

OVERBERG DISTRICT MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING (MPAC)



MINUTES

DATE : **18 MARCH 2022**

VENUE : **Virtual**



OVERBERG DISTRICT MUNICIPALITY

MINUTES OF THE VIRTUAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING (MPAC) HELD ON FRIDAY, 18 MARCH 2022 AT 11:30

1. OPENING AND WELCOMING

The Chairperson welcomed all present at the meeting, whereafter Cllr A Klaas opened with prayer.

2. EVACUATION INFORMATION

Noted.

3. APPLICATION FOR LEAVE OF ABSENCE

None. All members present.

4. STATEMENTS AND DECLARATION BY THE CHAIRPERSON

None

5. DECLARATION OF INTEREST

Cognisance was taken that no member had an interest in any of the items on the agenda.

5.1 MATTERS FOR CONSIDERATION

5.2 PRESENTATION : AUDITOR-GENERAL

A presentation will be done by Mr Lizo Ndzamela, Senior Manager , Western Cape , Auditor-General.

(The documents are attached at Annexure).

RESOLVED

Cognisance was taken of the presentation of the Auditor-General on the Auditor on the outcomes of the audit period for 2020/2021.

6.1 DRAFT ANNUAL REPORT 2020/2021

PURPOSE

To review, analyse and discuss the comments received from the public on the Annual Report in order to draft an Oversight report to Council for consideration.

BACKGROUND

The draft Annual report was tabled to Council on 31 January 2022 and resolved as follows:

UNANIMOUSLY RESOLVED: (Proposed by ALD. A Franken and seconded by Cllr. A Pokwas)

- (1) *The tabling of the Annual Report was noted;*
- (2) *That the Municipal Manager in terms of section 127(5) of the MFMA:-*
 - (a) *Make public the draft Annual Report for the 2020/2021 financial year;*
 - (b) *Invite the local community and Councillors to submit representations in connection with the Annual Report on or before 4 March 2022;*
 - (c) *Submit the Annual Report to the Auditor-General, the Provincial Treasury, National Treasury and the Provincial Department responsible for Local Government;*

- (3) *That the Oversight Committee as appointed by Council proceeds with the process to assess the report and finalized the Oversight Report for submission to Council by 28 March 2022; and*
- (4) *Submit the Annual Report and Oversight Report on 28 March 2022 to Council for consideration and adoption.*

The Draft Annual Report was advertised in the local newspapers, ODM Facebook, website and notice board. The closing date for comments was 04 March 2022. The document was distributed to National Treasury, Department of Local Government, Auditor-General. The Annual Report was also discussed by the Audit and Performance Audit Committee on 21 February 2022.

The Oversight Report is the final major step in the annual reporting process of a municipality.

The Oversight Report on the annual report is a legislative requirement in terms of section 129 of the MFMA and the committee must draft an oversight report with recommendations to Council for consideration.

ATTACHMENTS

Annual Report	
Advert – Invite for public comments	Annexure A
MFMA (Act 56 of 2003 – Section 121-129	Annexure B
MFMA Circular 11	Annexure C
MFMA Circular 32	Annexure D
MFMA Circular 63	Annexure E
Comments received from Treasury	Annexure F

6.2 MUNICIPAL STRUCTURES AMENDMENT ACT, 2021 (ACT NO 3 OF 2021)

F Coetzee: Internal Audit

PURPOSE

That the MPAC considers and takes note of amendments made to the Structures Act as well as the Internal Audit Findings Register.

BACKGROUND INFORMATION

Amendments were made to the Structures Act of 1998 and came into operation from 1 November 2021. These amendments, especially Sec 79 A(b) has a direct impact on

Internal Audit, as it is now requested from us to also submit our audit reports to the MPAC and make recommendations to Council.

An extract from the amendment is attached for consideration by the MPAC, and a summary of audit reports with findings and recommendations are attached for consideration.

RESOLVED TO RECOMMEND TO COUNCIL

1. That the MPAC note the amendments made to the Structures Act, specifically Section 79 A (1)(b).
2. That Council amend its System of Delegations, if necessary, in order to mandate the MPAC to fulfill this legislative function.
3. That Council's Terms of Reference document in terms of Section 53 of the Local Government: Municipals Systems Act 32 of 2000, be amended accordingly, if necessary.

OVERSIGHT REPORT : 2020/2021**ANNEXURE**

SECTION 121(3) OF THE MFMA DETERMINES THAT THE ANNUAL REPORT MUST INCLUDE	COMMENT
(a) The Annual financial statements of the municipality, and in addition, if section 122(2) applies the consolidated annual financial statements as submitted to the Auditor-General.	The Annual Financial Statements as submitted to the Auditor General is included in the Annual report. The final revised AFS adjusted according to the result of the Audit outcome review 2020/2021 be tabled Council for notification as part of the Annual Report (Volume II)
(b) The Auditor-General's audit report is included in the annual report in terms of section 126(3) on those financial statements	The Auditor-General's report is included in the annual report. Appendix N from pages 124 – 129. The Audit Report, unqualified without findings
(c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act	The Annual Performance report of the Municipality is included in the Annual report, at Chapter 3 (page 32 – 78), Chapter 4 (page 79 – 86) and Chapter 5 (page 87 – 100) SDBIP Performance (page 66 – 73)
(d) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act	The Auditor General's audit report is included in the Annual Report at Chapter 6 (Pages 101 – 103). Component B – Auditor General Opinion 2020 – 2021 is included in the Annual report from Pages 102 -103).
(e) An assessment by the municipality accounting officer of any arrears on municipal taxes and services	ODM do not deal with taxes and services, as intended in section 121(3)(e) – Services are mainly provided by B Municipalities. The service charges alluded to in the financial statements refer to municipal services and other services for the occupants at the Resorts. Chapter 3, section 3.13. (page 59). The collection rate for service charges is within the parameters set by the Municipality.
(f) An assessment by the municipality's accounting officer of the municipalities performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year.	The assessment referred to in this instance is included in the annual report at Appendix I. (Page 117). Calculations are made in terms of a National Treasury template. Calculations of variances are based on the original budget and the adjustment budget.

<p>(g) Particulars of any corrective actions taken or to be taken in response to issues raised in the audit report referred to in paragraphs (b) and (d)</p>	<p>It is noted, that all COMAF'S received during the audit were included in the OPCAR findings. The OPCAR included corrective actions and in cases where the corrections affected the Annual Financial Statements and Performance Report, this was done and submitted to the AG. The findings and corrective actions are included in Chapter 6 (Pages 101-103), Component B, Auditor General Opinion 2020/2021 (Page 102-103) .</p>
<p>(h) Any explanation that may be necessary to clarify issues in connection with the financial statements</p>	<p>None.</p>
<p>(i) Any information as determined by the municipality</p>	<p>The Auditor-General raised the VAT matter in the Annual Report (note 55.2 of the AFS). The matter was referred to SARS and is still awaiting an outcome. The municipality should take action to ensure the matter is resolved before 30 June 2022 so that the note as a continued liability can be removed from the AFS.</p>
<p>(j) Any recommendations on the municipality's audit committee report</p>	<p>These comments are included in the annual report at Appendix F (Page 114) and Appendix E (Page 111- 113).</p>
<p>(k) Any other information as may be prescribed</p>	<p>The external audit done by the Auditor-General resulted in an unqualified opinion, with no findings. (Clean Audit).</p> <p>Comments were received from Provincial Treasury indicating that all formal legal requirements were met pertaining to the tabling and advertising of the Annual Report. The report of Provincial Treasury is attached as Annexure F (refer to paragraph 3 – B-BBEE).</p> <ul style="list-style-type: none"> • Conformance to the MFMA Circular 63 • The unaudited Annual report was not tabled before Council at least two months after the end of the budget year. (Note : Circular 63 is a guide. The legislative prescription calls for Annual Report to tabled within 7 months after the end of the financial year) • Compliance to the B-BBEE Act (Act 53 of 2003). That the required information be included in the final Annual report as soon as it becomes available. Note: It is not currently available. It will be included as soon as it becomes available. The

	<p>Municipality should embark on a process to comply with the Act.</p> <ul style="list-style-type: none">• The Municipality is commended for its efforts in attaining a clean audit opinion. <p>No public inputs were received, with participation closing date 04 March 2022.</p>
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RESOLVED TO RECOMMEND TO COUNCIL

1. That Council having fully considered the Annual Report of the municipality and representations thereon, adopts the Oversight Report; and
2. Council approves the Annual Report in terms of section 129(1)(a) of the Local Government Municipal Finance Management Act, 2003 without reservations.

7. CLOSURE

The Chairperson thanked all for attending the meeting and closed the meeting at 13:50.

CHAIRPERSON

DATE