

UMZIMVUBU LOCAL MUNICIPALITY



UMZIMVUBU
LOCAL MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

OVERSIGHT REPORT ON THE ANNUAL REPORT FOR 2024/2025 FINANCIAL YEAR

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1. INTRODUCTION

The Constitution of the Republic of South Africa Act No. 108 of 1996 section 151 (2) stipulates that both Executive and Legislative powers rest within the municipal Council. This results in difficulty to clearly define the separation of powers. The Local Government: Municipal Structures Act No. 117 of 1998 as amended establishes committees of Council in terms of section 79 and 80 thereof for effective and efficient performance of any of the Council functions or the exercise of any of its powers. The Municipal Finance Management Act No. 56 of 2003 calls for a committee of council that deals specifically with the annual oversight report of Council and other ad-hoc functions.

The MPAC has been established as a mechanism to enhance municipal performance of the municipality and promote accountability of the Executive Councilors to Council. It has been established as a standing committee of council that is responsible for consideration of the annual report and reporting to Council regarding the annual report.

Given the processes required by Council to effectively undertake its oversight role on the annual report, the establishment of the MPAC of Council would provide appropriate mechanisms in which Council could fulfill its oversight responsibility.

Given the complexity of the oversight responsibility to be played by the Council in the area such as good governance which includes oversight accountability and institutional capacity, the establishment of the MPAC as Section 79 committee that discharges its responsibility throughout year, not to play its function at tail-end of the year would provide appropriate mechanisms in which Council fulfills its oversight responsibility.

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2. COMPOSITION OF THE COMMITTEE

The Municipal Public Accounts Committee is comprised of 9 non-executive councillors, four of whom are females:

- | | | |
|--------------------------------|---------------|-----|
| 1. Councillor M. Mataka | : Chairperson | (M) |
| 2. Councillor A. Jakuja | : Member | (F) |
| 3. Councillor X. Lungu | : Member | (M) |
| 4. Councillor N. Hlanekela | : Member | (F) |
| 5. Councillor A. Mkhonto | : Member | (M) |
| 6. Councillor P.K Thingathinga | : Member | (M) |
| 7. Councillor B. Mdingi | : Member | (F) |
| 8. Councillor M. Ngqasa | : Member | (M) |
| 9. Councillor L. Mapala | : Member | (F) |

3. THE OVERSIGHT (MPAC) REPORT PROCESS

Section 121(1) (2) and (3) of the MFMA determines as follows:

121(1) Every municipality must for each financial year prepare an Annual Report. The Council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

The purpose of an annual report is: -

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

The annual report of a municipality includes the following-

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- (i) 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);
- (ii) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (iii) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (iv) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, Act 32 of 2000;
- (v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) 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 from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (vii) 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);
- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (ix) Any information as determined by the municipality;
- (x) Any recommendation as determined by the municipality; and
- (xi) Any other information as may be prescribed.

In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the annual report, invite the local community to submit representations in connection with the annual report and submit the annual report to the

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Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(1) of the MFMA, the Council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the Council's comments on the annual report which 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.*

PROCESS

a) **Submission and tabling of the Annual Report**

- The Draft Annual Report for 2024-2025 FY was tabled by the Mayor to Council on the 23rd of January 2026 in accordance with Section 127 of the MFMA.
- The Municipal Manager publicized the Annual Report on print media for public comments within a week after it was tabled to Council and uploaded it on the municipal website.
- Public comments were open, but none received thus far.
- The Annual Report document was submitted to relevant authorities including the Internal Audit, Office of the Auditor General, Treasury and COGTA for input and comments.

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4. SERVICE DELIVERY IMPLICATIONS

- The Annual Report is a yardstick to measure achievement of predetermined objectives and targets within a period of one year. It gives a reflection of whether the municipality or Council is progressing in achieving the pre-determined objectives set in its Integrated Development Plan.
- It further gives the municipality an opportunity to correct and improve reported non-performance in future.
- The Oversight Report is a tool for instilling public confidence over service delivery issues as the Council plays a more precise oversight responsibility through the MPAC.

OTHER PARTIES CONSULTED

Treasury

COGTA

Office of the Auditor General

Internal Audit

5. RECOMMENDATIONS

The Oversight Committee recommends to Council the following:

1. That Council should note the Oversight Committee report on the annual report for 2024/2025 FY.
2. That the Oversight Committee report on the Annual Report for 2024/2025 FY be adopted by Council.
3. That the Annual Report for 2024/2025 FY be adopted by Council without reservations.
4. That the Oversight Report and the Annual Report of Umzimvubu Local Municipality be made public in terms of Section 129(3) of the MFMA.
5. That both the MPAC Oversight and Annual Reports for 2024/25 be submitted to the Provincial Legislature in terms of Section 132 (2) of the MFMA.