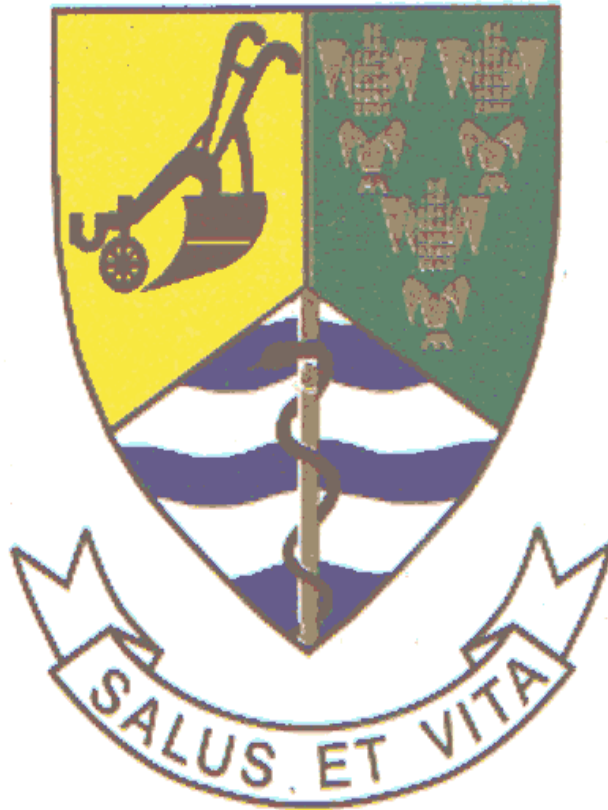


BELA-BELA LOCAL MUNICIPALITY OVERSIGHT REPORT



Bela-Bela Local Municipality oversight report for 2022/23 financial year

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1. ACRONYMS

- a) MFMA - Municipal Finance Management Act
- b) MSA - Municipal Structure's Act
- c) MM - Municipal Manager
- d) MPAC - Municipal Public Accounts Committee
- e) PT - Provisional Treasurer
- f) AGSA - Auditor General of South Africa
- g) CoGhsta - Co-operative Governance, Human Settlements and Traditional Affairs
- h) AC - Audit Committee
- i) IDP - Integrated Development Plan
- j) AFS - Annual Financial Statements
- k) APR - Annual Performance Report

2. INTRODUCTION AND 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 and Local Government Municipal Systems Act NO.32 of 2000 and Regulations. To fulfil the above-mentioned responsibility, Council established number of Section 79 committees with Municipal Public Accounts Committee 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 and incorporated the Terms of Reference in the Municipal approved delegation register. The guide by SALGA advocates for the establishment of MPAC 's 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 evaluated through the implementation of the objectives as outlined in the Municipal approved 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.

3. MANDATE OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Municipal Public Accounts Committee has been established in terms of Section 79(a) of the Amended Municipal Structures Act No, 03 of 2021. The core role functions of the Committee amongst others 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 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 to it by Council.

It is in this regard that the Committee had interrogated the 2022/2023 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 2022/2023 Annual Report by means of affording the 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 MFMA, MSA and National Treasury Circular 11, 32 and 63 respectively.

4. COMPOSITION OF MPAC MEMBERS

Below is the composition of the Committee: -

No	Members of the MPAC	Designations
1	Cllr MJ Mabua	Chairperson
2	Cllr SD Seale	Member
3	Cllr MJ Makhubele	Member

5. MEETING HELD DURING THE YEAR

The following meetings were held to discuss the annual report and its supporting documents :-

No	Date of meetings	Activities of the meeting
1	06 February 2024	Approved the MPAC scheduled meetings to probe the Annual Report
2	06 March 2024	Consideration and probing of Chapter1,2 &3
3	07 March 2024	Consolidation of Public comments on annual report
4	12 March 2024	Consideration and probing of Chapter4,5 and 6
5	19 March 2024	Consolidation and issuing of MPAC Questionnaire to Management for response
6	22 March 2024	Consideration of Management response Approval of oversight report by Chairperson
7	27 March 2024	Tabling of the oversight report to Council for adoption and/or approval

6. TERMS OF REFERENCE

The terms of reference of the committee are drawn from the Municipal Finance Management Act, Municipal Structure Act, Applicable National Treasury Regulations and Circulars, and are as follows:-

- 6.1. To interrogate the annual report as referred to by the Municipal Council,
- 6.2. Confirm that the Annual Report represents a fair presentation of the affairs of the Municipality.,
- 6.3. To ensure that all contents and components are per Section 129 of the MFMA are included in the Annual Report,
- 6.4. To ascertain if the Mayor of the municipality tabled the Annual Report to Municipal Council as directed by Section 127 of the Municipal Finance Management Act ,
- 6.5. To ensure all required process were followed in the compilation of the Annual Report(Refer to the paragraph underneath) and
- 6.6. To submit recommendations to Council in-line with Section 129 (1) (a) (b) and (c) of the Municipal Finance Management Act(refer to Conclusion paragraph)

7. PROCESS FOLLOWED TO INTERROGATE THE ANNUAL REPORT

- 7.1. Section 129 of MFMA lists mandatory documents that should be included in the annual report. Therefore, the table below is meant to assess if the municipality has included all mandatory contents and components of the annual report in terms of the MFMA and other relevant Regulations. Below refers:-

No	Mandatory contents and components	Observation by MPAC	Reservation, without reservation or rejects the contents
1	Compliance with Municipal Legislative requirements Section 121 and 129 Of the MFMA		
2	Did the municipality prepare the annual report	Yes – Refer to the attached Annual Report	No reservations were identified
3	Was the Annual report annual report submitted to the Auditor General Provisional Treasury and Co-operative Governance, Human Settlements and Traditional Affairs for inputs.	Proof of submission submitted to the Committee	No reservations were identified

4	Were inputs submitted by the Auditor General Submitted. Were these considered and factored into Annual Report.	Yes, AG has submitted the inputs and were factored in the annual report	No reservations were identified
5	Did the Management submitted the Annual Report to the Mayor	Yes, Management submitted the report to the Mayor and Executive Committee	No reservations were identified
7	Was the annual report tabled to Council by the Mayor within seven months after the end of the financial year	Tabled in January 2024	No reservations were identified
8	Was the annual report advertised immediately after tabled to Council for public comments as required	Advert issued on time and placed on the Website and Newspaper	No reservations were identified
9	Was the Auditor General invited to the Council meeting when the Mayor tabled the Annual Report	AGSA were invited and attended the meeting . Refer to the attendance register of the said Council Meeting	No reservations were identified
10	Did the AGSA confirm the true reflection of the audited Annual Financial Statement, Annual Performance Report and Audit Report during the council meeting	The AGSA presented the Audit Report to Council and confirm the reports as true reflection	No reservations were identified
Contents of the Annual Report			
11	Does the Annual report include the audit report on the audited Annual Financial Statement and Annual performance Report	Refer to Annexures to the Annual Report	No reservations were identified
12	Does the Annual Report include a Mayor's foreword	Refer to Chp 1 of the Annual Report	No reservations were identified
13	Does the Annual Report include an assessment by the Municipal Manager of any of municipal taxes and service charges	Refer to Chp 1 of the Annual Report	No reservations were identified
14	Does the annual report include particulars of any corrective action taken or to be taken in response to issues raised in the audit report(AG Action Plan)	Refer to the Annexure in the Annual Report	No reservations were identified
15	Does the Annual Report include recommendations by the Audit Committee	Refer to Chp 2 of the Annual Report	No reservations were identified
Inputs and comments by the Community			
16	Did the municipality received inputs, comments, and question	No inputs, comments or and questions received	No reservations were identified

	from the Public and if yes, were they addressed		
	Compliance with Section 32 of the Municipal Finance Management ACT(UIFWe)		
17	In compliance with Section 32 of the MFMA, did management disclose all Unauthorized, Irregular, fruitless and Wasteful in the Annual Financial Statement	UIFWe were currently disclosed in the Audited Financial Statements	No reservations were identified
18	Did the municipal council referred those UIFWe for further investigation by MPAC	UIFWe were referred to MPAC for investigation. Refer to the investigation report submitted separately	No reservations were identified
19	In compliance with National UIFWe Reduction Strategy Framework, was there any investigation report previously submitted by MPAC to Council to consider write-off of the UIFWe	The MPAC has previously submitted an investigation Report to Council and Council approved the write-off of UIFWe as recommended by MPAC	No reservations were identified
20	Did Council referred an act of the non-compliance which resulted in UIFWe for investigation by Financial Misconduct Board as per MFMA Circular 68,	Council has passed the resolution instructing the Financial Misconduct Board to investigate an act of non-compliance	No reservations were identified
21	Did the financial misconduct submit the outcomes of the investigation to the Mayor and Municipal Council	Yes, report of the Financial Misconduct will be submitted separately	No reservations were identified
	Fair presentation of the Annual Report		
22	Is the annual report a fair presentation of the affairs of the Municipality and includes all required documents as stipulated by Section 121 of the MFMA	The annual report includes all required documents as required by Section 121 of the MFMA	No reservations were identified
23	Did the AG accept the disclosure of UIFWe as presented in the AFS without raising a qualification paragraph in the Audit Report	Yes, there no qualification paragraph raised by the AGSA in the audit report regarding the UIFWe	No reservations were identified
24	Did the municipality provide any other information as may be prescribed except the one as required by MFMA.	Yes, the Municipality provided other information as prescribed by the regulations and MFMA Circulars	No reservations were identified

8. SUMMARY OF THE FINDING BY THE COMMITTEE

After a thorough review of the annual report and its contents, the committee makes the followings observations:-

- 8.1.** That the annual report includes all the required contents of the Annual Report as stipulated in Section 121 of the Municipal Finance Management Act,
- 8.2.** That the Mayor has ensured that the Annual Report is tabled to Council as directed by Section 127 of the Municipal Finance Management Act,
- 8.3.** Municipal Manager has ensured that the Annual Report is advertised and made public to the community for comments in line with Section 127 (5) (2) of the Municipal Finance Management Act,
- 8.4.** Municipal Manager, in compliance with Section 127 (5) (2) (b) has submitted the annual report to the Auditor General and Provisional Treasury and Co-operative Governance, Human Settlements and Traditional Affairs and
- 8.5.** More details findings or observation are highlighted in column 5 named "Observations by MPAC" in the table above(Paragraph)

9. CONCLUSION

- 9.1.** After the interrogation of the Annual Report, the Municipal Account Committee should submit recommendations to Council in line with Section 129 (1) of the Municipal Finance Management Act. Section 129(1) of the Municipal Finance Management Act stipulates that the Council of the municipality must adopt an oversight report containing the council's comments on the report, which must include the statement whether the Council:-

- a) Approved the annual report with or without reservations.
- b) Reject the annual report and or
- c) Referred to the annual report back for revision of those components that can be revised.

9.2. Therefore, the committee concludes that:-

- 9.2.1. The Annual Report complies with the requirements of the Local Government: Municipal Finance Management Act No. 56 of 2003 and with National Treasury guidelines for annual reports as it contains all legislated documents, including

Audited Annual Financial Statements, Audited Annual Performance Report, and Auditor General Report for the 2022/2023 financial year,

- 9.2.2. Represents the fair presentation of the performance of the municipality without any misrepresentation,
- 9.2.3. Provides a record of the activities of the Municipality,
- 9.2.4. Provides a report on performance against the Budget of the Municipality and
- 9.2.5. Promotes accountability to the local community.

9.3. *In conclusion*, the committee has no reservations to report to council regarding the Annual Report, and for that, we would like to express our appreciation for the role played by the Council, Mayor, the community, members of the MPAC, Municipal Manager, Management, Sector Departments, Office of the Auditor General, and support staff from the internal audit unit role played in the annual report.

10. RECOMMENDATIONS

Given the findings and conclusions contained in this report, The Municipal Public Accounts Committee hereby recommends that:-

- 10.1.** That, the annual report for the 2022/2023 financial year be approved without any reservation and
- 10.2.** That, this oversight report be approved by Council.

11. ANNEXURES

The following annexures are attached in this report:-

- 11.1.** Annual Report and its contents for the 2022/23 Financial Year
- 11.2.** Minutes of the MPAC meeting held.
- 11.3.** Attendance registers
- 11.4.** Questionnaire and responses by Management.

12. REFERENCES

The followings are legislatives documents used to prepare this report:-

- a) Municipal Finance Management Act(MFMA) No.56 of 2003,
- b) Municipal Structures Act(MSA) No.32 of 2000 as amended,
- c) Municipal Systems Act (MSA) No. 32 of 2000,
- d) MFMA Circular 11,32 and 63 and
- e) MPAC Terms of reference

13. AUTHENTICATION OF THE REPORT



Cllr JM Mabua

Chairperson: Bela-Bela Local Municipality MPAC

Date: 22 March 2024