

TABLING OF THE DRAFT ANNUAL REPORT FOR 2015 / 2016 (5/14/1/1) (DIRECTOR: STRATEGY AND SOCIAL DEVELOPMENT)

1 PURPOSE

To obtain support from the Council for the 2015/2016 annual report.

2 STRATEGIC INTENT

This report supports the Strategic Intent to achieve Good Governance, as well as facilitating the accomplishment of Council's other 5 strategies.

3 FOR DECISION BY

Council.

4 EXECUTIVE SUMMARY

4.1 In terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), the following action is necessary:

4.1.1 the mayor of a municipality must, within seven months after the end of a financial year (i.e. by the end of January), table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control [Section 127. (2)];

4.1.2 immediately after the annual report is tabled, the report must, *inter alia*, be made public and representations invited from the local community [Section 127. (5)]; and

4.1.3 Council must consider the annual report of the municipality / municipal entity and by no later than two months from the date on which the annual report was tabled in Council (i.e. by the end of March), adopt an oversight report containing the Council's comments [Section 129. (1)].

4.2 Accordingly, the annual report for 2015/2016 was prepared based on the format contained in MFMA Circular Number 11 and concluded on the 30 October 2008.

The latest version of the draft Annual Report is available at the drop box link which was emailed by the Director Strategy & Social Development to all councillors on 28 November 2016 at 08:48 AM.

5 DISCUSSION/CONTENTS

5.1 Constitutional and Policy Implications

5.1.1 The annual report process is currently driven by legislation.

5.2 Legal Implications

5.2.1 Local Government : Municipal Finance Management Act, 2003 (Act 56 of 2003) (Chapter 12) (MFMA).

5.2.2 Local Government : Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6), as read with the Local Government : Municipal Systems Amendment Act, 2003 (Act 44 of 2003) (hereinafter referred to as the Systems Act).

5.3 **Background**

5.3.1 In terms of the Local Government : Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), the following action is necessary:

- (a) the mayor of a municipality must, within seven months after the end of a financial year (i.e. by the end of January), table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control [Section 127. (2)];
- (b) immediately after the annual report is tabled, the report must, *inter alia*, be made public and representations invited from the local community [Section 127. (5)]; and
- (c) Council must consider the annual report of the municipality / municipal entity and by no later than two months from the date on which the annual report was tabled in Council (i.e. by the end of March), adopt an oversight report containing the Council's comments [Section 129. (1)].

5.3.2 According to Section 121. (2) of the MFMA, the purpose of an annual report is:

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

5.3.3 Section 121. (3) of the MFMA prescribes the contents of the annual report, which must include:

- (a) the annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (b) the Auditor-General's audit report in terms of section 126(3) on those financial statements;
- (c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Systems Act;
- (d) the Auditor-General's audit report in terms of section 45(b) of the Systems Act;
- (e) an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- (f) an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;
- (g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- (h) Any explanations that may be necessary to clarify issues in connection with the financial statements;

- (i) Any information as determined by the municipality;
- (j) Any recommendations of the municipality's audit committee; and
- (k) Any other information as may be prescribed.

4. ANNEXURES

Annexure A: Annual Report 2015/16

RECOMMENDATIONS

That the Annual Report for 2015 / 2016 be approved in principle by Council and that for oversight purposes, the report be advertised for public comment.

Dat die Jaarverslag vir 2014/ 2015 in beginsel deur die Raad goedgekeur word en dat dit vir oorsigdoeleinde, geadverteer word vir publieke kommentaar.

This item served before a Special Meeting of the Municipal Public Accounts Committee (MPAC) on 29 November 2016
Die item het voor 'n Spesiale Vergadering van die Munisipale Openbare Rekeninge Komitee (MORK) gedien op 29 November 2016
Recommendation / Aanbeveling

That the Annual Report for 2015 / 2016 be approved in principle by Council and that for oversight purposes, the report be advertised for public comment.

Dat die Jaarverslag vir 2015 / 2016 in beginsel deur die Raad goedgekeur word en dat dit vir oorsigdoeleindes geadverteer word vir publieke kommentaar.

Hierdie verslag het voor die Raad gedien op 06 Desember 2016
This item served before Council on 06 December 2016
Eenparig Besluit / Unanimously Resolved

That the Annual Report for 2015 / 2016 be approved in principle by Council and that for oversight purposes, the report be advertised for public comment.

Dat die Jaarverslag vir 2015 / 2016 in beginsel deur die Raad goedgekeur word en dat dit vir oorsigdoeleindes geadverteer word vir publieke kommentaar.