

Council Resolution date: 27/03/2024

WRDM

ITEM 17

**OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(MPAC): OVERSIGHT REPORT ON THE 2022/23 AUDITED ANNUAL
REPORT OF THE WEST RAND DISTRICT MUNICIPALITY**

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1. PURPOSE

The purpose of the oversight report is to table to Council, the MPAC Oversight report on the WRDM 2022/2023 Annual Report.

2. INTRODUCTION

The 2022/2023 Annual Report was tabled in Council on 30 January 2024 in compliance with Section 127(2) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) (MFMA), which requires that:

- The mayor of municipality with seven months after the end of a financial year, table in the municipal council the annual report of the municipality

Every municipality must prepare an annual report for each financial year in accordance with the Municipal Finance Management Act, 2003 (No. 56 of 2003) (MFMA) and Municipal System Act, 2000 (NO. 32 of 2000) (MSA). The oversight report is the final major step in the annual reporting process of the Municipality and must include in terms of Section 129 (1) of the Municipal Finance Management Act (MFMA) Act, 2003 (No. 56 of 2003) a statement as to whether the Council:-

- a) Has approved the Annual Report, with or without reservations;
- b) Has rejected the Annual Report; or
- c) Has referred the Annual Report back for revision of those components that can be revised.

It is required in terms of Section 129 (3) of the Municipal Finance Management Act, 2003 (No. 56 of 2003); the Municipal Manager must be in accordance with

Section 21A of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000) make public the Oversight report within seven days of this adoption.

3. MPAC ROLE IN ASSESSING ANNUAL REPORT

MPAC is to provide an analysis of the veracity of the report as compiled by administration. This verification process was done following the under mentioned process:

- Review of past recommendations on similar audit issues and the extent on which progress has been achieved.
- Departmental inputs on the compilation of the Annual Report (AR)
- Public Participation as per the legislative requirements through the IDP Review process and other platforms.
- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.
- The processes as undertaken by MPAC in dealing with Annual Report.

Council mandated the Municipal Public Account Committee (MPAC) to serve as an oversight committee to exercise oversight over the executive obligations of council to consider the Audited Annual Report as resolution an in terms of Section 79(A)(1)(c) of the local government: Municipal Structures Amended Act, 2021. Audited Annual Report was referred to MPAC for oversight on the 30 January 2024.

4. LEGISLATIVE FRAMEWORK

National Treasury developed MFMA circular 63 which is aimed at providing clear guidance to Municipalities and Municipal entities on the new Annual report format and contents. Furthermore, the circular is also aimed at improving processes taking place prior to the preparation of the Annual report so as to improve quality and alignment of all strategic documents. It is important to note that circular 63 should be read with circular 11: Annual Report Guidelines.

Municipalities are required to prepare an Annual Report for each financial year in with the principles of the act and MFMA circular 11 and 63 to provide a record of activities of the Municipality, performance on service delivery budget implementation and promote accountability to the Local community.

The Annual Report Template (ART) and the guidelines was developed with the aim of standardizing reporting to enable Municipalities to submit Annual Reports.

- Align financial and non- financial reporting in the Annual Reporting
- Create Standardized reporting structure that will enhance comprehensive oversight, meaningful evaluation and improved understanding of service delivery output
- Ensure the standardization of the terminology used in the Annual Reports; and
- To promote accountability to the local community and other stakeholders

The Municipal Public Accounts Committee (MPAC) is a forum through which the Council exercises an Oversight over the management and expenditure of Public funds.

Council had to able to provide assurance to the Public that indeed monies and assets are being managed and utilized properly and the value for money is being rendered by the Public Sector Institutions in their spending of Public Funds. Section 41(1)(c) of the Constitution States: All spheres of government and all organs of state within each sphere must provide effective, transparent, accountable and coherent government for the Republic as a whole. If Council through MPAC Committee can provide this assurance, the confidence of the general public in the Municipality will be strengthened.

The Municipal Public Accounts Committee enables Council, in respect of Financial Management, to fulfil its constitutional obligation to scrutinize and oversee executive action. In a non-partisan fashion, the committee conducts searching and ratepayers money and their stewardship over public assets in order to ensure regular, economical, efficient and effective local government spending.

5. COMPOSITION OF COMMITTEE

(i)	Cllr Heather Butler	Chairperson
(ii)	Cllr Victor Molefe	Member
(iii)	Cllr Lungile Mpupu	Member
(iv)	Cllr Tsitsana Tlholoe	Member
(v)	Cllr Gerhard Kruger	Member
(vi)	Cllr Alme Rowles-Zwart	Member
(vii)	Cllr Theuns Schoeman	Member
(viii)	Cllr Nozibele Mrwetyana	Member
(ix)	Cllr Kelebogile Ntshangase	Member

6. MEETINGS HELD

The MPAC held three scheduled meetings for the current financial year 2023/2024. In addition held three meetings for consultative process on the Annual Report for the financial year 2022/2023.

7. CONSULTATIVE PROCESS

The relevant department was invited to MPAC to provide clarity on findings made on the by the committee and the correctness and information contained in the Annual Report.

The particular stakeholders were invited to the Committee’s meeting

- AGSA – 01 March 2024
- PMS Manager – 11 March 2024

(See attached register Annexure A)

8. MPAC COMMENTS AND RECOMMENDATIONS

No	Comments by MPAC
Summary of Comments on the 2022/2023 Report	
8.1	<ul style="list-style-type: none"> ▪ Executive Mayor’s Foreword ▪ In line with the Annual Report Template (ART) ▪ Chapter 1 pages 3,4,13,14,21 and 22
8.2	<p>Municipal Manager Foreword</p> <ul style="list-style-type: none"> ▪ Information given as per the ART <p>Chapter 2 – Governance</p> <ul style="list-style-type: none"> ▪ Information is given per ART ▪ Pages 29,32,38 and 46 <p>Chapter 3 – Service Delivery Performance</p> <ul style="list-style-type: none"> ▪ Information is given per ART ▪ Pages 54,56,57,59,69,81,86,89,90,91,93,94,95,101,102,104,105, 117,124,127,131,138&143 <p>Chapter 4 – Organizational Development Performance</p> <ul style="list-style-type: none"> ▪ Information is given as per ART ▪ Pages 164,165,166,173,178,180,183,190,191,197,199,200,202,2 12,231,214,215,216,220,221,224,225,226 &227 <p>Chapter 5 – Financial Performance</p> <ul style="list-style-type: none"> ▪ Information is given as per ART

	<ul style="list-style-type: none"> ▪ Pages 233,234,236,237,238,239,240,241,242,243,244,245,246,247,248 &249 <p>Appendices Pages 258,260,261,262,263,268,269&270</p>
8.3	<p>Auditor General Reports</p> <ul style="list-style-type: none"> ▪ Note is taken of the report of the Auditor General for 2022/2023 Financial year. The Municipality received an Unqualified Audit report
8.4	<p>Financial Management Controls</p> <p>The committee notes the “review and monitoring compliance” control deficiencies raised by the office of the AGSA for the Municipality.</p>
8.5	<p>Annual Performance Reports</p> <p>The committee takes note of the findings raised by the office of the AGSA for the Municipality.</p>

Please note that the above findings were shared with the PMS Manager’s office whom went to update the WRDM FY2022/2023 Annual Report with MPAC’s findings. The updated Annual Report was indeed send to MPAC on Wednesday 13 March 2024.

9. MPAC COORDINATION ROLE ON LOCALS

9.1 FUNCTIONALITY: WEST RAND DISTRICT MUNICIPALITY (MPAC FORUM)

- ❖ An MPAC committee is functional with chairperson, 09 members and 02 support staff.
- ❖ The District has established the Chairperson’s forum to co-ordinate and share experiences.
- ❖ A resolution was taken that all Municipalities should provide MPAC office with section 71 and 52 (d) reports.

9.2 FUNCTIONALITY OF RAND WEST CITY LOCAL MUNICIPALITY

- ❖ The MPAC RWCLM is functional:-
 - 13 Committee members
 - 01 vacancy because of redeployment to an executive position.

- 03 Support staff, 02 full time (Manager & Admin Assistant), 01 on fixed term as a PA to the MPAC Chairperson.
- 03 Support staff seconded from the EPWP.
- ❖ The committee had two meetings for the financial year 2022/2023
- ❖ The Committee is in the process of reviewing its Terms of reference and will be tabled in Council on 20 March 2024.
- ❖ Rand West City Local received unqualified audit opinion.
- ❖ Overall challenges the Committee and Support Staff encountered during the current financial year.
 - Budget and Accredited training
- ❖ The Rand West City Local Municipality will table the oversight report 2022/2023 on the scheduled council meeting on the 31 March 2024.
- ❖ The Committee is currently investigating 2021/2022 UIFW.

9.3 FUNCTIONALITY OF MERAFOG CITY LOCAL MUNICIPALITY

- ❖ The MPAC Merafong City Local Municipality is functional with 09 Committee Members and 01 Support Staff.
- ❖ The committee had five meetings in the financial year 2022/2023.
- ❖ Terms of reference and workplan were tabled in Council on 30 June 2023.
- ❖ Merafong City Local Municipality received a disclaimer audit opinion.
- ❖ Overall challenges:-
 - Poor attendance of MPAC Meetings
 - Shortage of Support Staff
- ❖ The oversight report on Annual Report will be tabled by 31 March 2024.
- ❖ There were no UIFW reports that were referred to MPAC for further investigation.

9.4 FUNCTIONALITY OF MOGALE CITY LOCAL MUNICIPALITY

- ❖ No information received from Mogale City Local Municipality

RESOLVED THAT:

- a) That cognisance be taken of the Municipal Public Accounts Committee Oversight report on the 2022/2023 Annual Report;
- b) That the updated 2022/2023 WRDM Annual Report received on 13 March 2024 (Annexure B) be approved with reservations;

- c) That the copies of the Annual Report be made available all the Public libraries within the District;
- d) That the 2022/2023 Oversight report of WRDM be made public in terms of section 129(3) of the MFMA and it be submitted to the provincial legislature in line with of section 132 (2) of the MFMA.