

uMgungundlovu District Municipality

**OVERSIGHT REPORT
2022/2023**



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INTRODUCTION

The Municipal Finance Management Act 56 of 2003 assigns specific oversight responsibilities to Council in regards to the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the establishment of an Oversight Committee of Council would provide the appropriate mechanism in which Council could fulfil its oversight responsibilities.

The Oversight Committee's primary role is to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council. Section 129 (1) of the MFMA 56 of 2003 states the council of a municipality must consider the annual report of the municipality, and by no later than two (2) months from the date on which the annual report was tabled in the Council, adopt an oversight report containing the Councils and Public comments on the annual report, i.e., by 31 March.

The MFMA gives effect to financial management reforms that place a greater emphasis on service delivery responsibilities to Managers and make them more accountable for their own performance. Whilst it is the responsibility of the Mayor and the Executive Committee to resolve any performance failures, the Council is also vested with powers and responsibility to oversee both the Executive and Administration.

BACKGROUND

The oversight role of Council is an important component of the financial reforms, and it is achieved through the separation of roles and responsibilities between Council, the Executive Committee and Administration.

Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players. Non-executive councilors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive Committee.

In other words, in exchange for the powers in which Council have delegated to the Executive Committee, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight:

- Approval of budgets;
- Approval of Budget related policies; and
- Review of the Annual Report and adoption of the Oversight Report.

FUNCTIONS OF THE COMMITTEE

Below are functions of the committee in respect of the oversight over the annual report.

- Undertake a review and analysis of the Annual Report.
- Invite, receive, and consider inputs on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation process.
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councilor's

COMPOSITION OF THE COMMITTEE

Membership

The Oversight Committee of Council is established under Section 79 of the Municipal Structures Act 117 of 1998. Section 79 of the Local Government: Municipal Structures Act allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

In the uMDM the Municipal Public Accounts Committee (MPAC) fulfils the role of the Oversight Committee.

Due to the separation of roles and responsibilities, between Council and the Executive (Mayor and Executive Committee) it is not appropriate that members of the Executive Committee be members of the Oversight Committee.

Members of the UMDM Municipal Public Accounts Committee (MPAC)

- **Councilor EM Dladla (Chairperson)**
- **Cllr S Reddy**
- **Cllr G Dladla**
- **T Hlatshwayo**
- **BK Mkhize**
- **T Mkhize**
- **N Mncwabe**
- **LW Wynne**
- **GS Mncwango**

Authority and Powers

The Municipal Public Accounts Committee is delegated the responsibility to conduct public consultative meetings and to receive and hear public submissions on the Annual Report, on behalf of the Municipal Council.

Timely notice of all meetings to be held be given by the Oversight Committee and must be open to the public and minutes of the meetings must be submitted to council meetings and relevant legislated structures.

THE OVERSIGHT REPORT

This Oversight Report is for the financial year ended 30 June 2023 and addresses the 2022/2023 Annual Report. The layout of the said Annual Report is as follows:

✚ Chapter 1 – Mayor’s foreword and Executive Summary (Introduction and Overview of the Municipality)

The foreword compiled by the Mayor includes information related to the following topics:

- Strategic alignment to Provincial and Growth and Development Strategy.
- Corrective actions taken to ensure that strategic objectives as stipulated in the IDP were achieved.
- Methods used / implemented to improve public participation and accountability.
- Statement of corrective actions whereby service delivery can be improved.

The Municipal Managers foreword provides an opportunity to the Municipal Manager to give a public account, guidance and advice on the administrative performance of a municipality / entity. Inclusive in this foreword should be information pertaining to:

- Functions and Powers of the municipality / entity in relation to Section 155/156 of the Constitution and Chapter 3 of the MSA.
- Entities related to the municipality and the sharing of power with these entity/ies.
- Sector departments and the sharing of functions between the municipality / entity and sector departments.
- A statement on the previous financial year’s audit opinion.
- A short statement on the current financial health of the municipality / entity based on new budget formats as required by Treasury Regulations No 31804.
- Information related to the revenue trend by source including borrowings undertaken by the municipality.
- The internal management changes in relation to Section 56/57 managers.
- Risk assessment, including the development and implementation of measures to mitigate the top 5 risks.

✚ Chapter 2 – Governance Report

The governance report gives a brief overview of the Municipality’s political and administrative structure. It takes into account Intergovernmental relations structures and processes, Municipality’s public participation strategies and public involvement on implementation of service delivery deliverables.

✚ Chapter 3 – Service Delivery Performance Report

This chapter mainly focuses on the municipality’s service delivery performance/ highlights for the year. It details performance on service delivery areas/ projects as per the IDP, Budget and SDBIP.

Content of the 2022/2023 Annual Report under Chapter 3 –

- Service Delivery Projects and programs
- Audited Annual Performance Report for 22/23

✚ Chapter 4 – Organizational Development Performance Report

This chapter provides a brief introduction to the municipality’s organisational development function and mainly focuses on the following.

- Component A: Introduction to the municipal workforce (Total Employment, to include staff turnover. This could indicate a stable or unstable institution).

- Component B: Managing the municipal workforce Levels on reporting should be broken down to MM & Section 56, top management, assistant managers, supervisors, etc and not pay levels as there is no consistency among municipalities.
- Component C: Capacitating the municipal workforce.
- Component D: Managing the municipal workforce expenditure.

Chapter 5 – Financial Performance Report

This chapter reflects an overview of the municipality's financial health for the period. It provides a summarised version of the Annual Financial Statement for the period that has been subjected to the Auditor General's audit process.

Chapter 6 – Report of the Auditor General

This chapter provides an overview of the Auditor-General Report of the previous financial year. Specific topics that should receive attention include:

- Detail on issues raised during the previous financial year;
- Remedial action taken to address the above and preventative measures.

Content of the 2022/2023 Annual Report under Chapter 6

- AG report and Audit Action Plan included

Annexures

- Appendix A: Councillors; Committee Allocation and Council Attendance
- Appendix B: Committee and Committee Purpose
- Appendix C: Third Tier Administrative structure
- Appendix D: Functions of Municipality/Entity
- Appendix E: Ward Reporting
- Appendix F: Ward Information
- Appendix G: Recommendations of the Municipal Audit Committee
- Appendix H: Long term Contracts and Public Private Partnership
- Appendix I: Municipal Entity/Service Provider Performance Schedule
- Appendix J: Disclosure of Financial Interest
- Appendix K: Revenue Collection Performance
- Appendix K (i): Revenue Collection Performance by Vote
- Appendix K (ii): Revenue Collection Performance by Source
- Appendix R: Declaration of Loans and Grants Made by the Municipality
- Appendix S: Declaration of Returns not Made in due Time under MFMA s71
- Appendix T: National and Provincial Outcome for local government

OVERSIGHT PROCESS PLAN

Following the tabling of the draft Annual report to council on the 31st of January 2024, the below mentioned activities were conducted by MPAC in considering the annual report for the period ended 30 June 2023.

- Draft Annual Report was tabled before the EXCO on the 23rd January 2024
- Draft Annual Report was tabled and noted by Council on the 31 January 2024
- Draft Annual Report was uploaded on the website for public inspection www.umdmd.gov.za 31 January 2024
- Draft Annual Report was submitted to Auditor General on the 20 January 2024
- Draft Annual Report was submitted to Cogta and Provincial Treasury on the 02 February 2024
- Draft Annual Report was uploaded on the National Treasury Portal on the 09 February 2024
- The report was also placed at all customer care centers within the Municipality for public inspection/ viewing.
- The report was also submitted to all LMs under the UMDM
- Draft Annual Report was advertised on paper on the 09 February 2024
- Further, an advert was published on the municipal website inviting public representations on the draft annual report. Closing date for public comments and representations was on the 13th March 2024
- At the MPAC meeting, held on the 16th February 2024 the oversight process plan was noted and adopted by the committee.
- Consultative oversight meetings were then conducted by MPAC for four (06) Local Municipalities within the UMDM, namely, Richmond LM, Mpofana LM, Mkhambathini LM, uMshwathi LM, uMngeni LM and Impendle LM

These were held as follows:

- Richmond Local Municipality – 12 February 2024
- Mpofana – 15 February 2024
- Mkhambathini – 19 February 2024
- uMshwathi – 21 February 2024
- uMngeni – 07 March 2024
- Impendle – 08 March 2024

Heads of Departments provided feedback to the public on their department's performance for the previous financial year 2022/2023. Areas of concern, Comments and questions received are summarized and highlighted below per local municipality.

Richmond Local Municipality

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- The indigent programme didn't do well, as the community was not made aware of the meeting, hence there was poor attendance. It was also requested that during community meetings, Councillors be present to respond to residents.
- It was not clear where the borehole in Ward 2 is situated.
- It was requested that the schedule for water trucks be provided as they don't come on time.
- It was requested that Ward Committees be invited to Portfolio Committees to participate in the decision making processes.
- In Ward 4, people are still drinking water from the river due to having no water in the community Jojo tanks as water truck drivers refuse to go to certain areas, such as Emaplazini.
- It was requested that a wall is built inside the sports centre and clarity was requested on whether the sports field belongs to the Municipality.
- Meter readings have been an issue as amounts billed are too high.
- It was requested that the Officials look into the matter concerning the bridge that was washed away for over a year.
- Information was requested on the clinic that was said to be in the pipeline for years in Ward 4.
- An update was requested on the wetland repairs which were being done but suddenly stopped.
- Water truck drivers are selling water.
- It was requested that the spring water site at Ekupholeni in ward 7 is investigated as it seems that there are blockages along the stream, hence water doesn't reach the community.
- It was requested that speed humps be installed near the school in Ward 7.
- The Arts and Culture Portfolio Committee requested assistance when doing events.
- It was requested that the sports field in Shiyampahla be graded and scoring poles be erected.
- Jojo tanks were requested for Shiyampahla, as there are water shortages.
- It was requested that the Plumbers be stationed in fixed areas.

RESPONSES FROM THE OFFICIALS

- The Technical Services team will investigate the concerns that have been raised.
- Water demand is sometimes higher than the availability to supply.
- The community was requested to provide the team with proof whenever there is someone who is selling water so that the issue can be addressed.
- That the Technical Services Operations and Maintenance team will be making site visits to areas such as Nkumane, Thafeni to investigate natural spring protection.
- Technical Services will be reviving boreholes in certain areas.
- The water pumps at Endaleni are pumping into other areas.
- Water pump engines are being upgraded.
- There is a priority list from councillors for areas that need spring protection.
- There are areas in Emaplazini that are owned by farmers, hence the Municipality needs permission from the land owners to service the land.
- Plumbers are rotated because they are needed in other sites.

However, the Mayor of Richmond Local Municipality requested that the community raises these issues with the Ward Committees and that communication follows the correct communication channels. Further, the Speaker was requested to have Imbizo with just Ward Committees so that issues can be properly addressed. Also, Ward Committees should meet with their Councillors and prioritize issues that need to go on the budget for the next financial year.

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

WARD 1

- That boreholes are needed in the rural areas.
- That the roads are not in good condition and therefore the water tankers are unable to deliver water to rural areas.
- Clarity was requested regarding the electricity projects and the areas that will receive electricity.

WARD 1

- There are pipes that are leaking.
- The community needs to attain land to assist with the evicted farm workers.
- Clarity was requested regarding the electricity project which is taking too long to be finalized.
- That there are some houses which are not electrified as they don't appear on the map.
- Requests that the service provider liaise with the ward committee leaders to ascertain the areas that have water for the installation of boreholes.

RESPONSES FROM THE OFFICIALS

The Water Services Authority Officer responded as follows:

- There was a visit conducted at ward 1 to identify where the boreholes will be installed.
- The road construction project is currently underway.
- The electricity matter will require that the technical department meet with the community to provide clarity on the matter.
- The making of land available for evicted workers was noted.
- The infrastructure department is busy with the accelerated provision of VIP toilets.

The Area Manager: Operations added the following:

- In ward 1 they are committing to meet with the community and find a way forward.
- There is currently an ongoing program to replace leaking meters.
- The officials who are responsible for the installation of boreholes will consult the members of the community with regards to finding a place that has sustainable water.
- Meters are in the process of being changed, adding that there have been people who have been changing their own meters.

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- The indigent programme didn't do well, as the community was not made aware of the meeting, hence there was poor attendance.
- Burst water pipes are not attended to as and when they are reported.
- Water meters were not installed in all the households.
- Water trucks don't come as often as they should.
- In Ward 3, the school is facing a water shortage crisis.
- It was requested that the school is included in the Indigent Register.
- It was requested that the pipe to the reservoir in Nkanyezini be steel instead of plastic because plastic enables illegal connections.
- It was requested that ward Committees and ward Councillors work together.
- It was requested that the reservoir be locked and that there is someone who will be accountable for it as there has been an increased number of illegal connections.
- It was requested that uMgungundlovu District Municipality looks into the matter of standpipes being too close to households so that it prevents people from illegally connecting to pipes.
- It was requested that the issue of the new houses in the Lion Park area be investigated in terms of water shortages.
- Water truck drivers are selling water.

RESPONSES FROM THE OFFICIALS

The Officials responded as follows:

- That Water Services Authority Officials will go back to the community with ward Councillors and set up a new date for the indigent register application. Loud hailers will be used to make the community aware of the event.
- Water Services Authority will conduct a consumer education workshop to prevent illegal connections.
- Government facilities, such as schools, have separate grants that assist them hence the indigent programme does not apply to them. However, water tankers are sent to provide additional assistance if needs be.
- The uMDM Technical staff stated that the Maqongqo stream is dysfunctional hence the installation of the communal standpipes became necessary.
- A consultant is to be appointed who will do a study for the Tala Valley project.
- Technical Services will be reviving boreholes in certain areas.
- The supply of water is affected by water pressure not reaching the whole community due to illegal connections.
- The chambers being easily accessible will be investigated and the uMDM: Technical Services team will meet with Councillors and find a solution.

COMMENTS FROM COUNCILLORS

- Councillor G Dladla requested that the Mkhambathini Local Municipality and the District Municipality really work together to ensure that the Indigent Register is successful.
- Councillor SN Mncwabe emphasized that for the Indigent Register, the total income for households does not include government grants.
- Councillor LW Wynne emphasized that protocol needs to be followed in terms of the involvement of ward committees. All communication needs to be through ward Councillors.
- The Chairperson, Councillor E Dladla stated that the Head of Department: Technical Services is to be present at oversight meetings.

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- Ward 1 is still awaiting stands for the water tankers.
- It was requested that the issue of water shortage is attended to, as it has escalated even more since 2022.
- Ward 10 is awaiting implementation of Phase 2.
- It was requested that training/ workshops be conducted for community members to be able to read their own meters and submit to the Municipality themselves as opposed to relying on Meter Readers.
- It was requested that boreholes be installed in Emagcekeni.
- It was requested that water truck drivers stick to schedule.
- It was stated that water truck drivers refuse to go to certain areas, and it has become a serious issue because some areas have senior citizens, and they are required to walk long distances to get water.
- It was stated that water truck drivers are selling water.
- It was requested that burst water pipes are attended to efficiently.
- In Ward 10, there are 3 water tanks but only 1 of them work, requested that the other 2 are fixed.
- Information was requested on the clinic that was said to be on the pipeline for years.
- Ward Committee members expressed their gratitude for the access roads that have been successfully completed in Ward 2.
- It was requested that the informal settlement in Esdakeni is demolished as and when the occupiers move to the RDP houses.
- It was requested that information be shared on the 2 bridges that were said to be in the pipeline in Ward 2.
- Ward 1 Ward Committee expressed their gratitude to Councillors for being willing to attend to the needs of the community.

RESPONSES FROM THE OFFICIALS

- The Manager: Office of the Municipal Manager gave thanks to the Ward Committees for working well together with their Councillors.
- The issue of the 2 bridges that were said to be in the pipeline, was escalated to the Department of Transport.
- More water tanks will be ordered.
- The 2 water tanks that are not working in Ward 10 will be investigated.
- The problem of selling of water will be addressed.
- It was requested that the community provides the team with proof whenever there is someone who is selling water.
- With regards to the senior citizens, the District is still looking into ways to assist, like placing JoJo tanks in their homes.
- The request for a meter reading workshop for community members will be considered and communicated with Ward Councillors.
- Availability of funds in the budget is always a challenge.

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- That there is severe water shortage every time there is loadshedding in Ward 12.
- There is an issue with water pressure.
- It was requested that the water issue on Cherry Road is investigated as it's been problematic for months.
- It was requested that Cherry Road and surrounding areas are prioritized because they are right behind the reservoir.
- An update was requested on the generator.
- Residents of kwaShifu in Ward 9 experience extreme water shortage, as they can go up to a week without water supply.
- It was requested that additional water trucks be deployed in Ward 9, as the ones they are currently receiving can no longer supply the whole community.
- It was requested that water pipes are replaced in Ward 12, as they constantly experience bursts and the water is shut off while repairs are taking place.
- Constant water leaks in household meters are not fixed even after reporting multiple times and that results in high billed amounts which residents cannot afford to pay.
- It was requested that an update be provided on the water tanks for the Khayelisha Project.
- It was requested that additional water tankers be deployed in Shiyabazali as the community has increased largely.
- In Ward 3, there are areas that the septic tank vacuum trucks cannot reach at all since 2006. It is requested that the sewerage system is changed or upgraded.
- In Ward 4, Lidgetton there were houses built in 2003 which do not have toilets and it was stated that those houses would be demolished and new houses would be built but nothing has happened.
- The Municipality was requested to consider turning the open field in Ward 4 into a sports ground.
- It was requested that Disaster Management looks into the bridge in Ward 4 as it is a hazard.
- An update was requested on the project for VIP toilets that were built in some parts of Dargle, Ward 3 which was suddenly stopped.
- In Ward 8, some water trucks don't reach some places which makes it difficult for senior citizens to access the water supply.
- In Ward 12, the constant sewerage pipe burst affects Noqgaza Primary School as it runs through the school, all the way to the river and neighboring households. It was requested that the sewerage system is changed.
- Potholes have become hazardous because parts of the road in Ward 12 have deep cracks.
- Several houses in Ward 12 do not have meters yet they are being billed.
- Reservoirs are overflowing; hence it was requested that valves are installed which will enable the water pipes to be shut off and on, a "vula-vala" system.
- It was requested that uMngungundlovu District Municipality officials visit the community per Ward and assist them with filling in the forms for the Indigent Register.
- It was requested that uMngungundlovu District Municipality works with Amakhosi to minimize illegal connections for when they place people on their land.
- It was stated that there is an individual in the community that has good water pressure in his property and the rest of the community now gets their water supply from there, it was requested that a solution is found for his high billing.
- It was requested that water quality from water trucks is checked.
- It was requested that Jojo tanks are constantly serviced.
- It was requested that an update be provided on the water pipe connection project in Ward 8 and 9.
- It was stated that there is no water supply in the Ward 8 standpipes.
- It was stated that septic tank vacuum trucks come after 6 months in Ward 8.

- The roads in Ward 10 have become damaged due to the water coming from the rank.
- It was stated that uMngungundlovu District Municipality officials do not prioritize complaints made by Councillors.
- It was stated that VIP toilets for houses built near wetlands in Ward 8 get filled up very quickly, and it has become too expensive to get the septic tank vacuum truck almost weekly.
- It was stated that there is a steel water tank that was installed in 2010 and has never been serviced.

RESPONSES FROM THE OFFICIALS

- The generator is to be purchased by UMngeni Local Municipality; it is taking a while because there is some work that needs to be done before it can be installed.
- A request for additional vacuum trucks has been made, in the interim more vacuum trucks have been hired.
- The option for having valves on the water pipes from the overflowing reservoir will be considered.
- All the newly built houses that have been placed by Amakhosi will be assessed so that infrastructure can be built.
- Some roads are too small for water pipes to work effectively.
- The Khayalisha project was vandalized but Technical Services has appealed that the project be revived and is waiting for the outcome of the appeal.
- Some of the places that don't have infrastructure will have boreholes installed.
- The sewerage pipes that are constantly bursting will be investigated.
- UMngeni Local Municipality will assist in terms of fixing the roads that are not accessible for water trucks.
- The steel water tank which has not been serviced will be investigated.
- Some areas can't be serviced because they are privately owned.
- Officials that aren't cooperating with Councillors will be investigated.
- The water trucks have certificates of being serviced.
- The water supply for water trucks is sourced from the Water Point in UMngeni.
- Community members are advised to ensure that their taps aren't leaking and that their toilets aren't overflowing.
- Technical Services will ensure that reports lodged for leaks, pipe bursts and blockages will be attended to timeously,
- Indigent Register forms will be left at Mpophomeni Municipal offices so that it can easily be accessible for community members.
- uMngungundlovu District Municipality is still looking into ways to assist senior citizens, like placing JoJo tanks in their homes.

Thereafter, the Deputy Mayor: UMngeni Local Municipality advised that the issues regarding UMngeni Local Municipality will be discussed at the upcoming Integrated Development Plan Izimbizo. He further requested that uMngungundlovu District Municipality fast-tracks the construction of infrastructure because it prevents implementation of housing projects.

The Speaker UMngeni Local Municipality) thanked MPAC members, Ward Committee members and the public for attending the meeting.

Impendle Local Municipality

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- Feedback was requested on the roadworks for fixing potholes.
- The water pressure is low.
- Tap water is dirty, one has to keep the water running for 3-5 liters before getting clean water.
- A request was made for water quality to be checked.
- An enquiry was made as to how many liters of water are free for Indigent beneficiaries.
- VIP toilets were requested in Ward 4.
- Electronic boreholes were requested in Impendle Village, instead of solar because the crime rate in the area is high.
- Septic tanks fill up too quickly due to heavy rains and it is now costly to request vacuum trucks.
- It was requested that the Officials visit Ward 2 to register senior citizens for the Indigent Register.
- Standpipes in some areas in Ward 2 are not working.
- Gratitude was expressed for the reservoir that has been fixed in Ward 2.
- A request was made to resuscitate wetlands and spring protection.
- An area in Ward 5, eSwampu has not had water for years.
- A request was made for lightening conductors.
- A request was made for a central sewerage system.
- A request was made for RDP houses and houses for disabled persons.
- A request was made for additional Jojo tanks in Ward 3.
- A request was made for water pipes at Madameni Road because storm water drains get filled up quickly during heavy rains and water gets inside households.
- Electricity burns appliances and the main switch upon returning after loadshedding, has caused a fire in one of houses in the area.

RESPONSES FROM THE OFFICIALS

- uMgungundlovu District Municipality gives Indigent beneficiaries 6 kiloliters of free water.
- Water Services Authority officials will travel to each ward to assist the community with indigent register applications.
- Technical Services assures that water quality is checked, and that water contains chlorine to ensure that there are no bugs in the water.
- The cause of the dirty tap water will be investigated.
- The Acting Head of Department: Technical Services has confirmed that boreholes will be installed and the Operations and Maintenance department will check which areas are on the priority list.
- Jojo tanks have been installed in the areas that don't have water because of limited infrastructure.
- Standpipes that do not work in some areas are because of taps being stolen.
- If septic tanks fill up quickly due to heavy rains, vacuum truck services should be free because it should be regarded as a natural disaster.
- There is a spring water protection program in place, it will be followed up when implementation starts.
- Impendle Local Municipality will investigate the problems regarding the storm water drainage system.
- Standpipes will be checked for faults specifically per area.
- Disaster Management Officials and ward Councillors need to work together and investigate the houses that are affected by storm water coming into households because they are prone to floods.

Written Representations received from the Public

None received

Written Representations received from Provincial COGTA

The Department analyzed your Annual Report and note that the following information was not included as per the requirements of section 121 of the MFMA and appendices as per the requirements of NT Circular 63, were not included in the Annual Report:

- An assessment by the accounting officer on any arrears on municipal taxes and services charges (s121(3)(e) of the MFMA);
- Capital Programme by project Current year;
- Long Term contracts and Public Private Partnerships (NT Circular 63);
- Service connection backlogs at Schools and Clinics (NT Circular 63);
- Service backlogs experienced by the community where another sphere of government is responsible for service provision (NT Circular 63);
- The annual report contains the recommendations of the audit committee s12 3(j)
- Declaration of loans and grants made by the municipality (NT Circular 63); and
- Capital Programme by project by ward Current year
- Declaration of returns not made in due time under MFMA s71 (NT Circular 63);
- National and Provincial Outcomes for Local Government.

Furthermore, the Department has analysed your 2022/2023 audited Annual Financial Statements (AFS) included in the annual report and noted that the AFS were prepared in compliance with s123, s124 and s125 of the MFMA.

Written Representations received from the Office of the Auditor General

We have reviewed the annual report and noted minor inconsistencies that I will detail below.

1. Page 278, paragraph 4.4.1 – Employee costs/ Expenditure - the amount for the 2021/22 and 2022/23 are slightly different from the audited annual financial statements.

2021/2022		
Actual per report	Actual per 2023 AFS	Difference
286 844 306	284 125 013	2 719 293
2022/2023		
Actual per report	Actual per 2023 AFS	Difference
280 512 495	281 451 930	- 939 435

Other than the above, the document is consistent with the audit report and audited annual financial statement.

ANNUAL REPORT CHECKLIST – MFMA REQUIREMENTS

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
<p>121 (3)(a) The annual financial statements (AFS) for the Municipality as submitted to the Auditor-General.</p>	<p>The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the accounting standards for municipalities.</p>	<p>Yes, See Annual Financial Statements Volume II</p>
<p>121 (3)(g) Of any corrective action taken or to be taken in response to issues raised in the audit reports.</p>	<p>The conclusions of the annual audit are: an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable. The objective of the municipality should be to achieve an unqualified audit opinion. Taking into account the audit report, audit opinion and the views of the audit committee, council considered: To what extent does the report indicate serious or minor financial issues? To what extent are the same issues repeated from previous audits? Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? Has a schedule of action to be taken been included in the annual report, with appropriate due dates?</p>	<p>Yes. Audit Action plan has been developed and monitored on quarterly basis</p>
<p>121 (3)(f) An assessment by the municipality’s accounting officer of the municipality’s performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly. Has the performance met the expectations of council and the community? Have the objectives been met? What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>Yes. Chapter 3</p>

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
121 (3)(i)(k) Any information as determined by the municipality, the entity, or its parent municipality.	Review any other information that has been included regarding the AFS.	Yes. UMEDA Annual report included (Vol 3)
1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.	Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity? What actions need to be taken in terms of these recommendations? Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	Yes. See annexure G – Audit Committee report
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations	Responses
123 (1)(a) Allocations received by and made to the municipality.	The report should disclose: Details of allocations received from another organ of state in the national or provincial sphere. Details of allocations received from a municipal, entity or another municipality. Details of allocations made to any other organ of state, another municipality, or a municipal entity. Any other allocation made to the municipality under Section 214(1) (c) of the Constitution. Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?	Yes, See Annual Financial Statement Volume II
125 (1) Information in relation to outstanding debtors and creditors of the municipality and entities.	Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities. It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.	Yes, See Annual Financial Statement Volume II

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
	<p>Council should be satisfied that – the information has been properly disclosed. conditions of allocations have been met; and that any explanations provided are acceptable.</p>	
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations	Responses
<p>123 (1)(c) Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include: The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects. Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided. Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p> <p>This information is required on all allocations excluding the municipality’s portion of the equitable share and where prescribed otherwise by the nature of the allocation.</p> <p>The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received. Council should be satisfied that – the information has been properly disclosed; conditions of allocations have been met; and that any explanations provided are acceptable.</p>	<p>Yes, See Annual Financial Statement Volume II</p>

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
	The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.	
3. Disclosures in notes to AFS	Considerations relating to section 124	Responses
Information relating to benefits paid by municipality and entity to councilors, directors and officials.	<p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ul style="list-style-type: none"> salaries, allowances and benefits of political office bearers, councilors and boards of directors, whether financial or in kind; any arrears owed by individual councilors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councilors. salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; contributions for pensions and medical aid; travel, motor car, accommodation, subsistence and other allowances; housing benefits and allowances; overtime payments; loans and advances, and; any other type of benefit or allowance related to staff. <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> the information has been properly disclosed; conditions of allocations have been met; and that any explanations provided are acceptable. <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	Yes, See Annual Financial Statement Volume II
4. Municipal Performance	Considerations	Responses
The annual performance reports of the municipality and entities.	Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the	Yes

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
	<p>performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are –</p> <p>Has the performance report been included in the annual report?</p> <p>Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</p> <p>Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</p> <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation, and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p> <p>To what extent has performance achieved targets set by council?</p> <p>Is the council satisfied with the performance levels achieved?</p> <p>Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</p> <p>What actions have been taken and planned to improve performance?</p> <p>Is the council satisfied with actions to improve performance?</p> <p>Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</p> <p>Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</p> <p>Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</p> <p>To what extent have actions planned for the previous year been carried over to the financial year reported upon?</p> <p>Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</p> <p>Council should comment and draw conclusions on information and explanations provided.</p>	<p>Although there has been a vast improvement in service delivery over the past number of years there is still room for improvement as reflected in the Oversight Report that contains the service delivery issues raised at the Community Consultative Meetings. These issues raised by Community Members are being prioritized by the municipality.</p>

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
Audit reports on performance.	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?	Yes
Performance of municipal entities and municipal service providers.	<p>The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.</p> <p>The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered necessary to be taken by the accounting officer?</p>	Yes
5. General information	The following general information is required to be disclosed in the annual report.	Response
Relevant information on municipal entités.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.	Yes. Entities Annual report and AFS is included in this Annual report
The use of any donor funding support.	<p>What donor funding has the municipality received?</p> <p>Have the purposes and the management agreements for the funding been properly agreed upon?</p> <p>Have the funds been used in accordance with agreements?</p> <p>Have the objectives been achieved?</p> <p>Has the use of funds been effective in improving services to the community?</p> <p>What actions need to be taken to improve utilisation of the funds?</p>	N/A
Agreements, contracts and projects under Private-Public-Partnerships.	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.	N/A

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
Service delivery performance on key services provided.	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report and or in statistical tables.	Yes, Organisational performance report attached
Information on long-term contracts.	Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.	Included in the AFS
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.	Organisational performance report with service delivery targets is included. This includes IT objectives and achievements for the period
6. Other considerations recommended		Response
Timing of reports.	Was the report tabled in the time prescribed? Has a schedule for consideration of the report been adopted?	Yes
Oversight committee or other mechanism.	What mechanisms have been put in place to prepare the oversight report? Has a schedule for its completion and tabling been adopted?	The oversight process is conducted by the Municipal Public Accounts Committee that also serves as the Oversight Committee appointed by Council. Schedule / process plan on annual report has been tabled and adopted
Payment of performance bonuses to municipal officials.	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report.	N/A, Not paid

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
	<p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council? If so has a proper evaluation of performance been undertaken? Was the evaluation approved by council? Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report? Are the payments justified in terms of performance reported in the annual report?</p>	
Overtime Policy.	An approved overtime policy could not be produced during the audit. However, a number of employees worked overtime in the current year.	Overtime paid in line with the UMDM approved overtime Policy.

CONCLUSION AND RECOMENDATIONS

The Municipal Public Accounts Committee commends Municipal Council, the Municipal Manager, the Senior Managers and all staff of the uMgungundlovu District Municipality on the strides made towards good governance and ensuring progressive service delivery by commencing and completion of many infrastructure projects that improved the lives of the previously disadvantage communities throughout the district.

The committee also acknowledges the role played by the Municipal Audit Committee in so far as its advisory role is concerned, and that of COGTA in so far as its support to the administration. The Committee trusts that this will continue to support the Municipalities' strategy and plans towards achievement of clean administration.

RESOLVE TO RECOMMEND TO FULL COUNCIL

MPAC hereby resolve to recommend that;

1. That Council having fully considered the 2022/2023 Annual Report of the uMgungundlovu District Municipality adopts the Oversight Report in line with s129 of the Municipal Finance Management Act
2. That Council approves the Annual report with the following reservations,
 - 2.1 The issues raised at the oversight consultative meetings be addressed, especially the common trends which includes the following.
 - a) A time-based fair and equitable access plan be developed, implemented, and closely monitored to ensure allegations of selling water does not occur for Water provision through water tankers.
 - b) District to consider minimizing use of water tankers and consider investing on infrastructure projects/ and on boreholes to assist members of the community.
 - c) District needs to devise a plan for water tankers that cannot reach some parts of the community due to bad roads
 - d) Request for additional water tankers
 - e) District Municipality needs to consider houses with old meters that do not work and are leaking in many houses
 - f) Incorrect water bills being distributed to members of the public and in public institutions. Major concerns raised that schools and churches are being incorrectly billed.
 - g) District need to give attention to the inaccurate billing systems
 - h) District need to attend to complaints from Cllrs and communities regarding water issues
 - i) Improvement of communication within the community and Customer Care Centres with regards to planned water interruptions
 - j) Schedule of delivery of water through water tankers needs to be communicated
 - k) Issue regarding the septic tank vacuum trucks that cannot reach other areas and that the trucks comes after a long period of time. It is requested that the sewerage system be changed or upgraded.

- l) Aging infrastructure throughout the district remains a challenge and needs to be urgently addressed.
 - m) Consumer education on the indigent registration process to be conducted throughout all Local Municipalities.
 - n) Schedule of meetings with management and MPAC to be conducted regularly to monitor and provide feedback on concerns raised by the members of the public through the oversight consultative meetings.
 - o) The District Municipality needs to expedite the filling of vacant positions
3. That the audit action plan be implemented and monitored on a quarterly basis to address and minimize recurring AG findings.
 4. That the Oversight Report be made public in accordance with section 129 of the MFMA.
 5. That the Oversight and Final Annual report be submitted to Provincial COGTA, Provincial and National Treasury

Annexure

Annexure A - Adopted Oversight Process plan to consider 2022/2023 Annual Report

Oversight Process plan provides progress on the preparation and consideration of the Annual Report 2022/23 Fin Year

Description	Timeframe	Legislative Requirement	Responsibility	Status
Table Draft Annual Report 2022/2023 to Exco	23 January 2024	MFMA	Accounting officer	Done 23 January 2024
Table Draft Annual Report 2022/2023 to Council	31 January 2024	S127 (2) of the MFMA	Mayor	Done 31 January 2024
Publish Draft annual report 2022/2023 on paper and website	09 February 2024	S127(5) (a) of the MFMA	Accounting officer	Done Website – 31 Feb 2024 Paper - 09 Feb 2024
Submission of Draft Annual Report to AG	20 January 2024	S127(5) (a) of the MFMA	Accounting officer	Done 24 Jan 2024
Submission of Draft Annual Report to COGTA and Provincial Treasury	02 February 2023	S127(5) (a) of the MFMA	Accounting officer	Done Cogta – 31 Jan Treasury – 31 Jan
Upload Draft Annual Report on the National Treasury Portal	09 February 2024	MFMA	Accounting officer	31 Jan 2024

Proposed Public Consultation dates S129(1) of MFMA				
Richmond LM	12 Feb 2024	MFMA	MPAC	Done 12 Feb 2024
Mpofana LM	15 Feb 2024	MFMA	MPAC	Done 15 Feb 2024
Mkhambathini LM	19 Feb 2024	MFMA	MPAC	Done 19 Feb 2024
uMshwathi LM	21 Feb 2024	MFMA	MPAC	Done 21 Feb 2024
uMngeni LM	07 Feb 2024	MFMA	MPAC	Done 07 Feb 2024
Impendle LM	08 Mar 2024	MFMA	MPAC	Done 08 Mar 2024
MPAC meeting to consider inputs received from the community and stakeholders	18 March 2024	MFMA	MPAC	Done 18 March 2024
Consider AR and Adoption of Oversight report by Council	28 March 2024	MFMA	MPAC	Done 28 March 2024
Submission of Oversight and Annual Report to COGTA, Provincial Treasury and Legislature	10 April 2024	S129 (2) (a) of the MFMA	Accounting officer	Done 04 April 2024
Upload Oversight and Final Annual Report on the National Treasury Portal	10 April 2024	MFMA	Accounting officer	Done
Publish Oversight report on paper and website	On or before 10 April 2024	S129 (3) (a) of the MFMA	Accounting officer	Done

		Within seven days after adoption of the oversight		
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Oversight report on the Annual Report 22-23 Fin Year

Signed by



Cllr E Dladla
Chairperson MPAC