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TO : COUNCIL

FROM: MPAC

DATE : 31 MARCH 2024

SUBJECT: SUBMISSION OF MPAC OVERSIGHT REPORT ON THE DRAFT ANNUAL REPORT FOR THE FINANCIAL YEAR 2022/2023

1. PURPOSE

The purpose is to submit the findings, comments and recommendations of the oversight report for Thulamela Local Municipality Municipal Public Accounts Committee (MPAC) on the 2022/2023 draft annual report for the financial year 2022/2023 to council for approval.

2. BACKGROUND

The draft annual report of Thulamela Local Municipality was tabled and adopted by council on the 31st January 2024 by means of council resolution number OC 15/01/2024. Municipal Public Accounts Committee, being the oversight committee, was handed the report on the 31st January 2024 for extensive scrutiny and analysis. As a result, MPAC undertook to scrutinize and verify the contents of the draft annual report on behalf of the council.

3. LEGISLATIVE MANDATE

Members of MPAC were guided by the following legislation when scrutinizing the report

- In terms of section 121(1) of the MFMA 56 of 2003, every municipality and every municipal entity must for each financial year prepare an annual report in accordance with chapter 12. 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 the municipal entity under the municipality's sole or shared control in accordance with section 129
- In terms of section 129(1) of the MFMA 56 of 2003, the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and 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-

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- (a) Has approved the annual report with or without reservations
- (b) Has rejected the annual report; or
- (c) Has referred the annual report back for revision of those components that can be revised

• Circular 32 of the MFMA prescribes that after the annual report is tabled an oversight report needs to be compiled from the evaluation and analysis of annual report, and together with the inputs from the community, form part of the final annual report to be approved by council before 31 March each year.

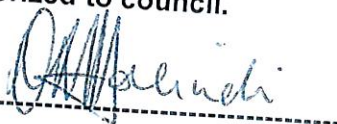
4. ANALYSIS OF THE DRAFT ANNUAL REPORT

In order to arrive at its findings, MPAC visited various projects, interviewed managers and senior managers of various departments including the municipal manager through written questions and was followed by fruitful public participation and public hearing. Amongst others, various departments made written submission including the municipal manager. Where applicable, necessary documentary evidence were requested and retrieved from relevant directorates. The Auditor-General report dated 30 June 2023, also played a crucial role in compilation of this report; however, as MPAC is a committee which operates introspectively, the Auditor-General's report dated 30 June 2023 was also taken into consideration.

5. RECOMMENDATIONS

MPAC recommends that council approve the final annual report for 2022/2023 financial year in terms of section 129 of the MFMA without reservations.

Authorized to council.



Cllr Malindi OT

MPAC Chairperson



Date



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THULAMELA LOCAL MUNICIPALITY

OVERSIGHT REPORT 2022/2023 FINANCIAL YEAR

CHAIRPERSON REMARKS

The adoption of the oversight report by the council is an important step in terms of section 129(1) of the MFMA in exercising oversight in the municipality. The work of MPAC to this municipality has increased accountability and transparency in all functions that the municipality performs which inspires a sound financial management practice which will subsequently result in better service delivery to the community of Thulamela municipality.

As MPAC is in position to table a credible oversight report on the 2022/2023 annual report, credit goes to all MPAC members who have all contributed immensely to ensuring that the oversight report is credible. It is with sense of pride that our municipality for the past ten consecutive financial years has received unqualified audit opinions. However, MPAC wants to see the municipality to obtain clean audit report with no matter of emphasis raised by the Auditor-General in the 2023/2024 financial year.

I would like to commend the Mayor, Cllr Athongozwidivha Sarah Rambuda on her political leadership and her Executive Committee. I thank the late Chief Whip of the council Cllr Malada T.P.(May His soul rest in peace), The Acting Chief Whip Cllr Makungo T.G and I would also commend the Municipal Manager Mr Makumule M.T, for his administrative leadership of the municipality. I would also like to commend the CFO Mr Mufamadi A.C who demonstrated sound financial management of the municipality. I would also take this opportunity and extend my gratitude to all section 79 chairpersons, all councilors, all traditional tribal councils, senior managers and all officials for their dedication and contribution to see that Thulamela is accounted among the functional municipalities in the Republic. I must emphasize that all councilors together with their ward committees must discuss the draft annual report for 2023/2024 with their communities to maximize community participation.

In conclusion I would like to thank the Speaker of Council, Cllr Mutheiwana F.A for the support and guidance and Senior Manager Corporate Services Mrs Todani N.A, Acting Senior Manager Corporate Services Mr Sikhwivhilu M.N, Senior Public Participation Officer Mr Ramaano M.R for ensuring that there is an effective and efficient Public Participation and Public Hearing on the draft annual report 2022/2023, MPAC Researcher Mr Maphanda R.L and MPAC Coordinator Mr Munyai T.B, to all of you I say thank you for the support you gave to MPAC. Lastly thank you to the Internal Audit, Risk Management and Audit committee for your immense contribution to the governance of the institution.

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COMPOSITION OF MPAC COMMITTEE

The following are the members of MPAC committee of Thulamela Municipality

1. Cllr Malindi O.T (MPAC Chairperson)
2. Cllr Muligwe M
3. Cllr Munyai T.T
4. Cllr Matshomo T.T
5. Cllr Nekhavhambe T.S
6. Cllr Liphadzi T.S
7. Cllr Nelushi T.A
8. Cllr Mmbi N.M
9. Cllr Mmbengeni R
10. Cllr Ramulifho H.B
11. Cllr Begwa F.M
12. Cllr Mafunzwaini R.T
13. Cllr Nemaranzhe K.
14. Vhafuwi Vho- Tshifularo Jaygee (Traditional leader)
15. Maphanda R.L (MPAC Researcher)
16. Munyai T.B (MPAC Coordinator)

OVERSIGHT REPORT

1. INTRODUCTION

Section 129 of the Local Government Municipal Finance Management Act 56 of 2003 requires the Council to consider the annual report of its municipality and adopt an oversight report containing the council's comments on each annual report. The oversight report is the final major step in the annual reporting process of the municipality.

The oversight report must include a statement whether the council:

- (a) Has approved the annual report with or without reservations
- (b) Has rejected the annual report; or
- (c) Has referred the annual report back for revision of those components that can be revised

2. PURPOSE

The municipality must prepare an annual report for each financial year in accordance with the prescripts of the MFMA and the Local Government Municipal Structures Act 117 of 1998.

The purpose of the annual report is:

- To provide a record of the activities of the municipality;
- To provide a report on the performance in service delivery and against the budget
- To provide information that supports the revenue and expenditure decisions made and
- To promote accountability to the local community for decisions made

3. STRUCTURE OF THE REPORT

Main components of the annual report are:

- The annual performance report as required by section 46 of Municipal Systems Act 32 of 2000
- Annual Financial Statements submitted to the Auditor-General

- The Auditor- General's audit report on the financial statements in terms of section 126(3) of the MFMA; and
- The Auditor-General's audit report on performance in terms of section 45(b) of the Municipal Systems Act 32 of 2000

Section 121 of the MFMA

Other components required to be included in the annual report are set out in section 121 of the MFMA which inter alia, include:

- (a) The annual financial statements of the 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;
- (e) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- (f) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- g) Any information as determined by the municipality;
- (h) Any recommendations of the municipality's audit committee;
- (i) Any other information as may be prescribed;
- (j) Adherence to MFMA Circular No 11 issued on 14 January 2005; and
- (k) Adherence to MFMA Circular No 63 issued on 26 September 2012, being an "Annual Report – update"

4. METHODOLOGY

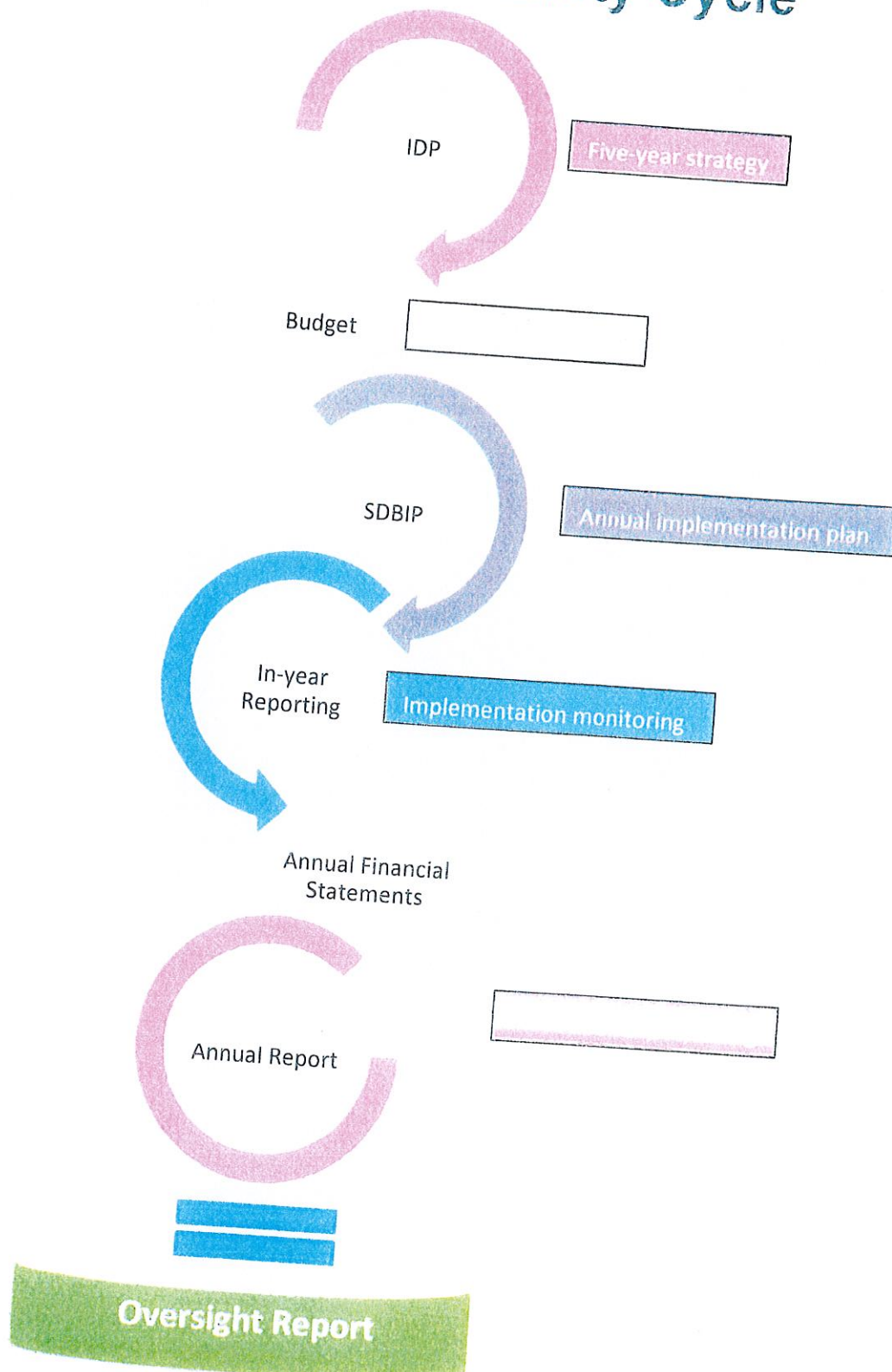
The methodology and approach adopted by the committee was to:

- Use the approved Annual Report as the primary source of reference.
- Invited the Auditor-General, Provincial Treasury, Provincial Cogesta and SALGA to attend meetings of the committee to provide perspective on the annual report and on the audit report
- Use the framework as provided by National Treasury in Circular No. 32 (Annexure B), circular 63 and circular 93 of the MFMA which also guided the Committee during the evaluation, verification and oversight process
- Peruse all base documents thoroughly and identifying apparent anomalies and omissions
- Do project site visits to selected sites and projects
- Invite public comments and inputs through the interaction with traditional leaders.
- Conduct interviews with Office Bearers the Municipal Manager and other Senior Managers in order to provide additional information on identified matters and or concerns raised by the committee

The approach adopted by the Committee was based on the premise that oversight is a process and not an event that stops once the Council had approved the Oversight Report, but rather the beginning of the next phase for the next Oversight Report.

The oversight process is illustrated in Figure 1 on the next page

The Accountability Cycle



5. MPAC PUBLIC PARTICIPATION AND COMMENTS

Taking into consideration the provisions of section 16(1)(b) of Municipal Systems Act and section 152(1)(e) of the constitution of the Republic of South Africa, MPAC held a Public Participation meeting with the aim of involving the community in the affairs of the municipality the public participations were held on the 5th March 2024 at George Phadagi Town Hall and on the 6th March 2024 at Thovhela Nethengwe Mulala Town Hall and the following important issues were raised by members of the Public:

- That the municipality is not revamping and maintaining streets in the villages
- That the municipality is falling behind in electrification on new(extensions) stands in communities
- That the communities are experiencing shortage/no water supply in the village
- That municipal roads are damaged and not maintained at all or in-time
- That the draft annual report must have the executive summary that will allow the communities to participate meaningfully
- The community raise an issue of blading of the streets
- That MPAC is doing a good job in ensuring that the officials account and provide quality services to the community.
- The failure to finish projects such as Tshilamba Arts Centre and Tshilamba Phase 3 Streets within the stipulated timeframe and the allocated budget
- Construction of culverts in the villages as to ensure safe crossing of community members during rainy days.
- The closure of the landfill site at Muledane must be dealt as a matter of urgency as the town is not clean due to slow collection of refuse and the municipality is paying a lot on fuel as the municipality is taking refuse to another municipality landfill site which is far.

6. MPAC QUESTIONS TO THE MUNICIPAL MANAGER AND THE RESPONSES BY THE MUNICIPAL MANAGER




INTERNAL MEMO
FROM THE OFFICE OF THE MUNICIPAL MANAGER

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ENQ : DAVHANA LG (7731)
TO : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
FROM : MUNICIPAL MANAGER
DATE : 11 MARCH 2024
SUBJECT : RESPONSES TO MPAC QUESTIONS WITH REGARDS TO THE 2022/23
DRAFT ANNUAL REPORT AS PRESENTED TO THE COUNCIL

1. The memorandum dated 28 February 2024 has reference.
2. I have responded to all the questions raised by your committee.
3. My responses to the questions are hereby attached.
4. I have also developed and submitted a file with all the evidence that has been requested.
5. I trust the responses provided will provide clarity to the committee's questions.

Yours in service delivery and good governance


MAKUMULE MT

MUNICIPAL MANAGER

11.03.2024
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THE FOLLOWING QUESTIONS HAVE BEEN BASED ON THE DRAFT ANNUAL REPORT FOR 2022/2023 FINANCIAL YEAR.

1. Question 1

- (a) With reference to the Auditor-General's report 2022/2023 item 39 indicates that the performance management system and related controls were not maintained as the performance monitoring, review and reporting processes was not conducted and managed, as required by the municipal planning and performance management regulations 7(1) and item 47 indicates that management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information
- (I) What tool or system that the Accounting Officer uses to ensure accountability of Senior Managers considering that they are appointed on a performance contract? (In your response kindly provide the evidence)

RESPONSE

Senior Managers sign performance agreements with the municipal manager which enable performance assessment for mid-year and annual performance. On quarterly basis, we do performance reviews on SDBIP accompanied by portfolio of evidence which is audited by Internal Audit for quality assurance and submitted to Council for noting.

- (II) As the Accounting Officer what is your assessment of challenges faced with regard to the performance and what actions are you taking to address such?

RESPONSE

The PMS unit was not fully capacitated in terms of personnel. The organogram has been revised and new positions were created including those of PMS Manager and Deputy Manager. Four PMS officers were appointed. Recruitment processes for PMS manager are nearly complete.

The procurement of the electronic PMS system is underway and soon to be completed.

2. Question 2

With reference to the Auditor-General's report 2022/2024 item 48 indicates that risks relating to performance information were not sufficiently mitigated to

address institutional challenges at the municipality, this despite having an action plan place which was being monitored (The municipality has a Risk Management Unit and Risk Management Committee with an independent Chairperson)

- (a) If the Risk Management Committee is meeting and advising the Accounting Officer on matters of Risk Management, why is the Accounting Officer not implementing the recommendation? considering that in page 33 the risk management committee resolutions indicate 97% achievement.

RESPONSE

Recommendations made by the Risk Management Committee (RMC) are being implemented. Out of 36 resolutions made by the RMC in 2022-23 financial year, 35 were implemented and 1 was outstanding up to 30 June 2023.

The resolution which was outstanding related to the Legal Services section required to develop POPIA document which has since been developed and approved by the Council. See attached Council resolution.

- (b) What measures the Accounting Officer will be putting in place as to ensure that there is proper analysis of the root cause, the risk and the consequences therefore? considering the information on risk management from page 32 to 35 of the annual draft report on failures to mitigate the identified risks.

RESPONSE

The municipality reviewed the strategic risk register during the 2024 strategic planning session where risks or challenges were identified. Activities and actions to mitigate the identified risks were also discussed and agreed upon.

During the fourth quarter of 2023-24 financial year, the risk management section will coordinate the review of the operational risk registers considering the report of the Auditor General and the gaps and challenges reflected in quarterly risk management reports of departments to the Risk Management Committee.

Each senior manager has a key performance indicator on risk management. The performance of senior managers on risk management is assessed every quarter to ensure accountability.

- (c) What measures will the Accounting Officer be putting in place as to ensure that risk management is embedded in the institutional culture of the municipality that is embraced by all employees not only top management?

RESPONSE

In terms of the approved Risk Management Implementation Plan, the risk management unit, through the Chief Risk Officer, is expected to conduct awareness campaigns on risk management to ensure that risk management is embedded into the institutional culture.

New employees are inducted on municipal policies which include risk management. These activities were done in 2022-23 financial year. See attached agenda and attendance registers.

Risk champions are also appointed in each department to ensure that risk management reports form part of the departmental meetings where middle and junior staff members take part.

3. Question 3

With reference to the Auditor-General's report 2022/2023 item 7 indicates material loss as a result of impairment amounting to R 63 740 637 in respect of doubtful receivables.

- (a) The municipality has a revenue enhancement strategy that has clearly failed or is not implemented or is not practically implementable or is not effective, As the Accounting Officer what other practical measures will you implement to improve the collection?

RESPONSE

The material impairment of R 63 740 637 was as a result of change in audit methodology wherein we are now expected to provide for government debt not consistent with the previous year's assessment, our impairment policy has since been updated to make provision for government debt impairment. Meaning for next financial year we will not have that audit paragraph on material impairment.

The municipality has taken a resolution to fast track the implementation or application of Electricity License which will be used as a tool to enforce payments. We are currently engaging with an Independent Electricity/utility management company who has

assisted many other municipalities to assist with the process/management thereof as per strategic session resolution held in February 2024.

Further to that, Revenue Strategy implementation will be coordinated from the Accounting Officers office to curb the non-attendance to the revenue enhancement committee which has been a key issue to non-implementation as the relevant stakeholders are not coming on board.

Consequence management will be applied for non-attendance of meetings.

4. Question 4

With reference to the Auditor-General's report 2022/2023 item 24 indicates that the planned target for this indicator was 0 indigent household earning less than R3 500 per month that receive free basic electricity services by June 2023. However, the target was not specific in that it was not indicated how it would be measured. Consequently, the information might be less for measuring performance.

- (a) As the Accounting Officer what measures will you be putting in place as to ensure non recurrence of this finding and by when? Considering that the finding recurs every financial year.

RESPONSE

The primary issue for having a zero target was for having an indigent register which was in place but not vetted.

Currently, the indigent register is updated. The service provider for vetting accuracy of those qualifying to be indigents has been appointed. Targets for beneficiaries are thus available.

- (b) why did you target 0 whereas you issued indigent form to councillor so that are filled by community members?

RESPONSE

The primary issue for having a zero target was for having an indigent register which was in place but not vetted.

Currently, the indigent register is updated. The service provider for vetting accuracy of those qualifying to be indigents has been appointed. Targets for beneficiaries are thus available.

(c) In the year under review did the community benefit?

RESPONSE

During the year under review over 600 households did benefit in terms of free basic electricity.

5. Question 5

With reference to the Auditor-General's report 2022/2023 item 37 indicates that reasonable steps were not taken to prevent irregular amounting to R34 290 238 as disclosed in note 46 to the annual financial statements, as required by section 62(1)(d) of the MFMA

(a) In terms of the MFMA section 62(1)(d) as the Accounting Officer must have prevented this expenditure, why did you fail to prevent it? Also, must consider that in terms of section 171 of the MFMA this may be a financial misconduct in your part.

RESPONSE

The irregular expenditure was identified by AGSA due to the change in their audit methodology where such irregular expenditure was not identified as such by AGSA in the previous financial years which has led to us acknowledging and disclosing such expenditure retrospectively to comply with section 32 of the MFMA.

Management is currently putting measures in place to limit the extent of irregular expenditure by not renewing the expired contracts that is in respect to Vodacom.

The only other service provider which is Telkom, management will look into the fact that Telkom as a government entity to regularize the contract where SCM processes allow for no competitive bidding

User departments are encouraged to start the procurement processes at least six months prior to expiration of contracts to ensure continuity of essential services.

6. Question 6

With reference to the Auditor-General's report 2022/2023 item 08 indicates that the municipality materially underspent MIG and Integrated National Electricity Programme by R28 013 382

- (a) As the Accounting Officer explain why did you underspend? Considering that projects are not completed or are stagnate.

RESPONSE

The R28 million was additional allocation which was approved for MIG 4 days before the end of the financial year and later approved as rollover allocation for disaster relief projects. Six disaster projects were implemented and completed in six months.

The R13 383 was actually the saving from the INEP grant.

- (b) When the municipality failed to spend the full MIG money, are officials held accountable? If yes provide evidence with reference to this matter.

RESPONSE

The municipality spent 100% on MIG and there was no consequence management necessary as there was no underspending.

7. Question 7

With reference to the engagement of MPAC and AG during its scrutinization of the draft annual report, AG indicated that the internal audit finds raised during the year, are the same as the ones they have raised during their audit

- (a) As the Accounting Officer how do you ensure that when internal audit raise its findings during its audit, their findings are address before the AG comes for the external audit?

RESPONSE

Internal audit follow-up is done to ensure the implementation of action plans by management. The report also serves in the Audit and Performance Committee meetings.

Question 8 (questions based on chapter 1,2 &3 of the draft annual report)

- (a) With reference to page 2 as MPAC we have noted spelling errors, we are appealing the author of this document to consider and correct all errors before the document is made public. For example, mayors forward instead of mayors' foreword, governance (govenance) etc. MPAC would like to ask the accounting officer to include all abbreviations that are in the document in page two to avoid any confusion.

RESPONSE

The accounting officer has noted the input and the document will be proof read before submitted to Council.

- (b) Was the document proofread before presented to council? The committee has noted numerous errors that shows that the document was not proofread. Furthermore

RESPONSE

The omission is noted.

- (c) On page 7, Mayor's foreword, "We the people of Thulamela would like our municipality to achieve a city status by year 2030, to promote urban regeneration and comprehensive rural development whilst encouraging local economic development to improve the quality of lives of our people." MPAC would like you to explain the status of this course and how the identified projects in the MTREF (on page 9) are linked in achieving this dream.

RESPONSE

Currently, we have infrastructure projects that are being implemented within the CBD and surrounding residential settlements and the initiatives by private investors (Hotel, Dealership and Value Mart Center) in support of the vision.

Projects mentioned on page 9 only highlighted some, However, we have projects that are currently being implemented and planned in support of the Vision 2030 program.

- 1. Neighborhood Development Grant Programme (CBD revitalization), which includes rehabilitation of Thohoyandou CBD Ring Road, road upgrade (Old KFC link and UIF to Shell Garage), landscaping, streetlights and storm water upgrade.*
- 2. Development of Thohoyandou CBD investment plan, which is outlining costing for future projects in support of the vision 2030.*
- 3. Thohoyandou J phase1 streets upgrade*
- 4. Upgrading of internal streets and lighting in Shayandima.*
- 5. Thohoyandou K and K portion streets upgrade*
- 6. Upgrading of Thohoyandou M internal streets*

7. Thohoyandou Q internal streets.
8. Sibasa to Tshikeyha streets lights.
9. Streets lights rehabilitation JJ motors to Sibasa Caltex.
10. Thohoyandou Q internal streets.
11. Thohoyandou K L M and Q High must
12. Development of new landfill site
13. Development of Gundani land fill site.

(d) On page 10 you indicated that during the year under review, the municipality introduced lucrative incentive schemes to reduce the financial burden on consumer who came forward to make arrangement settling their outstanding debt and managed to collect R23 million. How much was the principal dept and can you please indicate the deficit of this debt?

RESPONSE

The Principal debt at the time of implementing the incentive scheme was R490 Million, we had anticipated to collect at least a fifth of that principal debt i.e At least a R100 million but we fell short as we only collected the R23 Million and thus deficit is over R80 Million in terms of what we had projected for.

(e) On page 12 its indicated that one of Thulamela Municipality functions and powers is facilities for accommodation, care and burial of animals and development and maintenance of Animal pounds, where can the community of Thulamela access these services? If not available is there any plan to access this service in the future?

RESPONSE

The functions and powers were directly taken from section 84 of Local Government: Municipal Structures Act of 1998(Act no.117 of 1998). Thulamela Municipality has no facilities for the accommodation, care and burial of animals nor maintaining any animal pound. Currently we are not providing this type of service.

(f) On page 18, accounting officer please provide a breakdown of RDP houses and indicate wards and names of the beneficiaries of these houses.

RESPONSE

We have received an indirect grant allocation from COGHSTA as the implementer of the projects. See the attached beneficiary list per ward.

- (g) On page 20, of the Draft Annual Report, under Town Planning services you indicated the 100% of grants rights applications processed within 18 working days. Can you please give convert percentage into numbers?

RESPONSE

894 deeds of grant rights applications were processed within 18 working days.

- (h) Still on page 20 under Basic services, MPAC would like to clear explanation the table.

RESPONSE

See attached table

- (i) The Mayor has indicated that the municipality has been receiving the unqualified audit opinion for 8 consecutive years, what measures is the Accounting Officer putting in place to ensure that the municipality obtain a clean audit?

RESPONSE

The municipal manager is currently fast tracking the appointment of PMS manager and filling up the PMS management unit as per amended organogram that seeks to capacitate PMS because PMS related audit findings have been the core issue preventing us from getting clean audit in the past.

Previous audit had other financially related findings which were once off due to the change in audit methodology and correcting prior year issues which were only identified during in the year in which AFS were prepared e.g. restatement of corresponding figures in respect of stand incorrectly sold when it was in fact registered under UNIVEN.

It is important to note that the 2021-22 audit action plan had addressed all the issues satisfactorily that no issues recurred during the year under review with exception of PMS issues.

The audit steering committee has been scheduled to meet biweekly to oversee the implementation of the audit action plan which will assist in addressing issues raised by AGSA.

- (j) Can you please explain what led to the municipality to regress from the previous Audit opinion?

RESPONSE

The audit opinion has not regressed; we are one of the 18 municipalities in the province whose opinion has remained unchanged as per AGSA report on 2022/2023 audit. We did, however, have additional paragraphs which had no impact on the current audit opinion due to a change in audit methodology, those findings are once off and are not expected to recur in the ensuing financial year.

- (k) On page 32. During the financial year under review the risk maturity level of Thulamela municipality improved. Can you explain the improvement and why is this statement contradicting with AG' finding?

RESPONSE

The Risk Management Maturity Assessment is a subset of National Treasury's Financial Management Capability Maturity Model (FMCMM). It isolates the relevant risk management components of the FMCMM and provides a simplified and consistent assessment methodology for institutions to determine the risk management maturity.

During 2022-23 financial year the municipality was rated 2.97 over 3, the rating improved to 2.98 in 2023-24 financial year, an improvement of 0.01.

The challenge leading to the municipality is the Business Continuity Planning which is being attended to by the Chief Risk Officer.

The municipality does not have capacity for BCP internally. It has been budgeted for the current financial year (2023-24) and assistance will be sought from a service provider after completion of the procurement process.

See attached summary of the report from National Treasury's FMCMM system.

Where a municipality does not receive a clean audit but unqualified opinion with gaps identified, all those gaps are reported as ineffectiveness of risk management in the municipality.

- (l) On page 34 of the Draft Annual Report, on the table provided, you classified your table into three blocks, namely Activity, Challenges and Mitigation measures. Can you kindly provide MPAC with challenges in the 2023/24 Risk management implementation plan?

RESPONSE

The 2022/2023 Risk Management Implementation Plan was developed and approved by the Accounting Officer outlining key activities for the implementation of Enterprise Risk Management for the financial year.

The Risk Management Unit has completed 93% (25 out of 27) of activities which are in the approved 2022/2023 Risk Management Implementation Plan against a fourth quarter target of 100%. The 2 activities which were not completed during the quarter under review are:

- 1. Support ICT on the municipal Business Continuity Planning (BCP);*

The municipality does not have capacity for BCP internally. It has been budgeted for the current financial year and assistance will be sought from a service provider after completion of the procurement process. Specifications have been developed.

- 2. Support the combined assurance model*

Processes not yet finalised but the combined assurance terms of reference, framework and plan are in place. The documents will be discussed with management and relevant stakeholders and be shared with the RMC.

See attached Fourth Quarter Risk Management Committee Report submitted to accounting officer and Audit and Performance Committee (APC) by the chairperson.

- (m) On page 35 block 2 of the table provided, how did the municipality do with regards to the targeted campaign on payments of accounts by EXCO and please outline the strategies to be used?

M

RESPONSE

Targeted campaigns are conducted during the imbizos, Ward Committee meetings, IDP Representative Forum, Mayor / Mahosi forum and Pastors Forum. Traditional authority visits, leaflets, and radio interviews.

- (n) On page 40 its indicated that the municipality plans to apply for electricity distribution licence, and it was previous indicated that the municipality has already applied for the licence, what failed on the previous application and when do you intend to apply for the new application?

RESPONSE

Eskom objected to our application (see attached response from ESKOM.)

The application will be done in the current financial year before the end of June 2023.

- (o) On page 42, kindly unpack the

- (i) Information provided on the table with regards to the annual target and target, please compare with the information for 2021/22 Financial year.
(ii) Kindly give an explanation as to why the number of employees under job level 13-15 has gone down and further indicate if these changes have no impact in service delivery?

RESPONSE

The reason for the number of employees under Job Level 13-15 for Employee: Solid Water Management Services (Community) section has been going down between 2021/22 financial year and 2022/23 financial year due to retirement, death, and resignation of the employees, however, most of the vacated posts have been advertised & filled in the current financial year to fill up the gap and thus no negative impact on service delivery.

- (p) On page 50, under cost of construction/maintenance on both tarred roads and gravel roads it indicated that no road was reworked, re-gravelled nor maintained. Does this mean that nothing was done during the financial year under review?

RESPONSE

The cost for repairs and maintenance of surface roads has been reported in the annual report however the re-gravelling was not reported because it was budgeted under OPEX. We have since acknowledged the input from AGSA to include reporting of such

(re-gravelling) in the next annual report cycle. (see the attached list of re-gravelled roads during the year under review.)

(q) On page 76, paragraph 4, can you please indicate the alternative grave sites that have been identified?

RESPONSE

The Shayandima and surrounding areas are allowed to use Thohoyandou (Mbaleni) Cemetery as their alternative burial site. The process of identifying another burial area is ongoing and will be made available after the necessary legislative requirements have been met.

W.T.

7. KEY COMMENTS ON THE DRAFT ANNUAL REPORT AND PUBLIC HEARING

Circular 32 of the MFMA prescribes that after the annual report is tabled an oversight report needs to be compiled from the evaluation and analysis of the annual report, and together with the inputs from the community, Auditor-General and other stakeholders form part of the final annual report to be approved by council before 31 March 2024 (Circular no. 104). In addition, the circular proposes that responses to questions in the written representations be included in the oversight report. This section summarizes the key public hearing comments arising out of the discussions at meeting of the oversight committee public hearing.

The following table illustrates the oversight process followed by MPAC when scrutinizing

Activity	Date	Venue
Scrutinizing the draft annual report and formulation of the question to the MM	05-09 February 2024	Magoabasklof Hotel Tzaneen
Public participation	05 March 2024	George Phadagi Town Hall
	06 March 2024	Thovhela Nethengwe Mulala Town Hall
Consideration of responses from the Municipal Manager and preparing for the public hearing	13 March 2024	Thulamela Boardroom
Public Hearing	19 March 2024	George Phadagi Town Hall

8. Recommendations

- MPAC recommends to council that ward councilors and ward committee members must maximize the participation on the draft annual report in the communities by discussing it in the community meetings and submit their inputs to Speaker's Office
- MPAC recommends to council that the Municipal Manager must implement consequence management to official who transgress the Acts, Regulations, Policies and Procedures that the Municipality operate within.
- MPAC recommends to council that the 2022/2023 oversight report be made public in terms of section 129(3) of the MFMA and submitted to the Limpopo Legislature in terms section 132(2) of the MFMA.
- MPAC recommends that council approve the final annual report 2022/2023 in terms of section 129 of the MFMA without reservations

AUTHORIZATION TO COUNCIL



Cllr Malindi OT
MPAC Chairperson

26/03/2024

Date