

OVERSIGHT REPORT 2022/ 2023



SWELLENDAM MUNICIPALITY

**OVERSIGHT OVER THE ANNUAL REPORT OF THE
2022-2023 FINANCIAL YEAR**

INTRODUCTION

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.

MANAGING THE STRUCTURE AND CONTENTS OF THE OVERSIGHT REPORT –

The Oversight Report contains:

1. Title and reference to the year under review.
2. Resolutions and statement required by MFMA Section 129(1)
3. Summaries of comments and conclusions on the annual report including actions to be taken by the executive and administration to resolve issues.

The Municipality of Swellendam does not have any entities.

Resolutions and Statement

In terms of section 129(1) of the MFMA, it is recommended:

RECOMMENDATION TO COUNCIL:

Council resolves that:

SWELLENDAM MPAC REPORT ON ANNUAL REPORT 2022-2023

1. The Council having fully considered the 2022/2023 Annual Report and representations thereon, adopts the 2022/2023 Oversight Report; and Council approves the 2022/2023 Annual Report without reservations.
2. That the minutes of the meetings where the 2022/2023 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, in terms of section 129(2) of the MFMA;
3. That the 2022/2023 Oversight Report of Swellendam 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(1) of the MFMA.
4. That, in acceptance of the Oversight Report, the payment of a performance be approved by Council subsequent to senior management's evaluation session.

5. ABBREVIATIONS

APAC	Audit and Performance Audit Committee
OR	Oversight report
AFS	Annual Financial Statements
AR	Draft Annual Report
MR	Management Report
CFO	Chief Financial Officer/ Director: Financial Services
MFMA	Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003)
MPAC	Municipal Public Accounts Committee
AGSA	Auditor General of South Africa
OPCAR	Audit Action Plan "Operation Clean Audit Report"
APR	Annual performance report
SDBIP	Service Delivery and Budget Implementation plan as envisaged in section 53 1 (c) (ii) of the MFMA.
IAU	Internal audit unit
PPP	Public private partnerships
IT	Information technology
OR	Oversight Report

SWELLENDAM MPAC REPORT ON ANNUAL REPORT 2022-2023

FOCUS AREA	MANAGEMENT RESPONSE
Financial Matters	Financial reporting matters to be considered
The AFS for the municipality submission to the AGSA	<p>The 2022/ 2023 AFS for the Swellendam Municipality were presented to the AGSA for Audit purposes.</p> <p>The Swellendam Municipality does not have a Municipal Entity and therefore no AFS for this purpose is required.</p> <p>The AFS have been presented in the prescribed form as required by the applicable accounting standards as per MFMA Circular 18 with annexures, 23 June 2005. Several findings were raised and will be address as part of the OPCAR.</p>
The Auditor-General's reports on the financial statements of the municipality and the entities	<p>The Audit Report has been included in the AR as tabled.</p> <p>The MPAC takes cognisance of the audit opinion.</p>
Any explanations that may be necessary to clarify issues in connection with the financial statements	<p>The explanatory notes in terms of the accounting standards as required did accompany the statements and has provided clear and understandable explanations of issues and matters reported. It is sufficient and has served the purpose.</p>
An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities	<p>An adequate assessment has been included and there is sufficient explanation of the causes of the arrears and of actions to be taken to remedy the cases.</p> <p>No other action is required</p>
Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	<p>The Swellendam Municipality received an unqualified audit opinion with findings.</p> <p>An OPCAR has been developed and will be tabled to Council.</p> <p>The Audit Report has been submitted to National, Provincial Treasury, the Provincial Legislature and the MEC for Local Government.</p>
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	<p>The budget of the municipality contains measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA Section 17(3) (b)). The accounting officer has included these objectives in the annual report and report on performance accordingly.</p>

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FOCUS AREA	MANAGEMENT RESPONSE
	An audited performance report has been included in the Annual report. The performance is satisfactorily.
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	Not applicable.
Any information as determined by the municipality, the entity or its parent municipality	Reviewed any other information with regards to the AFS.
Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	<p>AFS: The audit and performance audit committee (APAC) reviewed the AFS of the Swellendam Municipality for the period 1 July 2022 to 30 June 2023 on 15 September 2023. Subsequent to the recommendations from the APAC, Senior Management accepted the recommendations and disseminated a revised set of AFS to the APAC. The APAC is overall satisfied with the financial position and performance of the Municipality.</p> <p>Audit Report: The APAC has also reviewed and discussed the AGSA's Management Report and Final Audit Report with the Municipal Manager and Senior Management.</p>
Allocations received and made	Considerations
Allocations received by and made to the municipality	<p>The AR disclose:</p> <ul style="list-style-type: none"> • Details of allocations received from another organ of state in the national or provincial sphere. • Allocation made to the municipality under Section 214(1) (c) of the Constitution. • <i>The allocations have been received and made and the Annual report confirms the correctness of the allocations received in terms of DORA and provincial budgets.</i> <p>The audit committee took cognisance of the AR.</p>

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FOCUS AREA	MANAGEMENT RESPONSE
	<p>No allocations have been received from a municipal, entity or another municipality and no allocations have been made to any other organ of state, another municipality or a municipal entity.</p> <p>Council is satisfied with the information provided in the AR and explanations provided.</p>
Allocations received by and made to the municipal entity	Not applicable
Information in relation to the use of allocations received	<p>In terms of Section 123 of the MFMA and MFMA guidance circular 11, the information has been provided per vote and include:</p> <ul style="list-style-type: none"> • The current year and details of spending on all previous conditional grants, for the previous financial year. Information is provided per vote. • The information states that the municipality has complied with the conditions of the grants/ allocations in terms of section 214(1) (c) of the Constitution. <p>Council is 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.
Information in relation to outstanding debtors and creditors of the municipality and entities	<p>The AFS include amounts owed to the Municipality.</p> <p>Council is satisfied that:</p> <ul style="list-style-type: none"> • the information has been properly disclosed; • conditions of allocations have been met; and • also, that any explanations provided are acceptable.
Disclosures in notes to AFS	Considerations relating to section 124
Information relating to benefits paid by municipality and entity to councillors, directors and officials	The following information is included in the notes to the AR and AFS:

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FOCUS AREA	MANAGEMENT RESPONSE
	<ul style="list-style-type: none"> • salaries, allowances and benefits of political office bearers and councillors; • salaries allowances and benefits of the municipal manager, 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>There are no arrears by individual councillors to the municipality. Council is 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.
Municipal Performance	Considerations
<p>The annual performance reports of the municipality and entities</p>	<p>The APR was submitted in terms of Section 46 of the Systems Act reflecting the performance of the municipality and each service provider and comparison of the performance with targets set for the previous year and measures taken to improve performance.</p> <p>The APR has been included in the AR. Performance targets were set in the budgets, SDBIP, and service agreements. The SDBIP were approved in time for the year under review.</p> <p>There are backlogs for water, sanitation and electricity and these have not been reduced due to a lack of capital funding.</p> <p>Council is satisfied with overall performance of the municipality and takes cognisance of the assurance reports provided by assurance providers.</p>
<p>Audit reports on performance</p>	<p>Internal Audit conducted quarterly performance reviews, as part of the internal auditing processes.</p>

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FOCUS AREA	MANAGEMENT RESPONSE
	An audited APR in terms of Section 45 of the Systems Act was provided. The AGSA also audited the results of performance measurements and material findings were noted due to a limitation of scope that resulted because of protest actions.
Performance of municipal entities and municipal service providers	Not applicable as far as entities are concerned. A system to assess the performance of the contracted service providers was implemented during the financial year.
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	Not applicable
General information	The following general information is required to be disclosed in the annual report.
Relevant information on municipal entities	Not applicable
The use of any donor funding support	No donor funding was received.
Agreements, contracts and projects under Private-Public-Partnerships	No PPP’s in place.
Service Delivery Performance on key services provided	A system to assess the performance of the contracted service providers was implemented during the financial year.
Information on long-term contracts	Included in the AR
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations	Based on the assurance reports (ICT quarterly report and Management Report issued by the AGSA) that were tabled Council believes that the significant internal controls are in place, however certain control deficiencies have been identified.
Three-year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	Capital plans and projects to address infrastructure backlogs i.e. MIG are aligned and approved by Council in line with the IDP and Budget of the Municipality.

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FOCUS AREA	MANAGEMENT RESPONSE
Other considerations recommended	
Timing of reports	There was a delay in the AGSA audit that resulted in an overall delay in the management processes and finalisation of the AR report. However, this was communicated to Council in terms of MFMA Section 127 (3) and subsequent timelines were adhered to.
Oversight committee or other mechanism	The draft AR was tabled to council on 27 March 2024 . The report was adopted by Council. Council also adopted a timeframe for public comment and resolved that the MPAC must submit the Oversight report to Council for consideration by 16 May 2024 . The Annual report was advertised for public comment with closing date 30 April 2024 . The Audit Committee met on 16 April 2024 to comment on the Annual report. The MPAC met on 7 May 2024 . A draft Oversight Report (OR) with guidelines was submitted to MPAC for oversight purposes. The MPAC considered the AR, the draft OR report and the comments of the APAC. No comments have been received from the public. The MPAC resolved to recommend that the Council having fully considered the 2022/ 2023 Annual Report and representations thereon, adopts the 2022/ 2023 Oversight Report; and Council approves the 2022/ 2023 Annual Report without reservations.
Payment of performance bonuses to municipal officials	Performance bonuses will be paid in terms of section 57 of the Systems Act for the 2022/ 2023 financial year after finalization of the performance evaluation of management.
Key Comments: Public No comments were received from the public.	Management takes cognisance that no comments were received.
Key Comments: AGSA The AGSA provided their review notes to the Municipality on 3 April 2024.	The comments were reviewed and corrections were made. The revised AR will be sent to the AGSA after the MPAC meeting

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FOCUS AREA	MANAGEMENT RESPONSE
Key Comments: APAC The AR was presented to the APAC on 16 April 2023 and comments were received on 17 April 2024.	Revisions were made to the AR in relation to the comments made by the APAC. The revised AR was also sent to the APAC.
Key Comments: MPAC The AR will be tabled to MPAC on 7 May 2024.	To be included
Key Comments: Council The AR will be tabled to Council on 16 May 2024.	To be included

SIGNED



COUNCILLOR J MATTHYSEN
MPAC CHAIRPERSON

16 MAY 2024
DATE