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TSWELOPELE
LOCAL MUNICIPALITY
A MUNICIPALITY IN PROGRESS

OVERSIGHT REPORT 2024/25
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

VUYISILE FRANS

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1 FOREWORD BY CHAIRPERSON

The oversight report is compiled in terms of Section 129(1) of the Municipal Finance Management Act, 2003 [Act 56 of 2003] which read as follows: “The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include 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.”

The Municipal Finance Management Act [MFMA], Circular No 32, stipulate clearly the manner in which the overall financial activities of the council should be handled and more emphasis is on the functionality of the oversight committee. Also, the report ensures the executive and the administration account on the work of a municipality.

The annual report was posted on the municipality's website on 05 February 2025 and an advert was made on the municipal website to invite the community to make comments on the annual report. The committee physically consulted the public on the annual report on 11 and 12 March 2025 in Bultfontein and Hoopstad respectively. All community comments and concerns were noted.

The oversight committee is there to ensure that the municipality runs its affairs in a manner that will promote effective use of municipal resources. These will strengthen transparency as well as promoting good governance.

2 BACKGROUND

In accordance with the provisions of Section 79 (1) (a) (b) and (c) of the Municipal Structures Act 1998 a municipality may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members. Furthermore Section 79 (2) of the Municipal Structures Act, 1998 provides the framework and guidelines within which such committees of council shall operate.

In order to enhance, promote and consolidate the oversight role of the Council over the executive, the Department of Cooperative Governance and Traditional Affairs having consulted the National Treasury and SALGA, has instructed that all municipalities must establish MPACs. The focus of the MPAC will be to assist Council to hold the executive to account and to ensure the effective and efficient use of municipal resources.

The oversight report is thus clearly distinguished from the 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 report 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.

The 2023 /24 Annual Report was tabled to Council on the 27 January 2025 in compliance with Section 127 (2) of the Municipal Finance Management Act, 56 of 2003. Annexure A of MFMA Circular No 32 regarding the Structure and Contents of the Oversight Report has been adhered to.

3 MPAC MEMBERS COMPOSITION

An MPAC Committee was established by Council in terms of section 79 of the Municipal Structures Act, 117 of 1998.

The Committee comprises of:

- Cllr S Gaebee [Chairperson of MPAC]
- Cllr M.W Nkomo
- Cllr M.M Snyer
- Cllr T.A Soaisa
- Cllr M.A Muller
- Cllr MJ Noosi

The MPAC Committee met on the 27 February 2025, to consider the annual report. This report details the findings of the Committee.

4 PURPOSE OF THE OVERSIGHT REPORT

An Oversight Report containing Council and Public comments on the Annual Report must be adopted no later than two months, after the tabling of the Annual Report in Council as stated in Section 129 (1) of the Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA).

In terms of Section 121(1), every Municipality must for each financial year prepare an Annual Report. The Council must within nine months after the end of a financial year deal with the Annual Report in accordance with section 129. In terms of Section 127(5), the Accounting Officer must immediately after the Annual Report is tabled, make public the Annual Report, invite the local community to submit representations in connection with the annual report and submit the Annual Report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province. - In terms of Section

129(1), the council must consider the Annual report by no later than two months from the date on which the Annual Report was tabled and adopt an Oversight Report containing the Council's comments on the Annual Report.

The Oversight Committees' primary role will be to consider the Annual Report, receive inputs from the various role players and to prepare a draft Oversight Report for consideration by Council. Undertake a review and analysis of the Annual Report invite, receive and consider inputs on the Annual Report. Consider written comments received on the Annual Report from the public. Allow the local community or any organs of state to make representations on the Annual Report.

5 THE PROCESS FOLLOWED

The 2023 / 2024 Annual Report was first tabled to Council on the 27 January 2025 in compliance with section 127 (2) of the Local Government: Municipal Finance Management Act, 56 of 2003. The adopted draft annual report was subsequently made public and shared with the relevant stakeholders.

Council resolved to refer the annual report to MPAC for oversight and compilation of oversight report. Public notice on the draft 2023/ 24 annual report was advertised on the municipal website to invite public comments. The Municipal Public Accounts Committee also held public meeting for inputs on the annual report which were considered and are part of the oversight recommendations.

6 FORMAT OF THE ANNUAL REPORT

The annual report preparation complied fully with the legislative requirements of MFMA Circular No 63. Tswelopele Local Municipality's 2023 / 2024 Annual Report addresses the following areas:

- Chapter 1 : Mayor's Foreword and Executive Summary
- Chapter 2 : Governance
- Chapter 3 : Service Delivery Performance
- Chapter 4 : Organizational Development Performance
- Chapter 5 : Financial Performance
- Chapter 6 : Auditor General's Findings
- Appendices

7 ANALYSIS OF THE ANNUAL REPORT

The content and structure of Tswelopele Local Municipality's Annual Report fully complies with the MFMA Circular No 63 and section 121 (3) and 4 of the MFMA. The content adheres to the framework, in that it comprises of:

- Annual Financial Statements
- Audit Report
- Annual performance report
- Assessment on any arrears on municipal taxes and service charges
- Particulars of corrective action to be taken on issues raised in the audit report
- Explanations to clarify issues on financial statements
- Any other additional information as determined by the municipality
- Performance of service providers during the financial year
- Other reporting requirements in terms of other legislation
- Other additional disclosures

Chapter 1: Mayor's Foreword and Executive Summary

- The committee agreed that issues addressed under this annual report are relevant, true and compliant to the circular as well as the checklist for considering the annual report.
- Coordinated efforts should be made to ensure that municipal finances and resources are utilized economically and effectively in order to reach the municipal's objectives and goals.

Chapter 2: Governance

- The committee recommends that management should always implement council resolutions. Progress on the resolutions taken should be provided by management in all council meetings.
- Municipal Public Accounts Committee should sit in accordance with the approved workplan and schedule.
- The municipality should always strive to partake in intergovernmental activities at all times.
- The municipality needs to improve the overall compliance with all applicable laws and regulations especially in supply chain management.

Chapter 3: Service Delivery Performance

- The committee should frequently conduct capital project inspections together with the relevant stakeholders e.g. NGOs, NPO, CWPS, etc.
- The municipality should also formally invite the relevant stakeholders during project close-out meetings or completed projects handing over meetings.
- The municipality should put temporary measures in areas that do not have access to services e.g. Hoopstad Extension 10.
- The municipality should continue to procure service delivery assets when funds are available and should always request assistance from national and provincial government.
- The committee would like management to explore additional revenue strategies in order to keep up with the increase of the salary bill.

- The municipality should continue to prioritize the completion and strict adherence of capital project target or timelines and this has been achieved by the additional funds received from MIG.
- The municipality should develop climate change policies and operational plans and strategies to curb lost hours during load shedding.
- The committee takes note of the following progress made in finalizing capital projects aimed at improving service delivery:

PROJECT	PROGRESS
Installation of electricity smart meters	100%
Refurbishment of electricity infrastructure in Bultfontein and Hoopstad	100%
Refurbishment of electricity/energy demand management in Hoopstad and Bultfontein	92%
Construction of 2km paved road and storm water drainage.	100%
Upgrade of bulk water supply in Hoopstad (Phase 4)	99%
Upgrade of bulk water supply in Bultfontein (Phase 4)	88%
Construction of Sewer Reticulation in Phahameng/Bultfontein Ext 9 (476 sites)	100%
Construction of 4 high mast lights, 616 sites, ward 6 in Hoopstad / Tikwana	92%
Construction of 9 High mast lights (Ext 7,8, and 10) in Bultfontein / Phahameng	78%
Fencing of cemeteries in Tikwana Erf 695 & 3654	100%
Fencing of cemeteries in Phahameng Erf 556, erf 396 portian A and erf 396 portion B	100%

Chapter 4: Organizational Development Performance

- The municipal staff regulations requirements should be adhered to in filling of vacancies.
- The municipality should have human resource succession plans in place and ensure that employees do not rotate for more than the prescribed period.

Chapter 5: Financial Performance

- Management should explore additional avenues to call residents for indigent registrations e.g. Churches.
- Management should ensure that the indigent registration processes is monitored and that only those who qualify are subsidized and their debt is written off.

- Management should avail all the necessary information to the sector departments operating within the municipal jurisdiction to assist with executing their social mandate e.g. Availability of geographical MAPS to SAPS.
- That the municipality should enforce lease agreements requirements entered into with customers to secure budgeted revenue from municipal leased assets.
- Data cleansing of the debtors' book as per AGSA is required for irrecoverable.
- The municipality should make an investigation of all households who can pay municipal services and effective credit control measures be implemented.
- The municipality should properly monitor the installation of electricity smart meters to improve the collection rate.
- The municipality should conduct an investigation of businesses situated on residential sites and be billed accordingly.
- The municipality should maintain compliance in the ESKOM debt relief programme.

Chapter 6: Auditor General's Findings

- The committee acknowledges the opinion expressed by the Auditor-General of unqualified audit opinion and the matters emphasised.
- The audit action plan should be a standing item in management meetings and should be implemented on a monthly basis, monitored by the internal audit and reported accordingly to Council.

8 RECOMMENDATIONS OF THE MPAC / OVERSIGHT COMMITTEE

- 1.1. **THAT** Council after having fully considered the annual report of Tswelopele Local Municipality 2023 / 2024 adopts the Oversight Committee Report in terms of section 129 of the Municipal Finance Management Act, 56 of 2003.
- 1.2. **THAT** Council approves the annual report 2023 / 2024 of Tswelopele Local Municipality without reservations in terms of section 129 of the Municipal Finance Management Act, 56 of 2003.
- 1.3. **THAT** the audit action plan be implemented and monitored continuously in addressing issues raised by the Auditor General's report.
- 1.4. **THAT** the 2023 / 2024 oversight report be made public in terms of section 129(3) of the Municipal Finance Management Act, 56 of 2003 and be submitted to Free State Legislature in terms of section 132 (2) of the MFMA and also be published in the municipal website.

CLLR S GAEBEE
MPAC CHAIRPERSON