



CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

MPAC

2017/2018 OVERSIGHT REPORT

1. OBJECTIVE

To submit to Council, in terms of section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), the Oversight Report on the Annual Report, covering the Cape Winelands District Municipality (CWDM) in respect of the 2017/2018 financial year.

2. BACKGROUND

The 2017/2018 Draft Annual Report was tabled in Council on 31 January 2019, reporting on the Cape Winelands District Municipality's performance for the period from 01 July 2017 until 30 June 2018. The aforementioned report was set out for public comment from 7 February 2019.

By doing so, Council complied with section 133 of the MFMA which stipulates that the Executive Mayor must table the Annual Report in Council within 7 months after the end of the financial year, i.e. by the end of January 2019.

The Council of the Cape Winelands District Municipality (CWDM) is furthermore required to engage with, and finalise the Annual Report within 9 months after the end of the financial year, which is before 31 March 2019.

Tabling the Draft Annual Report signifies the start of the Public participation period stipulated on section 127(5) of the MFMA and section 21 of the Systems Act. Public comments on the 2017/2018 Annual Report were scheduled from 7 February 2019 to 8 March 2019.

The process for the finalisation and approval of the 2017/2018 Annual Report is set out in the table below:

Activity Description	Provision	Target
Preparation of annual financial statements of the municipality and submission to the Auditor-General	MFMA Section 122(1)(2)	31 August 2018
Receipt of final audit report from Auditor-General	MFMA Section 126(3)(b)	30 November 2018
Tabling of Draft Annual Report in Council by Executive Mayor	MFMA Section 127(2)	31 January 2019
Allowing for comment (written submission) by the community and relevant state organs	MFMA Section 127(5)(a) & (b)	8 March 2019
Allowing verbal comment and oversight on Annual Report by the Oversight Committee	MFMA Section 130 (5)(a) & (b)	18 March 2019
Corrective actions to AG's opinion formulated and tabled in Council	MFMA Section 121(3)(g)	28 March 2019
Consideration and adoption of Annual Report and Oversight Report by Council	MFMA Section 129(1)	28 March 2019
Submission of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	MFMA Section 129(2)(b)	April 2019
Communication of final Annual Report / Oversight Report (Website, hard copies and other mediums)	MFMA Section 129(3)	April 2019

3. APPOINTMENT AND MANDATE OF THE OVERSIGHT COMMITTEE

MFMA Circular 32 of 2006 prescribes the Oversight Process and the establishment of an Oversight Committee. The Municipal Council appointed its Oversight Committee in terms of section 79 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) by means of Council resolutions as follows:

1. That the current Cape Winelands District Municipality Oversight Committee is constituted as follows and is a multi-party committee:

No.	Name of committee member	Designation	Party
1.	Crombie, A	Councillor	DA
2.	Du Toit, R	Councillor	DA
3.	Fredericks, G.J	Councillor	DA
4.	Kalipa, X	Councillor	DA
5.	Klaas, M.T	Councillor	EFF
6.	Masoka, Z	Councillor	DA
7.	Magqazana, SS	Councillor	DA
8.	Ntshingila, B.B	Councillor (Chairperson)	ANC
9.	Siwakamisa, L.N	Councillor	ANC
10.	Van Rooyen, J.J	Councillor	ANC
11.	Wilskut, C.F	Councillor	BO

2. The following be considered as the primary Terms of Reference for the MPAC in addition to other relevant functions and duties set out in the "Guideline for Establishment of Municipal Public Accounts Committees" as well as National Treasury's Circular 32 of 15 March 2006 titled "The Oversight Report", i.e. the MPAC/Oversight Committee –

- (a) Shall not be responsible for policy formulation;
- (b) May engage directly with the public and consider public comments when received and will be entitled to request documents or evidence from the Accounting Officer;
- (c) Shall have permanent referral of documents as they become available relating to:
 - (i) In-year reports of the CWDM;
 - (ii) Financial statements of the CWDM as part of its oversight process;
 - (iii) Audit opinion, other reports and recommendations from the Audit Committee;
 - (iv) Information relating to compliance in terms of sections 128 and 133 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);
 - (v) Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before it;
 - (vi) Any other audit report of the CWDM; and
 - (vii) Performance information of the CWDM.
- (d) Shall consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report;

- (e) In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report must also be reviewed, relating to current in-year reports, including the quarterly, mid-year and annual reports;
- (f) Shall examine the financial statements and audit reports of the CWDM and in doing so, consider improvements from previous statements and reports and evaluate the extent to which the Audit Committee's and the Audit General's recommendations have been implemented;
- (g) Shall promote good governance, transparency and accountability on the use of municipal resources;
- (h) Shall recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the CWDM or the Audit Committee;
- (i) Shall request the support of both the internal and external auditors in an advisory capacity when necessary;
- (j) Shall conduct investigations into unauthorized, irregular and/or fruitless and wasteful expenditure in accordance with section 32(2)(a)(ii) of the MFMA and regulation 74 of the Municipal Budget and Reporting Regulations; and
- (k) Shall perform any other functions within its area of responsibility assigned to it through a resolution of Council.

4. OVERSIGHT REPORT

The Oversight Report is a separate product from the Annual Report. The Annual Report is submitted to the Council by the Accounting Officer and the Executive Mayor, and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality in the financial year.

The Oversight Report is considered to be a report of the MPAC. After tabling the 2017/2018 Draft Annual Report on 31 January 2019, in line with section 127(5) of the MFMA, Cape Winelands District Municipality (CWDM) allowed for public comments regarding the 2017/2018 Annual Report from 7 February 2019 until 8 March 2019.

The draft Annual Report was made available on the municipal website, and also to the six Municipal Offices (Stellenbosch, Worcester, Paarl, Ceres, Montagu and Robertson). In addition, the Draft Annual Report was made available to the following offices:

- The Office of the Auditor-General
- The Provincial Treasury
- The MEC for Local Government

The Accounting Officer (Municipal Manager) of Cape Winelands District Municipality attended the Council meeting on 31 January 2019 where the Annual Report was tabled. The Accounting Officer (Municipal Manager) attended the MPAC meeting on 25 March 2019 where the Oversight Report was discussed and recommended to Council.

5. LEGAL AND CONSTITUTIONAL IMPLICATIONS

The 2017/2018 Annual Report and Oversight Report have been prepared in compliance with the provisions of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA) and the content of Circular 32 (issued by National Treasury) has been used as guidelines.

6. COMMUNICATIONS IMPLICATIONS

The full text of the 2017/2018 Annual Report and Oversight Report will be distributed to the MEC: Local Government, Provincial Treasury, the Auditor-General and Provincial Legislature. The full text will also be published on the Cape Winelands District Municipality's website.

7. KEY POINTS TO NOTE

The MPAC would like to draw attention to the following points:

- (a) Although approximately 90% of the capital budget was spent for the financial year under review, the Committee would like to see this percentage improving in the 2018/2019 financial year;
- (b) Fruitless & wasteful as well as irregular expenditure was mentioned in the Auditor-General's report. Although not material, the Committee is of the opinion that this is a regression from previous years; and
- (c) The Committee takes cognisance of the fact that the Administration has started implementing much needed enhanced controls around contract management.

8. RECOMMENDATION: That -

- (a) Council, having considered the 2017/2018 Annual Report of the Cape Winelands District Municipality (CWDM), adopts the Oversight Report in terms of section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA);
- (b) The 2017/2018 Annual Report of Cape Winelands District Municipality (CWDM) be approved without reservations, in terms of section 129 of the MFMA;
- (c) The minutes of the meetings where the Annual Report was discussed, in the presence of the Accounting Officer, be submitted to the Auditor-General, the Provincial Treasury, and the Western Cape Department of Local Government, as attached to the report, in terms of section 129(2) of the MFMA; and
- (d) The 2017/2018 Oversight Report of Cape Winelands District 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(2) of the MFMA.

9. CONCLUSION

The Committee unanimously accepts the 2017/2018 Annual Report of Cape Winelands District Municipality (CWDM) and recommends that it be approved without reservations, in terms of section 129 of the MFMA. Furthermore, I would like to commend the Municipality on its performance, especially the achievement of a clean audit.

I would like to thank the members of the Oversight Committee and all officials who participated in the 2017/2018 Oversight Process for their time and cooperation.

The process was successful and enabled the Committee to identify areas that will enable the Municipality to maintain its clean audit and to improve on areas identified. It was observed by the Oversight Committee that a spirit of improved cooperation by the administration exists, which we are extremely thankful for.

I am of the opinion that the 2017/2018 Annual Report accurately reflects the performance of the Municipality for the year under review and recommend that the Council approve the 2017/2018 Annual Report without reservations.

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COUNCILLOR BB NTSHINGILA

CHAIRPERSON

27 March 2019