



UGU DISTRICT MUNICIPALITY

OVERSIGHT REPORT

2023/2024

FINANCIAL YEAR

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1. INTRODUCTION

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council regarding 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 Municipal Public Accounts Committee (MPAC) is one such committee at the Ugu District Municipality

The MPAC's primary role has been to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council.

2. 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 (Mayor and 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 Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive (Mayor/Executive Committee). In other words, in exchange for the powers which Council have delegated to the Executive, 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.

3. FUNCTIONS OF THE OVERSIGHT COMMITTEE

The functions of the Oversight Committee (MPAC) are to:

- ✓ Undertake a review and analysis of the Annual Report.
- ✓ Invite, receive, and consider inputs from Councillors and Portfolio Committees, 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.
- ✓ Receive and consider Council's Audit Committee views and comments on the Annual Financial Statements and the Performance 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 Councillors.

4. COMPOSITION OF OVERSIGHT COMMITTEE

4.1 Membership

The MPAC is a committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79 allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

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 MPAC.

4.2 Authority & Power

The MPAC is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

Timely notice of all meetings should be given, and all meetings held by the MPAC must be open to the public and minutes of the meetings must be submitted to Council meetings.

4.3 Meeting Schedule

The Ugu District Municipality and South Coast Tourism and Investment Enterprise 2023/2024 Annual Reports, presented to the Council during its meeting on January 23, 2025, underwent a thorough process of public engagement and feedback solicitation. The community was notified of the Annual Report's availability through print media and encouraged to provide their input. Public awareness was heightened through a notice published in the local South Coast Fever newspaper on January 31, 2025, and via the municipal website on January 27, 2025.

Copies of the Annual Reports were made accessible at municipal libraries and offices, and the UGU District Municipality website facilitated public input. Additionally, the Reports were discussed at the District Task Team meeting to gather valuable comments.

Upon the conclusion of the public submission period, comment on the Annual Reports received were for the entity's Annual Report. These were considered accordingly. Furthermore, the Annual Reports underwent scrutiny by key stakeholders, including the Auditor-General, Provincial Treasury, and the Department of Local Government and Traditional Affairs. The 2023/2024 Draft Annual Reports were presented at various committee

meetings, including the Audit committee, MPAC, Sound Governance and Human Resources Portfolio, EXCO, and Council, ensuring a comprehensive review and discussion of the report's contents.

The Ugu District Municipality and South Coast Tourism and Investment Enterprise 2023/2024 Annual Reports were submitted to MPAC for consideration on the following dates: 25 September 2024, 27 November 2024, and 16 January 2025.

The Ugu District Municipality and South Coast Tourism and Investment Enterprise 2023/2024 Annual Reports were submitted to the Auditor General and the Department of Corporative Governance and Traditional Affairs and Provincial Treasury. The Departments analyzed the 2023/2024 Annual Report in accordance with Section 121 of the MFMA, all gaps identified during the analysis of the annual report have been resolved.

5. THE OVERSIGHT REPORT

This Oversight Report is for the financial year ended 30 June 2024.

Chapter 1 – Introduction & Overview

The foreword of the Mayor as well as the Municipal Manager's overview were both noted. The Municipal Public Accounts Committee (MPAC) acknowledges the Annual Report for the 2023/2024 fiscal year. The municipality's diligent efforts in addressing key issues such as water and sanitation services, financial management, and community engagement is much appreciated. Despite water supply disruptions, the municipality has effectively engaged stakeholders and enhanced public participation. Key accomplishments include an unqualified audit opinion, approval of the Umtamvuna Power Upgrade to boost water supply, and support for local businesses through procurement strategies. The Expanded Public Works Programme continues to alleviate poverty by creating job opportunities. Improvements have been seen in IT performance, disaster management, revenue collection, and water infrastructure projects like the Msikaba water supply scheme. As the district embraces the Fourth Industrial Revolution, MPAC recognizes the commitment to economic transformation and the delivery of basic services, ensuring an equitable and inclusive future for all residents. The committee acknowledges the municipality's achievements.

Chapter 2 – Governance

MPAC recognizes that governance within the Ugu District Municipality is characterized by comprehensive political and administrative structures designed to ensure effective oversight and service delivery. The Municipality operates under the Constitution of South Africa and relevant legislative frameworks, with the Council serving as the primary legislative body. The Executive Committee oversees various Portfolio Committees and focuses on key areas such as finance, water and sanitation, and local economic development. Additionally, traditional leaders participate in Council to ensure inclusivity. The municipality is committed to risk management, internal audits, and anti-corruption strategies, supported by established committees and protocols. Public participation is encouraged through various forums, including ward committees and public meetings, to foster transparency and accountability. MPAC notes that the 2-year appointment of the Acting Municipal Manager has brought significant stability to the organization, resulting in notable achievements in municipal performance. Through both permanent and acting appointments, all S56 posts were filled for the 2023/2024 financial year. The 2023/2024 Draft Annual Reports were also made available for public comment through various platforms. This robust governance framework strives to align administrative efforts with community needs and legislative mandates, ensuring sustainable and efficient service delivery.

Chapter 3 – Service delivery

MPAC observed a welcomed improvement in the service delivery Key Performance Area, registering at 59%, reflecting an increase of 23% in performance. The MPAC notes that the Ugu District Municipality has achieved several notable successes across various key areas during the 2023/2024 financial year. In water services, a significant effort was directed at improving infrastructure, including the commissioning of boreholes and the refurbishment of water treatment plants, ensuring better water quality and service delivery. The local economic development initiatives saw the formulation of the Ugu Economic Recovery Framework 2022-2032, aimed at fostering economic growth through strategic infrastructural projects and support for small businesses. The municipality's environmental management efforts included the implementation of the Climate Change Response Strategy and Adaptation Plan, focusing on mitigating climate change impacts through community-driven projects like the Transformative River Management Programme. The Expanded Public Works Programme (EPWP) Phase V successfully created numerous job opportunities, emphasizing training and skills development to enhance employability. Additionally, the Information and Communication Technology (ICT) services achieved a significant milestone by improving the ICT maturity rating to 4.01, underscoring the successful implementation of the ICT Digital Strategy and enhancing digital transformation within the municipality.

Chapter 4

The organizational performance for the 2023/2024 financial year was commendably reported at 94%, showcasing a significant improvement of 3% compared to the previous year. Despite enduring substantial financial challenges over several years, the municipality has made notable progress in addressing these difficulties. Nonetheless, these financial constraints have impeded the achievement of certain service delivery targets. The enhancement in other Key Performance Areas can be credited to initiatives that require little to no financial resources, enabling the municipality to maintain high levels of overall success.

For the 2023/2024 financial year, the municipality set a total of 253 targets. Impressively, 239 of these targets were met, leaving only 14 targets unmet. This performance highlights the municipality's commitment to accomplishing its goals despite ongoing financial limitations.

Chapter 5

The municipality retained its unqualified audit opinion for the 2023/2024 financial year, and all grants allocated for the year were fully utilized. MPAC notes that the municipality's leadership is committed to sound budgeting and financial oversight, focusing on monitoring budget implementation, expenditure, revenue collection, and borrowing. Effective budgetary processes will play a crucial role in strengthening and maintaining the

Municipality's financial health. Audit outcomes, cash positions, and balances are managed with established timelines.

6. ANNUAL REPORT CHECKLIST

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered:	
121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General.	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. <u>Have the required standards been met?</u>	YES, The AFS were prepared in line with all relevant accounting policies. These were submitted to the AGSA within the legislated period.
121 (3)(a) 121 (4) 121 (4)(b)	The above applies also to the AFS of municipal entities.	The AFS of the municipal entity was submitted together with the Annual Report and has met all standards.
121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	YES Service charges levied by other municipalities are paid over periodically in line with agreed terms.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
<p>121 (3)(g)</p> <p>Particulars 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:</p> <ul style="list-style-type: none"> ✓ An unqualified audit opinion with management issues. ✓ The objective of the municipality is to sustain an unqualified audit opinion while thriving to achieve a clean audit. ✓ Taking into account the audit report, audit opinion and the views of the audit committee, council considered: <ul style="list-style-type: none"> • 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>Note that actions taken on audit issues are to be reported to the provincial legislature, the MEC for Cooperative Government & Traditional Affairs to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MEC.</p>	<ul style="list-style-type: none"> • The municipality achieved an unqualified audit opinion. • The municipality is still focused on achieving an unqualified audit opinion. • The audit report emphasised on material non-compliance and material AFS adjustments. Although not leading • The material non-compliance is largely stemming from Cashflow Statements. The material AFS adjustments are due to a difference in opinion between management and the AGSA. • Yes, the proposed actions are appropriate and seek to eliminate these issues in the next audit. • The corrective action plan is appropriate and as such that the target date is 30 June 2025.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
<p>121 (3)(f)</p> <p>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.</p> <p>Has the performance met the expectations of council and the community?</p> <p>Have the objectives been met?</p> <p>What explanations have been provided for any non-achievement?</p> <p>What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>94% of the targets set were achieved with evidence made available. .</p> <p>KPIs for core services, water and sanitation were achieved at 62%. This translates to an increase of 23% from the previous year.</p> <p>Although capital expenditure was at 100%, many of these projects are multiyear and the results will only be observed at the end of the project. Some projects were slower, and even halted as a result of cash flow challenges</p>
<p>121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality.</p>	<p>Review any other information that has been included regarding the AFS.</p>	<p>The municipality provides additional information as per the MFMA in the AFS as contained in the notes to the AFS as well as in the annual reports</p>
<p>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</p>	<p>Financial reporting matters to be considered.</p>	
<p>121 (3)(j) and 121 (4)(g)</p> <p>Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.</p>	<p>Have the recommendations of the audit committee regarding the AFS been adequately addressed by the municipality and/or the entity?</p> <p>What actions need to be taken in terms of these recommendations?</p> <p>Conclusions on these recommendations and the actions required should be incorporated in the oversight report.</p>	<p>Yes.</p> <p>The Audit Corrective Action Plan has taken into consideration the recommendations of the AG.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations	
123 (1)(a) Allocations received by and made to the municipality.	<p>The report should disclose:</p> <ul style="list-style-type: none"> ✓ 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. <p>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?</p>	<p>Yes, allocations have been made to the municipality as per DORA and other provincial allocations.</p> <p>No action is necessary as the grants have been accurately reported.</p>
125 (1) Information in relation to outstanding debtors and creditors of the municipality and entities.	<p>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.</p> <p>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.</p> <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 AFS shows debtors owing more than 30 days. Clause 9 classifies the debtors both by age and type. Note 37 further shows bad debts written off. Appendix K of the Annual Report refers to Revenue collection performance by source.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations	
123 (1)(c) Information in relation to the use of allocations received.	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <ul style="list-style-type: none"> ✓ 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>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.</p>	<p>Appendix K refers to conditional grants received. Table 5.2.1 is for declarations made by the municipality.</p> <p>All grants were fully spent in the 2023-24 financial year and all conditions met.</p> <p>Except for the below provincial grants:</p> <ul style="list-style-type: none"> • Shared Legal Services Grant - R1,000,000 • Rural Transport Services Grant - R1,197,037 • Municipal infrastructure grant - R7,500,000 • UGU DM - Growth and Development Strategy Grant - R55,500 • Ugu Transformative River Management Programme - R598,265 • Implementation of Green and Smart Municipality - R1,192,099 <p>Allocations to the municipality were paid in time as per the Dora allocation.</p> <p>All matters to the grants were properly disclosed on the AFS note 19 and 27.</p> <p>The council is satisfied with all disclosures.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<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>	
3. Disclosures in notes to AFS	Considerations relating to section 124	
Information relating to benefits paid by municipality and entity to councillors, 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, councillors and boards of directors, whether financial or in kind. ✓ any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors. ✓ 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 average salary bill of councillors is R1,091,523 per month and sits at R13.1 million per annum.</p> <p>Outstanding accounts for councillors in arrears for than 90 days of by councillors amounted to R44,362.</p> <p>Note 31 of the AFS discloses the salaries allowances and benefits of the municipal manager, CFO and every senior manager. Salaries for CEOs of entities are reflected in the entities' statements. This note discloses all benefits of the municipal manager, CFO and every senior manager.</p> <p>The council is satisfied with all disclosures.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	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.	
4. Municipal Performance	Considerations	
The annual performance reports of the municipality and entities.	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the 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> <ul style="list-style-type: none"> ✓ Has the performance report been included in the annual report? ✓ Have all the performance targets set in the budgets, SDBIP, service agreements etc., been included in the report? ✓ 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>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> <ul style="list-style-type: none"> ✓ To what extent has performance achieved targets set by council? ✓ Is the council satisfied with the performance levels achieved? ✓ 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>APR was submitted timeously to AG on 30 August 2024.</p> <p>YES, the 2023/2024 APR narrative has been included in the Annual Report as an Annexure to the Annual Report</p> <p>YES. The Annual Performance report is an annexure to the AR.</p> <p>YES, all information is included in the Annual Performance Report.</p> <p>During the 2023/2024 financial year, the Basic Services Key Performance Area had 27 project KPIs in total of which 16 were achieved. This translated to an achievement of 59%.</p> <p>In the previous financial year performance within the Basic Service Delivery Key Performance Area was a dismal 36%.</p> <p>The Municipality has increased water services delivery to 91% of its households.</p> <p>Access to sanitation has been increased to 90% of the households in Ugu district.</p> <p>A customer satisfaction survey conducted in the 2023/2024 financial year with the total number of participants in the study being 1,164.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<ul style="list-style-type: none"> ✓ What actions have been taken and planned to improve performance? ✓ Is the council satisfied with actions to improve performance? ✓ 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? ✓ Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes? ✓ Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective? ✓ To what extent have actions planned for the previous year been carried over to the financial year reported upon? ✓ 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>Council should comment and draw conclusions on information and explanations provided.</p>	<p>Performance continues to be reviewed quarterly by council.</p> <p>The S57 managers' performance contracts are made up of the departments' targets.</p> <p>YES, The issues with under performance in some instances have been acknowledged by management.</p> <p>The audit committee recommendations were noted as follows...</p> <ul style="list-style-type: none"> ▪ management continue to cooperate with the internal audit function to improve the current control environment through the timely implementation of recommended actions, ▪ follow up audits be completed on a quarterly basis to prevent recurrence of repeated findings, <p>Council is satisfied with all endeavour in this regard</p> <ul style="list-style-type: none"> ▪ where controls are found to be inadequate, consultative internal audit engagements be implemented to guide management on improving policies and procedures through a gap analysis approach. ▪ the internal audit function be capacitated with funding to employ outside service providers to assist in discharging internal audit engagements that require specialist information technology audit skills, and ▪ the internal audit function be capacitated with further resources to implement management

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		<p>requested ad-hoc assignments to prevent delays in the execution of the approved annual audit plan.</p> <ul style="list-style-type: none"> The audit committee is satisfied that the internal audit function maintained its independence and objectivity throughout the under review. <p>Council believes that the Audit Corrective Action plan if monitored closely and implemented appropriately will achieve the desired outcomes</p>
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?	Although Council has made considerable progress, the concerns of the Committee in respect of the Performance Management System is noted.
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. 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?</p> <p>What other actions are considered necessary to be taken by the accounting officer?</p>	<p>Consolidated reports account for the entities as well.</p> <p>The council is satisfied with the explanations.</p>
5. General information	The following general information is required to be disclosed in the annual report.	
Relevant information on municipal entities.	The municipality should disclose all information relating to the municipal entities under the sole or	Disclosed in the 2023-24 SCTIE Annual Report

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	<p>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.</p>	
<p>The use of any donor funding support.</p>	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> ✓ Have the purposes and the management agreements for the funding been properly agreed upon? ✓ Have the funds been used in accordance with agreements? ✓ Have the objectives been achieved? ✓ Has the use of funds been effective in improving services to the community? ✓ What actions need to be taken to improve utilisation of the funds? 	<p>No donor funding was received in the current year.</p>
<p>Agreements, contracts and projects under Private-Public-Partnerships.</p>	<p>Information similar to the details of municipal entities should be provided.</p> <p>Council should ensure that all details have been supplied.</p>	<p>There is no PPP contract in place.</p>
<p>Service delivery performance on key services provided.</p>	<p>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.</p> <p>This information may be found in an executive summary section of the annual report and or in statistical tables.</p>	<p>The Annual performance Report in Annexures gives a detailed report on service delivery.</p> <p>Performance for the 2023/2024 financial year was reported at 94%. This represented an improvement of 3% from the previous financial year.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
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.	There have been no new long-term borrowings in this period. Loan still outstanding from prior year(s) are disclosed.
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.</p>	<p>Chapter 3 details Information Communications Technology (ICT) activities and progress</p> <p>During the 2023/2024 Financial year, the Information and Communication Technology (ICT) services achieved a significant milestone by improving the ICT maturity rating to 4.01, underscoring the successful implementation of the ICT Digital Strategy and enhancing digital transformation within the municipality.</p> <p>Council is satisfied with all endeavours in this regard</p>
Three-year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework.	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.</p> <p>This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and will be highlighted in the coming budgets.</p> <p>Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.</p>	<p>Refer to Appendices M in the Annual Report for capital expenditure information.</p> <p>For this the municipality is grant dependent and 100% of this was spent with the exception of a receipt of R7.5 million late in the financial year earmarked for the 2024-25 financial year.</p> <p>The gaps in level of services include rural/urban National design standards. This affects the rural area more and more because the level of service required in the rural area increases annually and the actual level of service cannot keep up with the demand. This trend will continue until service levels are equalized.</p> <p>The major basic service delivery challenge faced by the district is the slow pace of backlog eradication and high levels of aged infrastructure. The ageing infrastructure results in high maintenance costs which have an adverse effect on the eradication of backlog due to limited funding. This also has a direct impact on the municipality's compliance with minimum requirements of the No Drop, Green Drop, and Blue Drop standard. Furthermore, the municipality's Water and Sanitation</p>

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		<p>Master Plans and thus prioritization and planning of projects, is outdated and in the process of development despite the financial constraints. There is also a challenge of high levels of illegal connections which further strains the available resource.</p> <p>Council is satisfied with all endeavours in this regard</p>
6. Other considerations recommended		
<p>Timing of reports.</p>	<p>Was the report tabled in the time prescribed?</p> <p>Has a schedule for consideration of the report been adopted?</p>	<p>The Ugu District Municipality and South Coast Tourism and Investment Enterprise 2023/2024 Annual Reports, presented to the Council during its meeting on January 23, 2025, underwent a thorough process of public engagement and feedback solicitation. The community was notified of the Annual Report's availability through print media and encouraged to provide their input. Public awareness was heightened through a notice published in the local South Coast Fever newspaper on January 31, 2025, and via the municipal website on January 27, 2025.</p> <p>Copies of the Annual Reports were made accessible at all municipal libraries and offices, and the UGU District Municipality website facilitated public input. Additionally, the Reports were discussed at the District Task Team meeting to gather valuable comments.</p> <p>Upon the conclusion of the public submission period, no comment on the Annual Reports were received.</p> <p>Furthermore, the Annual Reports underwent scrutiny by key stakeholders, including the Auditor-General, Provincial Treasury, and the Department of Local Government and Traditional Affairs. The 2023/2024 Draft Annual Reports were presented at various committee meetings, including the Audit committee, MPAC, Sound Governance and Human Resources Portfolio, EXCO, and Council, ensuring a</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
		<p>comprehensive review and discussion of the report's contents.</p> <p>The Ugu District Municipality and South Coast Tourism and Investment Enterprise 2023/2024 Annual Reports was submitted to MPAC for consideration on the following dates...25 September 2024, 27 November 2024, and 16 January 2025.</p> <p>The Ugu District Municipality and South Coast Tourism and Investment Enterprise 2023/2024 Annual Reports was submitted to the Auditor General and the Department of Corporative Governance and Traditional Affairs. The Department analyzed the 2023/24 Annual Report in accordance with Section 121 of the MFMA, all gaps identified during the analysis of the annual report have been resolved.</p>
<p>Oversight committee or other mechanism.</p>	<p>What mechanisms have been put in place to prepare the oversight report?</p> <p>Has a schedule for its completion and tabling been adopted?</p>	<p>Oversight Committee formed.</p> <p>Yes.</p>
<p>Payment of performance bonuses to municipal officials.</p>	<p>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.</p> <p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p>	<p>A bonus was paid for the 2023-24 financial year, this was in accordance with legislation after a performance evaluation was conducted and presented to the Council.</p> <p>Yes.</p> <p>Council is satisfied with all endeavours in this regard</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/ COMMENTS
	<ul style="list-style-type: none"> ✓ 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? 	

7. CONCLUSION

The Oversight Committee applauds the municipality for achieving an Unqualified Audit opinion from the Auditor General once again. While acknowledging the recurring financial challenges and their impact on service delivery, the committee recognizes the various strategies put in place to improve the municipality's financial position. The appointment of the Acting Municipal Manager has been instrumental in enhancing overall governance, and the individual has demonstrated exceptional performance during the 2023/2024 financial year.

The Oversight Committee commends Council, and administration at the Ugu District Municipality on the strides made towards good governance and a report well presented. The improved quality in reporting and compliance to legislative mandates is noted.

Having performed the following tasks:

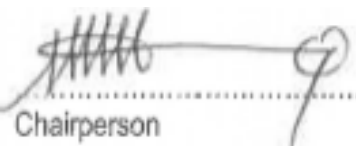
- ✓ Reviewed and analysed of the Annual Report.
- ✓ Invited, received, and considered inputs from Councillors on the Annual Report.
- ✓ Considered the written comments received on the Annual Report from the public consultation process.
- ✓ Allowed the local community or any organs of state to make representations on the Annual Report.
- ✓ Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- ✓ Prepared 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.

The Oversight Committee has pleasure in presenting the Oversight Report to Council to consider the following resolutions and then to be forwarded to the relevant Departments and Provincial Legislature:

IT IS THEREBY RESOLVED BY MPAC TO RECOMMEND

1. That Council having fully considered the Annual Reports of the Ugu District Municipality and the Ugu South Coast Tourism and Investment Enterprise for the 2023/2024 Financial Year, **adopts** the Oversight Report for the 2023/2024 Financial Year, a copy of which is attached to the signed minutes of this meeting.
2. That Council **approves and adopts** the Annual Reports of the Ugu District Municipality and the Ugu South Coast Tourism and Investment Enterprise for the 2023/2024 Financial Year as included in the comments in the Oversight Report as referred to in part (1) of this resolution.
3. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
4. That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.

For the oversight committee


Chairperson

8. Annexure – Extracts from MPAC meetings

See below

EXTRACT FROM:

THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE FOR THE MEETING HELD ON
ON 25 SEPTEMBER 2024

1PAC78/09/2024 **2023/2024 UGU Annual Report and Progress Update**

The Senior Manager: Corporate Strategy and Shared services introduced the Annual Report to the members and took them through. She stated that the report was still a working document and requested the MPAC members to thoroughly look at the report and provide input and feedback on the document.

Following which,

It was,

RESOLVED:

That the Annual Report be and is hereby NOTED.



MS M GOBHOZI
ACTING GENERAL MANAGER: CORPORATE SERVICES

EXTRACT FROM:

THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE FOR THE MEETING HELD ON
ON 27 NOVEMBER 2024

IPAC125/11/2024 **2023/2024 UGU DM and USCTIE Annual Report and Progress Update**

The Senior Manager: Corporate Strategy and Shared services introduced the Annual Report to the members and took them through.

Following which,

It was,

RESOLVED:

That the UGU 2023/2024 report regarding UGU DM and USCTIE be and is hereby NOTED.



MS M GOBHOZI

ACTING GENERAL MANAGER: CORPORATE SERVICES

EXTRACT FROM:

**THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE FOR THE MEETING HELD ON
ON 16 JANUARY 2025****IPAC01/01/2025 203/2024 ANNUAL REPORTS FOR UGU AND SOUTH COAST TOURISM AND
INVESTMENT ENTERPRISE**

The Senior Manager: Corporate Strategy and Shared Services, Ms F Mbili took members through the reports and stated the purpose of the said report, which was to provide the committee with the 2023/2024 UGU DM and SCTIE Annual Report. The report was brought to MPAC for further inputs and comments and thereafter onward recommendations to Council.

She further added that the purpose was to publish the Annual Reports on the Ugu District Municipality official website, libraries and at the oncoming Izimbizo for public participation and their input. She also stated that they were aware of the previous comments from MPAC and have taken them into consideration. She mentioned that the report was almost complete and awaiting the final reports from the Chairperson of the Audit Committee which would be received after the Auditor General submitted their final report.

Furthermore, the Annual Report was submitted to CoGTA and comments and opinions received had been included in the Annual Report. She also added that members were to make further comments and inputs up to mid-February and thereafter the final draft of the Oversight Report would be compiled and finalised.

Cllr P Shange proposed that the recommendations of the report be taken as is for onward submission to Council and Cllr S Khawula seconded the recommendation.

Following which;

It was

RESOLVED RECOMMEND TO COUNCIL

- (a) That the report regarding the 2023/2024 UGU DM and USCTIE and Annual Reports for UGU and USCTIE be and is hereby **NOTED**.

- (b) **THAT MPAC RESOLVES TO RECOMMEND TO COUNCIL** the 2023/2024 UGU DM and USCTIE Annual Reports for NOTING and APPROVAL for public participation.
- (c) That all comments be submitted to the Office of the Senior Manager: Mayoralty and Communications or Corporate Strategy and Shared Services by 13 February 2025.



MS M GOBHOZI
ACTING GENERAL MANAGER: CORPORATE SERVICES