

**ITEM: MPAC 01 03/2023**

**OFFICE OF THE MUNICIPAL MANAGER: ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

**(10/2/1/1) (GR) (MPAC MEETING 07 MARCH 2023)**

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**The Municipal Manager reports as follows:**

In compliance with the legislative requirements set out in the Municipal Systems Act, 32 of 2000, and the Municipal Finance Management Act 56 of 2003, an annual report has to be prepared and approved by Council.

The annual report must:

- Provide a record of the activities of the municipality during the prior financial year
- Provide a report on performance both financially and organizationally against the budget during the prior financial year
- Promote accountability to the local community for decisions made throughout the year by the municipality.

The annual report must include:

- *Annual financial statements of the municipality as submitted to the Auditor-General for audit*
- *The Auditor-General's audit report on those financial statements*
- *The annual performance report of the municipality*
- *The Auditor-General's performance audit report in terms of section 45(b) of the Municipal Systems Act*
- *An assessment by the Accounting Officer (Municipal Manager) of any arrears on municipal taxes and service charges*
- *An assessment by the Accounting Officer of the municipality's performance against measurable performance objectives set up in the budget and Service Delivery and Budget Implementation Plan (SDBIP) by revenue source and expenditure vote*
- *Corrective action taken or to be taken in response to both the Auditor-General's financial audit and performance audit*
- *Clarification of issues in connection with the financial statements*
- *Recommendations by the municipality's Audit Committee*

***The draft annual report for 2021/22 bounded separately as well as the MFMA Circulars no 11(annexure 1), 32 (annexure 2), and 63 (annexure 3).***

The Council is required to consider the annual report within two months of being tabled. The report will then be submitted to the Auditor-General, Provincial Treasury, National

Treasury and Department of Co-operative Governance Human Settlements and Traditional Affairs

The Municipal Manager recommends as follows:

**RECOMMENDATION**

- 1. The MPAC to consider the draft annual report for 2021/22 financial year**
- 2. The MPAC to prepare an oversight report on 2021/22 annual report.**

Issues raised

**Remuneration of senior managers – Pg. 217**

*For senior managers, the cost to company remains the same as what was determined and there is no additional funding available for a travel allowance*

**Remuneration of Councillors – Pg. 219**

*The travel allowance indicated for councillors and chairpersons of committees in the AFS shows that they do not claim for travelling expenses within the district.*

**RECOMMENDATION COUNCIL**

- 1. The MPAC noted the draft annual report for 2021/22 financial year**
- 2. Council to approve the oversight report compiled by MPAC on the 2021/22 annual report**
- 3. Council to approve the 2021/22 draft annual without reservation.**

**RESOLVED**

- 1. Council approved the annual report for 2021/22 financial year.**
- 2. Council approved the oversight report compiled by MPAC on the 2021/22 annual report**
- 3. Council approved the 2021/22 annual without reservation.**



MUNICIPAL MANAGER

24 APRIL 2023

# **FRANCES BAARD DISTRICT MUNICIPALITY**



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

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## **1. INTRODUCTION**

In accordance with the provisions of Section 79 (1) (a) (b) and (c) of the Municipal Structures Act 117 of 1998 as amended, a municipality may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members. Furthermore Section 79 (2) of the Municipal Structures Act, 1998 provides the framework and guidelines within which such committees of council shall operate.

During the 2009 Association of Public Accounts Committee (APAC) Conference a resolution was taken stating that the Conference supports the establishment of Municipal Public Accounts Committees (MPACs) in each municipality in the country as part of improving financial management and accountability at local level.

Thus, in order to enhance, promote and consolidate the oversight role of the Council over the executive, the Department of Cooperative Governance, Human Settlements and Traditional Affairs having consulted the National Treasury and SALGA, has instructed that all municipalities to establish MPACs. The focus of the MPAC will be to assist Council to hold the executive to account and to ensure the effective and efficient use of municipal resources.

The 2021/2022 annual report was tabled to Council on 13 December 2022 in compliance with Section 127 (2) of the Municipal Finance Management Act, 56 of 2003.

## **2. MPAC COMMITTEE**

An MPAC Committee was established by Council resolution COUN 01 11/11 in 2011/2012 in terms of section 79 of the Municipal Structures Act, 117 of 1998 as amended. The current Committee consists of:

Cllr I Ruiter	MPAC Committee (Chairperson)
Cllr JG Diphahle	Policy & Institutional Development Committee
Cllr TG Diloke	Infrastructure Development Committee
Cllr TM van Wyk	Social Development Committee
Cllr RV Raphoto	Policy & Institutional Development Committee
Cllr CC Lewis	Finance Committee
Cllr TE Joubert	Planning and Development Committee
Cllr EK Adams	Planning and Development Committee
Cllr E Davies	Social Development Committee

The MPAC Committee met on Tuesday, 13 March 2023 to consider the annual report. The committee considered the draft annual report for 2021/2022 according to a checklist provided by National Treasury in MFMA Circulars No. 11, 32 and 63 for this purpose. This report details the findings of the committee.

### **3. REVIEW / ANALYSIS OF ANNUAL REPORT**

#### **3.1 Review of inputs**

- MPAC is satisfied with the draft annual report as it highlights both the financial and non-financial performance of the municipality.
- No public inputs were received by the municipality in response to the invitation for comments on the draft annual report for 2021/2022 placed in a local newspaper on 15 December 2022 and the FBDM website. The draft annual report was also reviewed by the audit, performance and risk committee.

#### **3.2 Clarification on certain expenditures as captured in the Annual Financial Statements (AFS)**

The committee requested clarity on the following matters:

##### **3.2.1 Car allowance of section 56 managers**

In the AFS the annual remuneration and the car allowance of the municipal manager and the section 56 managers are listed separate and according to legislation this should form part of a total package.

Senior managers receive a total remuneration package which can be structured into basic salary, car allowance, contributions to UIF, medical aid and pension fund. The car allowance is structured according to the registered vehicle of a senior manager as a provision for travel expenses. The performance bonus is only paid out once the annual performance of the senior managers has been assessed by Council. Contributions paid by the individual is also included in the total package. Should a senior manager not want a car allowance, everything is included in the total remuneration package. The only additional costs are therefore the performance bonus and kilometres travelled outside the boundaries of the district for work purposes.

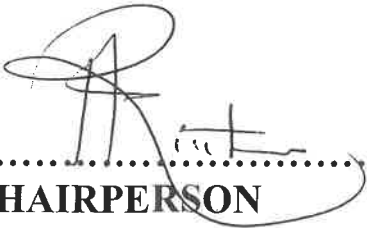
##### **3.2.2 Travel allowance on councillors**

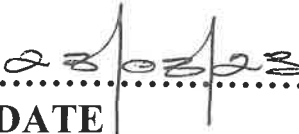
The travel allowances indicated for councillors, chairpersons, and the mayoral committee in the AFS as councillors may not claim for such expenses based on municipal policy.

The remuneration of the councillors is determined by COGTA as gazetted. Councillors are advised to structure their councillor's package on motor vehicle allowance provided that have a vehicle registered in their name. It depends on a councillor how they structure their package, so some would receive a car allowance whilst others would not because they have not structured for the allowance. As with senior managers, the total remuneration package remains the same as what was determined in the gazette and there is no additional funding made available for a travel allowance.

**4. RECOMMENDATION**

The Committee recommends that Council approves the 2021/22 annual report without reservations, with the corrections as indicated by the Audit, Performance and Risk Committee.

  
.....  
**CHAIRPERSON**

  
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**DATE**