

**OVERSIGHT REPORT  
ON ANNUAL REPORT 2022/2023**



# **Sundays River Valley Municipality**

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## OVERSIGHT REPORT ON ANNUAL REPORT 2022/2023

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## 1. FOREWORD BY CHAIRPERSON OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Honourable Mayor, Speaker, Councillors and Officials allow me to present the oversight report on the Annual Report 2022/2023. The Oversight Report is the report of the Municipal Public account committee and follows consideration on the Annual Report by the Council. The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regards to the Annual Report and the preparation of an Oversight Report. At the Council meeting held on the 31 January 2024, the Council resolved that the Municipal Public Accounts Committee carry out an oversight and review of the annual report. And prepare an Oversight Report.

The purpose of the Annual Report is:

- To provides a record of the activities of the municipality during the financial year 2022/2023.
- To provides a report on performance against the budget of the municipality for 2022/2023 financial year.
- To provide information that supports the revenue and expenditure decisions made; and
- To promote accountability to the local community for the decisions made throughout the year by the municipality.

The MPAC's primary role is to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council. In the light of this responsibility, it is with privilege that I present to Council today the Oversight Report on the Annual Report for the 2022/2023 financial year on behalf of the Municipal Public Accounts Committee.

The Municipal Public Accounts Committee raises concern that the Municipality for Four consecutive years received a disclaimer audit opinion. The disclaimer audit opinion is the worse

audit opinion that AGSA can give to an auditee. The MPAC recommends that senior management should be held accountable for non-provision of the requested information for audit purposes.

MPAC has also noted that the Audit Action Plan for 2023/24 is not fully implemented by Management since there are lot of red flags highlighted by internal audit unit especial from finance and cooperates directorates of wish they were most contributing in the declaimer audit opinion.in the light of the above the MPAC recommends that the performance plans of every Senior Manager bear a KPI on the implementation of the Audit Action Plan. The MPAC also raises concern on the fact that the Annual Performance Report was not consistent in terms of reporting. The absence of technical indicator descriptor manuals which rendered the KPIs not to be SMART is also a contributing factor in this regard. We take note of the resolutions of the Audit and Risk Committee contained in **Appendix G** of the Annual Report. The resolutions were adopted by Council, but they were never implemented.

Part of the MPAC's work plan is to conduct public on the IDP/Budget and Annual Report outreach.

I want to thank the Auditor-General, the Audit Committee, all the Councillors and Officials for their commitment in fulfilling their responsibilities for the benefit of our communities. Finally, I would like to extend special appreciation to the members of MPAC for their contribution, dedication and hard work in ensuring that this report is compiled and tabled in Council.

**COUNCILLOR L. BAKA**

**SIGNED BY MPAC CHAIRPERSON**

## **2. PURPOSE OF REPORT**

The purpose of the report is to submit the oversight report on the final annual report for 2022/2023 with recommendations for adoption by Council,

## **3. BACKGROUND**

This annual report:

- Provides a record of the activities of the municipality during the financial year 2022/23.
- Provides a report on performance against the budget of the municipality for 2022/23 financial year.
- Promote accountability to the local community for the decisions made throughout the year by the municipality.

The Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, 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.

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; and
- (b) submit copies of the minutes of those meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

The accounting officer must in accordance with section 21A of the Municipal Systems Act make public an oversight report referred to in subsection (1) within 7 days of its adoption.

#### **(c) MEMBERS OF MPAC**

The MPAC who had reviewed and evaluated the Draft Annual Report 2022/23 on the 19 March 2024 consisted of the following non-executive councillors:

- L.E Baka (Chairperson)- present
- N.Langbooi - apology
- M.Boosman - present
- X.Jonas - present
- B.Dyanti - present

The following officials assisted the committee with technical advice:

- Mr T. Klaas– Municipal Manager
- Mr J Krapohl – Chief Finance Officer
- Mr X Mntonintshi – Apology
- Mrs A. Mbongwe – Apology
- Mr. L. Tambo -IDP/PMS practitioner
- Mr Nkuntayi- CAE
- Officials from Cogta -stakeholder.

#### **(d) ANALYSIS OF THE ANNUAL REPORT**

The chairperson of the MPAC including members adopted the agenda with the annual report as a standing item where analysis was done. The Municipal Manager presented the report, corrections to be made on table of content of the annual report **items of grammar or spelling**. The amendments and corrections to the Annual Report were done. The amended Annual Report is attached separately.

For ease of reference the summary is attached as **Annexure A**.

**Chapter 1** deals with the mayor's foreword and the Municipal Manager's service delivery overview. All the sub-headings are aligned to annual report guidelines. The MPAC considered

the report on adjustment budget 2023/2024 tabled by the CFO as delegated by Municipal manager. The MPAC also considered the report on adjusted SDBIP 2023/2024.

The audit action plan was developed and submitted to Audit committee for review and feather to submitted to council with annual report on the 31<sup>st</sup> of January 2024 for adoption. The MPAC also noted the dashboard report on the implementation of audit action plan presented by chief audit executive as delegated by Municipal Manager.

### **Comments Received**

The Draft Annual Report was advertised in the Herald on 12 February2024 and closed on the 04<sup>th</sup> of March 2024. There were no comments received from the public on the draft Annual Report.

### **(e) FINANCIAL IMPLICATIONS**

An amount of R +- 15 million rand was spent on the development on Annual Financial Statements. No expenditure was incurred on the development of the annual report.

### **(f) HUMAN RESOURCES IMPLICATIONS**

Apart from internal officials, SRVM received support from CoGTA, Provincial Treasury, service providers and the external auditors.

### **(g) LEGAL IMPLICATION**

Compliance with the MFMA section 129

### **(h) MPAC RESOLUTIONS**

**The MPAC resolved that,**

- (a) The annual report be approved with reservations.
- (b) Adjustment Budget of 22/23 and SDBIP of 22/23 be noted.
- (c) the progress /dashboard report be noted.

**ACCORDINGLY, IT IS RECOMMENDED TO COUNCIL:**

1. That MPAC having fully considered the Annual Report of the Sundays River Valley Local Municipality for the 2022/2023 financial Year, adopts the Oversight Report with reservations.
2. That the comments from AG, MPAC and Audit and Risk Committee be addressed as a matter of urgency.
3. That the classification, validation and recoverability of unauthorised, irregular and fruitless and wasteful expenditure as reflected in the Audited Annual Financial Statements 2022/2023, be determined by the Municipal Public Accounts Committee in terms of section 32 of Local Government: Municipal Finance Management Act, 2003 and that a report in this regard be submitted to the Municipal Council for consideration.
4. That the Oversight Report be made public within seven days of its adoption in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
5. That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.

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**MPAC CHAIRPERSON: Cllr L. BAKA**