



**Winnie Madikizela - Mandela LM
Municipal Public Accounts committee
Oversight Report
Annual Report 2021/2022**

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1. Introduction

The National Treasury MFMA CIRCULAR 32 specifically sets out practical guidance to Council and Councillors in maintaining the oversight role in the local government:

Council is vested with the responsibility to oversee the performance of their respective municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). This oversight responsibility of council is particularly important for the process of considering annual reports. Whilst, in the first instance it is left to the mayor or the Executive Committee to resolve any performance failures, ultimately the council is vested with power and responsibility to oversee both the executive and administration.

2. Municipal Public Accounts Committee – MPAC

The Municipal Public Accounts Committee (MPAC) was established in order to provide broad oversight role regarding the manner in which financial and other administrative matters are handled within in Winnie Madikizela Mandela Local Municipality.

Municipal Public Accounts Committee established in terms of Section 79 of the Municipal Structures was consists of the following members;

1. Cllr N.P. Mavundla - Chairperson
2. Cllr A Maquthu - Committee Member
3. Cllr Z H Dyarvane - Committee Member
4. Cllr N Sikibi - Committee Member
5. Cllr K Zinya - Committee Member
6. Cllr B.W Mangqalaza - Committee Member
7. Cllr P Nophinga - Committee Member

3. Background

The Annual Report 2021/2022 financial year was tabled before Municipal Council on the 30 January 2023 in terms of Section 127 (2) of the Municipal Finance Management Act (MFMA) No 56 of 2003, it prescribes that "The Mayor of a Municipality must, within seven (7) months after the end of the financial year, table in the Municipal Council the Draft Annual Report of the Municipality". The Municipal Council further resolved that the report be referred to MPAC for oversight.

The Annual Report must be prepared in accordance with the requirements of section 121 of the MFMA and the Council must within two (2) months after the Annual Report has been tabled, consider it and produce an Oversight report on the Annual Report in accordance with section 129 of the same Act.

The Annual Report has been compiled in accordance with the statutory provisions of MFMA Section 121 and in accordance with the guidelines contained in the MFMA Circulars No 11, 32 and 63 and it was tabled before the Council in accordance with section 127 provisions.

Following the noting of the Draft Annual Report 2021/2022 by Council, it was made available for inputs and comments from public, Councillors, Officials and Stakeholders. The report was advertised on municipal website and all role players were given the opportunity to comment. A copy was made accessible at the Mbizana Library. The Municipal Manager also submitted the Annual Report to the Auditor General, National Treasury and Provincial Treasury and Department of Cooperative Governance and Traditional Affairs, Eastern Cape Province.

4. Municipal Public Accounts Committee Meetings & Training

As part of empowering the members of the committee over their roles and responsibilities, training for MPAC members and officials was conducted by CoGTA and SALGA on 13 to 15 February 2023 and all members attended the workshop.

On the 01 March 2023 an MPAC oversight session with the Senior Management was convened to, review, analyse and discuss all components of Annual Report.

5. Oversight Assessment

During the MPAC oversight session to consider the Annual Report, below were the deliberations and clarities provided to the meeting.

5.1. Draft Annual Report Analyses

KPA NO1- SERVICE DELIVERY – ENGINEERING SERVICES

Questions	Responses	Comments
Was the Road Maintenance covering 13.2 km with the budget of R12.6 million done with internal plant or outsourced?	The 13.2.km maintenance was done through outsourcing	Internal Plant Machinery must have a clear plan / roster of wards being maintained and also management should ensure that repairs and maintenance of the plant does not take long, for it to be back on track.
Clarity on the constructed 12.6 new kilometres of access roads construction of new road vs presentation of 13.2 km	The management verified the discrepancy of the KMs with a response of 12.6 KMs done which was the Audited number of KMs.	The response was noted by the members of the meeting as being a tying error
Is the municipality's internal plant effective enough to be able to handle work load, and what measures were put in place in this regard? The municipality should stick to the proper plan of internal plant.	The internal plant was effective and it benefits the organisation and community. It is used to maintain prioritised roads by Executive Committee but at times it does not follow the plan due to emergency interventions and breakdown failure	Management must find a mechanism that will ensure a speedy repair of machinery breakdowns
Mqonjwana Access Road to Greenville The scope of proper plan and relevant documents should be done through user department to avoid improper structures and bridges.	The scope of works that was initially planned had to be amended to cater for other additional works due to floods. Management will re-scope the project for implementation during 2023/24. The community was consulted and on the challenges of the project,	The management must conduct due diligence on project technical plans to avoid failures during projects implementation due to poor designs.

<p>Clarity on Mqonjwana to Greenville access road was sort that it was visited during the last project verification and it was recommended that the road should be reconstructed.</p>	<p>The project was considered and planned to have additional works and more resources to cover the recommendations of the committee.</p> <p>A request for approval of additional funding to Executive Committee will be submitted during draft budget so that the project can be continued during 2023/2024.</p>	<p>The project must be recorded as incomplete on the report as it is reported to have additional works during 2023/24 FY</p>
<p>Mphuthuml Mafumbatha Stadium:</p> <p>The difference of R 53 million and R73 million for the project was a concern also a question was is how did the municipality fund the project,</p>	<p>The difference was reported during financial year 2018/19 and was dealt with by Council. This resulted in the revision of scope for the project without a change to the award value. It was further resolved that a second phase to the project be consider in future financial years.</p>	<p>The municipality through management must avoid such weaknesses in the future. The exercise of due diligence must be done on all projects to be implemented.</p>
<p>Clarity was sort on extention of contract with 18 months but still not completed.</p>	<p>The project was for 3 years but there were insufficient funds for it, also delays were encountered during the intense years of Covid 19 as well as April 2022 disaster floods impacted on the project. It is allowed to correct the BoQ but the contract price must not be change. Variation Orders percentage differs as per the project works to be done through the VO but must be within the prescribed limit of 20%.</p>	<p>The grounds of the extension were noted by the committee.</p>
<p>Mbizana Clvic Centre</p> <p>What are the major challenges with the sub- contractors in the project besides the legal dispute under consideration?</p>	<p>Sub-contractors have challenges such as the quality of work being assessed as below standard, not having financial</p>	<p>Capacitation of sub-contractors must be an ongoing project.</p>

	capacity to provide bulk material during construction.	
Clarity status was sort on the Majazi landfill site	The project was delayed by the failure of the previous contract of the Dept of Environmental Affairs. The municipality is now negotiating with the community in order to resume with project implementation during this financial year.	More social facilitation is needed from the leadership of the municipality in order to ensure successful implementation of the project.

KPA No 3: Service Delivery: Development Planning and LED

Challenges of LED Infrastructure that were stated on the report were the same challenges that were discovered during 2020-2021 project verification?	The LED project infrastructure challenges ranges from poor condition of access to the project, shortage of supporting infrastructures such as water, delivery vehicles to assist farmers to sell their crops, buildings used not being suitable for the production, etc.	The committee noted the response with emphasis on the need to continue supporting projects with job creation potential.
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5.2. AUDIT REPORT 2021/2022 AND AUDIT ACTION PLAN ANALYSES

The municipality again during the financial year 2021/2022 managed to receive the Unqualified Audit Report with no findings (Clean Audit) from the Auditor-General of South Africa. The following are some of the findings that did not affect the audit but requiring attention of the municipality:

- Material Impairments- Impairments relating to receivables from exchange transactions, the municipality reported a material impairment of R17,3 million as a result of irrecoverable debtors.
- Restatement of corresponding figures – The corresponding figures for comparative year were restated as a result of an errors in the financial statements of the municipality

Comments of Audit Action Plan

Questions	Responses	Comments
Who is responsible for verification of documents? Audit findings picked a bid with incorrect figures that was awarded. Bid assessors missed to discover that the documents were incorrect, is there an investigation done?	It was responded that arithmetic error do not constitute crime, municipality should strengthen the re-calculation and verification of bid documents before finalising recommendations.	Management must continue to improve internal controls to avoid such findings.
What is the plan to recover the pre - payments made to service provider?	The pre -payment was done in order to assist SMME's and shall be balanced before final account is issued.	Management is encouraged to eliminate such practices.
Is there a clear plan to check if the funds could be recovered from municipality debtors?	It was the projection of debt collection and Auditor general wanted to know if there were measures put in place to recovery debts and what areas to focus on to ensure loss control. Council further implemented a debt amnesty in an attempt to collect more money.	More measures must be implemented in order to collected more debt.

5.3. PROJECT VERIFICATION AS PART OF OVERSIGHT

On the 06 and 07 March 2023 the MPAC members and support staff visited projects to conduct verification of what was reported on the Draft Annual Report. The purpose of these visits was to do quality check in terms of ensuring that services that are rendered to the community are equal to the value of money spent. Below are visited projects and committee findings:

Project	Observations and Findings	Recommendations
Mapheleni Access Road	Observations: Mapheleni Access Road has water crossing from Dutyini direct to	It is recommended that V-drains be provided as the additional Work on the project.

	slab and it causes soil erosion on both sides of the slab.	
Lubekelele Access Road	Observations: The project started during 2020/2021 FY and the bulk of work done during that period then completed during the first quarter of 2021/22 it is in bad condition needs maintenance.	It is recommended that: The access road with the bridge be maintained as it was affected by April 2022 floods.
Ward 4 Community Hall	Observations: The community hall structure was satisfactory only additional work is needed in order to be user friendly.	It is recommended that: Retaining wall be done. Pavement on the premises as well as electrification of the community hall.
Leonard to Simakadeni AR	Observations: Road in good condition only the ditch drain noticed to be too deep, it needs attention.	It is recommended that: The ditch drain be provided next to Madlala homestead towards Leonard stop.
Mphuthumi Mafumbatha Stadium	Observation: Soccer Teams are playing whilst the project not completed and handed over officially. The use of the stadium for practise will compromise the life span of the artificial turf. Grand stand accommodates approximately 400 ppl, during matches it become over crowded.	It is recommended that: 1. Clubs to utilise the Stadium during matches not practise and negotiate with Bizana Village for utilisation of ground for teams practise. 2. Additional Grand Stands be considered by council. 3. Maintenance plan be developed to avoid bad publicity after completion of the project 4. Proper fencing to avoid community members to make alternative crossing from browns wholesale and bringing of alcohol into the stadium.

		<p>5. Tuck shop allocation be transparent on how to qualify to do business there.</p> <p>6. Completion of Tennis Courts and Netball Ground be fast tracked.</p>
Taxi Rank (Phase 1)	<p>Observations:</p> <p>The project is satisfactory but the attention should be given to sewer infrastructure needs.</p> <p>The entrance steel post was damaged and was not reported to the municipality for joint intervention with taxi associations.</p>	<p>It is recommended that –</p> <ol style="list-style-type: none"> 1. ANDM to allocate the honey sucker. 2. Taxi association should report on the incidents on the infrastructure and should take responsibility of damages. 3. Proper supervision of EPWP employees at taxi rank should be done. 4. Waste Collection Kla Mini Truck condition is inexcusable state municipality to prioritise major repairs
Civic Centre	<p>Observations:</p> <p>The work done on the project so far satisfactory.</p>	<p>It is recommended that:</p> <ol style="list-style-type: none"> 1. The remaining 20% of the work to be done on the site be fast tracked and be completed before end of current financial year. 2. O R Tambo Statue be cleaned and covered again during the construction works.

		3. New contractor to take action on the wall which looks hazardous.
ECDC ward 1	Observation: Good work done	It is recommended that: Hand over of the project to be done to community for usage
Maintenance of Municipal Building	Observation: Work was done satisfaction	None
CBD Pothole Patching	Observation: Every financial year there is budget for potholes patching over a million. An alternative long - term plan should be considered by Council.	It is recommended that: - 1. Allocation of EPWP team to look at drains in town – specifically be considered.
Electrification projects	Number of households reported was accurate only households built after starting of the project were left out.	It is recommended that: Remaining households be included on infills.

LED PROJECTS

Lecolin Green Project	Observations: The project needs water irrigation scheme to assist in having crops continuously.	It is recommended that: Supporting department to assist the project to look at water provision plan as there are water taps in that areas of Ludeke Village.
Moonlight Aluminium	Observation The project does exist and doing well, only concern was the change of name to be Glass Fit. The founder passed away and there was a dispute amongst the members.	It is recommended that: Verification be done on the company in moving from one owner to another using the same name. To verify correct name of the company for proper naming, and the LED department assist to upgrade the name into current name used.

6. Concluding Comments

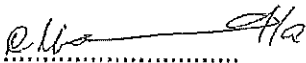
Looking at the demand for basic services such as roads, water, electricity at the level of local municipality, Councillors should also assist in educating communities that the municipality does not generate enough revenue to provide these services to the fulfilment of the demands as the grants funding allocation from MIG, INEP and Equitable Share funds are not enough. Lastly the municipality having received clean audit opinion for two years in a row must equally reflect on the quality of service delivery work done on the ground.

7. Recommendations to Municipal Council

On the motion of Councillor A. MAquthu seconded by Councillor N Sikibi it was recommended that:

1. The Oversight Report on the Annual Report 2021/2022 financial year be considered and approved by Council.
2. That the Annual Report 2021/22 financial year complies with the MFMA, Municipal Systems Act and all the guiding Circulars and Checklist issued by National Treasury and CoGTA, and therefore;
3. That the Annual Report 2021/2022 be is hereby recommended for approval by the Municipal Council without reservations.
4. That the municipality continues to improve project planning and implementation in order to maximise value for money and quality service delivery.

Signed by



Cllr N P Mavundla
MPAC Chairperson