

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



**MUNICIPAL PUBLIC ACCOUNTS  
COMMITTEE**

**OVERSIGHT REPORT ON THE  
ANNUAL REPORT FOR 2021/22  
FINANCIAL YEAR**

## **OVERSIGHT REPORT ON ANNUAL REPORT: 2021/22 FINANCIAL YEAR**

### **CHAIRPERSON'S FOREWORD**

The Council of Blue Crane Route is legally assigned with the responsibility to perform an oversight over the executive and administration of the municipality. The oversight role remains the function of the Council which is supported by legislative prescripts including but not limited to the. Constitution of Republic of South Africa. Local Government: Municipal Finance Management Act no 56 of 2003 and Municipal Systems Act No 32 of 2000.

In terms of the Municipal Finance Management Act no 56 of 2003 – Circular no 11, 32 and 63, the Municipal Public Accounts Committee (MPAC) is required to also oversee the Annual Report of the municipalities. As well as mandated by Ordinary Council Meeting of the 31<sup>st</sup> of January 2023, to review and scrutinize the 2021/22 Draft Annual report. As an oversight committee we have fulfilled the obligation.

The Annual Report is one of the key instruments of transparent governance and accountability. It is a post financial and non-financial performance in respect of the previous financial year. The adoption of an Annual Report is a legislative requirement in terms of Local Government: Municipal Finance Management Act (MFMA) ,2003 (Act 56 of 2003).



---

**COUNCILLOR Z.S BASKITI**

## **COMPOSITIONS OF THE COMMITTEE**

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

<b>Name of Committee Member</b>	<b>Designation</b>
Councillor. Z.S. Baskiti	Chairperson
Councillor P. Sonkwala	Member
Councillor A Dyantyi	Member
Councillor F. Brown	Member

## **PURPOSE OF THE OVERSIGHT REPORT**

The purpose of this report is to submit to the Council an Oversight Report on the Annual Report for 2021/22. This oversight report is a milestone that enables the MPAC to discharge its oversight responsibility in considering the Blue Crane Route Municipality's Performance Information for 2021/22. This report also presents the findings and recommendations of the MPAC to Council for adoption of the Oversight Report and the Annual Report for 2021/22.

## **THE MPAC OVERSIGHT REPORT PROCESS**

The Draft Annual Report for 2021/22 was tabled by the Mayor to Council on the 31<sup>st</sup> of January 2023 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.

## **THE ROLES IDENTIFIED IN THE ANNUAL REPORTING PROCESS**

### **1. The role of Management**

The Management is responsible for the preparation of the Annual Report and to submit the report to Council. The Council will refer the Annual report to the Municipal Public Accounts Committee for consideration.

### **2. The role of the Municipal Public Accounts Committee**

The role of MPAC is to consider the structure and content of the Annual Report to determine whether it complies with standards set by the National Treasury, contains information required in terms of circular 63 and if such content fairly represent the

achievements of the municipality over the relevant financial year. After consideration of the Annual report, MPAC must prepare an Oversight report in terms of the circulars.

### 3. The role of Council

The Council's role is to receive and consider the recommendations of the MPAC with a view of taking final decision on the matter.

#### **ARDVERTISING PROCESS**

On the 16<sup>th</sup> of February 2023 Members of the community and other stakeholders were invited to submit written comments/ inputs into the Draft Annual Report. In addition, the Draft Annual Report 2021/22 was also made available at the Municipality offices and Libraries in the following areas:

- Somerset East
- Cookhouse
- Pearston

The closing date for public comments was on the 07<sup>th</sup> of March 2023

The Draft Annual Report was furthermore submitted in terms of Section 127 (5) of the MFMA to the Office of the Auditor General, COGTA and the Internal Auditors. No submissions of comments from the public or other institutions were received.

The MPAC meeting was held on the 23<sup>rd</sup> of March 2023 where the Municipal Manager presented the Draft Annual Report for 2021/22 financial year to MPAC to undertake an oversight.

After perusal of the Draft Annual Report by MPAC the following amendments, additions, and changes were proposed as informed by MFMA Circular 63: -

Component	Issues	Recommendation	Update
Chapter Governance	2 Component D: Websites	Management to comply with requirements of MFMA Section 75 on the information that must be included on the website (Service Delivery Agreements, SCM Contracts above the prescribed value, Long-term borrowing contracts).	To be implemented in the 2022/23 FY
	Public Satisfaction on Municipal Services	Incidents reported and resolved to be included and the public satisfaction survey should be conducted.	
Chapter Organisational Development Performance	4 Component A – Introduction to the municipal workforce Component B – Managing the municipal workforce Component D – Managing the workforce expenditure	Information to be included	Resolved
Chapter 5 Financial Performance	Statement of Financial Performance is not as per the audited Annual Financial Statements	Populate the table as per the Audited Annual Financial Statements	Not resolved
Annual Financial Statements	The Annual Financial Statements attached are not stamped by AG, the Committee could not ascertain if it is the Audited set.	Attach the signed AFS	Not resolved

Appendices	Appendix E – Ward Reporting	Councilors to submit the monthly reports to the Office of the Speaker and ensure monthly meetings with Ward Committees do take place to enhance functionality.	To be implemented in 2022/23 FY
	Appendix F – Ward Information	Update the Appendix with Projects per ward, start and end dates, total value and progress.	Not resolved
	Appendix K – Revenue Collection Performance	Update the Appendix with information on revenue collected by votes and source based on prior year and current year actual collections. (as per the AFS Statement of Financial Position )	Not resolved
	Appendix L – Conditional Grants Received	Update the Appendix with Conditional Grants received in the year under review	Not resolved
	Appendix M – Capital Expenditure	Update the Appendix with all capital expenditure relating to new asset programme and to upgrade/renewal programme.	Resolved
	Appendix N – Capital Programme by Project	Capital Projects indicating adjusted budget and actual	Resolved
	Appendix O – Capital Programme by project by Ward	Capital Projects per ward, indicating progress	Not resolved
	Appendix Q – Service Backlogs Experienced by the community where another sphere of Govt is responsible for the service	Update with the information as informed by the Housing/ Ward Based Plan in the IDP.	Resolved
	Appendix S – Declarations on returns not made in due time.	MFMA Section 71 monthly budget that were not made in time. ( due to the problems in the Financial System the month of June was not done in terms of section 71 of the MFMA)	Not resolved

**The Municipal Public Accounts Committee had considered the Annual Report 2021/22 and raised the following key achievements as reflected in the Annual Report:**

1. The oversight committee acknowledged that they were reviewing the Annual Report in respect of 2021/22 financial year.
2. An Unqualified Audit Opinion was expressed by the Auditor General in respect of the year under review.
3. The previous audit action plan has been implemented effectively, hence the improvement in the overall audit opinion.

## **RECOMMENDATION**

**It is therefore recommended:**

1. That the Council having fully considered the 2021/22 Annual Report of the municipality and comments thereon, adopts the 2021/22 Oversight Report in terms of section 129 (1) of the Municipal Finance Management Act
2. That the Council adopts the 2021/22 Annual Report with reservations in terms of Section 129 (1) (a) of the Municipal Finance Management Act.
3. Council to refer the Annual Report to the Executive Committee to attend to identified areas by Municipal Public Accounts Committee in terms of Section 129 (1) (c) of the Municipal Finance Management Act.
4. That the Oversight Report on the Annual Report of 2021/22 must be made public on the municipal website in terms of section 129 (3) of the Municipal Finance Management Act.
5. That both the Oversight and Annual Reports of 2021/22 be submitted to the Provincial Legislature in terms of section 132 (2) of the Municipal Finance Management Act.