

# LAINGSBURG MUNICIPALITY

## OVERSIGHT REPORT ON ANNUAL REPORT: 2015/2016 FINANCIAL YEAR

### 1. PURPOSE OF REPORT

To consider the municipality's Annual Report for the 2015/2016 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)

### 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 the annual report is:-**

- (a) To provide a record of the activities of the municipality during the financial year to which 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 municipality includes the following:-**

- (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 of the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) An assessment of 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, 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 Annual Report of the Municipality for the 2015/2016 financial year is tabled on 23 January 2016 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved at item 6.4 at the minutes of the meeting of the Council held on 23 January 2016:

1. *That the Draft Annual Report for the 2015/2016 financial year be approved; and*
2. *That the Draft Annual Report 2015/2016 be advertised for public comment;*

#### **b) The Oversight Committee**

Laingsburg Municipality's Audit Committee and Municipal Public Accounts Committee (MPAC) formed the Oversight Committee on 07 March 2017 in terms of National Treasury: MFMA Circular No. 32 and assumed such oversight role to analyse and review the annual reports in detail before tabling the Annual Report to Council for consideration.

The Committee comprises of Municipal Public Accounts Committee Councillors, Audit Committee Members, and administratively the Internal Auditor in the absence of the Planning and Development Official and Acting Municipal Manager.

In terms of the resolution by Council regarding the advertisement of the Draft Annual Report:

- The local community was invited via the Community Notices No. 4/2017 to submit comments/ objections received in connection with the Annual Report from 25 January 2017 to 27 February 2017; **No comments and objections were received**
- The Draft Annual Report has been placed on the municipal website, [www.laingsburg.gov.za](http://www.laingsburg.gov.za)
- The Draft Annual Report has been submitted to the relevant government departments.

At the closing date for public comments on 27 February 2017, no representations were received. However, Provincial Department comments were received.

#### 4. OVERSIGHT COMMITTEE COMMENTS

Provinsiale Tesourier het 'n volwaardige evaluering gedoen om sodoende toe te sien dat wetiese vereistes toegepas word. [Aanhegsel A]

Alle veranderinge moet só deur administrasie behartig word soos versoek deur Provinsiale Tesourier. [Aanhegsel B]

Die verwys na die MPAC Jaarverslag Gespreksessie Verslag vir regstellings deur die administrasie.

Kommentaar vir toekomstige oorweging deur die Raad en Administrasie

- a) Voorsitter verwys na bladsy 52, gedeelte F, en noem dat skuld vordering eintlik goed was, maar wonder hoekom dit rooi afgemerk is.  
Mnr. R Walters noem dat die Raad administratief die kultuur van gemeenskaps nie-betaling moet breek deur beleid implementering toe te pas. Mnr. R Walters noem verder dat die munisipaliteit in 'n tekort gehandel het en moes uitgawes befonds uit reserwes wat kan veroorsaak dat reserwes uitgeput kan word waarby Rdl M Gouws ten volle ondersteuning verleen.
- b) Mnr. R Walters verwys na bladsy 83, "No Server Room", en wou weet hoekom dit nog nie opgelos is nie. Mnr P Post reageer en noem dat die kantoor wat identifiseer was om te dien as genoemde, is die kantoor wat betree is deur mnr. J Mouton (Infrastruktuur Dienste).
- c) Mnr. R Walters noem nie genoegsame monitering plaasving ten opsigte van Ouditeur-General Aksie Plan implementering met verwysing na onder andere die Verkrygingskanaal bestuur departement wat huidiglik die grootste risiko behou vir die munisipaliteit en die herhaling van bevindinge elke jaar.

- d) Mnr R Walters noem dat projek implementering nog 'n problematies, met verwysing na lae kapitaal spandering persentasies waarby Rdl Gouws ondersteuning bied.
- e) Mnr R Walters noem dat nog steeds ondervind word dat inligting nie gekanaliseer moet word na Interne Oudit en Ouditkomitee vir besugting nie.
- f) Rdl M Gouws noem ter ondersteuning dat die, byvoorbeeld, Verkrygingskanaal hul tenderprosesse moet voorskriftelik nakom en inligting stukke voorsiening word aan Interne Oudit en Ouditkomitee sodat relevante advies verleen kan word aan die Raad en bestuur.
- g) Rdl M Gouws noem verder dat die finansies verslag eerstens na Interne Oudit verwys moet word voordat dit enigsins aan die Raad voorgelê word. Rdl M Gouws is van mening dat verslae eers deur Interne Oudit getoets moet word en dan na die Raad met Interne Oudit verslag voorgelê moet word.
- h) Rdl M Gouws versoek dat die voorwoord van die Uitvoerende Burgemeester en nodige regstellings verander moet word soos versoek deur die Provinsiale Tesourie, waarby Voorsitter ten volle ondersteun.

#### **5. RECOMMENDATIONS TO COUNCIL:**

- **THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2015/2016 BE APPROVED IN TERMS OF SECTION 129 (1) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE ACT (MFMA ACT NO.56 OF 2003);**
- **THAT THE ANNUAL REPORT 2015/2016 BE APPROVED IN TERMS OF SECTION 129 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA ACT NO.56 OF 2003) WITH RESERVATIONS**
- **THAT THE 2015/2016 OVERSIGHT REPORT OF LAINGSBURG MUNICIPALITY BE MADE PUBLIC IN TERMS OF 129(3) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO.56 OF 2003, AND**
- **THAT THE OVERSIGHT REPORT BE SUBMITTED TO THE PROVINCIAL LEGISLATURE IN TERMS OF SECTION 132(2) OF THE MUNICIPAL FINANCE MANAGEMENT ACT.**