

OVERBERG DISTRICT MUNICIPALITY



OVERSIGHT REPORT

ON THE

2019/2020 ANNUAL REPORT



OVERBERG DISTRICT MUNICIPALITY

MINUTES FOR THE VIRTUAL MUNICIPAL PUBLIC ACCOUNT COMMITTEE MEETING (MPAC) HELD ON FRIDAY, 18 FEBRUARY 2022 AT 10:00

1. OPENING AND WELCOMING

The Chairperson, Cllr C Elgin , welcomed everyone present whereafter Cllr P Stander the meeting opened the meeting with prayer.

2. EVACUATION INFORMATION

The evacuation information is noted.

3. APPLICATION FOR LEAVE OF ABSENCE

None

3.1 PRESENT

| | | |
|-----------------|---|--|
| Cllr C Elgin | : | Chairperson |
| Cllr P Stander | : | Member |
| Cllr A Klaas | : | Member |
| Mr A Coetsee | : | External Member |
| L De Bruyn | : | Speaker (ex officio) |
| Ms M Dunn | : | Performance and Risk Management |
| Mr N Kruger | : | CFO |
| Ms Z van Rooyen | : | Acting Director Corporate Services |
| Ms A Thompson | : | Administration |
| Donovan Swanson | : | Assistant Director: Municipal Governance |

4. STATEMENTS AND DECLARTIONS BY THE CHAIRPERSON

The statements of the Chairperson were discussed and noted under *In-Committee*.

5. DECLARATION OF INTEREST

The members of the Committee declared that they had no personal interest in the item on the agenda.

6. MATTERS FOR CONSIDERATION

Item M1. 18.02.2021

ANNUAL REPORT 2019/2020 – OVERSIGHT REPORT

PURPOSE

To compile the final Oversight Report on the 2019/2020 Annual Report.

BACKGROUND

The 2019/2020 Annual Report process was not finalized due to the following reasons:

The draft Annual Report tabled to Council in March 2021 did not include the Auditor-General report as well as the Financial Statements as prescribed by the MFMA. The Municipality requested the Auditor-General to re-open the discussions and fasciculation of the material findings of the Audit Report as the Municipality received an unqualified audit outcome with findings.

In terms of section 127(3) of the MFMA, the Mayor submitted a written explanation to Council the reasons for the delay and tabled the components of the annual report listed in section 121(3) or (4) that were ready. Thereafter, as soon as may possible the outstanding components of the annual report must be submitted to Council. The public participation process as prescribed by the Act was follows.

A MPAC meeting was held on 11 May 2021 to compile an Oversight report on the Annual Report and recommended to Council on 24 May 2021 not to adopt the Annual Report, but to referred it back due to outstanding Components. (Auditor-General Report and Annual Financial Statements). The MPAC meeting also considered the inputs/comments received during the public participation period.

The Municipality received the final outcome on 30 September 2021. A MPAC meeting was held on 12 October 2021 to compile an Oversight report with recommendations, which was

tabled to Council on 25 October 2021. The Draft Annual Report of 2019/2020 with all its components was also tabled to Council.

Council resolved as follows:-

(b) That Council note the Annual Report for the 2019/2020 financial year.

(c) That Council proceeds with the public participation process as intended by Section 127(5) and (6) of the MFMA.

The final Draft Annual Report was advertised in the local newspapers, ODM Facebook, website, ODM notice boards. The document was distributed to National Treasury, Provincial Treasury, Department of Local Government. Due to the current threat of the COVID-19 pandemic, hard copies can unfortunately not be made available to the public at traditional strategic points across the region. A copy was however accessible at the Overberg District Municipality's Head Office and ODM website. The closing date for inputs/comments was 29 November 2021.

(Oversight report attached as Annexure "A")

ANNEXURE "A"

ANNUAL REPORT 2019/2020

| SECTION 121(3) OF THE MFMA DETERMINES THAT THE ANNUAL REPORT MUST INCLUDE | COMMENT |
|--|---|
| (a) The Annual financial statements of the municipality, and in addition, if section 122(2) applies the consolidated annual financial statements as submitted to the Auditor-General. | The Annual Financial Statements as submitted to the Auditor General is included in the Annual report. The final revised AFS adjusted according to the result of the Audit outcome review 2019/2020 be tabled Council for notification as part of the Annual Report (Volume II) |
| (b) The Auditor-General's audit report is included in the annual report in terms of section 126(3) on those financial statements | The revised Auditor-General's report is included in the annual report. Appendix N from pages 127 – 132. The revised Audit Report with unqualified with no findings |
| (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act | The Annual Performance report of the Municipality is included in the Annual report, at Chapter 3 (page 31 – 80), Chapter 4 (page 81 – 89) and Chapter 5 (page 90 – 103). |
| (d) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act | The Auditor General's audit report is included in the Annual Report at Chapter 6 (Page 104 – 106). Component B – Auditor General Opinion 2019 – 2020 is included in the Annual report from Pages 105 -106). |
| (e) An assessment by the municipality accounting officer of any arrears on municipal taxes and services | ODM do not deal with taxes and services, as intended in section 121(3)(e) – Services are mainly provided by B Municipalities. The service charges alluded to in the financial statements refer to municipal services and other services for the occupants at the Resorts. Chapter 3, section 3.13. (page 56). It is noted that some of the levies of the Fire Services contributions were received only in the new financial year, resulting therein that a lower collection rate is reflected if measured against the previous year.(83.55% vs 92.85%). |
| (f) An assessment by the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year. | The assessment referred to in this instance is included in the annual report at Appendix I. (Page 63 - 75). Calculations are made in terms of a National Treasury template. Calculations of variances are based on the original budget and the adjustment budget. |
| (g) Particulars of any corrective actions taken or to be taken in response to issues raised in the audit report referred to in paragraphs (b) and (d) | It be noted, that all COMAF'S received during the audit was included in the OPCAR, apart from the two COMAF'S related to the Audit findings. The OPCAR included corrective actions and in cases |

| | |
|---|--|
| | where the corrections affected the Annual Financial Statements and Performance Report, this was done and submitted to the AG. The findings and corrective actions are included in Chapter 6 (Pages 105-106), Component B, Auditor General Opinion 2019/2020 (Page 105-106). |
| (h) Any explanation that may be necessary to clarify issues in connection with the financial statements | Unspent grants were submitted for roll over approval, for subsequent spending in the 2020/2021 financial year. Refer to note "E" on the AFS regarding the explanation of the increase of the debtors. |
| (i) Any information as determined by the municipality | The municipality is congratulated on taking the initial audit outcome on review in order to clarify issues. This resulted in an unqualified opinion, with no findings. (Clean Audit). |
| (j) Any recommendations on the municipality's audit committee report | These comments are included in the annual report at Appendix F (Page 117) and Appendix E (Page 114- 116). |
| (k) Any other information as may be prescribed | <p>Comments were received from Provincial Treasury indicating that all formal legal requirements were met pertaining to the tabling and advertising of the Annual Report. The report of Provincial Treasury is attached as Annexure G.</p> <p>The final Annual Report was published, and the the local community and Councillors was invited to submit representations in connection with the Annual Report, with closing date 29 November 2021. No public representations / inputs were received.</p> |

RESOLVED TO RECOMMEND TO COUNCIL

1. That Council approves the Annual Report for the 2019/2020 financial year without any reservations.

8. CLOSURE

The meeting closed at 10:44.

CHAIRPERSON

DATE

