

EMALAHLENI LOCAL MUNICIPALITY

**OVERSIGHT REPORT ON THE ANNUAL REPORT
FOR THE 2023/24 FINANCIAL YEAR**

**PREPARED BY THE
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

VISION

“To be a centre of excellence and innovation.”



Emalahleni the energy heartbeat of Southern Africa and economic hub of Mpumalanga.

COMMITTEE MEMBERS

NAME	POSITION
Cllr C.L.Maraba	Chairperson
Cllr N.S.Tlapy	Member
Cllr D.D.Mathaba	Member
Cllr S.A.Mthimunye	Member
Cllr D.M.Mabena	Member
Cllr G.S.Koko	Member
Cllr M.E.Morokolo	Member
Cllr M.M.Sekgala	Member
Cllr W.A.Van Dyk	Member
Cllr J.S.Mathebula	Member
Cllr A.B.Khumalo	Member

REPORT BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Foreword by MPAC Chairperson:

This marks a significant moment presenting the Oversight Report on the 2023/2024 Financial Year Annual Report of Emalahleni Local Municipality.

The Annual Report is submitted to Council by the Accounting Officer and the Executive Mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals and objectives set by the Municipality for the financial year. The Oversight Report is considered to be a report of the Municipal Council reflecting on the Annual Report. The Oversight Report is meant to assist Council in determining whether to approve or not to approve the Annual Report.

We have meticulously probed the Annual Report with a deeper understanding of producing the Oversight Report as it is the final step in the Annual reporting process of a municipality. We have identified further projects to further visit as part of the ensuring value for money and impact to the community. The Oversight Report is therefore clearly distinguished from the Annual Report. The Oversight Report is a report of the Municipal Council and follows consideration and thorough analysis of the Annual Report by the Municipal Public Accounts Committee (MPAC).

It is my fourth time presenting this report and there has been improvement with the way reports are generated and accountability of presented information.

The MFMA Circular 92 provided MPAC members with a Guide and a Toolkit to study and follow when undertaking oversight responsibilities. We understand that the committee aims to improve accountability, transparency, economical, effective and efficient use of public resources in executing Municipal functions giving effect to improved and expanded delivery of services.

There are secondary priorities which include but not limited obtaining value for money, re-distribution of resources, achieving equity, inclusive growth, attracting investments and also creating opportunities for employment, ensuring a safe and healthy environment, and addressing service backlogs which are all aspects important to local government.

We follow MFMA Circular 32 that provides guidance with the oversight process that Councils must follow when considering the Annual Report and how to deal with the Oversight Report for improvement and accountability for financial and non-financial performance that should link to the strategic goals in the Integrated Development Plan (IDP).

The Annual Report is submitted to the Council by the Accounting Officer and the Executive Mayor in our case and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by Council. MPAC probes this report to determine if the information contained in the report is a fair and reasonable record of the performance of the municipality and properly accounts for the actions of the Municipality in the financial year reported upon.

In the light of the above, MPAC has analysed the 2023/24 Financial Year Annual Report and developed questions based on the Annual Report as submitted. These are critical parts that should provide clarity in accountability process of the efficiency of public money spent, use of human resources and time for reaching a desired outcome as expressed in the IDP. Moreover, addressing the strategic & operational risks in the Municipality through informed planning that considers the recommendations of the Audit Performance Committee.

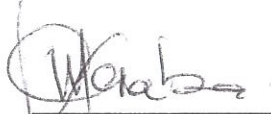
In terms of Section 129 (1) of the MFMA, the Council of a Municipality must consider the Annual Report of the Municipality and adopt an Oversight Report containing the Council's comments on the Annual Report. MPAC has been tasked to probe and make recommendations to Council through the Oversight Report for Council to adopt or not adopt the Annual Report.

In carrying out its oversight responsibility, the following was undertaken by MPAC:

- Compared and contrasted the previous reported performance in the 2023/24 FY;
- Considered any written comments;
- Conducted a public hearing when probing the Annual Report with the executive and management which were required to present their responses and
- Prepared the Oversight Report on the Annual Report

The MPAC members displayed their dedication during the process of probing the Annual Report and also during the compilation of the Oversight Report and I appreciate your commitment to the process.

I present the Oversight Report in which MPAC recommends for adoption of the 2023/24 Financial Year Annual Report with the recommendations as recorded in this document.



C.L. MARABA
CHAIRPERSON: MPAC

Introduction:

Municipal Councils are vested with the responsibility to oversee the performance of their respective Municipalities, as required by the Constitution of the Republic of South Africa, 1998 (Act No. 108 of 1998 as amended, the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) MFMA and the Local Government: Municipal Systems Act, 2000 Act No. 32 of 2000. This Oversight responsibility of Council is amongst others important for the consideration and recommendation to Council in adopting Municipal Annual Reports.

The components of the Annual Report that the MPAC reviewed are:

- Chapter 1: Executive Mayors Foreword and Municipal Managers overview;
- Chapter 2: Political and administrative governance;
- Chapter 3: Service Delivery Performance with its eight (8) components;
- Chapter 4: Organisational Development;
- Chapter 5: Financial Performance;
- Chapter 6: Auditor General's Findings;
- Annual Performance Report;
- Annual Financial Statements;
- Audit Performance Committee Report;
- Auditor General – Audit Report; and
- Auditor General Action Plan.

Consideration of the previous year probing reports on the Annual Report, Auditor General Report and the Performance Audit Committee Report was undertaken when probing the 2023/24 Financial Year Annual Report.

Strategic Thrust:

Good Governance and Service Delivery

Objective:

To prepare in terms of Section 129 of the MFMA, the Oversight Report on the 2023/24 Financial Year Annual Report as presented by Emalahleni Local Municipality.

Functions of MPAC on the Annual Report are to:

- Undertake a review and analyse the contents of the Annual Report;
- Invite, receive, and consider inputs made by Council, on the Annual Report;
- Consider written comments received on the Annual Report from the public consultation process;
- Conduct Public Hearing (s) to allow the local community or any organs of state to make representations on the Annual Report;
- Receive and consider the Councils Audit Performance Committee recommendations and comments on the Annual Financial Statements (AFS) and the Annual Performance Report and;
- Preparation of the Oversight Report, taking into consideration, the views and inputs from all stakeholders which include the public, representative(s) of the Auditor-General and organs of state

Background:

Section 129 (1) (a) (b) and (c) of the MFMA prescribes that the Council of a 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 in the Council in terms of section 127, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council:

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

An Annual Report of a Municipality outlines the performance of a Municipality against set goals, objectives and budget as approved by Council. The Report is the essential accountability instrument of the Municipality.

In terms of Section 121(1) of the MFMA, every Municipality must for each financial year prepare an Annual Report. The Council of a Municipality must within nine (9) months after the end of a financial year deal with the Annual Report of the Municipality.

The purpose of an Annual Report in terms of Section 121(2) is:

- (a) To provide a record of the activities of the Municipality during the financial year to which the report relates;
- (b) To provide a report on performance against the budget of the Municipality for that financial year;

(c) To promote accountability to the local community for the decisions made throughout the year by the Municipality.

The Annual Report of a Municipality must, *inter alia*, include:

- (a) The Annual Financial Statements of the Municipality as submitted to the AG for audit in terms of section 126(1) (a);*
- (b) The AG's audit Report in terms of section 126(3) on those financial statements;*
- (c) The Annual performance Report of the Municipality prepared by the Municipality in terms of section 46 of the Municipal System's Act;*
- (d) The Auditor-General's Report in terms of section 45(b) of the Municipal System's Act;*
- (e) An assessment by the Municipality's Accounting Officer of any arrears on Municipal taxes and service charges;*
- (f) An assessment by the Municipality's Accounting Officer of the Municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the relevant financial year;*
- (g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit Reports referred to in paragraph (b) and (d);*
- (i) Any recommendations of the Municipality's Audit Performance Committee.*

The 2023/24 Annual Report of Emalahleni Local Municipality was tabled to Council on the 30th January 2025 as required in terms of MFMA Section 127. The 2023/24 Annual Report was referred by Council to MPAC for Oversight purposes. Council has delegated MPAC the responsibility to probe Annual Report for presenting the Oversight Report on the Annual Report

The Annexures on the Annual Report that were probed were as follows:

- Annexure A: Annual Financial Statements as at end 30 June 2024
- Annexure B: Annual Performance Report 2023/24
- Annexure C: Audit Performance Committee Report 2023/24
- Annexure D: Auditor General Action Plan 2023/24

Scheduled activities:

The following table provides a summary of the scheduled activities that were undertaken at exercising Oversight on the Annual Report:

STEP	ACTIVITY	ACTION OWNER	PLANNED DATE
1	Council refers Annual Report to MPAC	Speaker	30 January 2025
2	1 st MPAC sitting to review the Annual Report	MPAC Members	04 March 2025
3	MPAC develops and adopts preliminary questions (without the administration)	MPAC Members	04 March 2025
5	MPAC convenes a public meeting for management to account	MPAC Members	12 March 2025
6	MPAC completes an Oversight Report	MPAC Members	17 March 2025
7	MPAC submits the Council Item on the Oversight Report to the Speaker	MPAC Chairperson	20 March 2025
8	MPAC Reports back to the Council Speaker and tables the Report to Council	MPAC Chairperson	27 March 2025
9	Council adopts the Oversight Report	Council Speaker	27 March 2025
10	Annual Report made public within (7) days of its adoption	Accounting Officer	08 April 2025

Oversight methodology:

A Public Notice was published on the local paper *Witbank News* to invite members of the public and all interested parties to attend the Council meetings wherein the 2023/24 Annual Report was considered. This includes the MPAC Oversight meetings held which were open to the public to attend.

Council resolved under item A.210/24-25 as follows:

1. That Council considers the 2023/24 Annual Report for 2023/2024 financial year;
2. that the Annual Report be submitted to the Municipal Public Accounts Committee for oversight on the report; and
3. that the Municipal Public Accounts Committee submit the Oversight Report by no later than 30 March 2025.

MPAC met and developed questions (without the administration) that were submitted to the Executive to respond on. The responses were received and further clarification questions were discussed in a MPAC meeting. The Oversight Report was completed on Wednesday, 12 March 2025 for presentation in a Council Meeting scheduled for Thursday, 27 March 2025.

Oversight challenges and remedial action:

The following challenges were experienced in the process of the Annual Report Probing:

- (1) The late submission of responses and applicable documents do not give enough time for the committee to consider the responses

Intervention:

1. The Accounting Officer will be engaged further with regards to timely submission of reports

Recommendation:

1. That MPAC requested information be submitted as per the stipulated time

Matters of Concern:

1. Underreporting:

- The quality of information provided on the Annual Report needs to be verified for quality assurance prior submission and there are details of programmes undertaken including location and beneficiaries to the programmes. The impact of the programmes must be included when presenting the Annual Report in future.

2. Updated information:

- There were parts of the Annual Performance Report that required to be updated for performance reporting and Municipal planning. Management was informed and the information updated. This must be undertaken before the submission of the Annual Report.

3. Vandalism of Municipal Infrastructure:

- The response to the continuous vandalism of Municipal infrastructure must be intensified with a clear strategy with other law enforcement agencies and innovative modern technology as the criminals are adapting to the current strategies. The vandalism of the Municipal infrastructure contributes to unauthorised expenditure and must be curbed as the finances can be spent in improving the infrastructure for improved provision of services.

Key oversight activities to be undertaken in the next financial year implementing the Annual Plan are as follows:

1. The site visits to all the Water Treatment Works and Sewer Pump stations;
2. Monitoring of water collection point, transportation of portable water and security of the water infrastructure;
3. Monitoring the rental facilities and the use thereof, of all Municipal infrastructure
4. Advocacy Programmes for payment of services

Summary of the observations by the Municipal Public Accounts Committee

The MPAC used the MFMA Circular No.63 as a standard to assess the Annual Report for compliance and the following findings are made:

Chapter 1: Mayor's Foreword and Executive Summary

Observations:

1. Mayor's Foreword

The Committee found that the Mayors Foreword was written and the Executive Mayor at the time had not signed the Annual Report however should be signed prior submission to Council

Conclusion:

The committee was satisfied with the Executive Mayor's Foreword. It covered the key contents of the Annual Report and a need to ensure financial viability in the Municipality.

1.2 Municipal Manager's Overview

Observation:

The Municipal Manager's overview provides an opportunity to the Municipal Manager to give a public account, guidance and advice on the administrative performance of a Municipality.

The overview provided prospective in the following:

- a. Access to service delivery levels;
- b. Community needs raised from municipal outreach meetings;
- c. Municipal Budget and Expenditure;
- d. Population growth and projections;
- e. Red and Green Flags for Emalahleni Local Municipality;
- f. Audit Outcomes;
- g. Risk Management and
- h. Fraud and Corruption

Special attention to the strategic and operational risks of Emalahleni Local Municipality was crucial to be mentioned as MPAC will analyse and evaluate performance as reported by the RMAFACC.

Conclusion:

The committee was satisfied with the Municipal Managers overview

Chapter 2: Governance

Governance

This Chapter is to ensure accountability and governance arrangements are in place. Section 121 (2) (c) of the MFMA supports the requirements of Section 18 (1) (d) of the Municipal Systems Act (MSA).

Information on matters of governance should be communicated to communities. This should, according to Section 65 (1) (a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an Annual Report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year. Nine major characteristics should be applied with the political and administrative structures of a Municipality to ensure good governance:

- Participation;
- Rule of law;
- Transparency;
- Responsiveness;
- Consensus;
- Equity and inclusiveness;
- Effectiveness and efficiency;

-
- Accountability; and
 - Sustainability.

With the above requirements in mind, information included in this chapter is divided into four sections:

Component A: Governance Structures

- Political Governance Structure
- Administrative Governance

Component B: Intergovernmental Relations

- Intergovernmental Relations

Component C: Public Accountability and Participation

- Public Meetings
- IDP Participation and Alignment

Component D: Corporate Governance

- Risk Management
- Anti-corruption and fraud
- Supply Chain Management
- By-laws
- Websites
- Public Satisfaction on Municipal Services
- Information of municipal Oversight committees

Conclusion:

The Committee found that all requirements were met as per the prescripts of the Circular 63.

Chapter 3: Service Delivery Performance

Chapter 3 deals with service delivery on a service-by-service basis. It consolidates the provisions of the IDP, budget and SDBIP. The following components are included:

Component A:

- Basic Services

Component B:

- Road Transport

Component C:

- Planning and Development

Component D

- Community and Social Services

Component E

- Environmental Protection

Component F:

- Health

Component G:

- Traffic, Public Transport

Component H:

- Sports and Recreation

Conclusion:

The Committee found that all requirements were met as per the prescripts of the Circular 63.

Chapter 4: Organisational Development Performance

This chapter addresses information pertaining to the implementation of an effective performance management system, organisational development and performance of a municipality.

Conclusion:

The Committee found that all requirements were met as per the prescripts of the Circular 63.

Chapter 5: Financial Performance

The aim of the chapter is to provide an overview of financial performance of the municipality through measuring of results.

Conclusion:

The Committee found that all requirements were met as per the prescripts of the Circular 63.

Chapter 6: Auditor General Audit Findings

The Chapter 6 of the Annual Report includes the Auditor General's Report and details on issues raised during the previous financial year by the Auditor General and also includes remedial action taken to address issues raised during the previous financial year by the Auditor General.

The recommendations will be closely monitored by MPAC during the in-year reporting.

Policy Implications

This Report is in line with the Terms of Reference of the Municipal Public Accounts Committee and its Work Plan.

Legal and Constitutional Compliance

The Report complies with the requirements of the following Acts:

- Constitution of the Republic of South Africa 1996;
- Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003;
- Local Government: Municipal Systems Act (MSA), Act No. 32 of 2000 and
- National Treasury: MFMA Circular No. 63

Financial Implications

None.

Conclusion:

MPAC adheres to the Cost Containment Measures, as per the MFMA Circular No.82

Other bodies/structures consulted/invited

The following departments/structures were invited by the Committee to ensure for an effective oversight process:

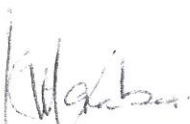
- Audit & Performance Committee
- Provincial Treasury and
- COGHSTA

Conclusions on the Annual Report of the Municipality

The Annual Report complies with the requirements of the MFMA.

It is therefore recommended:

1. That Council approves the Annual Report without reservations


CLLR.C.L. MARABA
CHAIRPERSON: MPAC

20 MARCH 2025
DATE

