

**ANNEXURE "A"**  
**OVERSIGHT REPORT OF THE**  
**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON THE**  
**ANNUAL REPORT OF GEORGE MUNICIPALITY**  
**(2021/2022)**

**MPAC MEMBERS**

**Cllr J Du Toit: Chairperson**

Ald G van Niekerk

Cllr E Brown

Cllr J Fry

Cllr D Gultig

Cllr C Jansen

Cllr M Kruger

Cllr T Lento

Cllr SJ Smart

Cllr F Mdaka

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## ANNEXURES

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ANNUAL REPORT**

## FOREWORD BY THE CHAIRPERSON

To the community of George Municipality, it gives me great pleasure to present the Oversight Report of the Municipal Public Accounts Committee (MPAC) on the 2021/2022 Annual Report.

The Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) assigns specific oversight responsibilities to Council in the annual reporting process and the preparation of the Oversight Report. Given the processes required by Council to effectively undertake its oversight role, the establishment of the MPAC of Council provides the appropriate mechanism through which Council fulfils its oversight responsibilities.

The MPAC considered and evaluated the 2021/2022 Annual Report, and monitored that all submissions and calls for comments were undertaken as per Section 127(5), Section 130 and Section 132 of the MFMA. The Oversight Report was prepared taking into consideration the views and inputs of, *inter alia* the public, representatives of the Auditor-General, organs of state, the Audit Committee and Councillors.

The public and local communities were given reasonable means, time and assistance to participate and submit representations on the 2021/2022 Annual Report. The Annual Report was made available through a variety of methods. The Annual Report could be downloaded from the George Municipality's website and hardcopies could be obtained from the main municipal building, public libraries and municipal area offices.

George Municipality's financial performance and position remained stable, mainly due to the proactive responses by leadership to drive financially sustainable decisions, while balancing the needs of the communities and businesses in the George area. The policy choices of today strive to build a greener, more inclusive and more resilient tomorrow. There is an opportunity to chart a path that empowers everyone to face the future with confidence.

The MPAC commends the Municipality for maintaining the highest standard and much desired audit outcome for the 2021/2022 financial year: **unqualified with no material findings**, also referred to as a "Clean Audit". The attainment of a *Clean Audit* is in line with the George Municipality's ultimate goal to maintain clean administration characterised by good governance, financial compliance and internal controls.

The MPAC encourages the timely implementation of the matters raised in the Annual Report and the Oversight Report. The MPAC further encourages continuous improvement of internal controls and will continue to monitor the implementation of the recommendations by the internal auditors, the external auditors and the Audit Committee.

The MPAC commends management for the overall improvement in internal controls, the control environment, consequence management and the assurance provided by all assurance levels. These

successes are largely attributed to the strong and competent leadership by the Municipal Manager Dr M Gratz, Directors, and senior management.

On behalf of the MPAC, I would also like to thank the administration for their support during the Oversight process. A word of thanks must be given to the Office of the Auditor-General, the Provincial Treasury and the Audit Committee for their input in the 2021/2022 Annual Report and oversight process.

Finally, I would like to commend my fellow MPAC members for their hard work and commitment.

COUNCILLOR J DUTOIT  
CHAIRPERSON OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

## **OVERSIGHT REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON THE ANNUAL REPORT OF GEORGE MUNICIPALITY (2021/2022)**

### **1. OBJECTIVE OF THE OVERSIGHT REPORT**

- 1.1. The Municipal Public Accounts Committee (MPAC) considered and consulted on the 2021/2022 Annual Report, and prepared the Oversight Report on the 2021/2022 Annual Report, for Council to adopt.
- 1.2. Having considered all representations, feedback, queries and comments submitted from various stakeholders, MPAC concluded on whether the information contained in the 2021/2022 Annual Report was a fair and reasonable record of the performance of the George Municipality, and properly accounted for the actions of the George Municipality during the 2021/2022 financial year reported upon.
- 1.3. These conclusions support MPAC's recommendations to Council when adopting the Oversight Report on the 2021/2022 Annual Report, in line with Section 129 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA).

### **2. MANDATE OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

- 2.1. Council is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the MFMA and Municipal Systems Act 32 of 2000 (MSA), which includes oversight over the process of considering annual reports.
- 2.2. In 2011 the Council of George Municipality resolved to establish a MPAC in terms of Section 79 of the Local Government: Municipal Structures Act 117 of 1998, as amended. MPAC serves as an Oversight Committee to exercise oversight over the executive obligations of Council. One of the functions of the MPAC is to consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an Oversight Report on the Annual Report.
- 2.3. The George Municipality has a well-functioning Audit Committee and Internal Audit Function. The establishment of the MPAC is a further link in the accountability process by ensuring objective political oversight in addition to other governance structures, such as Portfolio Committees, the Mayoral Committee and Council.

### 3. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERSHIP

The membership of MPAC is as follows:

Membership	
Cllr J Du Toit: Chairperson	PR (ACDP)
Ald G van Niekerk: Deputy Chairperson	PR (VF+)
Cllr E Brown	Ward 3 (DA)
Cllr J Fry	Ward 24 (DA)
Cllr D Gultig	Ward 18 (DA)
Cllr C Jansen	PR (PBI)
Cllr M Kruger	Ward 22 (DA)
Cllr T Lento	Ward 9 (ANC)
Cllr SJ Smart	PR (PA)
Cllr F Mdaka	PR (ANC)

### 4. LEGISLATION

#### 4.1. In terms of Section 127(2) of MFMA

*“The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality...”*

#### 4.2. In terms of Section 129(1) and (2) of the MFMA

(1) *“The council of a municipality must consider the annual report of the municipality ..., and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, 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.*

(2) *The accounting officer must—*

*(a) attend council and council committee meetings where the annual report is discussed, for the purpose of responding to questions concerning the report...”*

### 5. OVERSIGHT PROCESS OVER THE 2021/2022 ANNUAL REPORT

5.1. The MPAC performed its oversight activities in line with its Terms of Reference, its delegations, leading practices, relevant legislation, and National Treasury circulars and guidelines.

5.2. The Annual Financial Statements and draft Annual Report for the year ended 30 June 2022 were submitted to the Auditor-General by 31 August 2022, complying fully with Section 126(1)(a) of the MFMA.

- 5.3. After the finalisation of the Auditor-General's Audit Report on 12 December 2022, the draft Annual Report was tabled to Council on 31 January 2023, in terms of Section 127(2) of the MFMA. Council resolved that the 2021/2022 Annual Report should be referred to the MPAC for the preparation and submission of the Oversight Report.
- 5.4. On 2 February 2023, the public was informed by way of advertisement in the George Herald, George Municipality's website, social media platforms(including Facebook) and on the municipal notice boards of the following:
  - 5.4.1. Notice of the Council Meeting that was held on 31 January 2023 at which the Annual Report was tabled.
  - 5.4.2. The meeting dates of the MPAC.
  - 5.4.3. Invitation to the public to submit written comments on the Annual Report to the Office of the Municipal Manager.
- 5.5. The Annual Report was made public, pursuant to Section 127(5) of the MFMA and Section 21A of the MSA, immediately after the Annual Report was tabled at Council. From 2 February 2023, copies of the 2021/2022 Annual Report were available on the George Municipality's website, and physical copies were available at municipal buildings including the Main Municipal Building and at all Municipal Libraries and Area Offices.
- 5.6. The 2021/2022 Annual Report was submitted to the Auditor-General, Provincial Treasury and the Provincial Department of Local Government on 3 February 2023.
- 5.7. In line with Section 127(5) of the MFMA and Section 21A of the MSA, the local communities were invited to submit written comments or representations in connection with the 2021/2022 Annual Report. The public and local communities were afforded reasonable time, from 2 February 2023 to 24 February 2023, to participate in the oversight activities and submit their comments or representations on the 2021/2022 Annual Report. Furthermore, assistance in compiling comments or representations was offered to people, including those who could not read nor write. Written comments or representations could be submitted through various channels including hardcopies, or via email.
- 5.8. In addition to the above invitation to the public and local communities, the Ward Councillors and MPAC members were invited to submit written comments in connection with the 2021/2022 Annual Report before 17 February 2023 so that the Directorates could prepare responses in preparation for the Special MPAC Meeting which was held on 22 February 2023.
- 5.9. The MPAC considered and evaluated the 2021/2022 Annual Report through various engagements:
  - 5.9.1. On 9 February 2023 a Special MPAC Meeting was held, during which the oversight process was discussed. The MPAC members were requested to submit written comments before 17 February 2023, in preparation for the Special MPAC meetings taking place on 22 February 2023 and 24 February 2023.
  - 5.9.2. The Auditor-General briefed the MPAC on the Audit Report and the audit outcome, during the Special MPAC Meeting held on 9 February 2023.
  - 5.9.3. On 22 February 2023 and 24 February 2023, Special MPAC Meetings were held during which the 2021/2022 Annual Report was deliberated upon. These meetings were attended by the Chairperson of the Audit Committee, representatives from the Department of Local



Government, George Municipality's Portfolio Councillors and the administration including the Municipal Manager and Directors.

5.9.4. The Special MPAC meetings were chaired by Ald G van Niekerk on 22 February 2023 and Cllr J du Toit on 24 February 2023 and both meetings were quorate.

5.9.5. Refer to the MPAC Meeting Minutes attached as **Appendix 1: Minutes of the MPAC Meetings**.

## **6. COMMENTS ON THE 2021/2022 ANNUAL REPORT FROM THE MPAC, WARD COUNCILLORS AND PUBLIC**

- 6.1. The MPAC and Ward Councillors were requested to submit written comments before 17 February 2023. The Directorates provided written responses to these comments and these were tabled at the Special MPAC Meeting held on 22 February 2023. Additional comments were received by attendees during the meeting and the administration responded accordingly.
- 6.2. Comments received from the public before 24 February 2023 were addressed when finalising the Annual Report.
- 6.3. Refer to **Appendix 1: Minutes of the MPAC Meetings** and **Appendix 2: Consolidated comments received on the 2021/2022 Annual Report**.

## **7. COMMENTS FROM PROVINCIAL TREASURY**

- 7.1. Provincial Treasury submitted its comments on the tabled 2021/2022 Annual Report and concluded that the George Municipality is **compliant** with the legislative requirements as per MFMA Section 75, 121 and 127. Refer to **Appendix 3: Comments received from the Provincial Treasury on the 2021/2022 Annual Report**.
- 7.2. Provincial Treasury raised recommendations in order to improve the quality of the Annual Report, all of which were implemented in the final 2021/2022 Annual Report. Refer to **Appendix 2: Consolidated Comments received on the 2021/2022 Annual Report**.

## **8. SUMMARY OF COMMENTS, RECOMMENDATIONS AND CONCLUSIONS ON THE ANNUAL REPORT 2021/2022**

- 8.1. The 2021/2022 Annual Report reflected a substantial and positive improvement in George Municipality's annual planning, budgeting and reporting processes.
- 8.2. The Municipality achieved 77.5% of its targets with a 22.5% variance between planned and actual performance. This is a significant improvement from the 2021/2022 financial year where there was a 65.2% success rate. These successes are largely related to improved service delivery, target setting and capital project implementation.
- 8.3. During the year the Municipality increased the capital expenditure budget from R 370,443,000 to an adjusted budget of R 489,763,000. The Municipality is commended for successfully achieving actual capital expenditure of R 453,840,000, which is an over-achievement of 18% on the original capital expenditure budget. The achievement of capital expenditure related targets contributed to improved service delivery and socio-economic conditions in the municipal area.



- 8.4. The Municipality had excellent performance for the following strategic objectives: Good Governance and Human Capital (100%); Participative Partnerships (100%); and Safe, Clean and Green (100% cent). This shows a commitment towards good governance, safety and the environment.
- 8.5. Infrastructure development is prioritised by the Municipality with a large and increasing capital budget for effective service delivery, water and energy security and enabling sustainable economic growth.
- 8.6. The Municipality received an unqualified audit opinion with no findings in 2021/2022 and maintained their *Clean Audit* in 2021/2022.
- 8.7. The Municipality is commended for the excellent financial reporting and governance.
- 8.8. The MPAC considered the compliance of relevant legislative requirements over the major activities relating to the annual reporting process relevant to the financial year ended 30 June 2022, and concluded that it did not identify any instances of non-compliance.
- 8.9. The Annual Report complies with the requirements of the MFMA and National Treasury's guidelines for annual reports. It is further noted that the required information in terms of the MFMA is included. More specifically, the 2021/2022 Annual Report contains *inter alia*:
- 8.9.1. The annual financial statements.
  - 8.9.2. Auditor-General's Audit Report.
  - 8.9.3. The Annual Performance Report of the Municipality.
  - 8.9.4. Recommendations from the Provincial Treasury.
  - 8.9.5. Recommendations of the Audit Committee and the Audit Committee's Annual Report.
- 8.10. The 2021/2022 Annual Report tabled at the Special Council Meeting on 31 January 2023 **was updated in accordance with the comments received from the various role-players during the oversight process.**
- 8.11. After evaluating the content of the Annual Report and taking into consideration all representations received from various stakeholders, comments and deliberations at the MPAC meetings, the Audit Committee's Report included in the Annual Report, and comments from the Auditor-General and Provincial Treasury, it is recommended that the 2021/2022 Annual Report be adopted without reservations.

## 9. RECOMMENDATIONS TO COUNCIL

The MPAC resolves to recommend to Council at the Ordinary Council Meeting of 30 March 2023:

*The Municipal Public Accounts Committee having fully considered the George Municipality's 2021/2022 Annual Report, recommends that:*

- (a) *The Oversight Report on the 2021/2022 Annual Report **BE ADOPTED**;*
- (b) *The 2021/2022 Annual Report **BE APPROVED** without reservations;*
- (c) *The Public Notice **BE ADVERTISED** in the local media within seven days in accordance with Section 129(3) of the Local Government: Municipal Finance Management Act, No.56 of 2003*

*providing notice that the 2021/2022 Annual Report and the Oversight Report on the 2021/2022 Annual Report have been made public;*

- (d) *The 2021/2022 Annual Report and the Oversight Report on the 2021/2022 Annual Report **BE SUBMITTED** to the National Treasury, the Western Cape Department of Local Government, the Western Cape Provincial Treasury, the Auditor-General and the Provincial Legislature within ten days in accordance with Section 132(2) of the Local Government: Municipal Finance Management Act, No. 56 of 2003.*