

2020/2021 OVERSIGHT REPORT



MARCH 2022

OVERSIGHT REPORT REGARDING THE 2020/2021 ANNUAL REPORT OF SWARTLAND MUNICIPALITY

1. OBJECTIVE

To submit to Council, in terms of Section 129 of the MFMA, the Oversight Report on the Annual Report, covering Swartland Municipality in respect of the 2020/2021 financial year.

2. BACKGROUND

2.1 Annual Report

The 2020/2021 Annual Report was tabled in Council on 27 January 2022, reporting on the municipality's performance for the period 1 July 2020 until 30 June 2021.

By doing so, Council complied with section 133 of the MFMA which stipulate that the Executive Mayor must table the Annual Report in Council within 7 months after the end of the financial year, i.e. by the end of January 2022.

The Council of Swartland Municipality is furthermore required to engage with, and finalise the Annual Report within 9 months after the end of the financial year, which is before 31 March 2022.

The process for the finalisation and approval of the 2020/2021 Annual Report is set out in the table below:

Activity Description	Provision	Target
Preparation of annual financial statements of the municipality and submission to the Auditor-General	MFMA Section 122(1)(2)	By 31 August 2021
Receipt of final audit report from Auditor-General	MFMA Section 126(3)(b)	By 30 November 2021
Tabling of Annual Report in Council by Executive Mayor	MFMA Section 127(2)	27 January 2022
Allowing for comment by community and relevant state organs	MFMA Section 127(5)(a) & (b)	1 February 2022 to 2 March 2022
Corrective actions to AG's opinion formulated and tabled in Council	MFMA Section 121(3)(g)	Part of Draft annual Report tabled 27 January 2022
Consideration and adoption of Annual Report and Oversight Report	MFMA Section 129(1)	31 March 2022
Submission of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	MFMA Section 129(2)(b)	4 April 2022
Communication of final Annual Report / Oversight Report (website, hard copies and other mediums)	MFMA Section 129(3)	1 April 2022

2.2/...

2.2 Oversight Report

The adoption of the Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the Council to consider the annual reports of its municipality and to adopt an “oversight report” containing the Council’s comments.

The oversight report 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.

National Treasury issued Circular 32 on 15 March 2006 (attached as Annexure B) on the preparation of oversight reports and provides guidelines on the processes to be followed in the adoption of the Oversight Report to which this report conforms.

The Oversight Report is a separate product from the Annual Report. The Annual Report is submitted to the Council by the Accounting Officer and the Executive Mayor and is part of the process for discharging accountability 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.

After tabling of the 2020/2021 Annual Report on 27 January 2022, in line with Section 127(5) of the MFMA, Swartland Municipality allowed for public comments regarding the draft Annual Report from 1 February 2022 to 2 March 2022.

The Annual Report was made available on Council’s website, as well as at all (6) municipal offices and (9) libraries in the municipal area. In addition, the Annual Report was made available to the following offices:

- The Office of the Auditor-General
- The Provincial Treasury
- The MEC for Local Government.

The accounting officer (Municipal Manager) of Swartland Municipality attended all council meetings where the Annual Report was discussed, i.e. on 27 January 2022. A copy of the minutes of this meeting is appended to this report as Annexure A¹. A copy of the minutes of the Municipal Public Account Committee meetings held on 11 March 2022, which was also attended by the accounting officer (attached to this report as Annexure C).

3. KEY COMMENTS AND RESPONSES

Circular 32 of the National Treasury recommends that the summary of key issues raised by the community, Auditor-General and other spheres in government, be detailed in the Oversight Report. In addition, the Circular proposes that responses to questions raised in written representations be captured in the Oversight Report. This section summarises the key questions and comments from the Auditor-General, the municipality’s audit committee, the Council, as well as the responses by the Municipality’s Executive Management.

3.1/...

¹ Refer paragraph 7.1 of Annexure A

3.1 The Auditor-General's Management Letter and Response by Management

3.1.1 Audit opinion (excerpt from Report of the auditor-general to the Western Cape Provincial Parliament and the council on Swartland Municipality dated 30 November 2020)

"2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Swartland Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (DoRA)."

"Internal control deficiencies"

"31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it."

"32. I did not identify any significant deficiencies in internal control."

3.1.2 Managements response to the Auditor-General's finding and performance evaluation

The Municipality received a clean (unqualified with no material findings as envisaged by S122 of the MFMA) audit report for the 2020/2021 financial year. This in itself speaks to and is proof of the dedication of management and personnel to meet and maintain high standards of performance at all times. The achievement of 9 clean audits since 2010/2011 confirms Swartland Municipality's reputation as a governance leader.

The Annual Financial Statements (AFS) and performance information were without any material uncorrected misstatements, which can be attributed to proper record keeping, processing and reconciling controls, and regular reporting that is monitored. The use of governance structures in key risk areas within the municipality should be continued to ensure that deficiencies identified are adequately responded to and monitored through management's action plan.

Clean administration entails effective teamwork amongst all departments within the municipality, the right attitude of its workforce and keeping staff accountable for their area of responsibility. The Swartland Municipality continues to subscribe to high levels of good governance and clean administration.

Whilst the adoption of the Oversight Report is the final step in accepting the 2020/2021 annual performance, the evaluation of the annual performance was done on 10 September 2021 by the evaluation panel appointed in accordance with the Performance Agreements entered into with the Municipal Manager and directors.

3.1.2/...

The Framework for the Implementing of Performance Management was adopted by the Executive Mayoral Committee on 15 June 2021 allowing for a performance bonus to be paid to the Municipal Manager, according to the calculation table in Annexure A of the framework up to a maximum of 14%.

The results of the performance evaluation on 10 September 2021 for the 2020/2021 financial year are as follows:

- Municipal Manager = 14%

3.2 Key comments: Executive Mayor, community and Organs of State

No comments were received from any community member.

The comments received from the Western Cape Government: Provincial Treasury are contained in a letter dated 2 March 2022 (attached as Annexure D) and stated that:

“The Municipality is compliant with the legislative requirements as per MFMA Sections 75, 121 and 127. The Report is also in alignment with the format as stipulated in MFMA Circular 63.”

3.3 Key comments: MPAC-Committee (including members of External Audit Committee)

Minutes of MPAC committee meetings held on 11 March 2022 appended as Annexure C.

3.4 Key comments: Council

Minutes of Council meeting held on 31 March 2022 appended hereto as Annexure E.

4. LEGAL AND CONSTITUTIONAL IMPLICATIONS

The 2020/2021 Annual Report and Oversight Report have been prepared in compliance with the provisions of the Municipal Systems Act and the Municipal Finance Management Act, and conform to the guidelines in Circular 32 issued by National Treasury.

5. COMMUNICATIONS IMPLICATIONS

The full text of the 2020/2021 Annual Report and Oversight Report will be distributed to the MEC of Local Government, Provincial Treasury, the Auditor-General and Provincial Legislature. The full text will also be published on Swartland Municipality's website.

6. RECOMMENDATION

It is recommended to Council on 31 March 2022³ -

- (a) That Council, having considered the 2020/2021 Annual Report of Swartland Municipality, adopts the Oversight Report in terms of section 129 of the Municipal Finance Management Act;

³ Minutes of Council meeting held on 31 March 2022 will be attached as Annexure E in final report

- (b) That the 2020/2021 Annual Report of Swartland Municipality be approved without reservations, in terms of section 129 of the MFMA;
- (c) That the minutes of the meetings where the Annual Report was discussed, in the presence of the accounting officer (Municipal Manager) be submitted to the Auditor-General, the Provincial Treasury and the Western Cape Department for Local Government as attached to the report, in terms of section 129(2) of the MFMA;
- (d) That the 2020/2021 Oversight Report of Swartland Municipality be made public in terms of Section 129(3) of the MFMA and be submitted to the Western Cape Legislature in terms of Section 132(2) of the MFMA;
- (e) That, in acceptance of the Oversight Report, the payment of a performance bonus be approved by Council as per paragraph 3.1.2.



MINUTES OF A MEETING OF THE SWARTLAND MUNICIPAL COUNCIL HELD IN THE TOWN HALL, MALMESBURY ON THURSDAY, 27 JANUARY 2022 AT 10:00

PRESENT:

Speaker, ald M A Rangasamy
Executive Mayor, ald J H Cleophas
Deputy Executive Mayor, clr J M de Beer

COUNCILLORS:

Bess, D G (DA)	Penxa, B J (ANC)
Booyesen, A M (VF)	Pieters, C (ANC)
Daniels, C (DA)	Pypers, D C (DA)
Duda, A A (EFF)	Smit, N (DA)
Fortuin, C (ANC)	Soldaka, P E (ANC)
Jooste, R J (DA)	Stanley, B J (DA)
Le Minnie, I S (DA)	Van Essen, T (DA)
Ngozi, M (ANC)	Vermeulen, G (VF)
O'Kennedy, E C (DA)	Warnick, A K (DA)
Papier, J R (GOOD)	

Officials:

Municipal Manager, mr J J Scholtz
Director: Electrical Engineering Services, mr R du Toit
Director: Civil Engineering Services, mr L D Zikmann
Director: Financial Services, mr M A C Bolton
Director: Protection Services, mr P A C Humphreys
Director: Corporate Services, ms M S Terblanche
Director: Development Services, ms J S Krieger
Manager: Secretarial and Records, ms N Brand

1. OPENING

The Speaker welcomed the Executive Mayor, aldermen, councillors and officials. A special word of welcome was extended to members of the public.

The Chaplain from Corrective Services, Ds Mariette Frantz, opened the meeting with a scripture reading and prayer at the request of the Speaker.

The Speaker congratulated councillors who had celebrated birthdays recently and congratulated especially, mr Leon Fourie, from the Office: Strategic Services who celebrated his birthday today.

2. APOLOGIES

Apology received from aldd M van Zyl.

3. DEPUTATIONS/DECLARATIONS AND COMMUNICATIONS/SUBMISSIONS

3.1 OATH OF ALLEGIANCE: clr A A DUDA
[Item 8.1 refers]

The Speaker gave clr A A Duda the opportunity to declare his oath of allegiance and to sign it.

4. MINUTES FOR APPROVAL

4.1 MINUTES OF THE FIRST MEETING OF THE FIFTH MUNICIPAL COUNCIL HELD ON 16 NOVEMBER 2021

RESOLUTION

(proposed by clr A K Warnick, seconded by clr N Smit)

That the minutes of the first meeting of the Fifth Municipal Council held on 16 November 2021 are approved and signed by the Speaker.

4.2 MINUTES OF A SPECIAL COUNCIL MEETING HELD ON 9 DECEMBER 2021

RESOLUTION

(proposed by clr A K Warnick, seconded by clr E C O'Kennedy)

That the minutes of a Special Council Meeting held on 9 December 2021 are approved and signed by the Speaker.

5. REPORTING IN RESPECT OF DELEGATED DECISION MAKING BY THE EXECUTIVE MAYOR

RESOLUTION

That note is taken of the decisions made by the Executive Mayor in accordance with his delegated power, in the following minutes:

5.1 MINUTES OF AN ORDINARY EXECUTIVE MAYOR'S COMMITTEE MEETING HELD ON 23 NOVEMBER 2021

5.2 MINUTES OF AN ORDINARY EXECUTIVE MAYOR'S COMMITTEE MEETING HELD ON 8 DECEMBER 2021

6. REPORTING IN RESPECT OF DELEGATED DECISION MAKING BY THE MUNICIPAL MANAGER

RESOLUTION

That note is taken of the decisions made by the Municipal Manager in accordance with his delegated power, in the following minutes:

6.1 MINUTES OF A TENDER AWARD COMMITTEE MEETING HELD ON 7 DECEMBER 2021

7. MATTERS ARISING FROM THE MINUTES

None.

8. MATTERS FOR DISCUSSION

8.1 (1) RESIGNATION AS COUNCILLOR: MS M F GAIKA / (2) APPOINTMENT OF NEW COUNCILLOR: MR A A DUDA (17/17/3/2/4; 3/1/7)

A letter was received from ms M F Gaika dated 5 December 2021 in which she confirmed her resignation as councillor of the Swartland Municipal Council.

The vacancy was reported to the Independent Electoral Commission (IEC), where after mr A A Duda was appointed on 13 December 2021 as councillor of the Swartland Municipal Council in place of ms M F Gaika.

RESOLUTION

(proposed by clr D C Pypers, seconded by clr B J Penxa)

- (a) That cognisance be taken of:
 - (i) the resignation of councillor M F Gaika effective from 5 December 2021;
 - (ii) the statutory procedures adhered to in the filling of the EFF's proportional seat in Council, left vacant as a result of councillor Gaika's resignation;
 - (iii) the election of councillor A A Duda as advised by the IEC on 13 December 2021;
- (b) That cllr A A Duda be granted the opportunity to take the oath;
- (c) That cllr A A Duda be appointed to the following committees of Council as representative of the EFF:
 - (i) Portfolio Committee: Civil and Electrical Services
 - (ii) Municipal Public Accounts Committee (MPAC).

8.2 SUBMISSION OF DRAFT ANNUAL REPORT: 2020/2021 FINANCIAL YEAR (7/1/1/1)

The 2020/2021 Draft Annual Report was drawn up in accordance with the format prescribed in MFMA Circular 63 dated 26 September 2012, and is submitted in accordance with section 127(2) of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) – MFMA.

The Municipal Manager explained the process up to and including the final approval of the 2020/2021 Annual Report during the Council Meeting of 31 March 2022, including the drawing up of the Oversight Report in conjunction with the MPAC. The input received during the public participation process, in respect of the draft annual report, will be included in the Oversight Report, for consideration during the above mentioned Council meeting.

Ald B J Stanley and cllr C Daniels expressed their dissatisfaction over the fact that a hard copy of the agenda is not provided for them, although it was received electronically. Cllr C Daniels stated that it is especially important to receive the draft annual report, because it is an important document, and that he feels excluded from the process.

The Speaker requested all councillors to notify the administration Department immediately when the agenda of any meeting is not delivered within 48 hours of the meeting. The Speaker also requested all councillors to take note of the meeting schedule in order to keep up to date with when the meetings will be held.

The Speaker, supported by the Chief Whip of the DA, cllr A K Warnick, asked Ald Stanley to leave the hall after ald Stanley ignored the Speaker's chair during the utterances made by the latter.

The Chief Whip of the DA, cllr A K Warnick, asked the Speaker to adjourn the Council for ten minutes and the motion was acceded to by the Speaker.

Cllr A K Warnick asked the Speaker to continue the meeting after the adjournment thereof.

RESOLUTION

(proposed by ald T van Essen, seconded by cllr N Smit)

- (a) That cognisance be taken of the annual report in respect of the 2020/2021 financial year, as tabled in terms of section 127(2) of the MFMA, and of which the tabling is done in the format as prescribed by National Treasury's MFMA Circular 63 of 2012;
- (b) That cognisance be taken of the following steps to be taken in terms of section 127 of the MFMA, being:
 - (i) disclosure of the annual report;
 - (ii) inviting the public to submit representations in connection with the report;

8.2(b)/...

- (iii) inviting the public and relevant organs of state to attend the council meeting on 31 March 2022, when the annual report and oversight report will be discussed;
 - (iv) submission of the annual report to the Auditor-General, provincial treasury and the provincial department responsible for local government;
- (c) That the MPAC, after the closing of comments on the annual report, undertake a detailed analysis of the representations received in order to compile the draft oversight report for consideration by the Council on 31 March 2022;
- (d) That councillors who are not members of the MPAC take note that they should also be conducting their own review of the report by inter alia having discussions with their constituents, ward committees and ward representatives to encourage inputs and comments for consideration at the full council meeting on 31 March 2022.

8.3 QUARTERLY REPORT (SECTION 52 OF MFMA): 1 OCTOBER 2021 TO 31 DECEMBER 2021 (7/1/2/2-2)

The submission of the quarterly report is prescribed by section 52(d) of the MFMA.

The submission of the report to the Council serves as one of the Executive Mayor's general responsibilities in order to inform the Council with respect to the implementation of the budget and the state of the financial matters of the Municipality.

The quarterly report in respect of Quarter 2 ending on 31 December 2021 was circulated with the agenda.

RESOLUTION

(proposed by clr E C O'Kennedy, seconded by clr C Daniels)

That Council takes cognisance of the attached quarterly report, as required by Section 52 of the Municipal Finance Management Act, Act 56 of 2003 in respect of the implementation of the budget as well as the performance against the Top Layer Service Delivery and Budget Implementation Plan of the municipality for the period 1 October 2021 to 31 December 2021.

8.4 HALF-YEARLY BUDGETS – AND PERFORMANCE EVALUATION (7/1/2/2-2; 2/4/2)

Section 72(1) of the MFMA stipulates that the accountable officer must evaluate and present to the Executive Mayor, by 25 January of each year, the performance of the Municipality during the first half of the financial year.

The Executive Mayor must then present the evaluation report to the Municipal Council by 31 January in accordance with section 54(f) of the MFMA.

The Half-Yearly Budget and Performance Report is drawn up in line with the prescriptions of the Municipal Budget and Reporting Regulations (General Notice 393 promulgated in the Government Gazette dated 17 April 2009).

RESOLUTION

(proposed by clr A K Warnick, seconded by ald T van Essen)

That cognizance be taken of the mid-year budget and performance assessment i.r.o. the first half of the 2021/2022 financial year and more specifically the need to revise the original budget by way of an adjustments budget.

8.5/...

8.5 APPROVAL OF THE 2021/2022 HALF-YEARLY ADJUSTED CAPITAL AND OPERATING BUDGETS (5/1/1/1, 5/1/1/2)

The 2021/2022 Half-yearly Adjusted Capital and Operating Budgets were considered during an Executive Mayor's Committee Meeting held on 20 January 2022 for approval by the Council, and are tabled by the Executive Mayor.

The submission of the adjusted budgets is in accordance with section 28 of the MFMA after the Municipality's performance during the first half of the financial year has been evaluated – refer to item 8.4.

The questions from councillors for explanations were handled by the Municipal Manager and the Financial Director, inter alia, in respect of

- the donation from SANRAL of R1 million (total donation of R 14,8 million over the following two financial years) in order to build pedestrian walkways;
- the availability, on request, of prepaid type meters for destitute households in order to exercise control over usage;
- the components of the Capital Replacement Fund and the existence and importance of capital projects financed out of own funds. Taking out external loans is expensive and may lead to higher tariffs;
- The adjustment of the grant from the Department of Sport and Cultural Affairs for the operation of libraries.

The Speaker brought the matter to the vote and (in the absence of two councillors) it was decided with 12 votes in favour thereof, whilst nine councillors abstained.

RESOLUTION

(proposed by ald J H Cleophas, seconded by clr N Smit)

- That it be noted that the Budget Steering Committee convened to consider the explanations and motivations provided by the financial staff and other directors in a bid to advise the Executive Mayor on way forward;
- That council takes note of the proposed adjustment (as it relates to Section 19) in respect of the Sewerage Works Project: Moorreesburg (**Annexure A-2: Capital Projects ito Sec 19**);
- That approval be granted to amend the high-level capital and operating budget for 2021/2022 with no amendments to the outer years as follows:

	Original Budget 2021/22	Mid-Year Adj Budget 2021/22	Original Budget 2022/23	Original Budget 2023/24
Capital budget	166 435 729	166 040 448	132 744 732	136 678 848
Operating Expenditure	911 967 149	951 133 356	983 835 346	1 055 314 274
Operating Revenue	968 875 613	1 007 040 106	1 048 008 388	1 119 714 984
Budgeted (Surplus)/ Deficit	(56 908 464)	(55 906 750)	(64 173 042)	(64 400 709)
Less: Capital Grants, Donations & Development Charges	47 912 409	48 027 246	45 865 556	50 788 078
(Surplus)/ Deficit	(8 996 055)	(7 879 504)	(18 307 486)	(13 612 631)

- That it be noted that the changes to the budget will have no impact on tariffs in respect of the 2021/2022 financial year or beyond but will result in a decreased budgeted net surplus from R8 996 055 to a budgeted net surplus of R7 879 504;

8.5/...

- (e) That the unauthorised expenditure of R13 258 009 for the 2020/2021 financial year be authorised in this adjustments budget in line with section 32(2)(a)(i) of the Act;
- (f) That the adjusted budget schedules as required by the Budget and Reporting Regulations be approved as set out in **(Annexure C: Budget Report and B-Schedules 2021/22 – 2023/24)**;
- (g) That the Director: Financial Services adhere to the requirements of the Budget Circulars and Budget Reforms in the context of the reporting requirements to Provincial and National Treasury;
- (h) That the Service Delivery Budget Implementation Plan (SDBIP) where appropriate be amended accordingly.

8.6 INVESTIGATION INTO FUTILE AND WASTED EXPENDITURE IN TERMS OF SECTION 32 OF THE MFMA (5/15/1/5)

The report circulated with the agenda contains the latest investigations into futile and wasted expenditure in terms of section 32 of the Municipal Financial Management Act, 2003, as carried out by the Disciplinary Council.

The Municipal Manager explained the various concepts and processes which have to be followed in order to authorise the relevant expenses. The Municipal Manager confirmed, also with reference to item 8.7 that the Municipality did not suffer any losses and therefore it is an important indication that there was no corruption involved.

The comprehensive report from the Disciplinary Council, together with the outcome of the investigation, was circulated with the agenda.

RESOLUTION

(proposed by clr A K Warnick, seconded by clr R J Jooste)

- (a) That the content of the Records of Decision (RoD) of the Disciplinary Board as per Annexures A to this report be noted regarding the fruitless and wasteful expenditure investigation;
- (b) That the following recommendations by the Disciplinary Board as contained in Annexure A to the report be approved and implemented:
 - (i) The write-off of R5 000 with regards to the excess payment to the insurance company as negligence by the driver could not be determine;
 - (ii) The Traffic and Law Enforcement Officers, who complete the accident reports, should include more detail of the accident scene, such as the cause of the accident, if sufficient precautionary measures were taken to prevent the accident, all traffic rules were obeyed, if the accident could have been prevented, negligent by the driver, obstacles/ difficulties affecting normal driving ability, etc;
 - (iii) The Traffic Department should determine whether the rear-view mirrors of vehicle CK47348 are sufficient for the driver to properly observe the rear of the vehicle (alterations) and the area around the vehicle.

8.7 UNAUTHORIZED EXPENDITURE REPORTED BY THE AUDITOR GENERAL (AG) IN REPORT OF THE 2020/2021 FINANCIAL YEAR (5/15/1/5)

The Municipal Manager provided the background to the finding of the Auditor General in respect of the non compliance with the requirements in respect of the Supply Chain Management Policy.

The investigation of the Disciplinary Council, as attached to the report, contains comprehensive information in respect of the unauthorized expenditure, as well as the recommendations as to prevention of such incidents in the future.

RESOLUTION

(proposed by clr E C O'Kennedy, seconded by ald T van Essen)

- (a) That the investigation by the Disciplinary Board regarding the irregular expenditure as reported by the Auditor-General be noted:
 - (i) The investigation has been completed with regards to the procurement of goods and services that resulted in irregular expenditure;
 - (ii) The final conclusion and recommendation to council as indicated in the report is as follows:
 - that the irregular expenditure of R950.00 for the replacement of four broken windows at the Solid Waste site in Darling be written off as irrecoverable as sufficient steps have been taken to prevent awards made to persons in service of the state, whereby Human Resources will proactively inform the SCM unit of employees of the municipality that have interests in businesses;
 - that the irregular expenditure of R333 148.10 (R199 398.50 Moorreesburg & R133 749.60 Darling) for the hiring of earthmoving equipment be written off by Council as the SCM Unit, after questioning the splitting of the quotes, was informed by the Civil Engineering Department that the decision to follow the informal tender route for the two related sites was an informed decision based on an engineering perspective;
 - that Management acted in good faith and the irregular expenditure was not because of deliberate or gross negligence or as a result of fraud or other dishonest intent: and
 - The municipality received the above services and suffered no loss.
 - (iii) No further business will be conducted with the relevant supplier and SCM will utilise National Treasury's CSD report as far as practically possible and/or the Declaration of Interest of employees for all purchases to ensure that no awards are made to persons in service of the municipality;
 - (iv) The MEC for Local Government and the Auditor-General to be informed in writing in terms of section 32(4) of the MFMA with regards to the irregular expenditure.

8.8 NOMINATIONS: APPOINTMENT OF COUNCILLORS TO THE CLINIC COMMITTEES OF THE HEALTH CARE FACILITIES IN THE MUNICIPAL AREA (3/3/1)

A request has been received from the Western Cape Government: Department of Health for the submission of nominations of councillors to serve on the primary health care facility committees in the municipal area.

RESOLUTION

(proposed by clr A K Warnick, seconded by clr N Smit)

- (a) That cognisance be taken of the request from the Western Cape Department of Health dated 4 January 2022 to appoint councillors to the various clinic committees;
- (b) That the following councillors be nominated to represent the Swartland Municipal Council on clinic committees of the various health facilities in the municipal area, namely:

(i) Darling Clinic	cllr A K Warnick
(ii) Moorreesburg Clinic	cllr D C Pypers and C Fortuin
(iii) Malmesbury Community Day Centre	cllrs I S le Minnie en M Ngozi
(iv) Riebeek Kasteel Clinic	cllr D G Bess
(v) Riebeek West Clinic	cllr N Smit
(vi) Abbotsdale Satellite Clinic	ald B J Stanley en cllr C Pieters
(vii) Chatsworth Satellite Clinic	cllr R J Jooste

- (viii) Kalbaskraal Satellite Clinic
- (ix) Riverlands Satellite Clinic
- (x) Koringberg Satellite Clinic
- (xi) Swartland Hospital

ald B J Stanley
cllr R J Jooste
cllr M van Zyl
cllrs E C O'Kennedy & B J Penxa

- (c) That the abovementioned nominations be forwarded to the Provincial Minister of Health;
- (d) That the Executive Deputy Mayor, cllr J M de Beer be nominated to represent the Swartland Municipal Council on the West Coast District Health Council for consideration by the Provincial Minister of Health.

SIGNED:
SPEAKER



NATIONAL TREASURY

MFMA Circular No 32

Municipal Finance Management Act No. 56 of 2003

The Oversight Report

Introduction

This circular aims to provide councillors with practical guidance in financial governance and to assist in maintaining oversight within the broader governance context.

It focuses on the oversight process that councils must follow when considering the annual report and how to deal with the *Oversight Report* by encouraging continuous improvement and promoting accountability to stakeholders.

Please read this circular in conjunction with the following circulars:

- MFMA Circular 11 - Annual Reporting Guidelines - 14 January 2005
- MFMA Circular 18 - New Accounting Standards - 23 June 2005
- MFMA Circular 28 - Budget Content and Format - 12 December 2005

Background

Council is vested with the responsibility to oversee the performance of their respective municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). This oversight responsibility of council is particularly important for the process of considering annual reports.

The MFMA and MSA recognise that council has a critical role to play to ensure better performance by municipal departments and entities. There now exists an explicit linkage between the strategic goals, set by council through the IDP, which are translated into the budget, and the delivery of those goals, which is reported in the Annual Report. It is important for council to ensure that the budget gives effect or expression to priorities contained in the IDP. A good budget will lay a basis for better oversight and cement the contracts between the executive/council, the administration and the public.

The MFMA gives effect to financial management reforms that place greater service delivery responsibilities on managers and makes them more accountable for performance. Whilst, in the first instance it is left to the mayor or the Executive Committee to resolve any performance failures, ultimately the council is vested with the power and responsibility to oversee both the executive and administration. Oversight occurs at various levels in a municipality and is explained in the following table:

Financial governance framework applicable to local government

	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Executive Mayor or Committee	Community
Executive Mayor or Committee	Policy, budgets, outcomes, management of/oversight over municipal manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	The Administration	Executive Mayor or Committee
Chief Financial Officer and Senior Managers	Outputs and implementation	Financial Management and Operational Functions	Municipal Manager

The Oversight Report
15 March 2006

Separation of roles

The separation of roles between the council and administration is intended to strengthen the oversight function of councillors. Good governance and effective oversight and accountability are predicated on there being this separation of functions. It is fundamental for the achievement of the objects for local government in the Constitution relating to a democratic and accountable system of local government. Council oversees the performance of the administration through council and committee meetings. The mayor provides the link between the council and administration and is responsible for regular monitoring and for tabling reports before the council. Therefore, the administration is responsible for the day-to-day operations. This separation avoids conflict of interest and a "referee/player" situation arising and is similar to the role played by Parliament.

The MFMA further assumes a separation between councillors serving on the executive (i.e. mayor or executive committee) and non-executive councillors. This separation is vital to ensure council maintains oversight for the performance of specific responsibilities and delegated powers to the mayor or executive committee.

The MFMA gives council a number of financial management tasks to fulfil its oversight role. The adoption of an "Oversight Report" is one such task. The diagramme on the following page illustrates the various oversight intervention points from the adoption of the Integrated Development plan (IDP), Budget, Annual Report and Oversight Report.

What is in an annual report?

Each municipality and each municipal entity must prepare an annual report for each financial year in accordance with the MFMA and MSA. The purpose of the annual report is:

- to provide a record of the activities of the municipality or entity;
- to provide a report on performance in service delivery and against the budget;
- to provide information that supports the revenue and expenditure decisions made; and
- to promote accountability to the local community for decisions made.

Annual reports are the key reporting instruments for municipalities to report against the performance targets and budgets outlined in their strategic plans. Annual reports are therefore required to contain information on service delivery and outcomes, in addition to financial statements. It is meant to be a backward-looking document, focusing on performance in the financial year that has just ended. It must demonstrate how the budget was implemented and the results of service delivery operations for that financial year.

When tabled, the annual report should include four main components, each of which has an important function in promoting governance and accountability. The main components are:

- The annual performance report as required by section 46 of the MSA.
- Annual Financial Statements submitted to the Auditor-General;
- The Auditor-General's audit report on the financial statements in terms of section 126(3) of the MFMA; and
- The Auditor-General's audit report on performance in terms of section 45(b) of the MSA.

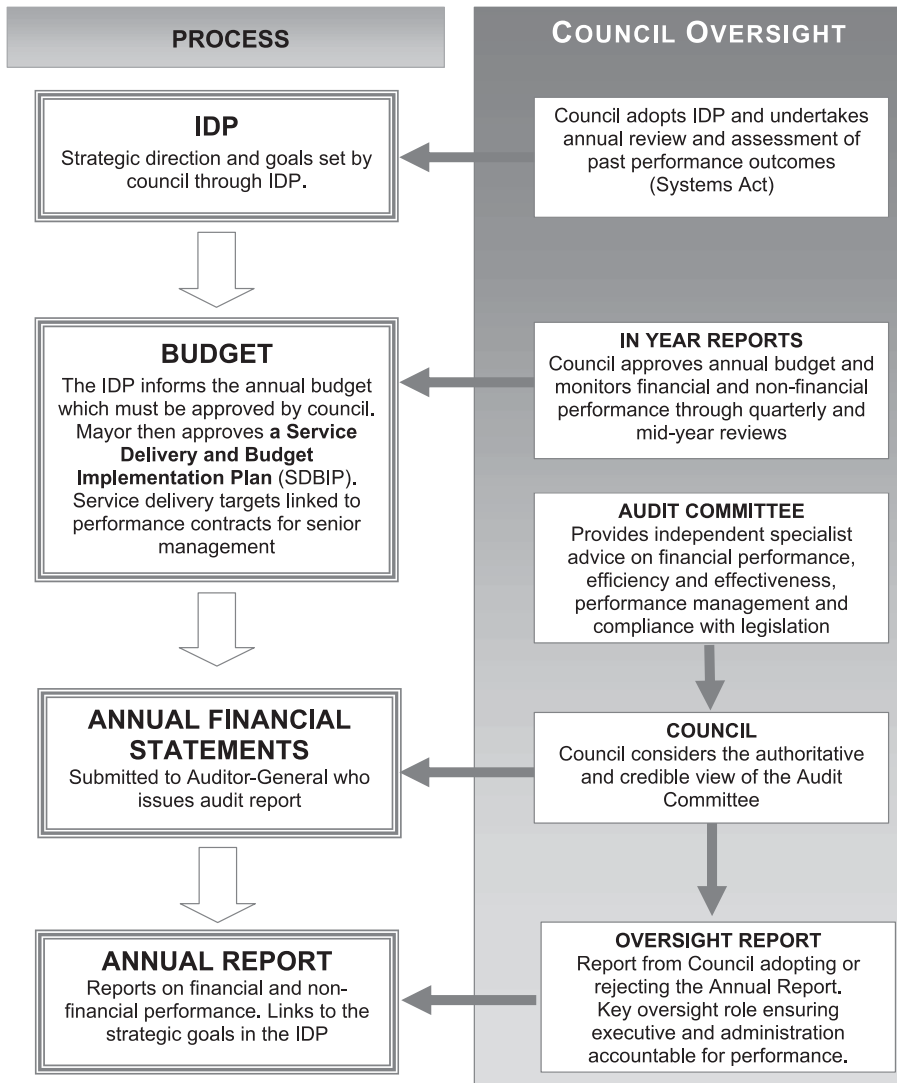
Other components required to be included in the annual report are set out in the MFMA section 121 and the MFMA Circular No 11 issued 14 January 2005.

Annexure C contains guidance on the matters that should be considered and lists the components of the annual report with a checklist of questions that might be asked by councillors when considering these components and the overall report.

The Oversight Report
15 March 2006

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Financial Governance in Practice – COUNCIL OVERSIGHT



What is the oversight report?

The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual reports of its municipality and municipal entities and to adopt an "oversight report" containing the council's comments on each annual report.

The oversight report 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.

The oversight report is thus clearly distinguished 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 accountability by the executive and administration for their performance in achieving the goals set by council. **The oversight report is a report of the municipal council** and follows consideration and consultation on the annual report by the council itself. Thus the full accountability cycle is completed and the separation of powers is preserved to promote effective governance and accountability.

Annexure A sets out a recommended structure for an oversight report and draft resolutions to adopt the report.

Managing the process and forming committees

The processes for council oversight of the IDP, budget, annual report and preparing an oversight report may be complex for many councils, in particular where resources to support the functioning of the council are limited. For example, reviewing an annual report within full council meetings may not be practicable and may restrict the effectiveness of the analysis and discussions. Thus councils need to establish appropriate mechanisms to enable all councillors and the public to fully digest and discuss the annual report contents.

Once the annual report is tabled the council effectively has two months in which to consider the report, invite public submissions and to finalise its oversight report. Given there are a number of steps and many stakeholders the review can be made more manageable if a committee process is established breaking it down into more easily managed parts.

It is recommended that councils consider the establishment of an **oversight committee** under sections 33 and 79 of the Municipal Structures Act 1998. This committee and, if needed, sub-committees could be responsible for the detailed analysis and review of the *annual report* and then drafting an *oversight report* that may be taken to full council for discussion. Such a committee may receive and review representations made by the public and also seek inputs from other councillors and council portfolio committees.

The oversight committee should be made up of only non-executive councillors and representatives of the community and can be formed each year to deal with the annual report. Municipal officials cannot be members of an oversight committee as this would pose a conflict of interest. Assistance from the municipality's Audit Committee in the review process is also recommended as a major source of independent specialist advice.

All meetings of Council and the oversight committee at which an annual report is considered must be open to the public and a reasonable time must be allowed for discussion of any written submissions received and for members of the community and organs of state to address the meetings. Representatives of the Auditor-General are entitled to attend and to speak at any meetings held to discuss the annual report. Timely notice of meetings should be given to enable representations to be made. Making representations to the oversight committee should not necessarily preclude

representations by the same individuals to the full council as this promotes transparency in the process.

At the same time that the committee is analysing the report in detail, other councillors should also be conducting their own review of the report. This can include discussions with constituents, ward committees and ward representatives to encourage inputs and comments and to prepare for the full council meeting that considers the annual report and oversight report.

Questions raised with the administration by council or the committee may be taken on notice by the accounting officer and responses subsequently provided to the committee process. Ideally however, questions should be responded to immediately during the committee meetings to avoid delays. The top management team may assist the accounting officer if needed. If the executive or the accounting officer and administration are unable to respond immediately to questions raised at committee or council meetings, then the committee or council may rightfully conclude that the executive and administration have not performed satisfactorily and may not understand the report that they have tabled.

When enquiring on matters in the annual reports from municipal entities, issues of commercial confidence may arise. In such cases the council should make a judgement as to whether the information is essential to determine a conclusion on the annual report and whether it may be necessary to meet in private. Such a step must be taken with caution in order not to weaken the democratic and transparency objectives of the annual reporting process.

Municipalities should take into account all costs of the various mechanisms (oversight committee and other meetings) for reviewing the annual report and preparing an oversight report. The cost needs to be balanced against the need for transparency, good governance practice and accountability, the capacity of the municipality and the need for an effective process within the time allowed.

Timing considerations

Annexure B provides the key steps in the annual reporting process as required by the MFMA. Note that no later than two months from the date of tabling, council must consider the annual report and adopt an oversight report. Also the annual report must be made public immediately after it is tabled and the public invited to submit representations. To assist with this process a municipal finance management "calendar" will be published in the near future.

Councils are encouraged to effectively use the time permitted under the MFMA (two months from when report tabled) for consideration in order to achieve a quality and acceptable annual report and strive for approval of a report that meets the provisions of the MFMA and MSA. Municipalities are encouraged to review the report immediately upon it being tabled so that steps to obtain additional information and amendments can be taken to facilitate completion of the oversight report within the timetable provided. The process for consideration may involve an initial review and analysis that seeks inputs from the community, Audit Committee and the administration, to be followed by a further review of the report, additional information and representations received. When any additional information is required the administration should promptly provide this.

The MFMA provides that if all the components of the annual report are not completed on time, then those components that are available must be tabled and considered and a written explanation be submitted to council as to why components are delayed and when they will be tabled. In such cases an oversight report may be completed and the report approved, but this should be with reservations or referred back for completion when the missing components are tabled, no more than two months later. In any case the components that have been tabled must be published and open for public representations and, where required, the oversight report amended when the remaining components are tabled.

Understanding the annual report and determining conclusions

A mechanism that facilitates better understanding of the annual report by **all** councillors is essential, as the MFMA requires that **Council, and not the executive or administration**, comment on the annual report and arrive at a decision.

To facilitate consideration of the annual report in its entirety the council should obtain the views of the Audit Committee, which is charged with providing council with, among other matters as prescribed, an authoritative and credible view of the financial position of the municipality or entity, its efficiency and effectiveness, performance management and the level of compliance with the MFMA, Division of Revenue Act (DORA) and other relevant legislation.

In order to approve the annual report without reservations, Council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality and properly accounts for the actions of the municipality in the financial year reported upon. Approval means that the executive and administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable to the community.

Should the Council have reservations on any matter in the report then these reservations should be outlined in the oversight report and the executive and administration should address these as determined by council.

A conclusion that the report is approved without reservations is the preferred outcome from the process. However, this conclusion should not be an outcome of only cursory examination of the report but should be as a result of a rigorous analysis by councillors with inputs from the public and other stakeholders.

Although the accounting officer is required to attend all meetings where the report is discussed to respond to questions, it is incumbent on **all councillors** to fully understand the report in order to identify matters that may require further information from the accounting officer.

Staff performance bonuses

To promote continuous improvement in the performance of the municipality and entities, it is strongly recommended that council reward performance in a manner that is commensurate with achievement of policy outcomes. Therefore, the payment of performance bonuses should be measurable with the extent of outcomes achieved. In some instances, performance bonuses were paid even though performance could not be measured. If the level of acceptance cannot be achieved then it follows that the performance of the administration has not met the objectives approved in the IDP, Budget and Service Delivery and Budget Implementation Plans. Where reservations exist, the seriousness of such should be taken into account before considering any part-payment of bonuses.

Municipal Entities

Where municipalities have one or more municipal entities, separate annual reports from the municipality and each of the entities will be tabled in council. Only the annual financial statements will be consolidated in the municipality report. Although each of the annual reports is to be considered by council it would be impractical to complete multiple oversight reports. It is recommended that council adopt one oversight report that provides comments on each of the annual reports. In this way council is able to reinforce the important linkages between the municipality and its entities, their close interrelationship in the provision of services and that performance of the municipality is an outcome of performance by the municipal administration and all the entities.

Conclusion

Municipalities and municipal entities are required to table in council by 31 January an annual report for the previous financial year. Councils must consider the reports and adopt an oversight report by 31 March. This circular outlines the importance of the annual report in ensuring effective democratic and accountable local government and provides guidance on the manner in which the reports should be considered.

The MFMA provides that the National Treasury may issue guidelines on the manner of consideration of annual reports and the functioning and composition of any public accounts or oversight committee. Until such guidelines are issued, councils and boards of entities are encouraged to consider and implement this circular.

The challenge facing councillors is to utilise their strategic plans, budget documents and annual reports to improve oversight and to hold municipal departments and entities and the executive to account for their performance.

Further enquiries on this circular may be directed to the MFMA helpline email address below.

Abbreviations

AFS	Annual Financial Statements
MFMA	Municipal Finance Management Act, No. 56, 2003
MSA	Municipal Systems Act, No. 32, 2000
SDBIP	Service Delivery and Budget Implementation Plans (s 53 MFMA)
DORA	Division of Revenue Act for the relevant budget year.
IDP	Integrated Development Plan

Other information relating to annual reporting for municipalities may be found in:

- MFMA Circulars 11 and 18.
- Performance Management Guide for Municipalities, DPLG, 2001.
www.dplg.gov.za – go to “documents” then “general publications”
- Introductory Guide to MFMA, Updated Edition – August 2004.
- On SDBIP, refer to MFMA Circulars 13 and 19.

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T. Pillay
Chief Director: Local Government
15 March 2006

ANNEXURE A

Structure and Contents of the Oversight Report –

The Oversight Report should contain:

1. Title and reference to the year under review.
2. Resolutions and statement required by MFMA s129(1) (see recommended resolutions below).
3. Summaries of comments and conclusions on the annual report of the **municipality** referred to in the resolutions, including one or more of the following:
 - (i) Summary of reservations, if approved with reservations and actions to be taken by the executive and administration to resolve reservations.
 - (ii) Summary of components required to be revised, if referred back for revision and actions to be taken by the executive and administration to provide revisions and the date for these to be submitted.
 - (iii) Summary of reasons for rejection of the report, if report is rejected and what other action should be taken by the executive and administration.
 - (iv) In cases where only components of the annual report are submitted by the mayor detail those components and restrict comments to this effect. Include a statement listing the outstanding components and estimated timeframe for these to be tabled and considered by council.
4. Summaries of comments and conclusions on the annual reports of **each municipal entity** referred to in the resolutions, including one or more of the following:
 - (i) Summary of reservations, if approved with reservations and actions to be taken by the executive and administration or the entity to resolve reservations.
 - (ii) Summary of components required to be revised, if referred back for revision and actions to be taken by the executive and administration or the entity to provide revisions and the date for these to be submitted.
 - (iii) Summary of reasons for rejection of the report, if report is rejected and what other action should be taken by the executive, administration and the entity.
 - (v) In cases where only components of the annual report are submitted by the chairman detail those components and restrict comments to this effect. Include a statement listing the outstanding components and estimated timeframe for these to be tabled and considered by the board of directors.
5. Annexures to the report should provide the following –
 - (i) Summary of the process followed in the review, including:
 - Copies of minutes of meetings of committee.
 - Summary of written representations submitted by the public, auditor-general and other spheres of government.
 - Responses to questions provided by the accounting officer.
 - (ii) Other information as may be needed to support the conclusions in the resolutions, for example, outcomes of large infrastructure / capital projects and programmes.

Resolutions and Statement

The statement required in the oversight report by section 129(1) of MFMA, should be in the form of a council resolution to record both the adoption of the oversight report and the comments of council on the report.

The resolutions should, as a minimum, state:

Council resolves that:

1. The Council having fully considered the annual report of the municipality and representations thereon, adopts the oversight report; and
2. *(insert one of the following as appropriate)*
 - Council approves the annual report without reservations; or
 - Council approves the annual report with reservations as included in the comments in the oversight report pages xx to xx; or
 - Council refers the annual report back for revisions of the components listed on pages xx to xx of the oversight report; or
 - Council rejects the annual report of the municipality for the reasons summarised in pages xx to xx of the oversight report.
3. *(Where further action or revisions are required in the resolutions):* Council requests the Mayor (Executive Mayor) to report to Council on the actions required as a result of these resolutions by <date to return to Council>.

Where the annual reports of municipal entities are also considered additional resolutions should be adopted to refer to the municipal entities –

Council resolves that :

1. The Council having fully considered the annual report of the municipal entity <name> and representations thereon, adopts the oversight report; and
2. *(insert one of the following as appropriate)*
 - Council approves the annual report without reservations; or
 - Council approves the annual report with reservations as included in the comments in the oversight report pages xx to xx; or
 - Council refers the annual report back for revisions of the components listed on pages xx to xx of the oversight report; or
 - Council rejects the annual report of the municipal entity <name> for the reasons summarised in pages xx to xx of the oversight report.
3. *(Where further action or revisions are required in the resolutions):* Council requests the municipal entity to report to Council on the actions required as a result of these resolutions by <date to return to Council>.

ANNEXURE B

Steps in the Annual Reporting processes

The following outlines the major steps in the annual reporting process indicating responsibilities and dates prescribed in the MFMA and MSA.

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of
31 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager
31 August	Submit municipal entity AFS to parent municipality and to Auditor-General	S126(2)	Municipal Entity Accounting Officer
30 September	Submit consolidated AFS to Auditor-General (municipalities and entities)	S126(1)(b)	Municipal Manager
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS.	S133(2)	Auditor-General
Within three months of receiving AFS (30 November or 31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General
On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee.	S131(1)	Municipal Manager. Mayor must ensure compliance by municipality
31 December	Entity submits annual report to Municipal Manager	S127(1)	Municipal Entity Accounting Officer
31 January	Annual Reports of municipality and entities tabled in Council	S127(2)	Mayor
Immediately after annual report is tabled	Annual report made public and local community invited to submit representations	S127(5)(a) (MSA) - S21A and B	Municipal Manager
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager
When meetings held to discuss the annual report	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of municipality and entity
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government	S129(2)(b)	Accounting Officer of municipality and entity
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1)	Council
Within seven days of adoption of oversight report	Make public the oversight report	S129(3) S21A-MSA	Accounting Officer
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1) & (2)	Accounting Officer
As necessary	Monitor compliance with submission of reports to provincial legislature	S132(3)	MEC for local government in the province
Within 60 days of receiving annual reports	Report to provincial legislature any omissions by municipalities in addressing issues raised by the Auditor-General.	S131(2)	MEC for local government in the province
Annually	Report to Parliament on actions taken by MEC's for local government to address issues raised by Auditor-General on municipal and entity AFS	S134	Cabinet member responsible for local government
Notes:			
<ul style="list-style-type: none"> ▪ MFMA section 133 provides for consequences of non-compliance with provisions relating to the submission of AFS and tabling of annual reports. ▪ All dates shown are the latest permissible in terms of the applicable legislation, earlier compliance is preferable. 			

ANNEXURE C

Checklist for considering the annual report

The MFMA provides that the purpose of the annual report of a municipality or a municipal entity for each financial year is:

- to provide a record of activities;
- to provide a report on performance against the budget; and
- to promote accountability to the local community for decisions made throughout the year.

The MSA provides that an annual *performance report* must be prepared for each financial year to report on the performance of the municipality and each external service provider, compared with targets set for performance.

The annual report requirements are provided in Chapter 12 of the MFMA, sections 45 and 46 of the MSA and the annual Division of Revenue Act.

The following checklist summarises what must be included in the annual report and is designed to support and guide councillors and officials. It should be noted however, that this list is not exhaustive and from time to time other information requirements may be prescribed. Consideration must also be given to specific circumstances and conditions in which other questions may be appropriate. Councillors and officials are encouraged to make suggestions to enhance this checklist and send these to the National Treasury.

Council should verify that the required information is contained in the annual report and then consider the relevance and accuracy of information accordingly. The checklist provides guidance on how matters could be considered.

The oversight committee and the full council may use this checklist as a means to organise the report and to manage requests for additional information. The questions suggested may be used by all councillors to gain clarification on contents of reports and also to verify compliance with the MFMA and MSA. Responses to many of these questions should be provided by the accounting officer of the municipality and/or municipal entities.

Note that the views of the Audit Committee and the findings of the Auditor-General are primary sources of information to assist council in determining a decision on the annual report.

Information required to be included in annual reports	Council Considerations and Questions
<i>Financial Matters</i>	<i>Financial reporting matters to be considered</i>
The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	Where the municipality has sole or effective control of a municipal entity, consolidated financial statements are required. The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the new accounting standards for municipalities. <i>Have the required standards been met – refer audit report and report of audit committee for views on this?</i>
	The above applies also to the AFS of municipal entities.
The Auditor-General's reports on the financial statements of the municipality and the entities	<i>Is the audit report included in the annual report as tabled? If not, when will the audit report be tabled? What are causes of the delays? What actions are being taken to expedite the report?</i>
	The above applies also to the AFS of municipal entities.
Any explanations that may be necessary to clarify issues in connection with the financial statements	The accounting standards require that notes accompany the statements to provide explanations of issues and matters reported. Refer also points below on information in notes to AFS. <i>Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?</i>
	The above applies also to the AFS of municipal entities.
An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities	<i>Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?</i>
	The above applies also to the AFS of municipal entities.
Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	The conclusions of the annual audit may be either – <ul style="list-style-type: none"> ▪ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; ▪ a qualified audit opinion setting out reasons for qualification, which means that certain issues need to be addressed before an unqualified opinion can be achieved; or ▪ the auditor will disclaim the statements and not offer an opinion. In this case there may be serious financial issues to be addressed. The objective of the municipality should be to achieve an unqualified audit opinion. <i>Taking into account the audit report, audit opinion and the views of the audit committee, council should consider:</i> <ul style="list-style-type: none"> ▪ <i>To what extent does the report indicate serious or minor financial issues?</i> ▪ <i>To what extent are the same issues repeated from previous audits?</i> ▪ <i>Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?</i> ▪ <i>Has a schedule of action to be taken been included in the annual report, with appropriate due dates?</i> <p>Note that actions taken on audit issues are to be reported to the provincial legislature, the MECs for local government and finance to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MECs.</p>
	The above applies also to the AFS of municipal entities.

An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget	The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly. <i>Has the performance met the expectations of council and the community?</i> <i>Have the objectives been met?</i> <i>What explanations have been provided for any non-achievement?</i> <i>What was the impact on the service delivery and expenditure objectives in the budget?</i> Council should comment and draw conclusions on performance and explanations provided.
An assessment by the municipal entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and the municipality	Agreements between the municipality and its entities for service delivery are to include measurable performance objectives. This will include measures of services delivered to the community, financial targets, expenditure targets etc. The entity's annual report must include an assessment by the accounting officer, of performance against these objectives. In order to show the linkage between the entity and the municipality, the report of the municipality should also include the performance of entities. <i>Has the performance met the expectations of council and the community?</i> <i>Have the performance objectives been met?</i> <i>What explanations have been provided for any non-achievement?</i> <i>What was the impact on the service delivery and expenditure objectives in the budget?</i> Council should comment and draw conclusions on performance and explanations provided.
Any information as determined by the municipality, the entity or its parent municipality	Review any other information that has been included in regard to the AFS.
	The above applies also to the AFS of municipal entities.
Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	<i>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</i> <i>What actions need to be taken in terms of these recommendations?</i> Conclusions on these recommendations and the actions required should be incorporated in the oversight report.

Allocations received and made	Considerations
Allocations received by <u>and</u> made to the municipality	The report should disclose: <ul style="list-style-type: none"> ▪ Details of allocations received from another organ of state in the national or provincial sphere. ▪ Details of allocations received from a municipal, entity or another municipality. ▪ Details of allocations made to any other organ of state, another municipality or a municipal entity. ▪ Any other allocation made to the municipality under Section 214(1)(c) of the Constitution. <i>Have these allocations been received and made?</i> <i>Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</i> <i>Does the audit report or the audit committee recommend any action?</i> Council should comment and draw conclusions on information and explanations provided.

Allocations received by <u>and</u> made to the municipal entity	The report should disclose: <ul style="list-style-type: none"> ▪ Details of allocations received from any municipality or other organ of state. ▪ Details of any allocations made to a municipality or other organ of state. ▪ Other information as may be prescribed. <i>Have these allocations been received and made?</i> <i>Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</i> <i>Does the audit report or the audit committee recommend any action?</i> Council should comment and draw conclusions on information and explanations provided.
Information in relation to the use of allocations received	Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include: <ul style="list-style-type: none"> ▪ The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects. ▪ Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided. ▪ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this. This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation. The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received. <i>Council should be satisfied that –</i> <ul style="list-style-type: none"> ▪ <i>the information has been properly disclosed;</i> ▪ <i>conditions of allocations have been met; and</i> ▪ <i>that any explanations provided are acceptable.</i> The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.
Information in relation to outstanding debtors and creditors of the municipality and entities	Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities. It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds. <i>Council should be satisfied that –</i> <ul style="list-style-type: none"> ▪ <i>the information has been properly disclosed;</i> ▪ <i>conditions of allocations have been met; and</i> ▪ <i>also that any explanations provided are acceptable.</i> The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.

Disclosures in notes to AFS	Considerations relating to section 124
Information relating to benefits paid by municipality and entity to councillors, directors and officials	<p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ul style="list-style-type: none"> salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind; any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors; salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; contributions for pensions and medical aid; travel, motor car, accommodation, subsistence and other allowances; housing benefits and allowances; overtime payments; loans and advances, and; any other type of benefit or allowance related to staff. <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> the information has been properly disclosed; conditions of allocations have been met; and that any explanations provided are acceptable. <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>

Municipal Performance	Considerations
The annual performance reports of the municipality and entities	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are –</p> <p><i>Has the performance report been included in the annual report?</i> <i>Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</i> <i>Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</i> <i>In terms of key functions or services, how has each performed? Eg. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</i> <i>To what extent has performance achieved targets set by council?</i> <i>Is the council satisfied with the performance levels achieved?</i> <i>Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</i> <i>What actions have been taken and planned to improve performance?</i> <i>Is the council satisfied with actions to improve performance?</i> <i>Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</i> <i>Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</i> <i>Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</i> <i>To what extent have actions planned for the previous year been carried over to the financial year reported upon?</i> <i>Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</i></p>

	Council should comment and draw conclusions on information and explanations provided.
Audit reports on performance	<p>Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.</p> <p><i>Have the recommendations of internal audit been acted on during the financial year?</i> <i>Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?</i></p>
Performance of municipal entities and municipal service providers	<p>The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.</p> <p>The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p><i>Is the council satisfied with the evaluation and conclusions of the municipality?</i> <i>What other actions are considered necessary to be taken by the accounting officers?</i></p>
For municipal entities – an assessment of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality	<p>This is the separate report of the municipal entity and should contain details of service delivery agreements with the municipality and the performance measures therein.</p> <p>Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities.</p> <p><i>To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP?</i> <i>Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality?</i> <i>What specific actions should be taken by the entity and the municipality to improve performance?</i></p>

General information	The following general information is required to be disclosed in the annual report.
Relevant information on municipal entities	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses and contact details for entities, the purpose of the entity, the functions and services provided, the type and term of service level agreements with the entities.
The use of any donor funding support	<p><i>What donor funding has the municipality received?</i> <i>Have the purposes and the management agreements for the funding been properly agreed upon?</i> <i>Have the funds been used in accordance with agreements?</i> <i>Have the objectives been achieved?</i> <i>Has the use of funds been effective in improving services to the community?</i> <i>What actions need to be taken to improve utilisation of the funds?</i></p>
Agreements, contracts and projects under Private-Public-Partnerships	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.
Service delivery performance on key services provided	<p>This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality.</p> <p>Overall results on the strategic functions and services should be summarised.</p> <p>This should cover all services whether provided by the municipality,</p>

	<p>entities or external mechanisms.</p> <p>Council may draw conclusions on the overall performance of the municipality.</p> <p>This information may be found in an executive summary section of the annual report and or in statistical tables.</p>
Information on long-term contracts	<p>Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.</p>
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised.</p> <p>Council should comment and draw conclusions on the information provided.</p>
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.</p> <p>This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved.</p> <p>The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets.</p> <p>Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.</p>
Other considerations recommended	
Timing of reports	<p><i>Was the report tabled in the time prescribed?</i></p> <p><i>Has a schedule for consideration of the report been adopted?</i></p>
Oversight committee or other mechanism	<p><i>What mechanisms have been put in place to prepare the oversight report?</i></p> <p><i>Has a schedule for its completion and tabling been adopted?</i></p>
Payment of performance bonuses to municipal officials	<p>Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report.</p> <p><i>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</i></p> <p><i>If so has a proper evaluation of performance been undertaken?</i></p> <p><i>Was the evaluation approved by council?</i></p> <p><i>Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report?</i></p> <p><i>Are the payments justified in terms of performance reported in the annual report?</i></p> <p>Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.</p>



ANNEXURE C

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEETING HELD IN THE BANQUETING HALL, MALMESBURY ON FRIDAY, 11 MARCH 2022 AT 09:00

Present:

Cllr E C O'Kennedy (Chairperson)
Cllr A M Booysen
Cllr C Daniels
Cllr R J Jooste
Cllr I S le Minnie
Cllr D C Pypers
Cllr P E Soldaka
Cllr A A Duda (joined later)

Officials:

Municipal Manager, Mr J J Scholtz
Director: Financial Services, Mr M Bolton
Director: Corporate Services, Ms M S Terblanche
Director: Development Services, Ms J S Krieger
Director: Protection Services, Mr P A C Humphreys
Director: Electrical Engineering Services, Mr R du Toit
Director: Civil Engineering Services, Mr L D Zikmann
Snr Manager: Internal Audit, Mr P le Roux
Snr Manager: Strategic Services, Ms O Fransman
Strategic Services, Mr L Fourie
Manager: Secretariat and Records Services, Ms N Brand

1. OPENING

The Chairperson, Cllr E C O'Kennedy, welcomed MPAC-members and officials and requested Alderlady Van Zyl to open the meeting with prayer.

2. APOLOGIES

No apology was received.

3. DEPUTATIONS/STATEMENTS AND COMMUNICATIONS/PRESENTATIONS

4. MINUTES

4.1 MINUTES OF A MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD ON 25 JANUARY 2022

RESOLVED

(proposed by Cllr C Daniels, seconded by Cllr I S le Minnie)

That the minutes of a meeting of the Municipal Public Accounts Committee held on 25 January 2022 be approved.

5./...

5. MATTERS ARISING FROM THE MINUTES

None.

6. MATTERS FOR DISCUSSION

6.1 BRIEFING BY AUDITOR GENERAL: SWARTLAND MUNICIPALITY AUDIT OUTCOMES 2020-21

The chairperson welcomed, Ms Kalthiemah Abrahams, from the Office of the Auditor General (AG). Ms Abrahams stated that the purpose of the presentation is to equip the members of the MPAC to perform their oversight function.

Ms Abrahams commended the Municipality on preparing the annual financial statements under difficult circumstances caused by the Covid-19 pandemic and on achieving a clean audit.

Ms Abrahams emphasised the emerging risks, amongst others, GRAP pronouncements, local content and accounting for availability charges. Furthermore the irregular, unauthorized and fruitless and wasteful expenditure were explained and discussed.

Cllr Daniels mentioned that during the SALGA induction program the impression was created that when corruption is exposed by the AG, no further investigation is done. Ms Abrahams answered that legislative processes exists for the Accounting Officer to report the corruption to the relevant authorities. The AG will, according to the new mandate, mentioned the fraud in the audit letter to be followed up during the next audit to evaluate the appropriate steps taken in order to ensure consequence management.

A discussion followed on the circular by the National Treasury instructing municipalities to stop calling for tenders. This created a risk that municipalities will not be in a position to spend 95% of the capital budget and cannot be penalised due to circular by National Treasury on which various opposed legal opinions exists.

Ms Abrahams confirmed that the AG and National Treasury are in discussions and a formal communication will be send to municipalities regarding the view of the AG on the matter and how spending on the capital budget will be treated during the next audit.

The Director: Financial Services, Mr M A C Bolton, confirmed that the support from Provincial Treasury, National Treasury and the Accounting Standard Board in respect of accounting for availability charged are very poor. Swartland Municipality provided the Provincial Treasury with a position paper on the matter in order to get clarity.

The Director: Financial Services further confirmed that the Municipal Manager applied for exemption of the requirements stated in the Act, with reference to the National Treasury's circular requesting the discontinuing of the tender process. The Municipality is therefore trying to continue with capital expenditure in order to reach the required target.

Mr de Jager, with reference to fraud exposure, requested the members of the MPAC to familiarised themselves with the content of the combined assurance model as the latter is the safeguard that Council must rely upon if fraud was detected.

RESOLUTION

That the following key recommendation to Council by the Office of the Auditor General be noted in order for the MPAC to fulfil its oversight role:

(a)/...

6.1/...

- (a) Hold the executive authorities accountable for weakness identified in the control environment;
- (b) Follow up on the actions taken against the official(s) responsible for transgressions;
- (c) Obtain reports on investigations into transgressions and irregularities conducted and affecting the entity;
- (d) Follow up on annually and previous commitments made by the accounting officer;
- (e) Determine whether corrective steps are being taken to address the shortcomings in the internal control environment.

6.2 MPAC WORK PROGRAM

The Municipal Manager confirmed that the MPAC was previously established by means of a circular from National Treasury. The Local Government: Municipal Structures Amendment Act (Act 3 of 2021) effective from 1 November 2021 changed the responsibilities of the MPAC, which is now established by law.

Therefore, a terms of reference was developed for the MPAC, as well as a work program that will be tabled to Council at the end of March for adoption.

The Municipal Manager confirmed that the important dates and activities must be part of council's schedule and that the dates of the MPAC-meetings will be reconsidered in order to allow for more time to study the documents before the meeting.

RESOLUTION

That the draft MPAC Work Program be adopted for tabling to Council on 31 March 2022, together with the Terms of Reference of the MPAC as approved on 27 January 2022.

6.3 REPORT OF THE SWARTLAND MUNICIPALITY PERFORMANCE AND RISK AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2021 TO 31 DECEMBER 2021

The Municipal Manager explained that the tabling of the report of the Swartland Municipality Performance and Risk Audit Committee is required by the new work program adopted by the MPAC. The purpose of tabling the report is for the MPAC to play on oversight role over the Performance and Risk Audit Committee. Mr Scholtz confirmed that the report will be tabled bi-annually to the MPAC.

COGNISANCE BE TAKEN of the report of the Swartland Municipality Performance and Risk Audit Committee for the period 1 July 2021 to 31 December 2021.

6.4 DRAFT OVERSIGHT REPORT

The chairperson requested the Municipal Manager, Mr J J Scholtz, to give an overview of the draft Oversight Report.

The Municipal Manager explained the timeframe in which the MPAC must make a recommendation to the Council on the final adoption of the 2020/2021 Annual Report, including the final Oversight Report.

The Municipal Manager referred to the comments received on the draft annual report, with reference to the audit opinion that Swartland Municipality received, namely a clean audit (unqualified with no material findings). Mr Scholtz accentuated that a clean administration entails a culture of effective teamwork, the right attitude and keeping staff accountable. Although officials do make mistakes, it is not on purpose – Mr Scholtz referred to the

6.4/...

unauthorised expenditure incurred by the Department Civil Engineering Services in asking separate tenders for the rehabilitation of different dumping sites.

The Municipal Manager also referred to the evaluation of annual performance that was done by an appointed panel on 10 September 2021 resulting in the Municipal Manager qualifying for a 14% performance bonus for the 2020/2021 financial year. Mr Scholtz explained the reason why a performance bonus is only applicable on the Municipal Manager as a decision was taken by Council to allow for the directors to get an increase equal to the rest of the personnel, but to comply with the upper limits legislation in terms of the Municipal Manager.

The Municipal Manager referred to the comments received by Provincial Treasury confirming that the Municipality is compliant with all relevant legislation, except that the unaudited annual report was not tabled to council at least two months after the end of the budget year. Mr Scholtz explained that MFMA Circular 63 is not a legislative requirement and why it is not possible to table the unaudited annual report to Council by 31 August, amongst others, that the annual financial statements is only submitted to the Auditor General by 31 August.

The chairperson allowed for comments by the chairperson of the Performance and Risk Audit Committee and the content of the draft oversight report is confirmed by Mr de Jager as correct.

The chairperson thanked Mr de Jager and the rest of the members of the Performance and Risk Audit Committee for their effort to add value to the operations of the Municipality.

RESOLUTION

(proposed by Ald M van Zyl, seconded by Cllr C Daniels)

It is recommended to Council on 31 March 2022-

- (a) That Council, having considered the 2020/2021 Annual Report of Swartland Municipality, adopts the Oversight Report in terms of section 129 of the Municipal Finance Management Act;
- (b) That the 2020/2021 Annual Report of Swartland Municipality be approved without reservations, in terms of section 129 of the MFMA;
- (c) That the minutes of the meetings where the Annual Report was discussed, in the presence of the accounting officer (Municipal Manager) be submitted to the Auditor-General, the Provincial Treasury and the Western Cape Department for Local Government as attached to the report, in terms of section 129(2) of the MFMA;
- (d) That the 2020/2021 Oversight Report of Swartland Municipality be made public in terms of Section 129(3) of the MFMA and be submitted to the Western Cape Legislature in terms of Section 132(2) of the MFMA;
- (e) That, in acceptance of the Oversight Report, the payment of a performance bonus be approved by Council as per paragraph 3.1.2.

(sgd) E C O'KENNEDY
CHAIRPERSON

Reference: PTR 13/5/2

The Municipal Manager
Swartland Municipality
Private Bag x52
MALMESBURY
7300

For attention: The Municipal Manager, Mr J Scholtz

PROVINCIAL TREASURY COMMENTS ON THE TABLED 2020/21 ANNUAL REPORT

Section 121(1) of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003) states that every municipality and every municipal entity must prepare an annual report for each financial year. The council of a municipality must within nine months after the end of the 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.

MFMA sections 121(3) and (4) sets out the framework relating to the content of the annual reports for both municipalities and municipal entities. National Treasury has further introduced the new annual report template and MFMA Circular No. 63 on 26 September 2012. MFMA Circular 63 aims to provide guidance to municipalities and municipal entities on the Annual Report format and its contents.

The municipal council is obliged to consider any views of the local community; the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the Annual Report.

Provincial Treasury reminded all municipalities of these responsibilities in Treasury Circular No 1 of 2022 (25 January 2022).

1. LEGISLATIVE COMPLIANCE

1.1. Conformance

The conformance assessment highlights compliance by the **Swartland Municipality** with the MFMA and MFMA Circular 63 as follows:

- a) The Municipality submitted the draft 2020/21 Annual Report together with the Annual Financial Statements (AFS) to the Auditor General by the 31st of August 2021.
- b) The unaudited Annual report was not tabled before Council at least two months after the end of the budget year in accordance with MFMA Circular 63.
- c) The Annual Report was tabled before Council on 27 January 2022 which is within 7 months after the end of the financial year in accordance with MFMA section 127(2).
- d) The tabled Annual Report was placed on the website, in accordance with section 75 of the MFMA, i.e. within 5 days after being tabled in Council.
- e) The tabled Annual Report was made public, and the public was invited to comment on the Annual report on 01 February 2022 with a deadline of 02 March 2022.

1.2. Format of the Annual Report as per MFMA Circular 63

- a) The Annual Report is in the prescribed format in accordance with the Annual Report Template as per MFMA Circular 63 and all the relevant chapters are included.
- b) All appendices are included and/or explanatory notes pertaining to appendices' information are provided.
- c) The 2020/21 Certified Audited AFS has been included as Appendix U.

2. SERVICE DELIVERY PERFORMANCE

Strategic Objective	Number of applicable targets	Number of Targets Achieved	% achieved
SO 1: Improved quality of life for citizens	11	10	91%
SO 2: Inclusive economic growth	8	7	88%
SO 3: Quality and sustainable living environment	4	1	25%
SO 4: Caring, competent and responsive institutions, organisations and business	12	9	75%
SO 5: Sufficient, affordable and well-run services	13	13	100%
TOTAL	48	40	83%

- For the 2020/21 financial year, the Municipality measured a total of 48 applicable key performance indicators (inclusive of IDP and General Key Performance Indicators) (KPIs) of which 40 (83 per cent) were achieved.

- Where targets related to the key performance indicators for strategic goals have been missed, the Municipality has provided a note indicating reasons or how each one will be dealt with in future.
- It is noted that two of the KPIs will be removed i.e. KPI related to 3.8 'Council approval of budget and implementation for social facilities in terms of the project approval by DHS' is indicated to be removed due to budget constraints and KPI related to 3.9 'Social Housing Policy Completed' is indicated to be deleted in the May 2021 amendment of the IDP.

3. BROAD-BASED BLACK ECONOMIC EMPOWERMENT DISCLOSURES

The Municipality has disclosed information relating to B-BBEE Compliance Performance. This is found in section 3.1.2 in the tabled Annual Report.

Tables with respect to (a) Management Control, (b) Skills Development and (d) Socio-Economic Development (Zero indicated) have been populated, however no information is presented in table (c) Enterprise and Supplier Development. Information should also be inserted for this table in the final Annual Report.

4. AUDITOR GENERAL FINDINGS

The Municipality has for the 2020/21 financial year, achieved an Unqualified - Clean Audit Report from the Auditor General. This indicates that the AFS are free from material misstatements.

There are no material findings on the usefulness and reliability of the reported performance information for the selected objective in respect of Strategic Goal 5: *Sufficient, affordable and well-run services*.

The Municipality is commended for its efforts in attaining a clean audit opinion.

5. CONCLUSION AND RECOMMENDATIONS

The Municipality is compliant with the legislative requirements as per MFMA Sections 75, 121 and 127. The Report is also in alignment with the format as stipulated in MFMA Circular 63.

In conclusion, the Municipality is reminded of its responsibility to finalise and adopt the Annual Report and the Oversight Report by no later than two months from the date on which the annual report was tabled before council in terms of section 127 of the MFMA.

Kind regards



MR M BOOYSEN
DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE
DATE: 2 MARCH 2022

CC: Ms N Brand: Swartland Municipality (Manager: Secretariat and Records Services)



ANNEXURE E

MINUTES OF AN ORDINARY MEETING OF THE SWARTLAND MUNICIPAL COUNCIL HELD IN THE TOWN HALL, MALMESBURY ON THURSDAY, 31 MARCH 2022 AT 10:00

PRESENT:

Speaker, ald M A Rangasamy
Executive Mayor, ald J H Cleophas
Deputy Executive Mayor, cllr J M de Beer

COUNCILLORS:

Bess, D G (DA)	Pieters, C (ANC)
Booyesen, A M (VF)	Pypers, D C (DA)
Daniels, C (DA)	Smit, N (DA)
Fortuin, C (ANC)	Soldaka, P E (ANC)
Jooste, R J (DA)	Stanley, B J (DA)
Le Minnie, I S (DA)	Van Essen, T (DA)
Ngozi, M (ANC)	Van Zyl, M (DA)
O'Kennedy, E C (DA)	Vermeulen, G (VF)
Papier, J R (GOOD)	Warnick, A K (DA)
Penxa, B J (ANC)	

Officials:

Municipal Manager, Mr J J Scholtz
Director: Electrical Engineering Services, Mr R du Toit
Director: Financial Services, Mr M A C Bolton
Director: Civil Engineering Services, Mr L D Zikmann
Director: Protection Services, Mr P A C Humphreys
Director: Corporate Services, Ms M S Terblanche
Director: Development Services, Ms J S Krieger
Manager: Secretariat and Records Services, Ms N Brand

1. OPENING

The Speaker welcomed the Executive Mayor, alderladies, aldermen, councillors and officials. A special word of welcome is addressed to the members of the public.

Cllr D C Pypers opened the meeting with scripture and prayer on the request of the Speaker.

2. APOLOGIES

No apologies were received.

RESOLVED that cllr A A Duda is absent without leave.

EXCERPT FROM MINUTES REGARDING THE ADOPTION OF THE 2020/2021 OVERSIGHT REPORT:

8. MATTERS FOR DISCUSSION

8.1 ADOPTION OF THE OVERSIGHT REPORT ON THE 2020/2021 ANNUAL REPORT (7/1/1/1)

The draft Annual Report/...

The draft Annual Report for the 2020/2021 financial year was presented to the Council on 27 January 2022 in accordance with section 127 of the Municipal Financial Management Act, 2003, after which the annual report was made available to the public and relevant government organisations for comment and input.

The Municipal Public Accounts Committee (MPAC), chaired by cllr E C O'Kennedy, convened on 11 March 2022 to consider the comments received on the draft annual report in the compilation of the 2020/2021 Oversight Report.

The recommendation before the Council was brought to the vote by the Speaker and (in the absence of one councillor) was decided with 15 votes (DA councillors) and 1 vote (EFF councillor) in favour thereof with the rest of the councillors (ANC councillors) abstaining from voting.

RESOLUTION

(proposed by cllr C Daniels, seconded by cllr E C O'Kennedy)

- (a) That Council, having considered the 2020/2021 Annual Report of Swartland Municipality, adopts the Oversight Report in terms of section 129 of the Municipal Finance Management Act;
- (b) That the 2020/2021 Annual Report of Swartland Municipality be approved without reservations, in terms of section 129 of the MFMA;
- (c) That the minutes of the meetings where the Annual Report was discussed, in the presence of the accounting officer (Municipal Manager) be submitted to the Auditor-General, the Provincial Treasury and the Western Cape Department for Local Government as attached to the report, in terms of section 129(2) of the MFMA;
- (d) That the 2020/2021 Oversight Report of Swartland Municipality be made public in terms of Section 129(3) of the MFMA and be submitted to the Western Cape Legislature in terms of Section 132(2) of the MFMA;
- (e) That, in acceptance of the Oversight Report, the payment of a performance bonus be approved by Council as per paragraph 3.1.2 of the Oversight Report.

**SIGNED:
SPEAKER**