

**CAPE WINELANDS DISTRICT MUNICIPALITY**

**MINUTES OF A VIRTUAL COUNCIL MEETING OF THE CAPE WINELANDS DISTRICT MUNICIPALITY HELD ON THURSDAY, 27 MAY 2021 AT 11:07 VIA MICROSOFT TEAMS**

**PRESENT**

**(3/2/1/2)**

**COUNCILLORS**

Ald. C. Meyer (Speaker)  
Ald. (Dr.) H. von Schlicht (Executive Mayor)  
Cllr. D. Swart (Deputy Executive Mayor)  
Cllr. W.M. Blom  
Cllr. N.M. Bushwana  
Cllr. G.J. Carinus  
Ald. A. Crombie  
Cllr. C. Damens  
Cllr. P. Daniëls  
Ald. J.J. du Plessis  
Cllr. R. du Toit  
Cllr. A. Florence  
Cllr. G.J. Fredericks  
Cllr. D.D. Joubert  
Cllr. X. Kalipa  
Cllr. M.T. Klaas  
Cllr. J. Kriel  
Cllr. L. Landu  
Cllr. S.S. Magqazana  
Cllr. Z.L. Masoka  
Cllr. J.S. Mouton  
Cllr. L.W. Niehaus  
Cllr. B.B. Ntshingila  
Cllr. E. Qhankqiso  
Cllr. L.N. Qoba  
Cllr. P.C. Ramokhabi  
Cllr. S.C. Rens  
Cllr. L.S. Sambokwe  
Cllr. N.D. Sauerman  
Ald. J.W. Schuurman  
Cllr. A.J. Shibili  
Cllr. J. Smit  
Cllr. D.R.A. Snyders  
Cllr. C. Steyn  
Cllr. N. Tetana  
Cllr. J.J. van Rooyen  
Cllr. J.D.F. van Zyl  
Cllr. W. Vrolick  
Cllr. T.M. Wehr

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**ABSENT**

Cllr. R.S. Nalumango

**OFFICIALS**

Mr. H.F. Prins (Municipal Manager)  
Ms. F.A. du Raan-Groenewald  
Mr. F. van Eck  
Mr. P.A. Williams  
Ms. K. Smit  
Ms. B.T. Daries  
Mr. M.J. Lesch  
Ms. G.C.N. Gilbert  
Mr. C.J.M. Arangie  
Ms. W.M. Neethling  
Ms. N. Sigwela  
Ms. N.J. Fortuin  
Ms. E.J. Otto  
Ms. R.A. Leo  
Ms. J. Swanepoel  
Mr. R. Zeelie  
Ms. A.C. Roodt  
Ms. C.B. Potgieter  
Mr. D.A. Heath  
Ms. I. Willemse

<b>C.1</b>	<b>OPENING</b>	<b>(3/2/1/2)</b>
<b>R.1</b>	<b>OPENING</b>	<b>(3/2/1/2)</b>
<b>C.1</b>	<b>UKUVULA</b>	<b>(3/2/1/2)</b>

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The Speaker welcomed all present and requested all present to bow their heads for a moment of silence.

Councillor G.J. Carinus opened the meeting with prayer.

- C.15.3 DRAFT ANNUAL REPORT FOR 2019/2020 OF THE CAPE WINELANDS DISTRICT MUNICIPALITY AND DRAFT OVERSIGHT REPORT FOR THE 2019/2020 FINANCIAL YEAR (3/2/5/5, 5/1/1/13 & 9/1/1)**
- R.15.3 KONSEP-JAARVERSLAG VIR 2019/2020 VAN DIE KAAPSE WYNLAND DISTRIKSMUNISIPALITEIT EN KONSEP-OORSIGVERSLAG VIR DIE 2019/2020 FINANSIËLE JAAR (3/2/5/5, 5/1/1/13 & 9/1/1)**
- C.15.3 INGXELO YONYAKA EYILWAYO YOWAMA-2019/2020 YOMASIPALA WESITHILI SASECAPE WINELANDS KUNYE NENGXELO YOKONGAMELA EYILWAYO ELUNGISELELWE UNYAKA-MALI WAMA-2019/2020 (3/2/5/5, 5/1/1/13 & 9/1/1)**
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### **PURPOSE OF SUBMISSION**

That Council consider to approve the draft Annual Report for 2019/2020 of the Cape Winelands District Municipality and the draft Oversight Report for the 2019/2020 financial year.

### **DOEL VAN VOORLEGGING**

Dat die Raad oorweging daaraan skenk om die konsep-Jaarverslag vir 2019/2020 van die Kaapse Wynland Distriksmunisipaliteit en die konsep-Oorsigverslag vir die 2019/2020 finansiële jaar goed te keur.

### **INJONGO YONGENISO**

Yeyokokuba iBhunga licamngce ngokwamkela iNgxelo yoNyaka eyilwayo yowama-2019/2020 yoMasipala wesiThili saseCape Winelands kunye neNgxelo yokoNgamela eyilwayo yonyaka-mali wama-2019/2020.

### **BACKGROUND**

The draft Annual Report 2019/2020 is tabled in terms of sections 121 and 127 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), section 121(2), states that the purpose of the draft Annual Report is to provide a record of activities of Council during the financial year, and to provide a report on the performance against the budget for the financial year and to promote accountability to the local community for the decisions made throughout the year.

At Item C.14.1 of 25 March 2021 Council resolved that cognisance be taken of the draft Annual Report 2019/2020.

## COMMENT

National Treasury's MFMA Circular No 104 dated 7 August 2020 was provided to all municipalities to provide information pertaining to the Ministerial Exemption issued in terms of section 171(1)(b) of the MFMA.

The Minister of Finance exempted municipalities and municipal entities from submitting key reports. The notice allows for a two-months' delay in the submission of Annual Financial Statements, Annual Reports, Audit Opinions, Oversight Reports and associated processes.

This exemption flows from the Minister of Cooperative Governance and Traditional Affairs' announcement of the National State of Disaster in order to enable government to manage the spread of the COVID-19 virus. Following the initial announcements of the National State of Disaster, subsequent extensions and different levels were communicated.

The reason for this Ministerial exemption is to mitigate anticipated widespread non-compliance with sections 126, 127, 129 and 133 of the MFMA due to the National State of Disaster and lockdown restrictions.

The extension enables municipalities and municipal entities to undertake all the necessary actions, checks and reviews, to ensure that the annual financial statements fairly present the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.

In accordance with section 21A of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) read together with section 127(5)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) –

- (a) The draft Annual Report for the 2019/2020 financial year was made public in the media for comments and representations;
- (b) The draft Annual Report for the 2019/2020 financial year was also made public on the website of the Cape Winelands District Municipality;
- (c) Hard copies of the draft Annual Report for the 2019/2020 financial year were also made available at the various offices of the Cape Winelands District Municipality for viewing and comment.

Comments received from the Auditor-General South Africa and the Western Cape Provincial Treasury were considered and amendments were made. No inputs from the public were received by the due date.

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Attached as Annexure "A" is a copy of National Treasury's MFMA Circular No 104 dated 7 August 2020.

\*\*\* Included under separate cover in the agenda as Annexure "B" is a copy of the draft Annual Report 2019/2020.

## **IMPLICATIONS**

### **PERSONNEL**

None.

*Comment prepared by: Ms. G.C.N. Gilbert*

### **FINANCIAL**

None.

*Comment prepared by: Ms. F.A. du Raan-Groenewald*

### **LEGAL**

In terms of section 121(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) the purpose of the annual report is-

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, Budget, SDBIP, In-year reports, annual performance report and annual report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

Annual reports are the key reporting instruments for municipalities to report against the performance targets and budgets outlined in their strategic plans. Annual reports are therefore required to contain information on service delivery and outcomes, in addition to financial statements. It is a backward-looking document, focusing on performance in the financial year that has just ended, and it must demonstrate how the budget was implemented and the results of service delivery operations for that financial year.

The annual report of municipalities is governed by Chapter 12 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003). In terms of section 127(2) of the said Act, the mayor of a municipality must, within seven (7) months after the end of the financial year, table the annual report of the

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municipality in the municipal council.

Section 127(3)(a) and (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates that if the mayor, for whatever reason is unable to table in the council the annual report of the municipality, the mayor must promptly submit to the council a written explanation setting out the reasons for the delay, together with any components of the report that are ready and submit to council the outstanding report or the outstanding components of the annual report as soon as possible.

In terms of the Ministerial Exemption as contained in MFMA Circular No 104 dated 7 August 2020, municipalities are exempted from complying with the deadlines provided in sections 126(1) and (2), 129(1) and 133(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) for a period of two (2) months as reflected in the table below:

<b>ACTION</b>	<b>SECTION</b>	<b>NEW OUTER DEADLINE</b>
The accounting officer of a municipality must prepare the annual financial statements of the municipality, and within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	Section 126(1)(a) of the MFMA	31 October 2020
<b>ACTION</b>	<b>SECTION</b>	<b>NEW OUTER DEADLINE</b>
The accounting officer of a municipality must in the case of a municipality referred to in section 122(2), prepare consolidated annual financial statements in terms of that section and, within three months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	Section 126(1)(b) of the MFMA	30 November 2020
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.	Section 127(2) of the MFMA	31 March 2021
The council of a municipality must consider the annual report of the municipality, 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	Section 129(1) of the MFMA	31 May 2021

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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(3) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) the Annual Report must include-

- (a) the annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (b) the Auditor-General's audit report in terms of section 126(3) on those financial statements;
- (c) the annual performance report of the Municipality prepared in terms of section 46 of the Municipal Systems Act;
- (d) the Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act;
- (e) an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- (f) an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the approved budget for the year;
- (g) particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- (h) any explanations that may be necessary to clarify issues in connection with the financial statements;
- (i) any information as determined by the municipality;
- (j) any recommendations of the municipality's Audit Committee; and
- (k) any other information as may be prescribed.

In terms of section 130(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) the meetings of a municipal council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organs of state.



The Oversight Report on the Annual Report is the final major step in the annual reporting process of a municipality. In terms of section 129(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) the council of a municipality must consider the annual report of the municipality 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 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.

According to MMFA Circular 32 dated 15 March 2006, the Oversight Report is thus clearly distinguished from the Annual Report. The Annual Report is submitted to Council by the Accounting Officer and the Mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by Council.

It furthermore states that the Oversight Report is a report of Council and follows consideration and consultation on the Annual Report by Council itself. Thus, the full accountability cycle is completed and the separation of powers is preserved to promote effective governance and accountability.

In terms of section 130(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) the meetings of a municipal council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organs of state.

*Comment prepared by: Ms. W.M. Neethling*

#### **ADDITIONAL COMMENT**

The meeting of the Municipal Public Accounts Committee (MPAC) scheduled for 18 May 2021 could not continue, as the meeting was not quorated.

#### **RECOMMENDATION BY MUNICIPAL MANAGER:**

That Council –

- (a) Takes cognisance of –
  - (i) The report on the draft Annual Report for 2019/2020 by the Chairperson of the Audit Committee as contained in the draft Annual Report;

- (ii) The report of the Auditor-General on the financial statements of the Cape Winelands District Municipality for the year ended 30 June 2020 as contained in the draft Annual Report;
- (b) Consider to approve –
- (i) The draft Annual Report for 2019/2020 of the Cape Winelands District Municipality, attached as Annexure “A” to the agenda item;
  - (ii) The draft Oversight Report for the 2019/2020 financial year without reservations.

**AANBEVELING DEUR MUNISIPALE BESTUURDER:**

Dat die Raad –

- (a) Kennis te neem van –
- (i) Die verslag oor die konsep-Jaarverslag vir 2019/2020 deur die Voorsitter van die Ouditkomitee soos vervat in die konsep-Jaarverslag;
  - (ii) Die verslag van die Ouditeur-Generaal oor die finansiële state van die Kaapse Wynland Distriksmunisipaliteit vir die jaar geëindig 30 Junie 2020 soos vervat in die konsep-Jaarverslag;
- (b) Oorweeg om die volgende goed te keur –
- (i) Die konsep-Jaarverslag vir 2019/2020 van die Kaapse Wynland Distriksmunisipaliteit, ingesluit onder aparte omslag as Bylae “A” by die agenda-item;
  - (ii) Die konsep-Oorsigverslag vir die 2019/2020 finansiële jaar, sonder voorbehoud.

**INGCEBISO EVELA KUMLAWULI KAMASIPALA:**

Okokuba iBhunga –

- (a) Lithabathele ingqalelo –
- (i) Yokokuba iNgxelo yoNyaka eyilwayo yowama-2019/2020 eyenziwe nguSihlalo weKomiti yoPhicotho-zincwadi njengoko kuqulathwe kwiNgxelo yoNyaka eyilwayo;
  - (ii) Ingxelo yoMphicothi-zincwadi Jikelele ngeengxelo zemali zoMasipala wesiThili saseCape Winelands ezilungiselelwe unyaka ophela ngomhla wama-30 kuJuni 2020 njengoko kuqulathiwe kwiNgxelo yoNyaka eyilwayo;

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- (b) Lamkele –
- (i) INgxelo yoNyaka eyilwayo yowama-2019/2020 yoMasipala wesiThili saseCape Winelands, njengoko incanyatheliswe njengeSihlomelo “A” kumba we-ajenda;
  - (ii) INgxelo yokoNgamela eyilwayo yonyaka-mali wama-2019/2020 ngaphandle kwamathandabuzo.

**COUNCIL MEETING: 27 MAY 2021: ITEM C.15.3**

**RESOLVED** (Unanimously 36 Councillors) : That –

- (a) Cognisance be taken of –
- (i) The report on the draft Annual Report for 2019/2020 by the Chairperson of the Audit Committee as contained in the draft Annual Report;
  - (ii) The report of the Auditor-General on the financial statements of the Cape Winelands District Municipality for the year ended 30 June 2020 as contained in the draft Annual Report;

- (b) The following be approved –
- (i) The draft Annual Report for 2019/2020 of the Cape Winelands District Municipality, attached as Annexure “A” to the agenda item;
  - (ii) The draft Oversight Report for the 2019/2020 financial year without reservations.

**RAADSVERGADERING: 27 MEI 2021: ITEM R.15.3**

**BESLUIT** (Eenparig 36 Raadslede): Dat –

- (a) Kennis geneem word van –
- (i) Die verslag oor die konsep-Jaarverslag vir 2019/2020 deur die Voorsitter van die Ouditkomitee soos vervat in die konsep-Jaarverslag;
  - (ii) Die verslag van die Ouditeur-Generaal oor die finansiële state van die Kaapse Wynland Distriksmunisipaliteit vir die jaar geëindig 30 Junie 2020 soos vervat in die konsep-Jaarverslag;
- (b) Die volgende goedgekeur word –
- (i) Die konsep-Jaarverslag vir 2019/2020 van die Kaapse Wynland Distriksmunisipaliteit, aangeheg as Bylae “A” by die agenda-item;
  - (ii) Die konsep-Oorsigverslag vir die 2019/2020 finansiële jaar, sonder voorbehoud.

**INTLANGANISO YEBHUNGA: UMHLA-27 KUMEYI 2021: UMBA C.15.3**

**KUGQITYWE** (Ngazwinye ngooCeba abangama-36): Okokuba –

- (a) Ingqalelo ithatyathelwe –
- (i) Ingxelo engeNgxelo yoNyaka eyilwayo yowama-2019/2020 eyenziwe nguSihlalo weKomiti yoPhicotho-zincwadi njengoko kuqulathwe kwiNgxelo yoNyaka eyilwayo;
  - (ii) Ingxelo yoMphicothi-zincwadi Jikelele engeengxelo zemali zoMasipala wesiThili saseCape Winelands ezilungiselelwe unyaka ophela ngomhla wama-30 kuJuni 2020 njengoko kuqulathiwe kwiNgxelo yoNyaka eyilwayo;

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(b) Okulandelayo makwamkelwe –

- (i) INgxelo yoNyaka eyilwayo yowama-2019/2020 yoMasipala wesiThili saseCape Winelands, njengoko incanyatheliswe njengeSihlomelo “A” kumba we-ajenda;
- (ii) INgxelo yokoNgamela eyilwayo yonyaka-mali wama-2019/2020 ngaphandle kwamathandabuzo.