

# BYLAE "B"



## OVERSIGHT REPORT ON THE ANNUAL REPORT OF THE EMTHANJENI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2017

### A. PREAMBLE

The Municipal Public Accounts Committee established by the Emthanjeni Municipality Council has pleasure in submitting an oversight report on the Annual Report of the Emthanjeni Municipality for the year ended 30 June 2017 to the Municipal Council for consideration and adoption.

### B. INTRODUCTION

The Mayor of the Emthanjeni Municipality has, in terms of section 127(2) of the Municipal Finance Management Act No 56 of 2003 (MFMA), read with section 58 of the same Act, tabled before the meeting of Special Council held on 18 January 2017, an annual report was prepared in terms of section 121 of the MFMA and section 46 of the Municipal Systems Act No 32 of 2000 (MSA).

Section 129 of the MFMA requires the Council of a municipality to consider the annual report 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, to adopt an oversight report, which must include a statement whether the council;-

- i. Has approved the annual report with or without reservations;
- ii. Has rejected the annual report; or
- iii. Has referred the annual report back for revision of those components that can be revised.

The Council appointed a Municipal Public Accounts Committee in terms of Section 33 and 79 of the Municipal Structures Act No 117 of 1998, to develop an oversight report on the Annual Report as tabled by the Mayor. The members of the Municipal Public Accounts Committee are the following;-

- Councillor AF Jaftha
- Councillor L Billie
- Councillor PP Mhlauli

In order to facilitate the transaction of the business of the Municipal Public Accounts Committee, the Council has appointed Councillor AF Jaftha as the Chairperson of the Municipal Public Accounts Committee.

## **C. COMMENTS ON THE ANNUAL REPORT**

### **1. Compliance with legal requirements for submission and publication**

The Municipal Public Accounts Committee notes that the annual report was tabled by the Mayor on 18 January 2018 in compliance with Section 127(2) of the MFMA.

The Municipal Public Accounts Committee has also been advised by the Accounting Officer that the annual report has, in terms of section 127(5) of the MFMA, been submitted to the following institutions:

- Auditor General
- Provincial Treasury
- Department of Housing, Local Government and Traditional Affairs

The Accounting Officer has further advised the committees as follows:-

- A notice was published in the De Aar Echo of 26 January 2018, calling upon the members of the public to submit comments on the annual report;
- The annual report has also been published in the municipality's website, [www.emthanjeni.co.za](http://www.emthanjeni.co.za)
- Hard copies of the Annual Report for the ended 30 June 2017 was availed to all municipal offices and libraries of Emthanjeni Municipality.

The Accounting Officer has reported to the Municipal Public Accounts Committee that no representations have been received from the members of the public and the abovementioned institutions in respect of the annual report.

### **2. Format of the Annual Report**

MFMA Circular no 11 – Annual Report Guidelines, issued on 14 January 2013, provides the following format for the annual report:-

- Chapter 1: Introduction and Overview
- Chapter 2: Performance Highlights
- Chapter 3: Human Resource and other Organizational Management
- Chapter 4: Audited Statements and Related Financial Information
- Chapter 5: Functional Area Service Delivery Reporting

### **3. Components of the annual report**

Section 121(3) of the MFMA prescribes that the annual report of the Emthanjeni Municipality must include the following:-

- Annual Financial statements of the municipality as submitted to the Auditor General for audit in terms of section 126(1);
- The Auditor General's audit report in terms of section 126(3) on those financial statements;

- The annual performance report of the municipality prepared by the municipality in terms of section 46 of the MSA
- The Auditor General's audit report in terms of section 45 (b) of the MSA;
- An assessment by the municipality's accounting officer of the municipal taxes and service charges;
- An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives for revenue collection for each revenue source and for each vote in the municipality's approved budget;
- Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to above;
- Any explanations that may be necessary to clarify any issues in connection with the financial statements;
- Any information as determined by the municipality;
- Any recommendations by the municipality's audit committee; and
- Any other information as may be prescribed.

The Municipal Public Accounts Committee has noted the following:-

- i. The Annual Report as tabled by the Mayor does contain all the required components;
- ii. The Annual Financial Statements of the Emthanjeni Municipality for the year ended 30 June 2017 were submitted to the Auditor General on the 31 August 2017;
- iii. The Auditor General has issued an audit report on the Municipality's annual financial statements;
- iv. The Municipality does have performance indicators and there was a service delivery and budget implementation plan approved by the Mayor;
- v. The Municipal Council had on 18 January 2018 adopted an action plan containing milestones to be achieved by 30 June 2018. The action plan has been submitted to the Auditor General for auditing;

#### **4. Performance Information**

Municipal Public Accounts Committee has noted that:-

- i. An attempt has been made to provide qualitative information which was previously not known to members of the municipal council;

#### **D. MPAC RECOMMENDATIONS TO COUNCIL**

The Municipal Public Accounts Committee therefore recommends that Council resolves as follows:-

- a) Unauthorised, Irregular, Fruitless and Wasteful as disclosed in the Annual Financial Statements ended 30 June 2017 be condoned.
- b) The Council having fully considered the annual report of the Emthanjeni Municipality for the year ended 30 June 2017, and representations thereon, adopts the oversight report ; and
- c) Council approves the annual report with no reservations.

**E. CONCLUSION**

We wish to take this opportunity to express our gratitude to the Council for the trust placed in the members of the Municipal Public Accounts Committee.

We also thank the Municipal Manager and the management team for their assistance in the development of the oversight report.

COUNCILLOR  
CHAIRPERSON  
Municipal Public Accounts Committee

DATE: \_\_\_\_\_