



**SPECIAL MEETING OF THE COUNCIL**

**SPEZIALE VERGADERING VAN DIE RAAD**

**INTLANGANISO EKHETHEKILEYO YEBHUNGA**

**A G E N D A**

**I-AJENDA**

**DATE / DATUM / UMHLA : 22 JANUARY / JANUARIE /  
JANYUWARI 2020**

**VENUE / PLEK / INDAWO : BANQUETING HALL /  
BANKETSAAL**

**CIVIC CENTRE / BURGERSENTRUM / IZIKO LOLUNTU  
HERMANUS**

**TIME / TYD / IXESHA : 11:00**

# **MUNISIPALITEIT OVERSTRAND MUNICIPALITY**

Office of the Municipal  
Manager  
Municipal Offices  
HERMANUS

17 January / Janurie / Janyuwari 2020

## **NOTICE TO ALL ALDERMEN & COUNCILLORS**

### **SPECIAL MEETING OF THE OVERSTRAND MUNICIPAL COUNCIL**

**NOTICE IS HEREBY GIVEN** that a **SPECIAL MEETING** of the **OVERSTRAND MUNICIPAL COUNCIL** will be held in the **Banqueting Hall, Civic Centre, Hermanus**, on **Wednesday, 22 January 2020** at **11:00** to consider the business set forth in the subjoined agenda.

*The attention of Councillors is directed to the Code of Conduct for Councillors and Municipal Officials, Schedules 1 & 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).*

**C GROENEWALD**  
**MUNICIPAL MANAGER**

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## **KENNISGEWING AAN ALLE RAADSHERE & RAADSLEDE**

### **SPESIALE VERGADERING VAN DIE OVERSTRAND MUNISIPALE RAAD**

**KENNIS WORD HIERMEE GEGEE** dat 'n **SPESIALE VERGADERING** van die **OVERSTRAND MUNISIPALE RAAD** gehou sal word in die **Banketsaal, Burgersentrum, Hermanus**, op **Woensdag, 22 Januarie 2020** om **11:00** om die sake op meegaande sakelys te bespreek.

*Raadslede se aandag word gevestig op die Gedragskode vir Raadslede en Munisipale Beamptes, Bylae 1 & 2 van die Wet op Plaaslike Regering : Munisipale Stelsels, 2000 (Wet 32 van 2000).*

**C GROENEWALD**  
**MUNISIPALE BESTUURDER**

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## **ISAZISO ESIYA KUBO BONKE OOCEBAKHULU NOOCEBA**

### **INTLANGANISO EKHETHEKILEYO YEBHUNGA LIKAMASIPALA WE-OVERSTRAND**

**OKU KUKWAZISA** ukuba **INTLANGANISO EKHETHEKILEYO YEBHUNGA**, eza kuba **se Banqueting Hall, kwiZiko LoLUNTU, eHermanus ngoLwesithathu, Umhla we 22 Janyuwari 2020 ngeye-11:00** ukuqwalasela imicimbi ekule ajenda iqhotyoshelwe apha.

*OoCeba bayacelwa ukuba baqwalasele isikhokelo sokuziphatha sooCeba namaGosa kamasipala, amaXwebhu 1 & 2 kaRhulumente wooMasipala: uMthetho weeNkqubo zikaMasipala, 2000 (UMthetho 32 wowama-2000).*

**C GROENEWALD**  
**LOMPHATHI KAMASIPALA**

**AGENDA/...**

- 1. OPENING**
  
- 2. APPLICATIONS FOR LEAVE OF ABSENCE**
  
- 3. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE  
SPEAKER / EXECUTIVE MAYOR**

**4. CONSIDERATION OF RECOMMENDATIONS MADE BY THE EXECUTIVE MAYOR TO COUNCIL, IN TERMS OF SECTION 160(2) OF THE CONSTITUTION, 1996, AND SECTION 59(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)**

**REMARK**

Please note that the following recommendations contained in this agenda are subject to confirmation or amendment by the Executive Mayor in view of the fact that the **compilation of the Special Council agenda** was done before the Special Mayoral Committee of 22 January 2020 had formally sat.

**4.1**

**MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM) POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) FOR NOVEMBER 2019**

**(ITEM 4, PAGE 1 : SPECIAL MAYORAL COMMITTEE MEETING : 22 JANUARY 2020)**

**RECOMMENDATION TO THE COUNCIL:**

1. that the deviations from the procurement processes, approved in terms of the delegated authority for November 2019, **be noted**; and
2. that the awards made in terms of Paragraph 16(1)(b) and 17(1)(c), approved in terms of the delegated authority for November 2019, **be noted**.

**RESPONSIBLE OFFICIAL :**

**C LE ROUX**

**TARGET DATE FOR IMPLEMENTATION :**

**TO BE NOTED**

## 4.2

**MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM)  
POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) FOR DECEMBER 2019**

**(ITEM 5, PAGE 6 : SPECIAL MAYORAL COMMITTEE MEETING :  
22 JANUARY 2020)**

**RECOMMENDATION TO THE COUNCIL:**

1. that the deviations from the procurement processes, approved in terms of the delegated authority for December 2019, **be noted**; and
2. that the awards made in terms of Paragraph 16(1)(b) and 17(1)(c), approved in terms of the delegated authority for December 2019, **be noted**.

**RESPONSIBLE OFFICIAL :****C LE ROUX****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

**4.3**

**SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT – 2019/2020:  
2<sup>nd</sup> QUARTER: 01 OCTOBER 2019 – 31 DECEMBER 2019**

**(ITEM 6, PAGE 11 : SPECIAL MAYORAL COMMITTEE MEETING :  
22 JANUARY 2020)**

**RECOMMENDATION TO THE COUNCIL:**

that the activities undertaken and outcomes achieved in the implementation of the Overstrand Municipality's Supply Chain Management Policy for the 2<sup>nd</sup> Quarter of 2019/2020 **be noted**.

**RESPONSIBLE OFFICIAL :****C LE ROUX****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

**4.4**

**QUARTERLY BANK ACCOUNT WITHDRAWALS IN TERMS OF SECTION 11(4) OF THE MFMA FOR THE QUARTER ENDED DECEMBER 2019**

**(ITEM 7, PAGE 25 : SPECIAL MAYORAL COMMITTEE MEETING : 22 JANUARY 2020)**

**RECOMMENDATION TO THE COUNCIL:**

that the consolidated quarterly report in respect of Bank Account Withdrawals in terms of Section 11(4) of the MFMA for the quarter ended December 2019, **be noted**.

**RESPONSIBLE OFFICIAL :****BA KING****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

**4.5****BUDGET REPORT FOR THE QUARTER ENDED DECEMBER 2019****(ITEM 8, PAGE 28 : SPECIAL MAYORAL COMMITTEE MEETING :  
22 JANUARY 2020)****RECOMMENDATION TO THE COUNCIL:**

that the budget report for the quarter ended December 2019, prepared as part of the financial reporting obligations arising from the Local Government: Municipal Finance Management Act, 2003 and additional information, **be noted**.

**RESPONSIBLE OFFICIAL :****BA KING****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

4.6

**MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR DECEMBER 2019**

**(ITEM 9, PAGE 88 : SPECIAL MAYORAL COMMITTEE MEETING : 22 JANUARY 2020)**

**RECOMMENDATION TO THE COUNCIL:**

that the Mid-Year Budget and Performance Assessment Report **be noted**.

**RESPONSIBLE OFFICIAL :**

**BA KING**

**TARGET DATE FOR IMPLEMENTATION :**

**TO BE NOTED**

## 4.7

**REPORT ON THE PROPOSED 4th ADJUSTMENTS BUDGET FOR 2018/2019  
(SPECIAL ADJUSTMENTS BUDGET)****(ITEM 10, PAGE 141 : SPECIAL MAYORAL COMMITTEE MEETING :  
22 JANUARY 2020)****RECOMMENDATION TO THE COUNCIL:**

1. that, in terms of section 28(2)(g) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the 4<sup>th</sup> Adjustments Budget for 2018/2019 **be approved**, in order to address unauthorised expenditure incurred, amounting to R24 396 571 in respect of capital expenditure, as set out in the following schedules:

- Schedule 1:** Budgeted financial performance (revenue & expenditure by municipal vote)  
**Schedule 2:** Budgeted financial performance (revenue by source & expenditure by type)  
**Schedule 3:** Budgeted multi-year capital appropriations by standard classification (vote) and associated funding by source  
**Schedule 4:** Budgeted financial position  
**Schedule 5:** Budgeted cash flow  
**Schedule 6:** Cash backed reserves and acc. surplus reconciliation  
**Schedule 7:** Asset management  
**Schedule 8:** Basic service delivery measurement

2. that the following schedules **be noted**:

- Schedule 9:** Budgeted financial performance (revenue & expenditure by standard classification)  
**Schedule 10:** Budgeted capital appropriations by municipal vote

**RESPONSIBLE OFFICIAL :**

**BA KING**

**TARGET DATE FOR IMPLEMENTATION :**

**TO BE NOTED**

4.8

**SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) :  
SECOND QUARTERLY REPORT: OCTOBER – DECEMBER 2019**

**(ITEM 11, PAGE 213 : SPECIAL MAYORAL COMMITTEE MEETING :  
22 JANUARY 2020)**

**RECOMMENDATION TO THE COUNCIL:**

that the content of the report for the second quarter of the 2019/20 financial year on the top level Service Delivery and Budget Implementation Plan **be noted**.

**RESPONSIBLE OFFICIAL :****R LOUW****TARGET DATE FOR IMPLEMENTATION :****27 JANUARY 2020**

**5. CONSIDERATION OF REPORTS****5.1****SUBMISSION OF THE DRAFT AUDITED ANNUAL REPORT FOR THE FINANCIAL YEAR 2018/19**

5/15/1/1

R Louw

13 December 2019

Senior Manager: Strategic Services

(028) 313 8071

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**1. Executive Summary**

The purpose of this report is to present the draft audited Annual Report, for the 2018/19 financial year to Council.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Management Services  
Strategic Services

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

None

**5. Legal Requirements**

Section 46 of the Municipal Systems Act 2000 (Act 32 of 2000)  
Section 121 of the Municipal Finance Management Act (MFMA) (Act 56 of 2003)

**6. Background/Discussion/Evaluation/Conclusion****Background**

In terms of the above legislation a Municipality must prepare an annual report for each financial year. Some of the key purposes of the annual report are:

- to provide a record of the activities of the municipality or entity
- to provide a report on performance in service delivery and budget implementation

- to provide information that supports the revenue and expenditure decisions made
- to promote accountability to the local community for decisions made.

The annual report provides an authoritative record of the activities and performance of the municipality for each financial year. In time it will serve as a key historical record on the municipality, revealing its progress, growth and development of municipal services and performance.

The MFMA requires that the annual report of a municipality must inter alia include the following:

- the annual financial statements
- the Auditor-General's audit report on the financial statements
- any explanations that may be necessary to clarify issues in connection with the financial statements
- an assessment by the accounting officer on any arrears on municipal taxes and service charges
- particulars of any corrective action taken or to be taken in response to issues raised in the audit reports
- other information as determined by the municipality or as may be prescribed
- any recommendations of the audit committee.

The format of the consolidated report is as follows:

Chapter 1: Mayor's Foreword and Executive Summary  
 Chapter 2: Governance  
 Chapter 3: Service Delivery Performance  
 Chapter 4: Organisational Development Performance  
 Chapter 5: Financial Performance  
 Chapter 6: Auditor-General Findings

National Treasury in September 2012 issued MFMA Circular 63- Annual Report-update that amongst other aims to expedite the timelines for producing the Annual Report.

*Circular 63 states:*

***“Timelines for producing the Annual Report***

*The Annual Report of a municipality and every municipal entity must be tabled in the municipal council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of Councils, please note that this must be interpreted as an outer deadline; hence municipalities must*

*submit the Annual Reports as soon as possible after year end, namely, August. The entire process is concluded in the first or second week of December for all municipalities, the same year in which the financial year ends and not a year later, as is currently the case. The activities, implications, process/role-player and timeframes are described below for ease of reference and implementation. It is expected that effective management of performance will also result from this change.*

<b>Activity</b>	<b>Legislation and Guidance</b>	<b>Process Owner Role Player</b>	<b>Timeframe</b>
Consideration of next financial year's Budget and IDP process plan. In-year reporting formats should ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the beginning of the Budget / IDP implementation period	MSA S41(1)(e)	MM Assisted by other s56 managers & the CFO	July
Implementation and monitoring of approved Budget and IDP through the approved SDBIP commences (In-year financial reporting and quarterly performance reports).	MSA S41(1)(e)	MM Assisted by other s56 managers & The CFO	
Finalise 4th quarter report of previous financial year	MFMA S52(d)	MM Assisted by other s56 managers & CFO	
Submit draft previous financial year Annual Report and evidence to Internal and the Auditor General including annual financial statements and financial and non-financial information <sup>1</sup> .	Submission of annual financial statements as per section 126(1) of the MFMA. Additional step, a draft Annual Report is prepared.	MM & CFO	
Municipal entities submit draft Annual Reports to MM.	Annual Performance report needs to be included as per section 46 of the MSA.	Entity AO & CFO	
Submit Annual Report including annual financial statements and Annual Performance Report to	Joint Committee assessing both financial and non-	MM & CFO	

<b>Activity</b>	<b>Legislation and Guidance</b>	<b>Process Owner Role Player</b>	<b>Timeframe</b>
the Combined Audit/Performance Committee.	financial performance advances		
Combined Audit/Performance committee considers unaudited Annual Report of municipality and entities (where relevant).	accountability and expedites corrective measures	Audit and Performance Audit Committee	
Mayor tables the unaudited Annual Report in Council	The Annual Report submitted complies with the requirements of Section 121(3)(a-k). Information on pre-determined objectives to be included. Note that it is unaudited and will not include any of the Auditor-Generals reports as the auditing thereof will still be in progress. (Municipalities with Municipal entities to submit a consolidated Unaudited Annual Report by September)	Mayor CFO	August
Municipality submits Annual Report including final annual financial statements and annual performance report to Auditor-General for auditing purposes – due 31 August. Council to submit unaudited tabled annual report to MPAC for vetting and verification of councils' directive on service delivery & the committee to evaluate senior managers' performance against agreement entered into			
Commencement of IDP analysis of institutional, services and infrastructure provision, backlogs and priorities. Unaudited Annual Report as submitted to Auditor-General to be used as input into the IDP strategic phase process and community verification & input by MPAC on reported performance. Such information includes that of various entities incorporated into the information of the parent entity.	If the above process is followed, the unaudited Annual Report can add value to the IDP/Budget planning process for the next year as well as oversight by MPAC on the reported deliverables by communities and achievements targets reached.	Council	

<b>Activity</b>	<b>Legislation and Guidance</b>	<b>Process Owner Role Player</b>	<b>Timeframe</b>
Auditor-General audits the unaudited Annual Report and submit an audit report to the accounting officer for the municipality / municipal entity.	Section 126(3)(b) require the Auditor-General to submit an audit report within three months after receipt of statements from the municipality.	Auditor-General	November for municipalities without entities & December for municipalities with entities
Annual Report and oversight report process for adoption to be used as input into public participating meetings for the IDP review process.	Section 127,128,129 and 130	Council	September November
The Auditor-General's reports are issued during the period of Oct/Nov. Once the AG audit reports have been issued no further changes are allowed as the audit process is completed	Section 129, 130 and 131. Tabling the audited Annual Report within 5 or 6 months after the end of the financial year. Section 75 for publication on website.	MM	November/ December
Mayor tables audited Annual Report and financial statements to Council		Mayor	
Audited Annual Report is made public, e.g. posted on municipality's website.		IT Director Accounting officer	
Oversight committee finalises assessment on Annual Report. This must be concluded within 7 days of receipt of AGs report. Council is expected to conclude on this matter before going on recess in December.			
Council adopts Oversight report.	The entire process, including oversight reporting and submission to provincial legislators is completed in December and not in March the following year.	Council	December
Oversight report is made public.		MM	
Oversight report is submitted to Legislators, Treasuries and DCoG		Mayor	

*Extract, MFMA Circular 63, September 2012*

Circular 63 addresses the need to streamline the Annual Report process by municipalities and municipal entities. In future, all municipalities and municipal entities are required to prepare and submit their draft Annual Reports to the Auditor-General by 31 August each year. Municipalities are encouraged to implement or phase-in the requirements of the new Annual Report by 2013/14 financial year.

### **Discussion**

The draft unaudited annual report for 2018/19 was submitted to the Auditor-General on 30 August 2019 with the financial statements.

Apart from all the matters addressed in the draft, it is noteworthy that the Municipality once again (now for the seventh consecutive year) received a "Clean Audit" (unqualified audit outcome with no findings) from the Auditor-General.

The document presented now is the draft audited annual report for 2018/19.

### **7. Financial Implications**

Not applicable

### **8. Staff Implications**

Report complied in-house.

### **9. Comments from other Departments, Divisions and Administrations**

Information was requested from various officials for the compilation of this document.

### **10. Annexures**

Annexure A: CD copy: Draft audited Annual Report for 2018/19 **to be tabled**

### **RECOMMENDATION TO THE COUNCIL:**

1. that the tabling of the 2018/19 draft audited Annual Report by die Executive Mayor, **be noted**;
2. that the draft audited Annual Report **be made public** immediately after the tabling in Council; and

3. that the local community **be invited** to submit representations in connection with the draft annual report.

**RESPONSIBLE OFFICIAL :**

**R LOUW**

**TARGET DATE FOR IMPLEMENTATION :**

**30 JANUARY 2020**