



CONFIDENTIAL

ANNEXURE

**MANGAUNG METROPOLITAN
MUNICIPAL COUNCIL**

**THURSDAY
MARCH 28, 2024**

ITEM 49. 1:REPORTS FROM MPAC

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT
REPORT FOR 2021/2022**

**MANGAUNG
METROPOLITAN
MUNICIPALITY**

Members are kindly requested
to retain this annexure for use
with the minutes



**MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE OVERSIGHT REPORT
FOR 2021/2022**

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERS

No.	Surname and Initials	Capacity
1.	Cllr Makoloane IJ	Chairperson
2.	Cllr Mohibidu PM	Whip
3.	Cllr Tshwane KD	Member
4.	Cllr Banyane NC	Member
5.	Cllr Siteo ND	Member
6.	Cllr Matshepe D	Member
7.	Cllr Menyatso TV	Member
8.	Cllr Mothupi ML	Member
9.	Cllr Masoeu TD	Member
10.	Cllr Van Rensburg C	Member
11.	Cllr Sebolao JE	Member
12.	Cllr Snyman Van Deventer E	Member
13.	Cllr Mokoena IJ	Member
14.	Cllr Phupha N A	Member
15.	Cllr Rampai PJ	Member

MPAC Office Support Staff

Mr. M Sekakanyo (Head of MPAC Office)

Technical Support Staff

Mr. GA Ntsala (GM: Internal Audit)

Ms. M Mototo (Chief Risk Officer)

Ms. C Naidoo (GM: Legal Services)

TABLE OF CONTENTS

No.	SUBJECT	PAGE
	FOREWORD BY THE CHAIRPERSON	(I)-(II)
1.	INTRODUCTION	1
2.	LEGISLATIVE FRAMEWORK	1
3.	MPAC PROCESSES	2 - 4
3.1.	Analysis and reviewing of the 2021/22 Annual Report and the Auditor General Report by MPAC	2
3.2.	Meetings held to process the Annual Report	2 - 4
4.	ADVERTISEMENT OF THE 2021/22 ANNUAL REPORT REVIEW PROCESSES	4 - 5
5.	MPAC PUBLIC HEARINGS	5 - 7
6.	QUESTIONS AND RESPONSES EMANATING FROM ANNUAL REPORT 2021/ 2022	8 - 9
7.	CHALLENGES AND PROPOSED SOLUTIONS	9 - 10
8.	FOCAL AREAS REQUIRING INTERVENTION	10 -11
9	CONCLUSION	11
10	RECOMMENDATIONS	11 - 13

ANNEXURES

Annexure A	Minutes of the MPAC Meeting: 16 February 2023
Annexure B	Minutes of the MPAC Meeting: 16 March 2023
Annexure C	Minutes of the MPAC Meeting: 28 August 2023
Annexure D	Minutes of the MPAC Meeting: 26 September 2023
Annexure E	Minutes of the MPAC Meeting: 05 October 2023
Annexure F	Minutes of the MPAC Meeting: 27 October 2023
Annexure G	Minutes of the MPAC Meeting: 11 December 2023
Annexure H	Minutes of the MPAC Meeting: 05 March 2024
Annexure I	Minutes of the MPAC Meeting: 15 March 2024
Annexure J	Public Notice - Call for comments on Draft Annual Report 2021/22
Annexure K	Advert Public Hearings 17-19 October 2023
Annexure L	Advert Public Hearings 17-19 January 2024
Annexure M	Public Hearing Minutes: Kagisanong Hall- January 2024
Annexure N	Public Hearing Minutes: Soutpan Hall- January 2024
Annexure O	Public Hearing Minutes: Botshabelo H Hall- January 2024
Annexure P	Public Hearing Minutes: Simson Sefuthi Hall- January 2024
Annexure Q	Public Hearing Minutes: Wepener Qibing Hall- January 2024
Annexure R	Public Hearing Minutes Thaba-Nchu Civic Centre- January 2024
Annexure S	Comments from Members of Public during Public Hearings
Annexure T	Questions and Responses by Acting City Manager
Annexure U	Questions and Responses by CEO-CENTLEC

FOREWORD BY THE CHAIRPERSON OF MPAC: CLLR IJ MAKOLOANE



Honourable Speaker, Executive Mayor, Council Whip, Deputy Executive Mayor, Councillors, and Residents of Mangaung, I hereby present in this august house the Municipal Public Accounts Committee Oversight Report for approval. This report is a milestone that enables the MPAC to discharge its oversight responsibility in considering the Municipality's Annual Report and AG Report for 2021/ 2022.

In terms of MFMA circular 11, 32 and 63, the Municipal Public Account Committee (MPAC) is required to consider the Annual Report of the Municipality.

We have identified areas of concern, including irregular expenditure, fruitless and wasteful expenditure, non-compliance with procurement regulations, and inadequate financial controls. These issues pose a risk to the financial sustainability of the municipality and must be addressed urgently. In this regard, the committee made specific recommendations to address the identified challenges and improve financial management practices within the municipality. These recommendations in concise strive to strengthening internal controls, enhancing oversight mechanisms, conducting regular audits, and implementing corrective actions to prevent recurrence of financial irregularities.

It should be concerning that the Auditor General has on Audit Outcomes 2021/ 2022 has expressed qualified opinion on the Annual Financial Statements of the Municipality due to lack of submission of the supporting records and also not complying in accordance to section 122(1) of the MFMA.

It is imperative that the council takes the MPAC oversight report seriously and implements the recommendations contained therein. Failure to address the identified issues could have serious consequences for the municipality's financial health and reputation. As elected representatives of the people, we have a duty to ensure that public funds are managed responsibly and in the best interests of the community.

I urge all councillors to support the approval of the MPAC oversight report and work together to implement the recommendations for the benefit of the municipality and its residents. Let us demonstrate our commitment to good governance, accountability, and transparency in all our actions and decisions.

The milestones that the committee has embarked upon are echoed by the statement of former President Nelson Mandela when he says, "After climbing a great hill, one only findsthat there are many hills to climb".

(i)

Yes, Honourable Speaker indeed there are many hills to climb as there are many reports of MPAC we need to bring to the attention of the Council for consideration to continue ensuring the city moves to right direction.

We submit this report following the scintillating performance displayed by the National Team- Bafana Bafana for obtaining position 3 (Bronze Medals) in the recent AFCON-Tournament held in *Co'de voire*. This is one of milestones that the team has embarked upon knowingly that there are other (milestones) need to be overcome.

We further submit this report following the victory of the National Assembly through South African Government by champion the fight against perpetual genocidal actions on people of Palestine. Indeed, South Africa's National Assembly in overwhelming majority decided to stand up for the Children, Mothers, Elders who are on daily basis facing death of guns and sophisticated weapon. This advocacy for Human Rights by South African Government in the World Arena will forever live for many generations to come.

Let me conclude by thanking the MPAC members for their dedication and hard work in preparing this oversight report. I also express my gratitude to the council for their attention and consideration of this important document. Together, we can build a stronger, more accountable municipality that serves the needs of all its citizens.

Thank you.

1. INTRODUCTION:

The Local Government-Municipal Structures Act 117 of 1998 as amended has in terms of section 79A (1) enjoins the municipalities to establish Municipal Public Accounts Committee to carry out oversight functions on executive and municipal administration and ensure there is accountability; promotion of good governance, transparency, accountability and value for money on the use of municipal resources.

In accordance with the provisions of Municipal Structures Act, section 79A.3(c), the Municipal Public Accounts Committee must initiate and develop the oversight report on annual reports contemplated in Section 129 of the Municipal Finance Management Act.

The Special Council meeting noted the tabling of the 2021/2022 Annual Report on the 13th of February 2023, under item number 6.1 and referred the report to MPAC for further processing and to recommend to Council by no later than 60 days whether Council should (a) approve the annual report with or without reservations; (b) reject the annual report; or (c) refer the annual report back for revision of those components that can be revised.

However, due to some political and administrative instability experienced by the Municipality, the report could not serve in Council on time for consideration.

2. LEGISLATIVE FRAMEWORK

The Municipal Council established the MPAC committee with authority to perform oversight on executive and administration to ensure transparency and good governance. For the council to discharge its responsibilities, the following legislation remain relevant:

- Constitution of the Republic of South Africa of 1996 as amended
- Public Audit Act 25 of 2004 as amended
- Municipal Finance Management Act 56 of 2003, as amended
- Municipal Structures Act 117 of 1998, as amended
- Municipal Systems Act 32 of 2000, as amended
- Municipal Planning and Performance Regulations (2001)
- Municipal Performance Regulations for Municipal Manager and Managers directly accountable to the Municipal Managers (2006)
- Municipal Public Account Committee- Practical Guide (SALGA-March 2012)
- MANGAUNG MPAC - Terms of Reference as adopted by the Council.
- MFMA Circular 32 and 63
- Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006),

3. MPAC PROCESSES

3.1. Analysis and reviewing of the 2021/2022 Annual Report and the Auditor General Report by MPAC

Following the decision of the Council to refer the Annual Reports 2021/ 2022 to MPAC for further processing, the Municipal Public Accounts Committee expressed concern that the Municipality received a qualified audit opinion, which is a regression from the unqualified audit opinion from the prior year, and the underlying factors been stated as:

- Leadership instability within the municipality
- Lack of systems in place to address continuous excessive overtime
- Inadequate record keeping on issues that led to delays in the submission/ non submission of information to the Auditor General.
- Failure by Management to implement and monitor the Audit Action Plan.
- Failure by Management to implement Internal Auditors recommendations.
- Lack of consequence management to deal with the issues of Unauthorised, Irregular, Fruitless and Wasteful expenditure.

3.2. MEETINGS HELD TO PROCESS THE ANNUAL REPORT

The MPAC held series of meetings to process the Annual Report 2021/2022 and Audit Report for 2021/2022

3.2.1. FIRST Meeting held on 16th February 2023

The MPAC received presentation from Auditor General on the 2021/2022 AG's Report. Furthermore, the MPAC formulated questions for the Acting City Manager and CENTLEC - CEO. **[SEE ANNEXURE "A"]**

3.2.2. SECOND Meeting held on 16th March 2023

The MPAC was finalising the questions for both Acting City Manager and CENTLEC - CEO in order to respond on matters of Annual Report 2021/2022 and Audit Report 2021/2022. **[SEE ANNEXURE "B"]**

Following the abovementioned meeting (16 March 2023) the Municipal Public Accounts Committee of Mangaung Council became dormant in terms of its operations or activities. The situation was caused by a number of political developments in the council wherein some councillors including then Chairperson of MPAC were removed as councillors as well as then Whip of the Committee was appointed to serve as a member of mayoral committee.

It is important to note that these political developments rendered the Committee ineffective and consequently had negatively impacted on the process of finalising the Oversight Report to council. The Committee was only resuscitated by the Council during August/ September 2023 following the successful elections of Cllr Itumeleng Justice Makoloane as the new Chairperson of MPAC.

3.2.3. THIRD Meeting held on 28th August 2023

The Committee during this meeting was in the main dealing with the MPAC Status Quo Report to Council and draft Annual Work Plan for the finalisation of process on Annual Reports and Audit Report 2021/2022. **[SEE ANNEXURE "C"]**

3.2.4. FOURTH Meeting held on 26th September 2023

The Committee finalised the Annual Work Plan 2023/2024 on processes to conclude the Annual Reports 2021/2022. Furthermore, the MPAC received and considered the presentation of responses from CENTLEC- CEO on questions emanating from Annual Reports and Audit Report for 2021/2022. **[SEE ANNEXURE "D"]**

3.2.5. FIFTH Meeting held on 5th October 2023

During the meeting, the Committee received follow up presentation of responses from CENTLEC- CEO on new matters raised during MPAC meeting of 26th September 2023. **[SEE ANNEXURE "E"]**

3.2.6. SIXTH Meeting held on 27th October 2023

The Committee in the main received and considered presentations of responses from Acting City Manager on written questions emanating from the Annual Report and Audit Report for 2021/2022. Furthermore, the MPAC dealt with Feedback Report on Public Participation/ Hearings held on 17th -19th October 2023 when the MPAC Committee was embarking in the process of soliciting community inputs on Annual and Audit Reports for 2021/2022. **[SEE ANNEXURE "F"]**

It is important to note that, the above-mentioned report also indicated how the activities of soliciting community inputs on 17th – 19th October 2023 collapsed due to the undermine by the senior management (EMT) for not attending these community engagements despite the importance of this process.

3.2.7. SEVENTH Meeting held on 11 December 2023

The MPAC discussed and resolved on the revised Annual Work Plan to facilitate the process of community consultation through Public Participation/ Hearings on Annual Report and Audit Report for 2021/ 2022. Furthermore, the MPAC discussed the Site Visits that were embarked by the committee at ZOO and Kwaggafontein; Maselsport Water Treatment Plant and Fresh Produce Market. **[SEE ANNEXURE "G"]**

It is important to note that, the issue of the ZOO and Kwaggafontein remains a thorny one for the MPAC as it was reported to the Committee that, the Animals were allegedly taken away by DESTEA from the ZOO without following due processes.

3.2.8. EIGHTH MEETING held on 5th March 2024

.The Committee had in the main considered the draft oversight report 2021/ 2022 for submission to the ensuing Muniicipal Council Meeting. The meeting resolved to allow members to bring inputs into the draft oversight report and time frame was set.

[SEE ANNEXURE “H”]

3.2.9. NINTH MEETING held on 15th March 2024

Adoption of MPAC Oversight Report on Annual Report 2021/ 2022 for submission to the ensuing Municipal Council Meeting

[SEE ANNEXURE I]

4 ADVERTISEMENT OF THE 2021/2022 ANNUAL REPORT REVIEW PROCESSES

The Committee reports that, in compliance with the relevant sections of the legislation, the annual report review processes were advertised as follows,

4.1. Public Notice- Call for Comments [SEE ANNEXURE “J”]:

On 20th February 2023, a public notice in line with section 21 (1) (a - c) of the Local Government: Municipal System Act, (Act No 32 of 2000), was published indicating that the 2021/2022 Annual Performance Report for the Mangaung Metropolitan Municipality was tabled before Council on 13 February 2023. Members of the public and other stakeholders were encouraged to submit representation on or before 8th March 2023 which was the closing date.

Furthermore, the Draft Annual Performance Report 2021/ 2022 was published on the Municipal Website: www.mangaung.co.za, and copies were placed on 22 February 2023 at the following public places:

- **Bloemfontein:** CBD Main Library, Bainsvlei Library (Langenhoven Park), Fichardt Park Library, BP Leinaeng Library (Phahameng) Mangaung Library (Rockland), Trevor Barlow Library (Heidedal) and Lourierpark Library.
- **Bloemfontein South:** Leslie Monnanyane Building
- **Bloemfontein North:** Information Booth, Bram Fischer Building
- **Botshabelo:** Botshabelo Library
- **Thaba Nchu:** Selossha Library
- **Soutpan:** Municipal offices
- **Dewetsdorp:** Municipal offices

- **Wepener:** Municipal offices
- **Van Standenrus:** Municipal offices

It is important to note that the MPAC in tracking or tracing the submission of representations from public and other stakeholders, found that, there were no submissions received.

4.2. Advert - Public Participation/ Hearings

On 11th October 2023, a notice for the public participation/ hearings on Annual Performance Report 2021/ 2022 was published inviting the public and other stakeholders to attend the Community and public hearings on the 2021/2022 Annual Report. In addition, radio live reads were also run for communication purposes. The Public hearings were scheduled for the 17th - 19th October 2023 in different areas of the municipality (Bloemfontein, Soutpan, Botshabelo, Wepener and Thaba-Nchu). During January 2024, the MPAC Committee embarked on public participation/ hearings to conclude the process on Annual Performance Report 2021/2022. The committee facilitated this process of the hearings due to serious problems encountered in October 2023.

5. MPAC PUBLIC HEARINGS

5.1. Public Hearings: 17th - 19th October 2023 [SEE ANNEXURE “K”]

In summary, there have been the lack of attendance by the Executive Management Team and other senior officials to the said public hearing meetings despite of the importance. This action did not only reflect poorly on the officials but also undermines the legitimacy of the public hearings and led to frustration amongst members of the public. It goes beyond just delays in the process, as it lowers the level of trust between the public and municipal institution.

On 1st November 2023, the Municipal Public Accounts Committee presented a report regarding the said public hearings with recommendations adopted by the council.

- *That the municipal Council takes note of the progress relating to the community consultation meetings,*
- *That the Municipal Council note the implications of non-attendance of Executive Management Team to the Public Hearings and possible further late tabling of the Oversight Report; and*
- *The consequence management process be considered to ensure the Executive Management Team (EMT) attend to all future community consultation meetings.*

5.2. Public Hearings: 17th -19th January 2024 [SEE ANNEXURE “L”]

Public hearings are vital for Municipal Public Accounts committee (MPAC) as they provide a platform for the public to voice their concerns and opinions on matters related to municipal finances and the management thereof. This helps to promote transparency and accountability in the use of public funds and enables MPAC to obtain a better understanding of the issues affecting their municipality. The key component of the process towards the Oversight Report is community consultations, which is a compliance process.

It is important to note that the public participation/ hearings continued successfully albeit with some sluggishness on part of Executive Management in terms of attendance. However, other members of EMT attended the hearings accordingly. The members of public were able to comment and raised concerns on the Annual Performance Report 2021/ 2022.

5.2.1. Bloemfontein- Kagisanong Community Hall [SEE ANNEXURE “M”]

The meeting took place on 17th January 2024, at Kagisanong Community Hall, at 10H00AM. The meeting went successful, and members of public were provided with opportunity to voice out their concerns or comments in regard to the Annual Report and Audit Report for 2021/2022.

Mr. Themba Zweni (member of public) commented that the volume of pages of Annual Report is thick and not user friendly, and municipality should consider summarising the document.

Ms. Mathapelo Mothae commented that they are not provided information when there are employment/ job opportunities. She further indicated that her family has being applying for RDP Housing for 23 years ago until to date, but to no fruition.

5.2.2. Soutpan/ Ikgomotseng Community Hall [SEE ANNEXURE “N”]

The meeting took place on 17th January 2024, at Soutpan/ Ikgomotseng Community Hall, at 15H00. The meeting went successful and members of public were provided with opportunity to voice out their concerns or comments in regard to the Annual Report and Audit Report for 2021/2022.

Mr. Mario Moroosela (member of public) suggested that the MPAC should not visit the community of Soutpan seldom, rather the committee should frequent the area as people are having concerns. He further commented that the overtime payments should be looked into, and more people should be employed,

5.2.3. Botshabelo H Community Hall [SEE ANNEXURE “O”]

The meeting took place on 18th January 2024, at Botshabelo-H Community Hall, at 10H00AM. The meeting went successful and members of public were provided with opportunity to voice out their concerns or comments in regard to the Annual Report and Audit Report for 2021/2022.

Ms. Alice Lephaille (member of public) raised concern about the continuous payments to contractors who are not finishing the projects. She suggested that the consequences should be taken to those who are perpetuating these actions.

5.2.4. Botshabelo Simson Sefuthi Community Hall [SEE ANNEXURE “P”]

The meeting took place on 18th January 2024, at Simson Sefuthi Community Hall, at 14H00. The meeting went successful and members of public were provided with opportunity to voice out their concerns or comments in regard to the Annual Report and Audit Report for 2021/2022.

Community strongly raised concern about the money that is always returning to National Treasury while there is no service delivery visible. Further indicated that there is a lack of maintenance of facilities such as Stadium, Parks as well as swimming pool.

5.2.5. Wepener- Qibing Community Hall [SEE ANNEXURE “Q”]

The meeting took place on 19th January 2024, at Wepener-Qibing Community Hall, at 10H00AM. The meeting went successful and members of public were provided with opportunity to voice out their concerns or comments in regard to the Annual Report and Audit Report for 2021/ 2022.

Mr. Yusuf Tukule (member of public) commented that the public hearings of MPAC are important as they keep community abreast about the issues/developments in the municipality.

Mr. Gopotso May (member of public) commented that it is painful to see grants been taken back to National Treasury whilst there are no developments that are taking place in their respective areas.

5.2.6. Thaba-Nchu Civic Centre [SEE ANNEXURE “R”]

The meeting took place on 19th January 2024, at Thaba-Nchu Civic Centre Community Hall, at 15H00. The meeting went successful, and members of public were provided with opportunity to voice out their concerns or comments in regard to the Annual Report and Audit Report for 2021/2022.

Mr. Junia Winkel (member of public) commented that the issue of overtime is always emerging in every Audit Report since 2016, and why the municipality

is not considering shift system to address this problem. This will give municipality opportunity to employ more people.

Mr. Mahlomola Modise raised concerns and wants the senior officials to provide answers to what led to R500 Million (Five Hundred Million Rand) to return back to National Treasury.

6. QUESTIONS AND RESPONSES EMANATING FROM ANNUAL REPORT 2021/ 2022

MFMA Circular 32 requires that, as part on the annual report review process, the Municipal Public Accounts Committee should raise questions with the Accounting Officer on any matter that the committee need clarity on. Furthermore, the Circular requires that, questions should be responded to immediately during the committee meetings to avoid delays in processing the Annual Report of the Municipality by MPAC. MFMA section 129(a) advise the Accounting Officer to attend committee meetings especially where the Annual Report will be discussed wherein the Accounting Office will be expected to respond to the questions emanating from the Annual Report.

To this end, the questions derived from the analysis of the 2021/2022 Annual Report were submitted on 11th March 2023 to the Acting City Manager and CEO of CENTLEC for comprehensive response in order to assist the Municipal Public Accounts Committee (MPAC) to conclude its work of analysing the 2020/2021 Annual Report.

The questions are derived from the Consolidated Annual Report, Consolidated Auditor General's Opinion on the financial statements, MMM standalone Auditor General's report on the financial statements. Briefly the meetings to consider the responses from Acting City Manager and CEO- CENTLEC were held as follow:

DATE AND TIME	MEETING TYPE/V	MEETING ITEM	SUMMARY AND OUTCOME
26/09/2023	Ordinary MPAC Meeting See Annexure S	8.3. Presentation: Responses from CEO- CENTLEC on questions emanating from Annual Report 2021/2022.	CEO and Team presented their respective response on questions raised from Annual Report 2021, and committee requested some Proof of Evidence on other matters
05/10/2023	Special MPAC Meeting See Annexure T	6.1. Updated responses by the CEO- CENTLEC to questions	CEO and Team presented additional information as

DATE AND TIME	MEETING TYPE/	MEETING ITEM	SUMMARY AND OUTCOME
		emanating from the 2021/2022 Annual Report	requested by MPAC
27/10/2023	Special MPAC Meeting See Annexure U	6.1. Response by Acting City Manager to the questions emanating from MPAC on the 2021/2022 Annual Report	Acting City Manager and Team presented their responses on questions raised from Annual Report 2021/2022.

7. CHALLENGES AND PROPOSED SOLUTIONS

Notwithstanding, the grey areas under 4.1. above which have contributed to regression in terms of Audit Report 2021/2022, there are challenges identified in this process of the conclusion of the oversight report.

CHALLENGES	PROPOSED SOLUTIONS
<p>7.1. Non-compliance to provision of section 129(1) of MFMA, for the tabling of MPAC Oversight Report 2021. 2022 due to the following underlying factors:</p> <p>7.1.1. Leadership instability which affected the operation of MPAC. There was a change of MPAC Chairperson and some members of the committee following their removal. Committee became dormant in its operations from March 2023 to July 2023</p>	<p>7.1.1. Leadership of Council is advised to speed up process of replacement of members of committee whenever the vacancy arises.</p>
<p>7.1.2. Lack of adequate administrative staff in the Office of the Chairperson- MPAC. This matter was raised in the last MPAC Oversight Report 2020/ 2021, and it remains a challenge</p>	<p>71.2. The Office of the Chairperson-MPAC should be fully supported with resources they required including staff to ensure the Office is effective in performing the functions respectively. City Manager should ensure the Office is adequately staffed and be concluded in 30 days following the approval of the Oversight Report 2021/ 202. Progress report on the matter be</p>

CHALLENGES	PROPOSED SOLUTIONS
	submitted in 14 days following the said approval.
<p>7.1.3. Lack of support or cooperation from two Acting City Managers who failed to provide responses to questions raised by MPAC emanating from Annual Report 2021/ 2022 and Audit Report 2021/2022. Only CENTLEC CEO and Team were supportive and cooperating. The action by the parent municipality (MMM) caused a delay in the tabling of the oversight report.</p>	<p>7.1.3. Investigate why two Acting City Managers from National Intervention Team failed to provide responses to questions raised by MPAC considering the issue of accountability. The current City Manager be mandated to bring report on the matter in 30 days' time following council approval of this Oversight Report 2021/2022</p>
<p>7.1.4. Non-attendance of EMT: The public hearings of October 2023 on Annual Report 2021/2022 collapsed due to non-attendance of the Acting HODs from National Intervention. The process was only finalised in January 2024 albeit with challenges whereby some HODs did not attend any Public Hearing.</p>	<p>7.1.4. Investigation be made on non-attendance of EMT on public hearings 2024, and City Manager to provide report within 14 days following the adoption of this Oversight Report 2021/2022.</p> <p>Please note that the Council meeting of 1st November 2023 took resolution against this conduct of EMT not supporting or attending MPAC activities where they are expected.</p>

8. FOCAL AREAS REQUIRING INTERVENTION

For the period under review, the Auditor General has indicated number of issues that require intervention to address repetition of findings which are contributing to the adverse outcome of the Audit opinion. Therefore, a concerted effort and dedication of the senior management and executive authority is required to address the following:

- 8.1. Lack of cooperation from senior management as the AG is faced with the challenge of not being able to obtain required supporting documentation during the audit process every year.
- 8.2. Lack of commitment on management to address Unauthorised, Irregular, Fruitless and Wasteful Expenditure incurred by the municipality as they were investigated to determine whether any person is liable for the expenditure in terms of section 32 (2)(a)(b)(c) of the MFMA.

- 8.3. Lack of Monitoring and Evaluation on performance of contractors or service as required by section 116(2) of the MFMA. A similar limitation was also reported in the prior year.
- 8.4. Lack of internal systems to address the issue of excessive overtime.
- 8.5. High vacancy rate which has impact on the Municipality's operation.
- 8.6. Lack of consequence management
- 8.7. Lack of monitoring the implementation of Audit Action Plan
- 8.8. Low level of collection for period under review as 13 projects were never implemented which led to the shifting of funds to other priorities during adjustment budget.
- 8.9. Lack of system in place to look into performance of the conditional grants to avoid any return to National Treasury.
- 8.10. Outstanding investigation on application of Public Transport Network Grant (PTNG).
- 8.11. Lack of consistence from contract management in terms of application of the Preferential Procurement Regulation 9(1) of 2017 wherein condition for mandatory subcontracting to advance designated groups as required was not included on two contracts above R30 million.

9. CONCLUSION

In conclusion, the committee could not finish the process of Oversight Report within legislative period of two months from 13th February 2023 to 31st March 2023 due to some developments that took place in the body politicking (Municipal Council) of Mangaung Metro Municipality, and other administrative hurdles we encountered.

However, it is worth noting that the journey for formulation of the Oversight Report has been practically and a learning exercise. I need to thank the members of the committee for their time in ensuring the task at hand succeeds to ensure there is accountability, transparency as well as good governance. My gratitude goes to the people of Mangaung who did not despair when invited into the public hearings, you spoke, and we have listened. My gratitude extends to the dedicated municipal officials from both Office of Chairperson- MPAC and Committee to ensure that this Oversight Report becomes reality.

The Municipal Public Accounts Committee is hereby requesting the Council to approve the Oversight Report and also to call to Executive and Administrative leadership to ensure the recommendations as submitted will be implemented accordingly.

10. RECOMMENDATIONS:

- 10.1. The Council having considered the Annual Report 2021/2022 of the Municipality and representation thereon, adopts MPAC - Oversight Report in line with section 129 of the MFMA 56 of 2003, as amended.
- 10.2. That the Council approves Annual Report 2021/ 22 with reservations. Management did not adequately address prior year findings raised due to slow response and deficiencies in the internal control systems as a result there are still some repeat findings that were raised in the current year.
- 10.3. Accounting Officer must prioritize the finalisation of the UIF&W expenditures investigation for the period 2018/2019 to 2020/2021 and submit the report within 90 days.
- 10.4. The Accounting Officer to submit the registers for UIF&W expenditures for 2021/2022 – 2022/2023, including those for 2023/2024 that had been identified to Council within 14 days after the tabling of this report in Council.
- 10.5. To ensure that MPAC has total control over the investigation UIF&W expenditures, Council should direct the Accounting Officer to transfer the budget for UIF&W expenditures investigation from Administration to MPAC to facilitate the investigations of UIF&W expenditures from 2024/2025 financial year going forward.
- 10.6. Council must approve sufficient budget allocation to MPAC to ensure that it effectively fulfils its legislative mandate.
- 10.7. Accounting Officer to ensure there is performance management system in place for all employees in terms of Chapter 4 of the Local Government Municipal Staff Regulation of 2021, and report on progress to MPAC within 14 days.
- 10.8. Accounting Officer to submit progress report pertaining to the recruitment of adequate staff in the MPAC Office within 14 days following the approval of the Oversight Report by the Council.
- 10.9. Accounting Officer to submit the action plan or mechanism to address the issue of excessive payments of overtime to MPAC within 14 days following the approval of the Oversight Report by the Council.
- 10.10. Accounting Officer must provide MPAC with a progress report on the implementation of the Financial Recovery Plan especially on matters of revenue within 14 days following the approval of the Oversight Report by the Council.

- 10.11. Accounting Officer must provide the MPAC with a report regarding the issue of ZOO and animals that were allegedly taken away by DESTEA without following due processes. The report should reach the Committee within 14 days following the approval of the Oversight Report by the Council.
- 10.12. Accounting Officer must provide the MPAC with a report on how issues raised under paragraph 8 above have been addressed within 14 days following the approval of the Oversight Report by the Council.
- 10.13. Accounting Officer must provide the MPAC with a report on the appointment of both the Disciplinary Board and the Audit and Performance Committee within 14 days following the approval of the Oversight Report by the Council.
- 10.14. Accounting Officer must provide the MPAC with the outcome of the investigations of the IPTN within 14 days following the approval of the Oversight Report by the Council.

MPAC OVERSIGHT REPORT ON ANNUAL REPORT 2021/2022

Submitted By



Cllr Itumeleng Makoloane
CHAIRPERSON: MPAC

Date: 15/03/2024