



**MPAC OVERSIGHT REPORT
OVER THE ANNUAL REPORT**

BUSHBUCKRIDGE
LOCAL MUNICIPALITY

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1. PURPOSE OF THE REPORT

The main purpose of this report is to recommend to Council the consideration of the 2019/2020 Annual Report and to adopt an oversight report containing Council's comments on the Annual Report in terms of Section 129 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act no.56 of 2003).

2. BACKGROUND

2.1. Legal Requirements

Section 121 (1), (2) and (3) of the MFMA determines that:-

121 (1) Every Municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

2.2. Municipal Public Accounts Committee

The Municipal Public Accounts Committee is the mechanism through which Council exercises oversight over the management and expenditure of public funds. Council must provide assurance to the public that public monies and assets are being managed properly and that value for money is being rendered by public sector institutions in their spending of public funds. Municipal Public Accounts Committees are established in terms of section 79 of the Municipal Structures Act to conduct oversight functions.

2.3. Purpose of the Annual Report

The purpose of the Annual Report is:-

- a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

2.4. Annual Report Requirements

The annual report of a municipality must include:-

- a) The annual financial statements of a municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);
- b) The Auditor-General'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 Systems Act;
- d) The Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act, Act 32 of 2000;
- 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 from each source and for each vote in the municipality's approved budget for the relevant financial year;
- g) Particulars of any corrective action taken

2.5. Submission and Tabling of the Annual Report

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 the representations in connection with the annual report and submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

The annual report of the municipality for the 2019/2020 financial year was tabled to the Council at its Ordinary meeting held on **27 May 2021** in terms of section 127 (2) of the Local Government: Municipal Finance Management Act, 2003. **In the minutes of the Ordinary Council sitting held on the 27 May 2021, Council resolved that:**

- Council adopt the Annual Report 2019/2020
- The Annual report 2019/2020 be made public for comments by the community.
- The Municipal Manager forward the Annual Report 2019/2020 to the MEC: Cooperative Governance and Traditional Affairs, MEC: Finance and Auditor-General South Africa.
- The Annual Report 2019/2020 be posted on the Municipal website.
- MPAC to write an Oversight Report on the Annual Report 2019/2020 as required by sections 32 and 129 of the Municipal Finance Management Act.

3. PROCESSES FOLLOWED BY MPAC

3.1. *The MPAC adopted the following approach:*

- The Committee considered the Annual Report 2019/2020 of the municipality and noted that the compilation of the report was not done according to the legislated requirements.
- **Memorandum was forwarded to the Accounting Officer with preliminary question for which written responses are attached as Annexure A.**

3.2. SITE VISITS

MPAC visited projects as follows:

3.2.1. Boikhutso internal street paving (Follow-up)

- The Boikhutso internal street paving is a follow-up visit to the one done during 2018/2019 financial year.
- The bridge has since been repaired even though it is not of 100% good quality as there are already cracks that need to be maintained.
- The community is doing illegal dumping on the side of the bridge which is a health hazard

Recommendations

- We therefore recommend that the bridge be continuously maintained.
- The regional office allocate the area a Skip Bin that will be regularly collected.



3.2.2. BLM Head Office New Building

- The committee made a re-visit to the “new building” to check on whether the MPAC resolution was implemented.
- The building roof was leaking and the tiles were badly damaged.
- On our recent visit, a new budget for the maintenance of the building has been passed and there is work on progress for putting on new tiles, ceiling and partition for extra offices and boardroom.

Recommendation

We therefore recommend that the retention money for the previous contractor on the building be withheld as the work done was not of good quality.



3.2.3. Maviljan Community Hall

- The maintenance done on the community hall is outstanding.

A guard house was built, palisades re-painted, ceiling re-done, kitchen has been re-done, ablution facility maintained.





Recommendations

- A deposit policy for those who book the hall needs to be drafted, for in case they break something, it be retained.
- The regional office needs to ensure that all government departments who utilize the hall pay for it.
- The regional office must ensure that the hall is always clean both inside and on the grounds.

3.2.4. Maviljan Oxidation Pond

Work is on progress on the construction of the oxidation pond.

3.2.5. Lillydale Park

- The Lillydale Park is situated in an area where there is a great potential for it to generate revenue if the municipality can invest in developing it.
- There are 2 volunteers on the park who try to oversee to the park with no stipend.
- Security at the park needs to be beefed-up as there is only 1 security guard posted, which makes it difficult for them to control the gate and the community members who enter and end-up vandalizing the park.

- The borehole is not pumping enough water
- The ablution facility is not working



Recommendations

We there recommend that:-

- The volunteers be employed on a full-time basis as they have the experience of how to operate the park.
- A new borehole be drilled to a capacity where there will be enough water in order to operate the park.
- EPWP be deployed to assist with cleaning
- Additional water tanks be purchased for water storage

- A signage that indicates the location of the park
- A high mast light

3.2.6. Acornhoek By-pass Road

- The second phase of the Acornhoek by-pass road has been completed.
- The committee is impressed with work done.



Recommendations

We therefore recommend that:-

- The size of the speed humps be the same standard as those on the first phase of the road.
- Road markings be maintained, especially on the speed humps
- The community of Acornhoek at large be made aware of the by-pass in order for it to serve its purpose.

3.2.7. Acornhoek Stadium

- The Acornhoek Stadium is a R15 000 000 budgeted project.
- Phase one of which is the artificial pitch and goalposts that were procured in the 2018/19 financial year has been completed.
- No additional work been done on the stadium since the committee's previous visit during the 2018/19 financial year.



Recommendations

We therefore recommend that:-

- Construction of a guard house be of an urgent priority in order for the security guards to be safe while safeguarding the municipality's exclusive pitch.
- Second phase be in progress in order for the stadium to start generating revenue.

3.2.8. Thulamahashe DLTC

- The committee made a follow-up at the Thulamahashe DLTC to check whether MPAC resolutions of the 2015/16 financial year were implemented.
- The DLTC is still in a poverty state since the committee's visit in 2017.
- There are no municipal office cleaners or a Gardner





Recommendations

We therefore recommend that:-

- The Thulamahashe VTS be upgraded to a Grade A in order for it to collect enough revenue.
- Recruitment of Office Cleaners and Gardeners be done for the office to operate in a clean and safe environment.
- Proper electrification be done for the spotlight on the guardhouse to avoid incidents.
- Motor cycle track be upgraded to accommodate testing of motor cycles
- New fence be constructed

3.2.9. Edinburgh Landfill Site

The committee was overwhelmed with the quality of work already done on the landfill site.



Recommendations

We therefore recommend that:-

- A back-up plan for electricity (generator) be made in advance for the weight bridge.

4. OF CONCERN TO MPAC ARE THE FOLLOWING:

- a) MPAC recommendations are not implemented
- b) The Accounting Officer does not implement consequence management.
- c) The Accounting Officer does not exercise internal control
- d) The errors in the annual report are not rectified before it becomes public as per MPAC recommendations.

5. GENERAL COMMENTS ON THE CONTENT OF THE ANNUAL REPORT

- All Councilors should play an active role in the thorough review of the annual report.
- While the 2019/2020 Annual Report was drafted according to Circular 63 guidelines, there are many errors and information that indicate a “copy and paste” in the report which MPAC has noted that need to be corrected before the report can be submitted to the MEC: CoGTA and be made public.

6. RECOMMENDATIONS

MPAC recommends that:-

- Council having fully considered the 2019/2020 Annual Report of the Bushbuckridge Local Municipality adopts the 2019/2020 Oversight Report.
- The annual report 2019/2020 be corrected before becoming public
- Council further compels the Accounting Officer to ensure that concerns raised by MPAC on the report receive full attention.
- The 2019/2020 Oversight Report be downloaded on the municipal website.

Author:

Cllr A.M Mapiyeye

MPAC Chairperson

ANNEXURE A1

MPAC Preliminary Questions to Executive

1. On page 17 of the annual report: what guides the recommendation of incorporating Risk Management into section 56/57?

Answer: It is as per the National and Provincial Risk management framework on good governance.

2. On page 19, what is the IMPACT committee?

Answer: It is a typing error, it was meant for MPAC

3. On page 29, how is the Accounting Officer planning to resolve IDP challenges?

Answer: On lack of intergovernmental relation forum, the municipality will call all the sector department and directors of the municipality to the Steering Committee meeting, during the integration phase of the IDP. Secondly, an Officer will be appointed to deal with IGR, the officer will report to the Manager IDP.

4. On page 30, how is it possible for a portfolio committee to sit on the 29 March 2019, Mayoral Committee on 30 March 2019 and council sitting on the 31 March 2019 to adopt the draft IDP?

Answer: The Schedule was planned by the Council for 2019/2020 financial year

5. On page 32, why does the municipality always have the same challenges in the IDP processes?

Answer: the challenges are not the same, communities request water but in some areas the need will be bulk infrastructure, in some areas it will be reservoirs and in other areas it will be water reticulation. Sector departments

do respond and attend our meetings but out of 100% only 40% who attend or respond to our challenges.

6. On page 39, why is the aged workforce not replaced with young energetic workforce in order to speed up service delivery?

Answer: The statutory retirement age of municipal employees is 65 years

7. On page 39, what was the cause of the roll-over of 587 VIP toilets?

Answer: it was due to the national lockdown, as the project was supposed to have been completed on 30 April 2020

8. On page 42, what are the critical positions that need to be filled?

Answer: at the operation level are the managers Budget, PMS, Records, and the Deputy Director Head of Strategy and Operations and all the four positions in water and sanitation namely, Managers Inyaka/ Acornhoek Scheme, Marite/ Mkhuhlu Scheme, Thulamahashe/ Lundlow Scheme and Water Scientific Services

9. What informs the setting of performance measures for Executive Mayor, MMCs and the Municipal Public Accounts Committee?

Answer:

10. What are the 5 section 79 committees that are functional?

Answer:

- a) Corporate Services
- b) Technical Services
- c) Finance
- d) EDPE
- e) Social Development
- f) Public Safety, Disaster Management and DLTC
- g) Sport, Arts & Culture and Heritage

11. Does the LED Forum exist to be non-functional?

Answer: LED Forum is not in existence for now even though it did exist in the past few years but collapsed due to challenges

12. On page 53, Occupational levels: why is there no mention of the number of temporary employees whereas there are some employees who are working on a five years contract?

Answer: There are eight employees who are on a five year contract, there was an omission.

13. On page 72, which billing system is adequate? And why is it adequate when it is at 40%?

Answer: The system that is adequate is the system used to bill customers for services rendered by the municipality. The 40% does not relate to billing but to the collection of revenue billed.

14. On page 73: Remedial Measures, at what percentage is the recovery of outstanding debts at?

Answer: Rate of collection is 55% of the amount billed during the 2020 financial year.

15. How effective is the work of the Debt Collectors as the municipality still has a challenge of debt collection?

Answer: The debt collectors have been effective. Amount collected by the debt collector in the last three years is over 110 million.

16. What is the control measure for water leakages?

Answer: Most of the water leakages are as a result of illegal connections, measures to address them would be through eradication of water reticulation backlog and through internal pipeline maintenance.

High vacancy rate and shortages of yellow fleet delays the response time to attend to leakages , Water services organogram has been approved by council and filling of vacant posts will commence before

end of October 2021. The municipality is also awaiting the delivery of three additional TLB, this will assist in fast-tracking the process of repair of leakages.

17. Kindly furnish the committee with a list of the location of the culvert bridges that were constructed in 11 regions.

Answers:

- a) Mathule Village and Serishe High School
- b) Ga-Jakobo Manoke Village and Serishe High School
- c) Ga-Sehule Village and Narishe Primary School
- d) Welverdiend
- e) Utah
- f) Tlhavekisa
- g) College View
- h) Health Centre Village
- i) Bejani School to Johnella
- j) Bukuta to ZCC Church
- k) Tsema Marhumbu to Laduma Hardware
- l) Johnella to Calcutta