

Beaufort West Municipality



Oversight Report for 2023 / 2024: Final Annual Report



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1. PURPOSE

To inform Council about the work of the Municipal Public Accounts Committee [MPAC] and to make recommendations to Council as required in terms of Section 129 (1) of the Local Government: Municipal Finance Management Act 56 of 2003 and on the Draft 2023/2024 Annual Report.

2. BACKGROUND

In terms of Section 129 (1) of the Local Government: Municipal Finance Management Act 56 of 2003, Council of a Municipality must consider the annual report of the Municipality by no later than two (2) months from the date on which the annual report was tabled in 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

In terms of section 121 (1) of the Local Government: Municipal Finance Management Act 56 of 2003: the council of a municipality must within (9) nine months after the end of financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with Section 129.

During council meeting of the 28th January 2025, the Mayor tabled the Draft 2023/2024 Annual Report as prescribed by Section 127 (2) of the Local Government: Municipal Finance Management Act 56 of 2003. In dealing with the tabled Annual Report, Council resolved inter alia:

- 8.1.1 That Council takes note of the Draft Annual Report for the 2023/2024 financial year.
- 8.1.2 That Council takes note that the Municipal Manager will make the Draft Annual Report 2023/2024 open for public comments on the official website of the Beaufort West Municipality, the local print media and at the Offices of the Municipality for twenty-one (21) days.
- 8.1.3 That the commencement of the public participation process will be decide the date the Draft Annual Report 2023/2024 be published on the Municipal website.
- 8.1.4 That Council refer the Draft Annual Report 2023/2024 to the Municipal Public Accounts Committee [MPAC] for consideration and to make recommendations to Council as contemplated in terms of Section 129(i) of the MFMA.

In terms of the Local Government: Municipal Structures Amendment Act, 2021, Section 79A (3)(c) which states that a Municipal Public Accounts Committee [MPAC] should "Initiate and develop the Oversight Report on annual reports contemplated in Section 129 of the Local Government: Municipal Finance Management Act".

3. ESTABLISHMENT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

During 2016, Beaufort West Municipal Council resolved to establish a Municipal Public Accounts Committee (MPAC) in terms of the provisions of the Local Government:

Municipal Structures Act (Act 117 of 1998) and the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) to serve as an Oversight Committee to exercise oversight over the executive obligations of Council, in terms of Local Government: Municipal Structures Amendment Act, 2021, Section 79A.

- (1) A municipal council must establish a committee called the Municipal Public Accounts Committee.
- (2) The mayor or executive mayor, deputy mayor or executive deputy mayor, any member of the executive committee, any member of the mayoral committee, speaker, whip and municipal officials are not allowed to be members of the Municipal Public Accounts Committee.
- (3) The municipal council must determine the functions of the Municipal Public Accounts Committee, which must include the following:
 - a) Review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
 - b) Review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;
 - c) Initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;
 - d) Attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a Councillor and the municipal manager; and
 - e) On its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.
- (4) Reports of the municipal public accounts committee must be submitted to the speaker who must table such reports in the next meeting of the municipal council.

The Municipal Public Accounts Committee constitutes of the following members:

PARTY	SURNAME	FULL NAMES	TITLE
Democratic Alliance [DA]	Meyers	Schaun Michell	Chairperson
GOOD	Essop	Sharifa	Deputy Chairperson
African National Congress [ANC]	Mdudumani	Lesley Boyce Jason	Member
Patriotic Alliance [PA]	Pietersen	Gideon	Member
Democratic Alliance [DA]	Links	Elvico	Member

4. MECHANISM FOR PUBLIC PARTICIPATION PROCESS

Immediately after the Annual Report was tabled in Council, the Accounting Officer in accordance with Section 21A of the Local Government: Municipal Systems Act 32 of

2000 made the Draft Annual Report Public. The following are mechanisms which were followed to ensure that the public viewing of the Draft 2023/2024 Annual Report was extensively published for public comments.

DATE	ACTIVITY
29 th January	The Draft Annual Report was uploaded on the Municipal Website and made available in Municipal Offices, Municipal Libraries and Municipal sites

5. SUMMARY OF COMMENTS ON THE DRAFT 2023/2024 ANNUAL REPORT

The Committee notes that the Annual Report on Performance does not adequately address the fact that the Municipality is under Financial Recovery Plan [FRP] and also fails to highlight the historical trend of non-compliance with the Auditor-General (AG) recommendations. Addressing these issues is critical to ensuring financial sustainability and improvising governance and accountability within the Municipality.

The Committee therefore raises the following findings: -

- 5.1 The current Performance Report lacks explicit reference to the Financial Recovery Plan [FRP] which is a crucial component in assessing the municipalities financial health and sustainability.
- 5.2 That history of inadequate adherence to the Auditor-General recommendations remains persistent challenge, potentially undermining governance and financial oversight.
- 5.3 There is no direct linkage between Senior Managements Key Performance Indicators (KPI's) and the Municipality's obligations to implement the Financial Recovery Plan [FRP] and the Auditor-General's Recommendations.

6. COMMENTS OF THE AUDITOR-GENERAL AND PROVINCIAL TREASURY

The Committee has noted that the comments of the Auditor-General [AG] were featured in the feature in the financial report.

The Draft Annual Report complies with Circular 63 of the MFMA as it contains the following:

CHAPTERS	DETAILS
01	Mayor's Foreword and Executive Summary
02	Governance
03	Service Delivery
04	Organizational Development Performance
05	Financial Performance
06	Audit General's Findings
07	Appendices and Volume: AFS

7. FINANCIAL STATEMENTS

Municipal Public Accounts Committee [MPAC] noted that the Auditor-Generals Audit Opinion remains the same as last financial year that of a qualified Audit Opinion

8. CONCLUSION

The Municipal Public Accounts Committee [MPAC] approves the Annual Report with reservations in order to ensure that the Auditor-General [AG]'s findings are systematically addressed. Furthermore, implementing these recommendations will reinforce accountability, enhance governance and promote financial stability within Beaufort West Municipality.

8. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 20TH MARCH 2025

Present:

Councillors:

SM Meyers [Chairperson], S Essop [Deputy Chairperson *Virtually*], LBJ Mduumani [*Virtually*] and E Links

In Service:

Municipal Manager [DE Welgemoed], **Director: Corporate Services** [AC Makendlana], **Director: Infrastructure Services** [L Nqotola], **Acting Director: Financial Services** [B Jacobs], **Senior Manager: Community Services** [MC Tshibo], **Internal Auditor** [R Naidoo] and **IDP Coordinator** [LP Lakay]

Apologies

Councillor G Petersen (apology)

Audit Committee:

Chairperson: Audit Committee [SS Nqwevu]

OVERSIGHT REPORT ON ANNUAL REPORT: 2023/2024 FINANCIAL YEAR: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

5/1/B

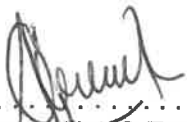
- 8.1 That Council approves the draft 2023/2024 Annual Report with reservations.
 - 8.1.1 That all Senior Managers KPI's must be adjusted to explicitly included responsibilities related to the implementation of the Financial Recovery Plan [FRP].
 - 8.1.2 That the KPI'S should measurably actions to address the resolve the findings raised by the Auditor-General [AG].
 - 8.1.3 That Performance reviews of Senior Managers should include assessment of their contribution towards compliance with the Financial Recovery Plan [FRP] and Implementation of Auditor-General [AG]'s recommendations.

- 8.1.4 That Performance Bonuses and incentives should be linked to the successful execution of these compliance measures.
- 8.1.5 That the Municipality should establish a structure monitoring mechanism to track progress in implementing Auditor-General [AG]'s recommendations and the Financial Recovery Plan [FRP] directives.
- 8.1.6 That the Quarterly Reports be represented to the Municipal Public Accounts Committee [MPAC] detailing corrective actions taken, challenges faced and mitigation strategies in place.
- 8.1.7 That training and awareness programmes be conducted for all relevant officials and financial Recovery Plan Strategies and Auditor-General [AG]'s compliance.
- 8.1.8 That a dedicated Oversight team should be appointed to regularly review adhere to these directives and provided necessary support where required.
- 8.2 That the Oversight Report be made public in accordance with Section 129 (3) of the MFMA.
- 8.3 That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the MFMA.

Signed by the Chairperson, Deputy Chairperson and Members of the Municipal Public Accounts Committee [MPAC]:-



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Councillor SM Meyers
[MPAC: Chairperson]



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Councillor S Essop
[Deputy Chairperson: MPAC]

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Councillor LBJ Mdudumani
[Member of MPAC]



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Councillor E Links
[Member of MPAC]