

CAPRICORN DISTRICT MUNICIPALITY



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

2017/18 OVERSIGHT REPORT

FOREWORD BY THE CHAIRPERSON

Section 121 of Municipal Finance Management Act no 56 of 2003 requires each municipality to prepare an Annual Report and the council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality. Section 121 (2) highlights the purpose of the annual report as follows:-

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year which the report relates;
- (b) to provide a report on performance against the budget of the municipal or municipal entity for the financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or entity

The 2017/18 Draft Annual Report was tabled in Council on the 30th January 2019, it was further referred to the Municipal Public Accounts Committee for scrutiny and the Committee should report back to Council on the findings.

The final step in the reporting process is for Council to approve the Annual Report taking into consideration the findings contained in the Oversight Report. The Municipal Public Accounts Committee is required by Section 129 (1) of the Municipal Finance Management Act No. 56 of 2003 to consider the Draft Annual Report and thereafter table its findings and recommendations to Council within 02 months after it was referred to the committee.

The Municipal Public Accounts Committee was established on the 14th September 2016. The main task of the Committee is to promote a culture of accountability, transparency, accountable local governance, to promote good governance and the aspiration of a sound financial management practice which will ultimately result in acceleration of quality service delivery to the entire community in the District.

The Committee has finally completed its delegated work and is now in a position to table its Oversight Report with findings and recommendations. Credit and much appreciation is also given to the Members of the Committee for their tireless efforts for making sure that the assigned task is completed in line with the Section 129(1) of MFMA and also appreciating the support offered by the Office of the Auditor General, the Limpopo Provincial Treasury and the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA).

The committee is further acknowledging the administrative support rendered by the officials under the leadership of the Municipal Manager, Ms Nokuthula Mazibuko for their outstanding work of coordinating MPAC activities, submissions of relevant documentations and also honouring and responding to questions raised by the Committee.

Not forgetting the support of the entire Council of Capricorn District Municipality, local municipalities, members of the public, Magoshi a Rena and Members of the Traditional Councils who were part of the public participation and public hearings. On behalf of the Municipal Public Accounts Committee, **Re rata go le leboga, ebile go hlatsela moeno wa masepala wa selete wa gore "Re šoma le setšhaba"**.

Through the support the committee got from the Office of the Speaker, the committee managed to complete the assigned task within the required period in a very tight schedule.

On behalf of the Committee, we would to thank you, Madam Speaker, Cllr Nakedi Lekganyane for the support you offered and the courage you showed, motivated the committee to work tirelessly.

1. STATEMENT OF THE PURPOSE OF THE OVERSIGHT

Council has appointed the Municipal Public Accounts in terms of Section 79 of Local Government Municipal Structures Act, No. 117 of 1998. The Committee is expected to play oversight role and promote accountability and transparency in the local government sphere.

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Section 129(1) of the MFMA states that the Council of the Municipality must consider the Draft Annual Report of the Municipality and by no later than two months from the date on which the Draft Annual Report was tabled in the Council in terms of Section 127, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement of whether Council has:

- ***approved the Annual Report with or without reservations;***
- ***rejected the Annual Report or***
- ***referred the Annual Report back for revision of those components that can be revised.***

2. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

During the 2017/18 financial year, the Municipal Public Accounts Committee was consisting of the following Councillors.

- 2.1 Cllr M.P. Makgato - Chairperson
- 2.2 Cllr S.J. Dikgale
- 2.3 Cllr N.J. Legodi
- 2.4 Cllr M.G. Mabote
- 2.5 Cllr T.P. Mathabatha
- 2.6 Cllr M.O. Motolla
- 2.7 Cllr K.L. Mabena
- 2.8 Cllr M.C. Sesera
- 2.9 Cllr N.D. Setjie
- 2.10 Cllr N.A. Sivhabu

3. CIRCULATION OF THE ANNUAL REPORT

Since the referral of the 2017/18 Draft Annual Report by Council, Capricorn District Municipality has issued adverts in News Papers and also posted the document on the Municipal Website, to inform the public of the availability of the document. The documents were also circulated to Local Municipalities and Traditional Councils (Meshate).

4. ANNUAL REPORTING PROCESS – 2017/18

Capricorn District Municipality has compiled the 2017/18 Draft Annual Report in terms of Section 121 (1), (2) and (3) of the Municipal Finance Management Act, No. 56 of 2003, with the resultant of Oversight Report in comparison, as required in terms of Sections 121 to 129 of the Municipal Finance Management Act, No. 56 of 2003.

5. METHODOLOGY AND FINDINGS

5.1. MPAC meetings

Municipal Public Accounts Committee managed to meet in **February (20th and 26th-27th) and March (07th and 22nd)** to verify the validity and completeness of the information outlined in the 2017/18 Draft Annual Report against legislative requirements. The Office of the Auditor General, Provincial Treasury and Department of Cooperatives Governance, Human Settlement and Traditional Affairs and Audit Committee Chairperson were invited to clarify the committee on some issues. ***The minutes and the attendance registers of the meetings are attached as Annexure A.***

5.2. MPAC Projects Visits

As part of playing an oversight, the Municipal Public Accounts Committee visited some projects which were implemented during the 2017/18 Financial Year. The following projects were visited and detailed report is attached as **Annexure B**

- ❖ Burgerreght, Mmotlana, The Grange and Glenfernis WS - **11 January 2019**;
- ❖ Sadu WS - **22 January 2019**;
- ❖ Sephala, Mokopu, Thoka and Makwetja WS Project A (Bright Ideas Projects 838) - **1st February 2018**;
- ❖ Sephala, Mokopu, Makwetja, Mokomene WS (Project B – By Silver Solution 884) - **1st February 2018**;
- ❖ Lethaleng/Purasban (ga-Machaba) ext - 06 February 2018
- ❖ Slaaphoek WS - **06th March 2019**

5.3. MPAC Public Participation on 2017/18 Draft Annual Report

The Municipality invited public comments on the Draft Annual Report and a Public Participation Event was advertised in **Capricorn Voice (27 February -05 March 2019) and CDM website (public notice) – 22 February 2019**.

As part of promoting transparency, good governance, public participation and accountability, the committee solicited inputs and comments from stakeholders and community members from Local Municipalities in the District during Public Participation, which was held on the **01st March 2019 at Bolivia Lodge, Public Participation Report is attached as Annexure C**.

5.4. MPAC Public Hearing on 2017/18 Draft Annual Report

The Public Hearing on the 2017/18 Draft Annual Report was held on the 13th March 2019, where the Accounting Officer was responding and clarifying the committee on issues raised and questions submitted to her office pertaining to the 2017/18 Draft Annual Report. The Office of the Auditor General, CoGHSTA, Provincial Treasury, SALGA and Limpopo Legislature were invited to attend the Public Hearing.

The Public Hearing was advertised in the **Capricorn Voice (27 February - 05 March 2019), Polokwane Observers on the 07 March 2019 and CDM Website (Public Notice) on the 11 March 2019**, where the public was invited to observe the proceedings.

Attached are:-

- i. Presentation by AGSA – Annexure D**
- ii. Presentation by Acting Executive Mayor – Annexure E**
- iii. Questions from MPAC to Management – Annexure F,**
- iv. Responses from Management - Annexure G;**
- v. Public Hearing Report - Annexure H.**
- vi. Press cuttings (Adverts) and website printout – Annexure I**

5.5. General findings

5.5.1 MPAC Projects visit

- i. Delay in electrifying of boreholes and purification plants.**
- ii. Non-functioning of the purification plants.**
- iii. Projects not completed within the estimated contractual period, e.g Essorinca WS, Sephala, Mokopu, Thoka and Makwetja WS (Project A), Sephala, Mokopu, Makwetja, Mokomene WS (Project B)**
- iv. Poor working relationship between contractors and consultants affect the completion of the projects, i.e. Essorinca WS**

5.5.2 MPAC Public Participation on 2017/18 Draft Annual Report

- i. Delay in replacing stolen transformers by ESKOM and Municipality;**
- ii. Non-functioning of purification plants;**
- iii. poor maintenance of municipal infrastructure;**
- iv. poor working relationship between some councillors and Meshate (e.g. Moshate wa Ga-Makgato);**
- v. project implemented during the 2013/14 financial year in Sekakene not yet handed over as the transformers were vandalised and not yet replaced;**
- vi. poor monitoring of projects as jojo tanks were removed at Pickum with intention to replace them by the contractor but failed to do that;**

5.5.3 MPAC Public Hearing on 2017/18 Draft Annual Report

- i. achievements in Community Services and Corporate Services departments were erroneously captured;**
- ii. policies not reviewed regularly;**
- iii. delay in developing of TORs and specification by user departments;**
- iv. payment of terminated employees due to challenges encountered through the mSCOA compliant system;**

6. SUMMARY OF SUBMISSIONS RECEIVED FROM THE COMMUNITY AND OTHERS

The following table reflects the inputs received from the respective bodies/individuals relating to the contents of the Annual Report

| Representation submitted by: | Key issues raised | Determination by Oversight Committee |
|--|--|--|
| Individual Councillors | None | N/A |
| Private Individuals | None | N/A |
| Civic organisations | None | N/A |
| Public, communities and other stakeholders | Public Participation was held on the 01 st March 2019, at Bolivia Lodge. | Report attached as Annexure C |
| Auditor General | Meeting between the Office of the Auditor General SA and Municipal Public Accounts Committee - (MPAC Minutes – 20th February 2019) | Presented during MPAC meeting on the 20 th February 2019. |

7. ANNUAL FINANCIAL STATEMENTS

The Committee noted that the municipality maintained an **Unqualified Audit Opinion with matters of emphasis**.

8. CONCLUSION

The Committee has noted the clarifications given by the management in the action plan to improve institutional financial and non-financial performance.

9. RECOMMENDATIONS

The committee recommended that:-

- i. The municipality should ensure contractors pay Eskom and other electricity service provider like Blouberg Municipality on time.
- ii. The municipality should ensure that all purification plants are functioning.
- iii. The municipality should ensure that poor performing service providers are penalised.
- iv. The Executive Mayor should meet with Eskom Management to address the issue of non-replacing of stolen transformers.
- v. The municipality should have a maintenance plan when planning and design of projects.
- vi. The Executive Mayor should intervene on the working relationship between councillors and Meshate to ensure that municipal infrastructures are not vandalised, e.g. through IGR Fora, Councillors Lekgotla.
- vii. The municipality should ensure that Sekakene WS project is completed and handed over to the community.
- viii. The project technicians and consultants should ensure that projects are properly monitored and the jojo tanks at Pickum are replaced.
- ix. The Accounting Officer and the Executive Managers should ensure that the documents are proof read before tabling in Councils.
- x. The Accounting Officer should ensure that policies are reviewed on annual basis or as and when the need arise.
- xi. All the departments should fast-track the development of the TORs to avoid delay in implementing the projects.
- xii. The municipality should conduct an investigations on the payment made to terminated employees.
- xiii. Council should approve the annual report without reservations.



CLLR M.P. MAKGATO
MPAC CHAIRPERSON

22.03.19
DATE