



dr.jsmlm

Dr JS Moroka Local Municipality

OFFICE OF THE SPEAKER

Address: 2601/3 Bongimfundo Street, Siyabuswa
Postal Address: Private Bag X4012, Siyabuswa, 0472
Tel: (013) 973 1101/1390
Fax: (013) 973 2463/0974
Customer Care Line: 0800 MOROKA (66752)
Website: www.moroka.gov.za
Email: speaker@moroka.gov.za
Facebook: Dr JS Moroka Local Municipality
Twitter: @DrJS_Moroka

Enq: Zulu L T

26 March 2025

TO: EXECUTIVE MANAGER ADMINISTRATION & CORPORATE SERVICES

1. You are hereby informed that Council at its Special Meeting held on the 26 March 2025 resolved as follows:

R382.03.2025 ND

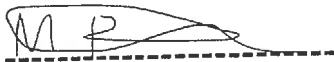
OVERSIGHT REPORT ON THE 2023/24 ANNUAL REPORT OF THE DR J S MOROKA LOCAL MUNICIPALITY BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

1. COUNCIL RESOLVED-

- 1.1. **THAT;** Council approves 2023/24 Oversight Report of the Dr J S Moroka Local Municipality in terms of section 129 of the Municipal Finance Management Act.
- 1.2. **THAT;** Council approves the 2023/2024 Annual Report without reservations.
- 1.3. **THAT;** MPAC Oversight Report be made public in accordance with terms of section 129 (3) of the Municipal Finance Management Act and be submitted to Provincial Legislature, Provincial Treasury, GOGSTA and AGSA.
- 1.4. **THAT;** the Accounting Officer ensures strict adherence to the implementation of the action plan. A progress report be submitted to the MPAC on a quarterly basis.
- 1.5. **THAT;** the office of the Accounting Officer provides update on whether members of the Disciplinary board have accepted appointment already and have commenced with their duties. A report must be submitted to Municipal Public Accounts Committee within 30 days of the adoption of this oversight report.
- 1.6. **THAT;** the feasibility study must be done accordingly to avoid the unnecessary cost.
- 1.7. **THAT;** the PMU must provide as-built drawings to the consulted after the appointment and ensure proper monitoring on the ground.

All correspondence should be addressed to The Municipal Manager
"We develop as we grow"

- 1.8. **THAT;** the accounting officer develop monitoring mechanism to assess progress and ongoing developments.
 - 1.9. **THAT;** there should be Executive Authority support and cooperation with administration.
 - 1.10. **THAT;** there should be self-assessment by the Committee and monitoring and evaluation of all committees by the Speaker's Office.
 - 1.11. **THAT;** all section 79 committees to be provided with portfolio-based training or workshops to execute their responsibilities.
2. Please ensure that the above resolution of Council is dealt with.



CLLR NKOANE M.R
SPEAKER

1. PURPOSE

- 1.1. The Local Government: Municipal Finance Management Act (MFMA) of 2003, and the Municipal System Act (MSA) of 2000 require municipalities and their entities to prepare annual reports based on their annual service delivery processes and overall municipal performance, for inspection by relevant stakeholder groups. The Dr J S Moroka Local Municipality has accordingly prepared its 2023/2024 Annual Report in accordance with its key performance areas, to account to the community it services.
- 1.2. The annual reporting procedure is monitored by an oversight report, which is in the municipality case of the report of council on the 2023/24 Annual Report of the Municipality. In the Municipality, the process of oversight is referred to the Municipal Public Accounts Committee (MPAC), which acts as the Oversight Committee of council. This Oversight Report is a product of the Municipal Public Accounts Committee's deliberations on the 2023/24 Annual Report.
- 1.3. The Oversight Report is approved by the council after MPAC has fulfilled the following duties:
- Review and analysis of the Annual Report.
 - Receive and consider inputs from councillors and supporting committees.
 - Consider written comments received on the Annual Report from the local community or any organs of state to make representations on the Annual Report.
 - Receive and consider Audit Committee views and comments on the annual financial statements and the performance report,
 - Prepare the Oversight Report to be tabled before council for consideration.

It is requested that the council, with respect to annual report:

- Approves the 2023/24 Annual Report without reservations: in terms of section 129 (1) (a) of the Municipal Finance Management Act.
- That management follows provisions of circular 63 in terms of reporting timelines of the Annual Report.

It is requested that the council, with respect to oversight report:

- Adopts 2023/24 Oversight Report of Dr J S Moroka Local Municipality in terms of section 129 of the Municipal Finance Management Act.
- That the MPAC Oversight Report be made public in accordance with terms of section 129 (3) of the Municipal Finance Management Act and be submitted to Provincial Legislature, Provincial Treasury, GOGSTA and AGSA.

2. INTRODUCTION

- 2.1. The drafting of the Annual Report is a process guided by the Municipal Finance Management Act, Municipal System Act and National Treasury Circulars. In ensuring adherence to these, the municipal administration submitted the Draft 2023/24 Annual Report to council for its consideration on the 29 January 2025.
- 2.2. The Municipal Public Accounts Committee is the legislated committee within the municipality to carry out the activities of the Oversight Committee. MPAC as prescribed in the MFMA, held several meetings to discuss the overall performance of the municipality as indicated in the 2023/24 Annual. During the period 31st of January 2025 to the 31st March 2025, the committee performed its oversight role as legislated in the MFMA for municipal oversight completion.
- 2.3. The main components of the Annual Report submitted to council were the following:
- o The Annual Performance Report, as required in terms of Section 46 of the Municipal System Act.
 - o The Annual Financial Statements submitted to the Auditor-General.
 - o The Auditor-General Audit Report on the financial statements and programme performance in terms of Section 126 (3) of the MFMA and 45 (b) of the MSA respectively.
 - o The Audit Committee's Report.

3. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- 3.1. Circular No.32 of MFMA (Municipal Finance Management Act No.56 of 2003) requires that MPAC should be made up of only non-executive councillors. All meetings of MPAC must be open to the public, and timely notice of meetings should be given to enable representations to be made.
- 3.2. The MPAC membership is constituted as follows equivalently representing the political parties in council:

No.	Member	Gender	Political Affiliation
1	Mashishi M W	Female	African National Congress
2	Matlaila J P	Male	African National Congress
3	Masombuka M P	Male	African National Congress
4	Mtsweni T L	Female	African National Congress
5	Ngubeni N P	Female	African National Congress
6	Rankapole M	Male	Forum 4 Service Delivery
7	Mabena J S	Female	Economic Freedom Fighters
8	Majombosi T R	Female	African People's Convention

3.3. The municipal officials are not members of MPAC however the Accounting Officer and Senior Managers are required to account for their respective areas of responsibilities. All meetings of the MPAC are open to the public, and timely notice of meetings are issued to enable community representations during the MPAC sessions.

4. OVERSIGHT TIMEFRAMES

4.1 Meeting schedule

National Treasury's MFMA Circular No.32 provides for certain provisions about the compilations of the Oversight Report. These provisions cover the following areas:

- o Managing the process and forming committees;
- o Timing considerations;
- o Understanding the Annual Report and determining conclusions.

MPAC, in developing this Oversight Report, complied with the relevant legislative prescripts.

The meetings schedule of the Municipal Public Accounts Committee from 31st of January 2025 to the 26th of March 2025 is outlined below:

Date	Time	Venue	Focus Area
04 March 2025	10h00	Mbibane Community Hall.	Presentation of the municipal Annual Performance Report 2023/24 FY.
06 March 2025	10h00	Ga-Morwe Community Hall.	Presentation of the municipal Annual Performance Report 2023/24 FY.
07 March 2025	10h00	Nokaneng Community Hall.	Presentation of the municipal Annual Performance Report 2023/24 FY.
11 March 2025	10h00	Libangeni Traffic Center	MPAC analysing responses from the Executive Mayor and Administration.
14 March 2025	09h00	Maphanga Community Hall	Executives and Administration responding to questions emanating from the Annual Report 2023/24 FY.
24 March 2025	14H00	Moretele Unit Office Boardroom	Adoption of the draft Oversight Report.

26 March 2025	12h00	Council Chamber	MPAC tabling the Oversight Report to Council.
---------------	-------	-----------------	---

5. LEGAL FRAMEWORK

- 5.1. The preparation on the 2023/24 Oversight Report is drafted in accordance with Section 129 (1) of the Municipal Finance Management Act (2003), which specifies that a municipal council must consider the Annual Report and refer the Annual Report to an Oversight Committee, and that, the Oversight Committee must prepare an Oversight Report containing comments and recommendations. The council must when accepting the Oversight Report state whether it (the council) has approved the Annual Report with or without reservations; has rejected the Annual Report; or has referred the Annual Report back for revision of those components that can be revised.
- 5.2. Circular No.32 of the Municipal Finance Management Act, Act No. 56 of 2003 recommended that council should consider the establishment of an Oversight Committee under Section 33 and 79 of the Municipal Structures Act (1998).
- 5.3. The Circular further states that this committee and, if needed, sub-committees, could be responsible for the detailed analysis and review of the Annual Report and subsequent drafting of an Oversight Report that may be taken to full council for discussion. Such committee, according to this Circular, may receive and review representations made by the public and also seek inputs from other councillors and council portfolio committee.

6. STATUTORY COMPLIANCE

- 6.1. The process for the finalisation and approval of the 2023/24 Annual Report was conducted as per the table below:

Activity Description	Provision
Preparation of annual financial statements of the municipality and submission to the Auditor-General.	Municipal Financial Management Act section 122(1)(2)
Receipt of final audit report from Auditor-General.	Municipal Financial Management Act section 126(3)(b)
Tabling of Final Draft Annual Report in Council by Mayor.	Municipal Financial Management Act section 127(2)
Allowing for comments by community and relevant state organs.	Municipal Financial Management Act section 127(5)(a)&(b)
Corrective actions to AG's opinion formulated and tabled in Council.	Municipal Financial Management Act section 121(3)(g)

Submissions of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	Municipal Financial Management Act section 129(2)(b)
Communication of final Annual Report/Oversight Report (website, hard copies and other mediums)	Municipal Financial Management Act section 129(3)
Submit Annual Report/ Oversight Report to the provincial legislatures.	Municipal Financial Management Act section 132(1)(2)

7. PUBLIC PARTICIPATION IN THE OVERSIGHT PROCESS

- 7.1. Section 130 of the MFMA specifies that public participation must be a central element of all process relating to an Annual Report. In so doing, the aforementioned section instructs that, the meetings of a municipal council or committee established by council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be open to the public and any organs of state.
- 7.2. As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:
- Invite written submissions from the local communities or organs of state on the Annual Report.
 - Make public all meetings at which the Annual Report will be discussed.
 - Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report.
 - Engage in a process of public participation on the Annual Report.
- 7.3. In this regard, the municipality undertook the following initiatives to promote to promote public participation in the oversight process:

Mechanism to promote public participation.	Status	Comments
Invitations to public to submit comments on the Annual Report.	Done	Members of the public were invited to submit their comments on the Annual Report to the municipality through PMS Office. Advert put on the notice board calling for comments on the draft Annual Report.
Invitations to public to submit comments on the Annual Report.	Done	Draft Annual Report was tabled to the public by Mayor through Road shows, which were conducted during March.
Make public all meetings of council's Oversight Committee that will consider the Annual Report.	Done	All MPAC meetings convened to consider the Annual Report were advertised in the local media.

Annual Report printed and distributed to municipal offices for access by local communities and stakeholders.	Done	Copies of the Annual Report lie open for inspection at the municipal library and also published on the municipal website.
--	------	---

8. OBSERVATION ON THE ANNUAL REPORT 2023/24.

MPAC made the following recommendations and observations in respect of the draft Annual Report including attachments for the financial year 2023/24 as follows:

8.1 IDP, PUBLIC PARTICIPATION AND COMMUNICATION

The IDP reflects the strategic direction and goals set by council and the MPAC is satisfied that the IDP reflects all the core components of the IDP as per provisions of section 26 of the Municipal System Act.

8.2 PERFORMANCE MANAGEMENT

MPAC noted the improvement in overall institutional performance that was reported at 88% for 2023/24 it showed an improvement compared to 2022/23 financial year by 1%. This reflects having achieved 103 targets out of the 117 that were set for the year.

The best performing priority areas were institutional Development and Municipal Transformation 94%, Good Governance and Public Participation 92%, Municipal Financial Viability and Management 92%, Community Development Services 94%, Spatial Analysis and Rationale 88%, Local Economic Development 86%. The areas that need to obtain continuing focus are Service Delivery and Infrastructure Development 68%.

8.3 ANNUAL REPORT

Chapter 1

The Municipal Public Accounts Committee (MPAC) would like to extend its appreciation on the work done by IDP/PMS office in combining the Annual Report for the municipality.

The 2023/24 draft Annual Report of Dr J S Moroka Local Municipality has been prepared in line with the provisions of various pieces of legislations like the Local Government Municipal System Act, 2000 read together with the provision of the Local Government Municipal Finance Management Act 56 of 2003.

It is commendable that the municipality has improved on its performance. The municipality needs to strengthen monitoring, assessment and reporting of progress in all KPS's with special attention to service delivery department as they are crucial activities towards achieving 100% and evidence of improvement is verifiable.

The municipality needs to eliminate an Audit Outcome with findings. During the 2023/24 financial year, Dr J S Moroka Local Municipality achieved good progress in fulfilling its

constitutional obligation of delivering basic services to the communities guided by its vision to deliver services in an integrated and community driven manner. Service delivery remains the key deliverable, a promise to the Dr J S Moroka community.

The focus of Governance in the Annual Report need not only focus on the audit outcomes, it should also include other elements of governance i.e the sitting of council and the committees, and the implementation of the resolution thereof.

Implementation of council resolutions are also reflecting in the Annual Report under as a target on Annual Performance Report which shows that there is progress that is made by the institution on implementation of council resolutions, however this will be included under good governance moving forward.

Chapter 2

The MPAC recognises that the municipality has ensured during the year that there is full participation of the public through:

- IDP/Budget and PMS Representative forums.
- MPAC Road shows.
- Service delivery days.
- National information days.
- Local communicators days.

Invitations were issued on time and dispatched in public places to ensure that each ward is afforded the opportunity to participate. It is vital that the public and stakeholders are preview to municipal programmes.

Chapter 3

The Local Economic Development projects were noted by the MPAC. It is believed that Agriculture can turnaround the economy of Dr J S Moroka. The municipality need to support the exploitation of these opportunities.

Chapter 4

The report on Institutional Development and Organizational performance is noted by MPAC. The municipality should continue to monitor the sick leave in line with the Leave Policy.

The overall performance of the municipality has improved, and employee should continue to work with commitments towards the achievement of 100%.

Chapter 5

Comments on financial performance are below on item 8.4.

8.4 FINANCIAL PERFORMANCE

The budget and treasury unit should continue to ensure that the municipality maintains good financial performance. It should also focus on the collection of outstanding debts to improve the financial position of the municipality.

8.5 AUDITOR GENERAL REPORT

The committee lifted several issues as raised in the Auditor General Report. The committee notes the qualified audit outcome for the 2023/24 financial year which remains unchanged from the 2022/23 financial year. The municipality is coming from a point of having had a series of disclaimer audit opinion in the previous financial years.

The municipal public accounts committee notes the following matters of emphasis in the audit:

- There was material impairment of receivables from exchange and non-exchange transactions.

In terms of these, the municipal public accounts committee recommends as follows:

- That, the budget, and treasury unit should continue to ensure that financial statements are prepared in line with the generally recognized accounting practices.
- The municipality must make effort for the full recoverability of exchange and non-exchange receivables. This may include the engagement of professional debt collectors. A review should be done to check the value added by having debt collectors.

The municipal public accounts committee noted, with regards to the annual performance report, that there was a lack of accurate and complete records with respect to performance information. The municipal public accounts committee therefore recommends proper records keeping with respect to performance and frequent reporting with respect to that. The reports should be submitted on a quarterly basis and submitted to internal audit for testing, this will ensure that the report submitted for the financial year is accurate and complete.

Furthermore, for the municipality to obtain a clean audit, it would have to ensure that there are no material misstatements in the financial statements and no matters with respect to compliance with legislation.

The municipal public accounts committee encourages the budget and treasurer unit to continue to ensure that the municipality achieves clean audit with the support of council and all other directorates.

9. ROOT CAUSES OF AUDIT FINDINGS

For the municipality, officials are tasked with ensuring the completeness of information submitted for auditing and compliance with legislation. To create an enabling environment for officials, the accounting officer must exercise adequate oversight over his or her senior

managers and senior managers must ensure that controls are in place and implemented by their officials. The results of this should be that legislation is strictly adhered to, procurement is closely monitored, and the findings of the AGSA and internal audit are resolved timeously. Risks are identified and mitigated, and consequence management is implemented when officials negligently or deliberately act improperly.

The AGSA identified significant control deficiencies in the municipality. Either the accounting officer failed to exercise adequate oversight, which was identified, and or senior management lacked the necessary control disciplines. For the municipality the accounting officer failed to take adequate steps to prevent UIFW expenditure, which is required by legislation.

The Audi Act makes it clear that the ultimate responsibility-and liability-for material irregular expenditure lies with the accounting officer. despite the audit outcomes, senior management, faced little or no consequences for these failures. The disciplinary action that has been undertaken appears to be ineffective. Some implicated officials resign after the commencement of disciplinary procedures. Disciplinary procedures are then ended despite, in many incidences, officials being liable for UIFW expenditure. The legislation is clear. Officials that negligently or deliberately incur UIFW expenditure are liable for the expenditure, and that any loss that results from the expenditure should be recovered.

10. REVENUE

Revenue is derived from three main sources:

- Revenue from rates, which is charged as a percentage of the valuation of the properties.
- Revenue from the rendering of services, which primarily consist of water, sewerage & sanitation charges and refuse removal; and
- Revenue from government grants, which includes operating grants such as the equitable shares.

The collection of revenue is the primary source of funding that the municipality uses to provide services. While revenue from water, refuse removal and sewerage and sanitation increased, it is concerning that the revenue billed will not be collected as the municipality is struggling to collect revenue, this will negatively impact the municipality to fund its operations as it mainly relies on the revenue from the rates and service charges to fund the operation.

11. PROCUREMENT AND PREVENTATIVE CONTROLS

The municipality has seen sky-rocketing irregular, and fruitless and wasteful expenditure over the previous years. Though there has been a increase in irregular expenditure incurred during the year under review, it is concerning that the amount is still too high. There was also a decrease in the fruitless and wasteful expenditure incurred during the year under review. The committee (MPAC) will strive to speed up the process of investigations of the historic UIFWE, but this will not significantly reduce the balance if the internal controls on preventative controls are not strengthened.

All the unauthorised, irregular, or fruitless and wasteful expenditure (UIFW) must be recovered or written off. The expenditure must be recovered if an official is found to be liable because he or she acted deliberately or negligently. In the past financial year there have been some strides made on the processing of UIFWE incurred, but the priority should not be on the regularization of UIFWE than to prevent the incurrence. The operational of the Disciplinary Board will significantly lead to the reduction of the UIFWE incurred as it will strengthen the consequence management.

12. PERFORMANCE OF DEPARTMENTS

Section 79 portfolio committees are expected to perform extensive in-year oversight over the various departments of the municipality. The committees should analyse quarterly performance, request various reports from the Executive, and conduct oversight visits to projects. This knowledge and expertise is leveraged during the consideration of the annual report, when each committee authors an oversight report on its respective portfolio.

13. COMMENTS OF THE AUDIT COMMITTEE

The Audit Committee concurs and accepts AGSA's opinion regarding the Annual Financial Statements and proposed that the Audited Financial Statements be accepted and read together with AGSA's report.

14. MPAC Site Visit

The committee conducted the projects site visits on the 20th and 24th of March 2025 on the following projects:

- Construction of Makopanong Bus and Taxi route.
- Construction of Radijoko Bus and Taxi route.
- Construction of sewer reticulation at Thabana.
- Construction of Mametlhake Bus and Taxi route.
- Construction of Katjibane Bus and Taxi route.
- Construction of Bus and Taxi route at Matshiding.
- Replacement of asbestos bulk line Ga-Phaahla and Siyabuswa A.
- Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir.
- Construction of Ga-Phaahla sewer outfall sewer reticulation and precast toilets.

15. RECOMMENDATIONS PERTAINING TO THE ANNUAL REPORT

Municipal Public Accounts Committee (MPAC) of Dr J S Local Municipality
Recommends to Council:

- 15.1. **THAT;** Council approves the 2023/24 Annual Report without reservations: in terms of section 129 (1) (a) of the Municipal Finance Management Act.
- 15.2. **THAT;** management follows provisions of Circular 63 in terms of reporting timelines of the Annual Report.

16. RECOMMENDATIONS PERTAINING TO THE OVERSIGHT REPORT

Accordingly, the Municipal Public Accounts Committee (MPAC) of Dr J S Moroka Local Municipality recommends to Council:

- 16.1. **THAT;** Council approves 2023/24 Oversight Report of the Dr J S Moroka Local Municipality in terms of section 129 of the Municipal Finance Management Act.
- 16.2. **THAT;** Council approves the 2023/2024 Annual Report without reservations.
- 16.3. **THAT;** at MPAC Oversight Report be made public in accordance with terms of section 129 (3) of the Municipal Finance Management Act and be submitted to Provincial Legislature, Provincial Treasury, GOGSTA and AGSA.
- 16.4. **THAT;** the Accounting Officer ensures strict adherence to the implementation of the action plan. A progress report be submitted to the MPAC on a quarterly basis.
- 16.5. **THAT;** the office of the Accounting Officer provides update on whether members of the Disciplinary board have accepted appointment already and have commenced with their duties. A report must be submitted to Municipal Public Accounts Committee within 30 days of the adoption of this oversight report.
 - Management must ensure that the financial statements are prepared well in advance to avoid errors. Clear timeframes for the preparation of the annual financial statements must be set and adhered to.
 - Consequence management needs to be applied, and disciplinary steps must be taken against staff who cause or permit such expenditure, and any losses incurred must be recovered from those staff members responsible.



ClIr M W Mashishi
MPAC Chairperson