OVERSIGHT REPORT

SWELLENDAM MUNICIPALITY

OVERSIGHT OVER THE ANNUAL REPORT OF THE 2023-2024 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 2023-2024

1. The Council having fully considered the 2023/2024 Annual Report and representations thereon, adopts the 2023/2024 Oversight Report; and Council approves the 2023/2024 Annual Report without reservations.

2. That the minutes of the meetings where the 2023/2024 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 2023/2024 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 assessment.

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.
PPP	Public private partnerships
PT	Provincial Treasury

FOCUS AREA	MANAGEMENT RESPONSE
Financial Matters	**Financial reporting matters to be considered**
The AFS for the municipality submission to the AGSA	The 2023/ 2024 AFS for the Swellendam Municipality were presented to the AGSA for Audit purposes. The Swellendam Municipality does not have a Municipal Entity and therefore no AFS for this purpose is required. 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.
The Auditor-General's reports on the financial statements of the municipality and the entities	The Audit Report has been included in the AR as tabled. The MPAC takes cognisance of the audit opinion.
Any explanations that may be necessary to clarify issues in connection with the financial statements	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.
An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities	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. No other action is required
Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	The Swellendam Municipality received an unqualified audit opinion with no findings. An OPCAR has been developed and was tabled to Council in January 2025.

FOCUS AREA	MANAGEMENT RESPONSE
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 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. An audited performance report has been included in the Annual report.
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	**AFS:** The audit and performance audit committee (APAC) reviewed the AFS of the Swellendam Municipality for the period 1 July 2023 to 30 June 2024 on 30 August 2024. Subsequent to the recommendations from the APAC, Senior Management provided responses to the APAC and accepted the recommendations. A revised set of AFS to the AGSA. The APAC is overall satisfied with the financial position and performance of the Municipality. **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.

FOCUS AREA	MANAGEMENT RESPONSE
Allocations received and made	**Considerations**
Allocations received by and made to the municipality	The AR disclose: • 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. • *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.* The audit committee took cognisance of the AR. 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. Council is satisfied with the information provided in the AR and explanations provided.
Allocations received by and made to the municipal entity	Not applicable
Information in relation to the use of allocations received	In terms of Section 123 of the MFMA and MFMA guidance circular 11, the information has been provided per vote and include: • 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. Council is satisfied that: • the information has been properly disclosed; • conditions of allocations have been met; and • that any explanations provided are acceptable.

FOCUS AREA	MANAGEMENT RESPONSE
Information in relation to outstanding debtors and creditors of the municipality and entities	The AFS include amounts owed to the Municipality. Council is satisfied that: • 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: • 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. There are no material arrears by individual councillors to the municipality. Council is satisfied that: • the information has been properly disclosed; • conditions of allocations have been met; and • that any explanations provided are acceptable.
Municipal Performance	**Considerations**

FOCUS AREA	MANAGEMENT RESPONSE
The annual performance reports of the municipality and entities	The APR was submitted in terms of Section 46 of the Systems Act reflecting the performance of the municipality and comparison of the performance with targets set for the previous year and measures taken to improve performance. The APR has been included in the AR. Performance targets were set in the budgets, SDBIP, and performance agreements. The SDBIP were approved in time for the year under review. There are backlogs for water, sanitation and electricity and these have not been reduced due to a lack of capital funding. Council is satisfied with overall performance of the municipality and takes cognisance of the assurance reports provided by assurance providers.
Audit reports on performance	Internal Audit conducted quarterly performance reviews, as part of the internal auditing processes. An audited APR in terms of Section 45 of the Systems Act was provided. The AGSA also audited the results of performance measurements and raised no material audit findings.
Performance of municipal entities and municipal service providers	Not applicable as far as entities are concerned. The performance of contracted service providers is assessed on a monthly basis.
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

FOCUS AREA	MANAGEMENT RESPONSE
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	Service Delivery Performance are monitored by the Municipality.
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 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.
Other considerations recommended	
Timing of reports	The report was tabled in time.

SWELLENDAM MPAC REPORT ON ANNUAL REPORT 2023-2024

FOCUS AREA	MANAGEMENT RESPONSE
Oversight committee or other mechanism	The draft AR was tabled to council on **30 January 2025**. 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 **18 March 2025**. The Annual report was advertised for public comment with closing date **7 March 2025**. The Audit Committee met on **18 January 2025** to comment on the Annual report. The MPAC met on **24 March 2025.** 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, except from Swellendam People Associations of Ratepayers Collective (SPARC). The MPAC resolved to recommend that the Council having fully considered the 2023/ 2024 Annual Report and representations thereon, adopts the 2023/ 2024 Oversight Report; and Council approves the 2023/ 2024 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 2023/ 2024 financial year after finalization of the performance evaluation of management.
Key Comments: Public No comments were received from the public, except from SPARC	Comments were received from SPARC. A formal response was provided to SPARC.
Key Comments: AGSA The AGSA provided their review notes to the Municipality on 21 February 2025	The comments were reviewed and corrections were made. The revised AR will be sent to the AGSA after MPAC.

FOCUS AREA	MANAGEMENT RESPONSE
Key Comments: APAC The AR was presented to the APAC on 28 January 2025 and comments were received on 17 February 2025	Revisions were made to the AR in relation to the comments made by the APAC. The revised AR was also sent to the APAC on 10 March 2025
Key Comments: PT PT provided their comments on 7 March 2025.	The Municipality is compliant with the legislative requirements as per MFMA Section 75, 121 and 127. Consideration will be given to areas of improvement in 2024-25.
Key Comments: MPAC The AR was tabled to MPAC on 24 March 2025.	MPAC compiled the Oversight Report and recommend that the Report together with the AR be tabled to Council for approval. Please see the "Recommendation to Council" paragraph above.
Key Comments: Council The AR was tabled to Council on 31 March 2025	Please refer to Council resolution.

A summary of all inputs and comments can be seen on Annexure A.

SIGNED

COUNCILLOR J MATTHYSEN
MPAC CHAIRPERSON

24 MARCH 2025
DATE