Probing of Annual Report for written questions) 	<ul style="list-style-type: none"> Comments and Clarifications 	<ul style="list-style-type: none"> MPAC members
5	28/02/2023	<ul style="list-style-type: none"> Adoption of written questions to the AO. 	<ul style="list-style-type: none"> Comments and Clarifications 	<ul style="list-style-type: none"> MPAC members
6	09/03/2023	<ul style="list-style-type: none"> Responses from Accounting Officer on written questions. 	<ul style="list-style-type: none"> Comments and Clarifications. 	<ul style="list-style-type: none"> MPAC Researcher
7.	14/03/2023	<ul style="list-style-type: none"> Clarifications for Accounting 	<ul style="list-style-type: none"> Comments and clarifications. 	<ul style="list-style-type: none"> MPAC members and MM

SCHEDULE FOR CONSIDERING THE 2021/2022 ANNUAL REPORT

		Officer on responses. MFMA 129 (2) (a)		
8.	20/03/2023	<ul style="list-style-type: none"> Mayor on Public Participation on the annual report 	<ul style="list-style-type: none"> Comments and Clarifications 	<ul style="list-style-type: none"> Mayor and MPAC Members
9.	25/03/2023	<ul style="list-style-type: none"> Considering of Public Comments with MPAC. 	<ul style="list-style-type: none"> Draft Oversight Report 	<ul style="list-style-type: none"> MPAC members and MM
10.	23/03/2023	<ul style="list-style-type: none"> Public Hearing. 	<ul style="list-style-type: none"> Copies available in all local libraries. Public Meeting /Virtual/ Facebook page. 	<ul style="list-style-type: none"> MPAC members; MM
11.	27/03/2023	<ul style="list-style-type: none"> Finalization and adoption of recommendations to Council. 	<ul style="list-style-type: none"> Draft Oversight Report. 	<ul style="list-style-type: none"> MPAC Members
12.	31/03/2023	<ul style="list-style-type: none"> Tabling of report in Council. MFMA 129 	<ul style="list-style-type: none"> Oversight Report 	<ul style="list-style-type: none"> MM MPAC Members
13.	04/04/2023	<ul style="list-style-type: none"> Publicizing Oversight Report (Within 7days of adoption) MFMA 129 	<ul style="list-style-type: none"> Copies available in all local libraries. Public meeting 	<ul style="list-style-type: none"> MM Council
14.	11/4/2023	<ul style="list-style-type: none"> Submission of Annual Report and Oversight Report to Provincial Legislature (Within 7 	<ul style="list-style-type: none"> Oversight Report. 	<ul style="list-style-type: none"> MM



SCHEDULE FOR CONSIDERING THE 2021/2022 ANNUAL REPORT

		days of adoption of Oversight Report. MFMA 129 & MSA 21A		
--	--	--	--	--

Recommendation

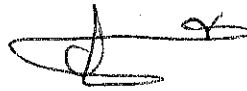
1. That Council approves the schedule for considering the Annual report.



MP Mukhari
MPAC Chairperson

30/03/2022

Date



The basis for baseline figure is the billing report which was deemed insufficient by the AGSA. We are currently using collection schedule to correct the problem. We are counting street by

Management Responses

- Was consequence management implemented?
 - Who is the responsible official to address the finding?
 - What are the different actions that are going to be implemented currently to resolve the finding?
 - The finding was raised in the two previous financial years, why was no measures implemented to resolve it?
 - What are the different actions that are going to be implemented currently to resolve service in urban areas but failed to support the target?
- 1.1. What guided you to plan 12 605 households with access to basic waste removal

ANNUAL PERFORMANCE REPORT

2021/22 ANNUAL REPORT QUESTIONS BY MPAC TO THE MAYOR

MADAM/SIR

1390

PHALABORWA

Private Bag x 01024

Ba-Phalaborwa Municipality

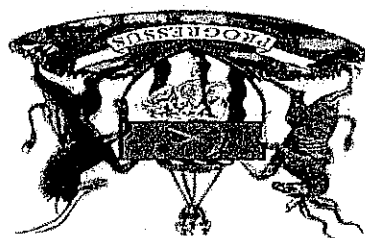
Cc: Accounting Officer/ Speaker

The Hon Mayor


13 March 2023

OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS

LOCAL MUNICIPALITY



BA-PHALABORWA



(1) The responsible person is the Revenue Manager

Who was responsible to implement the measures? Is management issuing account statements to the house owners?

Management has employed a service of a debt collector to focus in the townships in order to improve on collection of long outstanding debt. The Municipality is also providing incentives in order to encourage customers to settle their debts

The finding is recurring and why hasn't it been resolved? Did management resolve all the challenges that were raised in the previous financial year if not why?

Under collection is still caused by the culture of non-payments of services especially in the townships and management has sourced a service of a debt collector to focus on outstanding debt from those townships. The plan to collect 80% was the target for only old debt. The municipality's collection rate has gone up to 69% in the year 2021-22 financial year which shows an improvement compared to previous years.

Management Respond
What caused the under collection?

1.4. The Municipality planned to collect 80% of its debt in the 2021/2022 FY but only collected 13%. Previously they indicated the poor performance is caused by Culture of non-payment, old infrastructure which doesn't allow the Municipality to restrict water & customers complaining that they don't receive water (hence they're not paying)/

(i) Responsible Person - Manager Revenue
Who is responsible to compile the indigent register?

(ii) Management to visit Wards during weekends in order to ensure that everyone is covered for Indigent Subsidy.

(i) Management requested the Ward Councillors and Ward Committee members to do a door to door campaign and collect information leading to registering Customers

the qualifying citizens?

What are the action management is taking to ensure that the indigent register covers all



Were the trainings in the Work Skills Development Plan conducted since the report only talks of the MEMIP training? **MR**

1.6. The report indicates that there is certain legislation which requires that they be uploaded on the website but it was not done;
Why is the Annual Performance Report indicating performance of 100% on the submission of information for publishing on the website while the target was not achieved?
Why were the documents not uploaded on the website as the legislation requires?
Who was responsible to upload the documents? **Communication Provider**
Information to ICT Office
What action has management implemented to ensure that the documents are uploaded on the website as required by legislation?
All legislated documents are published on the website as per legislation (which one are not published on the website)

1.7. On the project works plan it is reported that the municipality has completed project to replace street lights;
Where was the replacement of the street lights done?
The EBDSM grant which was implemented in 21/22 FY was the installation, testing, commissioning and maintenance of 60 energy efficient high mast lights which was done in Maseke, Namakgale, Mashishimale and Majeje. (Project was for the high mast)
How many street lights were replaced in Phalaborwa, Namakgale, Gravelote and Lulekani. How many streets lights do we have in all the areas and how many are dysfunctional?
1200 street lights in Phalaborwa town were 950 are functional and 250 dysfunctional, 300 streets lights in Namakgale were 210 are functional and 90 dysfunctional and 250 streets high mast lights in Lulekani were 190 are functional and 60 dysfunctional. Gravelote 55 street light, 3 working 25 not working

Does the municipality have a maintenance plan for the street lights?
The municipality has a maintenance plan for all the electrical infrastructure which include maintenance of streets lights and high mast lights.
Is the maintenance plan implemented?
Yes it implemented however, maintenance plan is not followed due to the aging infrastructure were the municipality is only doing reactive maintenance rather than planned maintenance.

50 % of staff at BTO are trained on the GRAP Standards through submission and Approved of WSP.

3.2.2. Provide a schedule of training at, attended by BTO staff on GRAP Standards.

It was an error on the application of GRAP standards when preparing the financial statement

3.2.1. Why were the applicable GRAP standards not adhered in relation to paragraph 4 receivables from non-exchange transactions and consumer debtors, 6 revaluation reserves, 8 contingencies, 9 accrual liability and 15 cash flow statement?

3.2. Accounting Standards not adhered to (5)

No, because the issue was mainly on the accounting treatment only and not about having lost or misplaced some documents

3.4.4. Was the appropriate action taken against the responsible person?

All Managers within their respective departments

3.4.3. Who is responsible for the anomaly?

There municipality does not have issues with the filing system

does not recur?

3.4.2. What is the current status in terms of your filing system to ensure that the finding

the adjustment requested hence it was not having supporting documents, but AG indicated that there was no time to audit

General Expenses - During the time of audit by AG, the municipality requested to correct the classifications of inventory consumables as it was incorrectly classified under general expenses

Payables - Payables were supported with a schedule (which agrees to the amount disclosed on the AFS) however, transactions that made up bulk of the figures are from the previous financial system (Sebita System) which the Municipality doesn't have access to.

income and employee cost, not provided to the AGSA for audit.

3.4.1. Why was the supporting documents in relation to paragraph 10 and 11 of Payables from exchange transactions, paragraph 7 General expenses, paragraph 13 on interest

3.1. Supporting documents not provided (6).

are:

From the findings raised by the AGSA, there are 3 major root causes identified which

3. Material Findings

None, because the main issue was the financial system which led to officials doing manual bank reconciliation in the 2020-21 financial year.

2.9. What consequence management was implemented for non-preparation of bank reconciliations as this was not done in the previous year?

3.6.1. Why are this accounts identified by the AGSA not billed monthly?

The AGSA issued a material irregularity notice in relation to water consumption not billed.

3-6. Material Irregularity

To be attached **MDM/MDM/SLA**

3-4.4. Request SLA

The plan is still a proposal at the level of management for both municipalities in order to resolve the issue of old debt

3-4.3. If there is a plan in place, how far is the implementation?

It was also proposed during the CFO forum that the debt be written off. Management from both municipalities has proposed to write off the debt and start afresh as some of these balances relates to some years ago and causes unnecessary audit findings and also unfunded position.

3.4.2. What plan do you have to ensure that this debt is cleared which is different from the previous years?

The root cause for the debt is due to services billed (Water & Sanitation) recognised as Income and this income becomes a liability to MDM.

3.4.1. What is the root cause for this debt?

The AFS analysis indicates that the Municipality may not be able to pay its debts because its current liabilities are more than current assets and the major contributor is MDM debt.

3-5. MDM debt and SLA

The municipality is implementing the credit control and debt management policy by issuing cut-offs on a monthly basis and also coupled by the debt collector to assist in collection of outstanding debts from the townships.

3-3-5. In terms of the audited AFS, 70% of the debt is impaired, what plan do you have to turn around the situation and improve the cash flow?

The municipality has developed a plan to address all the findings for 2021-22 and is in progress raised?

3.3.4. What is the status of the implementation of the action plan to address the findings raised?

The Accounting Officer has always emphasized the issue of adherence to legislation governing the municipality or face consequences

3-3-3. What corrective measures were implemented for the deficiency?
Managers and Senior managers in their respective departments

- a) # of indigent hh with access to FBE
- b) # of indigent hh with access to basic waste removal services?

3.8.2. Why was the reported achievement not supported by portfolio of evidence (POE) for? There was an omission that will be corrected in future

3.8.1. Why did the review process of the Annual Performance Report (APR) not detect the differences between the target in the approved Service Delivery Budget Implementation Plan (SDBIP) and the target in the APR (rural villages with access to basic waste removal services)?

None, as this was an instruction from the former municipal manager after realising that there was no value for money

3.7.4. What action was taken against the responsible person? The revenue manager

3.7.3. Who was responsible for the non-compliance?

Management has taken the item to Council to have these water meters in the villages removed from the financial system and write-off the debt with the exception of meters installed in business properties. This will assist in addressing the material irregularity.

2. Revenue management

Some of the issues that caused non-compliance were removed from the revised PPPA regulation and management has revised the SCM policy to aligned to the new regulation for implementation.

1. Procurement and Contract Management; Expenditure management

3.7.2. What corrective measures are put in place to prevent this non-compliance in future? The non-billing of water and sanitation in villages resulted on non-compliance. The municipality had in the past installed water meters in villages with the aim of collecting revenue, and it did not yield the desired results and taking readings from those villages were discontinued which resulted to material irregularity in the 2021-22 financial year.

3. Revenue management

The amounts that were paid to the previously appointed service providers whereby non-compliance were detected, was recorded as irregular expenditure.

2. Expenditure management

There was some non-compliance detected by AG on previously appointed contractors and consultants which are running for a period of three years.

1. Procurement and Contract Management:

8.1 Is there any reduction in illegal structures built on municipal land? Please provide a report on the number of illegal structures built on municipal land comparing 2020/21 and 2021/22.

Currently the awareness is done through imbozo where the Mayor always emphasised the danger of land invasion and construction of illegal buildings. This year the planning and building section combined is planning to conduct the awareness on planning and building control processes.

8. Why was awareness not conducted to the community on construction of illegal structure on municipal land?

This year the Municipality will prepare 9 months' annual financial statements and submit the statements to internal audit for audit. Then an interim audit by AGSA will be requested to audit opening balances. This will ensure that AGSA focuses on current year by 31 August 2023.

7.2 What will be done differently in the current financial year to ensure there is improvement in implementing the AG Action Plan?

There were findings which could only be cleared after year-end and these findings could not be audited by Internal Audit to confirm their implementation because AGSA was already on side.

7.1 At year end the municipality was at 41% in terms of implementing the AG Action; why was the Action Plan not implemented in full?

7. Municipality developed an audit plan to address the risk of unfavourable audit outcome however there was no improvement.

9 parks that were maintained and 9 open space were maintained

6.3 How many parks and open spaces did the municipality maintain?

The plan do not cover all municipal areas due to limited resources, certain critical areas are regularly maintained for public safety.

6.2 Does the plan cover the whole Ba-Phalaborwa Municipality?

The municipality has maintenance plan for developed parks and open spaces in urban areas.

6.1 Does the municipality have a maintenance plan for the parks?

6. Maintenance of parks and open space was identified as a risk in the institution.

Lack of funds and the template will be updated to include the column

5.1 Why is there no column for progress to track the current status of the challenge?

5. According to the table on page 30 it is indicated that certain issues raised by the community have been addressed while the challenge is still there, why did the report indicate that the matters have been addressed (e.g. p.31 Checkers overcrossing)?

15. On the financial performance for the water services there was an overspending on the budget for 2021/22, why was there an overspending? Why was the matter not addressed during budget adjustment? Who is responsible to monitor the water services budget? What will management implement to ensure there is no overspending on the budget?

14 The vacancy rate at the water services unit is at 50%, why is the figure so high? How is the municipality managing to provide services with the high vacancy rate? When will the positions be

The table will be updated
13. On table T3.1.6 "House hold without minimum water supply" there are no figures indicated for the 2020/21 and 2021/22. Why were the numbers not provided?

The volume of water pumped is not enough to supply the whole Phalaborwa because the reservoirs are always not full and some areas does not have water due to the low pressure, also the low is caused by illegal connection wherein community member are tempering with the main bulk line.

12.2 Is the volume of water pumped to the community of BaPhalaborwa enough to supply the whole Ba-Phalaborwa community? If not, why?

Both Municipality are not implementing the SLA
12.1 The municipality has a Service Level Agreement with Mopani District on water and sanitation but the contract is not implemented; why is the SLA not implemented? Does the municipality have a capacity to implement the SLA? Who is responsible to implement the SLA? Is there monthly monitoring on implementation of the SLA?

12. The figures in the table on page 52 haven't changed from 2017 to 2022 while the Ba-Phalaborwa Community is growing;

Yes, there is segregation of duties in a sense that the municipality also uses Interns and Learners to do some of the work.

11.4 Is there segregation of duties in the SCM Unit, if not how is management planning to address this and when will it be addressed? Chapter 4

No, the municipality is in a process of filling vacant positions

11.3 Is the SCM unit adequately staffed? If not, when will the vacant positions be filled?

The municipality is in the process of training the officials within the SCM Unit in 2022/23 financial year. Skills to provide

11.2 Are SCM Officials adequately trained? If yes, submit the list of trainings attended?

compliance issues were emanating from the piece of legislations that were addressed in the new regulation.



The municipality is planning to fill the critical vacant positions first so that the work done by consultants will be done by the officials appointed to perform specifically that task.

Is there any reduction of the use of consultants as the results of the transfer of skills?

The skills transferred include preparation of audit file for AG and also the compilation of GRAP compliance Fixed Asset Register

What skills was transferred to the municipal staff since appointment of the service providers?

Budget and Treasury Unit has outsourced the preparation of AFS and Asset Register;

Due to capacity constraint in terms of personnel, which the municipality is yet to address, quarterly financials are not prepared.

Why are quarterly financial statement not prepared?

The drains are being cleaned and unblocked as and when but the progress is minimal due to shortage of personnel.

When will the drains be maintained?

Who is responsible?

The drains are cleaned and unblocked as and when the need arises but due to shortage of staff the section prioritize pothole patching than unblocking and cleaning of storm water drains.

Why are the drains not maintained?

The municipality is no longer maintaining the storm water drainage,

What is the system used to monitor the public transport?

We don't have integrated transport development plan; we are using the transport forum to deal with transport related issues

How is the municipality planning to maintain the roads with a 50% vacancy?

The municipal roads and storm water section has 2 teams with 6 members per team for day to day maintenance of roads and storm water and 1 team from Foskor with 11 personnel for road sealing

regarding the vacancy on roads?

Indicated that the positions are filled on the same table. What is the correct status

The table on T3-7-5 indicated a vacancy of 100% on level 9 - 3 although it is regarding the vacancy on roads?

the licence is not extended there will be a challenge and it will be costly for the municipality to dispose waste outside its jurisdiction. Senior Manager Community Services is responsible to monitor landfill site.

not why?

31. Did the appointment of pool of lawyers by the municipality include local content, if

The Municipality has appointed the Systems administrator as Firewall administrator and the Security, Firewall, Anti-virus Policies are implemented, subscription for these applications deployed has been activated.

- Who is responsible and when will it be implemented?

The desired level of protection from all sorts of attack would be 100%, however that doesn't entirely depend on the application we deployed, the vulnerabilities in an environment are brought about by human actions, therefore we always try to make our colleagues aware of other traits the attacker/hackers uses. Consequently the hackers are one step ahead, we have a security policy that we have implemented and the application deployments are in line with the policy, although much depends on the users rather than the anti-virus application, level is determined by users behaviour.

- from viruses?

- What is the desired level of compliance to ensure that the municipality is protected

The Municipality is expose to viruses by virtue of connecting to internet and with the high cybersecurity issues that are raising on daily basis, as the municipality we are trying our utmost to inform colleagues on cybersecurity matter by conducting the awareness through email, also the municipality deployed anti-virus and firewall(Sophos) and mail security(Mimecast) to curb the vulnerabilities as a control, so far we have not had serious challenges with AV.

- Doesn't the 60% virus free environment expose the municipality to viruses?

- environment.

30. In terms of the annual report it is reported that security in the ICT is 60% Virus free

The function is done by MDM

- Does the municipality have a budget for disaster relief?

- Was there any instances where the municipality failed to provide relief and

29. In terms of the Annual Report the municipality provides relief in the event of disaster.

Department of Transport inspectorate recommended that we relocate the testing ground and the land identified is around impala park stadium. The project has long been identified but could not materialize due to limited funding, it is always placed under unfunded projects.

- What is the due date for moving the station?

- new station?

- Has the new area been identified and what is the progress in terms of building the

28. It is indicated that there is a need to relocate the driver's license testing station;

(water, toilet etc.)?

- How is the municipality planning to support the traditional authorities, town and township cemeteries to comply with basic legislations which includes provision of services

Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO [questions/requirements]	Comments from the members of the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
FINANCIAL MATTERS 1. The annual financial statements [AFS] for the municipality and, if applicable, consolidated statements [with all entities] as submitted to the Auditor General.	Where the municipality has sole or effective control of a municipal entity, consolidated financial statements are required. The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the new accounting standards for municipalities.	Have the required standards been met – refer audit report and report of audit committee for views on this? [Applies also to AFS of municipal entities].	Yes		Committee satisfied and AG comments and the opinions in this regard were also noted	Approved
2. The Auditor General's report on the financial statements of the municipality and the entity		Is the audit report included in the annual report as tabled? When will the audit report be tabled? What are the causes for the delays? What actions are being taken to expedite the report?	Yes			Approved
3. Any explanations that may be necessary to clarify issues in connection with the financial statements.	The accounting standards require that notes accompany the statements to provide explanations of issues and matters reported. Refer also points below on information in notes to AFS.	Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?	Yes			Approved
4. An assessment by the accounting officer on any arrear on municipal taxes and service charges, including municipal entities.		Has an adequate assessment been included? [Applies to AFS of municipal entities]. Is there sufficient explanation of the causes for the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	Yes			Approved



Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO - [questions/requirements]	Comments from the members of the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
5. Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	The conclusions of the annual audit may be either - - an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; - a qualified audit opinion setting out reasons for qualification, which means that certain issues need to be addressed before an unqualified opinion can be achieved; or - the auditor will disclaim the statements and not offer an opinion. In this case there may be serious financial issues to be addressed. The objective of the municipality should be to achieve an unqualified audit opinion.	Taking into account the audit report, audit opinion and the views of the audit committee, council should consider: To what extent does the report indicate serious or minor financial issues? To what extent are the same issues repeated from previous audits? Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? Has a schedule of action to be taken been included in the annual report, with appropriate due dates?	Yes		There is action plan attached.	Approved
6. An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget	The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly. Council should comment and draw conclusions on performance and explanations provided.	Has the performance met the expectations of council and the community? Have the objectives been met? What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget?	Yes			Approved



Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO - [questions/requirements]	Comments from the members of the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
7 An assessment by the municipal entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and the municipality	Agreements between the municipality and its entities for service delivery are to include measurable performance objectives. This will include measures of services delivered to the community, financial targets, expenditure targets etc. The entity's annual report must include an assessment by the accounting officer, of performance against these objectives. In order to show the linkage between the entity and the municipality, the report of the municipality should also include the performance of entities. Council should comment and draw conclusions on performance and explanations provided.	Has the performance met the expectations of council and the community? Have the performance objectives been met? What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget?	Yes			Approved
8. Any information as determined by the municipality, the entity or its parent municipality	Review any other information that has been included in regard to the AFS. The above applies also to the AFS of municipal entities.		Yes		Additional information provided	Approved
9. Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	Have the recommendations of the audit committee with regard to the AFS been adequately addressed by the municipality and/or the entity? What actions need to be taken in terms of these recommendations?	Yes			Approved

No

Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO - [questions/requirements]	Comments from the members of the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
ALLOCATIONS RECEIVED AND MADE 10. Allocations received by and made to the municipality	The report should disclose: - Details of allocations received from another organ of state in the national or provincial sphere. - Details of allocations received from a municipal, entity or another municipality. - Details of allocations made to any other organ of state, another municipality or a municipal entity. - Any other allocation made to the municipality under Section 214(1)(c) of the Constitution. Council should comment and draw conclusions on information and explanations provided.	Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?	Yes			Approved
11. Allocations received and made to the municipal entity	The report should disclose: - Details of allocations received from any municipality or other organ of state. - Details of any allocations made to a municipality or other organ of state. - Other information as may be prescribed. Council should comment and draw conclusions on information and explanations provided.	Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?	Yes			Approved



Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO - [questions/requirements]	Comments from the members of the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
12 Information in relation to the use of allocations received	Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include: - The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects.	Council should be satisfied that - - the information has been properly disclosed; - conditions of allocations have been met; and - that any explanations provided are acceptable.	Yes			Approved
	Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 2 14(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance.					



		details of the reasons for non-compliance are to be provided.						
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Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO - [questions/requirements]	Comments from the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
	<p>-Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p> <p>This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation.</p> <p>The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.</p> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>					



Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO - [questions/requirements]	Comments from the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
<p>13 Information in relation to outstanding debtors and creditors of the municipality and entities</p>	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.</p> <p>It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p><i>Council should be satisfied that</i></p> <ul style="list-style-type: none"> - the information has been properly disclosed; - conditions of allocations have been met and - also that any explanations provided are acceptable. <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>		Yes			Approved



Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO - [questions/requirements]	Comments from the members of the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
<p>14</p> <p>DISCLOSURE IN NOTES TO AFS</p> <p>Information relating to benefits paid by municipality and entity to councillors, directors and officials</p>	<p>CONSIDERATIONS RELATING TO SECTION 124</p> <p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ul style="list-style-type: none"> salaries, allowances, and benefits of political office bearers, councillors and boards of directors, whether financial or in kind; any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors; salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; contributions for pensions and medical aid; travel, motor car, accommodation, subsistence and other allowances; housing benefits and allowances; overtime payments; loans and advances, and; any other type of benefit or allowance related to staff. 		Yes		Information accurate.	Approved



Information required to be included in annual reports	Council Considerations	Questions	Is the required information included in the Annual Report? YES / NO	If the answer is NO - [questions/requirements]	Comments from the members of the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
	<p>Council should be satisfied that</p> <ul style="list-style-type: none"> the information has been properly disclosed; conditions of allocations have been met; and that any explanations provided are acceptable. <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>					
<p>MUNICIPAL PERFORMANCE</p> <p>The annual performance reports of the municipality and entities</p>	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are [next column]. Council should comment and draw conclusions on information and explanations provided.</p>	<p>Has the performance report been included in the annual report?</p> <p>Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</p> <p>Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</p> <p>In terms of key functions or services, how has each performed? Eg. have backlogs for water, sanitation and electricity been reduced? What are</p>	<p>Yes</p>		<p>The reports are included. Backlogs are reduced in a slow phase. Customer Survey results shows that the municipality is performing very well. Council resolutions are implemented.</p>	<p>Approved</p>



		<p>the refuse collection volumes, library usage statistics etc? To what extent has performance achieved targets set by council? Is the council satisfied with the performance levels achieved? Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings? What actions have been taken and planned to improve performance? Is the council satisfied with actions to improve performance? Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager? Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes? Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective? To what extent have actions planned for the</p>				
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16	Audit reports on performance	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.	<p>previous year been carried over to the financial year reported upon?</p> <p>Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</p>	Yes	The recommendations by internal audit are partially implemented.	Approved
17	Performance of municipal entities and municipal service providers	The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.	<p>The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the municipality?</p> <p>What other actions are considered necessary to be taken by the accounting officers?</p>	Yes	The information of action plan on auditor general recommendations.	Approved
18	For municipal entities – an assessment of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other	This is the separate report of the municipal entity and should contain details of service delivery agreements with the municipality and the performance measures therein.	To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP?			



	agreement between the entity and municipality	Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities.	Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality? What specific actions should be taken by the entity and the municipality to improve performance?					
	GENERAL INFORMATION	THE FOLLOWING GENERAL INFORMATION IS REQUIRED TO BE DISCLOSED IN THE ANNUAL REPORT.						
19	Relevant information on municipal entities	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses and contact details for entities, the purpose of the entity, the functions and services provided, the type and term of service level agreements with the entities.						
20	The use of any donor funding support		What donor funding has the municipality received? Have the purposes and the management agreements for the funding been properly agreed upon? Have the funds been used in accordance with agreements? Have the objectives been achieved? Has the use of funds been	Yes				Approved



			effective in improving services to the community? What actions need to be taken to improve utilisation of the funds?				
21	Agreements, contracts and projects under Private-Public-Partnerships	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.	Yes	Information provided is silent	Approved reservation with		
22	Service delivery performance on key services provided	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report and or in statistical tables.	Yes	There is no report provided in terms of service delivery performance on key service provided	Approved		
23	Information on long-term contracts	Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.	Yes		Approved		
24	Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.	Yes		Approved		



	with statutory obligations	Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.			Approved
25	Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant [MIG] framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.			Approved
26	Timing of reports	OTHER CONSIDERATIONS RECOMMENDED	Was the report tabled in the time prescribed? Has a schedule for consideration of the report been adopted? What	Yes	Approved
27	Oversight committee or			Yes	Approved



<p>other mechanism</p>	<p>mechanisms have been put in place to prepare the oversight report? Has a schedule for its completion and tabling been adopted?</p>	<p>Yes</p>			<p>Approved</p>
<p>28 Payment of performance bonuses to municipal officials</p>	<p>Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report.</p>	<p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council? If so has a proper evaluation of performance been undertaken? Was the evaluation approved by council? Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report? Are the payments justified in terms of performance reported in the annual report?</p>			
	<p>Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.</p>				



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SURNAME & INITIALS	06 FEBRUARY 2023	06-09 MARCH 2023	22 MARCH 2023	23 MARCH 2023	29 MARCH 2023
Cliff Makhanya	Present	Present	Present	Present	Present
Cliff Nyathi	Present	Present	Present	Present	Present
Cliff Mathibula DS	Present	Present	Apology	Apology	Present
Cliff Shayi S	Present	Present	Present	Present	Apology
Cliff Makhanya NI	Present	Present	Present	Present	Apology
Cliff Rametlwale B	Present	Present	Apology	Apology	Present
Cliff Malobane TM	Present	Present	Present	Present	Apology

ATTENDANCE REGISTER

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

BA-PHALABORWA MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

