



**OVERSIGHT REPORT ON THE ANNUAL
REPORT 2019/2020**



WEST COAST DISTRICT MUNICIPALITY
WESKUS DISTRIKSMUNISIPALITEIT

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

21 July 2021

OVERSIGHT REPORT ON ANNUAL REPORT: 2019/2020

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 Section 129 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.

With regard to the Council resolution, ITEM 20/12/09/10.3.2 the extension of the submission of the Annual Report 2019/2020 and Oversight Report was approved. The Council Meeting of 29 March 2021 resolved that the submission of the annual report and oversight will not materialise due to the delays experienced with the conclusion of the 2019/2020 regulatory audit. On 26 May 2021 the Annual Report was approved with reservations:

Members of MPAC are as follows:

- JJ Hoop (Chairperson)
- EC O'Kennedy
- M Schrader
- BJ Penxa
- Secundi: A Small

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

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.

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-

- a) *The Council has approved the Annual Report with or without reservations;*
- b) *Has rejected the Annual Report or*
- c) *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 2019/2020

The Annual Report of the West Coast District Municipality for the 2019/2020 financial year was tabled at the 107th General Council Meeting on 26 August 2020, ITEM 20/08/26/9.11 in terms of Section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003. 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 01 September 2020 to 01 October 2020;

The Draft Unaudited Annual Report are available on the municipality's website,

<http://westcoastdm.co.za/wp-content/uploads/2020/08/Unaudited-Draft-Annual-Report-2019-20-include-Fin-Info-1.pdf>

The Annual Report 2019/2020 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).

Below is a timeline of discussion at various Committee and council meetings and the resolutions is summarized as follows,

Meeting	Date	Item Nr	Resolution
111 th General Council Meeting	27 May 2021	ITEM 21/05/26/9.3.1	<p>1. THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2019/2020 AND THE ANNUAL REPORT 2019/2020 BE APPROVED AND ADOPTED IN TERMS OF SECTION 129(1)(a) OF THE MFMA (ACT NO 56 OF 2003) WITH RESERVATIONS;</p> <p>2. THAT THE FOLLOWING RESERVATIONS BE NOTED:</p> <p>d. THE AUDIT STATUS WITH REGARD TO THE BAC DISPUTED MATTER MIGHT BE FAVOURABLE WHICH WILL CHANGE IT FROM UNQUALIFIED WITH FINDINGS TO CLEAN AUDIT STATUS;</p> <p>e. IF NOT FAVOURABLE, THE BAC DISPUTED MATTER WITH AGSA OFFICIALLY BE REGISTERED AS A DISPUTE IN TERMS OF THE PUBLIC AUDIT ACT AND SEEK A DECLARATORY ORDER;</p> <p>f. THAT CONSIDERATION ALSO BE GIVEN FOR INTERPRETATION DISPUTED MATTERS FOR FURTHER ACTION AND REPORT BACK TO COUNCIL;</p> <p>3. THAT THE REVISED AUDITED ANNUAL FINANCIAL STATEMENTS AND AUDITOR-GENERAL REPORT AND BE INCLUDED IN THE ANNUAL REPORT 2019/2020 UPON RECEIPT;</p> <p>4. THAT FEEDBACK ON ISSUES RAISED PERTAINING TO THE 2019/2020 ANNUAL REPORT REVIEW AND THE STATUS ON THE IMPLEMENTATION OF CORRECTIVE</p>

			<p>ACTIONS TO ADDRESS THESE MATTERS, IF ANY, BE NOTED;</p> <ol style="list-style-type: none"> 5. THAT THE STATUS ON PROGRESS MADE IN ADDRESSING THE 2019/2020 ISSUES RAISED BY THE AUDITOR-GENERAL, IF ANY BE NOTED; 6. THAT REGULAR FEEDBACK BE PROVIDED TO THE MPAC ON THE ACTIONS IMPLEMENTED/TAKEN TO ADDRESS ABOVE ASPECTS IF ANY; 7. THAT ANY FINDINGS AND AMENDMENTS BY THE AUDITOR-GENERAL, IF ANY, BE ADJUSTED; 8. THAT THE REVISED AND UPDATED OVERSIGHT REPORT AND ANNUAL REPORT FOR THE 2019/2020 FINANCIAL YEAR BE SUBMITTED TO THE RELEVANT PROVINCIAL TREASURY AND THE PROVINCIAL DEPARTMENTS RESPONSIBLE FOR LOCAL GOVERNMENT IN THE PROVINCE AND THE PROVINCIAL LEGISLATURE IN TERMS OF SECTION 132(2) OF THE MFMA; AND 9. THAT THE OVERSIGHT REPORT 2019/2020 BE MADE PUBLIC IN TERMS OF SECTION 129(3) OF THE MFMA.
110 th General Council Meeting	29 March 2021	ITEM 21/03/29/4.1	<ol style="list-style-type: none"> 1. THAT THE SUBMISSION OF THE ANNUAL REPORT AND OVERSIGHT WILL NOT MATERIALISE DUE TO THE DELAYS EXPERIENCED WITH THE CONCLUSION OF THE 2019/2020 REGULATORY AUDIT; 2. THAT COGNISANCE BE TAKEN OF THE ABOVE DEPICTED LEGISLATIVE REQUIREMENTS; 3. THAT TO DATE, NO LETTER REGARDING THE DELAY WITH THE CONCLUSION OF THE 2019/2020 REGULATORY AUDIT HAS BEEN FORTHCOMING FROM THE AG WC; 4. THAT IT BE NOTED THAT THERE IS STILL TWO (2) OUTSTANDING TECHNICAL CONSULTATION MATTERS WHICH IS BEEN AWAITED BY THE MANAGEMENT; 5. THAT THE DISPUTED MATTER BASED ON APPROPRIATE AND SOUND LEGAL

			<p>EXPERTISE BE RESOLVED WITH THE AG WC;</p> <p>6. IF 5 ABOVE DOES NOT MATERIALISE TO ALLOW THE MANAGEMENT TEAM TO ADDRESS THE DISPUTED MATTER VIA THE AGSA DISPUTE RESOLUTION MECHANISMS;</p> <p>7. THAT THE MUNICIPAL MANAGER IS MANDATED TO PREPARE AND PRESENT A LETTER TO THE EXECUTIVE MAYOR FOR SIGN-OFF AND SUBSEQUENT SUBMISSION TO THE WESTERN CAPE DEPARTMENTS OF LOCAL GOVERNMENT, PROVINCIAL TREASURY AND THE NATIONAL TREASURY;</p> <p>8. THAT BRIEF UPDATES BE PROVIDED AS THE FORTHCOMING COUNCIL COMMITTEES AS TO THE STATUS OF THE ABOVE LISTED RESOLUTIONS.</p>
<p>Audit- & Performance Audit Committee</p> <p>EMC</p> <p>MPAC</p> <p>Special Council Meeting</p>	<p>16 February 2021</p> <p>17 February 2021</p> <p>22 February 2021</p> <p>24 February 2021</p>	<p>ITEM OK/21/02/16/7.1</p> <p>ITEM BM/21/02/17/7.1</p> <p>ITEM MPAC/21/02/22/4.1</p> <p>ITEM 21/02/24/8.2.1</p>	<p>1. THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2019/2020 BE NOTED;</p> <p>2. THAT THE CONCLUSION OF THE REPORT OF THE AUDITOR GENERAL 2019/2020 CANNOT BE FINALISED AS THE AUDITOR-GENERAL EXPERIENCED DELAYS WITH THEIR REGULATORY TIMELINES;</p> <p>3. THAT THE AUDITOR-GENERAL REPORT AND MANAGEMENT REPORT ARE EXPECTED ON 26 FEBRUARY 2021 INSTEAD OF 01 FEBRUARY 2021;</p> <p>4. THAT UPON RECEIPT OF THE ANNUAL FINANCIAL STATEMENTS 2019/2020 AS WELL AS THE AUDITOR-GENERAL REPORT, AFOREMENTIONED BE SUBMITTED TO MPAC FOR INVESTIGATION AND CONSIDERATION AND A SPECIAL COUNCIL MEETING BE CALLED FOR SUBMISSION IN TERMS OF THE TIMELINES; AND</p> <p>5. THAT SIGNIFICANT CHANGES TO BE MADE, BE HIGHLIGHTED TO BOTH THE MPAC AND COUNCIL FOR NOTING AND REGULAR REPORTING AND FEEDBACK.</p>
EMC Meeting	28 October 2020	ITEM BM/20/10/28/9.1	1. THAT COGNISANCE BE TAKEN OF THE CONTENTS OF GOVERNMENT GAZETTE 43852, DATED 05 AUGUST 2020;

108 th General Council Meeting	09 December 2020	ITEM 20/12/09/10.3.2	<ol style="list-style-type: none"> 2. THAT COGNISANCE BE TAKEN THAT THE AUDITOR-GENERAL'S REPORT WILL BE ISSUED AT 28 FEBRUARY 2021; 3. THAT THE SUBMISSION OF THE ANNUAL REPORT 2019/2020 DEVIATE FROM THE PRESCRIPTIONS IN REGULATIONS 127 (1) AND 129 (1) OF THE MFMA; 4. THAT THE EXTENTION FOR THE SUBMISSION OF THE ANNUAL REPORT AND OVERSIGHT REPORT AND BE TABLED AFTER 28 FEBRUARY 2021 TO COUNCIL FOR ADOPTION AND APPROVAL; AND 5. THAT THE RESOLUTION REGARDING THE EXTENSION OF THE SUBMISSION OF THE ANNUAL REPORT OF 2019/2020 BE DISTRIBUTED TO THE RELEVANT GOVERNMENT DEPARTMENTS.
Audit- & Performance Audit Committee MPAC EMC	13 August 2020 13 August 2020 19 August 2020	ITEM OK/20/08/13/6.2 ITEM MPAC/20/08/17/4.2 ITEM BM/20/08/19/7.2	<ol style="list-style-type: none"> 1. THAT THE UNAUDITED DRAFT ANNUAL REPORT 2019/2020 INCLUSIVE OF THE UNAUDITED ANNUAL FINANCIAL STATEMENTS BE NOTED; 2. THAT THE UNAUDITED DRAFT ANNUAL REPORT 2019/2020 BE MADE PUBLIC IMMEDIATELY AFTER THE TABLING FOR REPRESENTATIONS; 3. THAT THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE REVIEW THE UNAUDITED DRAFT ANNUAL REPORT 2019/2020 AND REPRESENTATIONS MADE FOR CONSIDERATION; 4. THAT THE UNAUDITED DRAFT ANNUAL REPORT 2019/2020 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 2020;

			<p>6. THE AUDITOR-GENERALS REPORT BE INCLUDED AS SOON AS IT BECOMES AVAILABLE; AND</p> <p>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.</p>
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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.

The Annual Report was approved with reservations on 26 May 2021 council resolution: **ITEM 21/05/26/9.3.1**. The West Coast DM received the Audit Report of the Auditor-General Report on 13 July 2021. West Coast District Municipality maintain their clean Audit Status 10 times in a row, the first municipality with 10 consecutive clean audits.

Abovementioned resulted in the following changes in the Annual Report 2019/2020:

1. Auditor-General Report are available on Page 249 – 253
2. Audited signed Annual Financial Statements on Page 345

With reference to page 39, item 1.6 a short summary from Internal Audit for the 2019/2020 financial year was also included in the Annual Report 2019/2020.

RESOLVED:

1. THAT THE UPDATED ANNUAL REPORT 2019/2020 (INCLUSIVE OF THE AUDIT REPORT OF THE AUDITOR-GENERAL AND AUDITED ANNUAL FINANCIAL STATEMENTS) BE APPROVED AND ADOPTED;
2. THAT THE UPDATED ANNUAL REPORT 2019/2020 BE APPROVED AND ADOPTED IN TERMS OF SECTIONS 127 AND 129 OF THE MFMA (ACT NO 56 OF 2003) WITHOUT RESERVATIONS;
3. THAT COGNISANCE BE TAKEN OF THE AUDIT REPORT OF THE AUDITOR GENERAL AND AUDITED ANNUAL FINANCIAL STATEMENTS IN THE ANNUAL REPORT 2019/2020.
4. THAT FEEDBACK ON ISSUES RAISED PERTAINING TO THE 2019/2020 ANNUAL REPORT REVIEW AND THE STATUS ON THE IMPLEMENTATION OF CORRECTIVE ACTIONS TO ADDRESS THESE MATTERS, IF ANY, BE NOTED;

5. THAT THE STATUS ON PROGRESS MADE IN ADDRESSING THE 2019/2020 ISSUES RAISED BY THE AUDITOR-GENERAL, IF ANY BE NOTED;
6. THAT REGULAR FEEDBACK BE PROVIDED TO THE MPAC ON THE ACTIONS IMPLEMENTED/TAKEN TO ADDRESS ABOVE ASPECTS IF ANY;
7. THAT THE REVISED AND UPDATED ANNUAL REPORT FOR THE 2019/2020 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.