



Municipal Public  
Accounts Committee  
Oversight

Report on Annual Report  
2014/2015

DATE: 22 March 2016

**DATE OF MEETING: 17and 22 MARCH 2016**

**MEMBERS OF THE THABO-MOFUTSANYANA DISTRICT MUNICIPALITY PUBLIC ACCOUNTS COMMITTEE:**

CLLR M MOTLOUNG- Chairperson

CLLR M LEBESA

CLLR J JACOBS

CLLR I VRIES

CLLR S NKOPANE

CLLR T MASITENG

CLLR T TSEKI

CLLR A TAYLOR

CLLR T MOSIKIDI

CLLR MAMIKI NAKEDI

**SUPPORT SERVICES:**

MUNICIPAL MANAGER: Ms. T P M LEBENYA

MANAGER INTERNAL AUDIT: Mr. W.NHLAPO

CHIEF RISK OFFICER: Ms. M MOKOENA

MPAC Committee Clerk: Mrs. D DHLAMINI

MANAGER GROWTH AND DEVELOPMENT – Ms. T VANQA

## **1. PURPOSE OF REPORT**

To consider the Municipality's Annual Report for the 2014/2015 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).

## **2. BACKGROUND**

### **(a) Legal Requirements**

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

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.

### **(b) The purpose of an annual report is:-**

- (i) To provide a record of the activities of the municipality during the financial year to which the report relates;
- (ii) To provide a report on performance against the budget of the municipality for the financial year; and
- (iii) To promote accountability to the local community for the decisions made throughout the year by the municipality.

### **(c) The annual report of a municipality includes the following-**

- (i) 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);
- (ii) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (iii) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (iv) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, Act 32 of 2000;
- (v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) 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;

- (vii) 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);
- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (ix) Any information as determined by the municipality;
- (x) Any recommendation as determined by the municipality; and
- (xi) 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.

In terms of section 129(1) 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;*
- *The Council has rejected the Annual Report or*
- *The Council has referred the Annual Report back for revision of those components that can be revised.*

### **3. PROCESS**

#### **a) Submission and tabling of the Annual Report**

The Annual Report of the Municipality for the 2014/2015 financial year was tabled at the Ordinary Council Meeting, on the 28 January 2016 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved at its meeting held on 28 January 2015:

1. *That Council takes note of the Draft Annual Report for the 2014/2015 financial year as presented,*
2. *That the Draft Annual Report be subjected to the Municipal Public Accounts Committee and public comment*
3. *That the final Annual Report and Municipal Public Accounts Committee report be presented to Council within the legislated time frame*

## **b) The Municipal Public Accounts Committee**

The Municipal Public Accounts Committee was established in terms of the National Treasury: MFMA Circular Nr 32 and in terms of sec 79 of the Municipal Structures Act 17 of 1998. The purpose is that this Committee will play an oversight role on and to analyse and review annual reports in detail before the Annual Report is submitted to Council for adoption. The Committee has met on the 19 January 2016, 17 March 2016 and on the 22 March 2016 respectively where the contents of annual report 2014/2015 were discussed in detailed.

The Committee comprises of members from all political parties represented in Council. The Chairperson of the Committee is Cllr M Motloung from the ANC.

In terms of the resolution by Council regarding the advertisement of the Draft Annual report:

- (i) The local community was invited via the press to submit comments /objections received in connection with the Annual Report and no comments or objections were received. The invitation was also distributed via all local municipalities libraries.
- (ii) Comments were received internally from all Departments and these have been duly captured.
- (iii) The Draft Annual Report was submitted to the relevant government departments.

## **4. REPORTS OF THE CHAIRPERSON ON THE ANNUAL REPORT**

### **NON FINANCIAL INFORMATION**

#### **PART I : INTRODUCTION AND OVERVIEW OF THE DISTRICT**

##### **Resolution**

- That the overview of the District Municipality as presented in Part I of the Annual Report is noted and accepted.

#### **PART II: PERFORMANCE HIGHLIGHTS**

##### **Resolution**

- That Performance Highlights, Part 2 is noted and accepted.

**PART III : HUMAN RESOURCE AND ORGANISATIONAL  
MANAGEMENT**

**Resolution**

- That the human resource and organization management report as presented in Part III of the Annual Report is noted and accepted.

**PART IV : FINANCIAL INFORMATION**

**AUDITED FINANCIAL STATEMENT AND RELATED  
FINANCIAL INFORMATION**

The audited financial statement and related financial information including audit findings and progress to resolved auditors general findings as outlined in Part IV of the Annual Report was presented.

**i. Annual Financial Statement**

- The Committee noted and accepts the audited Annual Financial Statement 2014/2015 included in the report.

**ii. Auditor General Report**

The Committee applause management by maintaining unqualified audit report without matters (clean audit) for the financial year 2014/2015 and that emphasis of matters has been reduced form 19 issues to 3 issues.

**iii. Action Plan to address issues raised by Auditor General**

**Resolution**

- That the annual financial statement and related financial information as presented in Part IV of the Annual Report is noted and accepted.

**PART V: PERFORMANCE INFORMATION**

**PERFORMANCE AND SERVICE DELIVERY REPORT**

Auditor General responsible for TMDM indicated that the municipality given the opportunity to make corrections on annual performance report 2014/2015 which was successfully done. The Committee applauded management by implementing the recommendation of Auditor General by correcting the annual performance report accordingly

**Recommendation**

- That the annual performance report as presented in Part V of the Annual Report is noted and accepted.

**5. RECOMMENDATIONS TO COUNCIL ON THE DRAFT ANNUAL REPORT 2014/15.**

- 5.1 The Council approves the Draft Annual Report 2014/2015 without reservation in terms of section 129(1)(a) of the Local Government Municipal Financial Management Act (MFMA Act No 56 of 2003) where all contents of Annual Report are included as required by Section 121 of Municipal Finance Management act no 56 of 2003.
- 5.2 That the oversight report 2014/2015 be submitted to the provincial legislature within the legislated time-frame in terms of Section 132(2) of the MFMA.
- 5.3 That the 2014/2015 oversight report of Thabo-Mofutsanyana District Municipality District Municipality be made public in terms of section 129(3) of the MFMA, after approval by Council.
- 5.4 That progress report on action plan for the year ended 30 June 2015 should be submitted regularly (quarterly) to the MPAC for evaluation before submitted to Council
- 5.5 Council should also considers and take note of the inputs made by the Audit and Performance Committee on draft annual report 2014/2015 as was discussed by the Audit Committee at its meeting held on 19 February 2016. **Please refer hereto as attached Annexure "A"**

**Submitted to Council for approval by:**

  
**CLLR M. MOTLOUNG**  
**CHAIRPERSON: MPAC**

23/03/2016