JOE MOROLONG
LOCAL MUNICIPALITY

THE OVERSIGHT REPORT OF MPAC ON ANNUAL REPORT 2024/25

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FOREWORD BY THE MPAC CHAIRPERSON

To the: Honourable Speaker of Council: Cllr V. Jordan

Honourable Mayor: Cllr DD Leutlwetse-Tshabalala

Whip of Council: Cllr GC Tagane

Chairpersons of Portfolio Committees Cllr Mbolekwa

Cllr ON Mokweni

Cllr GG Kaotsane

Cllr ND Kgosierileng

Honourable Councillors

Municipal Manager: Mrs. B. Motlhaping

Senior Managers of the Municipality

Ladies and Gentlemen.

Good morning!

Madam Speaker and the house at large, on behalf of the MPAC committee allow me to convey my greetings to the Council and all Municipal officials present here today.

Madam Speaker let me convey words of appreciation to council for entrusting the MPAC members with huge task of playing oversight role on its behalf on the annual report 2024/2025 financial year.

I will be presenting the Oversight Report 2024/25 to council with recommendations from the MPAC Committee.

1.1 INTRODUCTION

The Annual Report is a key instrument of transparent governance and accountability. It is a post financial year document which provides an overview of the process of

financial and non-financial performance in respect of the previous financial year, in this instance 2024/2025. The adoption of Annual Report is a legislated requirement in terms of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA).

1.2 PURPOSE

The Purpose of this report is to present to council for adoption, the final Annual Report for 2024/25 as well as the Oversight Report on the Annual Report as required in terms of section 129 of the MFMA.

1.3 LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

In terms of section 121 of the Municipal Finance Management Act, the Municipality must prepare and adopt the annual report within a period of nine (9) months after the end of the financial year in terms of sections 127 and 129 of the Act. The Municipality is further required to deal with the annual report in accordance with the following provision of the Act:

Section 127: submission and tabling of the annual report in Council within a period of seven (7) months after the end of the financial year, and submission of the annual report to public participation process in terms of section 21A of the Local Government: Municipal Systems Act, inviting the community to submit comments on the annual report.

Section 129: consideration of the annual report by Council within a period of two (2) months after the report has been tabled in terms of section 127 of the Local Government: Municipal Finance Management Act and subsequent adoption of the Oversight Report containing the Council comments on the annual report, which must include a statement whether the council has:

Approved the Annual Report with or without reservations;

Rejected the Annual Report; or

Has referred the Annual report back for revision of those components that can be resolved and submission of same to relevant authorities.

1.4 THE LEGAL FRAMEWORK APPLICABLE TO THIS REPORT

- Municipal Structures Act 117 of 1998
- MFMA 56 of 2003
- Municipal Structures Act 32 of 2003
- Municipal Public Accounts Guidelines
- Constitution of the Republic of South Africa
- Public Audit Act 25 of 2004

1.5 THE ROLES IDENTIFIED IN THE ANNUAL REPORTING PROCESS

The role of the Management

The management is responsible for the preparation of the Annual Report and to submit the Report to council. The council will then refer the Annual Report to the MPAC Committee for consideration.

The role of the MPAC Committee

The role of the MPAC Committee is to consider the Structure and content of the Annual Report to determine whether;

- It complies with standards sets by the National Treasury
- It contains information required in terms of circular 63 and 68 and if such content fairly represent the achievement of the Municipality over the relevant financial year.

After consideration of the Annual Report MPAC must prepare an Oversight in terms of the Circular.

The role of Council

The council's role is to receive and consider the recommendations of the MPAC with a view of taking final decision on the matter.

1.6 PUBLIC PARTICIPATION

Section 130 of the MFMA stipulates that public participation must be a central element of all processes relating to an Annual report. The aforementioned section instructs that the meeting of a municipal councillor committee establish by the council at which an Annual report is to be discussed or at which decision concerning an Annual report are to be taken must be open to the public. As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions,

- Invite written submission from the local community on the Annual report.
- Engage in the process of public participation on the Annual report.

1.7 THE ANNUAL REPORT CHECKLIST

CHECKLIST OF THE ANNUAL REPORT AS PER SECTION 121(3) OF THE MFMA 56 of 2003 AND MFMA CIRCULAR 11

CONTENTS OF THE ANNUAL REPORT 2023/2024	YES/NO
1. Annual Financial Statement of the Municipality	Yes
2. AG's Report on the Financial Statements	Yes
3. Annual Performance of the Municipality prepared by the Municipality in terms of section 46 of the Municipal Systems Act	Yes

4. Auditor General's report in terms of section 45(b) of the Municipal Systems Act	Yes
5. An Assessment by the Accounting Officer of any arrears on Municipal taxes and services	Yes
6. Assessment by the Municipality's Accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each role in the municipality's approved budget for the relevant financial year.	Yes
7. Particulars of the corrective action taken or to be taken in response to issues raised in the Audit Report referred to in paragraph (b) and (c)	Yes
8. Any explanation that may be necessary to clarify issues in connection with the financial statement.	Yes
9. Any information as determined by the municipality	Yes
10. Any recommendations of the municipality's Audit committee	Yes
11. Any other information as may be prescribed	Yes

COMMENTS ON THE COPONENTS OF THE ANNUAL REPORT

The below is the Table of information required to be included in the Annual Report

FINANCIAL MATTERS	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
The Auditor General's reports on the financial statements of the Municipality and the entities	Is the Audit report included in the annual report as tabled?	Yes	
	If not, when will the Audit report be Tabled?	None	
	What are causes of the delay?	None	
	What actions are being taken to expedite the report?	None	
Any explanations that may 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 points below on information in notes to AFS. Taking into consideration the audit report and the audit committee comments, is		

	the sufficient explanation of financial issues contained in the notes to the statements? The above applies to the AFS Municipal entities	Yes	
An assessment by the Accounting officer on any arrears on municipal taxes and service charges, including municipal entities	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	Yes Yes No	
Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	The objective of the municipality should be to achieve an unqualified audit opinion. Taking into account 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 audits? Is the Action proposed considered to be adequate to effectively address the issues raised in the audit reports? Has a schedule of action to be taken been included in the annual report, with appropriate due dates?	None Yes	
An assessment by the municipality's Accounting officer of the Municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget	Has the performance met the expectations of council and the community? Have the performance objectives been met?	Yes Yes	

	What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget? Council should comment and draw conclusions on performance and explanations provided.	Yes	
Recommendations of the Audit committee in relation to the AFS and Audit reports of the municipality and its entities	Has the 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 recommendation? Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	Yes	

ALLOCATIONS RECEIVED & MADE	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
Allocations received by and made to the municipality	Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?	Yes Yes No	
Information in relation to outstanding debtors and creditors of the municipality and entities	Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amount owed to them persistently delayed beyond 30 days.	There is non-compliance in terms of 30 days period for payment	

	Council should be satisfied that the information has properly been disclosed, Conditions of allocations have been met, and also that any explanations provided are acceptable The comments of the AG and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.	The Cllrs of MPAC committee confirmed that the council indeed is satisfied and that the information is properly been disclosed.	

DISCLOSURE IN NOTES to AFS	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
Information relating to benefits paid by the municipality and entity to councilors, directors and officials	Info. On the following items is to be included in the notes to the annual report and AFS; Salaries, allowances and benefits of political office bearers, councilors and boards of directors, whether financial or in kind, Any arrears owed by individual councilors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councilors; Salaries allowances and benefits of the Municipal Manager, CEO of a municipal entity, CFO and every senior manager. Contributions for pensions and medical aid, Travel, motor car, accommodation, subsistence and other allowances.	All of them are included in the AFS of the municipality. All of them are included in the AFS of the Municipality	

	Housing benefits and allowances, Overtime payments, Loans and advances, and; Any other type of benefit or allowance related to staff. Council should be satisfied that' The information has been properly disclosed, Conditions of allocations have been met and, That explanation provided are acceptable. The comments of the AG and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.	All of them are included in the AFS of the municipality.	

MIUNICIPAL PERFORMANCE	COMPLIANCES	RECOMMENDED CORRECTIVE ACTION
The annual performance reports of the municipality and entities	Has the performance report included in the annual report?	Yes
	Have all the performance targets set in the budgets, SDBIP, service agreements etc been included in the annual report?	Yes

	Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?	Yes
	To what extent has performance achieved targets set by council?	
	Is the council satisfied with the performance levels achieved?	Yes
	Is the community satisfied with performance?	Yes
	What were the outcomes of public consultation and public hearing?	Very satisfactorily
	What actions have been taken and planned to improved performance?	
	Is the council satisfied with actions to improve performance?	Yes
	Did the targets set in the budgets, SDBIP agree with the target set in the performance contract of the Municipal Manager and each senior Manager?	The municipality has developed a PDMS system which will assist in monitoring performance of the employees.
	Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	
	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 or future years? If so, are there any explanation been provided by the	

	Municipal Manager and are these satisfactory?	

General information	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION
The use of any donor funding support	What donor funding has the Municipality received?	SLP	
	Have the purposes and the management agreements for the funding been properly agreed upon?	Yes	

	Have the funds been used in accordance with agreements? Have the objectives been met? Has the use of funds been effective in improving services to the community? What actions need to be taken to improve utilization of the funds?	Yes, as per the SLP Agreement. Yes Yes Proper engagement between the funder & the municipality should be done	
Service delivery performance on key services provided	Overall results on the strategic functions and services should be summarized. This should cover all services whether Provided by the municipality	All the services of the Municipality are included in the documentation of the Annual Report	
Information on long term contracts	Details of all long term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.	No long term contracts concluded during 2023/24	
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	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. 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.	During the financial year, a heavy rain were experienced in our area which caused serious damage to roads and water infrastructure. It is anticipated that this had a negative impact on our service backlogs. However business plan were developed & submitted to possible funders to do emergency repairs.	

Other considerations recommended	COMPLIANCES	RESPONSE	RECOMMENDED CORRECTIVE ACTION

Timing of reports	Was the report tabled in the time prescribed? Has a schedule for its consideration of the report been adopted?	Yes Yes	
Oversight committee or other mechanism	What mechanism have been put in place to prepare the oversight report? Has a schedule for its completion and tabling been adopted?	 Yes	
Payment of Performance bonus to Municipal officials	Have the bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council? If so, has a proper evaluation align and reconcile with the Performance reported in the Annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report? Are the Payments justified in terms of Performance reported in the Annual report? Conclusions and comments on the evaluation and Payment of Performance bonuses of council should be included in the Oversight report.	Yes Yes	

1.8 THE CONCLUDING COMMENTS FROM THE MPAC ON ANNUAL REPORT

MPAC request council to take note of the following;

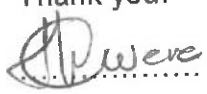
1. MPAC is of the view that lack of consequence management to employees who neglect their official responsibilities seem to be one of the contributing factors to the recurrence of the AG'S findings. An Action Plan to address AG'S findings is developed every year but recurrence of findings could only mean that the corrective actions are not effective or implementation is not happening.
2. MPAC is of the view that JMLM can achieve a Clean Audit in the near future, only if various structures in the Municipality can work together in addressing issues raised by the Auditor General and if proper plans are in place to enable the Municipality to obtain Clean Audit.
3. The Audit Committee must play a stronger role in ensuring that the comments by the AG are taken seriously and should monitor those on a quarterly basis.
4. MPAC recommends that the Accounting Officer and Management continuously monitor and use the Audit Action Plan and other Management Action Plans as a guiding tool to improve performance.
5. The Accounting Officer must at All time follow the legislation (SCM) before implementing the decision to avoid Irregular expenditure.
6. The Accounting Officer must ensure that All documents are submitted to the AG before or on the 31st August of the financial year.

1.9 RECOMMENDATIONS ON ANNUAL REPORT 2024/25

7. The MPAC committee recommends that our official website of JMLM must publicise information on both English & Setswana to accommodate every member of the society.
8. And further recommends that all municipal information to be uploaded on the municipal website.
9. That the Speaker of JMLM to do an awareness on municipal by laws to the community and also be adopted as such by council.
10. That management must implement the system that will prevent all challenges on municipal vehicles.
11. That all municipal old assets to be disposed of.
12. That all municipal officials to be assessed from the director level to junior levels.

And, in the circumstances after evaluating the content of the Annual Report and taking into consideration all representations received, comments and deliberations at the MPAC meeting, the Audit committee Report included in the Annual Report and comments from the AG and Provincial Treasury, it is recommended that the 2024/25 Annual report be adopted without any reservations.

Thank you!



MPAC Chair

Cllr Novility Tswer