



**REPORT TO COUNCIL**

**DATE : 25 MARCH 2015**

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- 1 **ITEM NUMBER: C 32/03/15**
- 2 **OVERSIGHT REPORT IN RESPECT OF THE CITY OF CAPE TOWN 'S 2013/14 ANNUAL REPORT**

**TOESIGVERSLAG OOR DIE STAD KAAPSTAD SE 2013/14 JAARVERSLAG**

**INGXELO YOKUBEKLISO NGOPHATHELELE KWINGXELO YONYAKA KA 2013/14 YESIXEKO SASEKAPA**

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- 3 **RECOMMENDATION FROM THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 10 MARCH 2015 (MPAC 05/03/15)**

**RECOMMENDED that:**

- a) Council, having fully considered the 2013/14 annual report of the municipality and representations thereon, adopts the oversight report and approves the annual report without reservations;
- b) The resolutions in annexure "A" be supported for action and, where applicable, be referred to the relevant Portfolio Committees and that feedback, where applicable, be provided to the MPAC.

**AANBEVELING VAN DIE MUNISIPALE KOMITEE OOR OPENBARE REKENINGE : 11 MAART 2015( MPAC 07/03/15)**

**AANBEVEEL dat:**

- a) Die Raad, nadat die 2012/13-jaarverslag van die munisipaliteit en verhoë daarvoor deeglike oorweeg is, die toesigverslag aanneem en die jaarverslag sonder voorbehoud goedkeur;
- b) Die resolusies in bylae "A" vir aksie gesteun word en, waar toepaslik, na die betrokke portefeuljekomitees verwys word en dat terugvoering, waar toepaslik, aan die munisipale komitee oor openbare rekeninge (MPAC) gegee word.

**ISINDULULO SEKOMITI KAMASIPALA ENJONGENE NEE AKHAWUNTI ZOLUNTU : 10 MATSHI 2015 (MPAC 07/03/15)**

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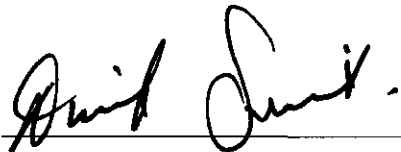
- a) IBhunga, lakuba liqwalasele ngokuzeleyo ingxelo kamasipala yonyaka ka-2013/14 kwanezingxengxezo ezingeniswe ngayo, malamkele ingxelo yokubek'iliso lize liphumeze ingxelo yonyaka ngaphandle kwemiqathango.
- b) Makuxhaswe izigqibo ezikwisihlomelo A ukwenzela ukuthatha inyathelo kwayeapho kufanelekileyo mazidluliselwe kwiiKomiti zeMicimbi zamaSebe ezifanelekileyo kwaye ingxelo ebuyayo,apho kufanelekileyo,zinikezelwe kwiMPAC.



**CHAIRPERSON: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE:**

NAME **COUNCILLOR S MXOLOSE**  RECOMMENDED  
 REFUSED  
 DATE 12/03/2015  REFERRED BACK  
 COMMENT:

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**SPEAKER: ALDERMAN JD SMIT**

RECOMMENDED  
 REFUSED  
 REFERRED BACK  
 DATE 13/03/2015  
 COMMENT:

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REPORT TO MPAC  
REPORT TO COUNCIL

DATE

LC12699

1. ITEM NUMBER : **MPAC 07/03/14**

2. SUBJECT

**OVERSIGHT REPORT IN RESPECT OF THE CITY OF CAPE TOWN'S 2013/14 ANNUAL REPORT**

**ONDERWERP**

**TOESIGVERSLAG OOR DIE STAD KAAPSTAD SE 2013/14-JAARVERSLAG**

**ISIHLOKO**

**INGXELO YOKUBEK' ILISO NGOKUPHATHELELE KWINGXELO YONYAKA KA-2013/14 YESIXEKO SASEKAPA**

**LSU F0821**

3. STRATEGIC INTENT

The Strategic Focus Areas of the City are contained in the City's Integrated Development Plan and are categorised into the following five pillars:

- Opportunity City
- Safe City
- Caring City
- Inclusive City
- Well-run City

The City of Cape Town's vision includes serving the citizens of Cape Town as a well-governed and corruption-free administration. MPAC, as the mechanism through which Council exercises oversight over the expenditure of public money, aligns itself to the City's "Well-run City" strategic focus area with particular reference to:

- Objective 5.1: Ensure a transparent government, and work towards eradicating corruption
- Programme 5.1(a): Transparent government (oversight) programme



#### 4. PURPOSE

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To enable the Municipal Public Accounts Committee (MPAC) to discharge its oversight responsibility in considering the 2013/14 annual report of the City of Cape Town in terms of Section 129 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA).

#### 5. FOR DECISION BY

- This report is for decision by:
- Council

#### 6. EXECUTIVE SUMMARY

In terms of Delegation 1(2) of Part 24 of the Council approved System of Delegations (vide item C 47/01/14, last amended 28 January 2015 vide item C 36/01/15), MPAC must consider the City of Cape Town (CCT) and its municipal entity's annual report in order to perform the oversight function as prescribed by section 129 of the MFMA.

MPAC considered the 2013/14 annual report of the CCT and raised matters of concern with the City Manager and the Executive Management Team at a meeting on 17 February 2015. Outstanding comments and resolutions from the oversight process are contained in the schedule attached as **Annexure "A"**.

#### 7. RECOMMENDATIONS

Not delegated: for decision by Council:

It is recommended that:

- (a) Council, having fully considered the 2013/14 annual report of the municipality and representations thereon, adopts the oversight report and approves the annual report without reservations.
- (b) The resolutions in annexure "A" be supported for action and, where applicable, be referred to the relevant Portfolio Committees and that feedback, where applicable, be provided to the MPAC.

#### AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat:

- (a) Die Raad, nadat die 2012/13-jaarverslag van die munisipaliteit en vertoë daarvoor deeglike oorweeg is, die toesigverslag aanneem en die jaarverslag sonder voorbehoud goedkeur.

- (b) Die resolusies in bylae "A" vir aksie gesteun word en, waar toepaslik, na die betrokke portefeuljekomitees verwys word en dat terugvoering, waar toepaslik, aan die munisipale komitee oor openbare rekeninge (MPAC) gegee word.

## IZINDULULO

### Azigunyaziswanga: isigqibo seseBhunga:

Kundululwe ukuba:

- (a) IBhunga, lakuba liqwalasele ngokuzelayo ingxelo kamasipala yonyaka ka-2013/14 kwanezingxengxezo ezingeniswe ngayo, malamkele ingxelo yokubek' iliso lize liphumeze ingxelo yonyaka ngaphandle kwemiqathango.
- (b) Makuxhaswe izigqibo ezikwisihlomelo A ukwenzela ukuthatha inyathelo kwaye apho kufanelekileyo mazidluliselwe kwiiKomiti zeMicimbi zamaSebe ezifanelekileyo kwaye ingxelo ebuyayo,apho kufanelekileyo,zinikezelwe kwiMPAC.

## 8. DISCUSSION/CONTENTS

In terms of Delegation 1(2) of Part 24 of the Council approved System of Delegations MPAC is the oversight committee as envisaged by section 129 of the MFMA and MFMA Circular No. 32 of March 2006 (The Oversight Report) issued by National Treasury. Although this circular has not been adopted by Council the following principles are applied:

- The MFMA gives Council a number of financial management tasks to fulfil its oversight role. The adoption of an "Oversight Report" is one such task.
- The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the Council to consider the annual reports of its municipality and municipal entities and to adopt an "oversight report" containing the Council's comments on each annual report.
- The oversight report 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.
- It is recommended that Councils consider the establishment of an oversight committee under sections 33 and 79 of the Municipal Structures Act 1998.
- Assistance from the municipality's Audit Committee in the review process is also recommended as a major source of independent specialist advice.
- All meetings of Council and the oversight committee at which an annual report is considered must be open to the public and a reasonable time must be allowed for discussion of any written submissions received and for members of the community and organs of state to address the meetings.
- In order to approve the annual report without reservations, Council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality and properly accounts for the actions of the municipality in the financial year reported upon.
- Should the Council have reservations on any matter in the report then these reservations should be outlined in the oversight report and the executive and

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administration should address these as determined by council.

MPAC considered the 2013/14 Annual Report of the CCT and raised matters of concern with the management of the CCT at a meeting on 30 January 2015. Outstanding Comments and Resolutions from the MPAC Oversight Process in respect of the CCT's 2013/14 Annual Report are contained in the schedule attached as **Annexure "A"**. Outstanding Comments and Resolutions from the MPAC Oversight Process (30 January 2015, 17 February 2015 and comments stemming from the meeting on 10 March 2015) in respect of the CCT's 2013/14 Annual Report are contained in the schedule attached as **Annexure "B"**. Relevant comments and resolutions made by the Portfolio Committees, Subcouncils and public are contained in a schedule attached as **Annexure "C"**. Public comments were accommodated at the Subcouncil meetings during February 2015, provided the member of the public reserved a timeslot. The Audit Committee report is attached as **Annexure "D"**.

The CCT's Annual Report was tabled at the Council meeting on 28 January 2015. The Oversight Report must therefore be tabled at the Council meeting of 25 March 2015 as required by section 129 of the MFMA.

### **8.1. Constitutional and Policy Implications**

In terms of section 129 of the MFMA the City must consider the annual report of the municipality and its municipal entities, as prescribed by section 127 of the MFMA, and adopt an oversight report two months from the date when the annual report was tabled in the Council.

MPAC is the mechanism through which Council exercises oversight over the expenditure of public money in terms of section 79 of the Local Government: Municipal Structures Act, Act 117 of 1998.

MPAC's delegations are defined in Part 24 of the City's System of Delegations as adopted by Council on 29 January 2014 (as per section 59 of the Local Government: Municipal Systems Act, Act 32 of 2000).

### **8.2. Sustainability Implications**

Does the activity in this report have any sustainability implications for the City?      No       Yes

### **8.3. Legal Implications**

#### Section 127(2) of the MFMA

The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

Section 129 of the MFMA

The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the 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.

Section 79(1) of the Municipal Structures Act

A municipal council 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.

Section 79(2)(b) of the Municipal Structures Act

The municipal council may delegate duties and powers to it in terms of section 32.

Section 59(1) of the Municipal Systems Act

A municipal council must develop a system of delegation that will maximise administrative and operational efficiency and provide for adequate checks and balances.

Delegation 1(2) of Part 24 of the Council approved System of Delegations

In terms of the delegations MPAC must consider and evaluate the City's Annual Report, and the Annual Report of any municipal entity under the City's sole or shared control, and as an oversight committee make recommendations to Council when it adopts the oversight report related to the annual report in terms of section 129 of the Municipal Finance Management Act.

**8.4. Staff Implications**

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No

Yes

**8.5. Other Services Consulted**

- City Manager and the Executive Management Team
- Portfolio Committees and Subcouncils
- Office of the Auditor-General
- Audit Committee

**ANNEXURES**

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Annexure "A": Minutes of the MPAC meeting held on 17 February 2015 (MPAC 03/03/15)

Annexure "B": Outstanding Comments and Resolutions from the MPAC Oversight Process Meetings 30 January 2015, 17 February 2015 and 10 March 2015 in respect of the City of Cape Town's 2013/14 Annual Report

Annexure "C": Comments from the Portfolio Committees, Subcouncils and the Public

Annexure "D": Report from the Audit Committee (MPAC 07/02/15)

**FOR FURTHER DETAILS CONTACT:**

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<b>DIRECTORATE</b>	Compliance and Auxiliary Services
<b>FILE REF NO</b>	
<b>SIGNATURE: ACTING CHIEF AUDIT EXECUTIVE</b>	<i>[Signature]</i>

*[Signature]*

**MPAC CHAIRPERSON**

COMMENT:

NAME COUNCILLOR W S MXOLOSE

DATE 24/02/2015

*[Signature]*

**LEGAL COMPLIANCE**

REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

NON-COMPLIANT

NAME Sarah van Zyl

TEL 021 400 5446

DATE 24.02.2015

Comment:

Certified as legally compliant:  
Based on the contents of the report. *[Signature]*



*C. Skelton*

**EXECUTIVE DIRECTOR: COMPLIANCE AND  
AUXILIARY SERVICES** *ACTING*

SUPPORTED FOR ONWARD SUBMISSION  
TO MAYOR  / MAYCO  / COUNCIL

NAME ~~GRAS~~ *G. S. KENHARDT*

NOT SUPPORTED

DATE *27/02/2015*

REFERRED BACK

COMMENT:

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