



OVERSIGHT REPORT ON THE ANNUAL REPORT 2022/2023

OVERSIGHT REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON THE ANNUAL REPORT 2022/2023

The Municipal Council is vested with legislative responsibilities by the Constitution of the Republic of South Africa, Act 108 of 1996, Municipal Finance Management Act, No. 56 of 2003 and Municipal Systems Act (MSA), No. 32 of 2000 to govern and oversee the Municipality.

The West Coast DM is legally assigned with the responsibility to perform oversight over the executive and administration of the municipality. The oversight role remains the function of the Council which is supported by legislative prescripts including but not limited to the. Constitution of the Republic of South Africa. Local Government: Municipal Finance Management Act no 56 of 2003 and Municipal Systems Act No. 32 of 2000.

The Local: Municipal Finance Management Act 56 of 2003 (MFMA) assigns specific oversight responsibilities to Council in the annual reporting process and the preparation of the Oversight Report. The establishment of the MPAC of the Council provides the appropriate mechanism through which Council fulfils its oversight responsibilities.

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Introduction

The Annual Report is one of the key instruments of transparent governance and accountability. It is a post-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 Local Government: Municipal Finance Management Act (MFMA) ,2003 (Act 56 of 2003).

The Oversight Report is the final major step in the annual reporting process of a Municipality. Section 129(1) of the Municipal Finance Management Act (MFMA), 56 of 2003 requires the Municipal Council to consider the Annual Report of its Municipality and of any Municipal Entity under the Municipality's sole or shared control, and by not later than two months from the date, the annual report was tabled in Municipal Council in terms of Section 127 adopt an oversight report containing the council's comments on the annual report.

The Unaudited Annual Report for the year ended 30 June 2023 were approved by Council on 30 August 2023 and submitted to the Auditor-General on 31 August 2023, complying fully with Section 126(1)(a) of the MFMA.

The purpose of the annual report is to:

- a) Provide a record of the activities of the Municipality;
- b) Provide a report on performance in service delivery and against the budget;
- c) Provide information that supports the revenue and expenditure decisions made
- d) Promote accountability to the local community for decisions made

Legislation

4.1. In terms of Section 127(2) of MFMA

"The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality..."

4.2. In terms of Section 129(1) and (2) of the MFMA

(1) *"The council of a municipality must consider the annual report of the municipality ..., and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council—*

- (a) 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.*

(2) The accounting officer must—

- (a) attend council and council committee meetings where the annual report is discussed, for the purpose of responding to questions concerning the report*

(b) submit copies of the minutes of those meeting to the Auditor-General, relevant provincial treasury and the provincial department responsible for local government...”

Purpose of the Oversight Report

The purpose of this report is to submit to the Council an Oversight Report on the Annual Report 2022/2023. This oversight report is a milestone that enables the MPAC to release its oversight responsibility in considering the West Coast DM's Performance Information for 2022/2023. The report also presents the findings and recommendations of the MPAC to the Council for the adoption of the Oversight Report and the Annual Report for 2022/2023.

The MPAC Oversight Report Process

The Unaudited Annual Report for 2022/2023 was tabled to Council on 30 August 2023, Council resolution: Item 23/08/30/8.1.1 and was resolved that the Annual Report be made public, and those communities be invited for public comments, the MPAC review the Unaudited Annual Report and representations (if any) and that an Oversight Report be prepared within two months after tabling the Annual Report.

The Annual Financial Statements and draft Annual Report for the year ended 30 June 2022 were submitted to the Auditor-General by 31 August 2023, complying fully with Section 126(1)(a) of the MFMA.

Composition of the MPAC Committee

The Municipal Public Accounts Committee (MPAC) is appointed by the Municipal Council in accordance with the provisions of Section 79A of the Amended Municipal Structures Act, No. 3 of 2021 to amongst others, oversee the performance of the Municipality and the content of the Annual Report on its behalf. Specifically, the MPAC is established to exercise oversight over the administration and the executive of the Municipality in pursuit of clean administration and good governance.

The Municipal Public Accounts Committee is comprised of non-executive councillors as indicated in the table below:

Ald M Koen	Chairperson
Ald OM Stemele	
Cllr L Mitchell	
Cllr J Alexander	

In terms of the Municipal Finance Management Act no 56 of 2003 - Circular no 11, 32 and 63, the Municipal Public Accounts Committee (MPAC) is required to oversee the Annual Report of the municipality. Mandated by the General Council Meeting of the 30th August 2023, Council resolution: Item 23/08/30/8.1.1 to review and scrutinize the 2022/2023 Unaudited Annual Report.

The roles identified in the annual reporting process

<u>Management</u>	The Management is responsible for the preparation of the Annual Report and submitting the report to Council. The Council will refer the Annual report to the Municipal Public Accounts Committee for consideration.
<u>Municipal Public Accounts Committee</u>	The role of MPAC is to consider the structure and content of the Annual Report to determine whether it complies with standards set by the National Treasury, contains information required in terms of circular 63 and if such content fairly represents the achievements of the municipality over the relevant financial year. After consideration of the Annual report, MPAC must prepare an Oversight report in terms of the circulars.
<u>Council</u>	The Council's role is to receive and consider the recommendations of the MPAC with a view of taking a final decision on the matter.

Approval of the Unaudited Annual Report 2022/2023

The Municipal Council is amongst other responsibilities, obliged to oversee the administrative and financial performance of the Municipality including that of the entity.

The MFMA Circulars 32 and 63 guides the Oversight process that Council must follow when considering the Annual Report and when producing an Oversight Report thereon. In this regard the Schedule of MPAC meetings and activities that had been embarked upon, in considering the 2022/2023 Annual Report, as delegated by the Council.

The Unaudited Annual Report 2022/2023 was tabled in the Municipal Council on the 30th August 2023, Item 2023/08/30/8.1.1. This was in compliance with Section 127 (2) of the MFMA, No. 56 of 2003 which states that the mayor of the Municipality must, within seven months after the end of a financial year, table in the Municipal Council the Annual Report of the Municipality and of any Municipal entity under the Municipality's sole or shared control.

The final step of reporting is for the Municipality to consider and adopt the Annual Report after considering the findings contained in the Oversight Report. In addition to subjecting the Unaudited Annual Report 2022/2023 to public scrutiny, the MPAC embarked on the probing of the components of the Annual Report.

The review process focused on the following components;

- Chapter 1 : Executive Mayor's and Municipal Managers Foreword
- Chapter 2 : Governance
- Chapter 3 : Service Delivery Performance
- Chapter 4 : Organisational Development Performance
- Chapter 5 : Statement of Financial Performance
- Chapter 6 : Auditor General's Findings

Annual Report Timeline

Meeting	Date	Resolution
117 th General Council Meeting Council resolution: ITEM 23/08/30/8.1.11	30 August 2023	1. THAT THE UNAUDITED ANNUAL REPORT 2022/2023 BE NOTED;
Audit- and Performance Audit Committee	16 August 2023	2. THAT THE UNAUDITED ANNUAL REPORT 2022/2023 BE MADE PUBLIC IMMEDIATELY AFTER THE TABLING FOR REPRESENTATIONS;
MPAC (“Municipal Public Accounts Committee”)	16 August 2023	3. THAT THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE REVIEW THE UNAUDITED ANNUAL REPORT 2022/2023 AND REPRESENTATIONS MADE FOR CONSIDERATION;
Executive Mayoral Committee	16 August 2023	4. THAT THE UNAUDITED ANNUAL REPORT 2022/2023 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 THE ANNUAL REPORT; 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.

Advertising process

On the 05th September 2023 Members of the community and other stakeholders were invited to submit written comments and inputs to the Unaudited Annual Report 2022/2023.

The closing date for public comments was on the 06th October 2023.

The Unaudited Annual Report was furthermore submitted in terms of Section 127 (5) of the MFMA to the Provincial Legislature, Provincial and National Departments, and the Office of the Auditor General. No submissions of comments from the public or other institutions were received.

The Unaudited Annual Report was available on the municipality’s website,

<https://westcoastdm.co.za/documents/annual-reports-documents/>

Oversight of the Annual Report Process

In line with Section 127(5) of the MFMA and Section 21A of the MSA, the local communities were invited to submit written comments or representations on the Unaudited Annual Report 2022/2023. The public and local communities were afforded reasonable time, from 05 September 2023 to 06 October 2023, to participate in the oversight activities and submit their comments or representations on the Unaudited Annual Report 2022/2023.

The MPAC considered and evaluated the 2022/2023 Annual Report, and monitored that all submissions and calls for comments were undertaken as per Section 127(5), Section 130 and Section 132 of the MFMA.

The public and local communities were given reasonable means, time and assistance to participate and submit representations on the Unaudited Annual Report.

Compiling the Oversight Report

Section 129 of the MFMA, No. 56 of 2003 states that, the Municipal Council must consider the Annual Report of the Municipality and by no later than two months from the date on which the Annual Report was tabled in Council, adopt an Oversight Report containing the Council comments on the Annual Report, which must include a statement whether the Council has:

- approved the Annual Report with or without reservations;
- rejected the Annual Report; or
- has referred the Annual Report back for revision of those components that can be resolved.

Conclusion

The Annual Report for the 2022/2023 financial year was submitted to Council and is part of the process of accountability and achieving their objectives and goals for the financial year. The Oversight Report follows the consideration on the Annual Report disclosing the

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

The oversight report is the final major step in the annual reporting process of a municipality.

On proposal by Cllr Engelbrecht, seconded by Cllr Schrader are:

RESOLVED:

1. **THAT COGNISANCE BE TAKEN OF THE UNAUDITED ANNUAL REPORT 202/2023 AND THE OVERSIGHT REPORT IN TERMS OF SECTION 129 (1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003;**
2. **THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2022/2023 AND THE ANNUAL REPORT 2022/2023 BE APPROVED AND ADOPTED IN TERMS OF SECTION 129(1)(a) OF THE MFMA (ACT NO 56 OF 2003) WITH RESERVATIONS;**
3. **THAT THE FOLLOWING RESERVATIONS BE NOTED:**
 - a. **THAT THE REVISED AUDITED ANNUAL FINANCIAL STATEMENTS BE INCLUDED IN THE ANNUAL REPORT 2021/2022 UPON RECEIPT;**
 - b. **THAT THE AUDITOR-GENERAL REPORT BE INCLUDED IN THE ANNUAL REPORT 2021/2022 UPON RECEIPT**
4. **THAT FEEDBACK ON ISSUES RAISED PERTAINING TO THE 2021/2022 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 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 AUDITED ANNUAL REPORT FOR THE 2022/2023 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;**
9. **THAT THE OVERSIGHT REPORT 2022/2023 BE MADE PUBLIC IN TERMS OF SECTION 129(3) OF THE MFMA; AND**

10. **THAT THE AUDITED ANNUAL REPORT 2022/2023 (INCLUSIVE OF THE AUDITED ANNUAL FINANCIAL STATEMENTS AND REPORT OF THE AUDITOR-GENERAL) BE TABLED TO THE COUNCIL FOR ADOPTION AND APPROVAL AFTER FINALISATION OF THE AUDIT.**