

**2015/2016**



## **ANNUAL REPORT OVERSIGHT REPORT 2015/2016**

This Oversight Report is based on the Annual Report 2015/2016 and is drafted and submitted in accordance with the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003)

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## 1. INTRODUCTION

The annual report is one the key instruments of transparent governance and accountability. It is a post-financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year, in this instance the 2015/2016 financial year. The adoption of an annual report is a legislative requirement in terms of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003).

### 1.1 PURPOSE

The purpose of this report is to present to Council for adoption, the Annual Report 2015/2016 as well as the Oversight Report on the Annual Report as required in terms of Section 129 of the MFMA.

## 2. ANNUAL REPORT 2015/2016

### 2.1 LEGAL FRAMEWORK

Herewith an extract from key legislative requirements as per the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) relating to the annual report:-

#### **121. Preparation and adoption of annual reports.**

- (1) *Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with [section 129](#).*
- (2) *The purpose of an annual report is—*
  - (a) *to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
  - (b) *to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
  - (c) *to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

#### **127. Submission and tabling of annual reports**

- (2) *The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.*

#### **129. Oversight reports on annual reports.**

- (1) *The council of a municipality must consider the annual report of the municipality and of any municipal 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 a statement whether the council—*
  - (a) *has approved the annual report with or without reservations;*
  - (b) *has rejected the annual report; or*
  - (c) *has referred the annual report back for revision of those components that can be revised.*

## 2.2 COMPONENTS OF THE ANNUAL REPORT

The format of the Annual Report 2015/2016 is based on the annual report template issued by National Treasury in terms of the MFMA Circular 63 of 2012. This template differs significantly from the Annual Report Guidelines (MFMA Circular 11) issued by National Treasury in 2005.

MFMA Circular 63 of 2012 comprises six (6) chapters and attempts to cover all the aspects that needs to be reported on as derived from the MFMA and the Local Government: Municipal Systems Act (MSA), 2000 (Act 32 of 2000).

## 3. ANNUAL REPORT 2015/2016 CONSULTATION AND ADOPTION PROCESS

### 3.1 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

In terms of Council resolution, a Municipal Public Accounts Committee (MPAC) was established in terms of Section 79 of the Structures Act, 1998. The Terms of Reference tasks the MPAC with the responsibility to perform an oversight role over the process of preparing the Annual Report of Council and to produce an Oversight Report based on the Annual Report.

The MPAC convened a meeting on 09 March 2017 to deliberate on the Annual Report 2015/2016. As required by the MFMA, the Acting Municipal Manager attended the Council Meeting where the Annual Report 2015/2016 was tabled (25 January 2017) to be released for public comment as well as the MPAC Meeting to answer questions posed by MPAC Members and to respond to written and oral representations from the community.

The attendance of MPAC members for the purpose of compiling the Oversight Report is recorded as follows:

Name	Capacity	Meeting Attendance: 09 March 2017
Cllr. J Matthee	MPAC Chairperson	√
Cllr. AML Buckle	Member	√
Cllr. LS Sambokwe	Member	√
Cllr AJ van Santen	Member	√
Cllr. AM Richards	Member	√
Cllr NN George	Member	√
Cllr. J de Wet	Member	√
Cllr. WE Smit	Member	Apology

TABLE 1: MPAC MEMBERS AND ATTENDANCE

### 3.2 ADOPTION AND PUBLIC CONSULTATION PROCESS

The Annual Report 2015/2016 was tabled to Council on 25 January 2017 in compliance with the MFMA, which requires under Section 127(2) that:

*"The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality."*

The Draft Annual Report 2015/2016 was made public on the Municipal Website within five (5) days and within seven (7) days in the local newspaper after it was approved by Council on 25 January 2017.

Members of the community and other stakeholders were invited to submit written comments/inputs on the Annual Report 2015/2016. In addition, the Annual Report 2015/2016 was also made available at all Municipal Libraries and other identified offices.

The Annual Report 2015/2016 was furthermore also submitted in terms of Section 127(5)(b) to the Auditor General (AG) of South Africa, Provincial Treasury (Western Cape) and the Department of Local Government (Western Cape).

The AG was also invited to attend the Council and MPAC Meeting held on 25 January and 09 March 2017 respectively.

The closing date for public comments was on 17 February 2017. No submissions from the public were received.

The Provincial Treasury: Western Cape submitted written comments on the Annual Report 2015/2016 on 17 February 2017 and from the Auditor General of South Africa (AGSA) on 30 January 2017. These comments were tabled on considered at the MPAC Meeting held on 09 March 2017.

It must also be noted that after the Annual Report 2015/2016 was tabled in Council on 25 January 2017, the report was submitted for proof reading and editing.

### 3.3 MATTERS DISCUSSED BY MPAC ON 09 MARCH 2017

The MPAC met on 09 March 2017 to discuss and consider the adoption of the Annual Report 2015/2016. After perusing the document prior to the meeting, the flowing matters were dealt with during the meeting:

- Page 5: Duplication on graph 18 to be corrected;
- Insertion of page numbers at the beginning of each chapter;
- Page 29: Table 7 to be verified for correctness;
- Page 127: Table 84 to be verified in terms of correctness;
- Page 179: Correctness of the information in Table 143 to be verified;
- Page 203-206: Graphs to be updated;
- Page 227: correct status of Cllr Duba

Ms. K Montgomery of the Audit Committee referred to a number of financial graphs and tables i.e. p 158, p.216 and requested that the Chief Financial Officer verify the correctness thereof. The corrected charts and tables will be included in the report to Council.

In terms of Section 129(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) the Municipality must indicate whether the Annual Report 2015/2016 is being adopted with or without

reservations. The matters as discussed in Annexure A were finalised on 16 March 2017. As a result the MPAC is satisfied with the content of the Annual Report 2015/2016 and as such recommends to Council that the Annual Report 2015/2016 be adopted without any reservations.

#### 4. CONCLUSION

As Chairperson of the MPAC I would like to thank the MPAC Committee Members, the Executive Mayor and Mayoral Committee, the Municipal Manager and Executive Management Team (EMT), as well as the various contributors to the Annual Report 2015/2016 for their diligence and constructive commitment during the oversight period.

The MPAC is satisfied that the Annual Report 2015/2016 provides an accurate overview of the process of financial and non-financial performance during the period under review and therefore would like to recommend the adoption thereof.

#### 5. RECOMMENDED RESOLUTION TO BE ADOPTED BY COUNCIL

In accordance with Section 129(1) of the MFMA it is **RECOMMENDED** to Council:-

1. That Council, having fully considered the Oversight Report on the 2015/2016 Annual Report of Drakenstein Municipality, **ADOPTS** the 2015/2016 Oversight Report.
2. That Council, having fully considered the 2015/2016 Annual Report, attached hereto as Annexure B, **APPROVES** the Annual Report 2015/2016 without any reservations;
3. That the 2015/2016 Oversight Report be made public in accordance with Section 129(3) of the MFMA, and;
4. That the Minutes of the Oversight Committee Meeting (Annexure A), the 2015/2016 Oversight Report on the Annual Report for the 2015/2016 financial year be submitted in accordance with Section 129(2) and 132(2) of the MFMA to the Auditor General of South Africa, Provincial Treasury: Western Cape, Department of Local Government: Western Cape and the Provincial Legislature: Western Cape.



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CLLR. JOSEPH MATTHEE  
CHAIRPERSON:  
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Date: \_\_\_\_\_

ANNEXURE  
Annexure A: MPAC Minutes of 09 March 2017  
Annexure B: Annual Report 2015/2016

## ANNEXURE A

## ANNEXURE B