



MOHOKARE
LOCAL MUNICIPALITY



P. O. Box 20, Zastron, 9950
Tel: 051 673 9600
Fax: 051 673 1550
E-mail: info@mohokare.co.za
www.mohokare.co.za

MOHOKARE LOCAL MUNICIPALITY

OVERSIGHT REPORT 2023/2024



Vision
"We shall be a consistent municipality, with a natural base, offering the highest quality of life for all"

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1. PURPOSE OF THE OVERSIGHT REPORT

To analyse Mohokare Local Municipality's Annual Report for the 2023/2024 financial year and the adoption of the Oversight Report in terms section 129 of Municipal Financial Management Act No. 56 of 2003.

2. BACKGROUND

2.1 LEGAL REQUIREMENTS

Section 121 (1) (2) (3) of MFMA, states that "every Municipality must prepare an Annual Report each financial year. The Council must within 9 months of the financial year deal with the Annual Report of the Municipality in accordance with Section 129".

2.2 THE PURPOSE OF THE ANNUAL REPORT

The purpose of the report is:

- i. To provide a record of activities of the municipality during the financial term to which the report relates;
- ii. To provide report on performance against the budget of the municipality for the financial year and;
- iii. To promote accountability to the local community for the decisions made throughout the year by the municipality

2.3 ANNUAL REPORT REQUIREMENTS

The Annual Report of a municipality must include:

- i. The Annual Financial Statements of the municipality;
- ii. The Auditor General Audit Report in terms of section 126 (3) on those financial statements;
- iii. The Annual Performance Report of the municipality prepared by the municipality in terms of the section 46 of the Municipal Systems Act;
- iv. The Auditor General's audit report in terms of any section 45 (b) of the Municipality
- v. An assessment by the municipality's accounting officer of any arrears on municipal taxes and services charges
- vi. An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17 (3) (b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;
- vii. Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraphs (b) and (d);
- viii. Any explanations that may be necessary to clarify issues in connection with the financial statements;
- ix. Any information as determined by the municipality;
- x. Any recommendations as determined by the municipality;
- xi. Any other information as may be prescribed.

In terms of section 127 (5) of the MFMA, 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 report to the auditor general, relevant Provincial Treasury and the Provincial Departments responsible for Local Government in the Province.

According to section 129 (10) of MFMA, the Council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, adopted and oversight report containing the Council's comments on the annual report which must include a statement whether:

- The Council has approved the annual report with or without reservations; or
- Has rejected the Annual Report or;
- Has referred the Annual Report back for revision of those components that should be revised.

PROCESS FOLLOWED BY COUNCIL

3.1 SUBMISSION AND TABLING OF THE ANNUAL REPORT 2023/2024

The Mayor has deemed to inform council of unforeseeable reasons which eventually leads to the failure of council to adhere to abovementioned statutory compliance. Section 127 (3) requires that if the Mayor for whatever reason, is unable to table in the Council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the Mayor must:

- a) Promptly submit to the council a written explanation referred to in section 133 (1) (a) setting out reasons for the delay, together with any components of the annual report listed in section 121 (3) or (4) that are ready; and
- b) Submit to the council the outstanding annual report or outstanding components of report.

As per legislation requires, the Annual report has to be tabled to council seven months after the beginning of the financial year under review and within nine months, the Oversight has to be tabled to Council.

3.2 OVERSIGHT COMMITTEE

Having considered the new guidelines issued by the National Treasury on the establishment of Municipal Public Accounts Committee (MPAC) and the nature of Mohokare Local Municipality, it was decided that the following members will serve on the Committee

Name	Position
Cllr. N.A Adoons	Chairperson
Cllr. N. Mkhendani	Member
Cllr. I.A. Riddle	Member
Cllr. T. November	Member
Cllr. P.P. Mahapane	Member

One of the key responsibilities of the MPAC is to analyse and review the annual reports in detail following their tabling in Council and then drafting an oversight report that is taken to Council for consideration. The committee adopted circular 32 of National Treasury as the guiding document for its oversight process.

The following documents relevant to the committee's responsibilities should be distributed to each committee member and should be in their possession.

- The 2023/2024 Annual Report
- The 2023/2024 Annual Performance Report incorporated in the Annual Report
- National Treasury's Circular 11 – Annual Report
- National Treasury Circular 32 – Oversight Report
- Report of the Auditor General as contained in the Annual Report

The committee places a high priority on community participation in the oversight process and is going to take the following actions to gain the community's participation:

- The community was advised through the print media of the availability of the 2023/2024 Annual Report, as per the municipal notice, and will be invited to submit representation on the report by a certain date, copy of notice attached as **Annexure "B"**;
- The Annual Report was available at all municipal libraries;
- The Annual Report was placed on the municipal website www.mohokare.gov.za
- The Annual Report was submitted to the Auditor General, Provincial Treasury, National Treasury and the relevant Local Government Departments

The community in all three towns (Smithfield, Rouxville, Zastron) **did not submit any comments on the 2023/2024 Annual Report, template attached as Annexure "C"**

4. THE OVERSIGHT REPORT: KEY COMMENTS

The comments from the Oversight Committee are in three sections reflected below:

4.1 ANNUAL REPORT COMPLIANCE ISSUES

This section contains the committee's comments on whether the 2023/2024 Annual Report included the items required by the MFMA and followed the guidelines provided by Circular 32 and Circular 64 of the National Treasury.

As reported below, the Annual Report complied with great majority of the MFMA requirements and National Treasury guidance in the content of the Annual Report.

The following MFMA requirements have been included in the tabled Annual Report:

- Heading and content recommended by circular 11;
- Annual Financial Statements;
- Auditor General's report;
- Conditional grants and assessment of compliance;
- Total payments for audit fees, taxes, levies, duties, pension and medical aid contributions, and if any amounts outstanding at year end;
- Summary of all investments;
- Particulars of material irregular fruitless or wasteful expenditure and whether recoverable, furthermore outstanding components which was raised by the Auditor General for the 2023/2024 financial year has been concluded in the Annual Report for the year under review.

4.2. RESPONSES TO ISSUES RAISED BY AUDITOR GENERAL IN AUDIT REPORT FOR THE 2023/2024 FINANCIAL YEAR

The municipal action plan is operated on a web-based system on a regular basis on FMCMM i.e. Municipal Financial Management Capability Maturity Model. The tool is used to assess, monitor, and improve their financial management systems, moving through progressive maturity levels (1-6) to achieve better service delivery and audit outcomes, operating on a web-based platform with various self-assessment modules.

5. GENERAL COMMENTS AND RESERVATIONS ON THE CONTENTS OF THE ANNUAL REPORT

- The issue of numbering was raised on the meeting where by the analysis prepared had different numbering with compared to that of the Document presented, the numbering was rectified accordingly by all members that were present

Annual Performance Report

- Based on the presentation, an overall graph of achievements against Not achieved and partially achieved was presented, where the Chairperson emphasized that the Partial Achievement must be omitted from the report in future, to also conduct workshops in ensuring SMART KPI's.
- On KPA 1 – Basic Service Delivery and Infrastructure development (Community Services)

ID. 1.9 (Eight thousand (8000) formalized households provided with weekly waste removal services in all three (3) towns) > The Committee advised that weekly schedules must be realistic to the actual achievement of the target and that Community & Business Refuse Collection must be separated (a new schedule must be drafted);

- AR, AFS, IDP, Auditor General Report to all be presented on Ward Committee meetings as well as to Ward meetings, to improve channels of communication.
- Contractors that are abandoning sites, to not be paid huge lump sum, they must be paid on work done. To minimize Contractors that are not returning on site.

ANALYSIS OF THE 2023/2024 ANNUAL REPORT ACCORDING CIRCULAR 32:

No	Page number	Question	Yes	No	Comments
1.		Was the annual report submitted to the Auditor-General, together with the annual financial statements by, the 31st August?	Yes		The Annual Performance Report was submitted to AG on the 31 st of August 2024. The Annual Report was submitted later after the adjustment of Annual Financial Statements.
CHAPTER 1					
2.	Page 6-10	Does Chapter 1 of the annual report include: – The Mayor's/Executive mayor's foreword, – The municipal manager's foreword, – Municipal overview?	Yes		Included
CHAPTER 2					
3.	Page 26-36	Does Chapter 2 of the annual report include the Governance Structures, both Political and Administrative?	Yes		Included
4.	Page 31	Does Chapter 2 of	Yes		Included

No	Page number	Question	Yes	No	Comments
		the annual report include details of Intergovernmental relations?			
5.	Page 32 - 33	Does Chapter 2 on Governance in the annual report include details on all public accountability and public participation meetings and the IDP participation & alignment?	Yes		Included
6.	Page 34	Does Chapter 2 on Governance in the annual report address risk management issues?	Yes		Included
7.	Page 34	Does Chapter 2 of the annual report address anti-corruption and fraud?	Yes		Included
8.	Page 35	Does Chapter 2 on Governance in the annual report address supply chain management issues?	Yes		Included
9.	Page 35	Does Chapter 2 on Governance in the annual report address By-laws?	Yes		Included
10.	Page 36	Does Chapter 2 on	Yes		Included

No	Page number	Question	Yes	No	Comments
		Governance in the annual report address the website(s) where information is available?			
11.	Page 37	Does Chapter 2 on Governance in the annual report share information on public satisfaction on municipal services?	Yes		Included
12.	Page 37	Does Chapter 2 in the annual report address the municipal oversight committees?	Yes		Included
CHAPTER 3					
13.	Page 38-41	Does Chapter 3 in the annual report demonstrate what service delivery has been achieved and what is outstanding?	Yes		Included
14.	Page 38-61	In Chapter 3 of the annual report, are the service delivery issues structured, captured and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements	Yes		Included Also refer to Component K – Organizational Performance

No	Page number	Question	Yes	No	Comments
		against budget and SDBIP?			
CHAPTER 4					
15.	Page 115 - 117	Does Chapter 4 of the annual report provide information pertaining to the implementation of an effective performance management system, organizational development and performance of the municipality?	Yes		Included
16.	Page 118 - 121	Does Chapter 4 of the annual report provide information on planning, service delivery, organization, job evaluation, remuneration, benefits, personnel expenditure, affirmative action, recruitment, promotions, termination of services, performance management, skills development, injury on duty, labor relations, leave and discharge due to ill-	Yes		Included

No	Page number	Question	Yes	No	Comments
		health?			
17.	Page 122-126	Does Chapter 4 of the annual report provide information to identify skills gaps and plans for the development of such skills?	Yes		Included
CHAPTER 5					
18.	Page 127-135	Has Chapter 5 of the annual report on financial performance include information divided into the following framework: a) Statement of financial performance b) Spending against Capital budget c) Cash flow management and investment d) Other financial matters?	Yes		Included
CHAPTER 6					
19.	Page 166	Does Chapter 6 of the annual report include the Auditor-	Yes		Included

No	Page number	Question	Yes	No	Comments
		General's Report as submitted by the Auditor-General?			
20.	Page 136-143	Does Chapter 6 of the annual report include details on issues raised during the previous financial year by the Auditor-General?	Yes		Included FMCMMC system Summative report and screenshots included.
21.	Page 136-143	Does Chapter 6 of the annual report include remedial action taken to address issues raised during the previous financial year by the Auditor-General and preventative measures?	Yes		Included FMCMMC system Summative report and screenshots included.
APPENDICES					
22.	Page 144	Is an Appendix A on Councilors; Committee allocation and council attendance included?	Yes		Included Rectified - Add Cllr Mkhendane serving on Corporate, Community Services Department and MPAC
23.	Page 145	Is an Appendix B on Committee and Committee purpose	Yes		Included

No	Page number	Question	Yes	No	Comments
		included, listing all committees of the council, the purpose of each committee and the names of councilors serving on them and the attendance of each councilor?			
24.	Page 145	Is an Appendix C include an organogram of the administrative structure?	Yes		Included
25.	Page 146-147	Is an Appendix D included on what constitutes a municipal function and the applicable functions of the municipality?	Yes		Included
26.	Page 148	Is an Appendix E on Ward reporting included with information on the functions of ward committees, the sector of community representation, reports submitted by each of these committees' challenges experienced and measures taken to address them?	Yes		Included

No	Page number	Question	Yes	No	Comments
27.	Page 149	Is an Appendix F on Ward information included outlining the name/number of the ward, listing the seven largest projects in each ward with start & end dates, their total value, progress and information on the top four delivery priorities per ward?		No	Included
28.	Page 150-153	Is an Appendix G included on recommendations of the audit committee, those adopted, those that were not adopted and the meetings held?	Yes		Included
29.	Page 154 - 155	Is an Appendix H included on information related to the largest projects, agreements and contracts and any Public, Private Partnerships?	Yes		Included
30.	Page 156	Is an Appendix I include service provider performance schedule from the top four priority indicators in the	Yes		Included

No	Page number	Question	Yes	No	Comments
		IDP?			
31.	Page 157	Is an Appendix J included with senior managers' disclosures of financial interest?	Yes		Included
32.	Page 158-159	Is an Appendix K included on Revenue collection by votes and by source based on prior year and current year actual collections?	Yes		Included
33.	Page 160	Is an Appendix L included on Conditional Grants received (excluding MIG) received during the year indicating adjustments budget and the actual, showing percentage variances and any major conditions applied by donors on each grant?	Yes		Included
34.	Page 161-164	Is an Appendix M included on capital expenditure: a) On new assets programme, b) On upgrade/renewal programmes	Yes		Included

No	Page number	Question	Yes	No	Comments
		Showing the actual of the prior year, the adjusted budget and actual expenditure in the current year?			
35	Page 167	Is an Appendix N on all capital projects in the current financial year, indicating the adjusted budget, actual in the current year and the variance?	Yes		Included Rectified and refer to chapter 5 – capital expenditure of 5 largest projects Page 132
36.	Page 167	Is an Appendix O included on all capital projects per ward in the current financial year and if the work was completed or not?			Included Rectified and refer to chapter 5 – capital expenditure of 5 largest projects Page 132
37.	Page 167	Is an Appendix P included on service connection backlogs at schools and clinics with their names and location?	Yes		Included
38.	Page 167	Is an Appendix Q included with all service backlogs experienced by the community where another sphere of government is	Yes		Included

No	Page number	Question	Yes	No	Comments
		responsible for providing the service?			
39.	Page 167	Is an Appendix R included listing all organizations or person in receipt of loans and grants; from the municipality stating the nature of the projects funded, conditions attached and the rand value?	Yes		Included
40.	Page 168	Is an Appendix S included listing all monthly MFMA S71 budget statements not submitted in time?	Yes		Included Rectified and confirmed that All section 71 reports were submitted on time
41.	Page 168	Is an Appendix T included for powers and functions not covered in other sections of the annual report?			Included Rectified, refer to page 146 – Functions of municipality or entity
		VOLUME 2			
42.	Page 170	Have all components of the audited financial statements, as signed by the Auditor-General, been included in the annual report in	Yes		Included

No	Page number	Question	Yes	No	Comments
		Volume 2?			

7. RECOMMENDATIONS

- The Oversight Committee recommends that Council adopts the 2023/2024 Oversight report in terms of Section 129 of the Municipal Financial Management Act;
- The Oversight Committee recommends that the 2023/2024 Annual Report of Mohokare Local Municipality be approved with reservations, in terms of section 129 of the Municipal Financial Management Act;
- That the 2023/2024 Oversight Report of Mohokare Local Municipality be made public and be submitted to National, Provincial and CoGTA in terms of Section 129 (3) and 132 (2) of the Municipal Finance Management Act.

CLLR. N.A. ADOONS
CHAIRPERSON

DATE