

# HANTAM MUNICIPALITY



## OVERSIGHT REPORT ON THE ANNUAL REPORT

**2020/2021**

*This Oversight Report is based on the Annual Report 2020/2021 and is drafted and submitted in accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003).*

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## **1. INTRODUCTION AND BACKGROUND**

The Council of Hantam Municipality is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA). Draft Annual Report 2020/2021 was tabled in council with the Annual Financial Statements and was tabled 30 November 2021 and the municipality did not comply with prescribed Section 127 (2) of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

The Oversight Report is the final major step in the annual reporting process of a municipality. The Draft 2020/2021 Annual Report of Hantam Municipality was considered by Council and referred to the Municipal Public Accounts Committee for review and for the drafting of the Oversight Report. The Municipal Public Accounts Committee (MPAC) of Hantam Municipality fulfils the oversight role of council. The meeting of the Municipal Public Accounts Committee (MPAC) on the Annual Report of 2020/2021 was held on 10 February 2022.

## **2. LEGAL REQUIREMENTS**

In terms of Section 129 of the MFMA, the council must adopt an Oversight Report containing the council's comments on the Annual Report which must include a statement whether the Council: -

- (a) Has approved the annual report with or without reservations;
- (b) Has rejected the annual report; or
- (c) Has referred the annual report back for revision of those components that can be revised.

In terms of the MFMA Circular Number 32, 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 in the financial year reported upon.

### **3. ADOPTION**

The statutory authority to adopt an Oversight Report in respect of the Annual Report 2020/2021 rest with the municipal council.

### **4. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

In terms of council resolution, a Municipal Public Accounts Committee (MPAC) was established in terms of Section 79 of the Structures Act, 1998. The Terms of Reference tasks the MPAC with the responsibility to perform an oversight role over the process of preparing the Annual Report of council and to produce an Oversight Report based on the Annual Report.

MPAC currently consists of the following members:-

- Cllr G Vyver (Chairperson)
- Cllr J.H. Wilschut (member)
- Cllr K.J. Klazen (member)

### **5. COMPONENTS OF THE ANNUAL REPORT**

The format of the Annual Report 2020/2021 is based on the annual report template issued by National Treasury in MFMA circular 63 of 2012. MFMA Circular 63 of 2012 comprises six (6) chapters and attempts to cover all the aspects that needs to be reported on as derived from the MFMA and the Local Government: Municipal Systems Act (Act 32 of 2000).

### **6. PUBLIC CONSULTATION PROCESS**

The draft Annual Report 2020/2021 was made public in the local newspaper. Members of the community and other stakeholders were invited to submit written comments/inputs. In addition, the draft Annual Report 2020/2021 was also made available at all municipal libraries, service points and municipal website. The Annual Report 2020/2021 was furthermore submitted in terms of Section 127(5)(b) to the Auditor General, Provincial Treasury and COGHSTA Provincial Office.

**7. MINUTES OF THE MPAC MEETING 10 February 2022 (Extract of the minutes)**

NOTULE VAN 'N "MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)" GEHOU OP DONDERDAG 10 FEBRUARIE 2022 IN DIE KOMANDO KANTOOR CALVINIA OM 12:00

**TEENWOORDIG**

**KOMITEE LEDE**

Rdl. G Vyver (Voorsitter MPAC Komitee)  
 Rdl. J.H. Wilschut (MPAC Lid)  
 Rdl. K.J. Klazen (MPAC Lid)

**AMPTENARE**

Mnr G Mathys (Hoof IDP/PMS/LED)

ITEM NR	AGENDA / ITEM	BESPREKING EN AANBEVELING
MPAC01/02-22	<p><b><u>OPENING EN VERWELKOMING</u></b></p> <p>open die vergadering met 'n gebed waarna die Voorsitter alle lede en amptenary verwelkom en vra vir positiewe insette.</p>	
MPAC02/02-22	<p><b><u>PRESENSIELYS EN VERSKONINGS</u></b></p> <p>Presensielys is aangeheg.</p>	
MPAC03/02-22	<p><b><u>KONSEP JAARVERSLAG 2020/2021</u></b>  <b><u>(SOOS VOORGELÊ OP RAADSVERGADERING VAN 30 NOVEMBER 2021 – ITEM NR. R05/11-21)</u></b></p> <p>Die voorlopige jaarverslag is geadverteer en geleentheid vir insette deur die publiek het op 31 Janaurie 2022 gesluit en geen insete is ontvang.</p> <p>Die oorsig verslag sal aan die raad op 28 Februarie 2022 voorgelê word vir goedkeuring.</p>	<p><b>Raadsvergadering 28 Februarie 2022</b></p>

## 8. ANNUAL REPORT CHECKLIST

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 report of the municipality and adopt an oversight 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
- Has referred the annual report back for revision of those components that can be revised

No	Question	Yes	No	Comments
1.	Was the annual report submitted to the Auditor-General, together with the annual financial statements by, the 31st August?	Yes		The annual performance report was submitted with the annual financial statements to the Auditor General on 31 <sup>st</sup> August 2021. Proof received from AG kept on file.
<b>CHAPTER 1</b>				
2.	Does Chapter 1 of the annual report include: <ul style="list-style-type: none"> <li>– The Mayor's/Executive mayor's foreword,</li> <li>– The municipal manager's foreword,</li> <li>– Municipal overview?</li> </ul>	Yes		Refer to page 4
		Yes		Refer to page 6
		Yes		Refer to page 7 onwards
<b>CHAPTER 2</b>				
3.	Does Chapter 2 of the annual report include the Governance Structures, both Political and Administrative?	Yes		Refer to chapter 2

4.	Does Chapter 2 of the annual report include details of Intergovernmental relations?	Yes		Refer to chapter 2
5.	Does Chapter 2 on Governance in the annual report include details on all public accountability and public participation meetings and the IDP participation & alignment?	Yes		Refer to chapter 2
6.	Does Chapter 2 on Governance in the annual report address risk management issues?	Yes		Refer to chapter 2
7.	Does Chapter 2 of the annual report address anti-corruption and fraud?	Yes		Anti-corruption and fraud is being address partially through internal audit, the risk management policy, the audit committee and the MPAC committee. This is being addressed through follow-up audits and an audit action plan. Also through our disciplinary procedures.
8.	Does Chapter 2 on Governance in the annual report address supply chain management issues?	Yes		Refer to chapter 2
9.	Does Chapter 2 on Governance in the annual report address By-laws?	Yes		Refer to chapter 2
10.	Does Chapter 2 on Governance in the annual report address the website(s) where information is available?	Yes		Refer to chapter 2

11.	Does Chapter 2 on Governance in the annual report share information on public satisfaction on municipal services?	Yes		Refer to Chapter 2
12.	Does Chapter 2 in the annual report address the municipal oversight committees?	Yes		Refer to Chapter 2
<b>CHAPTER 3</b>				
13.	Does Chapter 3 in the annual report demonstrate what service delivery has been achieved and what is outstanding?	Yes		Being address in chapter 3 as a whole
14.	In Chapter 3 of the annual report, are the service delivery issues structured, captured and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements against budget and SDBIP?	Yes		Being addressed in chapter 3 as a whole
<b>CHAPTER 4</b>				
15.	Does Chapter 4 of the annual report provide information pertaining to the implementation of an effective performance management system, organizational development and performance of the municipality?	Yes		This is being addressed in chapter 3 and chapter 4



16.	Does Chapter 4 of the annual report provide information on planning, service delivery, organization, job evaluation, remuneration, benefits, personnel expenditure, affirmative action, recruitment, promotions, termination of services, performance management, skills development, injury on duty, labor relations, leave and discharge due to ill-health?	Yes,		This chapter includes Employment Equity, Occupational levels; Employee totals, turnover and vacancies; municipal workforce; policies; injuries, sickness and suspensions, sick leave, disciplinary cases, performance rewards; skills development and training, Financial Competency development; Employee expenditure; *job evaluation ; Expenditure – training.
17.	Does Chapter 4 of the annual report provide information to identify skills gaps and plans for the development of such skills?	Yes		This is being addressed in chapter 4
<b>CHAPTER 5</b>				
18.	Has Chapter 5 of the annual report on financial performance include information divided into the following framework: a) Statement of financial performance b) Spending against Capital budget c) Cash flow management and investment d) Other financial matters?	Yes		This is being addressed in chapter 5
<b>CHAPTER 6</b>				

19.	Does Chapter 6 of the annual report include the Auditor-General's Report as submitted by the Auditor-General?	Yes		This is being addressed in chapter 6
20.	Does Chapter 6 of the annual report include details on issues raised during the previous financial year by the Auditor-General?	Yes		This is being addressed in chapter 6
21.	Does Chapter 6 of the annual report include remedial action taken to address issues raised during the previous financial year by the Auditor-General and preventative measures?	Yes		This is being addressed in chapter 6
<b>APPENDICES</b>				
22.	Is an <b>Appendix A</b> on Councilors; Committee allocation and council attendance included?	Yes		Being incorporated in Chapter 2
23.	Is an <b>Appendix B</b> on Committee and Committee purpose included, listing all committees of the council, the purpose of each committee and the names of councilors serving on them and the attendance of each councilor?	Yes		Being included in Chapter 2
24.	Is an <b>Appendix C</b> include an organogram of the administrative structure?	Yes		
25.	Is an <b>Appendix D</b> included on what	Yes		This is being included in Chapter 3

	constitutes a municipal function and the applicable functions of the municipality?			
26.	Is an <b>Appendix E</b> on Ward reporting included with information on the functions of ward committees, the sector of community representation, reports submitted by each of these committees' challenges experienced and measures taken to address them?	Yes		This is being included in Chapter 2
27.	Is an <b>Appendix F</b> on Ward information included outlining the name/number of the ward, listing the seven largest projects in each ward with start & end dates, their total value, progress and information on the top four delivery priorities per ward?	Yes		This is being included in Chapter 3
28.	Is an <b>Appendix G</b> included on recommendations of the audit committee, those adopted, those that were not adopted and the meetings held?	Yes		Refer to Addendum
29.	Is an <b>Appendix H</b> included on information related to the largest projects, agreements and contracts and any Public, Private Partnerships?	Yes		Refer to Chapter 5

30.	Is an <b>Appendix I</b> include service provider performance schedule from the top four priority indicators in the IDP?		No	
31.	Is an <b>Appendix J</b> included with senior managers' disclosures of financial interest?	Yes		Not included in annual report due to sensitivity of information
32.	Is an <b>Appendix K</b> included on Revenue collection by votes and by source based on prior year and current year actual collections?	Yes		Included in Chapter 5
33.	Is an <b>Appendix L</b> included on Conditional Grants received (excluding MIG) received during the year indicating adjustments budget and the actual, showing percentage variances and any major conditions applied by donors on each grant?	Yes		Included in Chapter 5
34.	Is an <b>Appendix M</b> included on capital expenditure: a) On new assets programme, b) On upgrade/renewal programmes Showing the actual of the prior year, the adjusted budget and actual expenditure in the current year?	Yes		Refer to Chapter 5
35.	Is an <b>Appendix N</b> on all capital projects in the current financial year,	Yes		Refer to Chapter 5

	indicating the adjusted budget, actual in the current year and the variance?			
36.	Is an <b>Appendix O</b> included on all capital projects per ward in the current financial year and if the work was completed or not?	Yes		Refer to Chapter 5
37.	Is an <b>Appendix P</b> included on service connection backlogs at schools and clinics with their names and location?		No	Not applicable to municipality
38.	Is an <b>Appendix Q</b> included with all service backlogs experienced by the community where another sphere of government is responsible for providing the service?		No	Not applicable to municipality
39.	Is an <b>Appendix R</b> included listing all organisations or person in receipt of loans and grants; from the municipality stating the nature of the projects funded, conditions attached and the rand value?		No	N/A
40.	Is an <b>Appendix S</b> included listing all monthly MFMA S71 budget statements not submitted in time?		No	N/A All monthly S71 reports submitted in time
41.	Is an <b>Appendix T</b> included for powers and functions not covered in		No	Not applicable to functions of the municipality.

	other sections of the annual report?			
<b>VOLUME 2</b>				
42.	Have all components of the audited financial statements, as signed by the auditor-General, been included in the annual report in Volume 2?	Yes		Refer to addendum.

## 9. CONCLUSION

As Chairperson of the MPAC; I would like to thank the MPAC Committee Members, The Mayor and Municipal Manager for their diligence and constructive commitment during the period.

The MPAC is satisfied with the Annual Report 2020/2021 and recommends that the Annual Report 2020/2021 be adopted.

## 10 RECOMMENDED RESOLUTION FOR ADOPTION

- 1) That Council fully considered the Oversight Report 2020/2021 on the Annual Report 2020/2021 for adoption;
- 2) That Council fully considered the Annual Report 2020/2021 for adoption;
- 3) That the Oversight Report 2020/2021 be made public in accordance with Section 129(3) of the MFMA;
- 4) That the Oversight Report on the Annual Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the MFMA.

NAME	DESIGNATION	SIGNATURE	DATE
	MUNICIPAL MANAGER		

NAME	DESIGNATION	SIGNATURE	DATE
	MPAC CHAIRPERSON		

## Contact Information



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