



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MPAC OVERSIGHT REPORT

ENQUIRIES	:	MPAC CHAIRPERSON
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DATE	:	23 MARCH 2020

TO : COUNCIL

SUBJECT : MPAC OVERSIGHT REPORT

1. PURPOSE

To consider the Annual Report for the 2018/2019 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 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 2018/2019 financial year was tabled at the Ordinary Council Meeting, on 24 January 2020 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 2018/2019 financial year.
- (b) The tabled Annual Report and be submitted to COGTA by the 7th of February 2020
- (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 2020 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 (Chairperson)	Cllr JJ Jones
Cllr R Ally	Cllr TZ Mavundla
Cllr MM Kunene	Cllr MB Mabaso
Cllr L Dube	Cllr NY Mdlalose
Cllr SN Ndelela	

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 06 February 2020 to the 20 February 2020 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 20 February 2020, no representations had been received.

The MPAC met on the 23rd of March 2020 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 116 of the Annual Report on training of staff it was identified that in 2018/2019 financial year employees were not trained
- ✓ On page 29 of the Annual Report, there is no photo of Cllr TI Zungu
- ✓ MPAC members raised concerns about the poor community turnout during IDP process and non-attendance of Council meetings by Amakhosi

The MPAC has had the pleasure of seeing first-hand the efforts being put in by the Municipal administrative officials led by the Municipal Manager to produce a document that talks to the work being done by the Municipality. Local government provides a dynamic environment for both the political and administrative officials and our Municipality is fortunate to be enjoying a period which shows the balance being struck between providing service delivery and ensuring compliance is maintained at the same time. The hard work of the Municipal Manager and his dedicated management team is clearly evident and it deserves much appreciation. Also mention must be given to council, the executive committee and members of the MPAC for the oversight role they played which ensured good governance was maintained.

The MPAC thus has 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 of 2018/2019 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 2018/2019 financial year 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 2018/2019 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 2018/2019 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