



# **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING (MPAC)**

## **(OVERSIGHT REPORT ON THE 2021/2022 ANNUAL REPORT)**

### **MINUTES**

**DATE : 10 MARCH 2023**

**VENUE : VIRTUAL**

**TIME : 10:00**

#### **MEMBERS**

- ❖ Cllr C Elgin : (Chairperson)
- ❖ Cllr P Stander
- ❖ Cllr T Els
- ❖ Mr A Coetzee (external member)



**MINUTES OF A VIRTUAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE  
MEETING (MPAC) HELD ON FRIDAY, 10 MARCH 2023 AT 10:00**

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**1. OPENING AND WELCOMING**

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The Chairperson welcomed all present at the meeting. A special word of welcome was extended to the Mr Lizo Ndzamela for the office of the Auditor-General.

**2. EVACUATION INFORMATION**

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Noted.

**3. APPLICATION FOR LEAVE OF ABSENCE**

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Application for leave of absence was granted to the Municipal Manager, Mr R Bosman and the Director Community Services, Mr D Adonis.

**4. STATEMENTS AND DECLARATION BY THE CHAIRPERSON**

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None

**5. DECLARATION OF INTEREST**

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Members declared that they have no interest in any of the agenda items or in general

## 6. MATTERS FOR CONSIDERATION

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Item M1. 10.03.2023

### 6.1 DRAFT ANNUAL REPORT 2021/2022

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M Dunn : Performance & Risk Management

(Ref.:10/1/1)

#### **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 30 January 2023 and resolved as follows:

**RESOLVED:** (Proposed by Cllr P Stander and seconded by Ald J Nieuwoudt)

- 1) The tabling of the Annual Report for the 2021/2022 financial year was noted; and
- 2) That the Municipal Manager in terms of section 127(5) of the MFMA:-
  - (a) Make public the draft Annual Report for the 2021/2022 financial year;
  - (b) Invite the local community and Councillors to submit representations in connection with the Annual Report on or before 6 March 2023;
  - (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 finalise the Oversight Report for submission to Council by 27 March 2023; and
- 4) Submit the Annual Report and Oversight Report on 27 March 2023 to Council for consideration and adoption.
- 5) That Council consider and approve the recommendation of the Audit- and Performance Audit Committee.
- 6) Council approves the recommendation of the Municipal Public Accounts Committee.

#### **RECOMMENDATION TO COUNCIL**

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

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 2021/2022 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 140 – 145. The Audit Report, unqualified with 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 39 – 79), Chapter 4 (page 94 – 100) and Chapter 5 (page 101 – 115) SDBIP Performance (page 80 – 87)
(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 116 – 118). Component B – Auditor General Opinion 2021 – 2022 is included in the Annual report from Pages 117-118).
(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 71). 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 133). 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 are dealt with separately in the Operation Clean Audit Report (OPCAR). 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 raised in the Auditor General report is included, with corrective actions, in Chapter 6 Component B. The Auditor General Opinion and findings for 2021/2022 is included at page 117. It should be noted that an audit review was requested in terms of the audit dispute resolution process issued by the Auditor General.</p> <p>If the review is successful no remedial action is needed, but in the event that the review application is unsuccessful the outcome will dictate which remedial action needs to be taken.</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 on the Road Agency function as an emerging risk for the next financial year.</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 130) and Appendix E (Page 127 – 129).</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 findings.</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 an Annexure to the Oversight Report.</p> <p>With regards to the report, the following should be noted:</p> <ul style="list-style-type: none"> <li>• Paragraph 2.1(e) the date of 6 February 2023 is incorrect. It should be 06 March 2023.</li> <li>• Paragraph 2.2(b) the Municipality do not have a municipal entity.</li> <li>• Paragraph 3 (d) should close as follows: "Although it may not appear to be [a] large number, the importance of these opportunities has a direct impact on peoples' livelihoods and therefore its importance must [not] be discounted."</li> </ul>

	<ul style="list-style-type: none"><li>• Paragraph 4 is duly noted.</li></ul> <p>No public inputs were received, with participation closing date 06 March 2023.</p>
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Item M2. 10.03.2023

**MUNICIPAL STRUCTURES AMENDMENT ACT 2021 (ACT NO 3 OF 2021)**

F Coetzee: Manager Internal Auditor

(Ref.: 4/2/2/10)

**PURPOSE**

To present the Internal Audit Report Register with findings and recommendations to the MPAC, as per the amended Municipal Structures Act.

**BACKGROUND INFORMATION**

Amendments were made to the Structures Act of 1998 and came into operation from 1 November 2021. These amendments, especially section 79 A(b) has a direct impact on Internal Audit, as it is now required to submit the audit reports to the MPAC and make recommendations to Council.

**LEGISLATIVE FRAMEWORK**

Local Government: Municipal Structures Amendment Act, 2021 (Act 3 of 2021)

**ATTACHMENT**

*Annexure G* : Summary of audit reports with findings and recommendations attached for consideration.

**RECOMMENDATION TO COUNCIL**

- 1) That cognisance be taken of the Internal Audit Report Register in terms of the amended Municipal Structures Act.
- 2) That the matters shown to be unresolved, have since been resolved, therefore there are currently no unresolved matters.

**7. CLOSURE**

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The Chairperson thanked all for attending the meeting and closed the meeting at 13:15.

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**CHAIRPERSON**

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**DATE**