

THEMBELIHLE

LOCAL MUNICIPALITY
PLAASLIKE MUNISIPALITEIT
U-MASIPALA WASEKUHALENI

MPAC OVERSIGHT REPORT ON THE ANNUAL REPORT 2023/2024



Purpose

To submit the oversight report for Council consideration

Background.

The Local Government: Municipal Finance Management Act (MFMA) of 2003, and the Municipal Systems Act (MSA) of 2000 require municipalities and their entities to prepare annual reports based on their annual service delivery processes and overall municipal performance, for inspection by relevant stakeholder groups. Thembelihle Local Municipality has accordingly prepared its **2023/24 Annual Report** in accordance with its key performance areas, to account to the communities it serves.

The annual reporting procedure is monitored by an oversight report, which is in the municipality case the report of Council on the 2023/24 Annual Report of the Municipality. In Thembelihle Local Municipality, the process of oversight is referred to the MPAC (Municipal Public Accounts Committee), which acts as the Oversight Committee of Council. This Oversight Report is a product of the Municipal Public Accounts Committee's deliberations on the 2023/24 Annual Report.

COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- | | |
|-----------------------------|--------|
| 1. Councillor Brenda Mpamba | Chair |
| 2. Councillor Frans Mans | Member |
| 3. Councillor Derick Jansen | Member |

Municipal officials are not members of MPAC however the Accounting Officer and Senior Managers are required to attend MPAC meetings as required to account for their respective areas of responsibilities. All meetings of the MPAC are open to the public, and timely notice of meetings are issued to enable community representations during the MPAC Sessions.

OBSERVATIONS ON THE ANNUAL REPORT 2023/24

MPAC made the following observations and recommendations in respect of the Draft Annual Report including attachments for the financial year 2022/23 as follows:

mPAC Comments on the Annual Report 2023/2024

Pg 2-4: Table of Contents – Renumbering (Align the whole document)

Chapter 1

Correct the numbering. (1.1..... 1.2.....)

Use the correct stats as per the STATSA presentation. (Population, Employment STATSA etc.)

Service Delivery Overview.

Describe the Indigent Policy.

Make sure about the stats in terms of the registered indigents.

Payment for Services

Be explicit in terms of different services and their percentages.

Chapter 2

Make the following corrections

Municipal Managers – KP Leserwane (Acting)
RJ Shuping (Acting)

Political Overview

List all councillors with their roles

Administrative governance

Community services – Remove

1.6 Mayor convenes council meetings - Correct

Pg 40 Composition of council

Council Member, Capacity, political party

Number of council meeting held during the year.

Composition of the portfolio committees

Component B

Please correct the numbering of this chapter.

Chapter 3

Pg 59: 3.16 FINANCIAL SERVICES

Executive summary

Pg 60-64: Replace the budget schedules with the year-end financials.

Correct the budget from 2024/2025 to 2023/2024.

Pg 67: 5.2 Outstanding Debtors

Provide data for 30 June 2024.

Pg 72: Update risk management information to 2023/2024

Correct "**THE PERFORMANCE OF PROPERTY SERVICES**" to **THE PERFORMANCE OF PROPERTY SERVICES** and correct the financial year.

Chapter 4

4.1.1

Pg. 72: 4.2 delete para 1 & 3

Pg 90: Correct the budget from 2024/2025 to 2023/2024

Pg 40 – Paragraph 1 of 4.1.1 Performance Management Framework

....published under GNR 796 in GG 22605 of 24 August 2001.

..... the municipality did not have a council approved PMS policy in place.

Par. 2 of 4.1.2 Implementation of Performance Management

The SDBIP is an annual plan

.....in alignment with the IDP and Budget

Par. 1 of Monitoring of Performance

Delete was

4.1.4 Overall Service Delivery Performance

Annual overall performance to be presented (not the mid-year information)

4.2 Summary and Challenges

Delete paragraph 1

The municipality had 4 departments

Delete paragraph 3 and replace with year end information

5.2. Outstanding Debtors

Outstanding debtors information as at 30 June 2024 and not December 2024

Supporting table SC3 to be replaced with information as at 30 June 2024

Supporting table SC3 to be replaced with information as at 30 June 2024

6. Adjustment budget

Provide 2023/24 budget adjustment information

ie. Was the budget adjusted? when was it approved by council?

7. Annual Report

Preparation of the annual report

Date tabled to council

Date of publication

7.1. Legal, Risk Management and procurement services

Delete paragraph 2

7.1.2

Review the paragraph

4.1 Organisational Development

Review paragraph 1 on the purpose of Organisational development

Review the MM's office

Review the vacancy rate to reflect information as at 30 June 2024

Review Turn over rate (wrongly calculated)

Par. 1 The position of the municipal manager remained vacant for the entire year of 2023/24

Review the comments on vacancy and turnover

Pg. 75 4.2 Policies

List all policies that were reviewed/approved and dates in the 2023/24 financial year

4.3 Injuries, Sickness and Suspensions

Delete paragraph 1

Review the table and add estimated costs

Capacitating the municipal workforce

Include the following:

- Training budget for the year
- Policy implementation
- Summary of challenges encountered in relation to skills development

Delete last incomplete question

Comment on workforce expenditure

Include the wage bill

Annexure A1 to A7 to reflect information as at 30 June 2024

Public Participation

MPAC considered the requirements of section 127(5) of the Municipal Finance Management Act, and confirmed;

- a) That the Annual Report was made public and through the municipal website to the relevant institutions as required
- b) No comments were received from the local community as at the date of the sitting of MPAC.

Recommendation

- 5.1 That Council approves both the Annual Report 2023/2024 and Oversight Report.
- 5.2 That the oversight report be submitted to the relevant stakeholders on request.

CHAIRPERSON of MPAC
COUNCILLOR B. MPAMBA

20 March 2025
DATE:

8.6 Annual Report 2023/2024

Purpose of the Item

To table the Oversight report for adoption and to consider and approve the Annual Report 2023/24

1. Agtergrond / Background

The Thembelihle Local Municipality's 2023/2024 Annual Report provides a comprehensive assessment of the municipality's performance in governance, service delivery, financial management, and institutional development. The report highlights the achievements made despite ongoing challenges such as infrastructure constraints, financial limitations, and governance inefficiencies. Key areas of focus include the municipality's ability to provide basic services, ensure financial stability, and implement strategic initiatives that promote sustainable development. The report also addresses leadership challenges, financial distress, and the need for improved governance structures.

Regsimplikasies/ Legal Implications

- Municipal Finance Management Act (MFMA) Compliance
- The MFMA (Act 56 of 2003) requires that an annual report be tabled by 31 January 2025, ensuring municipal accountability and transparency in financial performance.
- Section 72(1)(a)(iii) mandates that the Accounting Officer assess municipal performance in the first six months and use the previous year's report to resolve identified problems.
- Any irregular expenditure or non-compliance with the MFMA could result in legal action or intervention from provincial and national government authorities.

Finansiele Implikasies/ Financial Implications

1. Budget Adjustments and Cost-Cutting Measures Due to reduced operating income, the mid-year budget review recommended cost-cutting measures to align expenditure with available funds.

The cost-cutting strategy aligns with the Minister of Finance's fiscal discipline measure

2. Debt and Financial Stability o The municipality faces significant financial distress, with outstanding debts to trade creditors and the Auditor-General.

There is a growing concern over revenue collection, particularly in service charges (electricity, water, and waste management), which are underperforming against budgeted targets.

3. Audit and Accountability

The Auditor-General's review for 2023/2024 identifies areas needing improvement, particularly in financial reporting, risk management, and internal controls.

The Municipal Public Accounts Committee (MPAC) is responsible for providing oversight and addressing financial inefficiencies.

Voorgestelde Aanbeveling/ Proposed Recommendation

- (1) That Council adopts the Oversight report
- (2) That council considers and approve the annual report 2023/24

Kommentaar deur die Rekenpligtige Beamppte/ Artikel 82 van die Strukturewet & Artikel 60 van die Wet op Munisipale Finansiële Bestuur/ Comments by the Accounting Officer/ Section 82 of the Structures Act & Section 60 of the MFMA

Council consider the recommendations

Aanhangsels/ Attachments

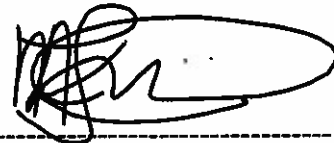
- Oversight Report
- Annual Report 2023/24

Raadsbesluit/ Council Resolution

Council adopts the Oversight report
Council approves the annual report 2023/24

SLUITING / CLOSURE

Approved by Speaker



Councilor JL Mkosana