

BLUE CRANE ROUTE MUNICIPALITY (EC 102)



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

OVERSIGHT REPORT ON THE 2023/24 ANNUAL REPORT

1. PURPOSE

The Local Government: Municipal Finance Management Act (MFMA) of 2003, and the Municipal Systems Act (MSA) of 2000 require municipalities and their entities to prepare annual reports based on their annual service delivery processes and overall municipal performance, for inspection by relevant stakeholder groups. The Blue Crane Route Municipality has accordingly prepared its 2023/24 Annual Report in accordance with its key performance areas, to account to the communities it serves.

The annual reporting procedure is monitored by an oversight report, which is in the municipality case the report of Council on the 2023/24 Annual Report of the Municipality. In Blue Crane Route Municipality, the process of oversight is referred to the Municipal Public Accounts Committee, which acts as the Oversight Committee of Council.

The Oversight Report is approved by Council after the Municipal Public Accounts Committee has fulfilled the following duties:

- Review and analysis of the Annual Report;
- Receive and consider inputs from councillors and supporting committees;
- Consider written comments received on the Annual Report from the local community or any organs of state to make representations on the Annual Report;
- Receive and consider Councils' Audit Committee views and comments on the annual financial statements and the performance report;
- Prepare the Oversight Report to be tabled before Council for consideration.

The purpose of this report is to submit to the Council an Oversight Report on the Annual Report for 2023/24. This oversight report is a milestone that enables the Municipal Public Accounts Committee to discharge its oversight responsibility in considering the Blue Crane Route Municipality's Performance Information for 2023/24.

2. COMPOSITION OF THE COMMITTEE

The Municipal Public Accounts Committee comprise of non-executive councillors as indicated in the table below :

| Name of Committee Member | Designation |
|---------------------------------|--------------------|
| Councillor. Z.S. Baskiti | Chairperson |
| Councillor P. Sonkwala | Member |
| Councillor F. Brown | Member |
| Councillor A Dyantyi | Member |

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| Councillor A. Heynse | Member |
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3. THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT PROCESS

The Draft Annual Report for 2023/24 was tabled by the Mayor to Council on the 3^{1st} of January 2025 when it was resolved that :

- (a) The Annual Report be made public and that communities be invited for public comments.
- (b) The Draft Annual Report to be submitted to the Municipal Public Accounts Committee for analysis and review.

4. ADVERTISING PROCESS

On the 06th of February 2025 members of the community and other stakeholders were invited to submit written comments/ inputs into the Draft Annual Report. The closing date for public comments was the 06th of March 2024 and no submissions of comments from the public or other institutions were received.

5. STATUTORY COMPLIANCE

| ACTIVITY DESCRIPTION | PROVISION | STATUS |
|--|--|--------|
| Preparation of annual financial statements and submission to the Auditor General | Municipal Management Act 122 (1) (2) Finance section | Done |
| Receipt of final audit report from Auditor General | Municipal Management Act 126 (3) (b) Finance section | Done |
| Tabling of Final Draft Annual Report in Council by Mayor | Municipal Management Act 127 (2) Finance section | Done |
| Allowing for comment by community and relevant state organs | Municipal Management Act 127 (5) (a) (b) Finance section | Done |
| Corrective actions to Auditor General's opinion formulated and tabled in Council | Municipal Management Act 121 (3) (g) Finance section | Done |
| Submission of Annual Report and Oversight Report to AG, PT and MEC: LG | Municipal Management Act 129 (2) (b) Finance section | Done |

| | | |
|--|--|------|
| Communication of final Audit Report / Oversight Report (website, hard copies) | Municipal Finance Management Act section 129 (3) | Done |
| Submit Annual Report / Oversight Report to the Provincial Legislature | Municipal Finance Management Act section 132 (1) (2) | Done |

6. SUMMARY OF DELIBERATIONS ON THE ANNUAL REPORT

The municipal council received the Draft Annual Report and Financial Statements on the 31st of August 2025 for consideration and recommendation that it be submitted to the Auditor General in line with the requirements of Municipal Finance Management Act (MFMA) 122 (1) (2).

The committee noted with concern the regression on the Annual Financial Statements, with the receipt of the Qualified Audit Opinion from Auditor General of South Africa and indicated that the Annual Financial Statements (AFS) were not prepared in all material respects in accordance with the requirements of section 121(1) of the MFMA.

The material statements that resulted in the AFS receiving a qualification are:

1. Property Plant and Equipment
2. Payables from exchange transaction
3. Service Chargers
4. Statement of Comparison of budget and actual amounts
5. Cashflow Statement
6. Segment Reporting

The committee further noted with gratefulness that the institutional performance on pre – determined objectives of the Integrated Development Implementation Plan objectives has improved, no material findings on the reported information were identified on the selected indicators.

The overall annual performance was detailed as follows:

1. Technical Services was at 83%
2. Community Services was at 100%
3. Budget and Treasury was at 83%
4. Corporate Services was at 71%
5. Office of the Municipal Manager was at 92%
6. Local Economic Development was at 50%

The overall performance of the institution was at 82%.

The committee has noted the electricity material losses of 12% due to aging infrastructure, electricity theft and outdated meters, however the repair of electricity lines will contribute in curbing the losses.

The committee has also noted with concern that the material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern. The Municipal Public Accounts Committee proposes concerted effort and teamwork from management and political leadership to accelerate implementation of the revenue enhancement strategy with the objective of boosting income within the municipality.

7. RECOMMENDATIONS PERTAINING TO THE 2023/24 ANNUAL REPORT

7.1 Municipal Public Accounts Committee of Blue Crane Route Municipality recommends to Council:

1. That Council approves the 2023/24 Annual Report without reservations in terms of Section 129 (1) (a) of the Municipal Finance Management Act.
2. That management follows provisions of Municipal Finance Management Act Circular 63 in terms of reporting timelines of the Annual Report.

8. RECOMMENDATIONS PERTAINING TO THE OVERSIGHT REPORT

7.2 Accordingly, the Municipal Public Accounts Committee of Blue Crane Route Municipality recommends to Council:

1. That the Council **adopts and approves** the 2023/24 Oversight Report in terms of section 129 of the Municipal Finance Management Act.
2. That the MPAC Oversight Report be made public on the municipal website in terms of section 129 (3) of the Municipal Finance Management Act.
3. That both the Oversight and Annual Reports of 2023/24 be submitted to the Provincial Legislature in terms of section 132 (2) of the Municipal Finance Management Act.
4. Management to effectively implement the audit action plan and report on a quarterly basis to Committees of Council on progress.