

LAINGSBURG MUNICIPALITY

OVERSIGHT REPORT ON ANNUAL REPORT: 2017/2018 FINANCIAL YEAR

1. PURPOSE OF REPORT

To consider the municipality's Annual Report for the 2017/2018 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 2016/2017 financial year is tabled on 28 January 2019 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved at item 7.3 at the minutes of the meeting of the Council held on 28 January 2019:

1. *That the Draft Annual Report for the 2017/2018 financial year be approved; and*
2. *That the Draft Annual Report 2016/2017 be advertised for public comment;*

b) The Oversight Committee

Laingsburg Municipality's Audit Committee Chairperson and Municipal Public Accounts Committee (MPAC) formed the Oversight Committee on 13 March 2019, which meeting was postponed to a date that were to be communicated 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 Chairperson, 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. 5/2019 to submit comments/ objections received in connection with the Annual Report from
28 January 2018 to 21 February 2019; **No comments and objections were received**
- The Draft Annual Report has been placed on the municipal website, 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 2019, no representations were received. However, Provincial Department comments were received.

4. OVERSIGHT COMMITTEE COMMENTS

No Oversight Committee comments – meeting was postponed and a change in councillors.

5. RECOMMENDATIONS TO COUNCIL:

- **THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2017/2018 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 2017/2018 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 2017/2018 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.**