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**EXTRACT FROM THE MINUTES OF A SPECIAL COUNCIL MEETING HELD ON
FRIDAY, 28 JANUARY 2022, 10H00 AT THE SOLLY ESSOP COUNCIL
CHAMBERS, CONSTITUTION STREET, BEAUFORT WEST**

4.1 KONSEP JAARVERSLAG / DRAFT ANNUAL REPORT 2020/21 (10/1/1)

PURPOSE

The purpose of this item is to request Council approval for the 2020/21 Draft Annual Report.

LEGISLATIVE BACKGROUND

Section 121 (1) of the The Local Government: Municipal Financial Management Act No. 56 of 2003 (MFMA) stipulates that: -

- 1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with its guidelines. The council of a municipality must within nine months after the end of a 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."

DISCUSSION

The purpose of the annual report is to: -

- (a) Provide a record of the activities of the Central Karoo District Municipality during the 2020/21 financial year.
- (b) Provide a report on the performance against the budget of the municipality for the financial year reported on.



- (c) Promote accountability to communities for the decisions made throughout the year by the municipality

According to the MFMA the report should include the following: -

The annual financial statements of the municipality and consolidated annual financial statements submitted to the Auditor – General for audit in terms of section 126 (1) of the MFMA.

- (a) The report of the Auditor –General in terms of section 126 (3) of the MFMA and in accordance of section 45 of the Local Government Municipal Systems Act 32 of 2000 on the financial statements.
- (b) The annual performance report of the municipality as per section 45 (b) of the Local Government Municipal Systems Act 32 of 2000
- (c) Corrective action taken in response to issues raised in the audit reports of the Auditor – General.
- (d) Recommendations from the municipality's audit committee

RISKS

Non-compliance to legislative requirements resulting in audit findings and could result in a negative audit outcome.

RECOMMENDATION

That Council approves the Draft Annual Report.

The Municipal Manager greets everyone present. He mentions that the draft Annual Report and Audit report are part of the Annual Report. He adds that the Auditor-General requested that they brief Council on the Audit report because of the envisaged implications in the next circle of the audit for example, unauthorized, fruitless and wasteful expenditure as it will have implications in the Audit outcome.

He mentions that it is a new approach of the Auditor-General to present the Audit Report to all Municipalities. The Senior Manager, Mr. Ashiq Allie is deployed to the Central Karoo to present the Audit report which is part of the draft Annual Report.

Mr. Allie greets everyone and thanks Council and Management to be part of the meeting.

He mentions that although they interacted with PMAC over the years, they want to present the Audit report as part of the tabling process.

He refers Council to Appendix K, on page 101, on the draft Annual Report and congratulates the Municipality on the clean audit outcome for the 2nd year running. He apologized for the paragraphs numbers that disappeared.

Mr. Allie embarks on the report on the audit of the financial statements of the Municipality which is well done.

He furthermore also address the report on the audit of the annual performance which was based on the strategic objective 4 – *improve and maintain district roads and promote roads transport*.

He also highlights that there was no material finding on the objective for the period and no material matters to deal with.

He is of the view that he presents a clean audit outcome and that it is a very difficult task to sustain a clean audit outcome. He suggests that Council has to monitor matters at all times that could affect audit outcome. He refers to example compliance matters, etc.

He gives Council opportunity for any questions.

After no response for any questions, Mr. Allie left the meeting with permission of the Speaker.

Mrs. Koopman mentions that the draft Annual Report is prepared in terms of section 121 of the Municipal Financial Management Act and basically summarize Council's performance for the specific financial year, 2020-21.

She refers to the discussions yesterday in the strategic session in this regard and gives highlights of the importance for the tabling of the draft Annual Report for 2020/21.

Mrs. Koopman refers to chapter 3, the performance of the Municipality, outlined on page 30; which is also part of the Annual Performance Plan that has to be submitted by the 31 August of each year to the Auditor-General with the financial statements and I.D.P & Budget Process Plan.

Mrs. Koopman mentions that, as Council approves the draft document, it will still be open for comments and input.

On proposal of Cllr. N. Constable, seconded by Cllr. L. Mdudumani, Council unanimously approves the draft Annual Report 2020-21, without any reservations.

4.6 SECTION 52 QUARTERLY REPORT: Q2 (OCTOBER – DECEMBER 2021) (10/2/1/2)

The purpose of this item is to request Council approval for the Q2 Section 52 quarterly report.

LEGISLATIVE BACKGROUND

Section 52 (d) of the Local Government: Municipal Financial Management Act No. 56 of 2003 states: -

The Mayor of a Municipality

(d) must within 30 days of the end of each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the municipality.

DISCUSSION

The report is a summary of the main budget issues arising from the monitoring process. It compares the process of the budget to the projections contained in the Service Delivery Budget and Implementation Plan (SDBIP), and is intended to inform and enable the Council to fulfill its oversight responsibility.

RISKS

Non-compliance to legislative requirements resulting in audit findings.

RECOMMENDATION

That Council approves Q2 Quarterly Report.

Mrs. Koopman presents the section 52 report and mentions that the document is prepared in terms of section 52 of the MFMA that consists of the financial and non-financial performance of the Municipality for the specific quarter.

She refers to the summary on page 35 and highlights the Key Performance Area for the quarter. She embarks on the 2 key performance areas that are not met, namely capital expenditure and the WOSA spending, but is corrective measures to be included. Zero spending is indicated for the WOSA spending, but with consultation with the Acting CFO this morning, it stands on 15% spending which is still below the expected figure for the period.

On proposal of Cllr. N.Constable, seconded by Cllr. R. Skuza, Council unanimously approves the section 52 report for quarter 2.

**4.7 SECTION 72 REPORT: MID –YEAR BUDGET & PERFORMANCE ASSESSMENT.
(6/1/1/1)**

PURPOSE

The purpose of this item is to request Council approval for the Mid-Year Assessment: 2021-22

LEGISLATIVE BACKGROUND AND DISCUSSION

Section 72 (1) of the Local Government: Municipal Financial Management Act No. 56 of 2003 states that: -

The accounting officer of a municipality must, by 25 January of each financial year, assess the performance of the Municipality during the first half of the financial year and submit a report on such an assessment to the Mayor of the Municipality, the National Treasury and the relevant provincial treasury. The Mayor must in turn, comply with the provisions of Section 54, which includes submitting the report to Council by 31 January of each year.

This report encompasses the period of July 2021 – December 2021.

RISKS

Non-compliance to legislative requirements resulting in audit findings and negative audit outcome.

RECOMMENDATION

That Council approves the Mid –Year Assessment Report.

The Executive Mayor, Cllr. J. Botha presents the report to Council.

Cllr. Constable mentions that the report is compulsory and understandable. He raises a clarity question in terms of the 1% variant the R54 million and enquires what it entails.

Mr. de Bruyn explains the reason for the 1,39% variant and states that it is merely an estimate figure.

He suggests that, during the Adjustment Budget workshop, Council unpacks the different types of expenditure and a presentation be done on the performance against the budget.

On proposal of Cllr. N. Constable, seconded by Cllr. T. Prince, Council unanimously approves the Section 72 Mid-Year Assessment report.