

OVERSIGHT REPORT ON ANNUAL REPORT: 2023/2024 FINANCIAL YEAR

1. PURPOSE OF REPORT

To consider the Annual Report for the 2023/2024 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).

As the Chairperson of the MPAC it is with great pleasure that I stand here to present this report, as I am aware of the great work that has been done by the Municipal administration and how this has helped improve the Council's oversight role in many areas but more especially in service delivery.

2. BACKGROUND

A. Legal Requirements

Section 121(1), (2) and (3) of the MFMA determines as follows:

121(1) Every Municipality must prepare an Annual Report for each financial year. The Council must within nine months after the end of the financial year deal with the annual report of a municipality in accordance with section 129.

The purpose of the annual report is:-

- (a) To provide a record of the activities of the municipality during the financial year to which the report relates.
- (b) To provide a report on performance against the budget of the municipality for the financial year; and
- (c) To promote accountability to the local community for the decisions made throughout the year by the municipality.

The annual report of a municipality must include-

- (i) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (ii) The Auditor-General audit report in terms of section 126(3) on those financial statements.
- (iii) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (iv) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, (Act 32 of 2000);
- (v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) An assessment by the municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (ii) and (iv);

- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (ix) Any information as determined by the municipality;
- (x) Any recommendation as determined by the municipality; and
- (xi) Any other information as may be prescribed.

In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled; make the annual report public, invite the local Community to submit representations in connection with the annual report and submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(1) of the MFMA, the Council must consider the Annual Report no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the Council's comments on the annual report which must include a statement whether-

- *The Council has approved the Annual Report with or without reservations;*
- *Has rejected the Annual Report or*
- *Has referred the Annual Report back for revision of those components that can be revised.*

3. PROCESS

a) Submission and tabling of the Annual Report

The Draft Annual Report of the Municipality for the 2023/2024 financial year was tabled at the Ordinary Council Meeting, on the 21st of January 2025 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved (**C112/01/2025**) the following:

1. THAT the report submitted by the Municipal Manager, dated 13 January 2025 in respect of the Draft Annual Report 2023/2024 be and is hereby received and noted.
2. THAT Council notes that the Auditor General has considered the Draft Annual Report 2023/2024.
3. THAT Council notes that the Municipal Public Accounts Committee will consider the Draft Annual Report 2023/2024 in January and February 2025.
4. THAT Council notes that the public was afforded an opportunity to make inputs in the Draft Annual Report 2023/2024 (during February 2025) prior to tabling of the final report to Council in March 2025 and comments were received on 26 February 2025.
5. THAT Council hereby notes the 2023/2024 Draft Annual Report

b) The MPAC

The Municipal Public Accounts Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998.

The members of MPAC are as follows:

Clr PC Shange (Chairperson)	Clr S Breedt
Clr SA Ngcece	Clr I Ngcobo
Clr VB Zulu	Clr XA Gasa
Clr J Schmidt	Clr MM Mkhize
Clr MD Jula	Clr LB Ntusi

The MPAC analyses and reviews the annual report in detail before tabling the report to Council for consideration.

In terms of the resolution by Council to comply with section 127 (2) the annual report was made public:

- The local community has been invited via the local press to submit comments / objections regarding the Annual Report from 31st January 2025 to 24th February 2025
- The annual report was made public through placing a notice of the availability of the draft annual report in all libraries, Thusong Centers, the municipal website, as well as a copy in the main office for public perusal.

c) The Audit Committee

The Audit Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998.

The Audit Committee analyses and reviews the annual report in detail before tabling the report to Council for consideration.

In terms of the resolution by Council to comply with section 127 (2) the annual report was made public:

1. THAT the report submitted by the Municipal Manager, dated 13 January 2025 in respect of the Draft Annual Report 2023/2024 be and is hereby received and noted.
2. THAT the Audit Committee notes that the Auditor General has considered the Draft Annual Report 2023/2024.
3. THAT the Audit Committee notes that the Draft Annual Report has been considered by the Council (January 2025).
4. THAT the Audit Committee notes that the Municipal Public Accounts Committee considered the Draft Annual Report 2023/2024 in January and February 2025)

5. THAT the Audit Committee considers the Draft Annual Report 2023/2024 and makes input on the report.

The Audit Committee suggested that we update the 2022/2023 information, as it is outdated, to the current year under review (2023/2024). It was also suggested that outstanding information be included to ensure completeness of the Annual Report. The following suggestions have been noted and have been dealt with.

d) Auditor General

1. Page 5- Mayors Foreword

The 4th paragraph states the municipality received a clean audit however the municipality received an unqualified audit opinion with findings.

2. Page 7- Municipal manager's foreword

The 2nd paragraph states the municipality collected 93% of billed revenue. Please relook at this figure and ensure it is correct.

3. Page 257- Organisational Performance Scorecard

Please add the name of the document at the top of the table- Annual Performance Report for the year ended 30 June 2024

4. Page 288- Audit Report 2023-2024

Please insert signature for audit report

5. Page 300- Audit Report 2022-2023

Please insert signature for audit report.

6. Page 435 onwards- Annual Financial Statements

Please format entire document to make it more understandable for users. Please use similar format to original AFS document.

>Columns are not aligned to the year(2024 or 2023)

>Figures are taking up 2 lines

>Rows are not aligned and some line items in the Statements and Notes have no values (Heritage assets, Total liabilities, Fines penalties and forfeits, General expenses, Note 4).

>Page 448- Remove reference to Significant Accounting Policies

e) The Public

Public comments were received on Wednesday 26 February 2025.

Environmental Management & Signage Control

For 2023-24 the financial performance figures are all zero

For 2023-24 there is no capital expenditure

Page 234 - The next paragraph mentions "Water use license applications" Are these applications not handled by the Dept. of water affairs? Also, there is no mention of the developments regarding the Lithium mine and the expansion of the NPC mine and/or Idwala Carbonates. These are of material influence on the environment.

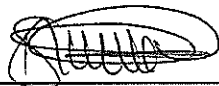
Under Sector Plans is the statement

The Nkongwesi Estuarine Management Plan has been completed. How long did the plan take to complete? Where do we find this plan and was any action required to take place and if so, has any action taken place.

No mention is made of the Alien Invasive Management Plan Has the Invasive Alien Forum been meeting on a quarterly basis? Has the removal of "category 1" taken place anywhere in RNM and if so, where? What education is being done about Alien Invasive Plants? Is the verge clearing staff and sub-contractors educated about Alien Invasive Plants?

RECOMMENDATIONS:

- 1. THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2023/2024 BE APPROVED WITH PROPOSED AMENDMENTS FROM PUBLIC, AG, AND AUDIT COMMITTEE IN TERMS OF SECTION 129 (1) OF THE LOCAL GOVERNMENT MUNICIPAL FINANCIAL MANAGEMENT ACT (MFMA ACT NO 56 OF 2003).**
- 2. THAT THE ANNUAL REPORT 2023/2024 BE APPROVED IN TERMS OF SECTION 129 OF THE LOCAL GOVERNMENT MUNICIPAL FINANCIAL MANAGEMENT ACT (MFMA ACT NO 56 OF 2003) WITHOUT RESERVATIONS.**
- 3. THAT THE 2023/2024 OVERSIGHT REPORT OF THE MUNICIPALITY BE MADE PUBLIC IN TERMS OF SECTION 129(3) OF THE MFMA, AND**
- 4. THAT THE OVERSIGHT REPORT AND ANNUAL REPORT 2023/2024 BE SUBMITTED TO THE PROVINCIAL LEGISLATURE IN TERMS OF SECTION 132(2) OF THE MFMA.**



MPAC Chairperson

27-03-2025

Date