



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MPAC OVERSIGHT REPORT

ENQUIRIES	:	MPAC CHAIRPERSON
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DATE	:	06 MAY 2021

TO : COUNCIL

SUBJECT : MPAC OVERSIGHT REPORT

1. PURPOSE

To consider the Annual Report for the 2019/2020 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 well aware that towards the end of 2019/2020 financial year the Country was placed under hard lockdown in response to the Covid-19 pandemic. Although it was extremely difficult to end the 2019/2020 financial year, please allow me to acknowledge the great work that has been done by the Municipal administration and how this has helped to 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 2019/2020 financial year was tabled at the Special Council Meeting, on 24 March 2021 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved (CR22/2021) the following:

- ❖ Council to consider 2019/2020 draft Annual Report and recommend that the MPAC provides oversight on the report within sixty (60) days
- ❖ Authorise the Accounting Officer to make submissions to : AGSA, Provincial Treasury, COGTA and that the report be made public for comments.

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:

Cllr M Viktor (Chairperson)	Cllr JJ Jones
Cllr R Ally (was replaced by Cllr Ncgobo)	Cllr TZ Mavundla
Cllr XJ Zungu	Cllr NA Kunene
Cllr L Dube	Cllr MB Mabaso
Cllr SN Ndlela	Cllr NY Mdlalose

In terms of the resolution by Council to comply with section 127 (2) of the MFMA. The annual report was made public to invite comments until the 15 April 2021 but however during the working session that took place on the 06 May 2021 it was revealed that there were no comments received from the public

The MPAC analysed and reviewed the annual report in detail and noted a huge improvement as compared to previous reports.

The MPAC thus has the pleasure in presenting the Oversight Report to Council to consider the following recommendations so as to allow for this report to be forwarded to the relevant Departments and Provincial Legislature:

4. RECOMMENDATIONS

- 4.1 that the oversight report on the annual report for 2019/2020 be approved without any amendment
- 4.2 that the Annual Report for 2019/2020 be adopted in terms of section 129 of the Local Government Municipal Financial Management act (MFMA Act no 56 of 2003) without reservations;
- 4.3 that the 2019/2020 oversight report of the municipality be made public in terms of section 129(3) of the MFMA, and
- 4.4 that the oversight report and annual report 2019/2020 be submitted to the relevant Provincial Departments, Provincial Legislature and AGSA in terms of section 132(2) of the MFMA.



CLLR. M VIKTOR
MPAC CHAIRPERSON