



NAMAKWA DISTRICT MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE "MPAC"

OVERSIGHT REPORT ON THE ANNUAL REPORT

2020/2021

OVERSIGHT REPORT ON ANNUAL REPORT: 2020/2021 FINANCIAL YEAR

INTRODUCTION

Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines.

The purpose of the annual report is to provide a record of the activities for that year, to report on performance against the budget of the Namakwa District Municipality for the financial year reported on, and to promote accountability decisions made throughout the year.

THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Council mandated the Municipal Public Accounts Committee (MPAC) to serve as an Oversight Committee to exercise oversight over the executive obligations of Council and to consider and evaluate the Annual Report as tabled to Council, and thereafter make recommendations to Council in this regard.

The Committee must compile an Oversight Report and table it to Council no later than 60 days from the date of which the Annual Report was tabled, in terms of Section 129 of the MFMA.

MPAC Committee members:

Chairperson: Cllr Estella Cloete (ANC)

Cllr Geraldene Gous (ANC)

Cllr Gerrie Coetzee (DA)

OBJECTIVE OF THE OVERSIGHT REPORT

The adoption of the Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires Council to consider the annual reports of its municipality and to adopt an "oversight report" containing Council's comments.

The purpose of the oversight report of MPAC is to provide an analysis of the accuracy of the report as compiled by administration.

- Review of past recommendations and the extent to which progress had been achieved.
- Departmental inputs on the compilation of the Annual Report
- Public Participation as per the legislative requirements

- To promote accountability to the local community for the decisions made throughout the year by the municipality
- The processes as undertaken by MPAC in dealing with the Annual Report

LEGAL REQUIREMENTS

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

Preparation and adoption of Annual Reports

121(1) Every Municipality must for each financial year prepare an Annual Report. The Council must within nine (9) months after the end of a financial year deal with the Annual Report of a municipality in accordance with Section 129.

The Purpose of the Annual Report

- (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 (b) and (d);
- (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.

Submission and tabling of the Annual Report 2020/2021

Due to the delay and finalisation of the Audit outcomes of 2020/2021 the Annual Report was not tabled and approved by Council.

MPAC RESOLVED THAT:

- 1. THAT THE ANNUAL REPORT OF 2020/2021 WITH THE FINANCIAL STATEMENTS BE APPROVED;**
- 2. THAT THE 2020/2021 ANNUAL REPORT BE MADE PUBLIC IMMEDIATELY AFTER THE TABLING FOR REPRESENTATIONS;**
- 3. THAT THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE REVIEWED THE ANNUAL REPORT AND REPRESENTATIONS MADE FOR CONSIDERATION;**
- 4. THAT THE ANNUAL REPORT 2020/21 BE SUBMITTED TO THE AUDITOR-GENERAL, NATIONAL TREASURY, PROVINCIAL TREASURY AND COGHSTA SOLICIT COMMENTS BASED ON THE RESPECTIVE EVALUATIONS;**

5. THAT THE RECOMMENDATIONS OF THE AUDIT COMMITTEE SERVES AS A WORKING DOCUMENT TO ACHIEVE THE TARGETS AND OBJECTIVES SET OUT BY THE AUDIT ACTION PLAN.

6. THAT THE ANNUAL REPORT MUST BE PUBLISHED ON THE MUNICIPAL WEBSITE WITH THE NECESSARY ANNEXURES.

7. ALTHOUGH THE COMMITTEE STILL FINDS CHALLENGES IDENTIFICATION AND DETECTION OF UIF& W THERE IS IMPROVEMENTS REPORTING IT.

CONCLUSION:

The purpose of the MPAC was to provide an accurate overview of the process of the financial and non-financial performance

RECOMMENDATIONS:

1. THAT THE COUNCIL HAVING CONSIDERED THE 2020/2021 ANNUAL REPORT OF THE MUNICIPALITY, ADOPTS THE OVERSIGHT REPORT IN TERMS OF SECTION 129 (1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003;

2. THAT THE ANNUAL REPORT 2020/2021 BE APPROVED IN TERMS OF SECTION 127 OF THE MFMA (ACT NO 56 OF 2003);

3. THAT FEEDBACK ON ISSUES RAISED PERTAINING TO THE 2020/2021 ANNUAL REPORT REVIEW AND THE STATUS ON THE IMPLEMENTATION OF CORRECTIVE ACTIONS TO ADDRESS THESE MATTERS, IF ANY, BE NOTED;

4. THAT REGULAR FEEDBACK BE PROVIDED TO THE MPAC ON THE ACTIONS IMPLEMENTED/TAKEN TO ADDRESS ABOVE ASPECTS IF ANY;

5. THAT THE 2020/2021 OVERSIGHT REPORT OF THE NAMAKWA DISTRICT MUNICIPALITY BE MADE PUBLIC IN TERMS OF SECTION 129(3) OF THE MFMA; AND

7. THAT THE OVERSIGHT REPORT AND ANNUAL REPORT FOR THE 2020/2021 FINANCIAL YEAR BE SUBMITTED TO THE PROVINCIAL LEGISLATURE IN TERMS OF SECTION 132(2) OF THE MFMA.

FOR CONSIDERATION AND APPROVAL BY COUNCIL

