



## MUNCIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

### MPAC OVERSIGHT REPORT

**ENQUIRIES** : MPAC CHAIRPERSON  
**REFERENCE** :  
**TELEPHONE** : 034 - 982 2133  
**FAX** : 034 980 9637  
**EMAIL** : [mva83216@gmail.com](mailto:mva83216@gmail.com)  
**DATE** : 23 MARCH 2022

ABAQULUSI MUNICIPALITY			
CORPORATE SERVICE			
FILE NO: 517/2			
DATE RECEIVED	23 MAR 2022		FO- ATTENTION
MM	MAYOR	SPEAK	
DEP. MAYOR	DIR. CORP	CFO	
DIR. TECH	DIR. COM	DIR. DEV	

76260

**TO** : COUNCIL  
**SUBJECT** : MPAC OVERSIGHT REPORT

#### 1. PURPOSE

To consider the Annual Report for the 2020/2021 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).

It is with great pleasure to stand here to present this report as being nominated again to serve as an MPAC Chair for the second consecutive period. as I am well 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 2020/2021 financial year was tabled at the Special Council Meeting, on 31 January 2022 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved the following:

- (a) Council to note the draft Annual Report for the 2020/2021 financial year.
- (b) The tabled Annual Report be submitted to COGTA by the 7<sup>th</sup> of February 2022
- (c) The MPAC produces an oversight report based on the outcomes highlighted in the Annual Report and actual performance
- (d) The draft Annual Report be placed on the municipal website
- (e) The oversight report be submitted to Council by no later than 31 March 2022 together with the final Annual Report for adoption

#### **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 ( <b>Chairperson</b> )	Cllr E Cronje
Cllr HV Khumalo	Cllr BP Buthelezi
Cllr PP Selepe	Cllr BE Ndlela
Cllr NP Ndlela	Cllr MD Buthelezi
Cllr CB Hlatshwayo	

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 public notice was advertised on the local newspapers to invite community members to submit comments / objections regarding the Draft Annual Report from 03 February 2022 to the 17 February 2022 and no comments or objections were received.
- ✓ The Annual Report was placed at all the Municipal satellite offices, and on the municipal website.
- ✓ The Annual Report was submitted to the relevant government departments.

At the closing date for public comments on 17 February 2022, no representations had been received.

The MPAC working session met on the 22 March 2022 where the draft Annual report was reviewed and further scrutiny was performed on the document and the following were highlighted to be considered on the annual report:

- ✓ On page 13 of the Annual Report on Municipal Overview, Lakeside was not mentioned as one of the townships around Vryheid.
- ✓ Members wanted to know about the progress to date, expenditure and anticipated completion date on the tarring of Bhekumthetho (Zama to Kwabalele road)
- ✓ No budget amount included for the upgrade of Mpongoza gravel road and provision of water and sanitation facilities to informal settlements.
- ✓ On page 31 of the Annual Report, only 39 Councillors were mentioned instead of 44 Councillors
- ✓ On page 31, paragraph 2.3 Administrative Governance, the Chief Accounting Officer statement must rephrase as 'Accounting Officer'
- ✓ On page 31, paragraph 2.3 Administrative Governance, the directs reports statement must rephrased as 'Directors'
- ✓ On page 37, paragraph 2.5 Public meetings, the members raised concerns that notice inviting public about council meetings are not issued

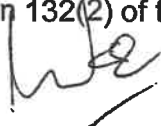
#### **4. RECOMMENDATIONS**

4.1 that the oversight report on the annual report of 2020/2021 be adopted in terms of section 129 (1) of the local government municipal financial management act (MFMA act no 56 of 2003);

4.2 that the annual report for 2020/2021 financial year be adopted in terms n

4.3 that the 2020/2021 oversight report and annual report of the municipality be made public in terms of section 129(3) of the MFMA, and uploaded on the municipal website

4.4 that the oversight report and annual report 2020/2021 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**