

BLUE CRANE ROUTE MUNICIPALITY (EC 102)



2020/21 OVERSIGHT REPORT

PRESENTED TO COUNCIL ON 31 MARCH 2022

OVERSIGHT REPORT ON ANNUAL REPORT: 2020/21 FINANCIAL YEAR

CHAIRPERSON'S FOREWORD

In terms of MFMA Act no 56 of 2003 – Circular no 32 and 11. MPAC is required to also oversee the annual report of the municipalities. As well as mandated by Ordinary Council Meeting of 25th January 2022, to review and scrutinize the 2020/2021 Draft Annual report. As an oversight committee we have fulfilled the obligation.

The Annual Report is one of the key instruments of transparent governance and accountability. It is a post financial and non-financial performance in respect of the previous financial year. The adoption of an Annual Report is a legislative requirement in terms of Local Government: Municipal Finance Management Act (MFMA) ,2003 (Act 56 of 2003).



COUNCILLOR Z.S BASKITI

PURPOSE OF THE OVERSIGHT REPORT

To present the Oversight Committee Report on the Annual Report for 2020/21 for adoption and further recommend the approval of the Annual Report by Council in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) section 129 (1).

LEGAL FRAMEWORK

The oversight report is compiled in terms of Section 129 (1) of the Municipal Finance Management Act, No. 56 of 2003 which reads as follows: “ The council of a municipality must consider the annual report of the municipality and of any municipality entity under the municipality’s sole or shared control and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include statement whether the council:-

- a) Has approved the annual report with or without reservations;
- b) Has rejected the annual report
- c) Has referred the annual report back for revision of those components that can be revised”.

Section 129 of the Municipal Finance Management Act requires a municipality to prepare an oversight report over the annual report and to publish the same.

THE ROLES IDENTIFIED IN THE ANNUAL REPORTING PROCESS

1. The role of Management

The Management is responsible for the preparation of the Annual Report and to submit the report to Council. The Council will refer the Annual report to the committee (MPAC) for consideration.

2. The role of the committee (MPAC)

The role of MPAC is to consider the structure and content of the Annual Report to determine whether it complies with standards set by the National Treasury, contains information required in terms of circular 63 and 68 and if such content fairly represent the achievements of the municipality over the relevant financial year. After consideration of the Annual report, MPAC must prepare an Oversight report in terms of the circulars.

3. The role of Council

The Councils role is to receive and consider the recommendations of the MPAC with a view of taking final decision on the matter.

LEGAL STATUS

1. The constitution of SA 108 of (1996)
2. The Municipal Structures Act 117 of (1998)
3. The Municipal Systems Act of 32 (2000)
4. The Municipal Financial Management Act 56 of (2003)
5. The Municipal Performance Regulations for Municipal Managers directly accountable to Municipal Managers (2006)
6. The Municipal Financial Management Act circular 32,63, 68 and 104
7. Municipal Public Accounts guidelines
8. The Public Audit Act No.25 of 2004

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

In terms of Council resolution, a Municipal Public Accounts Committee was established in terms of Section 79 of the Municipal Structures Act; 1998. In terms of the Terms of Reference of this committee it is, inter alia; responsible to perform oversight over the process of preparing the Annual Report of Council and to produce an Oversight Report based on the Annual Report.

In terms of Council Resolution taken on the 25th January 2022, the MPAC currently consists of the following members:

Chairperson

Cllr. M. Baskiti

Members

Cllr. P. Sonkwala

Cllr. A. Dyantyi

Cllr. F. Brown

Cllr A Hynse

The Draft Annual Report for 2020/21 was tabled to Council on the 25th of January 2022 when it was resolved that :

- (a) The Annual Report be made public and that communities be invited for public comments.
- (b) The draft Annual Report be submitted to the Municipal Public Accounts Committee for analysis and review.



The MPAC meeting was held on the 24th of March 2022 where the Municipal Manager presented the Draft Annual Report for 2020/21 financial year to MPAC to undertake an oversight.

After perusal of the Draft Annual Report by MPAC the following amendments, additions, and changes were proposed as informed by MFMA Circular 63: -

| Component | Outstanding | Recommendation |
|--|---|---|
| Mayor's Foreword | Outstanding <ul style="list-style-type: none"> ▪ Strategic alignment to Provincial and Growth and Development Strategy. ▪ Corrective actions taken to ensure that strategic objectives as stipulated in the IDP were achieved. ▪ Methods used / implemented to improve public participation and accountability. ▪ Statement of corrective actions whereby service delivery can be improved. | Recommendation <p>The Foreword be specific on:</p> <ul style="list-style-type: none"> -the strategic objectives achieved and the plan to correct those not achieved. -view on how services are rendered and how to improve service delivery . |
| Municipal Managers overview | Sector departments and the sharing Functions. Statement on previous financial years' audit opinion. Top 5 strategic risks of the municipality Reduction of Irregular Expenditure – | Add shared services: Housing, Disaster, land use, fire and environmental. In line with MFMA Circular 63 In line with MFMA Circular 63 Include figures for investigated cases. |
| Chapter 2 Governance | Component D: By-laws; Websites; Public Satisfaction on Municipal Services and All municipal oversight committees. | To be added |
| Chapter 4 Organisational Development Performance | Component B – the information included is irrelevant and outdated. Component C – outstanding Component D – outstanding | Update the tables with the year under review figures |



| | | |
|-----------------------------|--|---|
| | The information in the tables is not the true reflection as it reflects figures same as the 2019/20 Annual report. | |
| Chapter 5 | Component A – the figures are the same as the 2019/20 Annual Report in the Statement of Financial Performance Repair and Maintenance Expenditure table the figures reflected are the same as the 2019/20 Annual Report. Component C – the figures in the table are the same as the 2019/20 Annual Report | Update the tables with the year under review figures |
| Appendices | Appendix D – Functions of the Municipality Appendix E – Ward Reporting Appendix F to Appendix T outstanding | Update the Appendices with the relevant information as required by MFMA Circular 63 |
| Page 37 | Inter-governmental relations – what is reflected as working well with the stakeholders is not a true reflections | Rephrase the statement |
| Chapter 3 - Water Provision | Water supply not provided on a sustainable basis Water quality | To be included in the report |

ARDVERTISING PROCESS

On the 08th of February Members of the community and other stakeholders were invited to submit written comments/ inputs into the Draft Annual Report. In addition, the Draft Annual Report 2020/21 was also made available at the Municipality offices and Libraries in the following areas:

- Somerset East
- Cookhouse
- Pearston



The closing date for public comments was on the 07th of March 2022

The Draft Annual Report was furthermore also submitted in terms of Section 127 (5) of the MFMA to the Office of the Auditor General, COGTA and the Internal Auditors.

RESPONSES RECEIVED

No submissions of comments from the public or other institutions were received.

The Municipal Public Accounts Committee had considered the Annual Report 2020/21 and raised the following key achievements as reflected in the Annual Report:

1. The oversight committee acknowledged that they were reviewing the Annual Report in respect of 2020/21 financial year.
2. An Unqualified Audit Opinion was expressed by the Auditor General in respect of the year under review.
3. The previous audit action plan has been implemented effectively, hence the improvement in the overall audit opinion.
4. MPAC is satisfied that the 2020/21 Annual Report provides an accurate overview of the process of financial and non- financial performance during the period under review.

RECOMMENDATION

1. That the Council should note the Oversight Committee report on the annual report for 2020/2021 financial year.
2. That the Oversight Committee report on the annual report for 2020/2021 financial year be adopted by Council.
3. That the annual report for 2020/2021 financial year be adopted by Council without reservations.

