

# **MATATIELE LOCAL MUNICIPALITY**



**SPECIAL COUNCIL MEETING 31 MARCH 2016**

## **SUPPLEMENTARY REPORT**

**10. MATTERS FOR CONSIDERATION**

**10.2 CONSIDERATION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) REPORT**

**10.2.1 OVERSIGHT REPORT ON THE 2014/15 ANNUAL REPORT**

**MATATIELE LOCAL MUNICIPALITY  
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

**PRESENTED TO THE SPECIAL COUNCIL ON 31 MARCH 2016**

**OVERSIGHT REPORT ON THE 2014/2015 ANNUAL REPORT**

**INDEX**

Page

1.	Introduction .....	3
2.	Legislative Mandate .....	3
3.	MPAC.....	3
4.	Findings and Comments on the Annual Report.....	3- 4
	4.1 Municipal Finance Management Act .....	4
	4.2 Division of Revenue Act.....	4-5
5.	Reservation .....	5
6.	Recommendations .....	5

## 1. **Introduction**

The 2014 / 2015 Annual Report for the Matatiele Local Municipality (EC441) was tabled at the Special Council meeting held on the 31 March 2016 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

The purpose of the Municipality's Annual Report is to:

- 1) Provide a record of the activities of the municipality
- 2) Provide a report on performance in service delivery relative to the budget
- 3) Provide information that supports the revenue and expenditure decisions made
- 4) Promote accountability to the local community for decisions made

The oversight report is the final major step in the annual reporting process of a municipality. The oversight report is separate from the Annual Report. The Annual Report is submitted to the Council by the accounting officer and the Mayor and is part of the process for discharging responsibility by the executive and administration for their performance in achieving objectives and goals set by the municipality in the relevant financial year. The oversight report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal Council to the community disclosing the level of success or otherwise obtained with meeting the priority needs and stated desires of the community as contained in the IDP.

## 2. **Legislative Mandate**

Section 129 (1) of the Municipal Finance Management Act (Act No 56 of 2003) states that the Council of the Municipality must consider the Annual Report of the Municipality and by no later than two months from the date on which the Annual Report was tabled in the Council, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council has:

1. Approved the Annual Report with or without reservations;
2. Rejected the Annual Report; or
3. Has referred the Annual Report back for revision on those components that can be resolved.

## 3. **The Municipal Public Accounts Committee (MPAC)**

The Municipal Public Accounts Committee was appointed on the 01<sup>st</sup> July 2011 at the special Council meeting in terms of resolution number CR26/07/2011. The committee is composed of nine (9) members including its Chairperson.

## 4. **Comments on the Annual Report**

The Annual Report 2014/2015 was advertised for public comment in the East Griqualand Fever on 05 February 2016 and placed on municipal premises the same day.

The commencement of the comments was opened from the 8<sup>th</sup> February 2016 and closed on 08 March 2016. At the closing date there were no comments or representations received. The committee members agreed in their meeting which was held on 07 March 2016 to take the inclusive report for a public hearing meeting which took place on 23 March 2016 of which the attached advert was run from the 18<sup>th</sup> of March 2016 to the 23 March 2016 informing the public

of the date and venue of the Special MPAC meeting for the reviewal of 2014/15 Annual Report. This is in compliance with Section 130(1) of the MFMA.

The legislative requirements of the various relevant acts, together with the oversight committee's opinion on compliance are set out hereunder:

#### **4.1 Municipal Finance Management Act**

The MFMA requires that the Annual Financial Statements are compliant with the Generally Recognized Accounting Practices (GRAP). The Municipal Public Accounts Committee, after considering the Auditor General's Report, finds no reason to dispute compliance. The Auditor General's Report is included in the Annual Report and hence the Annual Report is compliant in this regard. Explanations necessary to clarify issues in connection with the financial statements are adequate and hence compliance is achieved. An assessment on arrears on municipal taxes and service charges is included and hence the report is compliant in this regard.

A list of corrective actions taken and to be taken in response to all issues raised in the Auditor General's report is included and hence compliance is achieved in this regard.

#### **4.2 Division of Revenue Act**

The Division of Revenue Act requires that the Annual Report must disclose:

- Details of conditional grants received from national and provincial spheres;
- Details of conditional grants received from other municipalities; and
- Details of grants made to any organs of state.

These are disclosed under note 33 and 34 of the annual financial statements.

The Division of Revenue Act requires that the Annual Report must disclose the extent to which the conditions of grants have been met. This is disclosed also under note 13 of the annual financial statements.

The Division of Revenue Act requires that information relating to outstanding debtors and creditors of the Municipality be included in the Annual Report as well as information relating to the benefits paid to Councillors, Managers and officials. This is part of the GRAP compliant financial statements.

### **4.3 Other findings and comments**

- 4.3.1 After tabling of the Annual Report by the Mayor to the Council on the 29 January 2016, Council did refer the report to the Municipal Public Accounts Committee (MPAC) for review and development of the Oversight Report as per the terms of reference for the committee.
- 4.4.2 The Annual Report presented to Council was compliant with circular 63 template as required by the National Treasury and did include other components of the report such as the Annual Performance Report and the Audit Opinion from the Auditor General (AG).
- 4.5.3 The report was publicised on the Municipal Website for public comments and at the date of closing there were no comments received either written or verbal comments.

### **5. Reservations**

Following the analysis of the annual report, the oversight committee has no material reservations.

### **6. Recommendations**

**The Municipal Public Accounts Committee (MPAC) recommends that:**

1. Council approves the Oversight report on the 2014/2015 annual report in terms of section 129 (1) of the Local Government Municipal Finance Management Act No. 56 of 2003 without reservation.
2. Council approves the 2014/2015 annual report in terms of section 129 (1) of the Local Government Municipal Finance Management Act No. 56 of 2003 without reservations.
3. 2014/2015 Oversight report of the Matatiele Local Municipality is made public in terms of Section 129(3) of the Local Government Municipal Finance Management Act No. 56 of 2003.
4. The MPAC report be submitted to the provincial legislature in terms of section 132(2) of the Local Government Municipal Finance Management Act No. 56 of 2003.