

BLUE CRANE ROUTE MUNICIPALITY (EC 102)



2019/20 OVERSIGHT REPORT

PRESENTED TO COUNCIL ON 27 MAY 2020

OVERSIGHT REPORT ON ANNUAL REPORT: 2019/20 FINANCIAL YEAR
CHAIRPERSON'S FOREWORD

In terms of MFMA Act no 56 of 2003 – Circular no 32 and 11. MPAC is required to also oversee the annual report of the municipalities. As well as mandated by Ordinary Council Meeting of 17 May 2021, to review and scrutinize the 2019/2020 draft annual report. As an oversight committee we have fulfilled the obligation.

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).



COUNCILLOR N NKONYENI

PURPOSE OF THE OVERSIGHT REPORT

To present the Oversight Committee Report on the Annual Report for 2019/20 for adoption and further recommend the approval of the Annual Report by Council in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) section 129 (1).

LEGAL FRAMEWORK

The oversight report is compiled in terms of Section 129 (1) of the Municipal Finance Management Act, No. 56 of 2003 which reads as follows: “ The council of a municipality must consider the annual report of the municipality and of any municipality entity under the municipality’s sole or shared control 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 statement whether the council:-

- a) Has approved the annual report with or without reservations;
- b) Has rejected the annual report
- c) Has referred the annual report back for revision of those components that can be revised”.

Section 129 of the Municipal Finance Management Act requires a municipality to prepare an oversight report over the annual report and to publish the same.

THE ROLES IDENTIFIED IN THE ANNUAL REPORTING PROCESS

1. The role of Management

The Management is responsible for the preparation of the Annual Report and to submit the report to Council. The Council will refer the Annual report to the committee (MPAC) for consideration.

2. The role of the committee (MPAC)

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 68 and if such content fairly represent 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.

3. The role of Council

The Councils role is to receive and consider the recommendations of the MPAC with a view of taking final decision on the matter.

LEGAL STATUS

1. The constitution of SA 108 of (1996)
2. The Municipal Structures Act 117 of (1998)
3. The Municipal Systems Act of 32 (2000)
4. The Municipal Financial Management Act 56 of (2003)
5. The Municipal Performance Regulations for Municipal Managers directly accountable to Municipal Managers (2006)
6. The Municipal Financial Management Act circular 32,63, 68 and 104
7. Municipal Public Accounts guidelines
8. The Public Audit Act No.25 of 2004

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

In terms of Council resolution, a Municipal Public Accounts Committee was established in terms of Section 79 of the Municipal Structures Act; 1998. In terms of the Terms of Reference of this committee it is, inter alia; responsible to perform oversight over the process of preparing the Annual Report of Council and to produce an Oversight Report based on the Annual Report.

In terms of Council Resolution dated 19 August 2016, the MPAC currently consists of the following members:

Chairperson

Cllr. N.P Nkonyeni

Members

Cllr. M. Kwatsha

Cllr. J. Martin

Cllr. F. Brown

Cllr. A. Hufkie

The Draft Annual Report for 2019/20 was tabled to Council on the 17th of April 2021 when it was resolved that:

- (a) The Annual Report be made public and that communities be invited for public comments.
- (b) The draft Annual Report be submitted to the Municipal Public Accounts Committee for analysis and review.

The MPAC meeting was held on the 20th of April 2021 where the Municipal Manager presented the Draft Annual Report for 2019/20 financial year to MPAC to undertake an oversight.

After perusal of the Draft Annual Report by MPAC the following amendments, additions, and changes were proposed: -

| Component | Recommendation | Comment |
|-------------------------------------|--|-------------------------------|
| Municipal Managers overview | Bulk infrastructure in Pearston. Water demand | To be added |
| | MM's overview, controversial statement in paragraph (2), it implies that BCRM allocation are only for (2) two areas. | The Statement to be rephrased |
| Demographic Profile | Farmers R335 | To be added |
| Economic Analysis | LED Unit | Unit to change to Officer |
| | Tourism Hub | Challenges to be flagged |
| Solid Waste Management | Illegal dumping | To reflect |
| Public/Community meetings | The meetings should be in a table format | |
| | Outline Imbizo ward based and dates | |
| Websites | Publishing dates omitted | To be populated |
| Water Provision | Water, Sewerage and electricity | To be included in the report |
| | Vandalism at Orange Fish | |
| Level Standards Sanitation Services | Septic tanks | To be added |
| Housing | Phase1 completed Rectification Project | To reflect |
| Special Programs | Sports Council Local Aids Council Structures to be revived | To be added in the report |
| Bio diversity | Illegal dumping | To reflect |
| Injuries, sickness and Suspension | Verify if the information in the table is correct | Consult HR Unit |

MPAC raised the following matters:

- That the financial performance of the institution was a concern and there was a shortfall; a need to revisit cost cutting, revenue enhancement and the law firm that was taking long concerning outstanding debtors.
- Filling in of critical vacant posts that seeks to ensure the revenue of the municipality is increased.
- Noncompliance with MFMA Circular 104 on extension to timelines for submission of Annual Reports which states that the Annual report must be tabled on the 31st of March 2021 as the municipality tabled the Annual Report on the 17th of April to Council.

ADVERTISING PROCESS

On the 23rd of April Members of the community and other stakeholders were invited to submit written comments/ inputs into the Draft Annual Report. In addition, the Draft Annual Report 2019/20 was also made available at the Municipality offices and Libraries in the following areas:

- Somerset East
- Cookhouse
- Pearston

The closing date for public comments was on the 07th of May 2021.

The Draft Annual Report was furthermore also submitted in terms of Section 127 (5) to the Office of the Auditor General, COGTA and the Internal Auditors.

RESPONSES RECEIVED

No submissions of comments from the public or other institutions were received.

The Municipal Public Accounts Committee had considered the Annual Report 2019/20 and raised the following key achievements as reflected in the Annual Report:

1. The oversight committee acknowledged that they were reviewing the Annual Report in respect of 2019/20 financial year.

2. An Unqualified Audit Opinion was expressed by the Auditor General in respect of the year under review.
3. The previous audit action plan has been implemented effectively, hence the improvement in the overall audit opinion.
4. MPAC is satisfied that the 2019/20 Annual Report provides an accurate overview of the process of financial and non- financial performance during the period under review.

RECOMMENDATIONS

1. That Council having fully considered the Oversight Report on the Annual Report 2019/20; adopts the Oversight Report.
2. That Council having fully considered the Annual Report 2019/20; adopts the Annual Report 2019/20 without reservations.
3. That the Oversight Report 2019/20 be made public in accordance with Section 129 (3) of the MFMA
4. That the Oversight Report 2019/20 be submitted to relevant stakeholder as legislated.