

**LEJWELEPUTSWA DISTRICT
MUNICIPALITY
OVERSIGHT REPORT**

**FOR THE 2023/2024
CONSOLIDATED ANNUAL
REPORT**

**PRESENTED TO THE ORDINARY
MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE (MPAC)**

**WELKOM
FREE STATE PROVINCE**

CONFIDENTIAL

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**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT
ON 2023/2024 ANNUAL REPORT OF LEJWELEPUTSWA DISTRICT
MUNICIPALITY AND ITS MUNICIPAL ENTITY: LEJWE LE PUTSWA
DEVELOPMENT AGENCY (LDA)**

NUMBER 1: INTRODUCTION

[1-1] To consider the Municipality's Consolidated Annual Report for the 2023/2024 year and to adopt the Oversight Report containing the Municipal Council's comments on the Annual Report in terms of Section 129 (1) of the Local Government: Municipal Finance Management Act 56 of 2003 (hereafter indicated as MFMA).

[1-2] The purpose of the Oversight Report is for the Municipal Council to oversee the performance of the Administration through Municipal Council and Council Committees. Further, for the Municipal Council to play oversight on the performance of the: -

[1-2-1] The Executive Mayor as HE/SHE provides the link between the Municipal Council and Administration and is responsible for regular monitoring and for tabling reports before the Municipal Council.

[1-2-2] The Administration as it is responsible for the day-to-day operations of the Lejweleputswa District Municipality and its Municipal Entity: The Lejweleputswa Development Agency.

[1-3] The Municipality Finance Management Act (MFMA) gives effect to financial management reforms that place greater service delivery responsibilities on managers and make them more accountable to perform.

[1-4] Whilst, in the first instance it is left to the Executive Mayor or Executive Committee to resolve any performance failures, ultimately the Municipal Council is vested with the power of and responsibility to oversee both the Executive and Administration.

[1-4-1] Oversight occurs at various levels in a municipality and is explained in the following table:

	RESPONSIBLE FOR	OVERSIGHT FOR	ACCOUNTABLE FOR
Council	Approving the Policy and budget	Executive Committee	Community
Executive Committee	Policy, Budget, Outcomes, Management of/ Oversight Over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	Financial Management Operational Functions	Municipal Manager
Chief Financial Officer and Senior Managers	Outputs and implementation	Financial Management Operational Functions	Municipal Manager

NUMBER 2: 2023/2024 CONSOLIDATED ANNUAL REPORT

[2-1] The Purpose of the annual report is to provide a record of the activities of the municipality during the financial year to which the report relates, to provide a report on

performance against the budget of the municipality for the financial year, and to promote accountability to the local community for the decisions made throughout the financial year by the municipality.

[2-2] Regarding the MFMA National Treasury (NT): MFMA Circular Nr. 32 dated 15 of March 2006 Municipal Council establishment MPAC as indicated in the report. In terms of the resolution by the Municipal Council regarding the advertisement of the Draft 2023/204 Annual Report.

[2-3] We have received very little input on the 2023/2024 Annual Report from both the internal and external stakeholder. The assistance of the Intergovernmental Relations (IGR) and Communications Unit will be sought to obtain support committee participation in the annual report process. Municipal website www.mylejwe.co.za

[2-4] The Draft 2023/2024 Annual Report was placed on the Municipal Website at www.mylejwe.co.za and distributed accordingly to all the public libraries in Lejweleputswa Area of Jurisdiction.

[2-5] The Draft 2023/2024 Annual report was submitted to the relevant government departments, Department: Cooperative Governance and Traditional Affairs, Free State Provincial Treasury (FSPT) as well as Office of the Auditor General of South Africa (AGSA).

[2-6] The 2023/2024 Draft Annual Report was drawn up following the format prescribed in MFMA Circular 63 dated 26 September 2012 and is submitted following Section 127(2) of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) (MFMA).

[2-7] After the closing date for public comments on 17 March 2024, no representation was received by the Lejweleputswa District Municipality on the Draft Annual Report.



[2-8] The 2023/2024 Annual Report was tabled in the Municipal Council on 29 January 2025, reporting on the municipality's performance for the period 01 July 2023 until 30 June 2024 of the 2023/2024 Financial Year.

[2-9] By doing so, the Municipal Council complied with Section 133 of MFMA which stipulates that the Executive Mayor must table the Annual Report in Council within 7 months after the end of the financial year, i.e. by the end of January 2025.

[2-10] The Municipal Council of Lejweleputswa District Municipal is furthermore required to engage with and finalise the Annual Report within 9 months after the end of the financial year, which is before 28 March 2025.

[2-11] The process for the finalisation and approval of the 2023/2024 Annual Report is set out in the table below:

TABLE 1

ACTIVITY DESCRIPTION	PROVISION	TARGET
[2-12-1] Preparations of the annual statement (AFS) of the municipal and submission to Auditor -General (AGSA).	MFMA Section 122(1)(2)	31 August 2024
[2-12-2] Receipt of the final audit report from the Auditor -General of South Africa (AGSA).	MFMA Section 126(3)(b)	30 November 2024
[2-12-3] The tabling of the Annual Report in the Municipal Council by Hon. Executive Mayor of the Lejweleputswa District Municipality.	MFMA Section 127(2)	31 January 2025



[2-12-4] Allowing for the comments by the community and the relevant state organs.	MFMA Section 129(2)	01 February 2025 until 2 March 2025
[2-12-5] Corrective actions to the Auditor-General (AGSA) opinion formulated and tabled in Council	MFMA Section 123(3)(g)	Part of the Draft Annual Report tabled on 31 January 2025
[2-12-6] Considerations and Adoptions of the Annual Report and Oversight Report 2023/2024 Financial Year.	MFMA Section 129(1)	31 March 2025
[2-12-7] Submission of Financial Annual Report/ Oversight Report to AGSA, FSPT and MEC CogTa (Website, Hard Copies and the Mediums).	MFMA section 129(2)	04 April 2025
[2-12-8] Communication of the Financial Annual Report/ Oversight Report (Website, Hard Copies and other Mediums)		01 April 2025

NUMBER 3: 2023/2024 OVERSIGHT REPORT

[3-1] The adoption of the Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Finance Management Act (MFMA) requires the Municipal Council to consider the annual reports of its municipality and to adopt an "Oversight Report" containing the Municipal Council's comments.

[3-1-1] The oversight report must include a statement whether the Council:

- Has approved the annual report, with or without reservation.
- Has rejected the annual report; or



- Has referred the annual report back for revisions of those components that can be revised.

[3-2] MFMA National Treasury (NT) issued Circular 32 on 15 March 2006 (Attached as Annexure) on the preparation of oversight reports and provides guidelines on the processes to be followed in the adoption of the Oversight Report to which this report conforms.

[3-3] The Oversight Report is a separate product from the Annual Report. The Annual Report is submitted to the Municipal Council by the Accounting Officer (District Municipal Manager) and the Executive Mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality in the relevant financial year.

[3-4] The Oversight Report follows consideration and consultation on the 2023/2024 Annual Report and is a report of the Lejweleputswa District Municipal Council.

[3-5] After tabling the 2023/2024 Consolidated Annual Report on 29 January 2025 in line with Section 127(5) of the Local Government: Municipal Finance Management Act No.56 of 2003 (MFMA), Lejweleputswa District Municipality allowed for public comments regarding the draft Annual Report from 10 March 2025 to 17 March 2025.

[3-6] The Annual Report was made available on the Municipal Council's Website as well as all (5) municipal offices and libraries in the municipal area. In addition, the Annual Report was made available to the following offices:

- The Office of the Auditor- General of South Africa (AGSA)
- The Provincial Treasury (Free State)
- The MEC for Cooperative Governance and Traditional Affairs (CoGTA)

[3-7] A copy of the minutes of this meeting is appended to this report as Annexure. A copy of the minutes of the Municipal Public Accounts Committee (MPAC) meeting held

on 10 March 2025 – 17 March 2025, which was also attended by the accounting officer (attached to the report as Annexure)

NUMBER 4: KEY COMMENTS AND RESPONSES

[4-1] MFMA Circular 32 of National Treasury (NT) recommends that the summary of key issues raised by the community, Auditor-General of South African (AGSA) and other spheres of government, be detailed in the 2023/2024 Oversight Report.

[4-2] In addition, the Circular proposes that responses to question raised in written representations be captured in the 2023/2024 Oversight Report.

[4-3] This section summaries the key questions comments from the Auditor – General of South Africa (AGSA) and the Municipal Council, as well as the responses by the Municipality's Senior Executive Management.

NUMBER 5: COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

[5-1] In terms of the Municipal Council Resolution, the Municipal Public Accounts Committee was established in terms of Section 79 of the Local Government: Municipal Structures Act 117 of 1998 (MSA).

[5-2] The Terms of Reference tasks the Municipal Public Accounts Committee with the responsibility to perform an oversight role over the process of preparing the 2023/2024 Annual Report of Council and produce an Oversight Report based on the 2023/2024 Annual Report.

[5-2-1] As required by the Municipal Public Accounts Committee, the District Municipal Manager attended the Council Meeting where then Annual Report 2023/2024 was tabled to be released for public comment as well as Municipal Public Accounts Committee Meetings to answer questions posed by Municipal Public Accounts

Committee (Members and to respond to written and oral representations from the community).

[5-2-2] All the members of the District Municipal Council (Councillors) were also invited to attend the Public Participation (Public Hearings) and to deliberate on the Draft Annual Report 2023/2024.

[5-2-3] The Municipal Public Accounts Committee Membership is constituted as follows, proportionally representing the political parties in the Lejweleputswa District Municipality Council:

NAME OF COUNCILLOR	DESIGNATION	PARTY
[-1-] HON CLLR MOETI MOLEFI	COMMITTEE CHAIR	ANC
[-2-] HON CLLR NW SPEELMAN	COMMITTEE MEMEBER	ANC
[-3-] HON CLLR NP NKONE	COMMITTEE MEMBER	ANC
[-4-] HON CLLR IP MPHORE	COMMITTEE MEMBER	ANC
[-5-] HON CLLR V SOTENJWA	COMMITTEE MEMBER	ANC
[-6-] HON CLLR MG FOSI	COMMITTEE MEMBER	ANC
[-7-] HON CLLR BH MKHONDWANE	COMMITTEE MEMBER	ANC



[-8-] HON CLLR A STYGER	COMMITTEE MEMBER	DA
[-9-] HON CLLR AJJ KRUGER	COMMITTEE MEMEBER	DA
[-10-] HON CLLR LJ MAILE	COMMITTEE MEMBER	ADEC
[-11-] HON CLLR M PIENNAR	COMMITTEE MEMBER	FF+
[-12-] HON CLLR ME MAHLAKU	COMMITTEE MEMBER	ISANCO
[- 13-] HON CLLR MT MACINGWANE Resigned- 25 October 2024	COMMITTEE MEMBER	EFF

[5-5] MFMA Circular No.32 states that the Municipal Public Accounts Committee (MPAC) should compromise only non-executive councillors.

[5-5-1] It further provides that municipal officials cannot serve as members. All meetings of MPAC are open to the public, and timely notice of the meetings is given to enable representation thereon to be made.

NUMBER 6: ADOPTION AND PUBLIC CONSULTATION PROCESS

[6-1] The Annual Report 2023/2024 Financial Year was tabled in Council on 29 January 2025 following the Local Government: Municipal Finance Management Act, 2003 Act 56 Of 2003 (MFMA), which requires under Section 127 (2) that:

" The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality,"

[6-2] In terms of Section 121(3) of the Municipal Finance Management Act (MFMA), the Annual Report of a municipality or municipal entity must include the following core components.

[6-2-1] These core components are formally annexed to 2023/2024 Draft Annual Report: -

The Annual Financial Statements (AFS) as submitted to the Auditor- General of South Africa (AGSA) (Section 121(3)(a);

The Auditor-General of South Africa (AGSA)'s audit report in terms of Section 126 (3) on those financial statements (AFS) Section 123(3) (b);

a) The annual performance report of the municipal prepared by the municipal in terms of Section 46 of the Local Government: Municipal System Act No.46 of 2000 (MSA) Section 123(3);

b) The Auditor-General of South Africa (AGSA)'s audit report in terms Section 45(b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA) Section 121 (3)(d); and

c) Participate of any corrective action takers or to be taken in response to issues raised in the audit report referred to in paragraphs (b) and (d) in the Municipal Finance Management Act.56 of 2003(MFMA) Section121(3)(g).

[6-3] The Draft Annual Report 2023/2024 Financial Year was made public on the Municipal Website within 5 days and 7 days in the local newspaper after it was noted by the Municipal Council on 29 January 2025.

[6-4] In addition, the Annual Report 2023/2024 was also made available at all Municipal Libraries - Masilonyana Local Municipality, Matjhabeng Local Municipality,

Nala Local Municipality, Tokologo Local Municipality and other identified offices where the public could access the report.

[6-5] Members of the community and other relevant stakeholders were invited to submit written comments/inputs on the Draft Annual Report 2023/2024 financial year. Honourable Councillors, the community and other relevant stakeholders were also invited to attend the public participation meetings (Public Hearing).

[6-6] The following meetings were convened during the period under review and indicate the process followed towards the development of the Draft 2023/2024 Oversight Report and to present the Municipal Public Accounts Committee with any oral or written inputs on the Draft Annual Report 2023/2024 Financial Year.

[6-7] The Draft Annual Report 2023/2024 Financial Year was furthermore submitted in terms of Section 127 (5)(b) to the Auditor-General South Africa (AGSA), Free State Provincial Treasury (FSPT) and the Department of Local Government, which is of late renamed the Department of Comparative Governance and Traditional Affairs (CogTA).

[6-8] The closing date for public comments was 28 February 2025. No written submissions from the public were received after the closing date and time.

[6-8-1] All the comments were tabled and considered by the Municipal Public Accounts Committee on 18 March 2025 at an Ordinary Municipal Public Accounts Committee Meeting.

NUMBER 7: HIGHLIGHTS IDENTIFIED IN 2023/2024 ANNUAL REPORT

[7-1] The Municipal Public Accounts Committee noted and congratulated the Lejweleputswa District Municipality and its Municipal Entity: Lejweleputswa Development Agency on the announcement by the Auditor-General of South Africa (AGSA) that the municipality and its entity received an unqualified audit opinion outcome for the 2023/2024 Financial Year.

[7-2] Lejweleputswa District Municipality and its Municipal Entity: The Lejweleputswa Development Agency is once again able to report credible and reliable financial and performance results.

[7-3] The unqualified audit option outcome reflects that the municipality maintained a healthy financial position and all money spent is properly accounted for. The latest audit outcome marks the fifth consecutive year of unqualified audit outcomes for Lejweleputswa District Municipality and its Municipal Entity: The Lejweleputswa Development Agency. Further highlights and words of gratitude were identified as outlined below:

[7-4] The Municipal Accounts Committee members noted that the Municipal Public Accounts Committee Orientation Session held on March 2024 was very successful and insightful.

[7-5] The great leadership was shown by the Executive Mayor, Municipal Managers and Administrative Teams as a result of the unqualified audit option obtained for the Lejweleputswa District Municipality and its Municipal Entity: The Lejweleputswa Development Agency.

[7-6] The MPAC Public Participation Meeting (Public Hearings) were satisfied in terms of the attendance of the Councillors in General both the District Municipality Councillors and the Local Councillors and the Local Committee.

[7-7] The Municipal Public Accounts Committee takes note of the ZR Mmamahabane Project in Masilonyana Local Municipality (MLM) in the vicinity of (Theunissen/Masilo) for the local entrepreneurs and will visit the project for final closure.

[7-8] The actual capital budget expenditure for most of the department was noted as satisfactory for 2023/2024 Financial Year (FIY) audit outcome.



NUMBER 8: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE SITE VISTS

[8-1] The Draft Annual Report 2023/2024 highlights several projects either completed or in various stages of completion. The Municipal Public Accounts Committee identified many projects and will in future (in due course) conduct a site visit at a date and time to be determined by the Committee.

NUMBER 9: CONCLUSION

[9-1] The Municipal Public Accounts Committee commends the Municipal Council, District Municipal Manager, Senior Executive Management Team and Municipal Officials at the Lejweleputswa District Municipality on the strides made towards Good Governance. However, much needs to be done to strengthen internal controls relative to procurement processes and contract management.

[9-2] The 2023/2024 Financial Year must target focused attention in this area. In this regard, the Municipal Public Accounts Committee (MPAC) Development by the Senior Executive Management Team in response to the Auditor- General's findings including commitments made by the Honourable Executive Mayor and the District Municipal Manager to address audit outcome in the prior and current years.

[9-3] As the Municipal Public Accounts Committee, we think that the Annual Report 2024/2024 Financial Year is a true and accurate reflection of the Lejweleputswa District Municipality's financial and non-financial performance for 2023/2024 Financial Year.

[9-4] The oversight process on the Annual Report 2023/2024 Financial Year is herewith concluded and as Chairperson of the Municipal Public Accounts Committee.

[9-5] I would like to thank the Municipal Public Accounts Committee Members, the Executive Mayor and the Mayoral Committee, District Municipal Manager, the Senior Executive Management Team, Senior Managers, as well as all the Municipal Officials

for their contribution to the development and finalization of the Annual Report 2023/2024. Their diligence and constructive commitment during this oversight period are noted and appreciated.

[9-6-1] Having performed the following task: -

[9-6-1] Reviewed and analysed the Draft Annual Report 2023/2024 Year;

[9-6-2] Considered that written comments were received on the Annual Report from the public consultation process;

[9-6-3] Receive and consider the Auditor- General's views and comments on the annual financial statements (AFS) and the performance report;

[9-6-4] Prepared the Draft Oversight Report, taking into consideration, the views inputs of representatives of the Auditor-General and Municipal Council's Audit Committee.

[10] After Considering the 2023/2024 Annual Report, and Audit Report, Member of the Lejweleputswa District Municipality's MPAC have the pleasure of presenting the Oversight Report to the Municipal Council for consideration and decision making.

NUMBER 10: RECOMMENDATION TO THE MUNICIPAL COUNCIL

[10-1] Following Sections 129 (1) of the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA) it is **RECOMMENDED** to the Lejweleputswa District Municipality Council: -

[10-1-1] That the Municipal Public Accounts Committee, having fully considered the 2023/2024 Consolidated Annual Reports of the Municipality and its Municipal Entity, the Lejweleputswa Development Agency and representations thereon, recommend to the Municipal Council to adopt the oversight report and approve the annual reports

without reservations in terms of Section 129 of the Local Government: Municipal Finance Management Act No: 56 of 2003 (MFMA) and the relevant regulations.

[10-1-2] That the Minutes of the meetings where the Annual Report was discussed, in the presence of the Accounting Officer (Municipal Manager), be submitted to the Auditor-General (AGSA), the Free State Provincial Treasury (FSPT) and the Free State Department for Local Government: Department of Cooperative Governance and Traditional Affairs (CoGTA), that these minutes should be attached to the report, in terms of Section 129(2) (b) of the Local Government: Municipal Finance Management Act, 2003 (MFMA) and the Relevant Regulations.

[10-1-3] That the 2023/2024 Oversight Report of Lejweleputswa District Municipality and its Municipal Entity, the Lejweleputswa Development Agency, be made public in terms of Section 129(3) of the Municipal Finance Management Act No 56 of 2003(MFMA) and the Relevant Regulations and be submitted to the Free State Provincial Legislature in terms of Section 132(2) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) and Relevant Regulations.

[10-1-4] That all the unauthorized, irregular and/or fruitless and wasteful expenditure ("UIFWE") incurred by Lejweleputswa District Municipality and its Municipal Entity: The Lejweleputswa Development Agency, be referred to the Municipal Public Accounts Committee, as a Committee of Council to investigate recover ability and/or recoverability of that and a report be submitted to the Lejweleputswa District Municipality, Municipal Council on its findings.

[10-1-5] That when conducting all the unauthorized, irregular and/or fruitless and wasteful expenditure (UIFWE) incurred by Lejweleputswa District Municipality and its Municipal Entity: Lejweleputswa Development Agency. The Free State Provincial Treasury (FSPT) and the Free State Provincial Government: The Department of Cooperative Governance and Traditional Affairs (CoGTA) as well as the South African Local Government Association (SALGA) should be invited to the Municipal Public Accounts Committee (MPAC) Meetings.



[10-1-6] That the report mentioned in paragraph (11-1-1) above, 2023/2024 Municipal Public Accounts Committee (MPAC) Oversight Report on the Lejweleputswa Development Agency, be submitted to the Convened Ensuing Municipal Council Meeting for further consideration and ratification purposes.

[10-1-7] That the Annual Report Oversight Report 2023/2024 Financial Year (FIY) be submitted in accordance with Section 129(2) and 132 (2) of the Local Government: Municipal Finance Management Act (MFMA) to the Auditor General of South Africa (AGSA), Provincial Treasury (FSPT): Free State Province, Department of Local Government: Free State Province: Department Cooperate Governance and Traditional Affairs (CoGTA) and the Provincial Legislature: Free State Province.

[10-8] That the Lejweleputswa District Municipality (LDM) and its Municipal Entity: The Lejwe Le Putswa Development Agency (LDA) Websites must be updated and be secured.

[10-9] That the mobilization of public participation meetings and role and responsibility be explained to the Local Municipalities by the Office of the Speaker of the Lejweleputswa District Municipality (LDM).

[10-10] That all the Local Municipalities must attend Intergovernmental Relations (IGR) meetings organized by the Lejweleputswa District Municipality (LDM).

[10-11] That council note Irregular Expenditure for the 2021/2022 Financial Year (FIY) and the 2022/2023 Financial Year (FIY) for the Lejweleputswa District Municipality (LDM) and its Municipal Entity: The Lejwe Le Putswa Development Agency (LDA) was approved by the District Municipal Council for auditing purposes after the end of the financial year.

[10.12] That the Public Participation on Draft Integrated Development Plan be held on the same area/ town of Municipal Public Accounts Committee (MPAC) Public Participation.



[10.13] That the Local Speaker at the local municipalities must confirm the attendance of stakeholders a day before public participation.

[10.14] That the District Speaker send a team of officials to assist the public participation meetings with mobilization within 72 hours and no MPAC meeting should be held during District Public Participation.

SIGNATURE: _____



HON. CLLR MOETI MOLEFI: MPAC CHAIRPERSON:

LEJWELEPUTSWA DISTRICT MUNICIPALITY (LDM) MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE (MPAC)

DATE: 09 April 2025

THE REPORT SUBMITTED FOR CONSIDERATION DECISION

ANNEXURES/ATTACHMENTS TO THE OVERSIGHT REPORT

- MPAC MINUTES 10 MARCH 2025
- MPAC MINUTES 11 MARCH 2025
- MPAC MINUTES 13 MARCH 2025
- MPAC MINUTES 14 MARCH 2025
- MPAC MINUTES 17 MARCH 2025

ANNEXURES/ ATTACHMENT TO THE OVERSIGHT REPORT

