

Rustenburg
Local Municipality



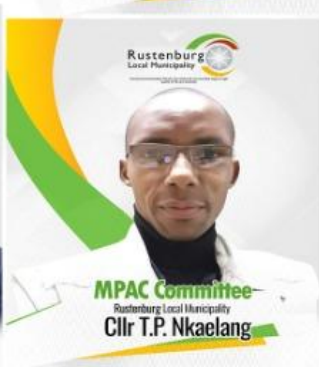
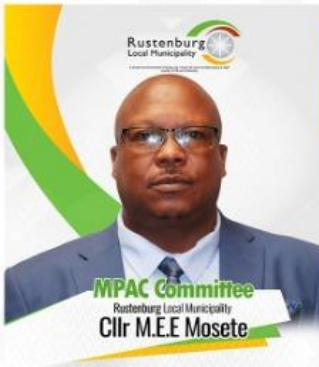
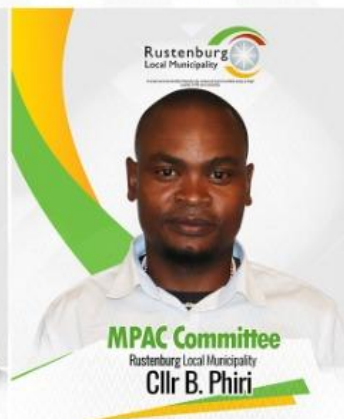
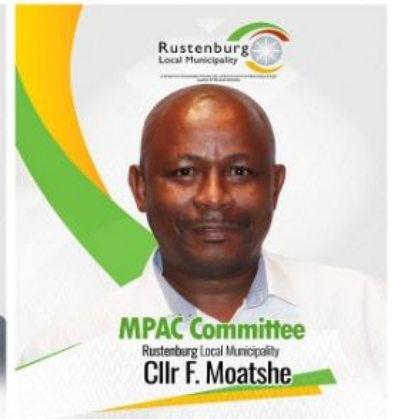
OVERSIGHT REPORT | 2023/24

DATE OF ADOPTION : 31 MARCH 2025

COUNCIL ITEM NO : 59

COUNCIL RESOLUTION NO : 21





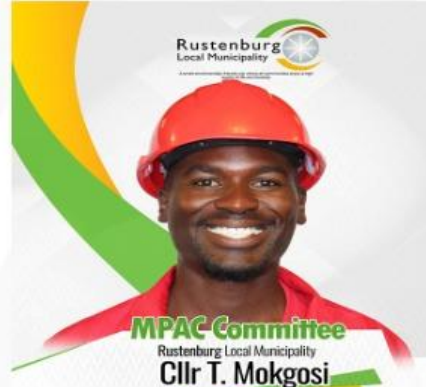
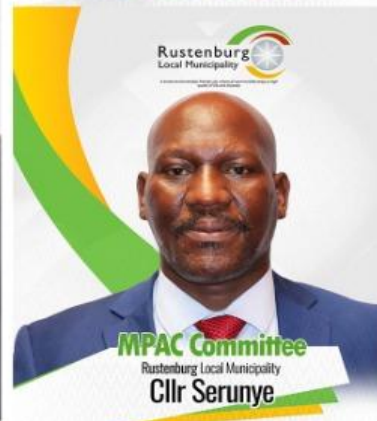
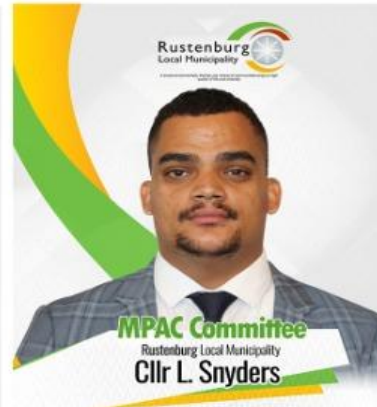
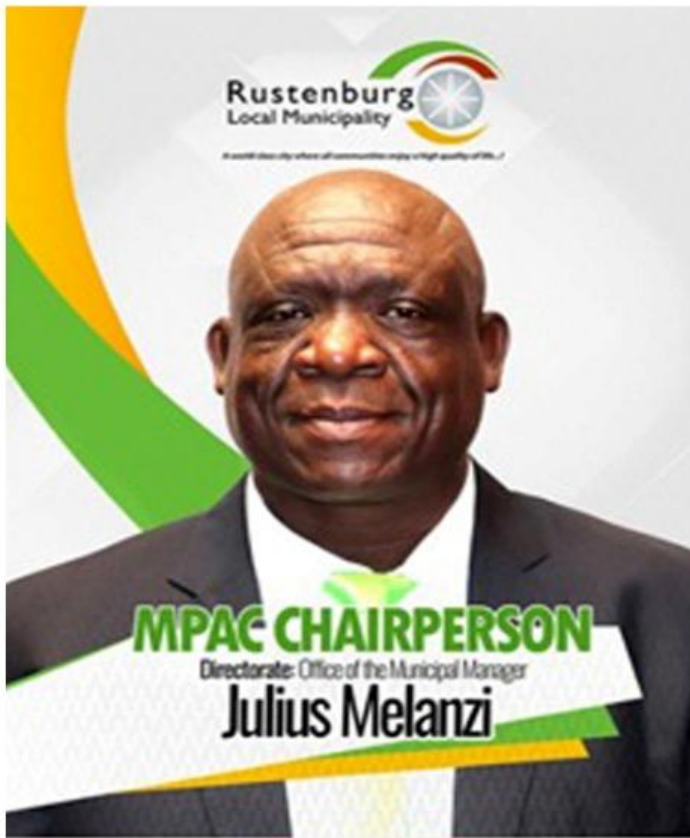


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ACRONYMS

AFS	:	Annual Financial Statement
AGSA	:	Auditor General South Africa
CAE	:	Chief Audit Executive
CEO	:	Chief Executive Officer
CFO	:	Chief Financial Officer
CRR	:	Capital Replacement Reserve
DORA	:	Division of Revenue Act
GRAP	:	Generally, Recognised Accounting Practice
IDP	:	Integrated Development Plan
MFMA	:	Municipal Finance Management Act, No. 56 of 2003
MIG	:	Municipal Infrastructure Grant
MM	:	Municipal Manager
MPAC	:	Municipal Public Accounts Committee
MSA	:	Municipal Systems Act, No. 32 of 2000
MTREF	:	Medium Term Revenue and Expenditure Framework
PAC	:	Performance Audit Committee
PT	:	Provincial Treasury
RLM	:	Rustenburg Local Municipality
RWST	:	Rustenburg Water Services Trust
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery Budget Implementation Plan
UIF&W	:	Unauthorised, Irregular, Fruitless and Wasteful Expenditure

1. FOREWORD OF THE CHAIRPERSON

On the 30th January 2025, the Executive Mayor of Rustenburg Local Municipality (RLM) Cllr. Shiela Mabale-Huma tabled the draft 2023/24 Annual Report in Council and Council referred it to the Municipal Public Accounts Committee (MPAC) for oversight purposes. Section 129 of the Municipal Finance Management Act (MFMA) requires the Council to consider the Annual Report of its Municipality and entity and to adopt an Oversight Report containing the Council's comments thereon. The MPAC, as a Section 79A Committee of Council, is empowered by law, Council resolution, and its terms of reference to review the Annual Report, facilitate public participation, and accordingly recommend it to the Council.

The Annual Report is a management report that provides a record of the activities of the municipality and its municipal entity during the 2023/24 financial year and reports on their performance against their respective budgets and key performance areas and indicators. It is a report that is meant to promote accountability to the local community for the decisions taken throughout the year under review by the municipality and its municipal entity.

In line with its Oversight Report Process Plan, the MPAC engaged AGSA, PAC, Management, and the Mayoral Committee on pertinent issues regarding the Annual Report. Selected projects that were implemented during the year under review were also visited to establish, amongst others, the level of their performance regarding time, cost and quality. Most importantly, the MPAC facilitated public participation to promote public accountability as enshrined in Section 152 of the constitution. In doing so, the MPAC promoted the RLM strategic priority of upholding good governance and public participation principles in its area of jurisdiction.

The MPAC review continues to identify serious limitations on the quality of the Annual Report in relation to both its form and content. It is critical that all senior managers make proper contributions to and take ownership of the compilation of the Annual Report. This equally extends to the presentation of the Annual Report to local communities because the Accounting Officer must, with assistance from the top management of RLM, attend and respond to all questions on the Annual Report.

For the year under review, the Auditor General confirmed that the municipality regressed, and this resulted in an increase in findings in the Audit Report. Findings continue to recur because of the failure to implement the Post Audit Action Plan and no significant

consequence management is implemented. Evidently, the internal control deficiencies raised by the Performance Audit Committee were also not effectively and efficiently addressed. There is also an immediate need to implement outstanding Council Resolutions emanating from the MPAC recommendations on the 2021/22 and 2022/23 Oversight Reports as well as all the resolutions that will be adopted by Council as part of this report. As in the previous years, the areas of concern for both RLM and RWST include but are not limited to (a) compliance with laws, (b) PMS, (c) PAAP, (d) SCM, (e) Financial Management and Reporting, (f) UIF&W Expenditure, (g) Project Management and (h) Council Resolutions.

The communities are concerned and angry about the lack of ward-based planning, IDP implementation and reporting in the Municipality. Unfortunately, this makes most communities hostile towards the MPAC efforts to facilitate public input on the Annual Report. Communities are calling for municipal planning, on both financial management and service delivery, to be aligned to specific wards. This will enable the Municipality to develop and take ward-based reports to the communities. It will also assist ward councillors and committees in the discharge of their daily duties. On the service delivery front, communities want the municipality to improve the supply and quality of water, the sanitation network and the road infrastructure. The Municipality must create a conducive environment for job creation in RLM but for that to happen, the Municipality must be kept clean and key infrastructure must be protected and maintained. In addition, communities are also concerned about the lack of communication, especially when there are service delivery challenges.

To my fellow MPAC Members, thank you for your collective leadership in the fulfillment of our oversight mandate. Let us strongly work towards the implementation of Council Resolutions referred to us by the Council. I also thank the MPAC administration team for their valuable support to the Committee. Thank you to the Office of the Auditor General for sharing valuable information about their audit process and outcome with us. Thank you to the Performance Audit Committee for their insight into the municipality's internal control deficiencies. We are also grateful for the support received from the Office of the Speaker as well as the Public Safety Directorate.

To the Mayoral Committee and the Management team, let us work closely together to lead the municipality to better financial and service delivery performance. As a collective, it lets us plan, execute, and report better across all critical areas of Council and administration.

***"Rank does not confer privilege or give power. It imposes responsibility". – Peter
Drucker***

Regards,

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a smaller 'N' and a final flourish.

**MPAC CHAIRPERSON
CLLR. D. NEL**

2. INTRODUCTION

The Municipal Council is required, in terms of Section 129(1) of the Municipal Finance Management Act (MFMA), 56 of 2003, to consider the Annual Report of the Municipality or any Municipal Entity under the Municipality's sole or shared control by not later than two months from the date the annual report was tabled in Council and adopt an oversight report containing the Council's comments on the annual report.

The purpose of the annual report is to:

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

On the 30th January 2025, the RLM and RWST draft Annual Report was tabled in Council and referred to the Municipal Public Accounts Committee (MPAC) for oversight purposes. The MPAC is appointed by the Municipal Council in accordance with the provisions of Section 79A(3) of the **Municipal Structures Act**, No. 117 of 1998 to amongst others:

- a) review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal;*
- b) review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;*
- c) initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;**
- d) attend to and make recommendations to the Municipal Council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a councillor and the municipal manager; and*
- e) on its own initiative, subject to the direction of the municipal council, investigate and report to the Municipal Council on any matter affecting the municipality.*

The process of developing the oversight report entails the review of the Annual Report and includes engagements with the Office of the Auditor General and the Performance Audit Committee, Management, Mayoral Committee. The process also includes Project Visits and

Public Participation to give effect to Section 152(1)(e) of the Constitution of the Republic of South Africa by encouraging the involvement of communities and community organizations in the matters of Local Government. In addition to subjecting the 2023/2024 Annual Report to public scrutiny, the MPAC embarked on reviewing the Annual Report in line with MFMA Circular 68.

The review process focused, amongst others, on the following components;

- Chapter 1 : Executive Mayor's Foreword
- Chapter 2 : Governance
- Chapter 3 : Service Delivery Performance
- Chapter 4 : Organisational Development Performance
- Chapter 5 : Statement of Financial Performance
- Chapter 6 : Auditor General's Findings

3. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

The Municipal Council is vested with legislative responsibilities by the **Constitution of the Republic of South Africa**, Act 108 of 1996, **Municipal Finance Management Act**, No. 56 of 2003 and **Municipal Systems Act (MSA)**, No. 32 of 2000 to govern and oversee the Municipality. The Municipal Council is, amongst other responsibilities, obliged to oversee the administrative and financial performance of the Municipality, including that of the entity.

After reviewing the Annual Report in terms of Section 129 of the MFMA, the Municipal Council must consider adopting an Oversight Report containing the Council comments on the Annual Report, which must include a statement about whether the Council has:

- approved the Annual Report with or without reservations;
- rejected the Annual Report; or
- has referred the Annual Report back for revision of those components that can be resolved.

Other relevant guidelines that the MPAC considered in analysing the Annual Report and compiling this Oversight Report included the following:

- **MFMA Circular 32** – The Oversight Report.
- **MFMA Circular 68** – Guideline on dealing with the Unauthorised, Irregular, Fruitless, and Wasteful Expenditure.
- **MFMA Circular 63** – Annual Report update.
- **MFMA Circular 76** – Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

4. REPORT TO COUNCIL: MPAC FINDINGS ON RLM

1. Misstatements of financial statement items because of non-compliance with GRAP.
2. Misstatements based on management's failure to substantiate amounts/items disclosed in the AFS.
3. Recurring failure by the municipality to curb the high rate of water and electricity losses.
4. Recurring failure to maintain key service delivery infrastructure;
5. The municipality's billing system remains unreliable;
6. Culture of non-compliance with laws, policies and procedures;
7. Recurring lack of preventative controls in Supply Chain Management;
8. Recurring failure to implement consequence management for poor performance and SCM transgressions;
9. Recurring lack of proper contract management;
10. Failure to prepare quarterly cumulative interim financial statements.
11. Recurring failure to comply with the regulatory framework on UIF&W expenditure;
12. The usefulness of Key Performance Indicators remains a challenge;
13. The ineffectiveness of Post Audit Action Plan implementation.
14. Recurring records management challenges.

5. MPAC RESERVATIONS ON RLM

Having considered the 2023/24 Annual Report, the MPAC has the following reservations:

1. Recurring misstatements of financial statement items because of non-compliance with GRAP.
2. Misstatements based on management's failure to substantiate amounts/items disclosed in the AFS.
3. Inconsistencies between indicators, targets and reported achievements & planning documents.
4. There is no statement by the Accounting Officer, in line with Section 124(1)(a) of the MFMA, that salaries, allowances and benefits of Councillors disclosed in the Annual Financial Statements were made within the upper limits.

6. MPAC OVERSIGHT PROCESS CHALLENGES ON RLM

1. MPAC still encountered some challenges on the attendance of Management to present the Annual Report to communities.
2. Communities do not want to participate in municipal plans and reports that do not directly speak to their specific wards.

7. REPORT TO COUNCIL: MPAC FINDINGS ON RWST

1. The qualified audit opinion of the RWST has not improved.
2. There is recurring failure to evaluate trust assets.
3. There is recurring failure to prevent and reduce UIF&W expenditure.
4. The Performance Management System of the trust must be improved.
5. There is recurring non-compliance with applicable laws and policies.
6. There is a recurring failure to address the inadequate skills and competencies in key areas.

8. MPAC RESERVATIONS ON RWST

1. There is still non-compliance with the applicable laws and regulations at the RWST.
2. RWST did not prevent or investigate the UIF&W Expenditure during the year under review.

9. 2023/24 OVERSIGHT REPORT RECOMMENDATIONS

	RECOMMENDED	ACTION
1.	That the Oversight Report on the Annual Report 2023/24 be noted;	CC
2.	That the Performance Contracts of all Senior Managers of RLM and RWST for 2025/26 financial year must incorporate Key Performance Indicators for contract management and the prevention and reduction of UIF&W expenditure;	AO
3.	That Management must form a Task Team to lead the monthly prevention, detection, reporting, investigation and addressing of UIF&W expenditure and table its action plan in Council before the end of the 2024/25 financial year;	AO
4.	That the Service Delivery Budget Implementation Plan for the 2025/26 financial year must first be submitted to the Performance Audit Committee for review before its final adoption;	AO
5.	That the Service Delivery Budget Implementation Plan must incorporate ward-based planning to facilitate ward-specific reports on service delivery matters;	AO
6.	That Management must develop a Consequence Management Policy for consideration by the Council and table quarterly reports in the Council on its implementation;	AO
7.	That Management must, before the end of the 2024/25 financial year, develop a Compliance Management Strategy for consideration by Council to ensure that all Directorates comply with legislation, policies and procedures through tabling quarterly reports in Council on its implementation;	AO

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|-----|--|--------------------|
| 8. | That Management must plan and develop a Centralised Records Management System for tabling in Council before the end of the 2024/25 financial year; | AO |
| 9. | That relevant officials in the Budget and Treasury Office must be prioritised for training on Standards of Generally Recognised Accounting Practice (GRAP) before the end of the 1st quarter of the 2025/26 financial year, and their training report be tabled in Council at the end of the same quarter; | AO |
| 10. | That the management of RLM must, before the end of the 2024/25 financial year, develop Standard Operating Procedures (SOPs) for the joint planning of the project between the Project Management Unit and User Departments, which covers Project Hanover, Operations and Maintenance; | AO |
| 11. | That the Municipal Manager must promptly table a report in council every time a grant-funded project requires an application for rollover and or on which project funds may be forfeited; | AO |
| 12. | That the management of RLM must, before the end of the 2024/25 financial year, develop and table a plan for the Council on how they are going to ensure that there is a proper handover of projects implemented by the Project Management Unit and other implementing agents; | AO |
| 13. | That Management must table a Water and Electricity losses Reduction Strategy in Council before the end of the last quarter of the 2024/25 financial year; | AO
DCSS
DTIS |

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|-----|---|----|
| 14. | That Management table progress of the implementation of the Water and Electricity losses Reduction Strategy in Council on a quarterly basis; | AO |
| 15. | That Performance Evaluation Report of Senior managers be tabled at the next ordinary Council meeting; | AO |
| 16. | That all Directorates must partake in the development of the next Annual Report of Rustenburg Local Municipality for accountability purposes; | AO |
| 17. | That the organogram of Rustenburg Local Municipality (RLM) and Rustenburg Water Service Trust (RWST) be reviewed and a report be tabled in Council within six(6) months to address service delivery challenges; | AO |
| 18. | That the Rustenburg Water Services Trust must fill all critical positions at the Trust and a report in this regard must be tabled in Council before the end of the 1st quarter of the 2025/26 financial year; | AO |
| 19. | That the Management of both the Rustenburg Local Municipality and the Rustenburg Water Services Trust must work together to ensure that the assets of the trust are evaluated and that a report is tabled in Council before the end of the 1st quarter of the 2025/26 financial year; | AO |
| 20. | That a progress report on the implementation of the Post Audit Action Plan for both Rustenburg Local Municipality and Rustenburg Water Services Trust be submitted to Council on a quarterly basis after review by the Performance Audit Committee; | AO |

21. That the Municipal Council, having fully considered the 2023/24 Annual Report of the Rustenburg Local Municipality and the Rustenburg Water Services Trust and representations thereon, adopt the Oversight Report and approve the 2023/24 Annual Report with reservations. AO
22. **That the Accounting must submit the 2023/24 Annual Report and Oversight Report thereon to the Provincial Legislature within seven (7) days of its adoption by the Council, in compliance with Section 132(1)(a) and (b) of the MFMA;** AO
23. **That the Accounting must publicize the 2023/24 Annual Oversight Report within seven (7) days of its adoption by the Council, in compliance with Section 129(3)(a) of the MFMA;** AO
24. **That the Accounting Office develops a Litigation Management Policy and submits same to the Council before the end of the 2024/25 financial year.** AO

10. 2023/24 OVERSIGHT ON THE ANNUAL REPORT PROCESS PLAN

The MFMA Circulars 32 and 63 guide the Oversight process that the Council must follow when considering the Annual Report and when producing an Oversight Report thereon. In this regard the Schedule of MPAC meetings and activities that had been embarked upon, in considering the 2023/24 Annual Report, as delegated by Council, is indicated on the table below:

2023/24 OVERSIGHT REPORT PROCESS PLAN				
ACTIVITY	DATE	TIME	VENUE	RESPONSIBILITY
A. Tabling of the 2023/2024 Annual Report before the Council	30/01/2025	09H00	Council Chamber	Executive Mayor

2023/24 OVERSIGHT REPORTPROCESS PLAN				
ACTIVITY	DATE	TIME	VENUE	RESPONSIBILITY
B. Publicize 2023/2024 Annual Report on the Municipal Website.	06/02/2025	09H00	Municipal Offices	Office of the Municipal Manager
C. Distribution of copies of the 2023/2024 Annual Report for comments to various Municipal Facilities such as Municipal Offices, Libraries, RCCs & Tribal Offices	07/02/2025	09H00	Municipal Facilities	Office of the Municipal Manager
D. Adoption of the MPAC Oversight Process Plan to evaluate the 2023/2024 Annual Report	06/02/2025	10H00	Council Chamber	MPAC Members
E. Publicise the MPAC Oversight Report Public Participation Notice on the Print Media and Municipal Website, and invite inputs from the Local Community on the 2023/2024 Annual Report	07/02/2025	09H00	Municipal Offices	Office of the Municipal Manager & MPAC Office
F. Launch of Public Participation Roll-Out Plan: Presentation of 2023/2024 Annual Report of the Rustenburg Local Municipality (RLM) &	11/02/2025	10H00	Rustenburg Old Town Hall	MPAC Members, Executive Mayor, Mayoral Committee, Speaker, Single Whip, Councillors,

2023/24 OVERSIGHT REPORTPROCESS PLAN				
ACTIVITY	DATE	TIME	VENUE	RESPONSIBILITY
Rustenburg Water Services Trust (RWST)				Municipal Manager & Senior Managers, Stakeholders & Ward Committees
G. MPAC engagement with the Performance Audit Committee: Analysis of the 2023/2024 Audit Report on the Annual Report of RLM & RWST	13/02/2025	10H00	Council Chamber	MPAC Members & Performance Audit Committee & Internal Audit (Chief Audit Executive)
H. MPAC Engagement with AGSA: Analysis of the 2023/24 Audit Report on the Annual Report of RLM & RWST	13/02/2025	14H00	Council Chamber	MPAC Members & Auditor-General of South Africa
I. MPAC engagement: Analysis and discussion of the 2023/2024 Annual Reports of the RLM & the RWST	19/02/2025	10H00	Council Chamber	MPAC Members; Municipal Manager & Senior Managers; RWST CEO & Board
J. MPAC engagement: Analysis and discussion of the 2023/2024 Annual	20/02/2025	10H00	Council Chamber	MPAC Members; Executive Mayor & Mayoral Committee (Executive)

2023/24 OVERSIGHT REPORTPROCESS PLAN				
ACTIVITY	DATE	TIME	VENUE	RESPONSIBILITY
Reports of the RLM & the RWST				
K. MPAC Projects Verification (Loco Inspection)	24/02/2025 – 28/02/2025	09H00	Various Wards where projects were implemented	MPAC Members & Management
L. MPAC Public Hearing: Analysis of the 2023/2024 Audit Report on the Annual Financial Statements with Communities	03/03/2025 – 13/03/2025	Different Times as per Public Participation Schedule	Various Venues as per Public Participation Schedule	MPAC Members & Municipal Manager & Senior Managers, including the Rustenburg Water Services Trust
M. MPAC Meeting: Adoption of the Draft Oversight Report on the 2023/2024 Annual Report	17/03/2025	10H00	Municipal Chamber	MPAC Members & Council Administration
N. Invite the AGSA & PAC to attend Council during the tabling of the Draft Oversight Report on the 2023/2024 Annual Report	19/03/2025	10H00	Office OF the Municipal Manager	Office of the Municipal Manager
O. Council Meeting: Consideration and/or Adoption of the Draft Oversight Report on the 2023/2024 Annual Report.	25/03/2025	10H00	Municipal Council Chamber	Municipal Council, AGSA and any Community member granted an opportunity to address the Council.

2023/24 OVERSIGHT REPORTPROCESS PLAN				
ACTIVITY	DATE	TIME	VENUE	RESPONSIBILITY
P. Publicize an Oversight Report on the 2023/2024 Annual Report on the Municipal Website	01/04/2025	09H00	Municipal Offices	Office of the Municipal Manager
Q. Submission of the 2023/2024 Annual Report to the Auditor General of South Africa, Provincial Treasury & COGTA	01/04/2025	09H00	Municipal Office	Office of the Municipal Manager

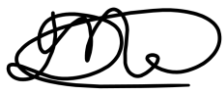
**PUBLIC PARTICIPATION SCHEDULE –
OVERSIGHT ON THE 2023/24 ANNUAL REPORT**

PUBLIC PARTICIPATION SCHEDULE				
CLUSTER	WARDS	DATE	TIME	VENUE
A.	04, 05, 06 & 07	03/03/'25	10H00	Lesedi Church
	01, 02 & 03		15H00	Chaneng Community Hall
B.	08	04/03/'25	15H00	Tlhabane West Primary School
	09, 10, 11 & 13			Tlhabane Community Hall
C.	12, 22, 24, 37, 38 & 41	05/03/'25	15H00	Paardekraal Community Hall
D.	19, 20, 21, 23, 39 & 40			Paardekraal Ext 3 Community Hall
E.	14, 15,16, 17, 18, 42 & 43	06/03/'25	18H00	Old Town Hall
F.	25, 26, 29, 30 & 44	10/03/'25	15H00	Lesung Community Hall
G.	27	11/03/'25	15H00	Lethabong Community Hall
	28			Abana Primary School
	31 & 32	12/03/'25	15H00	Marikana Community Hall

PUBLIC PARTICIPATION SCHEDULE				
CLUSTER	WARDS	DATE	TIME	VENUE
H.	33,34, 35 & 45	13/03/'25	15H00	Tshukudu High School
I	36		15h00	Mathopestad Tribal Hall

Copies of the 2023/2024 Annual Report are available a:

1. Municipal Libraries at Marikana, Rustenburg, Boitekong, Zinniaville / Karlienpark and Tlhabane.
2. Municipal Regional Centres (RCCs) situated at Tlhabane, Monakato, Lethabong, Phatsima, Marikana, Freedom Park, Ikageng, Rankelenyane and Boitekong.
3. Tribal Offices at Phokeng Civic Centre, Bakwena ba Mogopa (Bethanie), Mathopestad and Rankelenyane.
4. Municipal website: www.rustenburg.gov.za



CLR D. NEL
MPAC CHAIRPERSON

11. ANNUAL REPORT CHECKLIST

ANNUAL REPORT CONTENT	INCLUDED	PAGE NO ON THE ANNUAL REPORT
	YES / NO	
a) Annual Financial Statement of the Municipality	Yes	268
b) AGSA's Report on the Financial Statements	Yes	226
c) Annual Performance Report of the Municipality prepared by the Municipality in terms of Section 46 of the MSA	Yes	161
d) Auditor General's Report in terms of Section 45(b) of the MSA	Yes	226

ANNUAL REPORT CONTENT	INCLUDED	PAGE NO ON THE ANNUAL REPORT
	YES / NO	
e) An assessment by the Municipal Manager (MM) of any arrears on municipal taxes and services	Yes	153
f) Assessment by the MM's performance against the measurable performance objectives referred to in Section 17 (3) (b) of MFMA for revenue collection from each revenue source for each vote in the Municipality's approved budget for the relevant financial year	Yes	151
g) Particulars of corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d)	Yes	389
h) Any explanation that may be necessary to clarify issues in connection with the financial statement/s	Yes	313
i) Any information as determined by the Municipality	No	
j) Any recommendations of the PAC	Yes	545 & 561
k) Any other information as may be prescribed	Yes	Appendices A – T

12. THE QUALITY OF THE 2023/2024 ANNUAL REPORT

The MPAC finds that the quality of the Annual Report is compromised by material misstatements in the Annual Financial Statements and the inconsistencies between indicators, targets and reported achievements in the Annual Performance Report. The communities have also cast serious doubts on the Municipality's reported achievements in the year under review. For example, the communities reject the notion that the Municipality has achieved 96% (KPA 5) in delivering drinking water quality compliance because the water from their taps is evidently dirty. The 57% reportedly achieved by the Municipality is not acceptable and is made worse by the lack of evidence for verification by AGSA. The MPAC still concurs with the submissions made by both the AGSA and the

PAC on the need to improve the quality of in-year and end-year reporting of the Municipality and RWST.

13. COMMENTS ON THE COMPONENTS OF THE ANNUAL REPORT

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE YES / NO	PAGE NO ON THE ANNUAL REPORT
Annual Financial Statement – Section 121(3)(4); of MFMA	1. Have the AFS of the Municipality and that of the Municipal Entity been included in the Annual Report?	Yes	RLM 268 RWST 498
	2. Have both the Annual Financial Statement and Annual Report been audited?	Yes	RLM 232 RWST 397
	3. Has the audit report been included in the tabled Annual Report?	Yes	RLM 226 RWST 491
	4. Any explanations that may clarify issues in connection with the financial statement?	Yes	RLM 320 RWST 509
	5. Any assessment by the MM on arrears on municipal taxes and service charges, including that of the Entity?	No	RLM 378
	6. Any comment by the PAC about the AFS?	Yes	RLM 545 RWST 556

13.1 Division of Revenue Act

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE PAGE NO - YES / NO
Section 123 of the MFMA and MFMA Circular 11	1. Has the Municipality had any allocation per DORA delayed or withheld?	Yes. During the 2023/24 financial year R36,5 million of Equitable Share was withheld due to 2022/23 unspent grant for NDP (R208 thousand), INEP (R12 thousand) and WSIG (R36,3 million) where rollover was not approved by NT.
	2. Is there any disclosure on allocation made by the Municipality to an Organ of State, Municipal Entity, or other Municipality?	None for the year under review
	3. Are all compulsory disclosures contained in the notes to the Annual Financial Statements?	Yes. S123, 124 & 125 of the MFMA
	4. Has the Municipality complied with the conditions of the grant?	Yes, with the exception of point 1.
Section 124 (1) (2) Disclosure of Councillors, Directors, and Officials in the notes to the AFS	1. Have the salaries, allowances, and benefits paid to Councillors and the MM, CFO, and Senior Managers been disclosed?	Yes. Refer to note 33 and 34 of consolidated AFS.
	2. Is there a statement by the MM, stating that salaries, allowance, and benefits paid to Councillors are within the upper limits of the framework envisaged in Section 219 of the Constitution?	Yes. Refer to note 34 of the consolidated AFS

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE PAGE NO - YES / NO
	3. Have arrears for rates and services owed by Councillors, in which the arrears were more than 90 days been disclosed including the name of the Councillor?	Yes. Refer to note 56 of the consolidated AFS
	4. Have the salaries of the Board of the Entity, the CEO, and Senior Managers been disclosed?	Yes. Refer to note 46 of consolidated AFS.

13.2 Municipal Systems Act – Performance Management

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE YES / NO	PAGE NO ON THE ANNUAL REPORT
Section 46 of the MSA – Annual Performance Reports on the Municipality	1. Has the performance report been included in the Annual Report?	Yes	161
	2. Have all the performance targets set in the budget, SDBIP, Service Agreements, etc. been included in the Annual Report?	Yes	164
	3. Does the performance evaluation in the annual report compares actual performance with the target expressed in the budget and SDBIP approved for the financial year?	Yes	163

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE YES / NO	PAGE NO ON THE ANNUAL REPORT
	4. In terms of key functions or services, how has each performed?	6 KPAs	MIDT – 25% GG & PP – 0% MFVM – 50% LED – 50% BSD & ID – 75% SR & T – 40% Page - 163
	5. To what extent have targets been met?	Above Average	57% Page – 163
	6. Are the Council and the Community satisfied with the performance?	No	Annexure M
	7. What actions have been taken and planned to improve performance?	Intensification of PAAP implementation	RLM – 389 RWST – 519
	8. Did the target set in the budgets, SDBIP agree with the targets set in the performance contracts of the MM and other Senior Managers?	No	164
	9. Does the report evaluate the efficiency the of mechanism applied to deliver the performance outcomes?	Yes	412 - 428
	10. Taking into account the Audit Report and Opinion and the views of the PAC, is performance considered to be efficient and effective?	No	AGSA RLM – 226 RWST – 491
			PAC RLM – 545 RWST – 556

LEGISLATIVE REQUIREMENT	COMPLIANCES	RESPONSE YES / NO	PAGE NO ON THE ANNUAL REPORT
Performance of Municipal Entities and Municipal Service Providers	1. Has an assessment been included in the Annual Report on the performance of the Municipal Entity?	Yes	347 -374
	2. Has the assessment been included in the Annual Report on the performance of all contracted service providers?	Yes	459 – 463

14. QUESTIONS AND RESPONSES ON THE ANNUAL REPORT

14.1 Management Comments

LEGISLATIVE REQUIREMENT	COMPLIANCE	RESPONSE
Section 127 (2); 130 (1)(2)(3) and Section 21A of the MSA Council meeting the s meetings public and certain public officials	1. Was the public invited to the Council Sitting where the Annual Report was considered?	Yes. The Council Sitting Notice was advertised in the local newspapers, and municipal Website.
	2. Did the MM make the Annual Report public?	Yes. The Annual Report was posted on the Municipal Website.
	3. Was the Annual Report submitted to the AGSA; PT and Provincial COGTA	Yes.
Written Comments	1. Did the Municipality receive any written submission on the Annual Report?	No.

14.2 Management Responses to MPAC Questions on the 2023/2024 Annual Report

- Please refer to (Annexure K1 – RLM)
- Please refer to (Annexure K2 – RWST).

14.3 Executive Responses to MPAC Questions on the 2023/2024 Annual Report

- Please refer to (Annexure L).

15. 2022/23 PROJECTS SITE INSPECTION REPORT

- Please refer to (Annexure G).

16. MFMA SECTION 32 REPORT

1. The UIF&W expenditure of RLM and RWST was not thoroughly investigated during the year under review. As per the AGSA Report, Management failed to provide the MPAC with adequate information to enable it to investigate UIF&W expenditure in line with Section 32 of the MFMA read with Regulation 74 of the Municipal Budget and Reporting Regulations. The reports sent to Council still don't substantially comply with the regulatory framework and are referred to MPAC without supporting documents.
2. In terms of Sections 62(1)(d) and 78(1)(c) the Accounting Officer and Senior Managers must prevent UIF&W expenditure. The municipality and municipal entity must maintain full and proper records of their affairs, as required by sections 62(1)(b) and 95(b) of the MFMA. To this end, the accounting officers must ensure that the municipality and municipal entity have proper processes in place to record and manage unauthorised, irregular, fruitless and wasteful expenditure should it occur. To comply, accounting officers and/or CFOs must set-up and maintain

Registers of Unauthorised, Irregular, Fruitless and Wasteful Expenditure to facilitate easier management, tracking and reporting of these types of expenditure.

17. ATTACHMENTS

- 17.1 Annexure A – Public Participation Pictures**
- 17.2 Annexure B – All agendas related to the Oversight process**
- 17.3 Annexure C – All minutes related to the Oversight process.**
- 17.4 Annexure D – All attendance registers related to the Oversight process**
- 17.5 Annexure E – Publicity Statement on the Annual Report**
- 17.6 Annexure F – All invitations related to the Oversight report**
- 17.7 Annexure G – Projects Oversight Visit Report 2022/23**
- 17.8 Annexure H – Previous Oversight Report MPAC Recommendations**
- 17.9 Annexure I – Auditor General Briefing Notes**
- 17.10 Annexure J – Performance Audit Committee Comments**
- 17.11 Annexure K – MPAC/Management Q&A Session**
- 17.12 Annexure L – MPAC/MAYCO Q&A Session**
- 17.13 Annexure M – Written Public Comments/Submissions**
- 17.14 Annexure N – Sec 32 of MFMA: UIF&W Expenditure Report**
- 17.15 Annexure O – 2022/23 Oversight Report Council Resolutions**
- 17.16 Annexure P – 2023/24 Oversight Report Council Resolutions**
- 17.17 Annexure Q – 2023/24 Oversight Report Process Plan**