

## **ANNUAL REPORT 2017/18 ( MM 2/1/2) JANUARY 2019**

### **EXECUTIVE SUMMARY**

In terms of section 127(2) **of the Local Government : Municipal Finance Management Act 56 of 2003 (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”*

Accordingly, the Annual Report 2017/18, including the components thereto is tabled to Council.

### **RECOMMENDED**

- (a) That the Annual Report 2017/18 as presented, including all components as specified, be noted;
- (b) That the Report by the Auditor-General for the financial year ended 30 June 2018 be noted;
- (c) That the report of the Audit Committee for the financial Year ended 30<sup>th</sup> June 2018 be noted;
- (d) That the Annual Report 2017/18 of the Entity UThukela Water (Pty) Ltd be noted ;
- (e) That the Action Plan on the Report of the Auditor-General for 2017/18 be noted - with monthly progress reports to be submitted to EXCO, Audit Committee and MPAC for monitoring thereof;
- (f) That the Annual Report 2017/18 be advertised for public consultation and further consideration by the MPAC through its Oversight Report

### **REPORT**

**Section 121 of the Local Government : Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that “**

*Every municipality and every municipality entity must for each financial year prepare an annual report in accordance with this Chapter. 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.*

*The purpose of an annual report is-*

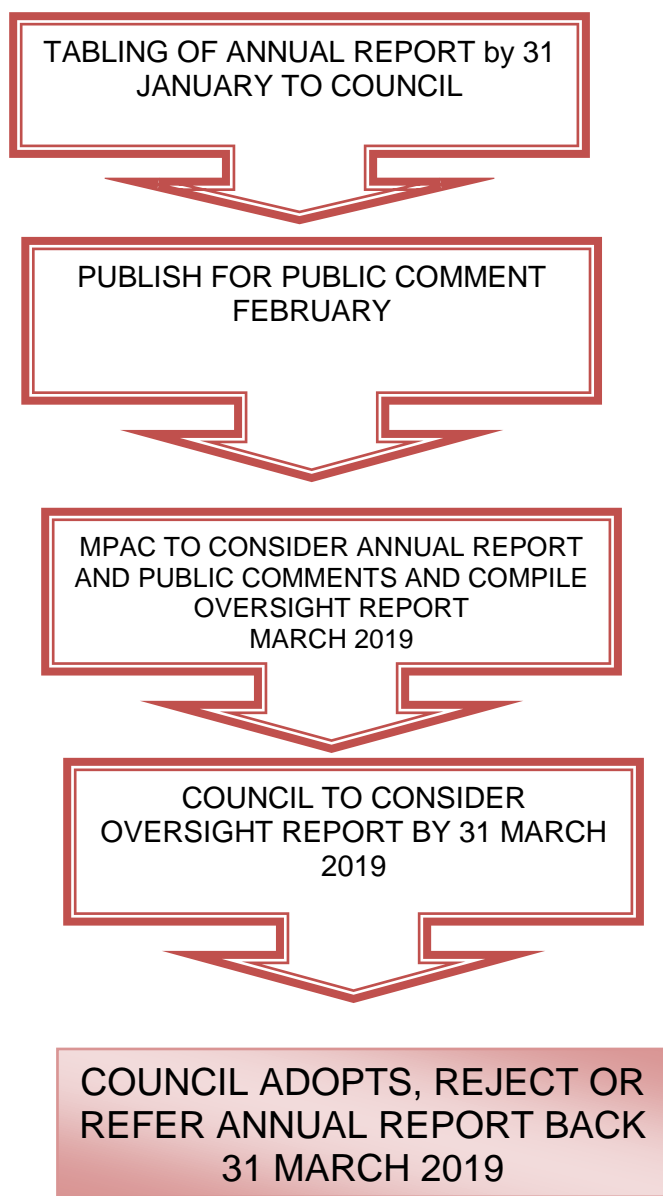
- *To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;*
- *To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
- *To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity*

*The annual report of the municipality must include-*

- ✓ *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);*
- ✓ *The Auditor General report in terms of section 126 (3) on those financial statements.*
- ✓ *The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;*
- ✓ *The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.*
- ✓ *An assessment by the municipality 's accounting officer of any arrears on municipal taxes and service charges;*
- ✓ *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 sources and for each vote in the municipality's approved budget for the relevant financial year;*
- ✓ *Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)*
- ✓ *Any explanation that maybe necessary to clarify issues that in connection with the financial statements;*
- ✓ *Any information as determined by the municipality;*
- ✓ *Any recommendations of the municipality's audit committee; and*
- ✓ *Any other information as may be prescribed.*
- ✓ *The annual report of a municipal entity must include-*
- ✓ *The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements*
- ✓ *The Auditor General's audit report in terms of section 126 (3) on those financial statements;*
- ✓ *An assessment by the entity's accounting officer of any arrears on those financial statements;*
- ✓ *An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality*
- ✓ *Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);*
- ✓ *Any information as determined by the entity or its parent municipality;*

- ✓ Any recommendations of the audit committee of the entity or its parent municipality; and
- ✓ Any other information as may be prescribed.”

It is against this background that the annual report in respect of the 2017/2018 financial year is submitted to Council as per the following process flow :-



Accordingly, the Annual Report 2017/18, including the components thereto is tabled to Council.