



**PORT ST JOHNS**  
• MUNICIPALITY •  
OUR HERITAGE, OUR PEOPLE

**MUNICIPAL PUBLIC ACCOUNTS  
COMMITTEE (MPAC)  
OVERSITE REPORT 2019/20**

## **TABLE OF CONTENTS**

**Foreword by the Chairperson**

**1. Introduction**

**2. MPAC engagement session**

**3. Meetings held to consider annual report 2020/2021 annual report**

**4. Questions and responses from 2011/2012 to 2019/2020 investigations**

**5. Challenges and proposed solutions**

**6. Key focal areas that require intervention**

**7. Conclusion**

**8. Recommendations**

## **Annexures**

**Outcomes of the engagement session with executive annexure A**

**Tabling of annual report to the committee annexure B.**

**Annual report for municipality and entity annexure C**

**Advertisement of 2020/2021 annual report annexure D**

**MPAC minutes annexure E**

**MPAC agenda**

### **Foreword by the Chairperson:**

**CLLR Sivuyile Vincent MAVIMBELA**

To the people of Port st John's i am once more humbled to be given a chance to table oversight report for the work done by our municipality for 2020/2021 financial year. I must say this is the MPAC oversight report of Port St John's local municipality for 2020/2021. Even though under the new normal situation poised by the Covid 19 pandemic the municipality did deliverer on its core business under extreme circumstances. The work continued and accountability could not be delighted anywhere except the MPAC.

I would like to indicate to council again that this report is tabled by the MPAC to fulfill its obligation in term of the provisions of the Municipal Structures Act, Act 117 of 1998 and the Municipal Finance Management Act, 56 Of 2003 regarding the exercise of Oversight.

On behalf of the MPAC , I would like to extend our thoughts and wishes to those families directly affected by this pandemic of Covid 19 especially on year under review with the Port st John's council having lost its members by this Covid pandemic. Also Employees affected we tenderloin heartfelt condolences to all. We also extend the condolences to all the people of Port st John's and RSA at large. United and adhering to the regulations set out by our government we shall defeat the pandemic of Covid 19.

It is with so much sadness that I am also doing this report when our country is under fire and people looting businesses, shopping malls and warehouses in Gauteng and in KwaZulu-Natal provinces. It is an act we strongly condemn and happy although under severe damage but order is gradually being restored by law enforcement agencies. All the above happens amid the incassation of former president JG Zuma for contempt of the constitutional court order. TAXI organizations have played a pivotal role across the country to prevent the looting that could have costed many lives and caused massive job losses, that is very much appreciated.

As the Chairperson of this committee I may have my own personal feelings around the above matter but I choose to be modest and impartial but cannot fail the committee by not stressing the importance of the upholding of the rule of law by everybody irrespective of positions we hold. And we must also commend the work underway through the Commission of enquiry into allegations of state capture chaired by deputy chief Justice Raymond Zondo we hope all this will yield positive results for the country and eliminate all the elements of corruption that has riddled the country.

The country has backtracked to alert level 4 lockdown and the speed of vaccinations has gained momentum but not with the speed Desirable to cover large number of the people especially in our province predominantly rural. 3rd wave is in the house but our provincial MEC for health Ms N Meth under an active leadership of premier Oscar Mabuyane are doing very well with vaccinations now cascaded down to 35-49 age group.

Lastly I must thank the MPAC members for devoting their time under challenging circumstances to see to it work is done ,also the executive led by the Mayor hon N Mlombile - Cingo for availability when needed to come to account for the work done, to management led by the municipal manager Mr T Hlazo for holding the fort under trying times .support staff for dedicated efforts to assist the committee. We are greatly pleased and appreciated everybody

## **1. INTRODUCTION**

In accordance with the provisions of section 79(1)(a) and (b) of the municipal Structures Act 117 of 1998, Municipal Public Account Committee (MPAC) has been established by the municipal council for the effective and efficient performance of any of its functions or the exercise of any powers. This committee is suited to providing oversight over the executive and the administration.

Oversight ensures that the executive complies with the intent of the legislature and does not behave in a manner that allows maladministration, inefficiency, waste or corrupt practices. Strong oversight promotes accountability in the sense that those whose actions and performance is monitored by a legitimate oversight body, are more likely to feel obliged to justify their actions.

The municipal System Act 32 of 2000 (section 59(1)) prescribes that a municipal council must develop a system of delegation that will maximize administrative and operational efficiency and provide for adequate checks and balances. Section 121 of the Municipal Finance Management Act 2003 as well as the National Treasury MFMA circular 32, further provides that a municipal entity must prepare annual performance reports which serve the following

- i) to provide a record of activities of the municipality or entity;
- ii) to provide a report on performance in service delivery and budget implementation for the financial year
- iii) to provide information that supports the revenue and expenditure decisions made, and
- iv) to promote accountability to the local community for the decisions made throughout the year by the municipality entity.

The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual report of its municipality or municipal entity under the municipality's sole or shared control; and by no later than two months from the date on which the annual report was tabled in council in terms of section 127, and to adopt an oversight report containing the council's comments on each annual report which must include a 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 reviewed.

The 2020/2021 Port St John's local municipality Annual report includes the following key components:

- \* Annual performance report evaluating the year's performance against the performance objectives established in the Integrated Development Plan (IDP) Budget and Service Delivery and Budget Implementation Plan (SDBIPs)

- \* Annual Financial statements (AFS), Auditor General report on AFS and

- \* Other disclosures as required by Section 121, 123, 124 and 125 of MFMA.

The assessment of the annual report is that of backward looking nature. Annual report is aimed at providing an account of municipality's activities in line with approved budget.

The core of MPAC's functions are to contribute towards good governance of the municipality. Through its review of the annual report and various other reports, MPAC contributes to governance by providing assurance (on behalf of council) on various issues pertinent to the municipality and specifically the administration of the municipality.

## **2. MPAC ENGAGEMENT SESSION**

Having been tasked by the Port St John's council to embark on the investigation of fruitless, wasteful and irregular expenditure dating as far back as 2011/2012 financial year, The

MPAC opted to hold engagement session with the Executive entirely and administration, we also extend the invitation to the Council represented by the hon speaker. I must say a lot of work was done on the 3-day session dated from 02- 05 May 2021 and out of that first of its kind the council yielding a lot out of reaching a common understanding and the overall agreement that we must pull with no reservations to one direction and each person committing to doing the best 1 can do to turn the tides for the better. Even on issues pertaining to the development Agency our sacred entity we agreed to review the mandate of the entity especially with the Newly adopted vision of Smart city prospects.

Overall with a bulk of cases of irregular expenditure, UIF and deviations that dated back to previous years were resolved responsible so to be recommended for write offs, especially those to do with advertising, and vehicles servicing.

Being the last Oversight report of this Council term I am sure new council with the help of administration will find a task having worked and have little or no trouble to wind up historic backlog of uninvestigated vouchers.

### **3. MEETINGS HELD TO CONSIDER ANNUAL REPORT 2020/2021**

Port st John's municipality MPAC in due time as prescribed by legislation did hold a special committee to consider Annual report and meeting was held virtually due to the emergence of third wave of Covid 19 variance and having the President of RSA placing the country to level 3 lockdown subsequently prohibited all activities of physical meetings, but the work was done and meeting was on 08 July 2021 @ 13:00.

### **4. QUESTIONS FOR ENGAGEMENT SESSION PROBIND 2011/2012 TO 2020/2021 TO EXCO**

The committee sent Questionnaire to the executive and administration of the municipality and they were even extended to the council through the office of the speaker. and as attached here to this report the MPAC never held back on holding the executive accountable and scrutinizing the administration for performance as members can read the relevant annexure a lot was achieved. And a lot need to be done going forward.

#### **5.(1) CHALLENGES**

- \* Lack of implementation of MPAC resolutions
- \* the absence of resolution register
- \* lack of consequence management to transgressions committed
- \* Covid 19 Pandemic
- \* lack of Controls to mitigate risks especially financial aspect and revenue collection

#### **5(2)POSSIBLE SOLUTIONS**

**\* COMMIT TO DEVELOPMENT OF RESOLUTIONS REGISTER WITH TEMPLATES CLEARLY POINTING ROLE PLAYERS.**

**6. KEY FOCAL POINTS**

- \*fast tracking of DC cases on case pending by administrative
- \*The conclusions to investigations of fruitless wasteful and irregular expenditure
- \*Conclusion of investigations regulations 32 awarded tenders ( Previous years)
- \*Monitored implementation of council resolutions ñ
- \* holding executive to account
- \* implementation of audit action plan
- \* finalizing the development agency re-alignment and setting up new mandate.
- \* adherence and implementation of MEC report to the council
- \* zero tolerance to corruption in the institution
- \* maximize the benefits of the BIGM partnership with Canadian and Cogta program.
- \* lack of alignment of the organizational structure with strategic objectives and goals of the municipality

**7. CONCLUSION**

The municipality needs urgent political and administration intervention if the current status quo is to be reversed. Findings of the Auditor General and recommendations made by MPAC provide as guide on areas where the municipality 's focus should be in terms of performance. The current Audit Outcomes are clear indication that our recommendations and especially those of the Auditor General are not taken into consideration because the institution continues to have repetitive matters of emphasis. The administration must ensure that necessary internal control systems are developed across all directorates to curb the of non-compliance and ongoing payments errors especially to fraudulent accounts buy the municipality.

Concerted efforts must be made to ensure that consequence management is implemented to curtail unnecessary unauthorized, irregular or fruitless and wasteful expenditure.

Port st John's municipality focus must redirect its efforts to rendering services to the people it serves using limited resources, We must achieve the IDP strategic objectives.

My sincere appreciation is extended to the members of MPAC for their contributions, dedication and hard work in ensuring that work under challenging times is done, and for granting means the Chairperson to lead the committee with no hustle of any nature, to the council i am humbled by your trust and hard work under trying times. As the last Oversight report of the tern I wish all of you good luck and good health .

**8. RECOMMENDATIONS**

1. Development of accurate and traceable council resolutions register with templates detailing responsibilities to the final execution of the resolution.

2. Implementation of all council resolutions .
3. Development of new municipality's entity mandate and align it with the kind of leadership user friendly to municipality vision.
4. Capacitation of all oversight bodies as an ongoing process
5. Keep up with Audit action plan developed and not to go astray resulting to repetitive findings.
- 6.Consideration of Making MPAC Chairperson full time with staff and researcher dedicated to the committee
7. Prioritize the aspect of Maintenance of all municipal assets both mobile and fixed to prolong their lifespan and to keep them sustainable.
8. MPAC recommend to council the adoption of annual report for 2020/21 financial year of Port St John's local municipality without reservations.

**Duly signed:**

  
.....  
**Clr S.V Mavimbela**  
**MPAC Chairperson**

30/07/21  
.....  
**Date**