

FINAL OVERSIGHT REPORT ON ANNUAL REPORT: 2022/2023 FINANCIAL YEAR

1. PURPOSE OF REPORT

To consider the Annual Report for the 2022/2023 financial year and to adopt an Oversight Report containing Council's 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 indicated as MFMA).

As the Chair of the MPAC it is with great pleasure that I stand here to present this report, as I am aware of the great work that has been done by the Municipal administration and how this has helped improve Council's oversight role in many areas but more especially service delivery.

2. BACKGROUND

A. Legal Requirements

Section 121(1), (2) and (3) of the MFMA determines as follows:

121(1) 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.

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; and
- (c) To promote accountability to the local community for the decisions made throughout the year by the municipality.

The annual report of a municipality must include-

- (i) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (ii) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (iii) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (iv) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, (Act 32 of 2000);
- (v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) An assessment by the municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (ii) and (iv);
- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (ix) Any information as determined by the municipality;
- (x) Any recommendation as determined by the municipality; and
- (xi) Any other information as may be prescribed.

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 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.

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 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 revised.*

3. PROCESS

a) Submission and tabling of the Annual Report

The Draft Annual Report of the Municipality for the 2022/2023 financial year was tabled at the Ordinary Council Meeting, on the 23rd of January 2024 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved (**C114/01/2024**) the following:

1. THAT the report submitted by the Acting Head of Department: Strategic Planning & Governance, dated 09 January 2024 in respect of the Draft Annual Report 2022/2023 be and is hereby received and noted.
2. THAT Council notes that the Auditor General has considered the Draft Annual Report 2022/2023.
3. THAT Council notes that the Municipal Public Accounts Committee has considered the Draft Annual Report 2022/2023 (25th January 2024)
4. THAT Council notes that the public is currently being afforded an opportunity to make inputs in the Draft Annual Report 2022/2023 (during February 2024) prior to tabling of the final report to Council in March 2024.
5. THAT Council hereby notes the 2022/2023 Draft Annual Report.

b) The MPAC

The Municipal Public Accounts Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998.

The members of MPAC are as follows:

Clr PC Shange (Chairperson)	Clr S Breedt
Clr SA Ngcece	Clr I Ngcobo
Clr VB Zulu	Clr XA Gasa
Clr J Schmidt	Clr MM Mkhize
Clr MD Jula	Clr LB Ntusi

The MPAC analyses and reviews the annual report in detail before tabling the report to Council for consideration.

In terms of the resolution by Council to comply with section 127 (2) the annual report was made public:

- The local community has been invited via the local press to submit comments / objections regarding the Annual Report from 08th February 2024 to 16th February 2024
- The annual report was made public through placing a notice of the availability of the draft annual report in all libraries and thusong centres, as well as a copy in the main office for public perusal.
- The MPAC adopted the final Draft Oversight Report and Annual Report as presented (14 March 2024)

c) The Audit Committee

The Audit Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998.

The Audit Committee analyses and reviews the annual report in detail before tabling the report to Council for consideration.

In terms of the resolution by Council to comply with section 127 (2) the annual report was made public:

1. THAT the report submitted by the Acting Head of Department: Strategic Planning & Governance, dated 16 January 2024 in respect of the Draft Annual Report 2022/2023 be and is hereby received and noted.

2. THAT the Audit Committee notes that the Auditor General has considered the Draft Annual Report 2022/2023.
3. THAT the Audit Committee notes that the draft annual report has been considered by the Council (23rd January 2024).
4. THAT the Audit Committee notes that the Municipal Public Accounts Committee has considered the Draft Annual Report 2022/2023 (25th January 2024)
5. THAT the Audit Committee considers the Draft Annual Report 2022/2023 and makes input on the report.

The Audit Committee suggested that we compare the format available in circular 63 and the information that is in the Annual Report. Upon review it was discovered that there were some discrepancies between the two documents which since been dealt with.

d) CoGTA

The Draft Annual Report was submitted to CoGTA and it was stated that the following appendices were not included in the Draft Annual Report:

- The set of the audited annual financial statements;
- The annual report to contain the audit report on the AFS;
- The annual report to contain a response to the audit report on the AFS;
- Long Term and Public Private Partnerships

e) Comments from the Public

A member of the Public commented on the Draft Annual Report 2022/2023 that was made public as per legislation. The issues raised by the community member were then attended to by the PME unit with the assistance of relevant Management. The PME unit then responded to the community member and gave clarity to the issues that were raised.

RECOMMENDATIONS:

- 1. THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2022/2023 BE APPROVED AFTER TAKING INTO CONSIDERATION THE COMMENTS FROM THE PUBLIC;**
- 2. THAT THE ANNUAL REPORT 2022/2023 BE APPROVED IN TERMS OF SECTION 129 OF THE LOCAL GOVERNMENT MUNICIPAL FINANCIAL MANAGEMENT ACT (MFMA ACT NO 56 OF 2003) WITHOUT RESERVATIONS;**
- 3. THAT THE 2022/2023 OVERSIGHT REPORT OF THE MUNICIPALITY BE MADE PUBLIC IN TERMS OF SECTION 129(3) OF THE MFMA; AND**
- 4. THAT THE OVERSIGHT REPORT AND ANNUAL REPORT 2022/2023 BE SUBMITTED TO THE PROVINCIAL LEGISLATURE IN TERMS OF SECTION 132(2) OF THE MFMA**



MPAC Chairperson

26/03/2024

Date