



## OVERSIGHT REPORT ON THE ANNUAL REPORT 2021/2022

**LETSEMENG LOCAL MUNICIPALITY: OVERSIGHT REPORT 2021/22****1. INTRODUCTION****1.1 Background**

Letsemeng Local Municipality was established on 06 December 2001 as results of section 21 of the Local Government Demarcation Act (Act 27 of 1998) this report is thus prepared based on and in accordance with the legislative requirements.

**1.2 Purpose**

To consider the Letsemeng Local Municipality's Annual Report for the 2021-22 financial year and to compile an Oversight Report containing Council comments on the Annual Report in terms of section 129(1) of the local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter referred to as the MFMA).

**1.3 Regulatory Requirements****1.3.1 Section 121(1) of the MFMA stipulates the following:**

Every Municipality must for each financial year, prepare an Annual Report. The Council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129 of the MFMA.

**1.3.2 Section 121(2) of the MFMA states that the purpose of an annual report is:**

- (a) To provide a record of the activities of the municipality during the financial year to which the report relates.
- (b) To provide a report on performance against the budget of the municipality for the financial year, end.
- (c) To promote accountability to the local community for the decision

**1.3.3 Section 121(3) of the MFMA state that the annual report of the municipality must include:**

- (a) The annual financial statements of the municipality, and in addition, if section 122(2) applies consolidation annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(3);
- (b) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
- (d) The Auditor-General's audit report in terms of section 45(b) of the Municipality System Act, Act 32 of 2000;
- (e) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and services charges;
- (f) An assessment by the Municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section

- 17(3) for revenue from each source and each vote in the municipality's approved budget financial year;
- (g) Particulars of any corrective action taken or to be taken in response to issues raised in the Audit reports referred to in paragraphs (b) and (d);
  - (h) Any explanations that may be necessary to clarify issues in connection with the financial Statements;
  - (i) Any information as determined by the municipality;
  - (j) Any recommendation of the municipality's audit committee; and
  - (k) Any other information as may be prescribed.

### **1.3.3 In terms of section 127(5) of the MFMA:**

The Accounting Officer must immediately after the Annual Report is tabled, make public the Annual Report, invite the local community to submit the representations in connection with the Annual Report and submit the Annual Report to the Auditor-General, the relevant Provincial Treasury and the Provincial Department responsible for Local Government in the Province.

### **1.3.4 According to section 129(1) of the MFMA:**

The Council must consider the annual report by no later than two months from the date on which the Annual Report was tabled, adopt an oversight report containing the Council's comments on the annual report which must include the statement whether-

- 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.

## **1.4 Submission and tabling of the Annual Report**

The Annual Report of the municipality for the year **2021-22** financial year was tabled in the Council meeting held on **31<sup>st</sup> January 2023** in terms of section 127/(2) of the Local Government : Municipal Finance Management Act 2003.

### **Council resolved during that meeting held on 31<sup>st</sup> January 2023**

1. That Council took note of the draft Annual Report
2. That the Annual Report be made public in line with the Municipal Finance Management Act (MFMA) section 127 (5) (a) and Municipal Systems Act 32 of 2000 (MSA) section 21 (A)
3. That MPAC deal with the Annual Report in line with section 129 of the MFMA and make recommendation to Council on the latest the 31<sup>st</sup> March 2023 on whether to approve the annual report, reject the annual report or refer back the annual report to amend certain components in the annual report



## Municipal Public Accounts Committee Members

The committee consists of the following members:

Initial and surname	Designation	Position
Cllr. Jessy Thato Kumalo	Councillor	Chairperson
Cllr. Nikiwe November	Councillor	Member
Cllr. Daleen Terblanche	Councillor	Member

## 2. THE APPROACH, OBSERVATION AND CONCLUSION OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

### 2.1 The Approach

The MPAC Committee inspected the Annual Report of Letsemeng Municipality. Items reported on in the Annual Report and issues raised by the Auditor-General were thoroughly studied.

### 2.2 Observation

The committee noted that there is improvement from the previous audit outcome.

### 2.3 Comments/objections received

The committee noted that the Draft Annual Report was published through public notices as well as on the municipal website, to ensure that it reaches a huge majority of its community members.

The period allowed for comments and/or objections was from **3<sup>rd</sup> February 2023** until **28<sup>th</sup> February 2023**. However, no comments were received to date, the committee accepts that the local community was informed and did not respond.

## 3. INPUTS


- The committee considered all contents of the draft annual report and the Auditor General's views and conclusions on the report.
- The committee requests that all municipal statistics pertaining to the number of households, vacant sites and households billed for services must be consistent, reliable and accurate. The billing system of the municipality be upgraded for accurate billing.
- That Public hearings at all constituencies of Letsemeng Municipality be conducted on Annual Reports in terms of the Public Participation Policy

#### 4. CONCLUSION

Based on the results of the review stated above, MPAC is of the view that community members might not understand the report as the report is more technical for ordinary members with no background of business language hence no comments received from community members.

#### Recommendation to the Council

- That Council adopts the Annual Report 2021-22 financial year without reservations.
- That the Audit Action Plan be implemented promptly and the Accounting Officer submit quarterly reports to the MPAC on progress regarding the Action Plan.
- That the revenue enhancement strategy be reviewed and implemented promptly.
- That the Municipal Manager be mandated to submit the Oversight Report to the relevant departments, Provincial Treasury, FS Legislature, Department of Local Government, and Auditor General.



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Cllr. JT KUMALO  
MPAC Chairperson

31 / 03 / 2023.  
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Date: Signed