

2019/2020 OVERSIGHT REPORT



APRIL 2021

OVERSIGHT REPORT REGARDING THE 2019/2020 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 2019/2020 financial year.

2. BACKGROUND

2.1 Annual Report

The 2019/2020 Annual Report was tabled in Council on 11 March 2021, reporting on the municipality's performance for the period 1 July 2019 until 30 June 2020.

Section 127 of the Municipal Finance Management Act, 2003 stipulates that the mayor of a municipality must, within seven months after the end of a financial year, i.e. by end January of the following year, table in the municipal council the annual report of the municipality. However, in terms of Government Gazette Nr. 43582 of 5 August 2020, Government Notice 851, municipalities are exempted for the 2019/2020 financial year from complying with the deadlines in sections 126(1) and (2), 127(1) and (2), 129(1) and 133(2) of the MFMA.

Municipalities must comply with the provisions of the sections of the MFMA referred to above **within two months after the deadline in the applicable provision.**

The process for the finalisation and approval of the 2019/2020 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)	29 October 2020
Receipt of final audit report from Auditor-General	MFMA Section 126(3)(b)	28 February 2021
Tabling of Annual Report in Council by Executive Mayor	MFMA Section 127(2)	11 March 2021
Allowing for comment by community and relevant state organs	MFMA Section 127(5)(a) & (b)	16 March 2021 to 13 April 2021
Corrective actions to AG's opinion formulated and tabled in Council	MFMA Section 121(3)(g)	Part of Draft annual Report tabled 11 March 2021
Consideration and adoption of Annual Report and Oversight Report	MFMA Section 129(1)	29 April 2021
Submission of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	MFMA Section 129(2)(b)	5 May 2021
Communication of final Annual Report / Oversight Report (website, hard copies and other mediums)	MFMA Section 129(3)	6 May 2021

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 2019/2020 Annual Report on 11 March 2021, in line with Section 127(5) of the MFMA, Swartland Municipality allowed for public comments regarding the 2019/2020 Annual Report from 16 March until 13 April 2021.

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 11 March 2021. 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 13 April 2021 and 23 April 2021 respectively, which was also attended by the accounting officer (attached to this report as Annexure C¹ and Annexure C²).

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 28 February 2021)

"2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Swartland Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (Dora)."

"Internal control deficiencies"

"34. 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."

"35. 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 has up to the 2016/2017 financial year achieved seven clean audits and two unqualified audits for 2017/18 and 2018/19, which confirms its reputation as one of the best managed municipalities in South Africa. The Municipality achieved a clean audit (unqualified with no findings) audit report for the 2019/2020 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 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 2019/2020 annual performance, the evaluation of the annual performance was done on 4 September 2020 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 20 March 2019 allowing for a performance bonus to be paid to the Municipal Manager, Director: Civil Engineering Services and Director: Financial Services, which must also include the Director: Development Services according to the calculation table in Annexure A of the framework up to a maximum of 14%.

The results of the performance evaluation on 4 September 2020 for the 2019/2020 financial year are as follows:

- Municipal Manager = 13%
- Director: Financial Services = 12.6%
- Director: Civil Engineering Services = 13%
- Director: Development Services = 13%

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

No comments were received from any community member.

A letter was received from the ANC-representatives from the Swartland Municipal Council on 17 March 2021 with the purpose to clarify some issues in the 2019/2020 Annual Report. The letter, as well as the responses from the administration, are appended as Annexure D¹ and Annexure D² respectively.

The MPAC appreciate and take cognizance of the input of the ANC and the respective administrative comments, clarifying certain issues. However, the comments by the ANC do not impact or require any amendment to the 2019/2020 Annual Report.

3.2.1 Comments on letter from Provincial Treasury

The comments received from Provincial Treasury was submitted after the deadline of 13 April 2021 and will not affect the Oversight Report.

However, the letter from Provincial Treasury dated 15 April 2021 is appended as Annexure E and the contents is noted.

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

Minutes of MPAC committee meetings held on 13 April 2021 and 23 April 2021 respectively appended as Annexure C¹ and Annexure C².

3.4 Key comments: Council

Minutes of Council meeting held on 29 April 2021 appended hereto as Annexure F.

4. LEGAL AND CONSTITUTIONAL IMPLICATIONS

The 2019/2020 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 2019/2020 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 29 April 2021² -

- (a) That Council, having considered the 2019/2020 Annual Report of Swartland Municipality, inclusive of the comments of the ANC, adopts the Oversight Report in terms of section 129 of the Municipal Finance Management Act;
- (b) That the 2019/2020 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 2019/2020 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 performance bonuses be approved by Council as per paragraph 3.1.2;
- (f) That cognisance be taken that, due to the fact that the comments from Provincial Treasury was not received by the closing date, (only received 16 April 2021, instead of 13 April 2021) the contents of their comments has no affect on the 2019/2020 Oversight Report.

² See minutes of Council meeting held on 29 April 2021 attached as Annexure F



ANNEXURE A

MINUTES OF A SPECIAL MEETING OF THE SWARTLAND MUNICIPAL COUNCIL, VIRTUALLY HELD ON THURSDAY, 11 MARCH 2021 AT 10:00

PRESENT:

Speaker, ald M A Rangasamy
Executive Mayor, ald T van Essen
Deputy Executive Mayor, alderdame M S I Goliath

Bekebu, Z (ANC)	Philander, D B (ANC)
Bess, D G (DA)	Smit, N (DA)
Daniels, C (DA)	Sneewe, A M (ANC)
De Beer, J M (DA)	Solomons, P E (DA)
Maart, E S M (DA)	Stanley, B J (DA)
Matthyse, S E (EFF)	Stemele, O M (DA)
McQuire, V D (DA)	Van der Westhuizen, R F (DA)
O'Kennedy, E C (DA)	Van Zyl, M (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: 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, alderdames, aldermen, councillors and officials. The Speaker addressed a special word of welcome to representatives from the Office of the Auditor General and the media.

The Director: Development Services opened the meeting with a scripture reading and a prayer at the request of the Speaker.

The Speaker congratulated all councillors who had celebrated birthdays during the past few months.

2. APOLOGIES

Apologies received from cllrs F S Humphreys, C H Papers and N S Zatu.

3. DEPUTATIONS/DECLARATIONS AND COMMUNICATIONS/SUBMISSIONS

None.

4. MINUTES FOR RATIFICATION

4.1 MINUTES OF AN ORDINARY COUNCIL MEETING HELD ON 28 JANUARY 2021

RESOLUTION

(proposed by aldd M van Zyl, seconded by ald R F van der Westhuizen)

4.1/...

That the minutes of an Ordinary Council Meeting held on 28 January 2021 are approved and signed by the Speaker.

5. MATTERS FOR DISCUSSION

5.1 (1) TABLING OF THE DRAFT ANNUAL REPORT: 2019/2020 FINANCIAL YEAR: (2) AUTHORISING OF UNAUTHORISED EXPENDITURE DISCLOSED IN THE AUDITED 2019/2020 ANNUAL FINANCIAL STATEMENTS AND AMENDMENT OF THE SUB-DELEGATIONS OF THE CFO (7/1/1/1)

The 2019/2020 draft annual report's format is prescribed by MFMA Circular 63 dated 26 September 2012, and is tabled in accordance with Section 127(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) – MFMA.

Municipalities are exempted in terms of Government Gazette Nr 43582 of 5 August 2020, Government Notice 851 from complying with the deadlines in sections 126(1) and (2), 127(1) and (2), 129(1) and 133(2) of the MFMA. Municipalities must comply with the provisions of the sections of the MFMA referred to above within two months after the deadline in the applicable provision.

The draft annual report is circulated separately to the agenda.

Cllr D B Philander, on behalf of the ANC, tabled the comments on the draft annual report, but the Speaker requested that comments must be lodged in writing to the Municipal Manager on/before Tuesday, 13 April 2021.

Comments received during the public participation process will be considered during the drafting of the oversight report for discussion at the council meeting on 29 April 2021.

RESOLUTION

(proposed by ald T van Essen, seconded by aldd M S I Goliath)

- (a) That cognisance be taken of the annual report in respect of the 2019/2020 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 the unauthorised expenditure of R 1 107 201 for the 2019/2020 financial year be authorised in line with section 32(2)(a)(i) of the Act given the fact that the mid-year adjustment budget process was already dealt with in January of 2021, given the timing of the regulatory audit (see the confirmatory email in this regard from the Provincial Treasury as per Annexure C);
- (c) That the amendments to the Chief Financial Officer's delegations in terms of his delegating authority, as submitted in Annexure B to this report, be noted in respect of supply chain management;
- (d) That cognisance be taken of the following steps to be taken in terms of section 130 of the MFMA, being
 - (i) disclosure of the annual report;
 - (ii) inviting the public to submit representations in connection with the report;
 - (iii) inviting the public and relevant organs of state to attend the council meeting on 29 April 2021, 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;
- (e) That the MPAC be authorized in terms of section 79(2)(d) of the Structures Act, 1998 to co-opt advisory members who are not members of the council, including the following:
 - (i) the external financial audit committee;
 - (ii) two ward committee members to be co-opted on the performance assessment panel;

5.1/...

- (f) That the two members representing ward committees also be extended an invitation to attend (1) the MPAC-meeting on the above date and (2) the council meeting on 29 April 2021;
- (g) 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 29 April 2021.

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.

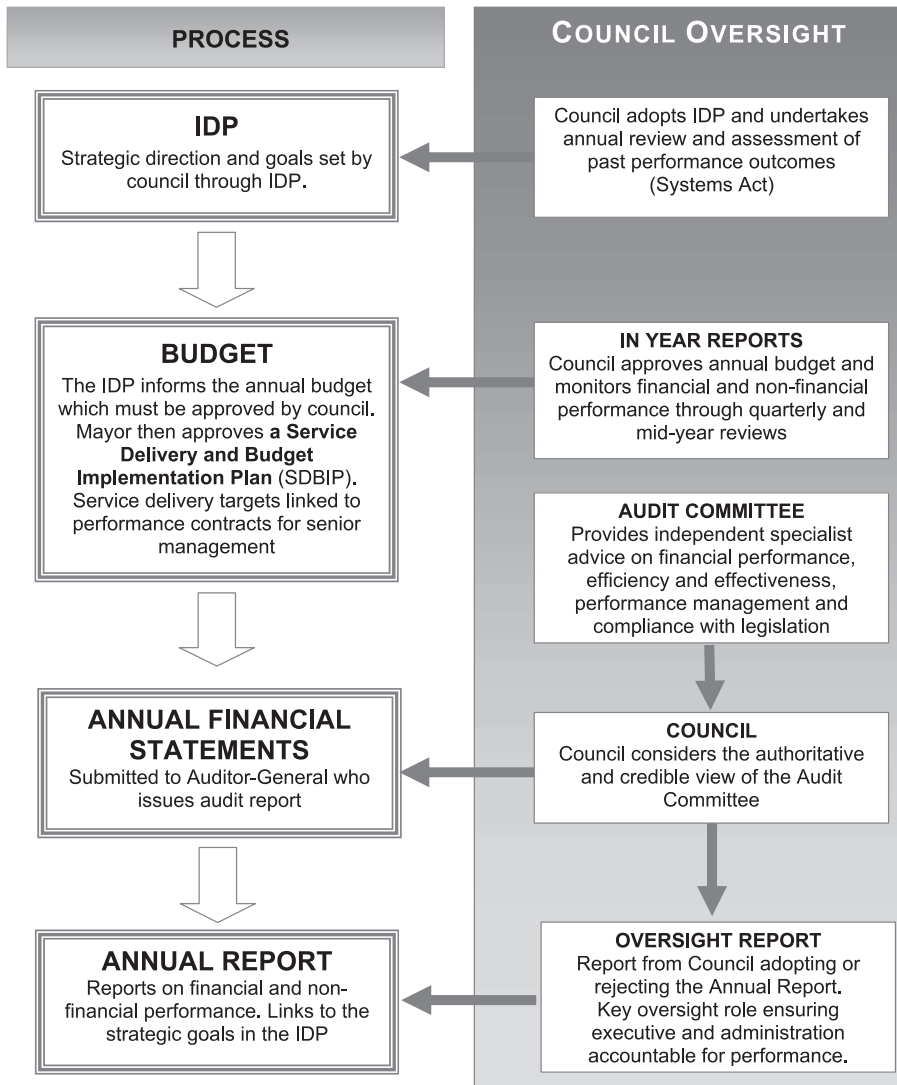
Other components required to be included in the annual report are set out in the MFMA section 121 and the MFMA Circular No 11 issued 14 January 2005.

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

Page 2 of 17

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>



MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEETING HELD IN THE BANQUETING HALL, MALMESBURY, AS WELL AS VIRTUALLY, ON TUESDAY, 13 APRIL 2021 AT 16:00

Present:

Cllr C Daniels (Chairperson)
Cllr D G Bess
Cllr J M de Beer
Cllr F S Humphreys
Cllr F S Matthyse
Cllr E C O'Kennedy
Cllr N Smit

Co-opted members:

Chairperson: Performance and Risk Audit Committee, Mr C B de Jager
Ward committee representative, Mr R Kruger

Officials:

Municipal Manager, Mr J J Scholtz
Director: Financial Services, Mr M Bolton
Manager: Internal Audit, Mr P le Roux
Manager: Secretariat and Records Services, Ms N Brand (secretariat)

1. OPENING

The Chairperson, Cllr C Daniels, welcomed MPAC-members and requested Cllr J M de Beer to open the meeting with a prayer.

RESOLVED that cognisance be taken that cllr N S Zatu is absent without leave.

2. APOLOGIES

RESOLVED that cognisance be taken that cllr N S Zatu is absent without leave.

3. MATTERS FOR DISCUSSION

3.1 DRAFT OVERSIGHT REPORT

The chairperson tabled the draft Oversight Report on the 2019/2020 Annual Report and requested MPAC-members to identify matters that needed clarification.

The Municipal Manager, as requested by Cllr D G Bess, explained the process, with reference to the results of the performance evaluation on 4 September 2020 and the difference in percentages of the directors. The Municipal Manager emphasised the impact of the Covid-19 pandemic on the operations of the Municipality and therefore the subsequent lower performance percentages.

The Municipal Manager confirmed that no comments were received on the draft 2019/2020 Annual Report. Provincial Treasury indicated that their comments will be submitted after the deadline and therefore it will not be included and impact the Oversight Report.

3.1/...

Cllr F S Humphreys enquired on the comments that was handed in by the ANC-caucus on 16 March 2021 and the reasons for it not being included in the Oversight Report.

After a search on the automated correspondence system the Municipal Manager confirmed that the correspondence referred to by Cllr Humphreys was indeed received on 17 March 2021. The Municipal Manager confirmed that the comments by die ANC-caucus will be evaluated and, together with the comments by the administration, included as an Annexure to the Oversight Report.

Cllr Humphreys expressed her concerns regarding the lacking administrative processes to not include the comments of the ANC-caucus in the agenda and withdrawn from the meeting.

RESOLUTION

It is recommended to Council on 29 April 2021 -

- (a) That Council, having considered the 2019/2020 Annual Report of Swartland Municipality, adopts the Oversight Report in terms of section 129 of the Municipal Finance Management Act;
- (b) That the 2019/2020 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 2019/2020 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 performance bonuses be approved by Council;
- (f) That cognisance be taken that, due to the fact that the comments from Provincial Treasury was not received by the closing date, it will not affect the 2019/2020 Oversight Report.

(sgd) C DANIELS
CHAIRPERSON



MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEETING HELD IN THE BANQUETING HALL, MALMESBURY, AS WELL AS VIRTUALLY, ON FRIDAY, 23 APRIL 2021 AT 09:00

Present:

Cllr C Daniels (Chairperson)
Cllr D G Bess
Cllr J M de Beer
Cllr E C O'Kennedy
Cllr N Smit

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
Manager: Internal Audit, Mr P le Roux
Manager: Secretariat and Records Services, Ms N Brand (secretariat)

1. OPENING

The Chairperson, Cllr C Daniels, welcomed MPAC-members and requested Cllr J M de Beer to open the meeting with a prayer.

2. APOLOGIES

RESOLVED that cognisance be taken that cllrs N S Zatu, F S Humphreys and F S Matthyse is absent.

3. MINUTES

3.1 Minutes of a Municipal Public Accounts Committee (MPAC) meeting held on 26 January 2021

RESOLUTION

(proposed by Cllr J M de Beer, seconded by Cllr D G Bess)

That the minutes of a Municipal Public Accounts Committee (MPAC) held on 26 January 2021 be approved.

4. MATTERS FOR DISCUSSION

4.1 FINALISING THE 2019/2020 OVERSIGHT REPORT

The Municipal Manager, as requested by the chairperson, explained the reason why the oversight report has been re-submitted to the MPAC.

The Municipal Manager confirmed that the correspondence referred to by Cllr Humphreys at the previous MPAC-meeting on 13 April 2021 was indeed received on 17 March 2021 on the automated correspondence system.

4.1/...

The comments by die ANC-caucus has been evaluated and, together with the comments by the administration, included in the Oversight Report.

RESOLUTION

It is recommended to Council on 29 April 2021 -

- (a) That Council, having considered the 2019/2020 Annual Report of Swartland Municipality, inclusive of the comments of the ANC, adopts the Oversight Report in terms of section 129 of the Municipal Finance Management Act;
- (b) That the 2019/2020 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 2019/2020 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 performance bonuses be approved by Council as per paragraph 3.1.2;
- (f) That cognisance be taken that, due to the fact that the comments from Provincial Treasury was not received by the closing date, (only received 16 April 2021, instead of 13 April 2021) the contents of their comments has no affect on the 2019/2020 Oversight Report.

(sgd) C DANIELS
CHAIRPERSON

MUNISIPALITEIT SWARTLAND				REG	
LEER No: 71111		FOL			
Verwys Na	Inligting	Verslag	Afhandel	Kom/Taar	
Olivia Fransman					
JJ Scholtz					
Ander Opdrag:					
SPEKULATIE					(get)BK

ANNEXURE D1

Key Issues as to Report 2019 /2020

ON REPORT

Page 2

We are proud to say that all our Strategic documents are aligned with Provincial and National Government policies a directives ;

Sustainable Development Goals (United Nations General Assemble)

National Development Plan

Integrated Urban Development FRAMEWORK : See our comment on this .

Page 6

Financial health

There is silence in this part of investment , although it reflects in other part of report .

This states a healthy financial report , under a heavy cloud of high billings and complains as to this ; is , can account to extortion and criminal behaviour if not fully investigated by a truly independent organisation not Municipality .

Page 8

Improving organizational management and performance

Risk management stays a high risk

Urban development

Lack to keep expertise or growth in area (youth)

Access to information (council meetings , not open to public) current .

Disability as to building access and employment .

Page 18

Underspending

Point 12

As this is connected to the poorest of the poor .Give full explanation as this point and where the monies allocation was to be spent .

Page 31



2.5.4 Anti –Corruption and fraud

There was a case lodged against the Mayor .The Mayor paid back monies .The Mayor is a public figure and the No .1 citizen of Swartland .We claim to be of high moral fibre and ethical with claims of being anti corruption .The swartland ruling DA council refuse to come publicly clean on matter .The municipal manager is silent on issue .There was a case lodged and withdrawn after money was paid .we have details .There is also banking paper trail .We need this case to be opened like any other public figure .We and the public need to know and be informed as what we dealing with .

Key problem input

Municipality still entrenched on racial lines .

Economic opportunities still created for whites ; like cleaning contracts and recycle .

No incentive to build black business .We spoke on tourism business in Swartland , the Mayor agreed we need to change .A new policy was brought in excluding black business which included the film industry .Public money is spent like this .Yet we say we adhere to National and Provincial plans .

Integrated housing

At the Provincial presentation we was informed Swartland did not lodge application as to this grant to get Social housing project .Did we lodge this how far are we .The areas where this will take place .The aspect of social housing this we agree on partial , meaning that ownership must be included .This issue of people will profit out of this .Yes , so what .The whites out of apartheid profited out of this .Please explain why are you now looking at this possibility when it comes to None whites to benefit .

Disable people not engaged in economics and work .municipality buildings and policy roll out .

Page 46

Water take over from district

Please explain .Silence as this in report on consultancy , and not implantation plan .

Comments on input received from the ANC-caucus: Undated letter with subject: Key issues as to Report 2019/2020 received on 17 March 2021

Note: The letter is attached and is summarised according to paragraphs, headings are reference to page numbers with relevant comments by the administration.

ANC-comments	Administration-comments
Page 2: SM Strategic document is aligned with policies and directives of Provincial and National Government	In agreement with comment.
Page 6: Financial health	The annual report consist of the following three major components, namely (1) Service Delivery Performance, (2) Organisation Development Performance and (3), Financial Performance. The financial position with specific reference to cash reserves can be found in Section 5 of the annual report and must be read together with the foreword of the mayor and municipal manager.
Page 8: Improving organisational management and performance (1) Risk management stays a high risk. (2) Urban development (3) Lack to keep expertise or growth in area (youth) (4) Access to information (council meetings, not open to public) current (5) Disability – building access and employment	The risks identified by the ANC are noted, namely: (1) As mentioned by the Municipal Manager at the MPAC-meeting of 13 April 2021 the management of risk remains a day-to-day activity; (2) Urban development forms part of the strategies in the Spatial Development Framework (SDF). The SDF will be reviewed during the 2022/2023 financial year as part of the adoption of the new Integrated Development Plan (IDP). During this process there will be an opportunity to submit inputs o the SDF. (3) The risk identified by ANC be noted. The municipality compiled a new Swartland Economic Development and Recovery Plan which was tabled to Executive Mayoral Committee on 23 March 2021 and has been advertised for public comments. The closing date for public comments is 30 April 2021. (4) Although the meetings of council are held on a virtual basis, the agendas of meetings are available on the municipal website and members of the public, as well as the media, are welcomed to join the virtual meetings (as happened during the tabling of the draft IDP and draft Budget). The dates of all meetings are advertised bi-annually in the local newspapers – refer to notice 45/2020/2021. (5) The promotion of accessibility of municipal buildings by the disabled is addressed in the multi-year budget as well as in the Employment Equity Plan for the period 1 July 2018 to 30 June 2021. The promotion of the recruitment of disabled persons is addressed in the Employment Equity Plan as well as in the Recruitment and Selection Policy. A project, in conjunction with the Community Development Division, is currently in process for the compilation of a Database of People with Disabilities in the Swartland Municipal Area, in order to have a database of potential candidates who will be informed about suitable vacancies for which they qualify and can be considered. This action will provide maximum exposure to people with disabilities to all job opportunities within Swartland Municipality. Only people with disabilities may apply to be included in the database.

Page 18: Point 11, Underspending of capital budget	<u>Excerpt of AG-report as background:</u> “11. As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent on its capital budget by 12% or R17,6 million. This mainly relates to a capital underspending in the vote development services, resulting from a housing and regional socio-economic project that could only continue once the lockdown has been lifted.”
--	--

Material Capital Under-Performance per Directorate

	<u>Final Budget</u>	<u>Actual</u>	<u>Reasons for underspending</u>
Civil Services	64 832 874	57 108 561	Implementation of some projects were delayed due to the Covid-19 restrictions. The unspent funds however were rolled over to the 2020/2021 and the projects were duly completed.
Electricity Services	23 218 650	20 824 566	Construction projects were delayed by the Covid lockdown regulations.
Development Services	48 765 090	29 770 539	Implementation of several projects were delayed due to the Covid-19 restrictions. These projects however are multi-year projects and will still be completed in line with the multi-year planning.

Page 19: Point 11, Underspending of conditional grants	<u>Excerpt of AG-report as background:</u> “12. As disclosed in the note 19 to the financial statements, the municipality materially underspent conditional grants by R16,8 million (2018-19: R8,4 million).”
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<u>Unspent Conditional Grants & Receipts per the 2019/2020 Audited Annual Financial Statements</u>	<u>2020</u>	<u>2019</u>	<u>Reasons for underspending</u>
Afrisam (Indoor/outdoor Centre)	R 141 039	R 2 000 000	The project is part of RSEP and were delayed due to the Covid-19 restrictions. The projects however are multi-year projects and will still be completed in line with the multi-year planning.
Community Development Workers	R 80 951	R 10 528	Due to Covid 19 a lot of Community programmes and projects could not take place during the 2019/2020 financial year. The funds will be spend on entrepreneurs before the end of June 2021 to ensure they are capacitated and have resources to make their businesses sustainable.
Community Safety: K9 Unit	R 2 590 540	R 3 987 215	This is a conditional grant to establish a K9-unit. The 1st Transfer Payment Agreement (TPA) was signed on 19 March 2019 and the R4 000 000 was received on 29 March 2019. The procurement processes and timeframes made it impossible to spend the R4 000 000 before 30 June 2019. Due to the majority of outputs that could only be delivered after 1 July 2019, only

			<p>R12 784.78 was spent by 30 June 2019 and the rollover of R3 987 215.22 was approved in November 2019.</p> <p>For the 2019/20 financial year Swartland received R2 000 000 in grant funding which had to be spent together with the approved roll-over amount of R3 987 215.22. The progress on the capital budget items for the Purchase of equipment and optimisation of Office Space were delayed due to the Covid19 lock-down regulations.</p> <p>Provincial Government gave permission that the amounts be rolled over.</p>
Contributions Covid-19	R 75 000	R 0	Expenditure of 2020/21 will be allocated towards this unspent balance.
Financial Management Support Grant: Student Bursaries	R 326 455	R 338 017	External Student Bursaries were advertised numerous times and in spite of several interventions as well as assistance from schools in the Swartland Area, only a few of the bursaries could be granted.
Fire Damage Houses	R 97 252	R 97 252	This funding was allocated to rebuild a damaged house. The house was however rebuild by Standard Bank and thus can be seen as a saving. SM is in process of applying to spend the amount in other priority areas.
Housing Project: Kalbaskraal	R 1 301 610	R 0	Implementation of several projects were delayed due to the Covid-19 restrictions. These projects however are multi-year projects and will still be completed in line with the multi-year planning.
Housing: Riebeek Kasteel	R 7 062 454	R 0	Implementation of several projects were delayed due to the Covid-19 restrictions. These projects however are multi-year projects and will still be completed in line with the multi-year planning.
Housing: Riebeek Wes	R 1 245 863	R 1 245 863	Implementation of several projects were delayed due to the Covid-19 restrictions. These projects however are multi-year projects and will still be completed in line with the multi-year planning.
Housing: Sibanye	R 50 541	R 0	Implementation of several projects were delayed due to the Covid-19 restrictions. These projects however are multi-year projects and will still be completed in line with the multi-year planning.
Library Service	R 4 247	R 0	All libraries in the municipal area were closed during Alert Level-5 of the lockdown Regulations.
Municipal Accreditation and Capacity Building	R 238 000	R 224 000	The allocation by DHS is earmarked for the 2020/2021 municipal financial year, but the funding was already received in May 2020.

Regional Socio-economic project	R 3 186 291	R 0	<p>The Malmesbury RSEP out role relates to 3 small projects namely the Entrepreneurial Hub, Recreation nodes and Indoor/Outdoor Sport Centre with a total budget of R1 000 000. These projects were unable to complete due to lockdown. An amount of R 939 143,80 was unspent.</p> <p>The other project was the Intercultural Park in Darling. The tenders originally close on 27 March 2020, but extended time was given to 24 April 2020 due to lock down. Only 2 tenders have been received, but the pricing was much higher than the allocated RSEP and own municipal funding. Thus the project has to be downscale and agreement with tenderer to be reached. Thus, the implementation of the project started much later. An amount of R 2 247 147.65 was unspent. These projects however are multi-year projects and will still be completed in line with the multi-year planning.</p>
Swartland Business Hive (Entrepreneurial Hub)	R 164 500	R 164 500	The project were delayed due to the Covid-19 restrictions and will still be completed in line with the multi-year planning.
Title Restoration: Housing Projects	R 285 262	R 287 000	This funding was allocated to assist Municipalities with outstanding transfers 1994- 2014 and Pre-1994. The beneficiaries are not residing at the approved erf numbers anymore and are undetected. The Department of Human Settlements and the municipality are looking at options for example whether the funding can in future stay earmarked for TRP or to pay back the funding to the Department.
	R 16 850 005	R 8 462 474	

NB:-UNSPENT CONDITIONAL GRANTS APPROVED BY PT AND ROLLED-OVER TO THE 2020-2021 FINANCIAL YEAR = R15 494 974

Page 31: Anti-Corruption and fraud	The input is not relevant to the contents of the annual report. The matter referred to is further of political nature, and not within the ambit of the MPAC, nor the administration.
<p>Key problem input:</p> <p>(1) Municipality still entrenched on racial lines</p> <p>(2) Integrated housing / grant for social housing project</p> <p>(3) Disabled people not engaged in economics/work/access to municipal buildings/policy roll out</p>	<p>(1) The input is not relevant to the content of the annual report.</p> <p>(2) The SDF of Swartland Municipality (SM) was approved by Council in May 2017. In July 2018 the need to amend the SDF was identified regarding 3 strategic challenges namely housing, institutional facilities and cemeteries.</p> <p>The 3 strategic challenges have been addressed, communicated and changes have been made to the land use proposals of towns. Well-located land for housing was earmarked for these proposals and adopted by Council during May 2019 as part of the amendment of the SDF.</p>

	<p>SM can hereby confirmed that housing projects makes provision for single houses, semi-detached houses, walk-up houses and GAP housing.</p> <p>Regarding social housing, the town of Malmesbury, together with other towns in the Western Cape, was identified by the National Dept of Human Settlements for the role out of social housing in future. Social housing pockets has been earmarked in various restructuring zones as per the SDF.</p> <p>(3) See comments above in this regard.</p>
Page 46: Water take over from district	<p>The process in terms of section 78 of the Municipal Systems Act was completed and the West Coast District Municipality was appointed as the Water Service's Provider. A Service Delivery Agreement was subsequently entered into and the agreement was extended by the Municipal Council during June 2020 for a further term of two years – item 4.2 of a Special Council Meeting dated 15 June 2020 refers.</p>



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The Municipal Manager
Swartland Municipality
Private Bag X52
MALMESBURY
7300

Dear Mr J Scholtz

PROVINCIAL TREASURY COMMENTS ON THE TABLED 2019/20 ANNUAL REPORT

1. INTRODUCTION

Section 121(1) of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003) states that every municipality and every municipal entity must for each financial year prepare an annual report. 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 then 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.

Cognisance of the prolonged impact of COVID-19 on municipal planning, budgeting and reporting efforts, the National Minister of Finance (through proclamation in Government Gazette No. 43582) provided a 2-month extension to Section 126(1) & (2), S127(1) & (2), 129(1) and S133(2) of the MFMA insofar it relates to the 2019/20 municipal financial year. The deadline for the mayor to table the (draft) annual report in council therefore shifted from the prescribed seven (7) months [S127(2)] to nine (9) months i.e. not the end of January 2021, but the end of March 2021.

Provincial Treasury reminded all municipalities of this responsibility on 14 January 2021 and reiterated the requirement in Treasury Circular No 5 of 2021 (17 March 2021).

The Municipality has provided sufficient time, approximately one month, for the submission of comments on the Annual Report.

2. LEGISLATIVE COMPLIANCE

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

- a. The Annual Report was tabled to Council on 11 March 2021, which is within the outer deadline of 31 March 2021 as per MFMA Circular 104.
- b. The draft Annual Report was placed on the website within 5 days after tabling in council in accordance with section 75 of the MFMA.
- c. The public was invited to comment on the Annual report on date with a deadline of 13 April 2021.
- d. The Annual Report is in the prescribed format as per MFMA Circular 63; all appendices are included/ referenced to elsewhere in the Annual Report (Appendix T: National and Provincial Outcomes for Local Government)/ referenced in terms of the process and availability of information (Appendix J: Disclosures of Financial Interest). The 2019/20 Certified Audited Annual Financial Statements has been included as Appendix U.

3. SERVICE DELIVERY PERFORMANCE

Strategic Objective	Number of targets in SDBIP	Number of targets achieved	%
SO 1: Improved quality of life for citizens	10	8	80%
SO 2: Inclusive economic growth	2	2	100%
SO 3: Quality and sustainable living environment	3	1	33%
SO 4: Caring, competent and responsive institutions, organisations and business	13	9	69%
SO 5: Sufficient, affordable and well-run services	14	14	100%
TOTAL	42	34	81%

For the 2019/20 financial year, the Municipality indicated a total of 42 applicable key performance indicators of which 34 (81 per cent) were achieved and 8 (19 per cent) were not achieved.

Where targets related to the key performance indicators for Strategic goals have been missed, the Municipality has provided reasons and where necessary, corrective measures. Such reasons for the missed targets for 2019/20 relate mainly to the impacts of the Covid-19 lockdown or funding challenges. Explanations should also be provided for the missed General key performance indicator targets (linked to Strategic goal 4).

4. AUDITOR GENERAL FINDINGS

The Municipality has, for the 2019/20 financial year, achieved an unqualified clean Audit Report from the Auditor General. This indicates that the financial statements are free from material misstatements and there are no material findings on reporting of performance objectives or non-compliance with legislation. The Municipality is commended for its work in attaining a clean audit opinion.

5. CONCLUSION AND RECOMMENDATIONS

The Municipality's 2019/20 Annual Report is compliant with the legislative requirements with provisions as detailed in MFMA Circular 104. The Report is also in alignment with the format as stipulated in MFMA Circular 63 and has been made available, inclusive of the Audited Annual Financial Statements, on the municipal website in accordance with MFMA Section 75.

The 2019/20 Annual Report reflects comprehensive information pertaining to the Municipality's performance during the year under review.

Kind regards



MS N RINQUEST

DIRECTOR (ACTING): LOCAL GOVERNMENT BUDGET OFFICE

DATE: 15 April 2021



**MINUTES OF AN ORDINARY MEETING OF THE SWARTLAND MUNICIPAL COUNCIL VIRTUALLY
HELD ON THURSDAY, 29 APRIL 2021 AT 10:00**

TEENWOORDIG:

Speaker, ald M A Rangasamy
Executive Mayor, ald T van Essen
Executive Deputy Mayor, ald M S I Goliath

Bess, D G (DA)	Philander, D B (ANC)
Daniels, C (DA)	Smit, N (DA)
De Beer, J M (DA)	Sneewe, A M (ANC)
Humphreys, F S (ANC)	Solomons, P E (DA)
Maart, E S M (DA)	Stanley, B J (DA)
Matthyse, S E (EFF)	Stemele, O M (DA)
McQuire, V D (DA)	Van der Westhuizen, R F (DA)
O'Kennedy, E C (DA)	Van Zyl, M (DA)
Penxa, B J (ANC)	Zatu, N S (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
Committee Official, Ms S Willemse

1. OPENING

The Speaker welcomed the Executive Mayor, alderladies, aldermen, councillors and officials.

Cllr N Smit opened the meeting with a scripture reading and prayer at the request of the Speaker.

2. APOLOGIES

That **COGNISANCE BE TAKEN** that leave of absence is granted to cllr Z Bekebu.

EXCERPT FROM MINUTES REGARDING THE ADOPTION OF THE 2019/2020 OVERSIGHT REPORT:

7. MATTERS FOR DISCUSSION

**7.2 ADOPTION OF THE OVERSIGHT REPORT ON THE 2019/2020 ANNUAL REPORT
(7/1/1/1)**

The Draft Annual Report for the 2019/2020 financial year was presented to the Council on 11 March 2021 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.

7.2/...

The Municipal Public Accounts Committee (MPAC), chaired by cllr C Daniels, convened on 13 April 2021 and 23 April 2021 respectively to consider the comments received on the draft annual report in the compilation of the 2019/2020 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 2019/2020 Annual Report of Swartland Municipality, inclusive of the comments of the ANC, adopts the Oversight Report in terms of section 129 of the Municipal Finance Management Act;
- (b) That the 2019/2020 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 2019/2020 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 performance bonuses be approved by Council as per paragraph 3.1.2;
- (f) That cognisance be taken that, due to the fact that the comments from Provincial Treasury was not received by the closing date, (only received 16 April 2021, instead of 13 April 2021) the contents of their comments has no affect on the 2019/2020 Oversight Report.

**SIGNED:
SPEAKER**