

**BLUE CRANE ROUTE
MUNICIPALITY
(EC 102)**



**MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

**OVERSIGHT REPORT ON THE
2024/25 ANNUAL REPORT**

1. BACKGROUND

The Local Government: Municipal Finance Management Act (MFMA) of 2003 and the Municipal Systems Act (MSA) of 2000 require municipalities 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 2024/25 Annual Report in accordance with its key performance areas, to account to the communities it serves.

The MPAC has been established as a mechanism to enhance performance of the municipality and promote accountability to Council. It has been established as a standing committee of the Council that is responsible for consideration of the Annual Report and reporting to Council regarding the Annual Report.

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

- Undertaken a review and analysis of the Annual Report;
- Received and considered inputs from councillors and stakeholders;
- Considered written comments received on the Annual Report from the local community or any organs of state to make representations on the Annual Report;
- Received and considered 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 2024/25. 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 2024/25.

2. COMPOSITION OF THE COMMITTEE

The Municipal Public Accounts Committee is comprised of five (5) non-executive councillors as indicated in the table below :

Name of Committee Member	Designation
Councillor. Z.S. Baskiti	Chairperson
Councillor P. Sonkwala	Member
Councillor L. Smith – Johnsson	Member
Councillor A Dyantyi	Member
Councillor H. Davenport	Member

3. OVERSIGHT REPORT PROCESS

Section 121 (1)(2) and (3) of the MFMA determines as follows:

121 (1) each municipal council must for each year prepare an Annual Report. The council must within nine months after the end of a financial year deal with the annual report of the municipality in accordance with section 129.

The purpose of the annual report is:

- (a) To provide a record of the activities of the municipality during the financial year to which the report relates;
- (b) To provide a report on performance in service delivery and against budget;
- (c) To provide information that supports the revenue and expenditure decision made and
- (d) To promote accountability to the local community for the decisions made.

The annual report of a municipality includes the following:

- (i) Annual Financial Statements of the municipality, as submitted to the Auditor General for audit in terms of section 126 (1);
- (ii) Auditor General Audit Report in terms of section 126 (3) on those financial statements;
- (iii) Annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (iv) Auditor General's Audit Report in terms of section 45(b) of the Municipal Systems Act;
- (v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) 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 from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;
- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (ix) Any information as determined by the municipality;
- (x) Any recommendation as determined by the municipality and
- (xi) Any other information as may be prescribed.

In terms of n terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the annual report, invite the local community to submit representations in connection with the annual report and submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(1) of the MFMA, the Council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the Council's comments on the annual report which 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.

Submission and tabling of the Annual Report

The Draft Annual Report for 2024/25 was tabled at the Council meeting on the 29th of January 2026 when it was resolved that :

- The Annual Report be made public and that communities be invited for public comments.
- The Draft Annual Report to be submitted to the Municipal Public Accounts Committee to carry out a detailed analysis and review and draft an oversight report for discussion at the next Council meeting.

Advertising

- (a) On the 04th of February 2026 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 27th of February 2026 The notice was published on the municipal website and municipal notice boards. Copies were placed in the libraries in all 3 (three) towns and in the municipal website.
- (b) No submissions of comments from the public or other institutions were received.
- (c) The copies were submitted to the relevant authorities as required by the MFMA:
 - Office of the Auditor General
 - Provincial Treasury and
 - Provincial Department of Co-Operative Governance and Traditional Affairs for input and comments
- (d) The Councillors were workshopped on the Annual Report and the inputs made were incorporated into the document.

4. 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 the non-improvement from the Qualified Audit Opinion on the Annual Financial Statements, 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 were:

1. Property Plant and Equipment
2. Debt Impairment
3. Net Cashflow from operating activities

The committee further noted with gratefulness that the institutional performance on pre – determined objectives had no material findings on the reported information on the selected indicators.

The overall annual performance was detailed as follows:

1. Technical Services was at 67%
2. Community Services was at 100%
3. Budget and Treasury was at 79%
4. Corporate Services was at 54%
5. Office of the Municipal Manager was at 86%
6. Local Economic Development was at 80%

The overall performance of the institution was at 78%.

The committee has noted the high-level electricity losses of 30% due to aging infrastructure, electricity theft and outdated meters and high-level water losses of 30% due to leakages, vandalism, illegal connections and tempering with water meters. The solution to this is the introduction to smart meters for both electricity and water and securing our assets. The repair of electricity lines through MDRG will improve electricity supply.

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 and that the Financial Recovery Plan be implemented. The municipality should continue working closely with Provincial Treasury at District level.

5. RECOMMENDATIONS PERTAINING TO THE 2023/24 ANNUAL REPORT

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

1. That Council approves the 2024/25 Annual Report without reservations in terms of Section 129 (1) (a) of the Municipal Finance Management Act.
2. That management should adhere to the timelines as stipulated in the of Municipal Finance Management Act Circular 63. Reported information should be credible as at 30 June of each year.

6. RECOMMENDATIONS PERTAINING TO THE OVERSIGHT REPORT

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

1. That the Council **adopts and approves** the 2024/25 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 2024/25 be submitted to the Provincial Treasury, Provincial Department of Co-Operative Governance and Traditional Affairs and the Office of the Auditor General 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 made.



Councillor Z.S Baskiti
MPAC CHAIRPERSON