

OVERSIGHT REPORT

2022/2023 FINANCIAL YEAR

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE



Setso Local Municipality



Public participation and engagement

FICKSBURG



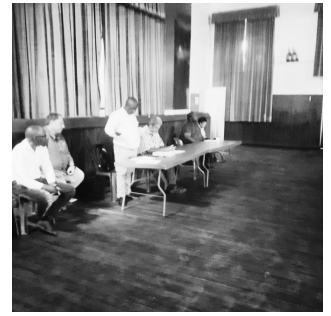
CLOCOLAN



SENEKAL



MARQUARD



"The impact we dream of drives every effort we make. If we stay true to our values and tenacious in our resolve, the future is ours for the taking."

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MPAC Chairperson Foreword

Honorable Speaker, honorable members and members of the public, greetings to you all. It is with great pleasure that on behalf of MPAC as the Chairperson I present to you the MPAC Oversight Report for the 2022/2023 Financial Year. As a remarkable highlight, MPAC prides itself in producing the oversight report on time and in compliance with Section 129 (1) of Municipal Finance Management Act (MFMA) No.56 of 2003 and as required by provisions of Municipal Structure's Act No. 117 of 1998 despite the challenges and obstacles of having no budget to procure tools of trade, stationery nor refreshments and catering whilst withstanding long MPAC meetings, we are pleased to have achieved this milestone.

The Council of Setsoto Local Municipality is legally assigned with the responsibility to perform an oversight over the executive and administration of the municipality. The oversight role remains the function of the Council which is supported by legislative prescripts including but not limited to the Constitution of Republic of South Africa. Local Government: Municipal Management Act No 32 of 2000 as amended.

In terms of Municipal Finance Act No. 56 of 2003 – Circular no 11, 32 and 63, the Municipal Public Account Committee (MPAC) is required to also oversee the Annual Report of the municipalities. The Council Meeting held on 30th of January 2024, mandated that MPAC should review and engage the 2022/2023 draft annual report with the public at large. As the oversight committee, we have delivered with utmost dedication.

The Annual Report remains one of the key instruments that instils transparent governance and accountability. It is a post financial and non-financial performance in respect of the previous financial year. The adoption of an Annual Report is a legislative requirement in terms of Local Government: Municipal Finance Management Act (MFMA) No. 56 of 2003.



Councillor Khatlake, MPAC
Chairperson

"Le maemong ana!"

Background

Introduction

The oversight report is the final major step in the annual reporting process of a municipality. It is a report of the municipal council and follows consideration and consultation on the annual report by the council itself. Thus, the full accountability cycle is completed, and the separation of powers is preserved to promote effective governance and accountability.

Section 129 of the MFMA requires the council to consider the annual reports of its municipality and to adopt an “oversight report” containing the council’s comments on each annual report.

The annual report is submitted to the council by the accounting officer and the mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by council.

The oversight role of the Council is an important component of the financial reforms, and it is achieved through the separation of roles and responsibilities between Council, Executive Mayor, Mayoral Committee and Administration. Good governance, effective accountability and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive councillors are required to maintain oversight on the performance of specific responsibilities and delegated power that have given to the Mayoral Committee. In other words, in exchange for the powers in which Council have delegated to the Mayoral Committee, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The Municipal Finance Management Act, 56 of 2003 vest in Council specific powers of approval and oversight.

- Approval of budgets;
- Approval Budget related policies; and

Review of the Annual Report and the adoption of the Oversight Report.

Accountability framework

It is important to have some understanding of the accountability framework for the municipality ensure that understanding the role of the Oversight Report is distinct form from that of the Annual Report and any other reports required from the municipality.

The following table displays the nature of the accountability framework for local government:

Body/Person	Responsible for	Oversight over	Accountable to
Council	Nature of the accountability	Mayoral Committee	Community
Mayoral Committee	Policy, Budget, outcomes, management of/oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outcomes and implementation	Administration	Mayoral Committee
Section 56 Manager	Outputs and implementation	-	Municipal Manager

The draft annual report for the financial year 2022/2023 was submitted to the Council by the Executive Mayor. The intention of the process thereof is to promote accountability in the executive and administration performance by comparing the objectives and goals set by the municipality in the relevant financial year and comparing what was achieved.

The oversight report follows consideration and consultation on the draft annual report. The draft annual report was tabled and adopted by the Council on 30 January 2024. Thereafter, the Council referred the draft annual report to the MPAC committee for further engagement. The oversight report is compiled based on the information obtained in the draft annual report and engagement with the community.

Duties of the Municipal Public Accounts Committee

The primary duties of the MPAC shall be to report to Council on activities of the committee, conduct investigation on the unauthorised, irregular, fruitless and wasteful expenditures and to present the oversight report to the Council for consideration and approval.

In respect of the Oversight Report as per section 129(1): -

- To consider and evaluate the content of the Annual Report of the Council and to develop the oversight report which will include recommendations to Council when considering an oversight report on the annual report;
- During a formal meeting of the MPAC, the Accounting Officer and the Directors would then be required to respond to the MPAC in respect of questions that the Committee may have regarding the Annual Report and
- Review and track the comments and resolution as per the Oversight Report in respect of the evaluation of the Annual Report, in order to ensure that matter are concluded that may not previously have been finalised.

The secondary duties of the MPAC relate to ensuring there is implementation of the following:

- Quarterly report of the Executive Mayor on the implementation of the budget and the state of affairs of the municipality/SDBIP (section 52(d));
- Monthly budget statement (section 71);
- Mid-year budget and performance assessment (section 72);
- Disclosures concerning councillors, directors, and officials (section 124)
- Annual Financial Statements (section 126);
- Submission of the Annual Report (section 127);
- Oversight report on the Annual Report (section 129);
- Issues raised by the Auditor General of South Africa in Audit Reports (section 131); and
- Disciplinary action instituted in terms of the MFMA.

Composition of the Municipal Public Accounts Committee

The Committee of Council established under section 79 (A) of the Municipal Structures Act, 117 of 1998. Section 79(A) allows for the co-option of advisory members to a committee of Council, who are not members of the Council.

The MPAC consist of the following Councillors :

Name	Gender	Political Party	Position
Cllr Khatlake NP	Male	African National Congress	Chairperson
Cllr Thamae L	Male	African National Congress	Member
Cllr Vermeulen	Male	Setsoto Service Delivery Forum	Member
Cllr Ponya	Male	African National Congress	Member
Cllr Mohanoe	Female	Setsoto Service Delivery Forum	Member
Cllr Coetzee	Male	Democratic Alliance	Member

The meeting attendance of members in preparation for the oversight report:

Name	07/02/2024	19/02/2024	26/02/2024	01/03/2024	12/03/2024	13/03/2024	14/03/2024	15/03/2024	18/03/2024
Cllr Khatlake NP	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr Thamae LD	✓	✓	✓	a/a	✓	✓	✓	✓	a/a
Cllr Vermeulen PJM	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr Ponya MA	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr Mohanoe LE	✓	✓	✓	✓	a/a	a/a	a/a	a/a	✗
Cllr Coetzee J	a/a	✓	✓	✓	✓	✓	✓	a/a	✓

Legend:

Symbol	Meaning
✓	Present for the meeting
a/a	Absent with apology
✗	Absent without apology

Concerns raised by community members

Megheleng community:

- **Member 1:** Mr Tsolo from ward 14 raised concerns regarding water spillage, bad roads, scarcity of site, waste removal, human resource of the municipality. He also advised that the municipality should have a sports ground that will keep children out of the streets.
- **Member 2:** Mr. Lesitha from zone 6 needed clarity regarding the lack of power supply at one of the well-known churches in the location.
- **Member 3:** Member 3 from house 138 Karee Street Caledon Park explained his concern which was the lack of electricity access since 31st January 2024.
- **Member 4:** Mr. Mohau Mokhobo from zone 6 has some few concerns on service delivery performance as he felt the report was not accurate because the municipality still have bad roads, LED division is still not assisting South Africans of the municipality, but they are focusing on foreign people. The last advice he raised was that the swimming pool needed to be upgraded and the resort park that has been turned into kraal be recouped.
- **Member 5:** Mr. Tshabalala from zone 8 explained the concern of lack of service delivery such as water loss, unreliable indigent registration which does not serve its own purpose as some people don't receive free electricity. He explained that there is sewer spillage all around the municipality streets and lastly, he explained that the fire department is not so useful as many shacks burned, the report is therefore not true reflection of what is happening, and the report should be rejected.

- **Member 6:** Member 6 raised a concern on the vandalised municipality halls such as Mapenyadira hall. The youth from Meqheleng volunteered to renovate the hall however, it is now being used by other people who do not even pay for utilising the hall.
- **Member 7:** Mr. Mofokeng from ward 12 raised concerns regarding loitering of animals whilst a pound master is hired by the municipality. He also raised the concern of illegal dumping sites.
- **Member 8:** Mrs Mafusi Maduna raised a concern regarding the site allocation that will be aligned with RDP house registering.

Clocolan community:

- **Member 1:** Mr. Johannes from extension 6 thanked the opportunity he was provided with, and he said he that he told the councillor Coetzee that there is illegal dumping site at the extension next to the sports ground. Mr. Johannes's second concern was that the bucket removal system takes 3 months without being emptied in his extension. Mr. Johannes's last concern was that the manholes are still not closed, the company called G5 was very untidy when they were working, and the problem is that people are falling in the manholes.
- **Member 2:** Mr. John Makelefone who lives in Town also thanked the opportunity to be able to express his concerns and criticism in the presentation of the draft annual report. He mentioned that in chapter, there was no indicators of performance for employees. He also mentioned that he remembers that the expenditure of the municipality should not exceed 33.33% of the budget. Mr. Makelefone also raised a concern that the replacement of new meters readings in Clocolan were said to be free but that was not true. Mr. Makelefone raised the third concern that the acquisition of land on improvement for community members to pay special consent costs around R28 000 to R35 000 is expensive. He considers the land per square meter to be expensive. He argued that the council may lose money because people nowadays just expand their houses without informing the municipality. Mr. Makelefone lastly enquired on whether there are any consequence management for the irregular expenditure incurred.

- **Member 3:** Mr. Molalla thanked the MPAC committee for composition of the draft annual report summary. He wanted all the heads of the administrative governance to be part of the roadshows to ensure that questions are directed to them and not the MPAC Committee. Mr. Molalla asked Councillor Coetzee about the heavy vehicle drivers that camp on the Clocolan roads as well as the damage they cause on the roads. Mr Molalla lastly raised a concern that there are so many EPWP employees visible in town but not in the locations in terms of their duties. He believed that there should be a fair distribution made by the supervisors in the employees allocated to work in town and in the location.
- **Member 4:** Ntate Oujan Ramoai Ntsatsa who lives at 1176 raised a concern that the important information is not conveyed and distributed evenly on matters that impact their lives for the better, but they are only informed about information that deals with elections. Mr Ramoai's last concern was that there are no services rendered in the old location called Thethe. He explained that old homes are destroyed, and elderly people are sick, but the place is abandoned.

Senekal Town hall community:

- **Member 1 :** Me Eduan explained that she was not able to go through the draft annual report summary but she had questions regarding the expenditure of the municipality for the financial year 2022/2023. The chairperson requested councillor Coetzee and councillor Vermeulen to explain the expenditure of the municipality from the summary. Both councillor Coetzee and councillor Vermeulen presented the expenditure part of the summary effectively for me Eduan to understand.
- **Member 2:** Former Speaker Me Malithare Mabeleng requested the chairperson to report back to the community to provide feedback on the progress of consequence management regarding the audit findings and she congratulated the municipality on the unqualified opinion raised by AG.

Matwabeng community:

- **Member 1:** Mrs Mantwa Dlamini from house no 4786 Tambo said they do not have water on water pumps and they experience a lot of loadshedding.
- **Member 2:** Mr Setiri Nakedi from house no 5296 Tambo raised a concern that he made an application for RDP house, the application failed and he has not received any feedback regarding that particular application.
- **Member 3:** Mr Tiisetso Ntsane from house no 3918 Matwabeng raised a concern on the allocation of budgets to various municipal departments in terms of expenditures and requested that feedback must be given to the community on the budget allocation.
- **Member 4:** Mr. Lethoko from house no 3490 Tambo raised a concern that he completed an indigent form for free monthly electricity but there is no feedback regarding that application to date, his yard is hollow and the water is flowing when it rains.
- **Member 5:** Mr. Poponi Mokwena from house no 1311 explained that there is a water tunnel in ward 7 behind the houses around the Matwabeng mountain side and it needs to be maintained. He further explained that there is water flooding at the junction of Tambo section, sewage pipes are blocked in town, John Stone road is not in a good conditions because of potholes and manholes are closed by tankers, the old clinic building is abandoned and there is also an abandoned container around the clinic that is being used for criminal activities and he is thinking of taking it for personal use.
- **Member 6:** Mrs. Modiehi Mohapi from house no 6153 Tambo said there is a dumping site around and it is not healthy for her and people are dumping rotten things at that dumping site.

- **Member 7:** Mrs. Dipoli from house no 4770 said her concern is not getting free electricity.
- **Member 8:** Mr. Ramotsia from house no 7199 Tambo mentioned there is a family in need of identity documents around his home. He also explained that pipes that were fitted by a contractor are not working and these pipes are full of soil.

Concerns raised by community members

- Marquard community:

- **Member 1:** Mr. Tsepo Tsautse from Ext10 Moemaneng started giving recognition on the progress implemented on the waste removal and electricity installation and he also congratulated the EPWP and CWP for their work done. His concerns were regarding bucket removal system takes a period of two months without being emptied and also the water distribution is not been accessed by all community member. He wanted to suggest jojo tanks. Mr. Tsautse also complained about the bad roads and less long term employment as it is only temporary workers mainly available.
- **Member 2:** Mr. Sello from 2084 Moemaneng had a few concerns which is why Marquard do not have projects like other towns in Setsoto. He mentioned that there is no security on the municipal hall but they deployed private security on other plant of the municipality. He was frustrated by raising the same issues every year. His other concern was that a fire engine vehicle is not available at the municipality. Requested that the water treatment plant should be made upgraded
- **Member 3:** Mr. Teboho Mabina from 350 Moemanaeng was mainly concerned about the unqualified audit opinion raised by Auditor General and also wanted to know if there is any skill the that the municipality searches which holds preference.
- **Member 4:** Me. Makometsi from 397 Moemaneng and 1610 had a concern regarding the state of roads especially when it is raining, the sewer spillage pipe crossing at the yard.
- **Member 5:** Me. Sebusi from 2577 has a concern on of farrow crossing from river site to matamong which creates danger to our community because when rains, it affect the community.

- **Member 6:** Me. Tseleng from ward 02 was concerned about the attendance of the meeting was very poor. She was concerned about what will happen to the people that are not there in the meeting about the accessing the information.
- **Member 7:** Mr. Chere from 2090 Moemaneng was concerned about projects that created by municipality which didn't upgrade to cover cemeteries in the location. He also suggested a play ground for children to keep them busy. The chairperson responded by saying that some projects can cover Mr Chere's area if the scope of work can determined. He explained that the cleaning of the cemeteries should be both from the community and municipality to work together to resolve it. Furthermore, he indicated that every service that is rendered to municipality needs to go via SCM policy.

Recommendations raised by the MPAC on the draft annual report

8.2 Summary of reservation and corrective actions to be undertaken by Mayoral committee and administration

The Committee has formulated various recommendations to the council with the intention of the council to adopt the recommendations as it will improve both the service delivery to the community as well as the outcome of the audit opinion.

The committee established general recommendations as follows:

- 1) The council should adopt the MPAC oversight report notwithstanding the consideration of the annual report for the 2022/2023 financial year of the Setsoto Local Municipality.
- 2) In accordance with the MFMA no 56 of 2003, Section 127 (1)(a), Council should approve the annual report 2022/2023 financial year of the Setsoto Local Municipality with the following reservations:
 - a) Appendix A: Councillors; committee allocation and council attendance
 - b) Appendix B: Committee and committee purpose
 - c) Appendix C: Third Tier administrative structure
 - d) Appendix D: Functions of Municipality
 - e) Appendix E: Ward reporting
 - f) Appendix F: Ward information/titles
 - g) Appendix G: Recommendations of the municipal Audit committee

- h) Appendix H: Long term contracts and public private partnerships
- i) Appendix I: Municipal entity/Service provider performance schedule
- j) Appendix J: Disclosure of financial interest
- k) Appendix K (i): Revenue collection performance by vote
- l) Appendix K (ii): Revenue collection performance by source
- m) Appendix L: Conditional grants received: Excluding MIG
- n) Appendix M (i): Capital expenditure – new assets programme
- o) Appendix M (ii): Capital expenditure – upgrade/renewal programme
- p) Appendix N: Capital programme by project current year

- q) Appendix O: Capital programme by project and by ward current year

3) The oversight report for the 2022/2023 financial year should be made public in accordance with section 129(3) of the municipal finance act. 56 of 2003.

4) The oversight report for the 2022/2023 financial year should be submitted to the provincial legislature in accordance with section 132(2) of the municipal finance management act. 56 of 2003.

5) All corrective measures on the findings made by Auditor General should be implemented.

6) The accounting officer should within 10 days of the end of each quarter submit a report on the implementation of SCM policy to council; (In terms of section 21 of the Municipal Systems Act,32 of 2000 and the report must be made public.

7) The office of the speaker should ensure that Municipal Public Accounts Committee be fully capacitated in terms tools of trade to function effectively and execute its mandate.

8) The Municipal Public Accounts Committee should be assigned its own financial budget which will enable the members and officials to execute their functions diligently as in prior period, the committee struggled with the following:

- a) Three of the officials have been allocated to utilise an Acer desktop of the year 2009 which has exceeded its useful life beyond recognition.

b) The 2 of the 3 officials have been allocated one table to share the space when conducting their duties.

c) The office has since submitted a request for stationery in the office of the speaker in December 2023 and has since then not received the stationary.

d) During the MPAC meetings it has been extremely difficult to secure refreshments, utensils and catering when meetings prolong longer than 5 hours.

9) We recommend the MPAC committee to undergo continuous training which will upskill their ability to discern the investigations that need to be concluded by MPAC and the investigations that need to be referred to disciplinary board.

10) The MPAC should not impinge upon financial management, however the MPAC committee should be kept abreast of all developments for information purposes and to ensure that proper follow-up on issues of oversight and accountability.

11) Council should ensure that e-performance management system is implemented to ensure a reliable service delivery monitoring tool. The design of the system should prioritize the 3 lines of defence which will intend on detecting, preventing and correct any human error or system manipulation.

12) There should be an effective strategy that will reduce the unauthorised, irregular, fruitless and wasteful expenditure as follows:

Irregular expenditure

- The Accounting officer and the Chief Financial Officer should make sure that unnecessary deviations are avoided.
- The Accounting Officer and the Chief Financial Officer should indicate clearly whether they support or not support deviations with their motivation.
- Consequence management must be implemented to those who deviate without valid reasons.
- All officials must adhere to SCM policies to avoid non-compliance.
- The Accounting Officer and the Chief Financial Officer should make sure that the service providers are paid within 30 days.

Wasteful Expenditure

- The Accounting Officer and the Chief Financial Officer that unnecessary interest charges are avoided.

13) The accounting officer should ensure that any disciplinary actions that are required as consequence of the incurrence of UIF&W expenditure are instituted within the time limits as stipulated in the Labour relations act and other relevant legal framework.

14) There should be consequence management for transgressions, Lack of action and poor performance – MFMA section 32, Financial Misconduct Regulations, Local Government Disciplinary Regulations for senior managers.

15) MPAC committee is of the view that lack of consequence management to employees who neglect their official responsibilities seems to be one the contributing factors to the recurrence of the AG's findings. An action plan to address the AG's findings is developed every year but the recurrence of findings could only mean that corrective actions are not effective, or the implementation is not happening.

16) The management should develop an Asset Management Policy that will be able to monitor the reporting of damage, theft, insurance claims and similar occurrences.

17) It should be noted that the reports on the misconduct with regards to financial misappropriation, such as fraud and corruption, should have consequence management and the money lost must be recouped from the responsible party. It is therefore imperative that all matters relating to financial misconduct must be referred by the Accounting Officer, forthwith on becoming aware thereof to Financial Misconduct Disciplinary Board and any other relevant authorities (internal and external) for investigation and disciplinary recommendations.

18) The Finance Department, more particularly the Supply Chain Division must circumvent unnecessary deviations, comply with the Municipal Finance Act prescriptions in the context of competitive bids advertising, Government Supplier Database Compliance and quality assurance must be done on all appointment service providers.

19) The committee recommended the Accounting Officer report back to the committee on the implementation of this report after the adoption by the council.

Recommendations raised by the MPAC on the service delivery

- 1) All community halls for all four units should be renovated, maintained, and monitored.
- 2) All councillors, the revenue division and communication division should always encourage the residents of the community to pay for the services rendered. For purposes of the efficiency for the above recommendation, pay points of all 4 units should be fully operational and function effectively.

3) Material losses

- On water losses – The municipality must have war on leaks team that will assist with water leakages to avoid water losses.
- Water meters must be installed to prevent water losses.
- Upgrading and maintaining of old water infrastructure.
- Repairing where there are leakages on Municipality water plants to prevent water losses.

4) Electricity losses

- Illegal connections must be traced to prevent electricity losses.
- Upgrading and maintaining old electricity infrastructure to prevent electricity losses.

5) The Accounting officer should give feedback to the members of the community on the progress of water and roads projects so that they are aware of factors affecting them and the progress made thus far.

6) The office of the Chief Financial Officer in the revenue department should assist members of the community who qualify for indigent support by completing applications forms and all councillors should go to the community to identify and assist the community members who qualify for indigent support.

- 7) The Setsoto municipality should appoint the pound master on a permanent basis in order prevent the loitering of animals.
- 8) There should be consequence management for waste division officials who are responsible for dumping waste at illegal dumping sites. The supervisors in the waste management division should regulate the officials to only make use of legal dumping sites. Budget for equipment
- 9) It is recommended that additional equipment used for the bucket removal system should be budgeted for to alleviate the officials from delays in the collecting of buckets.
- 10) It is recommended that accounting officer and all directors should avail themselves during public participation and engagement ensure that effective feedback is provided to the community members.
- 11) The traffic officers should allocate roads and parking for heavy duty vehicles.
- 12) The EPWP and CWP supervisors should make sure that all employees are assigned in both towns and townships, and they must be monitored regularly.
- 13) All councillors should make sure that the important information is distributed and conveyed evenly to all their respective wards.
- 14) It is recommended that the project management unit should implement quality controls for every project and inspect that the quality controls are adhered to at the inception date of the project till the completion date of the project to avoid issues such as manholes being left open which is a danger to the community as well water drainages not working effectively.

CONCLUSION

As the Chairperson of MPAC I would like to thank MPAC Committee Members, the Executive Mayor, the Mayoral Committee, as well as the contributors to Annual Report 2022/2023 for their diligence and constructive commitment during the oversight report. The comments on the Annual Report received from community and all stakeholders were extremely positive hence they acknowledge the hard work and commitment to reach this final point in what is in essence the final step of ending the financial year 2022/2023.

MPAC oversight responsibility includes the obligation to bring key issues of governance, performance, and financial accountability to the attention of the Council, administration, and the public. The Municipality exists because there are communities and there are people living in those communities. The Annual Report highlights that there are a lot of room for improvement and management is thus encouraged to do so.

We must take pride in what we do and remember we are serving the community.



Cllr N P Khatlake

Chairperson of the MPAC

Date: 20/03/2024