



Msukatiigwa Local Municipality

OVERSIGHT REPORT ON THE 2023- 2024 ANNUAL REPORT



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)



Msukatiywa Local Municipality

OVERSIGHT REPORT ON THE 2023- 2024 ANNUAL REPORT



MUNICIPAL PUBLIC ACCOUNTS

COMMITTEE (MPAC)

CHAIRPERSON'S FOREWORD AND EXECUTIVE SUMMARY

CHAIRPERSON'S SUMMARY FOREWORD

Madam speaker, Executive Mayor, Whip of Council, MMC's, fellow Councillors, Head of Administration (MM), Senior Managers, CDWs, members of the various media houses, and members of the public, you are all greeted and welcomed to this Council meeting. It is an honour to be given this opportunity to report back to the Council as an official custodian of the Municipal Public Accounts Committee (MPAC) tasked by the Council.

Section 79 of the Municipal Structures Act provides for the establishment of the MPAC reporting directly to the Municipal Council as the highest political structure leading the municipality. The MPAC is a committee that mainly plays an oversight role on behalf of the Council and ensures that all matters referred to it are dealt with properly and satisfactorily. The MPAC has an obligation of reporting directly to the Municipal Council as the official custodian of the committee. One of the local government turnout strategies is to build clean, effective, efficient, responsive and accountable local government. While governance systems and structures are operational in municipalities, its quality and effectiveness are sometimes questionable. Henceforth, the MPAC is established to deal with such matters and enhance accountability and transparency.

The MPAC is specifically designed to interrogate the following financial and governance aspects in the municipality.

- Internal financial controls in the municipality
- Identification of strategic risks in the municipality
- The establishment and updating of a municipal risk register
- Management and mitigation of risks contained in the risk register
- Accounting policies in the municipality
- The frequency, accuracy and reliability of financial reporting by the municipality and where applicable, municipal entities
- The performance management systems of the municipality
- The implementation and effectiveness of performance management systems
- Evaluation of the actual performance of the municipality
- Compliance with legislations
- Effective governance in the municipality
- Review of the annual financial statements
- Financial position of the municipality
- The municipal response to the AG report
- And loss control

In **terms of section 121 (1) and 127 (2) of the MFMA** Council is expected to note and consider the Draft Annual Report together with financial statements.

Indeed, in the Council sitting held on the 30th of January 2024 under the Report of the Executive Mayor a Draft Annual Report for 2023/2024 financial year was considered or rather noted and later referred to the MPAC for scrutiny and resubmission of a full report to Council. The fact that the municipality submitted the Draft Annual Report in time is worth praising. The primary purpose of the Annual Report is to:

- a. Provide record of the activities of the municipality or municipal entity
- b. Provide a report on performance against the budget of the municipality or
- c. To promote accountability and transparency to the community for the decision made during the financial year to which the report relates;

Section 127 of the MFMA No 56 of 2003 requires that:

The Executive Mayor of a municipality, within seven months after the end of financial year, must table to Annual Report of the municipality to the Council.

Section 129 of the MFMA No 56 of 2003 is where the MPAC becomes involved in compliance with section 79 of the Municipal Structures Act 117, of 1998 and the terms of reference which requires that:

The Council of the municipality must consider the Annual Report of the municipality by no later than two months from the date on which the Annual Report was tabled to the Council in terms of section 127, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include statement 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.

Honourable Speaker, I bring such information to your attention because the MPAC needs the Council and Administration to understand that the compiling and submission of the Oversight Report and the role played by the MPAC is very crucial to ethos of the good governance and accountability. MPAC worked timelessly considering that it had limited time to finalize its oversight report to Council due to tight schedule because of various factors. Considering that, the MPAC still managed to carry out its responsibilities as mandated.

Hon. Speaker I wish to report that the MPAC held several meetings where in the Draft Annual Report was evaluated and weighed with various local government tools and legislations. Henceforth, the MPAC assures the Council that this report worth looking into and approving.

I wish to report on behalf of the MPAC that on 4 March 2024 the committee started reviewing and assessing the Draft Annual Report which was noted by the Council and went through the Auditor's General's Report. On 11 March 2024 the March 2024 the MPAC convened another meeting and finalized several questions for the attention of the management. On 12 March 2024 the MPAC sent these several questions to the management to responses. The MPAC also requested the Management, MMCs, Directors to be a part of the joint meeting, this meeting was held on 25 March 2024 where the MPAC furthered their questions based on the responses of the management. The MPAC felt as if the executive is not responding in time, hence an Internal Memo was further sent to the Executive on the 18th of March 2024. We have also attached Minutes and Register of the MPAC and joint members of the management.

The MPAC noted with serious concerns that there is a lack of cooperation between the administration when it comes to the Draft Annual Report in a sense that there was no quality check that was done prior to its tabling to Council in January 2024 and availing it to the public for comments. In future, it is highly suggested that all the key role players in compilation of the Report should do the quality check to ensure

that the public is not misled or provided with inaccurate information. The management must also scrutinize the Auditor's General Report which was also tabled to the Council and try to avoid all the findings particularly findings that occur for the second time or more as this may lead to poor financial maintenance of the municipality.

During the oversight process the MPAC noted both improvements in certain performance areas, as reflected in some managerial reports, but also unsatisfactory performance in some areas. As mentioned in the 2023/2024 Draft Annual Report, the Municipal Public Accounts Committee has also raised concerns on certain issues which requires immediate attention or intervention of the management.

Hon. Speaker you will recall that the primary responsibility given to the MPAC is to assist the Council to review and monitor the actions of the Executive. Hon. Speaker, section 152 of the South African Constitution, 1996 stipulates the Objects of the Local Government and gives municipalities the responsibility to ensure that provisions of services to the South African community is prioritised and sustained. Central to all these tasks and mandate is the major responsibility given to the technical department of ensuring that Msukaligwa Local Municipality (MLM) residents have a reasonable access to water, electricity, roads, solid waste removal and maintenance of sport facilities.

The Municipal Public Accounts Committee (MPAC) convened the following meetings to conduct oversight on the Draft Annual Report as instructed by the Council.

- a. 4 March 2024
- b. 5 March 2024
- c. 11 March 2024
- d. 12 March 2024
- e. 25 March 2024.

Hon. Speaker we are bringing the fact that the Executive does not respond in time when certain information is requested from them. The MPAC clearly stipulated the amount of time given to the executive to respond to the questions and yet, the Executive still failed to comply and send responses in time. All these challenges are making it hard for the MPAC to do its work effectively and report back to the Council in time.

BACKGROUND

The MPAC is a committee of Council established in terms of Section 79 (1) (a) and (b) of the Municipal Structures Act of 1998. In accordance with the above provision, the MPAC has the powers and functions that Council has seen fit to delegate to the committee. These powers and functions are broadly described within the terms of reference. These terms of reference give expression to the requirement contained in Section 79 (2) of the Municipal Structures Act, 1998 which requires that that the Council shall set out the framework and guidelines within which such committees of Council shall operate. The legal basis for the MPAC oversight functions is set out in Section 129(4) of the Municipal Finance Management Act of 2003 (MFMA) which provides guidance on the way municipal Councils should consider annual reports and conduct public hearings. The MFMA provisions also direct the functioning and composition of any public accounts or oversight committees established by the Council to assist it to consider an annual report.

The Msukaligwa Local Municipality MPAC is established by Council resolution and in terms of Section 79 of the Municipal Structures Act.

The following are the members of the MPAC as approved by the Council as the highest political structure of Msukaligwa Local Municipality.

MEMBERS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

No.	Name of Councillor	Designation	Gender	Party
1.	Cllr. M.A Nzimande	Chairperson	Male	ANC
2.	Cllr. S Khaliswayo	Committee member	Male	ANC
3.	Cllr. S.S Cindi	Committee member	Male	ANC
4.	Cllr. M.R Yende	Committee member	Male	EFF
5.	Cllr. M.M Mkhaliphi	Committee member	Male	ANC
6.	Cllr. Z. Breytenbach	Committee member	Male	D.A
7.	Cllr. P.H Sibiya	Committee member	Male	ANC
8.	Cllr. J.D.A Blignaut	Committee member	Female	FF+
9.	Cllr. K.J Makhubu	Committee member	Male	ANC
10.	Cllr. V.J Maseko	Committee member	Male	ANC

The mandate of the Municipal Public Accounts Committee (MPAC) in terms of the Municipal Finance Management Act (MFMA), No 55 of 2003 include amongst other things:

- To receive the Draft Annual Report
- Interrogate the Draft Annual Report
- Report to Council on its findings on the Draft Annual Report

The Municipal Annual Report under discussion included the following:

- The Annual financial statements (AFS), Auditor General's report (AG), Audit Report based on the Annual Financial Statements (AFS) and the management's responses to address the Auditor's General's Findings.

DISCUSSIONS

Legislative Mandate and prescripts

Each municipality and each municipal entity must prepare an annual report for each financial year in accordance with the Municipal Systems Act (MSA) (section 46) and the Municipal Finance Management Act (MFMA) (section 121).

On the last meeting convened by the MPAC, the committee resolved that it must send all formulated questions to the Executive and further invite all stakeholders to a meeting that was convened on 25 March 2024 to respond to some of the questions that were designed by the MPAC.

EXECUTIVE MAYOR

Municipal Finance Management Act (MFMS) places legal obligation to the Executive Mayor and states among others that as the political head must:

- Provide guidance over fiscal financial affairs of the municipality.
- Oversee the performance of the Accounting Officer and the Chief Financial Officer.
- Prepare the Draft Annual Budget for the municipality and submit it to the council for adoption.
- Receive monthly budget report submitted by the Municipal Manager and to check whether budget is implemented according to the budget and service delivery agreement.
- Ensure adequate spending and revenue collection.
- Give instructions to the Municipal Manager to ensure that the budget is implemented in terms of the budget implementation plan and service delivery plan.
- Initiate any remedial or corrective action when the municipality faces financial challenges.

ACCOUNTING OFFICER

Municipal Finance Management Act (MFMA) places legal obligation to the Municipal Manager as the head of administration to ensure legal compliances to legislative prescripts and appoint complete personnel to perform certain functions with the municipal establishment:

ANNEXURES

- The MPAC met and convened a meeting on 4 MARCH 2024 See Annexure "A"
- The MPAC met and convened a meeting on 5 MARCH 2024 See Annexure "B"
- The MPAC met and convened a meeting on 11 MARCH 2024 See Annexure "C"
- The MPAC sent Questions to the Executive to response and provide POEs on 12 March 2024 "D"
- In the questions that were sent the MPAC also requested the Executive to be a part of the joint meeting that was held on 25 March 2024 see Annexure "D"
- The MPAC further reminded the Executive to respond to the questions on the 18th of March 2024 see attachment "E"
- The MPAC convened a joint meeting Executive on 25 March 2024 see attachment "F"
- Responses and POEs of the technical services see annexure "G"
- Responses and POEs of the Planning and Economic Development see attachment "H"
- Responses and POEs of the Finance see attachment "I"
- Responses and POEs of the Municipal Manager office "J"

A special folder is made for the POEs of the finance department due to several attachments submitted.

MPAC RECOMMENDATIONS

Having considered answers provided to the MPAC by the Executive and Administration to the satisfaction of the Municipal Public Accounts Committee (MPAC), the following recommendations are therefore presented to Council as Follows for adoption:

1. That Council **NOTES** the oversight report of the Municipal Public Accounts Committee (MPAC) in the respect to the Annual Report for the 2023/24 Financial Year.
2. That Council in terms of section 129 of the Municipal Finance Management Act (MFMA) **ADOPTS** the report without reservations.
3. That the management **TO DEVELOP** an action Plan to address all issues raised by the Auditor General in his report to Msukaligwa Local Municipality.
4. The Council **APPROVE** the Annual Report for 2023/2024 Financial year in terms of section 129 of the Municipal Finance Management Act 56 of 2003 with arrangements that the Executive should attend to the following areas of concern:
 - a. The Executive examines and corrects all the areas of concerns raised by the AG
 - b. The Accounting Officer establishes a strategy to force the Supply Chain Management to comply with local government legislations.
 - c. Consequence management must strictly be implemented to ensure the reduction of the UIFWs.
 - d. An assessment should be made on the performance of the service providers as to whether or not there is value for money in the outsourcing such the debt collection;
 - e. Every household within the municipality must be billed to ensure that there is improvement in the revenue of the municipality.

SIGNATURE

.....
CLLR M.A. NZIMANDE
(MPAC CHAIRPERSON)

DATE: 26 MARCH 2024

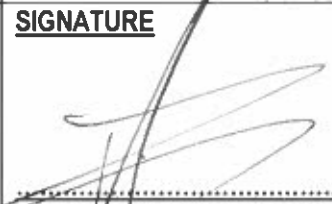
MSUKALIGWA LOCAL MUNICIPALITY



MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEETING HELD ON THE 04 MARCH 2024 AT THE COUNCIL CHAMBER

Annexure "A" together with the Register

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<p><u>OPENING AND WELCOME</u></p> <p>1.1 The Chairperson of MPAC Cllr.M.A. Nzimande welcomed all members that were present in the meeting and further informed presented the agenda of the meeting to the members of the committee. The MPAC informed the members that the committee is expected to go through the 2023/2024 Draft Annual Report.</p>
2.	<p><u>REMARKS BY THE CHAIRPERSON</u></p> <p>2.1 The Chairperson reminded members about the importance of attending MPAC meetings and further encouraged members to avoid making excuses when it is time to attend meetings.</p> <p>2.2 The Chairperson further informed members about the importance of consistently checking their emails to receive documents of the committee and prepare for meetings in advance. The Chairperson informed members that since the 2023/2024 Annual Report has been tabled to the Council on 30 January 2024 and referred to the MPAC for oversight, the committee must then start working.</p> <p>2.3 The Chairperson informed members heighed the importance of working together to ensure that the committee submits the report to the Council meeting scheduled for 27 March 2024</p> <p>2.4 The MPAC on 4 March 2024 committee started reviewing and assessing the Draft Annual Report which was noted by the Council and went through the Auditor's General's Report to gain an understanding of the matters raised by the AG.</p>
3.	<p><u>APPLICATION FOR LEAVE OF ABSENCE</u></p> <p><u>The following leaves of absence were received:</u></p> <p>3.1 Cllr. S. Cindi</p> <p>3.2 Cllr. Z. Breytenbach</p>

4.	<p><u>MATTERS FOR DISCUSSION</u></p> <p>4.1 The MPAC Chairperson requested members of the committee that they go through the Draft Annual Report on their spare time and gain an understanding as this would make members of the MPAC to be familiar with the issues of the municipality.</p> <p>4.2 The MPAC Chairperson further asked members of the committee to go through the AGs report and develop questions based on that and submit to the committee.</p> <p>4.3 The chairperson requested members of the committee to be avail themselves in the meeting that was scheduled for the following day.</p>
6.	<p><u>CLOSURE</u></p> <p>6.1 The MPAC Chairperson officially thanked all members of the committee for attending the meeting and encouraged them to attend the next scheduled meeting.</p> <p>6.2 The Chairperson officially and adjourned the meeting.</p>
7.	<p><u>SIGNATURE</u></p>  <p>..... <u>CLLR M.A. NZIMANDE</u> <u>(MPAC CHAIRPERSON)</u></p>






**MSUKALIGWA LOCAL
MUNICIPALITY
MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE (MPAC)
ATTENDANCE
REGISTER DATE: 04
MARCH 2024
VENUE:
MAYORAL PARLOUR**

ANNEXURE 'A'



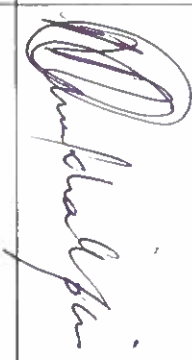

INITIALS & SURNAME	POSITION	GENDER		AG E			CONTACT DETAILS	SIGNATURES 04/03/2024
		M	F	25 - 35	36 - 50	50+		
Cllr M. A. Nzimande	MPAC Chairperson		✓		✓		Tel: 017 801 3587 Cell: 071 484 7466 E-mail: manzimande2022@gmail.com	
Cllr S. Khaishwalo	(MPAC) Member		✓		✓		Tel: 017 801 3587 Cell: 072 962 7047 E-mail: sokhailshwako2022@gmail.com	

Cllr. S. Cindi	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 079 285 780/ 078 057 3827 E-mail: sscindi2022@gmail.com	
Cllr. M.R. Yende	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 076 690 9018 E-mail: myende2022@gmail.com	
Cllr Madana	MPac Member		✓				Tel: 017 801 3587 Cell: 0724474289	



**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)
ATTENDANCE
REGISTER DATE: 04
MARCH 2024**



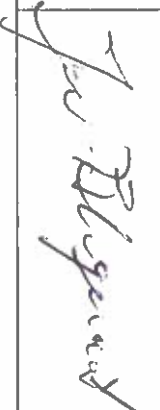
INITIALS & SURNAME	POSITION	GENDER		AG E			CONTACT DETAILS	SIGNATURES
		M	F	25 - 35	36 - 50	50+		
Cllr. M. Mkhaliphi	(MPAC) Member	✓			✓		Tel: 017 801 3587 Cell: 071 483 3265 E-mail: mmmkhaliphi2022@gmail.com	
Cllr. Z. Breytenbach	(MPAC) Member		✓				Tel: 017 801 3587 E-mail: zbreydenbach2022@gmail.com	
Cllr. P.H. Sibiya	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 076 613 2348 E-mail: phsibiya2022@gmail.com	

**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

ATTENDANCE

REGISTER DATE: 04

MARCH 2024

Cllr. J. Bignaut	(MPAC) Member	✓				✓	Tel: 017 801 3587	Cell: 082 374 7427	Email: jdabignaut2022@gmail.com	
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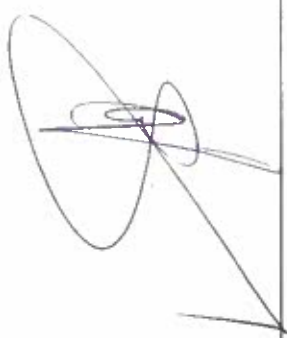
**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

ATTENDANCE

REGISTER DATE: 04

MARCH 2024




INITIALS & SURNAME	POSITION	GENDER		AG E			CONTACT DETAILS	SIGNATURES
		M	F	25 - 35	36 - 50	50+		
Cllr. KJ Makhubu	(MPAC) Member	✓				✓	Tel: 017 801 3764 Cell: 082 291 0024 E-mail:	
Cllr. V. Maseko	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 079 790 9915 E-mail: vimaseko2022@gmail.com	

**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

ATTENDANCE

REGISTER DATE: 04

MARCH 2024

N. J Slabert	MPAC Researcher	✓		✓			Tel: 017 801 3585 Cell: 072 797 8908 (Calls & WhatsApp) Emails: nislabbert@msukaligwa.gov.za nhlanhlaslabbert@gmail.com	
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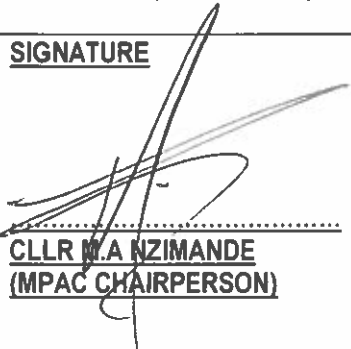
MSUKALIGWA LOCAL MUNICIPALITY



MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEETING HELD ON THE 05 MARCH 2024 AT THE COUNCIL CHAMBER

Annexure "B" together with the Register

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<u>OPENING AND WELCOME</u> 1.1 The Chairperson of MPAC Cllr.M.A. Nzimande welcomed all members that were present in the meeting and further informed presented the agenda of the meeting to the members of the committee.
2.	<u>REMARKS BY THE CHAIRPERSON</u> 2.1 The Chairperson reminded members about the importance of attending MPAC meetings and further encouraged members to avoid making excuses when it is time to attend meetings. The MPAC informed the members that the committee is expected to go through the 2023/2024 Draft Annual Report. 2.2 The members of the committee were informed that the convened meeting was a continuation of the previously held meeting. The chairperson asked members whether they went through the AGs Report and Draft Annual Report as previously requested. 2.3 The Chairperson informed members that since the 2023/2024 Annual Report has been tabled to the Council on 30 January 2024 and referred to the MPAC for oversight, the committee must then start working. 2.4 The Members of the committee continued with formulating questions based on the AGs Report and the Draft Annual Report. Members of the committee debated amongst themselves on the questions. 2.5 The Chairperson informed members heaped the importance of working together to ensure that the committee submits the report to the Council meeting scheduled for 27 March 2024.
3.	<u>APPLICATION FOR LEAVE OF ABSENCE</u> <u>The following leaves of absence were received:</u> 3.1 Cllr. S. Cindi 3.2 Cllr. Z. Breytenbach

4.	<p><u>MATTERS FOR DISCUSSION</u></p> <p>4.1 The MPAC Chairperson requested members of the committee that they continue to go through the Draft Annual Report on their spare time and gain an understanding as this would make members of the MPAC to be familiar with the issues of the municipality and be able to formulate further questions.</p> <p>4.2 The chairperson requested members of the committee to be a part of the meeting that would finalize and confirm questions and later send them to the Executive to respond.</p>
6.	<p><u>CLOSURE</u></p> <p>6.1 The MPAC Chairperson officially thanked all members of the committee for attending the meeting and encouraged them to attend the next scheduled meeting.</p> <p>6.2 The Chairperson officially and adjourned the meeting.</p>
7.	<p><u>SIGNATURE</u></p>  <p>..... <u>CLLR M.A. NZIMANDE</u> <u>(MPAC CHAIRPERSON)</u></p>



MSUKALIGWA LOCAL

MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS

COMMITTEE (MPAC)

ATTENDANCE

REGISTER DATE: 05

MARCH 2024

VENUE:

MAYORAL PARLOUR



ANNEXURE "B"

INITIALS & SURNAME	POSITION	GENDER		AG E			CONTACT DETAILS	SIGNATURES 05/03/2024
		M	F	25 - 35	36 - 50	50+		
Cllr M. A. Nzimande	MPAC Chairperson	✓			✓		Tel: 017 801 3587 Cell: 071 484 7466 E-mail: manzimande2022@gmail.com	
Cllr S. Khalishwalo	(MPAC) Member	✓			✓		Tel: 017 801 3587 Cell: 072 962 7047 E-mail: spkhalishwako2022@gmail.com	



**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)
ATTENDANCE
REGISTER DATE: 0
MARCH 2024**






INITIALS & SURNAME	POSITION	GENDER		AG E			CONTACT DETAILS	SIGNATURES
		M	F	25 - 35	36 - 50	50+		
Cllr. M. Mkhaliphi	(MPAC) Member	✓			✓		Tel: 017 801 3587 Cell: 071 483 3265 E-mail: mmmkhaliphi2022@gmail.com	
Cllr. Z. Breytenbach	(MPAC) Member		✓				E-mail: zbreidenbach2022@gmail.com Tel: 017 801 3587 Cell: 082 963 7571	
Cllr. P.H. Sibiya	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 076 613 2348 E-mail: phsibiya2022@gmail.com	

**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

**ATTENDANCE
REGISTER DATE: 05
MARCH 2024**

Cllr. J. Blignaut	(MPAC) Member	✓			✓	Tel: 017 801 3587 Cell: 082 374 7427 Email: jdabignaut2022@gmail.com	
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Cllr. S. Cindi	(MPAC) Member	✓				Tel: 017 801 3587 Cell: 079 285 780/ 078 057 3827 E-mail: sscindi2022@gmail.com	
Cllr. M.R. Yende	(MPAC) Member	✓				Tel: 017 801 3587 Cell: 076 690 9018 E-mail: mr.yende2022@gmail.com	
Cllr. Markens	MPAC Member		✓			Tel: 017 801 3587 Cell: 072 441 1254	

MSUKALIGWA LOCAL MUNICIPALITY



MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEETING HELD ON THE 11 MARCH 2024 AT THE COUNCIL CHAMBER

Annexure "C" together with the Register

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<u>OPENING AND WELCOME</u> 1.1 The Chairperson of MPAC Cllr.M.A. Nzimande welcomed all members that were present in the meeting and further informed presented the agenda of the meeting to the members of the committee.
2.	<u>REMARKS BY THE CHAIRPERSON</u> 2.1 After several meetings that the committee held, drafting questions based on the 2023/2024 Draft Annual Report the committee finally managed to gather all possible questions and confirmed them as correct questions that should be sent to the Executive. 2. The chairperson informed the members that the researcher is expected to send these questions to the Executive and give the executive a maximum of 07 days to respond then the committee will convene another meeting and go through the response to check whether they are correct, and they are accompanied by POEs as supporting documents. 2.1 The chairperson signed the questions and instructed the MPAC researcher to forward them to the executive.
3.	<u>APPLICATION FOR LEAVE OF ABSENCE</u> <u>The following leaves of absence were received:</u> 3.1 Cllr. S. khaliswayo 3.2 Cllr. S. Cindi 3.3 Cllr M.M Mkhaliphi 3.4 Cllr. P.H Sibiya
6.	<u>CLOSURE</u> 6.1 The MPAC Chairperson officially thanked all members of the committee for attending the meeting and encouraged

them to attend the next scheduled meeting.

6.2 The chairperson informed the members that the next meeting would be after the Executive has responded.

6.2 The Chairperson officially and adjourned the meeting.

7.

SIGNATURE



.....
CLLR M.A. NZIMANDE
(MPAC CHAIRPERSON)




**MSUKALIGWA LOCAL
MUNICIPALITY
MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE (MPAC)
ATTENDANCE
REGISTER DATE: 11
MARCH 2024
VENUE: COUNCIL
CHAMBER**



ANNEXURE "11"


INITIALS & SURNAME	POSITION	GENDER		AGE			CONTACT DETAILS	SIGNATURES 11/03/2024
		M	F	25 - 35	36 - 50	50+		
Cllr M. A. Nzimande	MPAC Chairperson		✓				Tel: 017 801 3587 Cell: 071 484 7466 E-mail: manzimande2022@gmail.com Tel: 017 801 3587	
Cllr S. Khalishwalo	(MPAC) Member		✓				Tel: 017 801 3587 Cell: 072 962 7047 E-mail: spkhalishwako2022@gmail.com	

Cllr. S. Cindi	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 079 285 780/ 078 057 3827 E-mail: sscindi2022@gmail.com	
Cllr. M.R. Yende	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 076 690 9018 E-mail: myende2022@gmail.com	



**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)
ATTENDANCE
REGISTER DATE: 11
MARCH 2024**



INITIALS & SURNAME	POSITION	GENDER		AG E			CONTACT DETAILS	SIGNATURES 11/03/2024
		M	F	25 - 35	36 - 50	50+		
Cllr. M. Mkhaliphi	(MPAC) Member	✓			✓		Tel: 017 801 3587 Cell: 071 483 3265 E-mail: mmmkhaliphi2022@gmail.com	
Cllr. Z. Breytenbach	(MPAC) Member		✓				Tel: 017 801 3587 Cell: 082 963 7571 E-mail: zbreydenbach2022@gmail.com	
Cllr. P.H. Sibiya	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 076 613 2348 E-mail: phsibiya2022@gmail.com	

**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

**ATTENDANCE
REGISTER DATE: 11**

MARCH 2024

Cllr. J. Blignaut	(MPAC) Member	✓								Tel: 017 801 3587	Cell: 082 374 7427	Email: jdabignaut2022@gmail.com	<i>J. Blignaut</i>
<i>Cllr. K. S. Mathebe</i>	<i>MPAC Member</i>	✓								<i>0822910024</i>			<i>[Signature]</i>




**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

ATTENDANCE

REGISTER DATE: 11

MARCH 2024




INITIALS & SURNAME	POSITION	GENDER		AGE			CONTACT DETAILS	SIGNATURES
		M	F	25 - 35	36 - 50	50+		
G.H. F.P. Zulu	(MPAC) Member	✓	✓		✓		Tel: 017 801 3764 Cell: 079 672 4840 07244 74289 E-mail: tpzulu2022@gmail.com	
C11R. T.S Maduna		✓					Tel: 017 801 3587 Cell: 079 790 9915 E-mail: yimaseko2022@gmail.com	
Clr. V. Maseko	(MPAC) Member							

**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

ATTENDANCE

REGISTER DATE: 11

MARCH 2024

N. J Slabert	MPAC Researcher	✓		✓			Tel: 017 801 3585 Cell: 072 797 8908 (Calls & WhatsApp) Emails: njslabert@msukaligwa.gov.za nhlanhlabbert@gmail.com	
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MSUKALIGWA LOCAL MUNICIPALITY

MSUKALIGWA MUNICIPALITY
P.O. BOX 48 ERMELO
2024 -03- 12
CORPORATE SERVICES
RECORDS



ANNEXURE

INTERNAL OFFICE MEMO

To: [Department] 1. Office of the Executive
From: [Department] 2. Office of the Speaker
Memo Date: 12 March 2024
To [Primary Recipient]: The Executive Mayor – Cllr. M.P. Nkosi
Cc [Secondary Recipient]: The Municipal Manager -Mr.M.Kunene
Members of the Municipal Public Accounts Committee
Memo From: Chairperson : Municipal Public Accounts Committee
Memo Priority: High
Due Date: 21 March 2024

MPAC QUESTIONS IN RESPECT OF THE DRAFT ANNUAL REPORT FOR THE 2023/2024 FINANCIAL YEAR

The above matter refers:

- a. Council in its ordinary Council meeting held on 30 January 2024 **REFERRED** the Draft Annual Report for the 2023/2024 Financial Year to the Municipal Public Account Committee (MPAC) for oversight and a comprehensive Report should be **SUBMITTED** to Council no later than two months from the day of the Council sitting in accordance with Section 129 (1) (a) (b) (c) of the MFMA.
- b. As part of the process of implementing the oversight role and submitting an oversight Report to the Council as required by the MFMA and other relevant local government legislations the MPAC wishes to submit various questions to the departments of Msukaligwa Local Municipality.
- c. The Municipal Public Accounts Committee (MPAC) gives the departments a sufficient time of 7 days to respond to the Questions and if deemed necessary the MPAC will further submit follow up Questions to relevant departments.
- d. We therefore request the office of the Executive Mayor and the office of the Municipal Manager to assist in the distribution of these questions to the relevant departments.
- e. The MPAC further wishes to request the office of the Municipal Manager to stress the importance of responding to these questions by the departments or relevant sections of the municipality.
- f. Please be advised that it will be highly impossible for the MPAC to recommend to Council to approve the Draft Annual Report without satisfactory responding to the sent questions and complying with the MPAC whenever requested.

Finance and Technical Services

MPAC noted the AG's report on:

1. What is the management doing to recover the R54, 02 million (2021-22: R53, 30 million, which was incurred, which represents 76% (2021-22:76%) of total water distribution losses?
2. Does the municipality have the internal capacity to develop annual financial statements? If Yes, who will be the most suitable among the finance managers to assist the municipality to develop annual financial statements?

3. Does the management have a plan or strategy to recover and prevent future material electricity losses that is estimated at R181, 82 million? If yes, please provide the plan or strategy.
4. The Auditor General identified misstatements in the annual report submitted by Management. What caused the submission of incorrect information to AG? This relates to performance information for KPA 2- service delivery and infrastructure development and KPA 3 - Local economic development? Can Management/Executive provide the corrected version?
5. What caused the municipality to underspend on the regional bulk infrastructure by R40,07 million? Please provide a detailed report on Regional Infrastructure Grant spending and challenges thereof.
6. What is the management doing to deal with dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties?
7. What caused the management to submit financial statements for auditing that are not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA?
8. What causes the management not to pay creditors within 30 days as required by section 65 (5) (e) of the Municipal Finance Management Act (MFMA)
9. Does the management have a plan prevent Irregular expenditure, as required by 62 (1) (d) of the MFMA? If Yes, please provide the plan.
10. What is the management ensure that Supply Chain Management comply with legislations to avoid future irregular expenditure?
11. What caused the management not to take reasonable steps to prevent fruitless and wasteful expenditure amounting to R82 521 559, as disclosed in note 51 to the annual financial statements in contravention of section 62 (1) (d) of the MFMA?
12. What caused the management to spend money outside the final approved Budget?
13. What caused the management not to prepare regular, accurate and complete financial and performance reports?
14. Does the management have a practical and successful plan to fix and replace old infrastructure, unavailability of working material, insufficient staff, components and working vehicles? If yes, please provide the plan or strategies.

Office of the Municipal Manager

1. Are there any reasons for the under performance on water meters installation as per AG observations?
2. Do we have a system that clearly defines indicators for the institution? If yes, please provide the system.
3. What caused the related systems and processes not to be adequate to enable consistent measuring and reliable reporting of performance against the predetermined indicator definitions?
4. What caused the management to submit supporting evidence that does not support the achievements reported in the annual performance report?

5. what caused the management to neglect or not to employ a preference point system of the of the procurement of goods and services as required by section 2 (1) (a) of the preferential procurement policy framework? Emphases are drawn to this question particularly because it is not for the first the AG raised this issue?
6. Who is the person in the service of the municipality who had a private business interest contacts awarded by the municipality but failed to disclose such interests? Leading to contravention of the SCM Regulation 46 (2) (e) and the code of conduct for councilors issued in terms of the Municipal Systems Act?
7. what caused the performance management system and related controls not to be enough and fail to describe how the performance measurement processes should be conducted and managed as required by the municipal planning and performance management regulation 7 (1)?
8. What caused the management not to implement enough controls over daily and monthly processing and reconciling of transactions?
9. What led to the failure of reviewing and monitoring compliance with applicable laws and regulations?

PED

1. What caused the indicator of number of employments created through Public Employment Programmes (including Expanded Public Works Programmes (EPWP), Community Work Programme (CWP) and other related employment programmes not to be clearly defined during planning processes?
2. What caused the management not to submit adequate information that could tell how the 450 achievement was acquired against the set of 461 targets?

The due date for the submission of the responses is strictly the 21st of March 2024 at 12h00 and Management /Executive is further invited to a meeting with MPAC on 25 March 2024 wherein the responses and POE file will be discussed.

Yours in Good Governance

.....
Clir. M.A. Nzimande
Chairperson Municipal Public Account Committee

12/03/2024
Date

MSUKALIGWA LOCAL MUNICIPALITY

MSUKALIGWA MUNICIPALITY

P.O. BOX 48 ERMELO

2024 -03- 18

CORPORATE SERVICES
RECORDS



INTERNAL OFFICE MEMO

To: [Department] 1. Office of the Executive

From: [Department] 2. Office of the Speaker

Memo Date: 18 March 2024

To [Primary Recipient]: The Executive Mayor – Cllr. M.P. Nkosi

Cc [Secondary Recipient]: The Municipal Manager -Mr.M Kunene
Members of the Municipal Public Accounts Committee

Memo From: Chairperson : Municipal Public Accounts Committee

Memo Priority: High

Due Date: 21 March 2024

RE: FOLLOW UP WITH REGARDS TO MPAC QUESTIONS SENT TO DEPARTMENTS: OFFICE OF THE MM; CORPORATE SERVICES; FINANCE; TECHNICAL SERVICES AND PED AND COMMUNITY SOCIAL SERVICES

Executive Mayor

The above matter refers:

- As part of the process of implementing the oversight role and submitting the oversight Report to the Council as required by the MFMA and other relevant local government legislations the MPAC wishes
- On the 11th of March 2024 the Municipal Public Accounts Committee (MPAC) sent questions to various departments of the municipality and gave these departments a maximum of 7 days to respond. This communique serves to remind and encourage the departments to respond before the 21st of March 2024, this decision comes after the MPAC realised that on the 21st of March 2024 is a Public Holidays and it will be impossible to conduct work related duties.
- The MPAC further wishes to remind the departments that there is a meeting scheduled to take place on 25 March 2024. The meeting will be convened at the Council Chamber on 10H00.
- Please be advised that it will be highly impossible for the MPAC to recommend to the Council to approve the Draft Annual Report without satisfactory responding to the sent questions, Submitting POEs and complying with the MPAC whenever requested.
- The Municipal Public Accounts Committee (MPAC) therefore reminds the bellow mentioned departments to respond to the questions and attend the joint meeting planned as follows:

Departments	Participants	Date	Time
a. Technical Services, Corporate Services, Finance, PED, Community Social	MMCs, Directors, CFO, Municipal Manager and Managers	25 March 2024	10H00

Services and Office of the Municipal Manager			
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~~Yours in Good Governance~~

~~Clr. M.A. Nzimande~~
Chairperson Municipal Public Account Committee

18/03/2024

Date

MSUKALIGWA LOCAL MUNICIPALITY



MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEETING HELD ON THE 25 MARCH 2024 AT THE COUNCIL CHAMBER

Annexure "F" together with the Register

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<p><u>OPENING AND WELCOME</u></p> <p>1.1 The Chairperson of MPAC Cllr.M.A. Nzimande welcomed all members that were present in the meeting and further informed presented the agenda of the meeting to the members of the committee. The chairperson informed the members that the meeting was about asking the executive to verbally respond to the questions that they sent back to the MPAC.</p>
2.	<p><u>REMARKS BY THE CHAIRPERSON</u></p> <p>2.1 On the 12th of March the MPAC sent questions to the executive to respond. These questions were based on the 2023/2024 Draft Annual Report and the Report of the Auditor General.</p> <p>2. The Chairperson commended all stakeholders for coming to the meeting and further asked the MMCs of the municipality to verbally present their questions to the MPAC.</p> <p>2.1 The MMC BG Motha responsible for technical services in the municipality presented their responses that were forwarded to the MPAC after presenting he asked whether the MPAC was satisfied with the answers and the committee asked the MMC to also provide clarification about the POEs. The MPAC thanked the MMC for the successful presentation.</p> <p>2.2 The MPAC further asked the next speaker or presenter and the MMC TC Motha thanked the chairperson for the opportunity and began with her presentation and provided clarification based on the POEs provided.</p> <p>2.3 The chairperson emphasized that the technical services must find ways to replace old infrastructure and enhance the provision of basic services.</p> <p>2.4 MMC TC. Motha raised the challenge of budget which prohibits the municipality from implementing projects and decreasing the amount of poor provision of basic services.</p> <p>2.5 Cll.r KJ Makhubu praised the work done by the technical services and raised that the installation of meters must be done at a very successful pace.</p> <p>2.6 The MMC responsible for the finance Cllr. CE Msezane presented their responses and informed the MPAC that POEs are attached.</p> <p>2.7 Cllr P.H Sibiya raised concerns about the way the fiancé department uses voter numbers to purchase items and the MMC for the fiancé department provided clarification.</p> <p>2.8 The Municipal Manager also submitted a presentation to the MPAC and further added that he will respond to the questions in a written form. The MPAC welcomed the presentation of the MM and further asked the MM to submit these responses in a short space of time.</p>
3.	<p><u>APPLICATION FOR LEAVE OF ABSENCE</u></p>

The following leaves of absence were received:

3.1 Cllr MP Nkosi (Executive Mayor)

3.2 Cllr. S. Cindi

3.3 Cllr MR Yende

3.4 Cllr. Z Breytenbach

6. CLOSURE

6.1 The chairperson raised concerns about the manner about absentism.

6.2 The Chairperson thanked the Municipal Manager for availing himself to the meeting and for representing the Executive mayor. The chairperson further adjourned the meeting and instructed the MPAC to further work on writing the Report.

7. SIGNATURE



.....
CLLR M.A. NZIMANDE
(MPAC CHAIRPERSON)



**MSUKALIGWA LOCAL
MUNICIPALITY
MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE (MPAC)
ATTENDANCE
REGISTER DATE: 25
MARCH 2024
VENUE: COUNCIL
CHAMBER**

ANNEXURE F



INITIALS & SURNAME	POSITION	GENDER		AG E			CONTACT DETAILS	SIGNATURES 25/03/2024
		M	F	25 - 35	36 - 50	50+		
Cllr M. A. Nzimande	MPAC Chairperson	✓					Tel: 017 801 3587 Cell: 071 484 7466 E-mail: manzimande2022@gmail.com Tel: 017 801 3587	
Cllr S. Khalishwalo	(MPAC) Member		✓				Tel: 017 801 3587 Cell: 072 962 7047 E-mail: spkhalishwako2022@gmail.com	



Cllr. S. Cindi	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 079 285 780/ 078 057 3827 E-mail: sscindi2022@gmail.com	
Cllr. M.R. Yende	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 076 690 9018 E-mail: myende2022@gmail.com	



**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

**ATTENDANCE
REGISTER DATE: 25
MARCH 2024**





INITIALS SURNAME	& POSITION	GENDER		AG E			CONTACT DETAILS	SIGNATURES
		M	F	25 - 35	36 - 50	50+		
Cllr. M. Mkhaliphi	(MPAC) Member	✓			✓		Tel: 017 801 3587 Cell: 071 483 3265 E-mail: mmmkhaliphi2022@gmail.com	
Cllr. Z. Breytenbach	(MPAC) Member		✓				E-mail: zbreydenbach2022@gmail.com Tel: 017 801 3587 Cell: 082 963 7571	
Cllr. P.H. Sibiya	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 076 613 2348 E-mail: phsibiya2022@gmail.com	

**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

ATTENDANCE

REGISTER DATE: 25

MARCH 2024

Cllr. J. Blignaut	(MPAC) Member	✓															
Cllr. KJ Makhubu		✓															

Tel: 017 801 3587

Cell: 082 374 7427

Email: jdabignaut2022@gmail.com



Tel: 017 801 3585

Cell: 079 672 1840



**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)
ATTENDANCE
REGISTER DATE: 25
MARCH 2024**



INITIALS & SURNAME	POSITION	GENDER		AGE			CONTACT DETAILS	SIGNATURES
		M	F	25 - 35	36 - 50	50+		
Clr. V. Maseko	(MPAC) Member	✓					Tel: 017 801 3587 Cell: 079 790 9915 E-mail: yimaseko2022@gmail.com	 25/03/2024
N. J Slabert	MPAC Researcher		✓				Tel: 017 801 3585 Cell: 072 797 8908 (Calls & WhatsApp) Emails: nislabbert@msukaligwa.gov.za , za_nhlanhlabbert@gmail.com	



**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

ATTENDANCE

REGISTER DATE: 25

MARCH 2024








INITIALS & SURNAME	POSITIONS		CONTACT DETAILS	SIGNATURE 25/03/2024
M M Molelek	AD: PEB		013 801 3515	
Mrs Mubhele	Buckler, ESS		076 937 3351	
R M Maseko	Director Corporate		082 887 5078	
P S Mngweni			082 492 5495	

**MSUKALIGWA LOCAL
MUNICIPALITY MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)**

ATTENDANCE

REGISTER DATE: 25

MARCH 2024

ZP Duma	Dist Technical Services							3592	066 4681211	
M. Kunene	MM							0836904763		
B.G. Mofoka	MNC: PED							0661879996		
M. Nosi	Met. Muni Office of the Speaker							082 7620286		
T. J. Madlala	MNC Corporate Services							0783602092		



MPAC QUESTIONS

TECHNICAL SERVICES

NR	QUESTION	MANAGEMENT RESPONSE
1	<p>What is management doing to recover the R54.02 million (2021/22 R 53.30million which was incurred, which represents 76% (2021/22 76%) of the total water distribution losses</p>	<p>As technical services (water and sanitation), our responsibilities in recovering the lost revenue are the following:</p> <ul style="list-style-type: none"> • Meter installations in unmetered areas and replacement of faulty meters. <ul style="list-style-type: none"> ➢ A total of 438 was installed between October and December 2023. • Replacement of AC pipes which results in huge water losses. <ul style="list-style-type: none"> ➢ 156m of AC pipes were replaced with U-PVC between October and December 2023 due to limited budget.
2	<p>Does the management have a plan or strategy to recover and prevent future material electricity losses that is estimated at R 181.82 million? If yes, provide the plan or strategy</p>	<ul style="list-style-type: none"> • MLM has embarked on the TID rollover/meter audits and installations. This programme is envisaged to produce more accurate data, a more reliable and improved billing system, metering of unmetered properties and to minimize the possibilities of tampering. • It would be appropriate to perform routine maintenance on electricity network should be prioritized in future by means of funds being allocated for preventative maintenance to minimize possible leakages on the network (e.g., broken insulators, excessive joints on cables, electrical apparatus that has reached its life expectancy

		span). Due to limited available budget unfortunately we perform reactive maintenance
3	What caused the municipality to underspend on the regional bulk infrastructure by R 40.07 million? Please provide a detailed report on Regional Infrastructure spending and challenges thereof	<p>Msukaligwa LM entered into a tripartite agreement with GSDM & DWS ceded responsibilities of an implementing agent (IA) to GSDM</p> <p>As the IA GSDM requested for the increase on the allocation through the MLM due to the plans that were in place for the acceleration of Cluster 1: Ermelo Water Supply Scheme (WSS) Implementation Readiness Studies (IRS).</p> <p>The delays in the approval of the IRS because of the regulatory studies (WULA and EIA) which were not in place, on which to-date the is still not approved due to poor performance by the appointed Professional environmentalist.</p> <p>GSDM MLM, and the Professional Service Provider resorted to having a weekly meeting for the progress on the Implementation Readiness Studies (IRS) outstanding matters, on which it once completed it will be submitted to DWS for approval.</p>
4	What is management doing to deal with dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties	<ul style="list-style-type: none"> • MLM has embarked on the TID rollover/meter audits and installations. This programme is envisaged to produce more accurate data, a more reliable and improved billing system, metering of unmetered properties and to minimize the possibilities of tampering. • Illegal connection cut offs are implemented by the contractor and n application to DMRE has been lodged that seeks approval of implementation of off grid or micro grid technologies to power informal settlements with solar powered infrastructure to reduce losses • Routine maintenance on electricity network should be prioritized in future by means of funds being allocated for preventative maintenance to minimize possible leakages on the network (e.g., broken insulators, excessive joints on cables, electrical apparatus that has reached its life expectancy span).



MPAC QUESTIONS

PLANNING AND ECONOMIC DEVELOPMENT

NR	QUESTION	MANAGEMENT RESPONSE
1	<p>What caused the indicator of number of employments created through Public Employment Programmes (including Expanded Public Works Programmes (EPWP), Community Work Programme (CWP) and other related employment programmes not to be clearly defined during planning processes?</p>	<p>The Key Performance Indicator (KPI) was under the Technical Services Department (Basic Service Delivery KPA). The KPI was transferred to Planning and Economic Development during the 4th quarter of the 2022/2023 Financial Year (FY). The KPI was not clearly defined from the approved SDBIP, some of the infrastructure grants that are used to create job opportunities through infrastructure projects were not listed on the KPI in the SDBIP. AG was of the view that all job opportunities are created through EPWP and CWP. The KPI has been amended to clearly indicate all the other infrastructure grants that are used to create job opportunities through infrastructure projects.</p>
2	<p>What caused the management not to submit adequate information that could tell how the 450 achievement was acquired against the set of 461 targets?</p>	<p>When the function was handed over to PED during the 4th quarter of the 2022/2023 FY, the reporting of the job opportunities created for the 1st, 2nd and 3rd quarter were reported by the Technical Services department, and PED only report during the 4th quarter. The Municipality reported a total of 461 job opportunities, and AG could only account for 450, this was due to several errors, ranging from invalid ID numbers, repetition of ID numbers and names. This has since been corrected and all job opportunities are supported by a copy of ID, Contract, and attendance registers.</p>

MIVU/1/UK/1



MSUKALIGWA LOCAL MUNICIPALITY



PO Box 48
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South Africa
2350



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E-Mail: msuka@msukaliqwa.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Ihhovisi Lika Mphathi Dolobha

Die Kantoor van die Munisipale Bestuurder

li-hhovisi LeMphatsi Dolobha

Enquiries: SM Phiri /PJ NHLABATHI 017 801 3508/3502

To: MPAC Chairperson

From: Chief Financial Officer

Memo Date: 20 March 2024

Cc: Municipal Manage
: MMC EC Msezane

RE: MPAC QUESTIONS IN RESPECT OF THE DRAFT ANNUAL REPORT FOR THE 2022/23 FINANCIAL YEAR

The Above subject matter refers:

Finance related responses

MPAC noted the AG's report on'

- 1 Does the municipality have the internal capacity to develop annual financial statements? If yes. who will be the most suitable among the finance managers to assist the municipality to develop annual financial statements?

Response

All finance critical vacant positions are filled, The Deputy CFO will be leading the team in preparation of the 2023/24 Annual Financial Statements. Training was provided to all Finance Managers to prepare AFS (See attached Annexure 2)

3. What caused the management to submit financial statements for auditing that are not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA?

Response

If Auditor General have findings on the Annual Submitted AFS or the municipality received Qualified Audit Opinion this paragraph will remain in the Audit Report however the municipality was able to reduce the Qualification Paragraphs from 4 to 2 in the 2022/23 financial period (See attached Annexure 7)

Qualification paragraphs	2021/22	2022/2023
<i>Irregular Expenditure</i>	<i>Not Resolved</i>	<i>Not Resolved</i>
<i>Payables from exchange transactions</i>	<i>Not Resolved</i>	<i>Not Resolved</i>
<i>VAT Receivables</i>	<i>Not Resolved</i>	<i>Resolved</i>
<i>Electricity Debtors</i>	<i>Not Resolved</i>	<i>Resolved</i>

4. What causes the management not to pay creditors within 30 days as required by section 65 (5) (e) of the Municipal Finance Management Act (MFMA)

Response

The municipality strive to pay all Creditors within 30 days however due to Cash Flow Challenges not all Creditors are paid within 30 days and also the municipality is classified as Dysfunctional by COGTA hence a Financial Recovery Plan was developed by National Treasury and is currently under S139 Intervention. (See attached Annexure 8)

5. Does the management have a plan prevent Irregular expenditure, as required by 62 (1) (d) of the MFMA? If Yes, please provide the plan.

Response

Irregular expenditure referred to non-compliance with the MFMA, Public Officer Bearers Act, SCM Regulation. The Municipality is currently having a UIF Strategy Irregular (See attached Annexure 9)

6. What is the management ensure that Supply Chain Management comply with legislations to avoid future irregular expenditure?

Response

Bid Specification, Bid Evaluation and Bid Adjudication are all appointed in writing by the Accounting Officer, all committees are sitting as and when required. No appointments made contrary by all committees in the 2022/23 financial year. No appointments were made after 90 days in the 2022/23 financial year. Any UIFW are reported Quarterly to Council, Auditor General and Provincial Treasury (See attached Annexure 10)

11. What caused the management not to take reasonable steps to prevent fruitless and wasteful expenditure amounting to R82 521 559 as disclosed in note 51 to the annual financial statements in contravention of section 62 (1) (d) of the MFMA?

Response

In terms of S62(d) of the MFMA the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented. The interest paid is due to Historical ESKOM, DCSSL and Department Water & Sanitation Debt, however management was able to persuade the Department of Community Safety Security and Liaison to write-off its debt and interest incurred was written off as per the Attached communication. Also the municipality applied for the ESKOM Debt Relief which was approved by National Treasury on the 29th of September 2023 and all interest charged will be written as per Circular 123 (See attached Section 11)

12. What caused the management to spend money outside the final approved Budget?

Response

Due to the provision for Depreciation and Debt impairment which in non-cash item

MP302 Msukaligwa - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure)						
Vote Description	Budget Year 2022/23					
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	Unauthorised expenditure
R thousands						
Expenditure by Vote						
Vote 01 - Executive & Council	60 565	63 006	65 654	63 006	(2 649)	(2 649)
Vote 02 - Finance & Administration	170 889	130 929	236 345	130 929	(105 416)	(105 416)
Vote 08 - Planning And Development	15 734	20 700	12 275	20 700	8 425	-
Community & Social services	159 149	145 989	173 858	145 989	(27 869)	(27 869)
Vote 13 - Waste Management	46 601	32 118	58 239	32 118	(26 121)	-
Vote 04 - Sport And Recreation	11 487	11 705	13 405	11 705	(1 701)	-
Vote 05 - Public Safety	32 561	27 614	28 402	27 614	(788)	-
Vote 09 - Community & Social Services	68 500	74 553	73 812	74 553	741	-
Technical Services	719 028	775 155	776 730	775 155	(1 576)	(1 576)
Vote 10 - Electricity	424 769	431 578	416 934	431 578	14 644	-
Vote 11 - Water Management	139 092	111 072	185 758	111 072	(74 686)	-
Vote 12 - Waste Water Management	57 493	139 097	78 641	139 097	60 455	-
Vote 14 - Road Transport	86 203	81 896	84 883	81 896	(2 986)	-
Vote 15 - Other	11 471	11 511	10 514	11 511	997	-
Total Expenditure by Vote	1 125 364	1 135 779	1 264 863	1 135 779	(129 084)	(137 510)

13. What caused the management not to prepare regular, accurate and complete financial and performance reports?

Response

Municipality can compile monthly compliance reports in terms of S71 & 72 of the MFMA, Bank reconciliation, Debtors and Creditors Reconciliation, Quarterly Reports S52 and Quarterly SCM reports and other statutory reports however the finding is due incomplete Irregular Expenditure which management is current addressing. (See attached Annexure 13)

Regards:

PJ Nhlabathi

Chief Financial Officer