



**WEST COAST DISTRICT MUNICIPALITY**  
**WESKUS DISTRIKSMUNISIPALITEIT**

Reference: (10/3/2/3/36)

22 November 2019

**OVERSIGHT REPORT ON ANNUAL REPORT: 2018/1019 FINANCIAL YEAR**

**INTRODUCTION**

The Annual Report is one of the key instruments of transparent governance and accountability. It is a post financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year. The adoption of an Annual Report is a legislative requirement in terms of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003).

**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 to consider and evaluate the Annual Report as tabled to Council, and thereafter make recommendations to Council in this regard.

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

The 2018/2019 Annual Report and related correspondence be perused by the MPAC members as listed below:

- Cllr JJ Hoop (Chairperson)
- Cllr J Alexander
- Cllr BJ Penxa
- Cllr M Schrader

**OBJECTIVE OF THE OVERSIGHT REPORT**

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

## **ADOPTION AND PUBLIC CONSULTATION PROCESS**

The Unaudited Annual Report 2018/2019 was tabled to Council on 28 August 2019, ITEM 19/08/28/9.3.4 in compliance with Section 127(2) of the MFMA.

The Unaudited Annual Report 2018/2019 was made public on the Municipal Website from 04 September 2019 to 04 October 2019 in the local newspaper after it was approved by Council on 28 August 2019.

Members of the community and other stakeholders were invited to submit written comments/inputs on the Annual Report 2018/2019. The Annual Report 2018/2019 was furthermore also submitted in terms of Section 127(5)(b) to the Auditor-General (AG) of South Africa, Provincial Treasury (Western Cape) and the Department of Local Government (Western Cape).

The closing date for public comments was on 04 October 2019. Comments as received be tabled for consideration at the MPAC Meeting held on 15 October 2019.

The Oversight Report on the Unaudited Annual Report 2018/2019 was tabled and approved at the Special Council Meeting of 23 October 2019 ITEM 19/10/23/6.1.

## **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 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.

3. 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.*

## **ADOPTION AND PUBLIC CONSULTATION PROCESS**

### **Submission and tabling of the Annual Report 2018/2019**

The Unaudited Annual Report of the West Coast District Municipality for the 2018/2019 financial year was tabled at the 102<sup>nd</sup> General Council Meeting on 28 August 2019, ITEM 19/08/28/9.3.4 in terms of Section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved: ITEM 19/08/28/9.3.4 the following:

**RESOLVED:**

1. **THAT THE UNAUDITED DRAFT ANNUAL REPORT 2018/2019 INCLUSIVE OF THE UNAUDITED ANNUAL FINANCIAL STATEMENTS BE NOTED;**
2. **THAT THE UNAUDITED DRAFT ANNUAL REPORT 2018/2019 BE MADE PUBLIC IMMEDIATELY AFTER THE TABLING FOR REPRESENTATIONS;**
3. **THAT THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE REVIEW THE UNAUDITED DRAFT ANNUAL REPORT 2018/2019 AND REPRESENTATIONS MADE FOR CONSIDERATION;**
4. **THAT THE UNAUDITED DRAFT ANNUAL REPORT 2018/2019 BE SUBMITTED TO THE AUDITOR-GENERAL, NATIONAL TREASURY, WESTERN CAPE GOVERNMENT PROVINCIAL TREASURY AND THE WESTERN CAPE DEPARTMENT OF LOCAL GOVERNMENT TO SOLICIT COMMENTS BASED ON THE RESPECTIVE EVALUATIONS;**
5. **THAT AN OVERSIGHT REPORT BE PREPARED WITHIN THE FRAMEWORK OF THE MFMA CIRCULAR 32 FOR CONSIDERATION BY COUNCIL WITHIN TWO MONTHS AFTER TABLING BUT NOT LATER THAN DECEMBER 2019;**
6. **THE AUDITOR-GENERALS REPORT BE INCLUDED AS SOON AS IT BECOMES AVAILABLE; AND**
7. **THAT THE AUDITOR-GENERALS REPORT BE INCORPORATED IN THE ANNUAL REPORT PRIOR TO SUBMISSION FOR ADOPTION; AND THAT THE OVERSIGHT REPORT BE MADE PUBLIC WITHIN SEVEN DAYS AFTER ADOPTION BY COUNCIL.**

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

- The local community was invited via the press and website to submit comments / objections received in connection with the Annual Report from 04 September 2019 to 04 October 2019;
- The Unaudited Annual Report are available on the municipality's website, <http://westcoastdm.co.za/wp-content/uploads/2019/08/19-August-2019-1st-Draft-Annual-Report-2018-2019-1.pdf>

The Unaudited Annual Report 2018/2019 was furthermore also submitted in terms of Section 127(5)(b) to the Auditor-General (AG) of South Africa, Provincial Treasury (Western Cape) and the Department of Local Government (Western Cape).

The MPAC scrutinized the Unaudited Annual Report on 16 October 2019 and the Oversight Report was tabled to Council on 23 October 2019, ITEM 19/10/23/6.1. The Oversight Report was made public.

**CONCLUSION:**

The purpose of the MPAC was to provide an accurate overview of the process of the financial and non-financial performance during the period under review.

**RESOLVED:**

1. **THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2018/2019 (INCLUSIVE OF THE AUDITOR-GENERAL REPORT AND ANNUAL FINANCIAL STATEMENTS BE APPROVED AND ADOPTED;**
2. **THAT THE ANNUAL REPORT 2018/2019 BE APPROVED AND ADOPTED IN TERMS OF SECTION 127 OF THE MFMA (ACT NO 56 OF 2003) WITHOUT RESERVATIONS;**
3. **THAT FEEDBACK ON ISSUES RAISED PERTAINING TO THE ANNUAL REPORT 2018/2019 REVIEW AND THE STATUS ON THE IMPLEMENTATION OF CORRECTIVE ACTIONS TO ADDRESS THESE MATTERS, IF ANY, BE NOTED;**
4. **THAT THE STATUS ON PROGRESS MADE IN ADDRESSING THE 2018/2019 ISSUES RAISED BY THE AUDITOR-GENERAL, IF ANY BE NOTED;**
5. **THAT REGULAR FEEDBACK BE PROVIDED TO THE MPAC ON THE ACTIONS IMPLEMENTED/TAKEN TO ADDRESS ABOVE ASPECTS IF ANY;**
6. **THAT THE REVISED AND UPDATED ANNUAL REPORT FOR THE 2018/2019 FINANCIAL YEAR BE SUBMITTED TO THE AUDITOR-GENERAL, RELEVANT PROVINCIAL TREASURY AND THE PROVINCIAL DEPARTMENTS RESPONSIBLE FOR LOCAL GOVERNMENT IN THE PROVINCE AND THE PROVINCIAL LEGISLATURE IN TERMS OF SECTION 127 OF THE MFMA.**