

MPAC OVERSIGHT REPORT 2020/21
REPORT FROM THE CHAIRPERSON OF MPAC

1. INTRODUCTION

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

Every municipality must for each financial year prepare an annual report in accordance to Chapter 12 of the MFMA.

The purpose of the Annual Report is:

- To provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- To provide a report on performance in service delivery and against the budget of the municipality for the financial year; and
- To promote accountability to the local community for decisions made throughout the year by the municipality.

According to section 129 (a) of the MFMA , 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 councils comments on the annual report ,which must include a statement whether the council –

- has approved the annual report with or without reservations
- has rejected the annual report or,
- has referred the annual report back for revision of those components that can be revised

2. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Municipal Council resolved, at its meeting of 31 March 2020 (Item C/1/209/03/21) as follows:

- 1) That cognizance be taken of the 2019/2020 Draft Annual Report and the timeframes related to the adoption and publication thereof
- 2) That the Annual Report be submitted to MPAC in order to consider and evaluate the 2019/2020 Draft Annual Report to provide a detailed analysis and review thereof, and to submit an Oversight Report to Council by 31 May 2021.
- 3) That the 2019/2020 Draft Annual Report be submitted to the Office of the Auditor General, Provincial Treasury and the relevant Provincial Department responsible for Local Government.
- 4) That the Accounting Officer publishes the 2019/2020 Draft Annual Report for public comments and recommendations.

3. REVIEW OF THE ANNUAL REPORT

3.1 SUBMISSION AND TABLING OF THE ANNUAL REPORT 2020/2021

The draft annual report of Bitou Municipality was tabled at a scheduled council meeting on 31 March 2021, which is within the timeframe as per MFMA circular 104.

4. CIRCULATION OF THE ANNUAL REPORT

Immediately after an annual report has been tabled in council, the accounting officer must

- a) In accordance with section 21 A of the Municipal Systems Act, 2000 (Act 32 of 2000)
 - I. Make public the annual report; and
 - II. Invite the local community to submit representations in connection with the annual report; and
 - III. Submit the annual report to the Auditor – General , and the relevant provincial treasury and the provincial department responsible for local government in the province

The availability of the 2019/2020 Draft Annual Report was published in the printed media (Notice Number: 110/2021) as well as on the Municipal Website on 31 March 2021 where interested parties/public was invited to comment on the Draft Annual Report.

The public was invited to comment on the annual report and the closing date for comments was determined as at 29 April 2021.

Copies of the Draft Annual Report were also made available at the following Municipal locations:

- Municipal Office, Sewell Street, Plettenberg Bay
- Green Valley Library, Wittedrift
- Kurland Library, The Crags
- Municipal Office, Qolweni
- Public Library, Melville's Corner, Plettenberg Bay
- New Horizons Library, Saringa Street, New Horizons
- Kranshoek Library, Kranshoek
- Kwanokuthula Library, Kwanokuthula
- Municipal website: www.bitou.gov.za

The Annual Report was further submitted to the Auditor General and Provincial Treasury: Western Cape Provincial Government as required by legislation

4.1 Comments received

Comments were received from the Office of the Auditor General and Western Cape Provincial Government.

The only comments received from the public was from the Plettenberg Bay Ratepayers and Residents Association.

5. CONSULTATION BY MPAC

The Municipal Public Accounts Committee (MPAC) who had reviewed and evaluated the Draft Annual Report during the 2019/2020 financial year consisted of the following members:

Cllr J. Kamkam (Chairperson)

Cllr X. Matyila

Cllr. V. Van Rhyner

Please see attendance register.

MEETING SCHEDULE

1. MPAC had working sessions on the annual report on the 13 of May 2021

The table below outlines meeting schedules

Date	Time	Venue	Focus Area
13 May 2020	10H00	Council Chambers	Presentation on the following: Presenter: CFO Financial overview Presenter: Internal audit Overview audit results
19 May 2020	10H00	Council Chambers	Meeting was cancelled

6. ANNUAL REPORTS CHECKLIST

INFORMATION REQUIRED AS PER SECTION 121 (3) OF THE MFMA	
a) The annual financial statements of the municipality , and in addition , if section 122 applies , consolidated annual financial statements , as submitted to the Auditor General for audit in terms of section (1)	The annual financial statements of the municipality is included and signed by the municipal manager , Adv. LMR Ngogo
b) The Auditor General audit is included in the annual report in terms of section 126(3)	Report of the Auditor –General is included in the report

c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act	The performance report has been included within the annual report. The municipality had a total of 55 KPI`s within the Annual report of which 21 (38.1 %) were achieved. The municipality has regressed on the 2018/19 performance where the municipality has achieved 54,,3%
d) The auditor general audit report in terms section 45 (b) of the Municipal Systems Act	The municipality has received an unqualified audit opinion with findings For the third consecutive year.
e) An assessment by the municipality on any arrears on municipal taxes and service charges	The municipality is under collecting revenue as a result of non-payment
f) An assessment by the accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approve budget for the relevant financial year	Has been included in the report
g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports in paragraphs (b) and (d)	Audit report status listed on in Chapter 6 Corrective steps to be implemented Action plans from management not included
h) Any explanations that may be necessary to clarify issues in connection with the Annual financial statement	None
i) Any information as determined by the municipality	None
j) Any recommendations of the municipality's audit committee	Recommendations from the Audit Committee were only partially implemented Included in as part of AG report
k) Any other information as may be prescribed	None

6.1 OTHER COMPULSARY DISCLOSURES

INFORMATION REQUIRED AS PER SECTION 125 OF MFMA	
a) A list of all municipal entities under the sole or shared control of the municipality during the	The municipality does not have an entity

financial year and as at the last day of the financial year	
b) The total amount of contributions to organized local government for the financial year , and the amount of any contributions outstanding as at the end of the financial year	Included in note of Annual Financial Statement
c) The total amounts paid in audit fees, taxes, levies ,duties and pension and medical aid contributions outstanding as at the end of the financial year	Included in note

MPAC OBSERVATIONS

1. The committee would like the council to take note that the audit outcome for the municipality remained unchanged from the prior year as an unqualified audit opinion with findings on compliance with legislation
2. That council should note the OPCAR has only been implemented by 16 %
3. That council should note that the municipality has regressed on the 2018/19 performance where the municipality has achieved 54.3 percent of its targets to 38.1% for the year under review.
4. That council should note that the majority of targets not achieved relates to the Municipalities core functions
5. We have noted the response from the auditor general that Leadership did not monitor the implementation of action plans to address internal control deficiencies previously identified in a timely manner, resulting in material noncompliance in the current financial year
6. MPAC takes note of the provincial treasury`s comments on the tabled 2019/2020
7. MPAC takes note of the comments from the Plettenberg bay ratepayers association
8. MPAC notes that the Mayor and Municipal Managers foreword is still outstanding

MPAC RECOMMENDATIONS

1. The accounting officer should ensure that all relevant chapters still outstanding as per provincial treasuries comments be included before a final document is issued
2. That the Mayors and Municipal managers forward be included before a final document is issued
3. That the internal audit section verify the correctness of the Amended Annual report
4. That management should develop an action plan to develop and implement corrective steps on main issues raised by the auditor general on 2019/2020 Audit outcomes

5. That progress report should be submitted to council on a quarterly basis
6. That quarterly assessments on performance targets be done by the accounting officer and corrective measures with respect to targets not met be included and monitored , otherwise targets should be revised timeously
7. Implementation of zero tolerance to irregular expenditure. That the accounting officer should ensure that pending investigations on irregular expenditure be finalised as a matter of urgency and that disciplinary steps be instituted and monies be recovered as per guidelines Chapter 8 s 62 of the MFMA .
8. That the disciplinary board should be instituted as a matter of urgency to address the lack of consequence management
9. That the Accounting officer respond to the Plettenbergbay Ratepayers within 14 days

CONCLUSION:

MPAC note that there is great room for improvement internal controls must be improved to ensure that issued raised by both internal and external audits are address effectively.

Having performed the following task;

- Reviewed and analyzed the 2019/2020 Annual Report,
- Received and considered the audit committees views and the comments from the auditor general on the annual financial statements and the performance report and;
- Having considered the inputs from provincial treasury,
- Having invited and received verbal input from the management,
- Taking into consideration the views, inputs of the Auditor general , provincial treasury , Council and audit committee

MPAC Committee recommends council to:

- Approve the annual report without reservations taking into consideration the recommendations from MPAC