

**ANNUAL REPORT
OVERSIGHT REPORT
2023/2024**

The Oversight Report is based on the Annual Report 2023/2024 and is drafted and submitted in accordance with the Municipal Finance Management Act (MFMA), no 56 of 2003

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1. INTRODUCTION

The annual report is a key instrument of transparent governance and accountability. It is a post-financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year, in this instance 2023/2024. The adoption of an Annual Report is a legislated requirement in terms of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA).

2. PURPOSE

The purpose of this report is to present to Council for adoption, the final Annual Report for 2023/2024 as well as the Oversight Report on the Annual Report as required in terms of Section 129 of the MFMA.

3. LEGAL FRAMEWORK

Herewith an extract from key legislative requirements as per the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA) relating to the Annual Report:-

121. Preparation and adoption of annual reports.

- (1) *Every municipality and every municipal 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.*
- (2) *The purpose of an annual report is—*
 - (a) *to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
 - (b) *to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*



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- (c) *to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

127. Submission and tabling of annual reports

- (3) *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.*

129. Oversight reports on annual reports

- (1) *The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council—*
 - (a) *has approved the annual report with or without reservations;*
 - (b) *has rejected the annual report; or*
 - (c) *has referred the annual report back for revision of those components that can be revised.*

4. BACKGROUND

1. The 2023/2024 Annual Report was tabled to Council on the 29 January 2025 and was adopted. The Annual Report RB9.1.1/29-01-2025 was published and an invitation for representation from the community was requested (Notice 11/2025). No representations were received from the community. The report was made available to the community again for representation. Closure for community representation was on the 28 February 2025. No representations were received.



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4.1. 2023/2024 ANNUAL REPORT CONSULTATION AND ADOPTION PROCESS BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

In terms of Council Resolution, a Municipal Public Accounts Committee (MPAC) was established in terms of Section 79 of the Structures Act, 1998. In terms of the Terms of Reference of this Committee it is, inter alia, responsible to perform oversight over the process of preparing the Annual Report of Council and to produce an Oversight Report based on the Annual Report.

MPAC currently consists of the following members.

- i) Cllr P. Strauss (Chairperson)
- ii) Cllr. W Farmer
- iii) Cllr. M. Bergh

4.2. OVERSIGHT REPORT

The adoption of the Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA required the Council to consider the annual reports of its municipality and to adopt an Oversight Report containing the Council's comments.

The oversight report 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 reviewed.

National Treasury issued Circular 32 on March 2006 on the preparation of Oversight Reports and provides guidelines on the processes to be followed in the adoption of the Oversight Reports to which this report conforms.

The Oversight Report is a separate product from the Annual Report. The Annual Report is submitted to the Council by the Accounting Officer and the Executive Mayor and is part of the process for discharging accountability by the Executive and Administration for their performance in achieving objective goals set by the

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municipality in the financial year under review. The Oversight Report follows consideration and consultation on the Annual Report and is considered a report of the municipal council.

4.3. ADOPTION AND PUBLIC CONSULTATION PROCESS

The Annual Report 2023/2024 was tabled to Council on 29 January 2025 (RB9.1.1/29-01-2025) in compliance with the Municipal Finance Management Act (MFMA), no 56 of 2003 which requires under Section 127(2):

(2) "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."

(3) "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 the 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 the outstanding components of the annual report as soon as may be possible".

The Annual Report 2023/2024 was made public on the municipal website within five (days) and within seven (7) days notified the local community after it was approved by Council.

Members of the community and other stakeholders were invited to submit written comments/inputs into the Annual Report during February 2025. In addition, the Annual Report 2023/2024 was also made available at all municipal offices, libraries and municipal website.

The Annual Report was furthermore also submitted in terms of Section 127(5)(b) to the Auditor General of South Africa, Provincial Treasury (Western Cape) and the Department of Local Government (Western Cape).

The closing date for public comments was on 28 February 2025. No submissions from the public or other institutions were received.



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The process of the finalization and approval of the 2023/2024 Annual Report is set out in the table below:

ACTIVITY DESCRIPTION	PROVIDE FOR BY
Preparation of annual financial statements of the municipality and submission to the Auditor General	MFMA Section 122(1)(2)
Receipt of final report from Auditor General	MFMA Section 126(3)(b)
Tabling of Annual Report in Council by Executive Mayor	MFMA Section 127(2)
Allowing for comment by Community and relevant state organs	MFMA Section 127(5)(a) & (b)
Corrective actions to AG's opinion formulated and tabled in Council	MFMA Section 121(3)(g)
Consideration and adoption of Annual Report and Oversight Report	MFMA Section 129(1)
Submission of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	MFMA Section 129(2)(b)
Communication of final Annual Report and Oversight Report (website, hard copies and other mediums)	MFMA Section 129(3)

4.4. MATTERS DISCUSSED BY MPAC ON 20 March 2025

MPAC met on 20 March 2025 to discuss and consider the adoption of the 2023/2024 Annual Report. The Committee discussed the following aspects of the report.

4.4.1. Annual Report

The annual report was presented to MPAC with the focus on the 2023/2024 annual performance.

4.4.2. Annual Financial statements

The Annual Financial Statements were presented to MPAC.



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4.4.3. Audit Report

The following paragraphs are extracted from the Audit Report of 2023/2024:

Opinion

Paragraph 2:

In my opinion the financial statements present fairly, in all material respects, the financial position of the Cederberg Municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with The Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2022 (DoRA).

Report on the audit of the annual performance report

Paragraph 19:

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

Paragraph 20:

I selected the following material performance indicators related to strategic objective 1: Improve and sustain basic service delivery and infrastructure development presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measures the municipality's performance on its primary mandated functions and that is of significant national, community and public interest.

- TL24 Number of residential properties that receive piped water (credit and prepaid water metering) that is connected to the water infrastructure network and billed for the service as at 30 June 2024
- TL25 Number of residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) (Excluding Eskom areas) and billed for the service as at 30 June 2024



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- TL26 Number of residential properties connected to the municipal wastewater sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2024
- TL27 Number of residential for which refuse is removed once per week and billed for the service as at 30 June 2024
- TL 28- Provide free basic water to indigent households as per the requirements in the indigent policy as at 30 June 2024
- TL 29- Provide free basic electricity to indigent households as per the requirements in the indigent policy as at 30 June 2024
- TL 30- Provide free basic sanitation to indigent households as per the requirements in the indigent policy as at 30 June 2024

Paragraph 24:

The material findings on the reported performance information for the strategic objective:

- Strategic objective 1: Improve and sustain basic service delivery and infrastructure development.

Report on the audit of compliance with legislation:

Paragraph 25:

Based on evidence, the actual achievements for the basic service delivery indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the underachievement on the targets is likely to be more than reported and/or it is likely that the achievement against the target was lower than reported.

Indicator	Target	Reported achievement
TL25 Number of residential properties connected to the municipal electrical infrastructure network	8 495	8 558



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(credit and prepaid electrical metering) (Excluding Eskom areas) and billed for the service as at 30 June 2024		
TL26 Number of residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2024	5 154	5 032
TL27 Number of residential for which refuse is removed once per week and billed for the service as at 30 June 2024	6 003	5 784
TL 28- Provide free basic water to indigent households as per the requirements in the indigent policy as at 30 June 2024	1 675	1320
TL 29- Provide free basic electricity to indigent households as per the requirements in the indigent policy as at 30 June 2024	1 565	1 223



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Paragraph 29

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Strategic objective 1- improve and sustain basic service delivery and infrastructure development. Management did not correct all of the misstatements, and I reported material findings in this regard.

Targets achieved: 69%		
Budget spent: 94%		
Key indicator not achieved	Planned target	Reported achievement
TL 24 Number of residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2024	6 011	5 504
TL 26 Number of residential properties with sanitation services which are connected to the municipal waste water (sanitation/sewerage) network and are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2024	5 154	5 032
TL 27 Number of residential properties for which refuse is removed once per week and billed for the service as at 30 June 2024	6 003	5 784
TL 28 Provide free basic water to indigent households as per the requirements in the indigent policy as at 30 June 2024	1 675	1 320
TL 29 Provide free basic electricity to indigent households as per the requirements in the indigent policy as at 30 June 2024	1 665	1 223
TL 30 Provide free basic sanitation to indigent households as per the requirements in the indigent policy as at 30 June 2024	1 640	1 305
TL 31 Provide free basic refuse removal to indigent households as per the requirements in the indigent policy as at 30 June 2024	1 673	1 318
TL 32 The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2024 (Actual amount spent on capital projects/Total amount budgeted for capital projects) X100	90%	77,63%
TL 35 Spend 90% of the approved maintenance budget spent for technical services (Water, Wastewater, Electricity, Roads and Stormwater) by 30 June 2024 [(Actual expenditure on maintenance/total approved maintenance budget) x100]	90%	80,48%
TL 37 95% of the water samples comply with SANS 241 micro biological parameters ((Number of water samples that comply with SANS 241 indicators/Number of water samples tested)x100)	95%	90%
TL 38 Limit unaccounted for water to less than 15% by 30 June 2024 ((Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified x 100)	15%	30,91%

Paragraph 33:

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

HR management

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Paragraph 34:

Financial interests were not disclosed by senior management within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.

Expenditure Management

Paragraph 35:

Reasonable steps were not taken to prevent irregular expenditure amounting to R16 603 924 as disclosed in note 51.2 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by the municipality not following a competitive bidding process to appoint a service provider for the implementation of housing projects. Irregular expenditure amounting to R4 819 224 were incurred on these housing projects.

Procurement and Contract Management

Paragraph 36:

Some of the goods and services of a transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by Municipal Supply Chain Regulations 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

Annual financial statements, performance and annual report

Paragraph 37:

The financial statements submitted for auditing were not fully prepared in all material aspects in accordance with the requirements of section 112(1) of the MFMA.

Paragraph 38:

Material misstatements of revenue from service charges and the debt impairment disclosure note, identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

4.4.4. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The following items with regards to unauthorised, irregular, fruitless and wasteful expenditure were discussed.



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UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE	2023-2024
Unauthorised Expenditure	974 750
Irregular Expenditure	16 603 924
Fruitless and Wasteful Expenditure	1 164 184

4.4.5. OPCAR (OPERATION CLEAN AUDIT REPORT)

Attached OPCAR which was presented to the Audit Committee. That the MPAC take note of the OPCAR.

5. GENERAL COMMENTS BY MPAC ON THE AUDIT REPORT 2023/2024

The water situation in Lamberts Bay remains a concern, though management has taken steps to secure water for the community. MPAC is aware that the municipality is applying to DWS to increase its water extraction limit and will monitor this closely. We are waiting for final reports on the viability of the desalination plant to assess the situation. Additionally, we received an update on the Nortier farm project, which is set to have its borehole operational by 2027.

6. CONCLUSION

MPAC is satisfied that the 2023/2024 Annual Report provides an overview of the process of financial and non-financial performance during the period under review and therefore would like to recommend the adoption thereof.

7. RECOMMENDED RESOLUTION TO BE ADOPTED BY COUNCIL

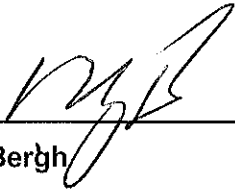
In accordance with Section 129(1) of the MFMA it is **RECOMMENDED** to Council:-

1. That Council, having fully considered the Oversight Report from MPAC on the Annual Report 2023/2024 of Cederberg Municipality, **ADOPTS** the Oversight Report.
2. That Council, having fully considered the Final Annual Report 2023/2024, attached hereto, **ADOPTS** the Annual Report 2023/2024 without reservations / with reservations;
3. That the Oversight Report 2023/2024 be made public in accordance with Section 129(3) of the MFMA, and;



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4. That the Oversight Report on the Annual Report 2023/2024 be submitted to the Provincial Legislature in accordance with Section 132(2) of the MFMA.



Cllr M. Bergh

ACTING CHAIRPERSON:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

ANNEXURE

Annexure A: Final Annual Report 2023/2024