

**C18/2009 DIRECTORATE DEVELOPMENT SERVICES: IDP:
OVERSIGHT REPORT IN RESPECT OF THE 2007/08
ANNUAL REPORT FOR THEEWATERSKLOOF
MUNICIPALITY (B.M.S) (9/1/1)**

1. PURPOSE/AIM OF REPORT

To enable council to consider the Municipalities 2007/2008 Annual Report and to adopt an Oversight Report containing Councils comments on the 2007/2008 Annual Report in terms of Section 129 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA).

2. BACKGROUND

MFMA Circular Number 32 recommends the establishment of an Oversight Committee for the detailed analysis and review of the Annual Report, following its tabling in council, receiving and reviewing representations made by the public, inputs from councillors and council portfolio committees and then drafting an oversight report that may be taken to full council for discussion.

The Annual financial Statements was submitted to the Audit Committee in November 2008 for consideration and comments. The 2007/2008 Annual Report together with the financial statements was tabled and workshopped with council on 29 January 2009 and advertised for public comment during February 2009. The final Annual Report was adopted by Full Council on 26 March 2009. All comments and resolutions made by the Full Council, the Audit committee as well as Treasury is contained in the schedules attached as Annexure A, B and C. No comments were received from the public.

In terms of Section 129 of the MFMA, the council must adopt an Oversight Report containing the councils comments on the Annual report which must include the 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.

In terms of 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 for the financial year reported upon. Approval means that the executive and the 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.

In terms of the MFMA, Municipal Systems Act and Municipal Structures Act, a Municipality must prepare an annual report for each financial year. The core components of such an annual report must include:

- a. a performance report;
- b. the financial statements;
- c. an audit report on the financial statements, and
- d. the audit report on the performance evaluation

The purpose of the annual report is to:

- provide a record of the activities of the Municipality;
- provide a report on performance in service delivery and against the budget;
- provide information that supports the revenue and expenditure decisions made; and
- promote accountability to the local community for decisions made.

The full council considered the final Annual Report as the oversight committee (Annexure C) as envisaged in the MFMA circular Number 32 and Section 129 of the MFMA and no specific actions, other than the issues identified in the audit report (Annexure B), had to be considered as weaknesses of the annual report.

The municipality's Audit Committee also considered the annual report (Financial Statements) (Annexure A).

Representatives of the Office of the Auditor-General and Provincial Departments of Local Government and Finance have been invited to attend the council meeting. The MFMA furthermore provides for members of the local community to address the council.

3. LEGAL RESPONSIBILITIES

The process is driven by legislation.

- Local Government: Municipal Finance Management Act, 2003 (Act 56 Of 2003) (Chapter 12) (MFMA).
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6).
- Local Government: Municipal Structures Act, 1998 (Act 117 of 1998).

RECOMMENDATION

That council having fully considered the 2007/2008 Annual Report of the Municipality and representations thereon adopts the Oversight Report without reservations.

RESOLVED BY COUNCIL: 30 APRIL 2009

After a detailed discussion of the Agenda-item by the Councillors, on proposal by Councillor CTJ Simmers, seconded by Alderman CB Punt, it was resolved as follows:

That Council having fully considered the 2007/2008 Annual Report of the Municipality and representations thereon, adopts the Oversight Report without reservations.

For finalization by the Director: Development Services, Mr. MH Gxoyiya.