



OVERSIGHT REPORT ON 2022/2023 ANNUAL REPORT

PROBED BY MPAC 27 /03/ 2024

BA-PHALABORWA LOCAL MUNICIPALITY

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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 2022/2023. 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 2022/2023 was prepared by management and tabled in Council meeting dated 30 January 2024. Reporting on the Municipality's performance for the period of 1 July 2022 to June 2023. The Community was advised through public notices in the printed media and Municipal website as from the 2 of February 2024. Copies of the 2022/23 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.

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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 2022/23 financial year referred to MPAC by Council dated 30th January 2024 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.

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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 2024** to reflect on the Annual Report referred to MPAC by Council on the 30 January 2024 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.
- AG Action Plan

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 **20-23 March 2024** in order to facilitate the consideration of the Annual Report:

The Audit Committee Chairperson

Chief Audit Executive (Internal Audit)

Risk Manager

PMS manager

Coghsta

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The Committee meeting was held on the **29 February 2024** to adopt questions sent to the Mayor on the **6 March 2024** and to engage on issues of the Annual report and preparations for public hearing.

Project visit was done on the **11 of March 2024** and public hearing held on **20 March 2024** at Impala sports 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 2022/23

8.1 That Council Approve the Oversight report without reservations

8.2 That management include performance assessment in the municipal Annual diary.

8.3 Management must upskill personnel in the traffic department to do Capturing at the licencing department.

8.4 Municipality must implement performance assessment per time lines.

8.5 Municipality to FastTrack the filling of critical post in BTO in order to Enhance capacity.

8.6 In regard to meetings of LLF not siting MPAC recommend that Municipality should elevate the matter the Unions in the upper structures and also seek legal advice.

8.7 That the municipality should urgently laisse with MDM to implement the

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by-laws with regard to illegal connections and fast track metering of car washes and swimming pools.

8.8 That the outcome of performance assessment of (section 56&57)

Managers be presented to council.

8.9 That management must be responsible to prepare recovery plan not

Service providers

8.10 That officials be responsible for preparing AFS be exposed to training for

GRAP 18 or segment reporting.

9. Annexures

The following documents to be attached on the Oversight report.

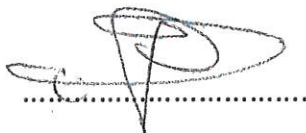
9.1 Schedule for considering the 2022/23 Annual report.

9.2 Questions and responses.

9.3 Working template

9.4 Notice of the public hearing

9.5 Attendance register



CLLR Mukhari MP

MPAC CHAIRPERSON

28/03/2024

DATE

BA-PHALABORWA MUNICIPALITY



PROPOSED SCHEDULE FOR CONSIDERING 2022/23 ANNUAL REPORT

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

Website: www.ba-phalaborwa.gov.za

SCHEDULE FOR CONSIDERING THE 2022/2023 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.

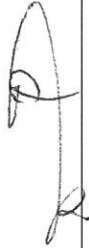
MEETING NO.:	DATE	ACTIVITIES	OUTPUTS / OUTCOMES / RESULT	PARTICIPANTS
1	30/01/2024	<ul style="list-style-type: none"> Referral of Annual Report by Council to MPAC. MFMA 127&129 (1) 	Comments and Clarifications.	<ul style="list-style-type: none"> MPAC members / MM
2.	12/02/2024	<ul style="list-style-type: 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.	13/02/2024-15/02/2024	<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.	20/02/2024-23/02/2024	<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	26/02/2024	<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	08/03/2024	<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.	15/03/2024	<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 2022/2023 ANNUAL REPORT

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

1. That Council APPROVE the schedule for considering the 2022/23 Annual report.



MP Mukhari
MPAC Chairperson

31-01-2024

Date



ABBREVIATIONS

MPAC.....MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

AO..... ACCOUNTING OFFICER

MM.....MUNICIPAL MANAGER

AG.....AUDITOR GENERAL

CAE..... CHIEF EXECUTIVE OFFICER

SDL.....SKILL DEVELOPMENT LEVY

AFS.....ANNUAL FINANCIAL STATESMENTS

GRAP..... GENERALLY, RECOGNISED ACCOUNTING PRACTICE

IMFO..... INSTITUTE OF MUNICIPAL FINANCE OFFICERS

MFMA..... ..MUNICIPAL FINANCE MANAGEMENT ACT

MIG..... MUNICIPAL INFRASTURE GRANT

CFO.....CHIEF FINANCIAL OFFICER

PPPFA..... PREFERENCIAL PROCUREMENT POLICY FRAMEWORK ACT

SDBIP.....SERVICE DELIVERY AND IMPELMANTATION PLAN

AOPO..... AUDIT OF PERFORMANCE INFORMATION

SCM.....SUPPLY CHAIN MANAGEMENT

BA-PHALABORWA



LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS

06 March 2024

The Hon Mayor

Cc: Accounting Officer/ Speaker

Ba-Phalaborwa Municipality

Private Bag x 01024

PHALABORWA

1390

MADAM/SIR

2022/23 ANNUAL REPORT QUESTIONS BY IMPAC TO THE MAYOR .
MUNICIPAL MANAGER'S FOREWORD

Low revenue service

1. There are appointment of service providers for meter reading and recently the municipality advertised posts for meter reading.

1.1 How are they going to work/collaborate?

- A recruitment plan by the municipality to appoint meter readers is necessary and long overdue.
- Currently, this function is outsourced and on a 3-year contract.
- Therefore, it is imperative for the municipality to appoint its own meter readers.
- Furthermore, if appointed now, the appointed company would work closely with the employees to transfer skills.
- Hence, the AG and National treasury are expecting the institution to reduce or minimize the use of service providers.

2. Does the municipality have a plan to combat illegal water connection, if yes is it effective?

- MDM is a Water Service Authority while BPM is a Water Service Provider subjected to the SLA. Based on the SLA, it is MDM that should develop a plan to combat illegal water connection and further implemented by BPM. This plan in the MDM Water services by-laws.
- The parties have recently met regarding water related challenges including the management of illegal connections wherein there is a commitment to start with the removal illegal connections in areas which are reticulated, followed by the ones which MDM is currently completing the construction of the reticulation projects.

3. What is the municipality plan of action in reducing service providers, when it comes to providing water?

- BPM management team in its recruitment plan advertised the positions of meter readers meant to replace a contracted service provider.
- Management has a plan to purchase its own yellow machinery but is currently hindered by institutional income or financial constraints. Hence, the institution is spending a lot on hiring such machinery [such as TLBs, Excavators, etc]
- Based on the content of the PMC and Foskor SLPs, they are committed to procuring the yellow machinery for the institution.

4. Why is the municipality not billing car washes?

- Billing can only be done when an application for a water connection has been made and when a metered connection is provided.
- Therefore, there are car washes that have accounts and are billed.
- While those that are those that connected water illegally and they are operating illegally. Which means they are not metered and are not billed.

5. Why is the municipality not installing meters on those car washes?

- The car washes which are not billed are operating unlawfully and without lawful water connections.
- Therefore, the municipality cannot install any water meter on an illegal connection. The illegal car washes do not have accounts.

ANNUAL PERFORMANCE REPORT

1. The municipality failed to achieve a target of constructing 1km of tarred road at Benfarm as planned and they indicated the reason for failing to achieve the target is poor performance by the contractor.

- 1.1 What measures are in place to ensure that the contractors accomplish their deliverables?
 - The project is under close monitoring by the Project Management Unit section, in conjunction with the appointed Consulting Engineer who has a resident Engineer full time on site.
 - The contractor also appointed a new Site agent and Contract's Manager whose presence have greatly improved performance of the project. Furthermore, a recovery plan was made by the contractor with the assistance of the Engineer.
- 1.2 Were the measures implemented?
 - Yes
- 1.3 Was the recovery plan submitted by the contractor?
 - Yes
- 1.4 If yes, was the recovery plan implemented? What is the progress and if no what are the reasons? (Please provide a copy of the recovery plan).
 - The recovery plan was initially implemented, and progress improved onsite, however the progress again fell considerably behind.
- 1.4 What plan does management have in case the contractor does not provide the recovery
 - Close monitoring of the project by both the engineers and the PMU,
 - Letters to conscientize the contractor to comply with the contract are also sent to the contractor.
 - The municipality also made intervention through the Office of Municipal Manager, including CoGSHTA and MISA.

1.6 Since the physical project progress is 28% and the budget spent is 86% for the 2022/23 financial year, how will the remaining amount complete the remaining work of 72%?

- Based on the project progress report, as at the end of the 2022/23 FY, the physical progress was 31.6%, and the financial progress 28%.
- The budget spent of 86% is based on the allocation of the 2022/23 FY (R18 200 000) and not on the total project allocation (i.e. R30 420 000). The project is a multi-year project and had an allocation in the 2022/23 FY as well as an allocation 2023/24.
- Current physical progress of the project is 64.8% and financial progress is at 63%.

1.7 In terms of the service provider's assessment the project was allocated R30 420 000 and progress is at 31,6% and the planned project completion is 22 March 2024. . Will this project be completed on time?

- No, the project will not be completed on time.
- The contractor is currently behind schedule and has submitted a claim extension of time to the engineers, which is currently under review (in line with GCC). Main reasons are weather conditions and delay in receiving material by the contractor.
- Anticipated completion of time is April 2024.

1.8 The progress on capital projects reflects 28% of physical progress and the service provider assessment reflects 31.6% physical progress and both progress is for year 1, - why are they different?

- As at the end of the financial year, and as indicated in the project progress report, the correct physical progress was 31.6%, 28% is the current financial progress and not the physical progress.

2, The municipality failed to achieve the target of Local Labour Forums meetings convened and this has led to the municipality failing to review the HR Policies. The matter is recurring as it was also reported in the previous financial year.

2.1 What are the root causes for LLF meetings not sitting?

- Disagreements between Organized Labor and the Employer/Management Components exist, especially IMATU leadership.
- The disagreements led to the forum failing to finalize the items tabled for consultation since 2023.
- The lack of quorum mostly from the Organized Labor.

- Importantly, Labor especially IMATU desire to co-manage with management. While management resist any attempt to co-manage the institution with the unions. NB. HR Policies were reviewed and submitted to council for approval

2.2 Why is there no improvement on the matter after the interventions implemented in the previous financial year (training by SALGA)?

- Management tried communicated with SALGA to assist with training the members.
- Hence, SALGA has trained the Management only while labour component refused to be trained.
- They argued that SALGA represents the interests of the employer.
- They further indicated that SALGA, IMATU and SAMWU are equal parties and therefore cannot train each other on Main Collective Agreement-related issues.
- Consequently, one may drive a horse to the river but you can't force it to drink the water

3. The municipality planned to provide indigent waste for 907 households but only 334 received the services.

3.1 What guided the target of 907 households and why was it not substantiated?

- The original number of Indigent Households with Free Basic Refuse Removal was 1181.
- Based on the Auditor-General assessment, 907 Indigent Households was derived as a conclusion from the findings.
- Consequently, only 334 indigent households received Free Basic Refuse Removal.

3.2 What plan does the municipality have to address the underperformance in the next financial year?

- Management plan to continuously review, reconcile, and verify the list of the indigent households receiving free waste collection in urban households against a certified municipal indigent register.
- Therefore, this finding should find an expression of the audit action plan of the department. Furthermore, management would seek guidance from the audit committee and the internal audit committee before the next audit circle.

3.3 Who is the official responsible to implement the corrective measures?

- Senior Manager Community and Social Services

4. In terms of the Annual Report the committee detected that there are discrepancies in the number of indigents registered in the municipality, in that total number of access to free basic water is 384, access to free basic sanitations is 301, access to free basic electricity is 419, and access to free basic refuse is 334.

4.1 How did you arrive at 907?

- The 907 was arrived at after the audit assessment by the AGSA

4.2 How do you inform those whose indigent application was successful?

- The registration of indigents is an effort of management, ward councillors, ward committees and members of the community.
- Consequently, the final indigent register approved by Council is shared or communicated to ward Councillors for communicating to the members of the public who applied for Indigent.

4.3 Previously we had a decline in the number of people registering for indigent services, what is the current progress in terms of the matter?

- The municipality has amended the policy to indicate that customers who registered in the previous year remain on the indigent register, and the municipality does Vetting on the existing list while accepting also new applicants.
- Currently, there is progress.

4.4 Is there improvement?

- Yes, the numbers are increasing!

4.6 If not, why and provide the remedial action.

4.6 If yes, provide the stats.

- A total number of 50 new applications have been received and recorded.
- While councillors & ward committee members have collected blank forms with the intention of doing door to door registration.

5. The municipality has not conducted performance assessments for section 56 and 57 managers for the financial year under review and this matter is recurring.

- The Municipality has subsequently conducted 2022/23 Annual Individual Performance Assessments for Senior Managers on 5 and 6 March 2024.
- Hence, COGHSTA advised that assessments should only be conducted after the Auditor General has presented the final audit outcome to Council on January 31, 2024.

- 5.1 What led to the municipality not conducting performance assessment for Section 56 and 57 Managers as per the regulation Municipal System Acts Section 41(1)
- The Municipality aims to ensure that the process for assessments is initiated in a timely manner to ensure compliance with legislated periods for assessments (Mid-Year & Annual).
-
- 5.2 What are the measures implemented to ensure that the municipality complies with the regulations and assessments are done?
- Management has put in place the assessment plan that will be adhered to and implemented as planned. [check]
6. The municipality achieved a performance of 72% instead of a planned target of 100% regarding the % of complaints resolved and this also leads to delays on the provision of services to the community.
- 6.1 What are the reasons for management failing to resolve the complaints? What are the areas where management failed to resolve the complaints?
- The target of 100% means that the municipality should have attended to all (100%) complaints within the reporting period.
 - The main challenges for failing to resolve all the complaints as at 30 June 2023, are ageing infrastructure, inadequate human resources (number of vacancies) within the technical services department and inadequate funds.
- 6.2 How is the management planning to improve on the KPI and when will it be done?
- Most complaints which are not resolved are water services, wherein ageing infrastructure is addressed by the Mopani District Municipality (MDM), as the Water Services Authority.
 - The MDM has a Water Master plan and Water Services Development Plan (WSDP) which shows when specific infrastructure will be refurbished and upgraded.
 - Consequently, to capacitate the Technical Services Department, to improve this KPI, some of the positions were filled, whilst some have been recently advertised.

7. The municipality scored a level of 48% on the satisfaction survey by the community, the planned target was 100%. A report on areas of dissatisfaction was compiled and presented to management.
- 7.1 Which specific areas in the municipality are affected by the service delivery issues listed in the report?

▪ **Technical Department Services**

The department received only 238 completed questionnaires from ward committees (1,2,3,4,5,6,9,11,12,13,14,15,17&19. Ward 7,8,10,16&18 did not submit.

▪ **Community and Social Service Department**

In terms of weekly/daily waste collection or removal areas such as Selwane village, Majeje, Matiko-Xikaka, Humulani, Lulekani township area, Lulekani Biko, Haniville, Topville, Kanana, Boelang, Maseke and some part of Makhushane and Mashishimale.

- 7.2 Did the municipality develop a plan to address those issues? If yes provide the plan. If no how are they planning to address the matter?

Technical Department

- The issues raised were on technical competency, Availability of water, maintenance of water infrastructure, access to sanitation facilities, cleanliness of the streets, quality of gravel roads, maintenance of internal streets, access to bridges/culverts, state of road signage, maintenance of stormwater drainage, availability of speedhumps, reliability of electricity, maintenance of electrical infrastructure. The municipality is addressing the:
- Technical competency – A recruitment plan is in place. The municipality has qualified personnel with the required skills within the technical department. The only critical position filled is the Chief Electrical Engineer wherein the employee who had previously occupied the position had resigned. The municipality has since re-advertised the position.
- In terms of the availability of water – MDM as the Water services Authority has in place a Water Master plan and Water Services Development which addresses the availability of water and the upgrade and refurbishment of water and sanitation infrastructure. Furthermore, there are various water reticulation projects executed by the MDM to address availability of water. MDM and BPM are also working jointly to address all water related issues such as in Namakgale.
- The maintenance issues such as maintenance of water infrastructure, maintenance of sanitation infrastructure, upkeep of gravel roads, are work in progress, as the

municipality addresses the maintenance issues raised by the community as and when they occur.

- The municipality has adopted a maintenance plan for the upkeep of gravel roads which addresses all wards. There is also a patching and sealing programme.
- There is also a maintenance plan for water and sanitation infrastructure. However, due to the number of complaints received versus the availability of resources, the maintenance is more reactive, and the maintenance plan is not followed.
- In 2022/23, RAL rehabilitated 26 000 sqm in town, and PMC rehabilitated the PMC rehabilitated 1.5km of various streets in town. RAL has recently completed 25 000 sqm of roads in Lulekani and Namakgale.
- Through the IDP processes various service delivery infrastructure projects are identified and prioritized for funding and implementation. Currently through MIG, the municipality is implementing the Upgrade of the Benfarm road from gravel to tar, and the installation of the Lulekani culvert.

Community and Social Services

- The Municipality has planned to purchase new additional skip bins which will be strategically placed in different areas where the Municipality cannot service in terms of waste management. On the other hand, the Municipality has got the future plan to purchase additional Rural Refuse compactor truck that will assist in extending the services to area affected by waste removal.

How far is the municipality in terms of implementing the plan/addressing the issues?.

- The Municipality has placed 30 skip bins donated by Phalaborwa Mining Company to areas affected. Each of the areas affected receive one or two skip bin depending on the demand, and skip bins were strategically placed to accommodate a large volume of waste with a wide open access to the community members.

7.3 Same as above

8. In terms of establishment of land fill site construction has not yet started due to insufficient funds.

8.1 What is the progress regarding the funding from LEDET and PMC?

9. With regard to refurbishment of Namakgale stadium it was supposed to be completed by October 2023 as per extension requested.
-

9.1 Since the extension of the project expired in October 2023 and the project is still not yet completed, is the current extension approved in terms of relevant legislation?

- The project had two extension of time, 1st extension was until October 2023 and second extension was until 27th of February 2024, the engineers have been instructed to place the contractor under penalties as of the 28th of February 2024 in line with GCC

9.2 Why was the project not completed in October 2023 as per extension?

Who is responsible for the delay, and what actions were taken against such?

- The contractor is behind schedule due to slow progress onsite.

9.4 Will the project be completed by 30 June 2024.?

- Currently the aim is to complete the project before 30 June 2024. The municipality in conjunction with the Engineers are aiming for this.
- However, this is dependent on the performance of the contractor, which entails the ability to assign financial and the required human resources towards the completion of the project.

10. Regarding Selwane Sports Complex the project is reported as 99% complete.

10.1 The auditor general raised a finding which might be material irregularity because the stadium is not utilized while is complete. Is the stadium being utilized now?

- No.

10.2 If no, why is it not utilized and when will it be utilized?

- The technical department is in the process of cleaning, clearing the site, and minor repairs (e.g. stolen copper pipes, etc.) to hand over the project to the community for use.
- The plan is to hand over the project to the community by the beginning of April.

10.3 The expenditure of R820 000 is reported on the project, Why is the project budget adjusted to R0?

- The adjustment to R0, means that no additional budget was allocated to the project other than the original allocation.

11. On the installation of storm water culverts in Mshishimale Lejori, Makhushane access bridge to cemetery and Humulani and Lulekani Project there is still work to be done and the municipality has exhausted its budget. The adjusted budget is R15 900 000 and the actual expenditure on the project is R16 018 082.

11.1 Where will the municipality get the funds to complete the remaining part of the project?

- The project is a multi-year project, which is still in progress. The budget is not exhausted. The original total allocation of project is R28 000 0000. Though R16 018 082 had been spent in the 2022/23 financial year.
- The outstanding allocation was made in the 2023/24 financial year.

11.2 Why is the budget adjusted to less than what is committed?

- Payment of the fees of the Consulting Engineer was made for planning work for early execution of the project in 2023/24 financial year.

11.3 Why are this grants funded projects executed late in the municipality?

- Late appointment of service providers

11,4 What are the root causes of late appointments of contractors in municipality for grants funded projects?

- Plans are put in place to appoint within the required time; however, unforeseen circumstances overwhelmed the process.
- Need to improve planning for infrastructure projects.

11.5 How is the municipality mitigating the issue of late appointments of contractors?

- Advertisement of bids in the fourth quarter of the financial year before project implementation.

11.6 Is there improvement on the matter?

- Yes, there is an improvement.
- The municipality advertised the Construction of the Lulekani Culvert (funded by MIG) in the fourth quarter of the 2022/23 financial year.
- Appointment of the contractor was made in August 2023.
- Much improvement will be seen the execution of the 2024/25 financial year since some of the projects are already on are currently on bid specification with the aim to advertise by the fourth quarter of the 2023/24 financial year.

12. The poor collection of debts was raised in the previous financial and the same matter was also raised in the year under review. What is it that you are going to do differently to improve on collection?

- The municipality will continue implementing the same strategies that are contained in the revenue enhancement as it has been seen to be working (Use of debt collector in the townships, implement cut-offs and offer incentives to those who want to settle their debts)

12.1 After we have hired service providers to assist in debt collection, are we seeing improvements in debt collection?

- Yes, the Municipality is collecting over a million monthly in the township (Lulekani & Namakgale).
- This displays positive signs towards the right direction.

12.2 With the incentives provided and the services of the debt collectors, why did the property rates collection decline from 60% (2021/22) to 52% (2022/23)?

- The decline on property rates income is linked to Commercial customers and perhaps is affected by the shutting down of business due to the economic challenges facing the country.

12.3 What are the additional measures that management will implement to improve on debt collection?

- Continuous implementation of the stringent credit control and debt management policies of the municipality.

12.4 In the last response of questions posed to management it was indicated that the Municipality will engage Mopani District regarding the installation of prepaid water meters.

- Capital projects is a responsibility of MDM in terms of the SLA and BPM is responsible for meter maintenance.

12.5 In terms of the SLA who is responsible for installing water meters. Please provide POE.

- The responsibility of BPM is outlined in Section C of the SLA, as attached. Hence, the municipality does install water meters at a small scale as part of water services.
- The roll-out of the pre-paid meters will affect the current operational budget to water services, thus will require funding by the Water Services Authority (WSA).

12.6 What is the progress regarding the matter?

- There is no progress on the matter. (From DTS)
 - There is currently no progress because MDM is talking of taking over the function as opposed to be dealing with the issues affecting the service delivery issues related to water and sanitation. (BTO)
- When will the prepaid water meters be active?.
- This will be dependent on the availability of funding by MDM .(DTS)
 - Since BPM is an agent, date can't be confirmed. Only MDM can commit on the date as they are responsible for that proposed project by BPM.(BTO)

13. The municipality has an approved maintenance plan for electrical infrastructure but it was noted that some of the street lights and high masts in Namakgale, Phalaborwa and Lulekani were not operational for a longer period.

13.1 Were the street lights and high masts maintained in the year under review?

- Yes

13.2 If yes, please provide POE.

- Kindly see the POE attached.

13.3 If not, why were they not maintained.

13.4 What Is the turnaround time to responding to a service request?

- Depending on the nature of the fault, some are attended immediately.
- Most of the faults are due to stolen cables on ESKOM side of which the turnaround is dependent on ESKOM

13.5 Is the municipality achieving the targeted turnaround time? If not why?

- Yes

13.6 When will the Streetlights and High masts be repaired?

- Currently there is a contractor onsite, replacing the old high mast and streetlights fittings. Maintenance of streetlights and high mast is part of the daily maintenance.

14. The municipality has appointed consultants to compile the Annual Financial Statement however the Auditor General raises findings regarding the standard of the AFS compiled.

14.1 How is the accounting officer going to ensure that the municipality produces credible financial statements before they are referred to Assurance Providers?

- The municipality is in a process of filling critical vacant positions within BTO to reduce the pressure facing the current existing staff when coming to issues of day-to day activities leading to the production of credible AFS.
- In addition, based on the current situation, we shall ensure that the preparation starts as early as the first week of July so that the municipality could have enough time to thoroughly review internally before they could be referred for external review.

14.2 Since the contract of service provider is ending in 30 June 2024, was there transfer of skills on the preparation of AFS from the consultants to the municipal official?

- Skills Transfer was done to each sectional manager however the municipality still need to revise the organisational structure and create position for a person whose responsibility will be that of preparing AFS and, that would also enable the municipality to produce quarterly AFS.

14.3 Did management conduct skills transfer assessment? If yes, what is the outcome.

- Yes. (proof skills Transfer attached)



Proof of Skills
Transfer AFS.pdf

14.4 Are the official competent to produce the credible AFS internally?

- Yes, they are competent.
- However, there are still significant components of AFS which the municipality still needs the assistance of consultants and,
- also, the other challenge is lack of capacity in terms of warm bodies in BTO, the Budget and Treasury doesn't have enough staff to be able to produce AFS internally. However the recruitment process is underway.

14.5 When will the municipality be able to produce credible AFS internally?

- Firstly, the municipality is working on filling the critical vacant positions in BTO and will as a starting point capacitate officials in terms of Case ware system that is used to prepare AFS.
- Furthermore, the proposal will be submitted to include such a position in the organogram of the municipality for approval and implementation after Job evaluation process.

15. The municipality achieved performance of 66% on Implementation of the AG action

15.1 Why did management fail to achieve 34% of the Auditor General Action Plan? 15.2 A new action plan was drafted for the recent audit, how different is management going to implement the plan to ensure that all recommendations are implemented?

- The 34% on the Audit action Plan comprise of 2% not yet started and 32% in-progress. The in-progress findings were awaiting year-end procedures which Auditor General confirmed during their audit and were cleared except for 1 finding on payables.
- Due to many findings that needed the attention of the Municipality, all was resolved except the 1 finding which is being attended to now.
- The 2% not yet started was in relation to ICT which needed the skill of an expert IT and some needed budget. Council appointed ICT Steering Committee Chairperson on the 28th February 2024 who will assist in providing expert advice to resolve the ICT finding.

15.2 A new action plan was drafted for the recent audit, how different is management going to implement the plan to ensure that all recommendations are implemented?

- Currently the mechanisms utilized proved to be working in resolving the findings raised by the AGSA. This is evident by the reduction of 13 qualification paragraphs to 2.

15.3 How is the Accounting Officer holding the management accountable to ensure that they implement the approved action plan?

- All Senior Manager's Performance Plans include a key performance indicator that holds the Senior Managers accountable on the Audit Action.
- On a monthly basis the Accounting Officer holds Senior Managers accountable on the Action plan through Senior Management meetings.

16. On the action plan it was indicated that there is lack of capacity in the institution to review prior year adjustments (Ref AAP50585-2023).

16.1 What kind of capacity/skill is lacking to fulfil the function as we have the CFO and consultants?

- That is the language used in auditing when errors are picked up on any information that is being audited, it means the information presented by management might contain errors or not being understood by Auditors in resolving any finding that occurred previously.
-

16.2 The in-progress status and the completed date are in conflict, please provide clarity

- The completion date will be revised as it was incorrectly captured.
- While, the correct date of completion is 30 April 2024

17. The Auditor General raised a finding on the incorrect application of the VAT Act. (AAP50596-2023)

17.1 Was the planned meeting with Limpopo Provincial Treasury and Mopani District Municipality convened to address the finding? If yes, what is the outcome of meeting.

- Yes. The meeting did take place on the 1st of February 2024 and, below are the outcome of the meeting.
1. Obtain the Vat Comaf that was raised in Mopani by the Mopani AGSA team relating to the BPM water and sanitation transactions.
 2. Obtain the Vat correcting journal with its supporting workings/schedules that was processed by Mopani as a response to the AGSA comaf.
 3. Process the inverse correcting journal in the BPM books of the Mopani correcting journal as a prior period error adjustment to transfer the Mopani vat out of BPM financial records.
 4. Compile both output and input vat workings relating to water and sanitation transactions for the prior periods and compare with the workings of Mopani to ensure completeness of journal entries.
 5. Process any additional journal entries that might be required to correct the prior periods.
 6. Process transferring journal entries for current period water and sanitation vat transactions out of the financial records of BPM into the Mopani loan account.
 7. The SLA between MDM and Ba-Phalaborwa needs to be reviewed.

17.2. What is the current progress in terms of resolving the finding?

- The reconciliations for the balances that the municipality needs to move from our Audited AFS to Mopani are ready.
- We are awaiting MDM to confirm the Journals which they have passed from their side before we could start adjusting the Audited balances on our AFS.

18. The Auditor General raised a finding on inadequate change management policy and management committed to review the policy (Ref AAP50538N2023)

18,1 Has the policy been reviewed and approved by council?

- The change management has been incorporated into Security Policy and the Policy have been reviewed and approved and approved by council: council Resolution 437/37, the changes Management matters are expressed in the Security Policy under item 22 Change Management.

18.2 If not, when will it be done.

18.1. Responded to

19. The auditor general raised a finding on failure to test the Disaster Recovery Plan (Ref. AAP50543-2023)

19.1 Since the municipality is in the process of budget adjustment, was the budget for testing of the back-ups catered for?

- The budget provisions have been made for implementing the DRP however the Municipality is yet to fully implement the DRP as it is only done for Sage Backup not on the entire environment.

19.2 Will the testing be done by 01 April 2024?

- The testing will not be done by the 1st of April because the DRP is not fully implemented.
- The plan is approved by council however the Municipality has started with the research through proof of concept (POC) wherein only one service provider has done the POC.
- At least two service providers need to be engaged for the purpose of completing a POC each, and a duration of 2 months is required to conclude the POC.

20. The auditor general raised a finding on performance management evaluation' (AAP505472023) whereby the employees did not sign the performance management agreements

20.1 Why was the Performance Management Officer post not filled on time?

- The position of IPMS Officer was appointed within the Framework of the Municipal Staff Regulations.

20.2 How does the municipality currently assess the performance of its employees?

- Regarding Section 54/56 Managers, the Municipality assesses the Managers as stipulated in the Local Government Municipal Systems Act No 32 of 2000 and its Regulations.
- For other employees the Municipality is currently embarking on the process of introducing the cascading of Performance Assessments of employees to lower levels positions from post (02) Two to (05) Five.
- All Heads of Departments were informed of the implementation process.

20.3 What is the plan to roll out individual performance assessment to all official (Level

- The Implementation Plan is to cascade IPMS in phases, starting from post-level 2 to 5 as the first and second phases. Later cascade to other levels.

21. The auditor general raised a finding on performance management assessment not being conducted (AAP50549-2023) for sec 56 and 57.

21.1 Was the Annual Assessment scheduled to take place by the 31 January 2024 conducted? If not, why?

- The Annual Individual Performance assessments could not be conducted before the Auditor General concluded the audit and presented the outcome to Council by 31 January 2024, as advised by COGHSTA.
- These assessments were scheduled subsequent to the Auditor General's presentation to Council on the final audit outcome and were since conducted on 5 and 6 March 2024.

21.2 Was the Mid-year Assessment scheduled to take place by the 28 February 2024 conducted? If not, why?

- The Mid-Year Individual Performance Assessments took place on 5 and 6 March 2024, due to administrative challenges preventing their execution on 28 February 2024 as initially planned.

22. The auditor general raised a finding on Inadequate user account management Windows Active Directory (AAP50550"2023),

22.1 The finding is recurring, and why did the responsible manager fail to address it?

- The delay in coordination of termination list between the ICT and HR.

22.2 What different action will management execute to ensure the finding is addressed?

- The ICT unit is no longer depending only on the termination list as it not available at times but also will use the form that HR is issuing to Department when employees are living the Municipality that need confirmation of any outstanding debt that are due to the employee.

22.3 Was there consequence management action taken for failing to address the finding? If no, why?

- The finding is now cleared now all the names that were not disabled are disabled.

23. The auditor general raised a finding on Suppliers who made false declarations on the MBD 4 forms (AAP50577-2023) whereby employees of the state were doing business with the municipality.

23.1 Were the relevant departments informed about their employees doing business with the municipality? If yes, what was the response?

- The relevant departments were informed, and the municipality is currently exchanging the correspondence with the relevant departments affected as part of the process of disciplining the affected employees.

24. The auditor general raised a finding where administrative conditions of the MIG and INEP grants are partially not met (AAP50579-2023)

24.1 Why were the conditions of the INEP, MIG and EPWP not met?

- The non-compliance to the administrative conditions relating to MIG and INEP funds are due to late appointment of service providers, which led to under expenditure and the department withheld the transfers.
- For EPWP (which is grant from Department of Public Works), the non-compliance to the administrative conditions is as a result of the municipality not reporting on the EPWP system. Though evidence was shown to AG that DPW did not require the municipality to report on the system and that monthly and quarterly reports were submitted timeously to DPW, this was still not accepted.
- Therefore, to close the finding the municipality will engage with DPW and National Treasury regarding this.

24.2 What are the measures management will implement to ensure that all conditions are met?

- All INEP and MIG projects will be advertised in the 4th Quarter of each financial year. Conditions of the grants will be included in the monthly monitoring reports and reviewed continually.
- Therefore, to close the finding for not meeting the grant conditions regarding EPWP, the municipality will engage with DPW and National Treasury regarding this.

24.3 Contractors for electrification of Mashishimale, Maseke and Makhushane Camp were appointed, What is the progress in terms of completing the projects?

- The municipality only is not able to implement the projects mentioned above since Eskom didn't approve the designs, due to capacity challenges on the Namakgale Substation.
- While ESKOM has indicated that the interim plan to address will take about 1 year 6 months, which will be over the municipality's implementation period.

24.4 If the project is not complete what are the challenges and how will they be addressed?

- The projects affected by capacity issues from Namakgale substation, which can't be to take additional load.
- The municipality has requested the project change control from DMRE to move connections from Mashishimale, Maseke and Makhushwane camp to Matikoxikaya and Majeje respectively.
- The projects which were originally targeted as forementioned will only be implemented when ESKOM has upgraded the Namakgale substation.

25. The auditor general raised a finding where bank statement was not agreeing with the AFS (AAP50582 & AAP50583-2023)

25.1 Why were the monthly bank reconciliations not prepared?

- When AG is auditing, they would normally raise finding which are normally resolved by management explanations and agreement in terms of how some accounting treatments can be executed and that is part of audit process.
- However, monthly bank reconciliation were prepared and were also provided to AGSA for audit. The finding related to the bank statement and the AFS was resolved and cleared during AFS adjustment as agreed upon with AG.

25.2 Who is the responsible person?

- Expenditure manager.

25.3 What corrective measures/consequence management were taken for failure to prepare monthly bank reconciliations?

- None. The reconciliations were prepared and audited hence there is no cash and cash equivalent audit paragraph on the Audit report.

25.4 What steps were taken to ensure that the monthly bank reconciliations are prepared?

- Bank reconciliations are being performed monthly.
- The municipality does not have crisis related to bank reconciliations.

26. The auditor general raised a finding about the completeness of the deviation register (AAP50587-2023)

26.1 Are there Standard Operating Procedures (SOPs) related to deviations?

- YES



Deviation
Processes.pdf

26.2 If no, when will they be developed?

Not Applicable

- If yes, were the updating of the Deviation Register and the completeness of the register incorporated In the SOPs?
 - Yes, It is part of the policy on paragraph 36(1)(b)(2) which indicates that The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

27. The municipality has appointed consultants to compile the Fixed Assets Register (FAR) however the Auditor General raises findings regarding the Revaluation Reserve and Depreciation although they were later resolved through adjustment.

27.1 How is the accounting officer going to ensure that the municipality produces credible Assets Register before they are referred to Assurance Providers?

- The officials will continuously prepare information pertaining to the Fixed Asset Register on a monthly basis which includes, amongst others, Acquisitions, Depreciation, Amortisation, Disposals and as well as quarterly counts of those assets.

27.2 Since the contract is ending in 30 June 2024, was there transfer of skills on the preparation of credible FAR from the consultants to the municipal official?

- Yes,
 - However, the consultant is still needed to bring in those scarce skills to deal with the work of an expert such as valuation of investment properties, unbundling of infrastructure assets, and any other engineers work related matters to compile the Fixed Asset Register.
-

27.3 Did management conduct skills transfer assessment? if yes, what is the outcome.

- Yes, with that one incumbent currently in the section, there are no findings related to the fixed asset register in the Audit File.

27.4 Are the official competent to produce the credible FAR internally?

- Yes, However, the consultant is still needed to bring in those scarce skills to deal with the work of an expert such as valuation of investment properties, unbundling of infrastructure assets, and any other engineers work related matters to compile the Fixed Asset Register.

27.5 When will the municipality be able to produce credible FAR internally?

- The officials will continuously prepare information pertaining to the Fixed Asset Register on a monthly basis which includes amongst others, Acquisitions, Depreciation, Amortisation, Disposals and as well as quarterly counts of those assets

28. The auditor general raised a finding relating to differences identified between prior year adjustment and auditors' calculation on licences and permits (AAP50595-2023)

28.1 Does the Municipality have qualified Accounting Clerk stationed at Traffic & Licencing to capture the transactions?

- No, it will be taken into the new reviewed organogram structure.

28.2 What is the plan and timeline of management to address the lack of capacity in the Traffic & Licencing officials?

- One Accounting Clerk position will be submitted to Department of Corporate Service for appointment in the next financial year.

29. The auditor general raised a finding relating to effective steps and appropriate steps not taken to prevent irregular expenditure (AAP50598-2023)

29.1 What is the progress with regard to the Municipality getting the Tender Files taken by the Hawks which were taken more than 2 years back?

-
- Communication is ongoing between the Management and the Hawks pertaining to acquiring the Tender Files and Laptops taken.

The End

Thank You

Mukhari MP

MPAC Chairperson

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>FINANCIAL MATTERS</p> <p>1. The annual financial statements [AFS] for the municipality and, if applicable, consolidated statements [with all entities] as submitted to the Auditor General.</p>	<p>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.</p>	<p>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].</p>	<p>yes</p>		<p>Committee unsatisfied and AG comments and the opinions in this regard were also noted</p>	<p>Approved without reservation</p>
<p>2. The Auditor General's report on the financial statements of the municipality and the entity</p>		<p>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?</p>	<p>yes</p>			<p>Approved</p>
<p>3. Any explanations that may be necessary to clarify issues in connection with the financial statements.</p>	<p>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.</p>	<p>Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?</p>	<p>Yes</p>			<p>Approved</p>
<p>4. An assessment by the accounting officer on any arrear on municipal taxes and service charges, including municipal entities.</p>		<p>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?</p>	<p>yes</p>			<p>Approved</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 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	<p>The conclusions of the annual audit may be either –</p> <ul style="list-style-type: none"> - 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. 	<p>Taking into account the audit report, audit opinion and the views of the audit committee, council should consider:</p> <p>To what extent does the report indicate serious or minor financial issues?</p> <p>To what extent are the same issues repeated from previous audits?</p> <p>Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?</p> <p>Has a schedule of action to be taken been included in the annual report, with appropriate due dates?</p>	Yes		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	<p>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 (MFMA 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.</p>	<p>Has the performance met the expectations of council and the community?</p> <p>Have the objectives been met?</p> <p>What explanations have been provided for any non-achievement?</p> <p>What was the impact on the service delivery and expenditure objectives in the budget?</p>	yes		Accounting officer has completed.	has

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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		Accounting officer had complied.	
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		audit recommendation are implemented	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>ALLOCATIONS RECEIVED AND MADE</p> <p>Allocations received by and made to the municipality</p>	<p>The report should disclose:</p> <ul style="list-style-type: none"> - 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. <p>should comment and draw conclusions on information and explanations provided.</p>	<p>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?</p>	yes		There is consistency	Approved
<p>11. Allocations received and made to the municipal entity</p>	<p>The report should disclose:</p> <ul style="list-style-type: none"> - 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. <p>Other information as may be prescribed. Council should comment and draw conclusions on information and explanations provided.</p>	<p>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?</p>	yes		Complied	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	<p>Information in relation to the use of allocations received</p> <p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <ul style="list-style-type: none"> - 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. <p>Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance.</p>	<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. 	Yes		Grants for previous two years were included with votes	Approved

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details of the reasons for non-compliance are to be provided.

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>-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 members of the Oversight Committee	Decision of the Committee? APPROVE / APPROVE WITH RESERVATIONS / REJECT / REFERRED BACK FOR REVISIONS
13	Information in relation to outstanding debtors and creditors of the municipality and entities	<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		Information is provided	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
14	DISCLOSURE IN NOTES TO AFS Information relating to benefits paid by municipality and entity to councillors, directors and officials	<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>15</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 but they are incomplete.</p> <p>Backlogs are reduced in a slow phase.</p> <p>Customer Satisfactory Survey results shows that the municipality is performing very poor.</p> <p>Council resolutions are not implemented.</p>	<p>Approved with reservation.</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, SDB/IP 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? 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> <p>Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?</p>	Yes		The recommendations by internal audit are implemented. The information of action plan on auditor general recommendations.	Yes
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. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.	Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered necessary to be taken by the accounting officers?	Yes		information was provided on assessment of the performance of the municipal entities.	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?				

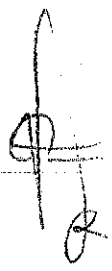
	agreement between the entity and municipality	Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities.	<p>Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality? What specific actions should be taken by the entity and the municipality to improve performance?</p>				
19	GENERAL INFORMATION Relevant information on municipal entities	THE FOLLOWING GENERAL INFORMATION IS REQUIRED TO BE DISCLOSED IN THE ANNUAL REPORT. 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.		Yes		information was provided	Approved
20	The use of any donor funding support		<p>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</p>	No		The report available in note 25 of annexure but the information is inaccurate	Reject

	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. 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.	funds been effective in improving services to the community? What actions need to be taken to improve utilisation of the funds?	Yes	Information provided.	Approved reservation without
	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 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.		No	No information provided	Reject
	24	Information technology and systems purchases and the effectiveness of these systems in the delivery of services and	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the		Yes	information provided	Approved

	<p>for ensuring compliance with statutory obligations</p>	<p>quality of IT services. 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.</p>				
25	<p>Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant [MIC] framework</p>	<p>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.</p>	Yes		information provided	Approved
26	<p>Timing of reports</p>	<p>OTHER CONSIDERATIONS RECOMMENDED</p>	<p>Was the report tabled in the time prescribed? Has a schedule for consideration of the report been adopted?</p>	Yes		Approved

27	Oversight committee or other mechanism										
28	Payment of performance bonuses to municipal officials	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. Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.	What mechanisms have been put in place to prepare the oversight report? Has a schedule for its completion and tabling been adopted?	Yes	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?	Approved					

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BA-PHALABORWA
MUNICIPALITY



INVITATION

Ba-Phalaborwa Municipality Speaker, Cllr Oliver Mabunda is kindly inviting members of the public and all stakeholders to Ba-Phalaborwa Municipal Public Account Committee (MPAC) public hearing for the

2022/2023 Annual Report

The Public hearing is planned as follows:

Date : 20 March 2024

Time : 09H30

Venue : Impala Park Sport hall

NB: Stakeholders and Community Members will only observe the hearing.

RSVP: Lulu Khoza On 073 044 1570

The Home Of Marula and Wildlife Tourism

20/3/2024



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

25 MARCH 2024

ATTENDANCE REGISTER

SURNAME & INITIALS	DESIGNATION	20-23 FEBRUARY 2024	29 FEBRUARY 2024	19 MARCH 2024	25 MARCH 2024
CLLR MUKHARI MP	MPAC CHAIRPERSON	Present	Present	Present	Present
CLLR NYATHI EF	MPAC MEMBER	Present	Present	Present	Present
CLLR MAMPURU NJ	MPAC MEMBER	Present	Present	Present	Present
CLLR SHAYI S	MPAC MEMBER	Present	Present	Present	Present
CLLR MATHEBULA DS	MPAC MEMBER	Present	Present	Apology	Apology
CLLR RAMOTHWALA B	MPAC MEMBER	Present	Present	Present	Present
CLLR MALOBANE MT	MPAC MEMBER	Present	Present	Present	Apology

[Handwritten Signature]

25/03/2024