

EXTRACT FROM THE COUNCIL MINUTES HELD ON 26 MARCH 2018

Item A217. 26.03.2018

**OVERSIGHT REPORT ON ANNUAL REPORT: 2016/2017 FINANCIAL YEAR
(Ref.10/1/1)**

M Dunn: Performance Manager

PURPOSE OF REPORT

To consider the Municipality's Annual Report for the 2016/2017 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129(10) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).

BACKGROUND

Legal requirements

Section 121(1)(2) and (3) of the MFMA determines as follows:

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 an annual report is:-

- 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:-

- (a) 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);
- (b) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (d) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act;
- (e) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (f) 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;
- (g) 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);

- (h) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (i) Any information as determined by the municipality;
- (j) Any recommendation as determined by the municipality; and
- (k) 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(a) 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 identified components.

Submission and tabling of the Annual Report

The Annual Report for the 2016/2017 financial year was tabled to Council on 29 January 2018; item A185, in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

The Oversight Committee

With reference to National Treasury: MFMA Circular nr. 32 of 15 March 2006, Council established an Oversight Committee, the Municipal Public Accounts Committee (MPAC). The MPAC analyses and review the Annual Report in detail before tabling the Annual Report to Council for consideration.

The Draft Annual Report was advertised as follows:

- The local community was invited via the local newspapers, website, ODM facebook and notice boards of the Overberg District Municipality to submit comments / objections in connection with the Annual Report before or on 05 March 2018.
- The Annual Report was placed on the municipal website at www.odm.org.za
- The Annual Report was placed at the head office and regional offices of the Overberg District Municipality, libraries and Thusong Centres of Swellendam, Overstrand, Theewaterskloof and Cape Agulhas Municipality.
- The Annual Report was submitted to all relevant government departments and the Auditor-General.

At the closing date for public comments on 05 March 2018, comments were received and discussed at the Oversight Committee meeting (MPAC).

The MPAC Committee meeting was held on 16 March 2018 to analyse and review the comments and the Annual Report and hereby present the Oversight Report on the Annual Report to Council for consideration.

ANNEXURES

- Oversight Report compiled by the Municipal Public Accounts Committee (MPAC).
- Annual Report 2016/2017

UNANIMOUSLY RESOLVED : (Proposed by Cllr. A Franken and seconded by Cllr. K Tiemie)

- a) That Council adopts the Annual Report in terms of section 129(1) of the Local Government Municipal Finance Management Act, 2003 without reservation, but take note of the concerns raised in the Oversight Report.
- b) That the 2016/2017 Oversight Report of the Overberg District Municipality be made public in terms of section 129(3) of the MFMA; and
- c) That the Oversight Report and Annual Report 2016/2017 be submitted to the National and Provincial Legislatures in terms of section 132(2) of the MFMA.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 26 MARCH 2018.



DP BERETTI
MUNICIPAL MANAGER