

MATATIELE LOCAL MUNICIPALITY



MATATIELE
LOCAL MUNICIPALITY

OVERSIGHT REPORT ON 2016/17 ANNUAL REPORT

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MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) REPORT

TO BE PRESENTED TO THE SPECIAL COUNCIL MEETING ON THE 28TH MARCH 2018

AS AN OVERSIGHT REPORT ON THE 2016/2017 ANNUAL REPORT

1. INTRODUCTION

The 2016 /17 Annual Report for the Matatiele Local Municipality (EC441) was tabled at the Ordinary Council meeting held on the 29 January 2018 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

The purpose of the Municipality's Annual Report is to:

- 1) Provide a record of the activities of the municipality
- 2) Provide a report on performance in service delivery relative to the budget
- 3) Provide information that supports the revenue and expenditure decisions made
- 4) Promote accountability to the local community for decisions made

The oversight report is the final major step in the annual reporting process of a municipality. The oversight report is separate from the Annual Report. The Annual Report is submitted to the Council by the Mayor and is a part of the process for discharging responsibility by the executive and administration for their performance in achieving objectives and goals set by the municipality in the relevant financial year.

The oversight report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal Council to the community disclosing the level of success or otherwise obtained with meeting the priority needs and stated desires of the community as contained in the IDP.

2. LEGISLATIVE MANDATE

Section 129 (1) of the Municipal Finance Management Act (Act No 56 of 2003) states that the Council of the 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, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council has:

1. Approved the Annual Report with or without reservations;
2. Rejected the Annual Report; or
3. Has referred the Annual Report back for revision on those components that can be revised.

3. THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Municipal Public Accounts Committee members were elected on the 29 August 2016 at the special Council meeting in terms of resolution number CR17/29/08/16. The committee is composed of eight (08) members including its Chairperson.

4. COMMENTS ON THE ANNUAL REPORT

The draft 2016/17 annual report was made public on the Municipal Website on the 16th February 2018 and then on the Fever Local Newspaper on the 23rd February 2018.

The report was placed on municipal premises for public perusal on the 16th and 19th February 2018 and submitted to sector departments (National, Provincial Treasury; MEC for CoGTA) on the same dates.

At the closing date there were no comments or representations received.

On the review of the Annual Report MPAC considered the following:

- On the Annual Financial Statements: we considered MFMA Chapter 4 Section 32 which is address by the investigation report,
- Status on Council Chambers including the previous 2016/2017 Auditors Generals findings,
- Progress on action to address the main bases of qualification Property Plant and Equipment findings (VAT, Retentions- has management corrected it), management has confirmed that this matter is being corrected and schedules have been sent to Auditor General for their inputs.
- On the Audit Committee Report: management assured the MPAC that they endeavor to adhere to the Audit Committee recommendations.
- On the Audit Opinion: management assured and committed that the Municipality will not regress to a worse audit outcome and will improve on the qualified audit status.
- On the National KPA's: management were advised to ensure that the council vacancies are filled on time to avoid unnecessary acting positions of section 56 managers.
- On Audit Action Plan: to have the plan presented to the Committee as it will respond to updates on the Auditor Generals findings in the next MPAC meeting.

MPAC scheduled a meeting with management on the 22nd March 2018 to get clarities on the Annual Report which were provided, MPAC resolved from the meeting to have monthly site visits to the Council Chamber project and report back to council on those visits. MPAC cautioned management to take audited quarterly reports seriously, view them as a learning curve and improve their performance.

4.1 MUNICIPAL FINANCE MANAGEMENT ACT

The MFMA requires that the Annual Financial Statements are compliant with the Generally Recognized Accounting Practices (GRAP). The Municipal Public Accounts Committee, after considering the Auditor General's Report, finds no reason to dispute

compliance. The Auditor General's Report is included in the Annual Report and hence the Annual Report is compliant in this regard.

Explanations necessary to clarify issues in connection with the financial statements are adequate and hence compliance is achieved. An assessment on arrears on municipal taxes and service charges is included and hence the report is compliant in this regard.

A list of corrective actions taken and to be taken in response to all issues raised in the Auditor General's report is included and hence compliance is achieved in this regard.

4.2 DIVISION OF REVENUE ACT

The Division of Revenue Act requires that the Annual Report must disclose:

- Details of conditional grants received from national and provincial spheres;
- Details of conditional grants received from other municipalities; and
- Details of grants made to any organs of state.

5. RESERVATIONS

Following the analysis of the annual report, the Municipal Oversight Committee has no reservations on the approval of the 2016/17 Annual Report.

6. RECOMMENDATIONS

The Municipal Public Accounts Committee (MPAC) recommends that:

1. Council approves the Oversight report on the 2016/17 annual report in terms of section 129 (1) (a) of the Local Government Municipal Finance Management Act No. 56 of 2003 without reservations.
2. That, the 2016/2017 Oversight report of the Matatiele Local Municipality is made public in terms of Section 129(3) of the Local Government Municipal Finance Management Act No. 56 of 2003.
3. The MPAC report be submitted to the provincial legislature in terms of section 132(2) of the Local Government Municipal Finance Management Act No. 56 of 2003.

CLLR. S. BABA
CHAIRPERSON: MPAC
MATATIELE LOCAL MUNICIPALITY