

Umsobomvu Municipality
Continuously Rising

OVERSIGHT REPORT ON THE 2022/23 ANNUAL REPORT

**REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON IT'S
OVERSIGHT ROLE WITH REGARD TO THE 2022/23 DRAFT ANNUAL REPORT**

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1. CHAIRPERSON'S FOREWORD

The Constitution of the Republic of South Africa, 1996 (S152) states that:

"(1) The objects of local government are –

- (a) To provide democratic and accountable government for local communities;*
- (b) To ensure the provision of services to the communities in a sustainable manner;*
- (c) To promote social and economic development*
- (d) To promote a safe and healthy environment*
- (e) To encourage the involvement of communities and community organizations in the matters of local government"*

Sub-section (2) then qualifies within which parameters a municipality must do this. It states that-

"A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1)".

The Annual Report gives further expression to these Constitutional provisions by:

- Providing a record of the activities of the municipality during the financial year.
- Providing a report on performance against the budget; and
- Promoting accountability to the local community for the decisions made throughout the year.

Council is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA).

The Mayor therefore must submit to Council the Annual Report that provides a record of the activities of the municipality, a report on the performance against the budget of the municipality and thereby promoting accountability to the local community for the decisions made throughout the year, as envisaged by section 152(1)(d) of the Constitution.

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

"The MFMA now requires the municipality to report on all aspects of performance providing a true, honest and accurate account of the goals set by council and the success or otherwise in achieving these goals" (MFMA Circular 11 dd 14 January 2005)

"The functions of the MPAC are: Approval of the Annual Report means that the executive and administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable to the community.

Council has assigned the responsibility of the Oversight Report on the Annual Report to MPAC.

The Terms of Reference, of MPAC, states:

- (a) To consider and evaluate the Annual Report as tabled to Council, and thereafter make recommendations to Council in this regard. The Committee must receive the report no more than two weeks after tabling to Council.
- (b) To compile an Oversight Report and table it in Council no later than two months from the date of which the Annual Report was tabled, in terms of Section 129 of the MFMA.
- (c) To monitor that all submissions and calls for comment have been undertaken as per Section 127(5), 130 and 132 of the MFMA.
- (d) To review whether matters raised in past Annual Reports have been attended to, as well as whether recommendations made in previous Oversight Reports in terms of Section 129 of the MFMA have been attended to.

As noted in our Oversight Report, Umsobomvu Local Municipality's 2022/23 Annual Report contains many positive elements and is a significant improvement over previous years' reports as it complies with the National Treasury guidelines in most areas. But we also note areas of deficiency indicated by the Auditor General and the challenges that are to be addressed and resolved amicably. We encourage and are ready to support the Mayor and Municipal Manager and his personnel in continuing ULM's record of continuous improvement by addressing the issues noted in our Report.

All in all, the year under review has been one of steady progress despite the many challenges encountered during the period under review.

On behalf of the current Councillors serving on the Municipal Public Accounts Committee, I would like to congratulate the Mayor, Councillor M.S. Toto and Councillors serving on the Municipal Public Accounts Committee, Councillor S.A. Yobo and Councillor G.M.H. Douw. I would also like to extend a word of appreciation to the former Municipal Manager, as well as current Municipal Manager, Mr. T.W. Msengana, and staff for the significant success that is demonstrated by the 2022/23 Annual Report.

On behalf of the Oversight Committee,



COUNCILLOR W. MINNIE
CHAIRPERSON: OVERSIGHT COMMITTEE

2. OVERVIEW AND PROCESS

The Constitution of the Republic of South Africa, 1996 (S152) states that:

"(1) The objects of local government are –

- a) To provide democratic and accountable government for local communities;*
- b) To ensure the provision of services to the communities in a sustainable manner;*
- c) To promote social and economic development*
- d) To promote a safe and healthy environment*
- e) To encourage the involvement of communities and community organisations in the matters of local government"*

Sub-section (2) qualifies within which parameters a municipality must carry out its mandate. It states that *"A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1)".*

The Annual Report gives further expression to these Constitutional provisions by:

- ❖ Providing a record of the activities of the municipality during the financial year.
- ❖ Providing a report on performance against the budget; and
- ❖ Promoting accountability to the local community for the decisions made throughout the year.

Council is vested with the responsibility to oversee the performance of the municipality as required by the Constitution, 1996 (Act 108 of 1996), the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and Municipal Systems Act, 2000 (Act 32 of 2000 (MSA).

The Mayor must submit to Council the Annual Report that provides a record of the activities of the municipality, a report on the performance against the budget of the municipality and thereby promoting accountability to the local community for the decisions made throughout the year as envisaged by Section 152(1)(d) of the Constitution.

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

"The MFMA now requires the municipality to report on all aspects of performance providing a true, honest and accurate account of the goals set by council and the success or otherwise in achieving these goals" (MFMA Circular 11 dated 14 January 2005)

The approval of the Annual Report means that the executive and administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable to the community.

In accordance with the provisions of Section 79 (1) (a) (b) and (c) of the Municipal Structures Act 1998 (Act 32 of 1998) a municipality may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members.

Furthermore Section 79(2) of the Municipal Structures Act, 1998 (Act 117 of 1998) provides the framework and guidelines within which such committees of council shall operate. During the 2009 conference of the Association of Public Accounts Committee (APAC) a resolution was taken stating that the conference supports the establishment of Municipal Public Accounts Committees (MPACs) in each municipality in the country as part of improving financial management and accountability at local level. It can be unequivocally stated that since the establishment of MPACs that the financial management of municipalities improved and that the time and monies invested in these committees are well spent.

Thus, in order to enhance, promote and consolidate the oversight role of the Council over the executive, the Department of Cooperative Governance and Traditional Affairs, having consulted the National Treasury and SALGA, has instructed that all municipalities establish MPACs. The focus of the MPAC will be to assist Council to hold the executive to account and to ensure the effective and efficient use of municipal resources.

The 2022/23 Draft Annual Report was tabled to Council on the 31 January 2024. The submission of the Annual report was in compliance with Section 127 (2) of the Municipal Finance Management Act, 56 of 2003. All annexures to be included in the annual reports were included in the 2022/23 Draft Annual Report.

The Municipal Public Accounts Committee is a Section 79 Committee established by Council in terms of Section 79 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000).

This Oversight Report is tabled by the Umsobomvu Local Municipality's Public Accounts Committee under the Chairpersonship of Councillor W. Minnie.

The Municipal Public Accounts Committee is tasked to review all the activities of the municipality for the period 1st July 2022 to 30th June 2023 and provides guidance in financial matters and assist in maintaining oversight within the broader governance context. Every effort has been made to ensure that the facts are correct and applicable to the mandate of the Municipal Public Accounts Committee.

2.1 Legal Framework

The Municipal Public Accounts Committee is a Section 79 Committee established by Council in terms of Section 79 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended. A Municipal Public Accounts Committee was re-established by Council per Council Resolution 01/12/2021 dated 13 December 2021 who took responsibility for all MPAC functions.

In accordance with National Treasury's Circular 32, Committee members received the following information to guide and inform members of their roles and responsibilities in carrying out their oversight functions:

- (i) The 2022/23 Annual Report;
- (ii) The Municipal Financial Management Act (MFMA), Pocket Version;
- (iii) National Treasury's Circular 32, The Oversight Report;
- (iv) National Treasury's Circular 11, Annual Report: Guidelines;
- (v) The 2022/23 Integrated Development Plan (IDP);
- (vi) The 2022/23 Service Delivery and Budget Implementation Plan; and
- (vii) The 2022/23 ULM Budget document.

Induction training was presented by SALGA for all new Councillors after election and another session was conducted by the Municipal Manager on Policies and By- Laws. A separate training course was presented to the MPAC members on the Oversight process by the Manager Corporate Services prior to the public hearings.

2.2 Accountability Framework for Local Government

It is important to have a proper understanding of the responsibility framework for municipalities in order to correctly comprehend the purpose of the Oversight Report as it differs from that of the Annual Report and any other reports required from the municipality. The following table displays the nature of the culpability framework for local government:

Responsible body / individual	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Mayor	Community
Mayor	Policy, budgets, outcomes, management of/oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	Administration	Mayor (Council)
Chief Financial Officer and Senior Managers	Outputs and implementation	Financial management and operational functions	Municipal Manager

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Financial Management Act, 2003 (Act 56 of 2003) hereinafter referred to as the MFMA, requires the Council to consider the annual report of its municipality and to adopt an "Oversight Report" containing the Council's comments on the annual report. The Oversight Report must include a statement whether the Council:

- (i) Has approved the annual report, with or without reservations;
- (ii) Has rejected the annual report.

2.3 Community Participation Process

The Committee scheduled four Public Hearing meetings across all wards and communities of Umsobomvu municipality.

Community members were invited per official notice published in the local media and on the official notice boards to provide their comments, in writing, and/or by attending public meetings of the Committee.

The 2022/23 Annual Report was made available to the community and other bodies and same was open for inspection at the following places:

Colesberg: Main Office, Mongezi Juda Library
Multi-Purpose Community Centre

Noupoort: Administrative Office and Noupoort Library

Norvalspont: Administrative Office

Official Website: www.umsobomvumun.co.za

Notices informing the public and interested parties that the Draft Annual Report is available for inspection have been placed in the printed media and on the various official notice boards.

3. COMPOSITION OF MPAC

In terms of Council Resolution 11/11/2021 dated 22 November 2021 and Council Resolution 01/12/2021 dated 13 December 2021, Council appointed the Chairperson of the Municipal Public Accounts Committee and Councillors to serve on the MPAC:

The composition of the Committees is as follows:

Composition of the Municipal Public Accounts Committee (MPAC)

Name	Portfolio	Political Affiliation
Councillor J.P. Matthee	Chairperson	Democratic Alliance
Councillor V.P. Harmse	Member	African National Congress
Councillor A. Poyo	Member	Umsobomvu Resident's Association

The Oversight Committee appointed by Council functioned until 31 August 2022 when the composition was changed by Council after an investigation by an Ad Hoc Committee established by Council to look into the problems experienced within the committee during the course of February 2022. On 31 August 2022, per Council Resolution **02/08/2022 Final Investigation Report of the Ad Hoc Committee on MPAC**, Council resolved to dissolve the Oversight Committee and appointed a new Oversight Committee.

The composition of the current Committees is as follows:

6. CONTENT OF THE 2022/23 ANNUAL REPORT

The document's organization is an excellent example of the template that is prescribed by National Treasury in Circular 11, including the extensive Functional Service Delivery Report as contained in Annexure A of Circular 11.

Clearly, a substantial amount of high-quality work is reflected in the 2022/23 Annual Report. The Committee notes specifically that most of the information required to be included by the MFMA is included. Specifically, the 2022/23 Annual Report contains the following items:

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Component A: Mayor's Foreword

Component B: Executive Summary

- ❖ Municipal Manager's Overview
- ❖ Municipal Overview
- ❖ Municipal Functions, Population and Environmental Overview
- ❖ Service Delivery Overview
- ❖ Financial Health Overview
- ❖ Organisational Development Overview
- ❖ Auditor General Report
- ❖ 2022/23 IDP/Budget Process

CHAPTER 2 – GOVERNANCE

Component A: Political and Administrative Governance

- ❖ National Key Performance Indicators-Good Governance and Public Participation
- ❖ Introduction to Governance
- ❖ Governance Structure

Component B: Intergovernmental Relations

- ❖ Intergovernmental Relations

Component C: Public Accountability and Participation

- ❖ Public Accountability and Participation

Component D: Corporate Governance

- ❖ Risk Management
- ❖ Anti-Corruption and Fraud
- ❖ Audit Committee
- ❖ Performance Audit Committee
- ❖ Internal Auditing
- ❖ By-Laws and Policies
- ❖ Communication
- ❖ Website
- ❖ Supply Chain Management

- ❖ Disclosure of Financial Interest

CHAPTER 3

- ❖ Overview of Performance within the Organization
- ❖ Introduction to Strategic Municipal Performance for 2022/23

Component A: Basic Services

- ❖ Water Provision
- ❖ Waste Water (Sanitation) Provision
- ❖ Electricity
- ❖ Waste Management (This Section to Include: Refuse Collections, Waste Disposal, Street Cleaning and Recycling)
- ❖ Housing
- ❖ Free Basic Services and Indigent Support

Component B: Road Transport

- ❖ Roads
- ❖ Waste Water (Storm water Drainage)

Component C: Planning and Local Development

- ❖ Planning
- ❖ Local Economic Development (Including Tourism and Market Places)

Component D: Community & Social Services

- ❖ Libraries and Museums
- ❖ Cemeteries
- ❖ Child Care; Aged Care; Social Programmes

Component E: Security and Safety

- ❖ Public Safety

Component G: Corporate Policy Offices and Other Services

- ❖ Executive and Council
- ❖ Financial Services
- ❖ Human Resource Services

Component H: Service Delivery Priorities for 2022/23

- ❖ Development of Service Delivery Priorities for 2022/23

CHAPTER 4 – NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

- ❖ Introduction to the Municipal Workforce
- ❖ Employment Equity
- ❖ Vacancy Rate
- ❖ Staff Turnover Rate
- ❖ Managing Municipal Workforce

- ❖ Injuries
- ❖ Sick Leave
- ❖ HR Policies and Plans
- ❖ Capacitating Municipal Workforce
- ❖ Skills Matrix
- ❖ Skills Development –Training Provided
- ❖ Skills development - Budget Allocation
- ❖ MFMA Competencies
- ❖ Managing the municipal Workforce Expenditure
- ❖ Personnel Expenditure

CHAPTER 5 –FINANCIAL PERFORMANCE

- ❖ Component A: Statements of Financial Performance
- ❖ Financial Summary
- ❖ Financial Performance per Municipal Function
- ❖ Grants
- ❖ Asset Management
- ❖ Financial Ratios based on Key Performance Indicators

- ❖ Component B: Spending Against Capital Budget
- ❖ Capital Expenditure: Source of Finance
- ❖ Capital Spending
- ❖ Municipal Infrastructure Grants

- ❖ Component C: Cash Flow Management and Investments
- ❖ Cash Flow
- ❖ Gross Outstanding Debtors per Service
- ❖ Total Debtors Age Analysis
- ❖ Borrowing And Investments

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDING

- ❖ Component A: Auditor-General Opinion 2022/23
- ❖ Auditor General Report 2022/23
- ❖ Component B: Auditor-General Opinion 2022/23
- ❖ Auditor General Report 2022/23
- ❖ List of Abbreviations
- ❖ Annexure A: Audited Financial Statements 2022/23
- ❖ Annexure B: Auditor General's Report 2022/23
- ❖ Annexure C: Audit Action Plan
- ❖ Annexure D: Audit Committee's Report 2022/23

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7. SUMMARY OF REPRESENTATIONS RECEIVED FROM BODIES/ INDIVIDUALS

The following table reflects the key written representations received from/made by the respective bodies/individuals relating to the contents of the Annual Report:

Representation Submitted by	Key Issues Raised	Corrective Steps to be Implemented
Councillors	None	N/A
Auditor General	None	N/A
Audit Committee	None	N/A
Public input	None	N/A
Other spheres of Government	None	N/A

8. SUMMARY OF ISSUES AND CONCERNS WITH THE 2022/23 ANNUAL REPORT

The List of Issues and Concerns with the 2022/23 Annual Report contains the specific items noted by the Committee. The Committee had a look at the various pieces of legislation and drafted same in a table format to identify compliance and or non-compliance and recommended remedial actions.

Generally, these issues fall into the following categories:

ANNUAL REPORT CHECKLIST

Annual Financial Statements - Section 121(3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
121 (3)(a) 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.	<ol style="list-style-type: none"> 1. Have the financial statements been included? 2. Are the financial statements audited? 3. Have the financial statements been prepared in compliance with applicable accounting standards. 	<ol style="list-style-type: none"> 1. The Annual Performance Report, Audited Financial Statement and Report have been included in the Annual report. 2. The Auditor-General Report on the Financial Statements for 2022/23 is qualified with matters. 3. The Financial Statements are prepared in terms of GRAP compliance 	<ol style="list-style-type: none"> 1. No action required 2. Audit Action Report has been submitted with the Annual Report 3. No action required
121 (3)(a) 121 (3)(b) The Auditor-General's reports on the financial statements of the municipality.	The above applies to the AFS of municipal entities.	<ol style="list-style-type: none"> 1. Is the audit report included in the tabled Annual Report? 2. If not, when will the audit report be tabled? 3. What are causes of the delays? 4. What actions are being taken to expedite the report? 	<p style="text-align: center;">N/A</p> <ol style="list-style-type: none"> 1. The Audit Report is included in the Annual Report. The Audit Report was tabled along with the Annual report. The office of the Auditor-General officially handed over the Report in November 2023 and tabled to Council on the 31st January 2024. 2. N/A 3. N/A 4. N/A 	<ol style="list-style-type: none"> 1. No action required 2. N/A 3. N/A 4. N/A

Annual Financial Statements - Section 121(3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
121 (4)(b)	The above applies to the AFS of municipal entities.	N/A	N/A	N/A
121 (3)(h) Any explanations 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 to points below on information in notes to AFS.	1. Taking into consideration the Audit report and the Audit Committee comments, is sufficient explanation of financial issues contained in the notes to the statements?	The Audit Committee and Performance Audit Committee has submitted their reports respectively.	1. No action required
121 (4)	The above applies also to the AFS of municipal entities.	N/A	N/A	N/A
121 (3)(e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities		1. Has an adequate assessment been included?	1. The report is included in the Annual report, Finance Department Section of the Annual Report.	1. No action required
		2. Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation?	2. A dedicated section has been set up to deal with the collection of arrears and targets have been set. Debtors Age Analysis is captured in the Financial Statements.	2. Remedial action already implemented No action required
		3. Is any other action needed?	3. No	No action required
121 (4)(c)	The above applies also to the AFS of municipal entities.	N/A	N/A	N/A
121 (3)(g) 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	1. 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	The Annual Audit is qualified with matters, however, minor management issues were raised and subsequently taken to management for corrective actions to be considered on issues of non-compliance. Most of the issues raised in the Management report	The Corrective Action Report on the matters is attached in the Audit Committee Report

Annual Financial Statements - Section 121(3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
	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.	audits? <ul style="list-style-type: none"> • Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? <ol style="list-style-type: none"> 2. Has a schedule of action to be taken been included in the annual report with appropriate dates? 3. Has the municipality taken steps to address the issues raised in the Audit Report? 4. Has the Audit Report been forwarded to the MEC? 	has been attended to. The Municipality has taken steps ensuring that managers draw up an action plan to address the issues as raised by the AG report	
121 (4)(e)	The above applies also to the AFS of municipal entities.	N/A	N/A	
121 (3)(j)&(k) Any information as determined by the municipality, entity or its parent municipality	Review all other information contained in the Annual Report.	Is the other information Report, relevant and accurate?	The Annual Report has been tabled in Council and has been made public for comment.	The Auditor General expressed a concern on the usefulness and reliability of information contained under basic service delivery
121 (4)(h)	The above applies also to the AFS of municipal entities.	N/A	N/A	
121 (4)(d) 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	Has the performance met the expectations of Council and the community? 2. Have the performance objectives been met? 3. What explanations have been provided for any non-	The Municipality does not have any entities, thus any Performance Agreements with an entity are irrelevant.	N/A

Annual Financial Statements - Section 121(3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
	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.	achievement?		
121(3)(J) and 121(4)(G) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and it's entities.	Conclusions on these recommendations and actions required should be incorporated in the oversight report.	4. What was the impact on the service delivery and expenditure objectives in the budget? Have recommendations of the audit committee in 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? 1. Have allocations been received by an organ of state, a municipal entity or another municipality disclosed?	The Audit Committee Reports have been attached.	The Audit Committee submitted a separate report on the AFS
123(1)(a) Allocations received by the municipality from an organ of state, a municipal entity or another municipality.	The AFS must disclose: 1. Details of allocations received from another organ of state in the provincial or national sphere, municipal entity or another municipality. 2. 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.	2. Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? 3. Does the audit report or the committee recommend any action? 1. Have allocations been made to an organ of state, a municipal entity or another municipality disclosed? 2. Does the audit report confirm the correctness of the allocations made?	The disclosure of grants and subsidies in terms of Section 123 of the MFMA, 2003 (Act 56 of 2003) is captured in the AFS. The audit report confirmed all allocations received.	None None
123(1)(a) Allocations made by the municipality to an organ of state, a municipal entity or another municipality.	The AFS must disclose: 1. Details of allocations made to another organ of state in the provincial or national sphere, municipal entity or another municipality. 2. Other information as may be prescribed.		No actions were recommended.	None No actions were recommended.

Annual Financial Statements - Section 121(3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
	Council should comment and draw conclusions on information and explanations provided.	3. Does the audit report or the committee recommend any action?	None	None
125 Other compulsory disclosures and 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>Other disclosures required: Contributions to organised local labour and amount outstanding at year end.</p> <p>Total amounts paid in audit fees, taxes, levies, duties and pensions and medical aid contributions and whether there were amounts outstanding at year end</p> <p>Name of bank where accounts held and year end balances</p> <p>Summary of investments held Contingent Liabilities Material irregular, fruitless or wasteful expenditure details of unauthorised expenditure particulars of non-compliance with the MFMA</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>	<p>1. Are all the compulsory disclosures contained in the notes to the Annual Financial Statements?</p> <p>Does the audit report confirm that the disclosures have been made.</p>	<p>The following amounts credited to the Municipality have been disclosed:</p> <ul style="list-style-type: none"> • Grants received disclosed in the Financial Statement. • Matters of compliance on MFMA Exemptions are outlined • The following were reported: <ul style="list-style-type: none"> - Contingent Liabilities - Material irregular, fruitless or wasteful expenditure - Details of irregular expenditure is attached <p>Information on the bank accounts of the municipality is captured in the notes to the AFS</p> <p>The comments of the Auditor- General are captured in the Auditor-General Report</p>	None
123 (1)(c) - (f) 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: 1. The current year and details of	1. Disclosure on how allocations received have been spent per vote	1. Allocations received per vote are captured in the Financial Statements. Expenditure has not been classified by vote.	None

Annual Financial Statements - Section 121(3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
	<p>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>			
	<p>2. 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</p> <p>3. Allocations received from other than another organ of state. Where there is non-compliance same are to be provided.</p>	<p>2. Has the Municipality complied with the conditions of the grants received?</p>	<p>2. All grants conditions have been complied with.</p>	
	<p>4. Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p> <p>The Auditor-General will ensure that the audit process included 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. The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and</p>	<p>3. Has the Municipality had any allocation per DORA, delayed or withheld?</p> <p>4. Does the Audit report or Audit Committee recommend any action?</p>	<p>3. R10m was withheld by Treasury due to the municipality's inability to spend the funds timeously.</p> <p>4. No action necessary</p>	<p>Measures to be developed to ensure consequences in the event that grant funds not spent within the allocation period</p> <p>None</p>

Annual Financial Statements - Section 121(3) & (4) MFMA	For Consideration	Questions	Response	Recommended Corrective Action
	appropriateness of this information.			
124(1) & (2) Information relating to benefits paid by municipality and entity to councillors, directors and officials	Information on the following items is to be included in the notes to the annual report and AFS: 1. Salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind; 2. 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;	1. Have the salaries, allowances and benefits paid to Councillors and the Municipal Manager, CFO and Senior Managers been disclosed? 2. Is there a statement by the Accounting Officer, stating that salaries, allowances and benefits paid to Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution.	1. Salaries and allowances of Councillors, Municipal Manager, CFO and other Senior are disclosed in the AFS. 2. All salaries and allowances of Councillors are within the upper limits as per Government Gazette applicable to the 2022/23 financial year. The concurrence of the MEC was obtained prior to the implementation of the upper limits.	None
3. Salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; 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		3. Have arrears for rates and services owed by Councillors, in which the arrears were for more than 90 days been disclosed including the name of the councillor? 4. Have the salaries, allowances and benefits paid to members of the board of directors, CEO and senior managers of the entity been disclosed?	3. Councillors arrears for rates are captured in the Financial Statements (Councillor's arrears consumer accounts) 4. N/A - No entities.	

Municipal Performance	For Consideration	Questions	Response	Recommended Corrective Action
<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. In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics ect? 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? To what extent have actions planned for the 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 of future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</p>	<ol style="list-style-type: none"> Has the performance report been included in the annual report? Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report? Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? 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 	<p>Yes, the APR is part of the Annual Report.</p> <p>Yes.</p> <p>Yes</p> <p>An Audit Action Plan has been compiled and submitted with the Draft Annual Report to inform Council on the remedial actions to be implemented.</p> <p>Yes.</p> <p>Yes.</p> <p>Yes</p> <p>Yes</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>
<p>Audit reports on performance</p>	<p>Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of</p>	<ol style="list-style-type: none"> Have the recommendations of internal audit been acted on during the financial year? 	<p>1. Yes, the recommendation of the Audit Committee was acted upon, for example,</p>	<p>None</p>

Municipal Performance	For Consideration	Questions	Response	Recommended Corrective Action
	the internal auditing processes and annually.	<p>2. Have recommendations by the auditor-general been included in action plans to improve performance in the following year?</p>	<p>Council had adopted the Audit Plan and Charter. The independence of the Auditors reporting directly to the MM has been strengthened.</p> <p>2. Yes</p>	None
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?	<p>1. Has an assessment been included in the Annual Report on the performance of the municipal entities?</p> <p>2. Has an assessment been included in the Annual Report on the performance of all contracted service providers?</p>	N/A	None
For municipal entities – an assessment of the entity's measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality	This is the separate report of the municipal entity an should contain details of service delivery agreements with the municipality and the performance measures therein. Council should consider similar issues to that outlined above for municipal performance of municipal entities. To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP? Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality? What specific actions	<p>1. Has the entity performed in line with its service delivery agreements?</p> <p>2. Have the objectives and performance measures of the entity been aligned to the overall strategy of the municipality?</p>	N/A	None

Municipal Performance	For Consideration	Questions	Response	Recommended Corrective Action
	should be taken by the entity and the municipality to improve performance?			

General Information	For Consideration	Questions	Response	Recommended Corrective Action
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.	1. Does the annual Report include detailed information on all municipal entities?	N/A	
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? Has the use of funds been effective in improving services to the community? What actions need to be taken to improve utilisation of the funds?	1. Has there been disclosure of donor funding received in the Annual Report, if applicable?	No donor funding was received.	
Agreements, contract 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.	1. Have details of all PPP's been disclosed in the Annual Report, if applicable?	No PPP's were entered into during the financial year or are currently running as long term contracts.	
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.	1. Is there a high level summary detailing the overall performance of the municipality against its strategic objectives	The quarterly performance evaluation of the Municipal Manager and that of Managers reporting directly to the Municipal Managers has been done.	

General Information	For Consideration	Questions	Response	Recommended Corrective Action
	<p>This information may be found in an executive summary section of the annual report or in statistical tables.</p>			
<p>Information on long-term contracts</p>	<p>Details of all long-term contracts including levels of liability to the municipality should be included, council should ensure all information is correctly supplied.</p>	<p>1. Have all long term contracts been disclosed?</p>	<p>No long term contracts</p>	
<p>Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations</p>	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the 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>	<p>1. Have significant IT activities been disclosed?</p>	<p>The Municipality's IT capability and risks were assessed by the AG and findings were made. All data on the server are backed-up daily and a full version of the data and financial system is stored off-site.</p>	
<p>Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) 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>	<p>1. Has a summary of the long-term capital plans been disclosed?</p>	<p>The Long-Term Capital Plans have been disclosed, especially in the Technical Section. However, a more detailed plan would be included in future to capture backlogs in terms of (MIG) and Department of Energy (DE).</p>	

Other considerations recommended	For Consideration	Questions	Response	Recommended Corrective Action
Supply Chain Management Regulations and Policy	Certain disclosures on Supply Chain matters are required to be included in the Annual Report.		The Supply Chain matters has been disclosed	
Timing of reports		<ol style="list-style-type: none"> 1. Was the Annual Report tabled by 31 January, as per legislative requirements? 2. Has a schedule for consideration of the report been adopted? 	<ol style="list-style-type: none"> 1. The Draft Annual Report was tabled to Council on 31 January 2023 2. Council adopted the Draft Annual Report 	
Oversight Committee or other mechanism		<ol style="list-style-type: none"> 1. What mechanisms have been put in place to prepare the oversight report? 	Members of MPAC convene to compile and confirm Oversight Report following Public Hearings with communities.	
Payment of performance bonuses to municipal officials		<ol style="list-style-type: none"> 2. Has a schedule for its completion and tabling been adopted? 	<p>A schedule for the adoption of the Oversight Report has been adopted by the Oversight Committee</p> <ol style="list-style-type: none"> 1. Performance bonuses were paid to the Municipal Manager and senior managers. The payment of performance bonuses are subject to the adoption of the Annual and evaluation of managers' performance report by Council. 	
	<p>Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager of 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</p>	<ol style="list-style-type: none"> 1. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council? 2. If so has a proper evaluation of performance been undertaken? 		

Other considerations recommended	For Consideration	Questions	Response	Recommended Corrective Action
	<p>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.</p>	<p>3. Was the evaluation approved by council?</p> <p>4. 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?</p> <p>5. Are the payments justified in terms of performance reported in the annual report?</p>	<p>3. Evaluation was submitted to Council and subsequently approved.</p> <p>4. Performance Report submitted to Council and approved</p> <p>5. Payments were done in accordance with council approval and outcome of the Performance Assessment</p>	

9. RESERVATIONS AND COMMENTS

9.1 Format of Annual Report

A substantial amount of high quality work is reflected in the 2022/23 Annual Report and it is noted by the Committee. The Committee notes specifically that all of the information required to be included by the MFMA, is included. The Committee is further satisfied with the overall format of the Annual Report and the required Annexures thereto.

Recommendation

That (i) the annual report be noted and it be noted that the Committee is satisfied with the content of the report.

9.2 Report of the Auditor General on the Audit of the Financial Statements

9.2.1 The overall audit outcome of the municipality for the financial year ending 30 June 2023 was qualified with findings. This is the same as the previous year's audit outcome.

- (i) There is an improvement on performance reporting – no material findings reported in the management and audit report. However, the audit outcomes on financial statements and compliance with legislation have not changed from the prior year.
- (ii) The financial statements were of inadequate quality as the audit identified numerous errors such as missing notes to the financial statements and differences between the statements, notes thereto and supporting records. This is concerning as the municipality sourced the services of consultants to prepare the asset register and the financial statements.
- (iii) The audit of performance information also identified a number of issues, which rendered the reported information not reliable due to errors between the report and underlying information, which were later corrected.
- (iv) Compliance with laws and regulations is also stagnant – non-compliances reported in the Prior year were also identified in the current audit.
- (v) The main root cause for the above observations is the lack of an effective Audit Intervention Plan (AIP). The AIP was not complete and lacked evidence of monitoring over the period, resulting into repeat audit findings.
- (vi) Key at improving the status quo would be the prioritisation of filling crucial vacant positions, with the required experience and knowledge – improving internal capacity will enable the cultivation of a strong internal control environment.
- (vii) Oversight structures need to play their role by supporting the accounting officer in addressing these issues.
- (viii) Annexure E of the Management Report lists matters that will affect future financial statements, annual performance reports and compliance with legislation.

9.2.2 Audit results per outcome area

Outcome area	Movement	2022-23	2021-22	2020-21
Financial statements	⊕			
Annual performance report				
• Objective 5 - Ongoing maintenance of municipal infrastructure	⊕			
• Objective 6 - Provide appropriate services to all households	⊕			
• Objective 7 - Provide quality and sustainable municipal infrastructure within available resources	⊕			
Compliance with legislation				
• Annual financial statements, performance and annual report	⊕			
• Expenditure management	⊕			
• Asset management	⊕			
• Revenue management	⊕			
• Strategic planning and performance management	⊕			
• Procurement and contract management	⊕			
• Consequence management	⊕			
• Human resource management	N/A			
• Conditional grants management	N/A			

Unqualified / No material findings	Qualified	Adverse	Disclaimed	Material findings	Not audited
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⊕	Improvement	⊖	Regression	↔	Unchanged
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9.2.3 Material Irregularities

One material irregularity at the Municipality was identified for 2022. On 31 March 2023, the accounting officer responded with actions taken in response to the MI notification. The actions are assessed as appropriate. However, failure to fill key vacancies is an obstacle towards achieving tangible results. Preferred candidates for the position of the CFO have declined offers for employment.

The table below lists the material irregularity that was included in the auditor's report.

Notified	Type	MI Description	Action taken	Actions planned/ in progress
24 November 2023	Inefficient use of consultancy resources	<p>The municipality appointed consultants for preparation of financial statements and asset management due to lack of capacity and skills of municipal officials. However, the municipality did not develop, implement and monitor consultancy reduction plan to capacitate municipal officials and thereby reduce reliance on consultants.</p> <p>Irregularity: non-compliance with municipal cost containment regulations 5(5)</p> <p>Impact: the continued reliance on consultants will result in the municipality spending more than it would if the financial statements were prepared internally.</p>	<ul style="list-style-type: none"> Updated the organogram with additional positions needed for capacity building; Training of interns; Appointment of one of the interns who completed requisite training; Attempted to fill CFO position 	<ul style="list-style-type: none"> Updating the SLA with the inclusion of specifics on frequency of skills transfer monitoring; Filling vacancies Monitoring of skills transfer

9.2.4 The main root causes that need attention are as follows:

- Vacancy in key management positions;
- Ineffective financial controls such as regular reconciliations of key schedules (asset register, debtors, creditors, bank) to quarterly reports and the AFS;
- Lack of compliance monitoring and accountability enforcement; and
- Inadequate budgeting processes, implementation and project monitoring.

9.2.5 Key recommendations and responses – Financial records and financial statements

Recommendation and management response	Year originally recommended	Status of implementation
<p>Recommendation: Due diligence should be applied in the collection and collation of information, preparation and review of financial statements.</p> <p>Response: Management has a contract with consultants who assist preparation of the financial statements. Management has committed to reviewing the financial statement and its supporting information extensively and plans to allocate enough time for completing and reviewing the financial statements. Management has arranged training for the staff and management on preparation of lead sheets and review of AFS.</p>	2020-21	Limited progress
<p>Recommendation: Internal audit should include in their annual plan the review of AFS to reduce and avoid similar errors in future.</p> <p>Response: Internal audit will review the financial statement and its supporting information timeously and reports its findings to the municipality.</p>	2022-23	Not started

Recommendation and management response	Year originally recommended	Status of implementation
<p>Recommendation: It is recommended that management should properly review financial statements against supporting schedules to ensure that financial information submitted for audit is correct.</p> <p>Response: Management has committed to reviewing the financial statement and its supporting information extensively and plans to allocate enough time for completing and reviewing the financial statements. The underlying information supporting the financial statement will be reviewed throughout the year to ensure accuracy of the inputs which inform the final amounts to be disclosed in the financial statements.</p>	2021-22	Limited progress
<p>Recommendation: Management should ensure that the approved tariffs are applied consistent to all the customers</p> <p>Response: Once the final tariffs are approved management will thoroughly review the financial system to ensure that the correct tariffs are applied to the different types of accounts. Billing reports and account statements will be reviewed on a monthly basis to ensure that the correct tariffs are applied throughout the year. Meter readings will be reviewed regularly to ensure that readings are captured for all accounts and accounts are billed on a monthly basis.</p>	2021-22	Limited progress
<p>Recommendation: The municipality should improve its efforts during the AFS preparation and review processes to ensure that GRAP compliant AFS are prepared.</p> <p>Response: Management has a contract with consultants who assist with the preparation of the financial statements. Management has committed to reviewing the financial statement and its supporting information extensively and plans to allocate enough time for completing and reviewing the financial statements. The filling of vacant positions is prioritised to ensure that there is segregation of duties and more people available to assist with the preparation and review of documents.</p>	2021-22	Limited progress
<p>Recommendation: Management should design controls over updating of the fruitless and wasteful and irregular expenditure registers. Reconciliations should be performed on a monthly basis for interest incurred that is recorded in the F&W expenditure register of the financial year in which it is incurred – that is, invoice date.</p> <p>Response: Management will monitor compliance with laws and regulations regularly to ensure that it avoids incurring irregular and fruitless and wasteful expenditure. Senior management personnel, throughout the year will review UIFW expenditure registers. The registers will be reconciled and agreed to the financial reports and financial statement to ensure that the amounts are transferred accurately.</p>	2022-23	Not started
<p>Recommendation: Disclose all the information relevant to the municipality that is required by GRAP 18 (Segment Reporting). Implement adequate review processes over preparation and reviewing of financial statements.</p> <p>Response: Management will update the Segment disclosure note in the AFS</p>	2022-23	Done

Recommendation and management response	Year originally recommended	Status of implementation
<p>Recommendation: Management should thoroughly review the financial statements and ensure that the information disclosed is supported by corroborating evidence and that the disclosure agrees to that evidence.</p> <p>Response: Management will provide all the information in support of financial statements and disclose all the information applicable to a line item to achieve fair presentation of the financial statements.</p>	2021-22	Limited progress

9.2.6 Irregular Expenditure

- (i) Non-compliance with legislation resulted in irregular expenditure of R2 595 898. The irregular expenditure incurred constitutes non-compliance with Supply Chain Management regulations. The non-compliance was reported as a material finding in the auditor's report.
- (ii) The irregular expenditure incurred was not fully disclosed in the financial statements. As detailed in the section on financial statements, the material misstatement in the financial statements was reported in the auditor's report.

9.2.7 Consequence Management

- (i) Legislation stipulates that matters such as incurring unauthorised, irregular, and fruitless and wasteful expenditure; the possible abuse of the supply chain management system including fraud and improper conduct; and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of these investigations. The audit included an assessment of municipality's management of consequences.
- (ii) The findings on material non-compliance with legislation indicated below was reported in the auditor's report.

Internal Control Deficiencies

- a. The municipality's system of oversight is not effective in ensuring that, instances of transgressions with legislation are investigated and appropriate action taken to enforce consequence management.
- b. Significant internal control deficiencies were identified, which caused the weaknesses in consequence management as reported.
- c. Governance: It was not ensured that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations
- d. Leadership: Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Recommendations to improve consequence management

- (i) Council, through MPAC and the audit committee should ensure that all cases of prior year/s Fruitless and wasteful expenditure are investigated, and consequence management is done/applied accordingly.

Response: Management will prepare a report and submit it to MPAC by the end of the 2nd quarter.

10. Conclusion

The Committee would like to express its dissatisfaction with management with the qualified audit report, which is not an improvement on the previous years' audit report received from the Auditor General. The Committee concludes that improvement is still needed in critical areas such as the issues raised by the Auditor General under the heading "Emphasis of Matters". The Committee is of the view that the Management Team should place a high priority on producing an Annual Report and Annual Financial Statements in accordance with the MFMA and National Treasury guidelines, and strive to eliminate the emphasis of matters expressed by the Auditor General.

In an effort to adequately address the findings of the AG and Audit Action Plan was developed by management and this plan is attached as an Annexure to the Oversight report to enable Council and role players to have a comprehensive insight in all the issues raised by the AG during the audit and remedial actions to be instituted by the Accounting Officer. Seeing that the Audit Action plan was part of the submission of the draft Annual report the Committee will not elaborate on the document's content.

The Committee would like to express a word of thanks to the Mayor, the Speaker, Councillors and the entire management team of Umsobomvu municipality, the Auditor General, Audit and Performance Committee and the Internal Audit Section for their support and co-operation in completing the annual report oversight process. The Committee strongly believes that ULM and its citizens will realize substantial and tangible benefits if a similar process is consistently followed in the following years. The Committee is grateful for the opportunity to be of service to municipality and its citizens.

11. Recommended resolution to be adopted by Council, in accordance with MFMA Section 129 (1):

Having performed the following tasks:

- Reviewed and analysed the Draft 2022/23 Annual Report;
- Considered comments and representations received;
- Received and considered Council's Audit Committee's views and comments on the annual financial statements and the performance report; and
- Prepared the draft 2022/23 Oversight Report, taking into consideration the views and inputs from the public, representatives of the Auditor-General, organs of state, Council's Audit Committee, Councillors and the Accounting Officer

The MPAC has pleasure in presenting the Oversight Report 2022/23 Council to consider the following resolution:

That:

- (i) Council having fully considered the 2022/23 Annual Report of the Umsobomvu Local Municipality for the 2022/23 financial year, adopts the Oversight Report for the 2022/23 financial year;
- (ii) approves the 2022/23 Annual Report without reservations;
- (iii) the rectification of deviations listed in the Annual Report Checklist, be included in the performance plans of the Municipal Manager and Managers directly accountable to the Municipal Manager;
- (iv) the oversight process be continued on an on-going basis by means of the Municipal Public

Accounts Committee (MPAC), and that the MPAC perform a quarterly review of progress towards meeting ULM's IDP and budget commitments, preparation of the following year's annual report, implementation of commitments made in response to the prior year's annual report issues, and any other issues as directed by the Council;


- (v) the Oversight Report be made public as provided for in terms of Section 129(3) of the Municipal Finance Management Act, 2003 (Act 56 of 2003);
- (vi) the Oversight Report and the final 2022/23 Annual Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003);
- (ii) sufficient budgetary provision is made by Council to address the capacity issues raised in the MPAC Report and those raised by the Auditor General;
- (iii) the "Recommended Corrective Actions" contained in the Checklist and Reservations and Comments be adopted and same be included in the Audit Action Plan.

Umsobomvu Municipal Oversight Committee



Councillor **W. Minnie (Chairperson)**

Councillor **S.A. Yabo**



Councillor **G.M.H. Douw**

18 March 2024

ANNEXURE A

PUBLIC NOTICE: DRAFT ANNUAL REPORT 2022/2023

Notice is hereby given in terms of Section 21(A) of the Municipal Systems Act, Act 32 of 2000, read together with Section 127(5)(a)(i) & (ii) of the Municipal Finance Management Act, Act 56 of 2003, that the Council of Umsobomvu Municipality tabled the Draft Annual Report for the 2022/2023 financial year during a Special Council meeting on 31 January 2024.

The report lies for inspection during office hours as follows:

- Municipal Offices and Libraries (Colesberg, Noupoort and Norvalspont)
- Municipal website at www.umsobomvumun.co.za

Written comments/objections from the public are awaited and may be addressed to The Municipal Manager on or before closing date Friday, 08 March 2024 at 12h00.

For any enquiries kindly contact Mrs Shereave Felix at contact details (051) 753 0777 or send an e-mail to shereave@umsobomvumun.co.za.

**TW MSENGANA
MUNICIPAL MANAGER
UMSOBOMVU MUNICIPALITY
COLESBERG
9795**

Notice No. 28/2024
Date: 09 February 2023

ANNEXURE B

PUBLIC HEARINGS ON THE 2022/23 DRAFT ANNUAL REPORT

The Oversight Committee plan to visit the various communities depicted in the table to do public hearings across all wards in Umsobomvu Municipality jurisdiction. A programme is agreed upon and the Public Hearings are schedule as per the table below:

DATE	TOWN	TIME	VENUE
27 February 2024	Norvalspont	16:00	Norvalspont Community Hall
28 February 2024	Colesberg	16:00	Civic Centre
29 February 2024	Noupoort	16:00	JJ Claassen Community Hall

TW MSENGANA
MUNICIPAL MANAGER

NOTICE NO: 29/2024
21 FEBRUARY 2024