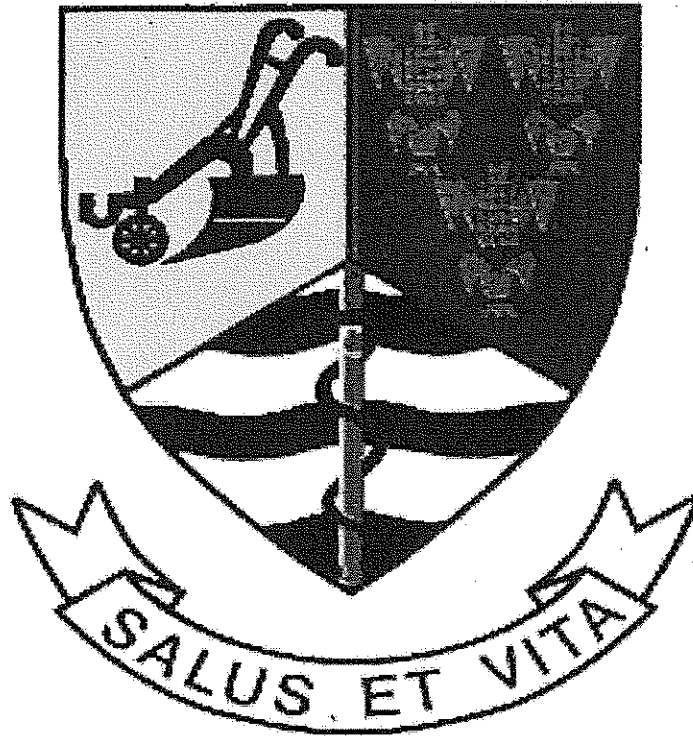
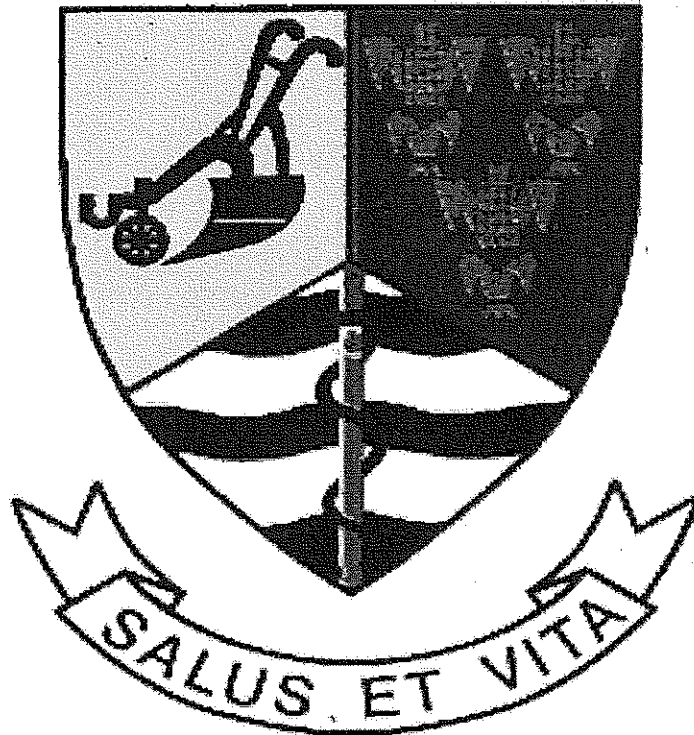


**BELA-BELA LOCAL MUNICIPALITY
OVERSIGHT REPORT**



2020/2021 FINANCIAL YEAR

**BELA-BELA LOCAL MUNICIPALITY
OVERSIGHT REPORT**



2020/2021 FINANCIAL YEAR

TABLE OF CONTENTS

No	Description	Page
1	Background	3
2	Introductions	4
3	Composition of the MPAC	4
4	Executive Summary	4
5	Process Followed probing the Draft 2020/2021 Annual Report	5
6	Findings	6
7	Conclusions	6
8	Recommendations	6
	Annexures 6.1 Council Resolution 6.2 MPAC program 6.3 Attendance register and minutes 6.4 Advert	

1. BACKGROUND

Bela-Bela Local Municipal Council is vested with responsibility to oversee the performance of the municipality as required by the Constitution of the Republic of South Africa, 1996, the Local Government Finance Management Act (MFMA) and Local Government Municipal Systems Act (MSA) NO.32 of 2000 and Regulations. In order to fulfil the above mentioned responsibility, Council established number of section 79 committees with Municipal Public Accounts Committee (MPAC) being one of them as guided by section 29,33 and 79 of the Local Government Amended Municipal Structures Act no.03 of 2021. Furthermore, the Municipality developed and approved the Terms of Reference for the MPAC as guided by South African Local Government Association Practical Guide for MPAC's of March 2012 and incorporated the Terms of Reference in the Municipal approved delegation register. The guide by SALGA advocate for the establishment of MPAC's in order to enhance oversight within municipalities.

Council has an imperative role of considering the Annual Report as stipulated in section 129 of the MFMA, Act no.56 of 2003. While the MSA, Act no.32 of 2000 reflect the responsibility of Council on ensuring better performance of the Municipality in providing the services to communities thereby improving quality of livelihoods thereto. The performance of the Municipality is therefore gauged through the implementation of the objectives as outlined in the Municipal approved Integrated Development Plan (IDP) and the approved Budget for the financial year under review whereby the progress in execution of such objectives is reflected in the Annual Report.

The MFMA gives effect to the financial management reforms that places greater service delivery responsibilities on managers and makes them more accountable for performance. At the same time as, the Mayor has the responsibility to resolve any performance failures of the Municipal Manager, whilst Council is vested with power and responsibility to oversee both executive and administration.

The year under review marked the end of term for previous Municipal Council and subsequent to that Municipal Elections was held on 01 November 2021, which resulted in New Municipal Council being inaugurated. Council therefore has established Municipal Public Accounts Committee as per section 79 of Municipal Structures Act no. 117 of 1998 to perform its oversight role as mentioned above.

Committee has developed the 2020/2021 Oversight Report as per provisions of section 129(1) of the MFMA.

2. INTRODUCTIONS

The Municipal Public Accounts Committee (MPAC) has been established in terms of section 29,33 and 79 of the Amended Municipal Structures Act no.03 of 2021. The core role functions of the Committee amongst others as per the terms of reference outlined in the Council approved delegation register and the South African Local Government Association Practical Guide (SALGA) for MPAC's of March 2012 is to play an oversight role by ensuring accountability and proper governance by means of evaluating the performance of the municipality through using the Integrated Development Plan (IDP) as a tool of analysis against the approved Budget relating to a particular financial year. The Committee is also vested with the responsibility of interrogating amongst others the Annual Report, the Municipality's annual Financial Statements (AFS) ,Annual Performance Report (APR) and Audit Report (AR) as issued by Auditor General as well as others matters that may be referred by Council.

It is in this regard that the Committee had interrogated the 2020/2021 Annual Report and compiled the Oversight Report thereof. The Oversight Report compiled is as prescribed by section 127(5)(a) of the local Government Municipal Finance Management Act no.56 of 2003. Furthermore, the Committee followed processes to solicit inputs on the 2020/2021 Annual Report by means of opening its meetings to the Public and afford an opportunity to any member of Public who may wish to make representation before the committee. All processes followed in the compilation of Oversight Report were guided by the provisions of the Local Government Municipal Finance Management Act, no.56 of 2003, the Local Government Municipal Systems Act no.32 of 2000, the Local Government Municipal Structures Act no.03 of 2021 and National Treasury Circular 11, 32 and 63 respectively.

3. COMPOSITION OF MPAC MEMBERS

No	MPAC Member Name	Designations
3.1	Cllr MJ Mabua	Chairperson
3.2	Cllr SD Seale	Member
3.3	Cllr MJ Makhubele	Member
3.4	Cllr HJL Kruger	Member

4. EXECUTIVE SUMMARY

The Municipality has developed the 2020/2021 Draft Annual Report which was duly tabled to Council in its sitting held on 28 January 2022, Council resolution no **MC46/01/2022**..and subsequent to that MPAC programme was developed and approved by the MPAC in its sitting held on 11 March 2022.

5. PROCESS FOLLOWED IN PROBING THE 2020/2021 DRAFT ANNUAL REPORT

After approval of the MPAC programme, the programme was advertised inviting the members of the public to attend the MPAC meetings when probing the Annual Report, the schedule was as follows:

Date of meetings	Activities of the meeting	Responsible Person
11 March 2022	Approved the MPAC scheduled meetings to probe the Annual Report	MPAC
17 March 2022	Consideration and probing of Chapter 1, 2, 3, 4, 5 & 6: <ul style="list-style-type: none">• Issue MPAC questionnaire for management response	MPAC
18 March 2022	Consolidation of Public comments on annual report	Strategic Manager
25 March 2022	Consideration of Management response Approval of oversight report by Chairperson	MPAC
30 March 2022	Consideration of Audited AFS, APR and Audit report.	MPAC
31 March 2022	Tabling of the oversight report to Council for adoption	MPAC

5.1 DELIBERATIONS

The Committee had resolved after lengthy deliberation on its sitting on **11 March 2022**, to seek clarity from Acting Municipal Manager reasons why the Annual Report does not have Audited Financial Statements(AFS), Audited Annual Performance Report(APR) and Auditor General Report.

Subsequent to that Acting Municipal Manager: Ms. JB Selapyane attended Committee meeting on **17 March 2022**, where she reported to Committee that above-mentioned documents are not part of the report due dispute that municipality raised against the Auditor General Audit team for non-adherence to audit process and late commencement of audit which resulted in municipality unable to comply with laws and regulations. The report was issued on 29 March 2022.

5.2 PUBLIC PARTICIPATION PROCESS FOLLOWED

The Municipality have adopted the draft annual report on 28 January 2022 for public comments and subsequently Municipality have advertised on **04 February 2022 on Public notice and Municipal website for public comments**. The Stakeholders were 04 February 2022 to 07 March 2021 to make inputs and comments on the report. **Municipality did not receive any public comments on draft annual report.**

6. CONCLUSION

6.1 Municipal Public Accounts Committee has performed its duties as legislated and satisfied with all the processes followed in probing the 2020/2021 Annual Report which led to the development of an Oversight Report.

6.2 The Annual Report does complies with the requirements of the *Local Government: Municipal Finance Management Act* No. 56 of 2003 and with National Treasury (NT) guidelines for annual reports as it contain all legislated documents, it should be however be reported that Audited Annual Financial Statements, Audited Annual Performance Report and Auditor General Report for 2020/2021 were submitted very late (30 March 2022), just a day before Council sitting, which results in MPAC not being able to process the late submitted documents to its satisfactory.

6.3 This oversight report was accordingly compiled in terms of Circular 32 of the Municipal Finance Management Act (MFMA) No. 56 of 2003 together with section 129 of MFMA.

7. RECOMMENDATIONS

Municipal Public Accounts Committee hereby recommend:


7.1 THAT taking into account late submission of the Auditor General Report, Audited Annual Financial Statements and Audited Annual Performance Report for 2020/2021 and the statement indicated on 6.2 above, the **Annual Report be approved with those reservations.**

7.2 THAT Council refer Annual Financial Statements, Annual Performance Report and Audit Report for 2020/2021 back to MPAC for further processing and investigation

7.3 THAT the following legislative process be followed:-

7.2.1 THAT the oversight report be made public in accordance with Section 129(3) of the *Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003*

7.2.2 THAT the oversight report be submitted to the Provincial Legislature in accordance with section 132(2) of the *Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003*


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Date: 30/03/2022
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Cllr MJ Mabua

Chairperson of MPAC