



COLLINS CHABANE LOCAL MUNICIPALITY

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LOCAL MUNICIPALITY**



**OVERSIGHT REPORT
ON
2020/2021 ANNUAL REPORT
TABLED TO COUNCIL BY MPAC CHAIRPERSON CLLR
MUDAU T.S
31 MARCH 2022 04TH SPECIAL COUNCIL**



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FOREWORD BY THE CHAIRPERSON OF MPAC

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report. Given the process required by Council to effectively undertake its oversight role, the establishment of the Municipal Public Accounts Committee (MPAC) of Council provides the appropriate mechanism in which Council would fulfil its oversight responsibilities. MPAC's primary role is to consider the Annual Report, receive input from the various role players and prepare a draft Oversight Report for consideration by Council.

In the light of this responsibility, 1st Ordinary Council on 31st January 2022, tabled the 2020/21 Draft Annual Report of the Collins Chabane Local Municipality for consideration. Council subsequently referred the 2020/21 Annual Report to the MPAC for interrogation so that an Oversight Report could be developed. MPAC in fulfilling its responsibility assigned to it by Council, held its meetings on the following dates:

- 01 February 2022
- 07 February 2022
- 08 February 2022
- 09 February 2022
- 10 February 2022
- 11 February 2022



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- 16 February 2022
- 17 February 2022
- 18 February 2022
- 24 February 2022
- 01 March 2022
- 03 March 2022
- 10 March 2022

During these meetings the Annual Report of Collins Chabane Local Municipality was assessed with due attentiveness by all MPAC members. The oversight process included a page by page scrutiny of the Annual Report where questions for clarity and concerns were raised.

MPAC noted both improvements in certain performance areas, as reflected in the 2020/21 Annual Report, but also unsatisfactory performance in some areas as reflected in the Oversight Report. As a result, MPAC has raised concerns and made recommendations on a number of issues that require immediate intervention.

MPAC will furthermore ensure that recommendations developed in the 2020/21 Oversight Report are fully implemented by the municipal administration and this will be monitored through quarterly reports by MPAC. In considering the 2020/21 Annual Report, MPAC also



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consulted the 2019/20 Oversight Report to establish those areas that are still outstanding that could be incorporated into the 2020/21 Oversight Report. It is my belief that if Council considers these recommendations and the administration implements them fully, the CCLM should move to another better audit position.

Finally, I would like to extend special appreciation to the members of MPAC for their contribution, dedication and hard work in ensuring that this report was compiled and tabled in time for Council and for the administration for their administrative support in developing the Oversight Report.



CLLR MUDAU T. S
CHAIRPERSON

30/09/2022

DATE



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2. PURPOSE

Each municipality and its entities are enjoined by the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA) to prepare Annual Reports which are based on their annual service delivery processes and overall municipal performance, for the inspection of its relevant stakeholder groups. The Collins Chabane Local Municipality has accordingly prepared its Annual Report 2020/21 in accordance to its key performance areas to account to the communities it serves.

The Annual Reporting process is followed by an Oversight Report, which is the report of Council on the Annual Reports of the Municipality and its municipal entities. In the Collins Chabane Local Municipality, the process of oversight is referred to the Municipal Public Accounts Committee which acts as the Oversight Committee of Council. The Oversight Report is a product of the Municipal Public Accounts Committee's deliberations on the Annual Report.

The Oversight Report is adopted after the Oversight Committee has fulfilled its tasks pertaining to:

- Undertaking a review and analysis of the Annual Report.
- Inviting, receiving and considering inputs from Councillors and Support Committees.
- Considering written comments received on the Annual Report through the public consultation process.



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- Conducting Public Participation and Public Hearing to allow the local community or any organs of state to make representations on the Annual Report.
- Receiving and Considering Council's Audit Committee's views and comments on the Annual Financial Statements and the Performance Report.
- Preparing the draft Oversight Report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organs of state, Council's Audit Committee and Councillors.

3. INTRODUCTION

The Collins Chabane Local Municipality has been guided by the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA) and National Treasury Circulars in the process of drafting the Annual Report. In adhering to these, the Municipal Administration has submitted the Annual Report 2020/21 to the Council at the Council meeting held on 31st January 2022 for consideration. This process was followed by the preparation of the oversight report. The Collins Chabane Local Municipality Council has resolved that the Municipal Public Accounts Committee is the relevant committee within the Municipality to carry out the activities of the Oversight Committee. The Municipal Public Accounts Committee, as prescribed in the MFMA, has been holding meetings to discuss the performance of the overall municipality through the use of the 2020/21 Annual Report. The Committee has performed its oversight role within the MFMA specified municipal oversight completion period.

The main components of the Annual Report submitted to Council were the following:

- The annual performance report, as required in terms of Section 46 of the Municipal Systems Act (MSA).



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- Annual Financial Statements submitted to the Auditor-General.
- The Auditor General's audit report on the financial statements in terms of Section 126 (3) of the MFMA.
- The Auditor-General's audit report on performance in terms of Section 45 (b) of the MSA.

One of the key responsibilities of the Municipal Public Accounts Committee in fulfilling its oversight role is to prepare the draft oversight report, considering the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

4. COLLINS CHABANE LOCAL MUNICIPALITY MPAC MEMBERS

The MFMA Circular No.32 (Municipal Finance Management Act No.56 of 2003) states that the Oversight Committee should be made up of only non-executive Councillors. It further provides that municipal officials cannot serve as members of an oversight committee. All meetings of the oversight committee must be open to the public and timely notice of meetings should be given to enable representations to be made.

The formation of the Oversight Committee varies from municipality to municipality. Some of the municipalities in South Africa appoint members from its Council to carry out the activities of an oversight committee. However, in the CCLM this role is referred to the Municipal Public Accounts Committee. The Collins Chabane Local Municipality's 2020/21 financial year MPAC membership is constituted as follows:



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1. African National Congress (ANC) – 7 members.
2. Economic Freedom Fighters (EFF)– 2 members.
3. Democratic Alliance (DA) – 1 member.
4. African Christian Democratic Party (ACDP) – 1 member.
5. All Progressives Congress (APC) – 1 member.
6. Able Leadership (AL) – 1 member.

MPAC is constituted as follows:

- 4.1 Cllr T.S Mudau (Chairperson)
- 4.2 Cllr G.D Masangu
- 4.3 Cllr E Bamuza
- 4.4 Cllr S Makhubele
- 4.5 Cllr T.M Mutele
- 4.6 Cllr K.R Chabalala
- 4.7 Cllr M.J Baloyi
- 4.8 Cllr T.M Masia
- 4.9 Cllr T.L Hlabangwani



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- 4.10 Cllr B.S Maluleke
- 4.11 Cllr K.K Mabasa
- 4.12 Cllr K.R Muthubi
- 4.13 Cllr T Yingwani

In assessing the report, MPAC was guided by the following pieces of legislations:

- a) Report from Auditor General
- b) National Treasury MFMA Circular no. 63
- c) National Treasury MFMA Circular no. 32
- d) MPAC Guide and Toolkit Circular no. 92



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5. TIME CONSIDERATIONS

5.1 Meeting Schedule

The National Treasury's MFMA Circular No. 32 further provides for certain provisions with regard to the compilation of the Oversight report.

These provisions cover the following areas:

- Managing the process and forming committees;
- Timing considerations;
- Understanding the annual report and determining conclusions.

The Annual Report 2020/21 was received by the Collins Chabane Local Municipality Council on 31st January 2022 and referred to the MPAC as an Oversight Committee in the municipality. The MFMA prescribes that the oversight must be submitted to the Council on or before 31 March 2022 and be adopted by 31 March of the same year.

The meeting schedule of the Municipal Public Accounts Committee from 01 February 2022 to 30 March 2022 is outlined below:

DATE TIME VENUE

DATE	TIME	VENUE
01 February 2022	10h00	DCO Hall



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07 – 11 February 2022	09h00	Tshipise Forever Resort
16 – 18 February 2022	09h00	Mopani Rest Camp
24 February 2022	09h00	DCO
01 March 2022	09h00	DCO
03 March 2022	09h00	DCO
08 March 2022	10h00	Malamulele Town Hall
10 March 2022	15h00	Virtual meeting
15 March 2022	10h00	Malamulele Town Hall
30 March 2022	11h00	Virtual meeting

6. LEGAL FRAMEWORK

The preparation of this oversight report is in accordance with Section 129 (1) of the Municipal Financial Management Act (2003), which stipulates that a municipal Council must consider the Annual Report and refer the Annual Report to an Oversight Committee, and that the Oversight Committee must prepare an Oversight Report containing comments and recommendations. The Council must at the adoption stage of the Oversight report state as to whether it (the Council) has approved the Annual Report with or without reservations; has rejected the Annual Report; or has referred the Annual Report back for revision of those components that can be revised.



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The establishment of the Oversight Committee is therefore important for the Council to carry out functions of the Annual Report oversight or overview. The Collins Chabane Local Municipality Council has in this case referred or delegated its authority to carry out its oversight functions to the Municipal Public Accounts Committee. The establishment of the MPAC was undertaken in terms of Section 79 of the Municipal Structures Act, which allows for the co-option of advisory members to a committee of Council, who are not members of the Council.

Circular No. 32 of the Municipal Finance Management Act, Act 56 of 2003 recommends that councils should consider the establishment of an Oversight Committee under Sections 33 and 79 of the Municipal Structures Act 1998. The Circular states that this committee and, if needed, sub-committees, could be responsible for the detailed analysis and review of the Annual Report and then drafting an Oversight Report that may be taken to full Council for discussion. Such committee, according to this Circular, may receive and review representations made by the public and also seek inputs from other Councillors and Council Portfolio Committees.

7. PUBLIC HEARING (PARTICIPATION) IN OVERSIGHT PROCESS

Section 130 of the MFMA stipulates that public participation must be a central element of all processes relating to an Annual Report. In so doing, the aforementioned Section instructs that the meetings of a municipal council or committee established by Council at which an



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annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organs of state.

As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:

- Invite written submissions from the local community or organs of state on the Annual Report.
- Make public all meetings at which the Annual Report will be discussed.
- Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report.
- Engage in a process of public participation on the Annual Report.

In this regard, the Municipality undertook the following initiatives to promote public participation in the oversight process:

MECHANISM TO PROMOTE PUBLIC PARTICIPATION AND PUBLIC HEARING	STATUS	COMMENTS
Invitation to public to submit comments on the Annual Report	DONE	The municipality conducted a Public Participation on the 08 th of March 2022, and a Public Hearing on the 15 th of March 2022.



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<p>Make public all meetings of Council's oversight committee that will consider the Annual Report</p>	<p>DONE</p>	<p>All meetings were advertised on local media platforms within the Municipality.</p>
<p>Representatives of the Auditor-General invited to meetings of Council that will consider Annual Report</p>	<p>DONE</p>	<p>Auditor-General's representatives invited to the CCLM Council that took place on the 31st of January 2022, invited to MPAC meetings convened to consider Annual Report, the assessment took place on the 15-18 February 2022. They were also part of MPAC hearing that took place on the 15th of March 2022.</p>

8. OVERSIGHT COMMITTEE RECOMMENDATIONS

At the first meeting of MPAC held on 16th of February 2022 to consider the Annual Report, the meeting agreed that it would exercise its oversight functions in the following manner: That MPAC would attend as follows to its work in respect of the 2020/21 Annual Report and the Audit Report by the Auditor-General for the year ended 30 June 2021:



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- First meeting: performance scorecard meeting.
- Second meeting: Annual Consolidated Financial Statements and Auditor-General's Audit Findings.
- Third meeting: Chapters 1 to 6 of the Annual Report.
- Fifth and sixth meetings: meeting the public
- Seventh meeting: Start developing Oversight Report

The discussions and recommendations of MPAC will be presented in accordance with the areas identified above, namely:

- Area 1 Auditor-General's Audit findings
- Area 2 Annual Consolidated Financial Statements
- Area 3 Performance Scorecard Reports
- Area 4 Annual Report (Chapters 1 to 6)

9. QUESTIONS FOR CONSIDERATION BY MPAC (2018-19)

Items	Audit findings	Questions	Response by Management
MAYOR'S FOREWORD AND	1. Page 9-10 poverty still pervasive, millions of people remain unemployed and	<ul style="list-style-type: none"> • What is the municipality doing to contribute towards the reduction of poverty and 	<ul style="list-style-type: none"> • The Municipality through tribal authorities is availing land for business development.



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<p>EXECUTIVE SUMMARY</p>	<p>many working households live close to the poverty line</p>	<p>unemployment to its citizens?</p>	<ul style="list-style-type: none"> • In the Municipal proclaimed areas land is being disposed for business development • The municipality is assisting Ward Based Cooperatives through cooperative support grant to do agricultural activities which assist in alleviating poverty and job creation. • An increase in number of informal businesses helps in poverty reduction
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		<ul style="list-style-type: none">• What are plans in place for the municipality to create jobs?	<ul style="list-style-type: none">• Jobs are created through the implementation of municipal infrastructure projects
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	<p>2. On page 10 (the municipality reflected the statement on construction of high masts lights and streets lights)</p>	<ul style="list-style-type: none"> • What plans does the municipality have in place to make sure that the lights are not stolen? • Is there a maintenance plan for the lights? 	<ul style="list-style-type: none"> • The lights were relocated and installed where there is visibility of households and since relocated there was no vandalism and theft experienced • Implementation of Municipal Maintenance Plan. The Municipality is also planning to appoint a pool of service providers for supply maintenance materials
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<p>POLITICAL AND ADMINISTRATIVE GOVERNANCE</p>	<p>1. Page 22 state that the municipality since its establishment was in category C (grade 3)</p>	<ul style="list-style-type: none"> • How is the Municipality planning to improve its grading? Example: moving from grade 3 to grade 4. 	<ul style="list-style-type: none"> • The councillors and all stakeholder during IEC Registrations must encourage communities to register to vote and the municipality to encourage communities to pay for the services • Establishment of more townships. • The Municipality to obtain electricity licence. • Industrialization (Business Park and Portion 10)
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		<ul style="list-style-type: none"> • What are the requirements for the Municipality to have Municipal entity? 	<ul style="list-style-type: none"> • Option Assessment to be conducted as per Municipal Systems Act No. 32 of 2000 Section 86b and 86 C
		<ul style="list-style-type: none"> • Are there plans to enhance revenue collection? 	<ul style="list-style-type: none"> • Full implementation of the revenue enhancement strategy • The Municipality planned to hand deliver the monthly statements • To implement property transfer owner of the properties



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			<ul style="list-style-type: none">• To create a working relations with both the District Municipality and Eskom to assist in switching of services for non-payment• Land proclamation• Introducing PTO (Occupation of Properties to home owners at villages)
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			<ul style="list-style-type: none">• The Municipality planned to hand deliver the monthly statements• To implement property transfer owner of the properties• To create a working relations with both the District Municipality and Eskom to assist in switching of services for non-payment• Land proclamation• Introducing PTO (Occupation of Properties to home owners at villages)
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	<p>2. Page 37 reflects that municipality mayoral imbizo meetings were not done physical due to COVID-19 regulations</p> <p>3. The municipality identified 10 top risks</p>	<p>• What are the plans in place for the next unknown disaster?</p> <p>• Which are the measures that the Municipality have to mitigate these risks?</p>	<ul style="list-style-type: none"> • The Development, approval and Implementation of the Disaster Management Plan • Utilization of Radio Stations, Social Media Platforms and Virtual Platforms where possible • The Municipality developed both Strategic and Operational Risk Registers to continuously monitor progress on the implementation of risk management activities and report progress to the Risk Management Committee and Audit Committee on quarterly basis
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	<p>4. The municipality is currently using the district anti-fraud and corruption hotline and premier hotline for reporting of fraud and corruption cases.</p> <p>5. Page 39 state that all documents of municipality are published on the municipality website.</p>	<p>Is there a plan to have our own hotline?</p> <p>Why is the 2020/2021 budget and adjusted budget not published in the municipality website?</p> <p>FU – Can we get evidence as we have checked in the website and there is nothing.</p>	<ul style="list-style-type: none"> • Yes, The Municipality is currently conducting a feasibility study and research with Municipalities having their hotline to learn the best practice • The Municipal 2020/2021 budget and adjusted budget were published in the municipality website. <p>Evidence will be provided within the period of 7 days.</p> <ul style="list-style-type: none"> • Evidence submitted to the committee.
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	<p>6. Page 40 states that the municipality developed by-laws which are not yet gazetted</p>	<ul style="list-style-type: none">• Can we be updated on the process of gazetting by-laws?	<ul style="list-style-type: none">• The by-laws were developed, submitted to COGHSTA for inputs and currently they are submitted to Municipal Legal Unit for inputs and legal advice before gazetting
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<p>SERVICE DELIVERY PRFORMANCE</p>	<p>1. Page 44 of the annual report reflects that the national, provincial and local roads.</p> <p>2. Page 53 state that the municipality to build 700 units for approved beneficiaries and only 30 units were built.</p> <p>3. Page 54 states that customers qualifying for services levels (eg indigent households)</p>	<ul style="list-style-type: none"> • Does the municipality do not have district roads within its jurisdiction? • Can we be clarified about why the 670 units were not built or constructed? • Do we have qualifying households that the municipality is supplying with free basic electricity? 	<ul style="list-style-type: none"> • Yes, The Municipality does have District Roads however they are maintained by RAL • COGHSTA budgeted for 700 Units and submitted to the Municipality but before implementation covid-19 disaster occurred and the budget was re-directed to address covid-19 challenges • Yes, The Municipality developed Indigent Register in place and total number of 6113 households received free basic electricity
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<p>4. Page 54 states that the municipality extended the refuse removal services daily in town and once a week in every household within proclaimed areas</p>	<ul style="list-style-type: none"> • At what cost did the municipality provide the extended services 	<ul style="list-style-type: none"> • The Municipality charging R78.00 per household as per the municipal tariffs for refuse removal.
	<ul style="list-style-type: none"> • What are the plans to make sure that communities are paying in rural areas? 	<ul style="list-style-type: none"> • The Municipality benchmarked with the Municipality implementing development levy and in the process to submit the request to the ministry.
<p>5. Page 55 states that 12 environmental educations, awareness and clean-up campaign were conducted during the period under review.</p>	<ul style="list-style-type: none"> • Can MPAC be highlighted on these 12 environmental educations, awareness and clean-up campaigns? 	<ul style="list-style-type: none"> • During the environmental educations, awareness and clean-up campaigns the municipality offered education to its communities and Schools to conserve the environment and restoration of natural resources.



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	<p>6. Page 56 states that the municipality managed to obtain the operating licence of Xigalo landfill site, however the construction is not complete.</p>	<ul style="list-style-type: none"> • When is the landfill site project expected to be completed? 	<ul style="list-style-type: none"> • Encouraging Communities to establish recycling business • To build knowledge and skills in address climate change • To address Waste Management and encourage communities to abstain from illegal dumping. • Councillors also form part of the campaigns. • The landfill site will be completed by the end of 2021/22 financial year as per the plan.
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	<p>7. Page 56 states that the municipality retains 20% of revenue generated from licencing.</p>	<ul style="list-style-type: none"> • What is the proposal in place to solve 20% of revenue generated from licencing? 	<ul style="list-style-type: none"> • The matter is affecting all municipalities and it is as per the Memorandum of Understanding entered into by Municipalities and the department. It was even discussed in the IGR forum for it to be escalated further
	<p>8. Page 58 states that the LED is also responsible for advocating policies and by-laws that are favourable to the business community and more importantly the SMMEs</p>	<ul style="list-style-type: none"> • What is the total number of SMMEs that are established and are these SMMEs sustainable? <p>FU: How many SMMEs that are established.</p>	<ul style="list-style-type: none"> • SMME's are being supported through the pool of contractors for maintenance (Roads and Storm Water and Electricity. <p>The correct information will be submitted to the committee. Information submitted – 59 SMMEs</p>



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	<p>9. LED forum (the municipality has been able to form partnerships with community association, tourism association, agricultural forum, taxi association and hawkers association.</p>	<ul style="list-style-type: none"> • How often do the municipality review the LED strategy? 	<ul style="list-style-type: none"> • LED Strategy reviewed in five-year, but the LED Projects are prioritized on annual basis
	<p>10. Page 59 states that the municipality constructed 45 market stalls for the hawkers.</p>	<ul style="list-style-type: none"> • Are all these 45 market stalls occupied? If not what is the reason? 	<ul style="list-style-type: none"> • The Municipality signed lease agreements for all 45 Market Stalls, technically all 45 Market Stalls are occupied and all those who signed the lease agreements
	<p>11. Page 59 states that the municipality in collaboration with Shingwedzi TVET College has managed to train 40 SMMEs on project management.</p>	<ul style="list-style-type: none"> • What is the total number of jobs created and what are plans going forward to make sure that we cover the whole area of Collins Chabane Local Municipality 	<ul style="list-style-type: none"> • The Purpose of the training was imparting knowledge and skills on project management which will assist the SMME's to manage their own business projects and creation of jobs.



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	<p>12. Page 62 states that the municipality continued maintaining the cemeteries of Vuwani and Malamulele</p>	<ul style="list-style-type: none"> • What is the maintenance that was done? 	<ul style="list-style-type: none"> • Maintenance of Vuwani and Malamulele the municipality was cutting the grass and cleaning
		<ul style="list-style-type: none"> • Why does Vuwani only sold 5 graves during 2020/21 financial year? 	<ul style="list-style-type: none"> • The Municipality started to utilize the grave site from last financial year towards the end of the financial year and only five requested to utilize municipal grave site.
	<p>13. Page 62 Municipal building (horticulture extend its services for beautification and landscaping services along the roads and within all municipal building including traffics station, community halls, municipal offices and stadium.)</p>	<ul style="list-style-type: none"> • When is the information centre is going to be fully functional 	<ul style="list-style-type: none"> • As soon as the Art Gallery is completed the Centre will be fully functional which will be end of December 2022



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<p>ORGANISATIONAL DEVELOPMENT (MUNICIPAL PERSONNEL)</p>	<p>1. page 111 states that the vacancy rate is seating at 51,93%</p>	<ul style="list-style-type: none"> • Are those positions budgeted for? • If yes, why are they not filled? • What are the plans in place to fill those positions? 	<ul style="list-style-type: none"> • Not all Positions on the Organization structure are budgeted for. The Organizational Structure Consists of 545 Positions, and 211 are filled and 334 vacant, of the 334 vacant positions 93 are budgeted for and 241 are not budgeted for • The Budgeted Position will be advertised and filled before end of May 2022.
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	<p>2. Page 116 of the municipality is implementing the IPMS for section 56/57 managers only and the municipality is in the process of cascading the IPMS down to other levels of management</p>	<ul style="list-style-type: none">• What is the timeframe for implementing, how are you going to implement the cascading of IPMS?	<ul style="list-style-type: none">• The Municipality approved a PMS framework Policy which clearly outline that the cascading of IPMS will be implemented in a phase-in approach. For 2021/22 IPMS is cascaded to managers and during the 2022/2023 it will be cascaded to all employees as per approved Municipal Staff Regulation by COGTA
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	<p>3. Page 118 states that the total number of officials are 5.</p>	<ul style="list-style-type: none"> • What informed you to this number? 	<p>Organisational structure consists of positions that are filled and that are not filled, and it can be reviewed on annual basis.</p>
<p>FINANCIAL PERFORMANCE</p>	<p>1. page 120 state that the municipality has calculated the surplus/deficit based on the total revenue including capital transfers less the total expenditure.</p>	<ul style="list-style-type: none"> • What led to the overspending? Can you expatiate in detail? 	<p>The municipal budgeted surplus was R 236 459 635 and incurred an actual surplus of R 265 159 801 for the period under review. There was no overspending on the budget.</p>



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<p>AUDITOR GENERAL AUDIT FINDINGS</p>	<p>2. page 125 shows the members of municipal council. The late cllr Fungheni M.C (retired in September 2020) and cllr Hlogwane S.G (resigned 05 October 2020)</p>	<ul style="list-style-type: none"> Why is not the same for both councillors meanwhile they are all deceased? <p>FU – If it was an error, which one is correct?</p> <ul style="list-style-type: none"> When is the municipality going to develop the fraud prevention plan and the policy? <p>FU – can we get evidence that it was submitted to council?</p>	<p>It was an error the misalignment will be updated in the 2022 Financial Statements. It is noted, and there will be improvement going forward.</p> <p>The correct word is, both Councillors are diseased.</p>
	<p>1. Page 210 the municipality doesn't have the fraud prevention plan and fraud policy.</p>		<p>The fraud policy was subsequently developed and submitted to council for approval and approved.</p> <p>Evidence will be submitted to the committee within the period of 7days.</p> <p>Evidence is submitted to the MPAC office.</p>



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	<p>2. Page 210 reflects that there was no evidence that MPAC members were trained on how to report on the process to be followed when dealing with UIF&W</p> <ul style="list-style-type: none"> • Why did management not submit the records/evidence to show that MPAC members were trained? <p>FU – If the evidence was submitted to AGSA, why did the finding occur?</p> <ul style="list-style-type: none"> • What is it that the management is doing to ensure that MPAC is continuously trained? <p>FU – Can we get evidence for this?</p>	<p>Training of MPAC committee members was conducted and evidence was submitted to AGSA.</p> <p>Evidence will be submitted to the committee within the period of seven days. – Evidence is submitted to the MPAC office.</p> <p>New MPAC will also be trained, the request for training was escalated to Provincial Treasury.</p> <p>The previous committee was trained; evidence will be submitted within the period of 7 period of seven days. The new</p>
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	<p>3. Page 211 reflects the late submission of the reports to Council and the MPAC committee</p>	<ul style="list-style-type: none"> • Why late submission of the reports to the council? What is it that the management is doing to make sure that there no late submission? 	<p>committee will be trained during the 1st or 2nd week of April 2022.</p> <ul style="list-style-type: none"> • Management developed the action plan and monitors the implementation of the Audit Action Plan on a monthly basis. The submission process for the reports to Council started in February 2022.
<p>4. Page 212 reflects that the UIF&W registers are not in line with the MFMA circular 68</p>	<ul style="list-style-type: none"> • Why is the UIFW registers not in line with the MFMA circular 68, what is it that the management is doing to solve this problem? 	<ul style="list-style-type: none"> • Treasury has compiled a new template for the recording and submission of UIFW registers and also provides quarterly training sessions to officials and the CFO. 	



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	<p>5. Page 212 reflects that there were no reasonable steps taken to recover the over-payments of back pay.</p>	<ul style="list-style-type: none"> • What caused the overpayment of back pay? 	<p>The training sessions with Treasury will assist the municipality to ensure that registers are in line with Circular 68.</p> <ul style="list-style-type: none"> • There were insufficient reviews of the back pays. The back-pays were done during a period when the municipality had immense pressure for industrial strike. • Management has developed standard operating procedures with cut-off dates for recording of claims to ensure sufficient review prior to payment of salaries.
		<ul style="list-style-type: none"> • What is it that the management is doing to make sure that the reports are properly reviewed? 	



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			<ul style="list-style-type: none"> The matter is in the process of being referred to the Financial Misconduct Board and as a continued improving tool the review on the proposed calculations for any further repayments will be sufficiently reviewed prior to approval for repayment.
	<p>6. Page 214 reflects delays in the appointment of service provider to deal with issues regarding IT Environment.</p>	<ul style="list-style-type: none"> What is it that the management is doing to make sure that there is delegation of responsibility to identify the personnel and that training is implemented? 	<ul style="list-style-type: none"> Training needs for the IT security has been identified, the memo approved and the quotation sourced. SCM process in progress. Some of the officials have started attending training.



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<p>7. Revenue management, page 219 reflects the misstatement caused by errors made during the capturing of tariff charges.</p>	<ul style="list-style-type: none"> • How far is the process of putting in place systems of internal controls that will prevent, detect and correct errors. 	<ul style="list-style-type: none"> • The exceptions identified by the AGSA based on sample have been corrected. We are currently interrogating the entire population in order to identify and correct other misstatements that may exist. Revenue personnel are also attending training courses to ensure correct capturing of transactions.
<p>8. Page 220 (procurement) reflects the lack of personnel to fully implement SCM policy.</p>	<ul style="list-style-type: none"> • What is management doing to make sure that there are personnel? 	<ul style="list-style-type: none"> • Management has appointed 3 SCM clerks in the SCM unit in the current year. The commenced working on the 01 July 2021. SCM officials are also attending training with system vendor (Munsoft) and The National School of Government to ensure municipality can attain



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	<p>9. Page 220, revenue management, the misstatements caused by errors made during the categorisation of traffic fine register.</p>	<ul style="list-style-type: none"> • What system is there in place to make sure that traffic fines are captured in the correct financial year, and how often does the management review this report? 	<p>full compliance in SCM matters.</p> <ul style="list-style-type: none"> • Management is currently implementing the Standard Operating Procedures as prescribed by National Treasury. Monthly reviews occur for revenue transactions captured for reporting.
<p>10. Page 220 reflects the differences between the general ledger and supplier invoice.</p>	<ul style="list-style-type: none"> • What is the management doing to make sure that these differences do not occur? 	<ul style="list-style-type: none"> • SCM Manager reviews that transactions are captured correctly prior to authorisation. Further reviews are done by Expenditure manager to ensure that payments 	



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			<p>made are also recorded correctly.</p> <ul style="list-style-type: none"> • SCM is utilising the SCM module wherein the budget confirmation is done electronically to mitigate the usage of incorrect segment. The request for stores and Purchase are now processed on the system. • The documents have not yet been returned to the municipality.
<p>11. Page 221, 222 reflects the expenditure incurred incorrectly classified. (recurring)</p>	<ul style="list-style-type: none"> • What is the reason for this recurring finding? What are the measures in place to make sure that the finding does not recur? 		
<p>12. Page 222 reflects SCM limitation of scope-non-submission of office building bid and the document was taken by another law enforcement.</p>	<ul style="list-style-type: none"> • What is the current status of the document taken by law enforcement agency? 		



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10 RECOMMENDATIONS

- 10.1 That all high mast lights must be connected and energised as soon as possible.
- 10.2 That the Municipality must work hard to encourage communities to pay for services, register to vote, establish more townships etc., in order to move from grade 3 to grade 4.
- 10.3 That the Internal Audit Unit must continuously conduct audit in order to detect any irregularities.
- 10.4 That the AFS must be prepared and submitted in time, following compliance.
- 10.5 That outsourcing must be reduced and the service providers must work with municipal employees in order to capacitate them.
- 10.6 That MPAC members must be capacitated with trainings in order to perform their responsibilities effectively.



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11. OVERSIGHT COMMITTEE RESOLUTIONS:

Having fully considered the Collins Chabane Local Municipality's 2020/21 Annual Report, the Oversight Committee (MPAC) resolves to recommend to Council the following:

- a) That the Council, having fully considered the Annual Report of the CCLM for the 2020/21 financial year, adopts the Oversight Report, to this agenda, as presented by MPAC.
- b) That the recommendations of the Municipal Public Accounts Committee reflected in Section 10 of its 2020/21 Oversight Report, be adopted and that the progress with the implementation thereof, be reported in the Quarterly Reports to MPAC.
- c) That the Oversight Report be made public in accordance with Section 129(3) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.
- d) That the Oversight Report for the 2020/21 financial year be submitted to the Provincial Legislature in accordance with Section 132(2) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.



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12. CONCLUSION.

MPAC would like to commend the Mayor, Acting Municipal Manager and Senior Managers for the support provided during the engagement processes. The content of the Annual Report has been interrogated and found to be compliant with all legislative guidelines. MPAC is pleased that all the recommendations made to the Annual Report has been captured.

MPAC would like to appreciate the cooperation and support received from the Mayor, Acting Municipal Manager and all Senior managers during the Public Hearing.

It is therefore recommended that Collins Chabane Local Municipal Council adopt the Annual Report 2020/21 without any reservation and place the report on the municipal website for public consumption.



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The MPAC committee wishes to extend its gratitude to the following parties:

- The Management for the support to the committee during its operations, and for the relevant documentation the committee received.
- The Acting MM for his interventions to enable the committee to deliver on its mandate.
- The Corporate Services Department for assisting in coordinating all MPAC activities.
- The Speaker for giving MPAC positive support all the times.



Chairperson : Mudau T.S

30/03/2022

Date