

**DANNHAUSER LOCAL MUNICIPALITY**

**2023/2024**



**OVERSIGHT COMMITTEE  
REPORT**

# OVERSIGHT COMMITTEE REPORT – 2023/2024

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## Table of Contents

1. INTRODUCTION .....	3
2. BACKGROUND.....	3
2.1 LEGAL REQUIREMENTS: .....	3
2.2 PURPOSE OF THE REPORT: .....	4
2.3 ANNUAL REPORT REQUIREMENTS:.....	4
3. ANNUAL REPORT OVERSIGHT FUNCTIONS OF THE COMMITTEE .....	5
4. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC).....	5
5. COMPOSITION OF THE COMMITTEE .....	6
5.1. Membership.....	6
5.2. Authority & Power .....	7
5.3. Meeting Schedule.....	7
6. PROCESS FOLLOWED BY COUNCIL .....	7
6.1 SUBMISSION AND TABLING OF THE ANNUAL REPORT 2022/23 .....	7
7. THE OVERSIGHT REPORT .....	8
7.1 THE OVERSIGHT REPORT: KEY COMMENTS .....	8
SECTION.A .....	9
SECTION.B .....	20
7.3 ANNUAL REPORT COMPLIANCE ISSUES .....	20
7.3.1 MFMA REQUIREMENTS NOT SUFFICIENTLY ADDRESSED OR NOT INCLUDED IN TABLED ANNUAL REPORT .....	20
7.3.2 THE AUDIT REPORT - 2022/ 2023 .....	20
SECTION.C .....	21
8. GENERAL COMMENTS AND RESERVATIONS ON THE CONTENTS OF THE ANNUAL REPORT: 21	
9. ANALAYSIS OF THE 2022/23 ANNUAL REPORT ACCORDING TO CIRCULAR 63 & 11 .....	21
10. RESPONSES TO ISSUES RAISED BY AUDITOR GENERAL IN AUDIT REPORT FOR THE 2022/23 FINANCIAL YEAR AND ACTION PLAN.....	22
DANNHAUSER MUNICIPALITY 2022/ 2023 ACTION PLAN.....	<b>Error! Bookmark not defined.</b>
11. CONCLUSION.....	39
COMMITTEE RECOMMENDS: .....	39

## 1. INTRODUCTION

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council regarding the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the Dannhauser Council resolved that the Municipal Public Accounts Committee was the appropriate mechanism in which Council could fulfil its oversight responsibilities.

The Council referred the Annual Report 2023/2024 to its Municipal Public Accounts Committee for consideration, to receive input from the various role players and to prepare a draft Oversight Report for consideration by Council, in terms of sections 127, 128, 129 and 130 of the (Municipal Finance Management Act, 2003 (Act No 56 of 2003 – MFMA). This to be read with the following MFMA Circulars; MFMA Circular.63 – Annual Report Format & Contents – 26 September 2012; MFMA Circular.32 – Oversight Report Guidelines - 15 March 2006; MFMA Circular 11 - Annual Reporting Guidelines - 14 January 2005; MFMA Circular 18 - New Accounting Standards - 23 June 2005; and MFMA Circular 28 - Budget Content and Format - 12 December 2005.

## 2. BACKGROUND

The oversight role of Council is an important component of the financial reforms, and it is achieved through the separation of roles and responsibilities between Council, the Executive Committee and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive Committee. In other words, in exchange for the powers in which Council have delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight:-

- ✓ Approval of budgets;
- ✓ Approval of Budget related Policies; and
- ✓ Review of the Annual Report and adoption of the Oversight Report.

### 2.1 LEGAL REQUIREMENTS:

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

According to 121 (1) of the MFMA, every Municipality must prepare an annual report each financial year. The council must within nine (9) months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

### 2.2 PURPOSE OF THE REPORT:

The purpose of an annual report is:

- i) To provide a record of the activities of the municipality during the financial term to which the report relates;
- ii) To provide report on performance against the budget of the municipality for the financial year; and
- iii) To promote accountability to the local community for the decisions made throughout the year by the municipality.

### 2.3 ANNUAL REPORT REQUIREMENTS:

The annual report of a municipality must include:

- i) The annual financial statements of the municipality;
- ii) The Auditor General audit report in terms of section 126) (3) on those financial statements;
- iii) The annual performance report of the municipality prepared by the municipality in terms of the section 46 of the Municipal Systems Act;
- iv) 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 services charges;
- v) An assessment by the municipality's accounting officer of the municipality's performance against 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;
- vi) Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraphs (b) and (d);
- vii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- viii) Any information as determined by the municipality;
- ix) Any recommendations as determined by the municipality; and
- x) Any other information as may be prescribed

In 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 report to the auditor general, the relevant

## OVERSIGHT COMMITTEE REPORT – 2023/2024

Provincial Treasury and the Provincial Departments responsible for Local Government in the Province.

According to section 129 (10 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, adopted and 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;
- ✓ Has referred the Annual Report back for revision of those components that can be revised.

### 3. ANNUAL REPORT OVERSIGHT FUNCTIONS OF THE COMMITTEE

The oversight functions undertaken by the Municipal Public Accounts Committee in relation to the Annual Report are to:-

- ✓ Undertake a review and analysis of the Annual Report.
- ✓ Invite, receive, and consider inputs from Councillors and Support Committees, on the Annual Report.
- ✓ Consider written comments received on the Annual Report from the public consultation process.
- ✓ Conduct Public Hearings to allow the local community or any organs of state to make representations on the Annual Report.
- ✓ Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- ✓ Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

### 4. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Having considered the new guidelines issued by National Treasury on the establishment of Municipal Public Accounts Committee (MPAC) and the nature of Dannhauser Municipality, the committee consists of the following members;

COMMITTEE NAME	MEMBER'S NAME	NUMBER OF PLANNED MEETINGS (2023/24)	NUMBER OF ACTUAL MEETINGS HELD (2023/24)	Achieved/Not Achieved
Municipal Public Accounts Committee	<ul style="list-style-type: none"><li>➤ XM Nkosi</li><li>➤ VG Ngcane</li><li>➤ MS Mkhumane</li><li>➤ EN Buthelezi</li><li>➤ DM Makhaza</li><li>➤ MT Mabaso</li></ul>	4	5	<ul style="list-style-type: none"><li>▪ <b>The municipality managed to conduct 5x MPAC meetings in the year 2023/24, which</b></li></ul>

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	<ul style="list-style-type: none"><li>➤ RS Langa</li><li>➤ NP Kumalo</li></ul>			<b>was over achieved since the planned to conduct 4x meetings in the begging of the year.</b>
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One of the key responsibilities of the MPAC is to analyse and review annual reports in detail following their tabling in Council and then drafting an oversight report that may be taken to Council for consideration. The committee adopted circular 32 of the National Treasury as then guiding document for its oversights process. The following documents relevant to the committee's responsibilities should be distributed to each committee member and should be in their possession.

- ✓ The 2023/24 Annual Report;
- ✓ National Treasury's Circular 11 – Annual Report;
- ✓ National Treasury's Circular 18 – New Accounting Standards
- ✓ National Treasury's Circular 28 – Budget Content and Format;
- ✓ National Treasury Circular 32 – Oversight Report;
- ✓ National Treasury' Circular 63 – New Annual Report Guidelines; and
- ✓ Report of the Auditor General as contained in the Annual Report.

In compliance with what MPAC requested dated, the committee places a high priority on community participation in the oversight process and is going to take the following actions to gain the community's participation:

The community will be advised through the print media of the availability of the 2023/2024 Annual Report, as per the municipal notice, and will be invited to submit representation on the report by a certain date;

- ✓ The Annual Report will be available at all municipal library;
- ✓ The Annual Report will be available in the Ward Committee War Rooms;
- ✓ The Annual Report will be placed on the municipal website at [www.dannhauser.gov.za](http://www.dannhauser.gov.za);
- ✓ The Annual Report will also be submitted to the Auditor General, Provincial Treasury, National Treasury, and the relevant local government departments.

## 5. COMPOSITION OF THE COMMITTEE

### 5.1. Membership

The Municipal Public Accounts Committee is a committee of Council established under Section 79 of the Municipal Structures Act, 1998. Section 79 allows for the co-option of advisory members to a Committee of Council, who are not members of the Council. Due to the separation of roles and responsibilities, between Council and the Executive Committee members of the Executive Committee are not members of the Municipal Public Accounts Committee.

### 5.2. Authority & Power

The Committee is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

### 5.3. Meeting Schedule

The Annual Report submitted to Council, was referred to the Municipal Public Accounts Committee. The community was advised through the print media of the availability of the Annual Report and was invited to submit representations on the report.

The Annual Report was made available at the Municipal Library, Council War Rooms, and Municipal website. Copies were circulated to all Councillors and distributed electronically to interested parties on request. The Annual Report was submitted to the Auditor-General, Provincial Treasury and the Department of Local Government and Traditional Affairs.

We have received and considered input from the Auditor General, COGTA and noted the minor amendment of the mayor's address. At the closing date for public comment submissions for the draft Annual Report published, no comments had been received. All comments received from the Audit Committee were taken into consideration and inputs made by the committee were incorporated.

## 6. PROCESS FOLLOWED BY COUNCIL

### 6.1 SUBMISSION AND TABLING OF THE ANNUAL REPORT 2022/23

The Executive Mayor has deemed to inform council of unforeseeable reasons which eventually leads to the failure of council to adhere to abovementioned statutory compliance. Section 127 (3) requires that if the mayor for whatever reason, is unable to table in the council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must:

- a) promptly submit to the council a written explanation referred to in section 133 (1) (a) setting out reasons for the delay, together with any components of the annual report listed in section 121 (3) or (4) that are ready; and
- b) submit to the council the outstanding annual report or outstanding components of the annual report as soon as may be possible.

### 7. THE OVERSIGHT REPORT

This Oversight Report is for the financial year ended 30 June 2024. The Annual Report was presented to Council on 28 January 2025. The Annual report did not contain any reports of municipal owned entities as there are none in existence.

#### 7.1 THE OVERSIGHT REPORT: KEY COMMENTS

The comments from the MPAC are in three sections, reflected below:

- ✓ Section. A : Annual Report Checklist;
- ✓ Section. B : Annual Report Compliance, MFMA Requirements & Audit Report – AG 2023/2024; and
- ✓ Section. C : Annual Report & Audit Action Plan 2023/2024 A.G Findings



## OVERSIGHT COMMITTEE REPORT – 2023/2024

### SECTION.A

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<b>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</b>		<b>Financial reporting matters to be considered</b>
121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General.	The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the accounting standards for municipalities. <b><i>Have the required standards been met?</i></b>	<b>Yes (No Municipal Entities)</b>  Refer to Appendix “Volume II” AR
121 (3)(a) 121 (4) 121 (4)(b)	The above applies to the AFS of the municipality.	<b>Yes</b>
121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	<b>Yes</b> Refer to Notes 14 to 23, Pages 46 - 47 of the AFS Refer to pages. 140 of AR.
121 (3)(g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.	The conclusions of the annual audit are:- ✓ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; ✓ The objective of the municipality should be to achieve an unqualified audit opinion.  Taking into account the audit report, audit opinion and the views of the audit committee, council considered:- ✓ To what extent does the report indicate serious or minor financial issues? ✓ To what extent are the same issues repeated from previous audits?	Yes.  Refer to Addressed (Included in AG Management Comments) attached – Annexures 6 & 9 of Annual Report and AG Management Comments & Responses 2023/24 attached.  The report indicates issues of concern regarding compliance with laws and regulations as it relates to:-  preparation of financial statements in accordance with section 122 of the MFMA; contravention of Sections 44 and 35 of the Supply

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	<ul style="list-style-type: none"> <li>✓ Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?</li> <li>✓ Has a schedule of action to be taken been included in the annual report, with appropriate</li> </ul>	<p>Chain Management Regulations and expenditure management in terms of section 62 of the MFMA. In addition, internal control weaknesses were also evident in relation to financial management as it relates to management of conflicts of interest and commitments and contingent liabilities.</p> <p>Some of the issues are repeat findings from previous years and will be corrected as per Internal Audit Action plan 2023/2024.</p>
	Note that actions taken on audit issues are to be reported to the provincial legislature, the MEC for Cooperative Government & Traditional Affairs to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MEC.	<b>The audit report was forwarded to the MEC on 22 April 2021.</b>
<p>121 (3)(f)</p> <p>An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17 (3) (b)). The accounting officer must include these objectives in the annual report and report on performance accordingly.</p> <ul style="list-style-type: none"> <li>✓ Has the performance met the expectations of council and the community?</li> <li>✓ Have the objectives been met?</li> <li>✓ What explanations have been provided for any non-achievement?</li> <li>✓ What was the impact on the service delivery and expenditure objectives in the budget?</li> </ul>	<p><b>Yes.</b> 110% collection rate was achieved as this included outstanding debt owed to the municipality. The services of a debt collection company was utilized by the municipality.</p> <p><b>Yes.</b> None. The Municipality has collected sufficient revenue to meet all its expenses including depreciation and the surplus is considered to be reasonable.</p>

## OVERSIGHT COMMITTEE REPORT – 2023/2024

121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality.	Review any other information that has been included in regard to the AFS.	<b>Not applicable</b>
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INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<b>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</b>		<b>Financial reporting matters to be considered</b>
121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality.	Have the recommendations of the audit committee in regard to the AFS and audit reports been adequately addressed by the municipality and/or the entity? What actions need to be taken in terms of these recommendations?	The Audit Committee was of the view that the AFS comply in all respects with the requirements of the MFMA, Treasury Regulations & GRAAP. None.
<b>2. Disclosures - Allocations received and made - Section 123-125 MFMA</b>		<b>Considerations</b>
123 (1)(a) Allocations received by and made to the municipality.	<p>The report should disclose:</p> <ul style="list-style-type: none"> <li>✓ Details of allocations received from another organ of state in the national or provincial sphere.</li> <li>✓ Details of allocations received from a municipal, entity or another municipality.</li> <li>✓ Details of allocations made to any other organ of state, another municipality, or a municipal entity.</li> <li>✓ Any other allocation made to the municipality under Section 214(1) (c) of the Constitution.</li> </ul> <p>Have these allocations been received and made? Does the audit report confirm the correctness of the</p>	<p><b>Yes.</b> Refer to Note .24 Pages 55 - 57 of the AFS annexed to AR</p> <p><b>None</b> None None <b>None</b></p>

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?	
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INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>125 (1)</p> <p>Information in relation to outstanding debtors and creditors of the municipality and entities.</p>	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.</p> <p>It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> <li>✓ The information has been properly disclosed;</li> <li>✓ Conditions of allocations have been met; and</li> <li>✓ That any explanations provided are acceptable.</li> </ul>	<p><b>Yes.</b> Refer to Note.7 to 9, Page.58 to 60 of the AFS, annexed to AR</p> <p>National and provincial debtors are up to date as Provincial Treasury was assisting with regards to this, while others which had been challenging have been resolved.</p> <p><b>Yes.</b> Refer to Notes 13 to 14, Pages.58 – 60 of the AFS.</p>
<b>2. Disclosures - Allocations received and made - Section 123-125 MFMA</b>		<b>Considerations</b>
<p>123 (1)(c)</p> <p>Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:-</p>	<p>Refer to Note .24 Pages 57 - 59 of the AFS annexed to AR.</p> <p>Also refer to Appendix “L” Conditional Grants Received and used on page.57 in AR.</p>

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	<ul style="list-style-type: none"> <li>✓ The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial government i.e. small town rehabilitation, electrification, etc) were spent, and for what projects.</li> <li>✓ Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</li> <li>✓ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</li> </ul>	<p><b>Yes</b></p> <p><b>Yes</b></p> <p><b>At the time of the compilation of the Annual Report there was no indication of any grants being withheld.</b></p>
<b>3. Disclosures in notes to AFS</b>	<b>Considerations relating to section 124</b>	
Information relating to benefits paid by municipality and entity to Councillors, directors and officials.	<p>Information on the following items is to be included in the notes to the annual report and AFS:-</p> <ul style="list-style-type: none"> <li>✓ salaries, allowances and benefits of political office bearers, Councillors and boards of directors, whether financial or in kind;</li> <li>✓ any arrears owed by individual Councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of Councillors;</li> </ul>	<p>Yes.</p> <p>Refer to Note .25 Page.59 of the AFS.</p> <p>Refer to Note.46, No Councilors' arrear consumer accounts, annexed to AR</p> <p>There were no loans or advances to Councillors/Directors/Staff.</p>

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	<ul style="list-style-type: none"> <li>✓ salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;</li> <li>✓ contributions for pension funds and medical aid;</li> <li>✓ travel, motor car, accommodation, subsistence and other allowances;</li> <li>✓ Housing benefits and allowances;</li> <li>✓ Overtime payments;</li> <li>✓ Loans and advances, and;</li> <li>✓ Any other type of benefit or allowance related to staff.</li> </ul> <p>Council should be satisfied that:</p> <ul style="list-style-type: none"> <li>✓ The information has been properly disclosed;</li> <li>✓ Conditions of allocations have been met; and</li> <li>✓ That any explanations provided are acceptable</li> </ul>	
<b>4. Municipal Performance</b>	<b>Considerations</b>	
The annual performance reports of the municipality and entities.	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are –</p> <ul style="list-style-type: none"> <li>✓ Has the performance report been included in the annual report;</li> <li>✓ Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?;</li> </ul>	<p>Yes.</p> <p>Refer to Annexure.1 pages. 74 SDBIP 2023/24 the Annual Report.</p> <p>Yes</p> <p>The scorecard by municipal department is included in the Annual Report and is accepted by the Auditor General as adequate reporting. There is no specific legislation that prescribes the inclusion of the budgets, SDBIP and service agreements etc in the Annual Report. Page. 74 in the Annual Report</p>

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	<ul style="list-style-type: none"> <li>✓ Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</li> </ul> <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation, and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p> <ul style="list-style-type: none"> <li>✓ To what extent has performance achieved targets set by council?</li> <li>✓ Is the council satisfied with the performance levels achieved?</li> <li>✓ Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</li> <li>✓ What actions have been taken and planned to improve performance?</li> <li>✓ Is the council satisfied with actions to improve performance?</li> <li>✓ Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</li> </ul>	<p>The scorecard that is incorporated in the Annual Report is audited by the Auditor General to ensure it is the finalised Performance Scorecard as part of the AG's year-end audit.</p> <p>Backlogs are reported on in the Annual Report.</p> <p>Page.77 of AR (Achieved and Not Achieved).</p> <ul style="list-style-type: none"> <li>✓ <b>63% KPIs</b> were achieved which is 65% of the indicators;</li> <li>✓ <b>37% KPIs</b> were not achieved, which is 35% of the indicators.</li> </ul> <p>Yes</p> <p>A Municipal Customer Satisfaction Survey was not conducted for the 2023/2024 financial year.</p>
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## OVERSIGHT COMMITTEE REPORT – 2023/2024

	<ul style="list-style-type: none"> <li>✓ Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</li> <li>✓ Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</li> <li>✓ To what extent have actions planned for the previous year been carried over to the financial year reported upon?</li> <li>✓ Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</li> </ul>	<p>The performance contracts of the Municipal Manager and each senior manager are aligned to the Organisational Performance Scorecard. Page. 74 of AR</p> <p><b>Yes</b></p> <p><b>Yes</b></p> <p>The Performance Scorecard reflects a 5 year rolling plan, which provides for carryovers</p> <p>The underachievement would be reported with reasons and targets not met would automatically be carried over. This is done in-year when the reports are submitted to the Audit Committee and Council.</p>
Audit reports on performance.	<p>Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.</p> <p>Have the recommendations of internal audit been acted on during the financial year?</p> <p>Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?</p>	<p>Yes</p> <p>Yes</p>
Performance of municipal entities and municipal service providers.	<p>The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.</p>	<p>No municipal entities</p> <p>Performance of Service providers on page.134 of the Annual Report</p>



## OVERSIGHT COMMITTEE REPORT – 2023/2024

	<p>The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <ul style="list-style-type: none"> <li>✓ Is the council satisfied with the evaluation and conclusions of the municipality?</li> <li>✓ What other actions are considered necessary to be taken by the accounting officer?</li> </ul>	
<b>5. General information</b>	<b>The following general information is required to be disclosed in the annual report.</b>	
Relevant information on municipal entities	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.	None Applicable
The use of any donor funding support.	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> <li>✓ Have the purposes and the management agreements for the funding been properly agreed upon?</li> <li>✓ Has the use of funds been effective in improving services to the community?</li> <li>✓ What actions need to be taken to improve utilization of the funds?</li> </ul>	None Applicable
Agreements, contracts and projects under Private Public – Partnerships	<p>Information similar to the details of municipal entities should be provided.</p> <p>Council should ensure that all details have been supplied</p>	<p>Yes</p> <p>Page.74 of Annual Report</p>
Service delivery performance on key services provided	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be	<p>Yes</p> <p>Pages. 74 (SDBIP 2023/24 Actuals) of Annual Report</p>

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	summarised. This should cover all services whether provided by the municipality, entities or external mechanisms	
Information on long-term contracts.	Details of all long-term contracts including levels of liability to the municipality should be included.	Yes  Page.74 of the Annual Report
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided. Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.</p>	We have noted that the Municipality's IT systems still reveal a number of control deficiencies including the inadequate implementation of certain IT policies and procedures. Deficiencies were also noted in security management and user access controls. The IT governance framework is still in the process of being developed and implemented.
Capital plan for addressing infrastructure backlogs	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.</p> <p>This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross</p>	Yes  As represented in Appendices, (O) CAPITAL PROGRAMME BY PROJECT 2023/2024, page.74 of Appendices Annexure attached to AR.

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.	
6. Other considerations recommended		
Timing of reports.	Was the report tabled in the time prescribed?	Yes
Oversight committee or other mechanism.	What mechanisms have been put in place to prepare the oversight report?	The Municipal Public Accounts Committee was delegated the responsibility of preparing the oversight report.
Payment of performance bonuses to municipal officials.	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?	Performance bonuses for the year under review have not yet been paid to any Section 54/56 Managers. Performance will be assessed based on achievements of agreed outputs and will only be paid after the adoption of the Oversight Report where applicable

### SECTION.B

#### 7.3 ANNUAL REPORT COMPLIANCE ISSUES

This section contains the Committee's comments on whether the 2023/24 Annual Report included the items required by the MFMA and followed the guidelines provided by Circular 32 and Circular 64 of the National Treasury.

As reported below, the Annual Report complied with the great majority of the MFMA requirements and the National Treasury guidance in the content of the Annual report. The following MFMA requirements have been included in the tabled Annual Report:

- ✓ Headings and Content Recommended by Circular 11 and Circular 63;
- ✓ MFMA Circular's 11, 15, 28, 32 and 63 have been complied with;
- ✓ Annual Report 2023/24;
- ✓ Audited Annual Financial Statements – 2023/24;
- ✓ Auditor Generals' Report – 2023/24;
- ✓ Auditor General Management Comments – 2023/24;
- ✓ Audited Annual Performance Report – 2023/24;
- ✓ Conditional Grants and Assessment of Compliance;
- ✓ Annual Report Appendix – Circular 63 Compliance 2023/24;
- ✓ Total payments for audit fees, taxes, levies, duties, pension and medical aid contributions, and if any amounts outstanding at year end;
- ✓ Summary of all Investments;
- ✓ Particulars of material irregular, fruitless or wasteful expenditures and whether recoverable;

Furthermore, matters raised by the Auditor General for the 2022/2023 financial year have been concluded in the Annual Report for the year under review.

##### 7.3.1 MFMA REQUIREMENTS NOT SUFFICIENTLY ADDRESSED OR NOT INCLUDED IN TABLED ANNUAL REPORT

The Oversight Committee noted the MFMA requirements were all met.

##### 7.3.2 THE AUDIT REPORT - 2023/2024

The audit action plan submitted to the MPAC was adequate and addresses all the issues raised by the Auditor General. MPAC will be in agreement with management with any additional steps that management may deem appropriate to address the numerous shortcomings.

### SECTION.C

#### 8. GENERAL COMMENTS AND RESERVATIONS ON THE CONTENTS OF THE ANNUAL REPORT:

The Oversight committee notes that the Annual Report complies with Circular.63.

#### 9. ANALYSIS OF THE 2023/24 ANNUAL REPORT ACCORDING TO CIRCULAR 63 & 11

- ✓ The Annual Financial Statements – Complied with;
- ✓ The Auditor General's Report on the Financial Statements – Complied with;
- ✓ The final Audit report was issued on 11 December 2024;
- ✓ No explanations that may be necessary to clarify issues in connection with the financial statement – Summary by Accounting Officer or CFO;
- ✓ An assessment by the Accounting Officer on any arrears on municipal taxes and services charges – Summary by Accounting Officer;
- ✓ Particulars of any corrective actions taken or to be taken in response to issues raised in the Audit Report – Summary by Accounting Officer;
- ✓ No information determined by the municipality or entity. According to circular 11 & 63;
- ✓ Any recommendations of the audit and performance audit committee – Addressed in an annexure;
- ✓ Any other information as may be prescribed – Addressed;
- ✓ The use of conditional grants, per grant to include in the current year and details of spending on all previous conditional grants, for the two previous financial years. For example, municipalities must report on all transfers received from provincial departments for three financial years, and indicate how such funds were spent, and for what projects – Included in document through discussions and tables (i.e. Electrification);
- ✓ The extent to which a municipality met the conditions of such grants – Addressed;
- ✓ Agreements, contracts as projects under private public partnerships – Addressed;
- ✓ Service delivery performance on key services provided – Addressed;
- ✓ Corrective measures or action plans to be taken on targets of the key performance indicators as in the Service delivery Budget Implementation Plan (SDBIP) – Addressed;
- ✓ Information on long term contracts – addressed;
- ✓ Information technology and systems and purchased and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations – Addressed; and
- ✓ Performance of the municipality and municipal service providers – addressed.

**10. RESPONSES TO ISSUES RAISED BY AUDITOR GENERAL IN AUDIT  
REPORT FOR THE 2022/23 FINANCIAL YEAR AND ACTION PLAN**

The action plan is referenced “Annexure.9” on page.251 of the Annual Report and clearly indicates what the measures are to be taken to prevent any shortfalls in future audit processes.

## OVERSIGHT COMMITTEE REPORT – 2023/2024

### Dannhauser Local Municipality 2024/2025 Audit Action Plan

AUDIT REPORT											
Audit finding	AR Finding	Component	Nature of finding	Details of the finding	Internal Control Deficiency identified by AG	Recommendations by AG	Actions/Activities required (Actual work to be done)	Person assigned to Task	Deadline Date	Follow up progress Action update	Status
7	Final Audit Report 2024	Finance	Impairment- Receivables from Non exchange transactions	As disclosed in Note 4 to the financial statements, the municipality recognised an allowance of R54,00 million (2022-23: R41,91 million ) for the impairment of receivables from no exchange transactions , as the	Management and internal audit did not perform adequate reviews of the financial statement to ensure that the amounts disclosed therein are accurate and agree to the	Management and internal audit should ensure that the amounts disclosed in the financial statements agree to the supporting schedules, prior to submitting the financial statements for audit.	Management will perform adequate reviews on the financial statements and process correcting journals to ensure that variances noted are corrected. In future, management will ensure that financial statements are reviewed prior to submission to the auditors.	CFO	31-Mar-25		In progress

## OVERSIGHT COMMITTEE REPORT – 2023/2024

				recoverability of these amounts was considered to be doubtful. During the audit of impairment losses, it was noted that the amounts disclosed in the financial statements do not agree with the impairment loss calculations submitted for audit.	underlying records.						
8	Final Audit Report 2024	Finance	Impairment- Receivables from exchange transactions	As disclosed in Note 6 to the financial statements, the municipality recognised an allowance	Management and internal audit did not perform adequate reviews of	Management and internal audit should ensure that the amounts disclosed in the financial statements	Management will perform adequate reviews on the financial statements and process correcting journals to	CFO	31-Mar-25		In progress



## OVERSIGHT COMMITTEE REPORT – 2023/2024

				of R7,65 million (2022-23: R4,78 million ) for the impairment of receivables from exchange transactions , as the recoverability of these amounts was considered to be doubtful. During the audit of impairment losses, it was noted that the amounts disclosed in the financial statements do not agree with the impairment loss	the financial statement to ensure that the amounts disclosed therein are accurate and agree to the underlying records.	agree to the supporting schedules, prior to submitting the financial statements for audit.	ensure that variances noted are corrected. In future, management will ensure that financial statements are reviewed prior to submission to the auditors.				
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## OVERSIGHT COMMITTEE REPORT – 2023/2024

				calculations submitted for audit.							
9	Final Audit Report 2024	Community	Underspending of Conditional Grants and Receipts	The Municipality underspent on its Disaster Relief Grant by R1,64 million. The municipality received the funds in the latter part of the financial year, which contributed to the underspending.	Management did not perform monthly reconciliation of the Disaster Relief Grant.	Management should ensure that monthly reconciliations are conducted.		Director-Community Services	2025/02/29		
10	Final Audit Report 2024	Finance	Contingencies	The municipality is the defendant in two litigation matters, the ultimate	Management did not disclose the provision on the Financial	Management should analyse the litigation matters and disclose in the Financial Statement in		CFO	2025/02/29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

				outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.	Statements .	line with GRAP Standard.					
23	Final Audit Report 2024	MM/PMS	Provision of Mast lights in ward (6,7,8,10&13 )	The target is not specific (the reported target does not specify how many mast lights were to be provided in each ward), thus the target is not specific and measurable.	Indicator being ambiguous in nature and the absence of detailed technical indicator description s results in the inability to draw data from or obtain	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator.	Director- Technical	2025/02/29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

				The indicator is therefore not well defined.	an understanding of the measurability of the indicators.						
23	Final Audit Report 2024	MM/PMS	The number of indigent households earning less than R3800 per month with access to free basic services (electricity)	The target is not specific (the reported target does not specify the number of indigents to be provided with electricity), thus the target is not specific and measurable. The indicator is therefore not well defined	Indicator being ambiguous in nature and the absence of detailed technical indicator description results in the inability to draw data from or obtain an understanding of the measurability of the indicators.	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator.	Director-Community Services	2025/02/29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

23	Final Audit Report 2024	MM/PMS	Initiate Project Management for the Provision of the electricity infrastructure to households of the following wards (1, 2, 5, 6, 7, 9, 10, 11, 13) by 30 June 2024	The target is not specific (it does not specify the number of houses that will be provided with electricity infill in each ward), the target is therefore not specific and measurable. The indicator is therefore not well defined	Indicator being ambiguous in nature and the absence of detailed technical indicator description results in the inability to draw data from or obtain an understanding of the measurability of the indicators.	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator.	Director-Technical	2025/02/29		
26	Final Audit Report 2024	MM/PMS	Monitor the implementation of the indigent policy for indigent	No evidence provided for indicators not achieved	Indicator being ambiguous in nature and the absence of	Management should ensure that, going forward, the planned targets are	Management will review and develop a clear description for each	Director-Community Services	2025/02/29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

			household earning less than R3800 per month with free basic services, refuse removal in the year ending 30 June 2024- Not Achieved		detailed technical indicator description s results in the inability to draw data from or obtain an understanding of the measurability of the indicators.	specific and worded in such a way that they are aligned to the planned indicator.	indicator. Management will update the POE file to add supporting information.				
26	Final Audit Report 2024	MM/PMS	Intervention to the Disaster/Relief Shelters for year ended 30 June 2024	No evidence provided for indicators not achieved	Indicator being ambiguous in nature and the absence of detailed technical indicator description s results in the inability to draw	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator. Management will update the POE file to add supporting information.	Director-P&LED	2025/02/29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

					data from or obtain an understand ing of the measurabil ity of the indicators.						
26	Final Audit Repo rt 2024	MM/PMS	Facilitate and monitor the implementat ion of human settlement projects for year ended 30 June 2024	No evidence provided for indicators not achieved	Indicator being ambiguous in nature and the absence of detailed technical indicator description s results in the inability to draw data from or obtain an understand ing of the measurabil	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator. Management will update the POE file to add supporting information.	Director- P&LED	2025/02/ 29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

					ity of the indicators.						
26	Final Audit Report 2024	MM/PMS	Assessment and Repairs of the Municipal Testing Station phase 2 by the 30 June 2024	No evidence provided for indicators not achieved	Indicator being ambiguous in nature and the absence of detailed technical indicator descriptions results in the inability to draw data from or obtain an understanding of the measurability of the indicators.	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator. Management will update the POE file to add supporting information.	Director-Technical	2025/02/29		
26	Final Audit Repo	MM/PMS	completion construction of 1km emphongolweni gravel	No evidence provided for indicators	Indicator being ambiguous in nature and the	Management should ensure that, going forward, the planned	Management will review and develop a clear description	Director-Technical	2025/02/29		



## OVERSIGHT COMMITTEE REPORT – 2023/2024

	rt 2024		road by 30 June 2024	not achieved	absence of detailed technical indicator description s results in the inability to draw data from or obtain an understand ing of the measurabil ity of the indicators.	targets are specific and worded in such a way that they are aligned to the planned indicator.	for each indicator. Management will update the POE file to add supporting information.				
26	Final Audit Repo rt 2024	MM/PMS	completion construction of 4,7 km mooi gravel access road by 30 June 2024	No evidence provided for indicators not achieved	Indicator being ambiguous in nature and the absence of detailed technical indicator description s results in the inability	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator. Management will update the POE file to add	Director- Technica l	2025/02/ 29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

					to draw data from or obtain an understanding of the measurability of the indicators.		supporting information.				
26	Final Audit Report 2024	MM/PMS	completion construction of 2,703 Km Koppie Allen gravel access road by 30 June 2024	No evidence provided for indicators not achieved	Indicator being ambiguous in nature and the absence of detailed technical indicator descriptions results in the inability to draw data from or obtain an understanding of the measurability of the indicators.	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator. Management will update the POE file to add supporting information.	Director-Technical	2025/02/29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

					ity of the indicators.						
26	Final Audit Report 2024	MM/PMS	completion construction of 0,4 km Nkosibovu gravel and 0,05 Causeway road by 30 June 2024	No evidence provided for indicators not achieved	Indicator being ambiguous in nature and the absence of detailed technical indicator descriptions results in the inability to draw data from or obtain an understanding of the measurability of the indicators.	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator. Management will update the POE file to add supporting information.	Director-Technical	2025/02/29		
26	Final Audit Repo	MM/PMS	Provision of the electricity infrastructure to 360(	No evidence provided for indicators	Indicator being ambiguous in nature and the	Management should ensure that, going forward, the planned	Management will review and develop a clear description	Director-Technical	2025/02/29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

	rt 2024		Ward 3,4,8 & 12) households by 30 June 2024	not achieved	absence of detailed technical indicator description s results in the inability to draw data from or obtain an understand ing of the measurabil ity of the indicators.	targets are specific and worded in such a way that they are aligned to the planned indicator.	for each indicator. Management will update the POE file to add supporting information.				
26	Final Audit Repo rt 2024	MM/PMS	Initiate Project Managemen t for the Provision of the electricity infrastructur e to households of the following	No evidence provided for indicators not achieved	Indicator being ambiguous in nature and the absence of detailed technical indicator description s results in the inability	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator. Management will update the POE file to add	Director- Technica l	2025/02/ 29		

## OVERSIGHT COMMITTEE REPORT – 2023/2024

			wards( 1, 2, 5, 6, 7, 9, 10, 11, 13) by 30 June 2024		to draw data from or obtain an understanding of the measurability of the indicators.		supporting information.				
26	Final Audit Report 2024	MM/PMS	Provision of Mast lights in ward ( 6,7,8,10&13) by 30 June 2024	No evidence provided for indicators not achieved	Indicators being ambiguous in nature and the absence of detailed technical indicator descriptions results in the inability to draw data from or obtain an understanding of the measurability of the indicators.	Management should ensure that, going forward, the planned targets are specific and worded in such a way that they are aligned to the planned indicator.	Management will review and develop a clear description for each indicator. Management will update the POE file to add supporting information.	Director- Technical	2025/02/29		

OVERSIGHT COMMITTEE REPORT – 2023/2024

					ity of the indicators.						
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Status

In progress
Resolved
Not resolved

Not yet started

Total finding

Resolved

Not Resolved

In progress

Not yet started

### 11. CONCLUSION

The Municipal Public Accounts Committee commends Council, the Municipal Manager, the Senior Management Team, and all staff at Dannhauser Municipality on the strides made towards good governance. However, much needs to be done to strengthen internal controls mostly procurement processes and contract management. The 2023/2024 financial year must target focussed attention in this area. In this regard, the Municipal Public Accounts Committee will be monitoring the implementation of the 2023/2024 Audit Action Plan developed by the Management Team in response to the Auditor-General's findings including commitments made by the Mayor and the Municipal Manager to address audit outcomes in the prior and current years.

Having performed the following tasks:-

- ✓ Reviewed and analysed the Annual Report;
- ✓ Considered that no written comments were received on the Annual Report from the public consultation process;
- ✓ Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- ✓ Prepared the draft Oversight Report, taking into consideration, the views and inputs of representatives of the Auditor-General, and Council's Audit Committee;

The Municipal Public Accounts Committee has pleasure in presenting the Oversight Report to Council for consideration;

### COMMITTEE RECOMMENDS:

1. That Council having fully considered the Annual Report of Dannhauser Municipality for the 2023/2024 Financial Year, adopts the Oversight Report for the 2023/2024 Financial Year.