



## **LAINGSBURG MUNICIPALITY**

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# **OVERSIGHT REPORT ON ANNUAL REPORT: 2018/2019**

## **1. PURPOSE OF REPORT**

To consider the municipality's 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)

## **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 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



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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 2018/2019 financial year is tabled on 23 January 2020 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 2020:

1. That the Draft Annual Report for the 2018/2019 financial year be approved; and
2. That the Draft Annual Report 2018/2019 be advertised for public comment;

#### b) The Oversight Committee

Municipal Public Accounts Committee (MPAC) formed the Oversight Committee on 13 March 2020, 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, and





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administratively the Internal Auditor.

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. 10/2020 to submit comments/ objections received in connection with the Annual Report from 30 January 2020 to 21 February 2020; **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 21 February 2020, no representations were received. However, Provincial Department comments were received.

#### 4. OVERSIGHT COMMITTEE COMMENTS

During the Oversight Committee Meeting, that was held on Friday, 13 March 2020 at 10:15am in the Auditorium, Tourism Building.

Chairperson states that Ignite Consulting receives an enormous amount of money for system maintenance and other services to the municipality. Chairperson states further that the service they provide to other municipalities, is not the same as the service they provide to Laingsburg Municipality. With reference to the Provincial Treasury Report on the Annual Report, Chairperson states common errors were made by Service Provider. Chairperson encourage that the topics be covered in the Mayors' Foreword identified in the PT Report and due diligence be exercised to monitor the Service Provider in compiling the Annual Report. Chairperson states further that the Service Provider must also be held accountable for not producing a quality Annual Report document, while they do at other municipalities.

Chairperson states disappointed that the Annual Report was not loaded on the Municipal website, and the lack of monitoring such operations is totally unacceptable.

Cllr I Brown in support of the Chairperson, makes reference to 2.2. of the PT Report where it states that "the tables and figures are not properly labelled and correct sources are not provided in the Draft Annual Report 2018/2019". Cllr I Brown imply that the Service Provider did not do justice to the Annual Report information in this instance where tables and figures were not correctly labelled which could result in the production of incorrect information. Cllr I Brown further states that the Annual Report was not timely submitted to the Auditor-General, as per the PT Report. Cllr I Brown expresses her concerns regarding prudence exercised when developing the Annual Report and imply that official copy and paste information without applying their minds. Mr. PD Post in support of the lower quality service provided by Service Provider in terms of the Annual Report preparation. He states that Administration must have an official who will be responsible for the Annual Report and coordinate the preparation process with the Mayor, Municipal Manager, Management and Service Provider. Mr. PD Post states further that the official must guide the Mayor, Municipal Manager and Management in terms of their Forewords and relevant information that must be included in the Annual Report and what the Service Provider actually request. Mr. PD Post states elaborately that the Annual Report Official must review the Annual Report's content in collaboration with the relevant Manager and, or Official(s) that submitted documents to the Service Provider.

Mr. A Abrahams states in response that the Mayor and Municipal Manager write their own Forewords but will guide them on what they must include, as per the requirements and comments of PT, in their Forewords.



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Mr. A Abrahams states that the Annual Report has already been placed on the website by Mr. R Pedro (ITC Official).

The Committee agrees jointly on the recommendation to Council by Mr. PD Post that:

- a) All Departmental Heads ensure that all tables and information reflected in the Draft Annual Report must be reviewed for correctness since the document is a reflection of the Municipality as a whole;
- b) Ignite Consulting be held accountable for their duties to the Municipality, as per the Memorandum of Agreement;
- c) Ignite Consulting's performance be monitored and evaluated periodically;
- d) Ignite Consulting provide reasonable guidance in terms Annual Reporting Best Practices to the Municipality;
- e) Management dedicate the operations and, or coordination of the Annual Report to a dedicated official;
- f) Communications are enhanced between the Dedicated Official, Management and the Service Provider (Ignite Consulting)

Cllr I Brown states that information is not circulated well between Managers, Mr. A Abrahams and the Service Provider. Cllr I Brown elaborately states that errors as illustrated in the PT Report would happen because the Service Provider only react on information received from Mr. A Abrahams. Cllr. I Brown further added that the Annual Report is not workshopped with the Council to prevent the issuance of an Annual Report with errors and, or the Annual Report is submitted a few days before tabling to councillors. Ample time must be provided to scrutinize and, or examine the Annual Report. Cllr. I Brown lastly request that with any matter dealt with by the MPAC, the accountable manager and the responsible official be invited to respond to questions at the MPAC meeting.

The Committee agrees jointly on the recommendation to Council by Mr. PD Post that:

- a) The Annual Report after been tabled to Council during the month of January, be workshopped with the MPAC;
- b) An Annual Report Roadshow be conducted per ward to receive community comments, since year-in and year-out no comments are received from communities and representatives.

Cllr I Brown ask the question, with reference to the PT Report, on whether fourteen (14) business were really assisted during the particular financial year and could they be identified. Cllr Brown states further that some information in the Annual Report are not supported or did not really happen, with reference to the twenty three (23) recycling awareness programmes that were held. Perhaps communication throughout the municipality is a problem.

The Committee agrees jointly on the recommendation to Council by Mr. PD Post that:

- a) Councillors be notified timeously regarding municipal incidents, through the community sms system solution, to respond effectively to community complains and questions.  
(Incidents referred to are such as: Water and Electricity availability within certain areas, Muddy Waters, EPWP work programmes, etc.)

The Committee agrees jointly that an MPAC Recommendation Implementation Plan will be maintained to monitor the implementation of recommendation by Council and Management.

Mr. PD Post explain to the Committee the decision(s) to be taken by the Committee as stipulated within the Regulations and Circular(s).





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

- THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2018/2019 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 2018/2019 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 2018/2019 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.