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# MANTSOPA LOCAL MUNICIPALITY

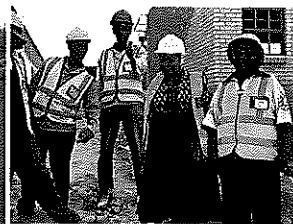


## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

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# OVERSIGHT REPORT ON THE DRAFT ANNUAL REPORT 2017/2018

20 MARCH 2019





Mantsopa Local Municipality – 2017/2018 MPAC Oversight Report

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DATE 20 MARCH 2019  
TIME 10H00  
VENUE EXCO CHAMBERS, LADYBRAND

MEMBERS PRESENT...

CLLR	L.P MOLETSANE	CHAIRPERSON
CLLR	B.M SANI	
CLLR	K.I TIGELI	
CLLR	N.J THAISI	
CLLR	R.T MPAKATHI	

SUPPORT STAFF PRESENT..

MR T.P MASEJANE	(MUNICIPAL MANAGER) APOLOGY GRANTED
MR D E NANA	(MANAGER: ORGANISATIONAL PERFORMANCE)
MR S.A NYAPHOLI	(CHIEF FINANCIAL OFFICER)
MS N. NXUMALO	(MANAGER: INTERNAL AUDIT)

**PART A: PRESCRIBED PROCESS AND COMPLIANCE**

**1. PURPOSE OF REPORT**

To consider the Municipality's Draft Annual Report for the 2017/2018 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of the Local Government: Section 129 (1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).



## 2. BACKGROUND

### (a) Legal Requirements

The **Local Government**: Section 121 (1) (2) and ((3) of the Municipal Finance Management Act, 56 of 2003 determines as follows:

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

### (b) The purpose of an annual report is:

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

### (c) The annual report of a municipality includes the following-

- (i) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor – General for audit in terms of section 126(1) :*
- (ii) The Auditor – General audit report in terms of section 126 (3) on those financial statements:*
- (iii) The Annual Performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act:*
- (iv) The Auditor- General’s audit report in terms of section 45 (b0 of the Municipal Systems act, Act 32 of 2000*
- (v) An assessment by the municipality ‘s Accounting Officer of any arrears on municipal taxes and service charges:*
- (vi) An assessment by the municipality’s Accounting Officer of the municipality’s performance against the measurable performance objectives referred to in section 17(3) for revenue from each source and for each vote in the municipality’s approved budget for the relevant financial year:*
- (vii) Participants of any corrective action taken or to be taken in response to issues raised in the audit reports (Action plan)*



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

In terms of the Local Government: Section 129(1) of the MFMA, the council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the Council's comments on the annual report which must include a statement whether –

- (a) The Council has approved the Annual Report with or without reservations:*
- (b) The Council has rejected the Annual report or*
- (c) The Council has referred the Annual Report back for revision of those components that can be revised.*

### **3. PRESCRIBED PROCESS FOR 2017/2018 DRAFT ANNUAL REPORT**

#### **(a) Submission and tabling of the Annual Report**

The Draft Annual Report of Mantsopa Local Municipality for the 2017/2018 financial year was tabled at the Ordinary Council Meeting held on **31<sup>st</sup> January 2019** in terms of Section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003

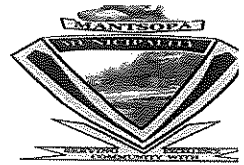
Council resolved at its meeting held on 31 January 2019.

- *That Council takes note of the Draft Annual Report for the 2017/2018 financial year as tabled by the Mayor;*
- *That the Draft Annual report 2017/2018 referred to MPAC for review as part of the process;*
- *That Councillors should submit written inputs within 7 working days;*
- *That members of the public should be given 21 days to submit inputs.*

#### **b) The Municipal Public Accounts Committee**

Mantsopa Local Municipal Public Accounts Committee was established through a Council resolution on **14<sup>th</sup> December 2018** in terms of the National Treasury: MFMA Circular No.92 of 19 April 2018 and Section 79 of the Municipal Structures Act 17 of 1998.

The purpose is to enable the Committee to play an oversight role, analyse and review annual reports in detail before the Annual Report is submitted to Council for adoption. The MPAC met on Wednesday, 20 March 2019 where the content of Draft Annual Report 2017/2018 was discussed in detailed.



The Municipal Public Accounts Committee comprises of five Councillors and is chaired by Cllr L.P Moletsane.

The Local Community was invited through the media (Maluti newspaper, Mantsopa Facebook page, notice boards in all municipal buildings and libraries and municipal website) to submit comments about the Draft Annual Report and no comments or objections were received.

## **PART B.**

### **REPORT OF THE CHAIRPERSON ON THE DRAFT ANNUAL REPORT FOR THE PERIOD ENDING 30 JUNE 2018.**

#### **DISCUSSIONS ON FINANCIAL AND NON-FINANCIAL INFORMATION**

##### **4.1 CONTENTS OF DRAFT ANNUAL RET 2017/2018**

- The OPMS Manager, Mr D E Nana on behalf of Accounting Officer delivered a presentation on the Draft Annual Report 2017/2018, explained that the Draft Annual Report 2017/2018 was prepared in terms of MFMA Circular No.63, it was submitted to Auditor General in August 2018 for audit purposes and tabled in Council on 31<sup>st</sup> January 2019 as prescribed;
- There is improvement in the Municipal service accounts for Councillors, Senior Management and line Managers and where there are arrears, reasonable arrangements were made as at 30 June 2018;

##### **4.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE CONCLUSION ON CONTENTS OF DRAFT ANNUAL REPORT 2017/2018.**

- The MPAC took note of all components of Draft annual report 2016/2017 as tabled before Council on 31<sup>st</sup> January 2019.



**5. RECOMMENDATIONS TO COUNCIL ON THE DRAFT ANNUAL REPORT 2017/2018.**

5.1 That Council should approve the Draft Annual Report 2017/2018 without reservation in terms of Section 129 (1) (a) of the Local Government Municipal Financial Management Act (MFMA Act No 56 of 2003).

5.2 That the Oversight Report 2017/2018 should be submitted to the Free State Provincial legislature, the MEC for Cooperative Governance & Traditional Affairs, the Free State Provincial Treasury, National Treasury and Thabo Mofutsanyana District Municipality;

5.3 That the Accounting Officer must in accordance with Section 21A of the Municipal Systems Act make public an Oversight Report within Seven (7) days;

**6. ADDITIONAL RECOMMENDATIONS TO COUNCIL ON THE OPERATIONS OF THE MUNICIPALITY**

6.1. That the Progress report on Action Plan regarding issues raised by Auditor General South Africa should be submitted quarterly or regularly to the Committee to monitor implementation status;

6.2. That proper mechanism should be put in place to ensure that Councillors or Officials should not owe municipal services for more than 90 days to be in line with the requirements of legislation.

6.3. That the register for Unauthorised, Irregular, Wasteful and Fruitless Expenditure should be submitted regularly and on time to the Committee for investigations.

**Submitted to Council for approval by:**

CLLR L.P MOLETSANE   
CHAIRPERSON: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

**CONCURRENCE BY MEMBERS OF THE MPAC**

1. CLLR N.J THAISI 

2. CLLR B.M SANI 

3.3 CLLR R.T MPAKATHI 

4. CLLR K I TIGELI 