

MOPANI DISTRICT MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE



OVERSIGHT REPORT

ON THE 2023-24

ANNUAL REPORT

REPORT DATE: 31 MARCH 2025

Vision

To be the food basket of Southern Africa and the tourism destination of choice

Confidential

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Foreword by the Chairperson

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Chairperson's Foreword

My first expression will be to convey a sincere gratitude to My colleagues in the committee for their Commitment, availability and undivided focus to compile a report of this magnitude in their pursuit of proper oversight within the Municipality. Though unpopular we have no doubt that the bar was properly positioned where it actually ought to be.

The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality and in order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive, hence We further appreciate all the role-players who furnished us with all relevant evidence to positively contribute to this process.

It must be born in mind that the Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report. Given the process required by Council to effectively undertake its oversight role, the establishment of the Municipal Public Accounts Committee (MPAC) of Council provides the appropriate mechanism through which Council can fulfil its oversight responsibilities. It is against this background that SALGA, as well as National Treasury and DCOG, promoted the establishment and effective functioning of Municipal Public Accounts Committees (MPACs)

This committee was therefore mandated by council during the 30th January 2025 Council sitting to probe the Annual Report, develop and table the Oversight report to council in less than two months and we therefore wish to present the compiled oversight report per your directive.

Cllr. PS Mothomogolo

Chairperson: Municipal Public Accounts Committee (MPAC)

1. INTRODUCTION

The 2023/24 Draft Annual Report for Mopani District Municipality was tabled in council on the 30th January 2025. Subsequently the report was referred to Municipal Public Accounts Committee (MPAC) for oversight responsibilities as stipulated by Section 129(1) of the MFMA. MPAC was to comply with this and other legislation to eventually table an oversight report before council on the 31st March 2025.

The Oversight Report will, give a brief background by providing the relevant legislative prescripts guiding the compilation thereof, outline processes that were followed, deadline for tabling and approval by Council.

Public notice on the availability of the 2023/24 draft annual report was placed on the relevant media platforms. The notice was for comments on the draft report by members of the public. Public notice on the public hearing was also advertised in various media platforms including the Official Website of the Municipality and the Official Facebook Page of the institution.

The purpose of this oversight report is to therefore account to council for the execution and processes followed as per the assigned responsibility and resolution of council.

2. EXECUTIVE SUMMARY

The Draft Annual Report, inclusive of the AFS for the 2023/4 financial year and the AG report were submitted to MPAC for oversight and scrutiny. As mandated by Council in its sitting dated 30th January 2025, resolution no **OCD/31/2025**, to probe the presented Draft Annual report, develop and table the Oversight report to Council in less than two months from the date of the report, MPAC has fulfilled this obligation, and a series of activities unfolded in the run up towards producing this oversight report.

3. LEGAL FRAMEWORK

The following Legislation is applicable to MPAC for improving the quality of annual reporting and Council Oversight:

1. *The Constitution of the Republic of South Africa, 1996*
2. *The Municipal Structures Act 32 of 2000*
3. *The Municipal Systems Act 117 of 1998*
4. *The Municipal Finance Management Act 56 of 2003.*

4. METHODOLOGY

The recommendations made in this report emanated from the information gathered and observations made during the processes followed and activities conducted by MPAC which included and were not limited to Working sessions, committee meetings, project site visits, and the public hearings.

5. ACTIVITIES TOWARDS THE DRAFT OVERSIGHT REPORT

After the draft annual report was referred to MPAC, a series of activities unfolded in the run up towards producing an oversight report. The committee conducted the following activities listed below:

5.1 MPAC had its working session to probe the report from the 10th to the 14th of February 2025 where;

- i. Day one, 10th February 2025 – The presentation on the Draft Annual Report was unpacked by the Deputy Manager PMS to the committee;
- ii. The Audit Committee Chairperson was invited to unpack the key focus points on the AGSA Audit report and also highlighted the findings to the committee;
- iii. Day 2 to 5, 11th to 14th February 2025 - the Manager Internal Audit presented on the Audit Report key Findings and the committee started

- to probe the report while highlighting key focus areas for the development of a questionnaire;
- iv. The questionnaire was submitted to the Executives on the 17th February 2025 for written responses with POEs to be returned by the 26th February 2025;
 - v. Invitees to these sessions included the Audit Committee Chairperson, Deputy Manager PMS, Chief Risk officer, Internal Audit Unit, SALGA, CoGHSTA and Provincial Treasury as observers to the session;
- 5.2 Project site visits were conducted on the 24th - 26th February 2025 to some flagged projects;
- 5.3 Meeting to analyze the responses was held on 10th and 12th March 2025;
- 5.4 Public hearing was held on the 13th March 2025;
- 5.5 Engagement Meetings to address the follow-up questions with relevant stakeholders were not scheduled since there was no formal final response to the questions presented.
- 5.6 Meeting to develop and ultimately adopt the report was convened on 24th and 27th March 2025.

During the submission of the questionnaire, the executives were requested to provide portfolio of evidence, supporting the information and responses provided. MPAC was to engage on the provided information as part of producing the draft oversight report. There was no final formal response presented to MPAC until the date of public hearing on the 13th March 2025 despite that the information was long overdue and expected by the 26th February 2025. It is against this background that MPAC is of the view that full support was not provided by the executive in the course of Draft Annual Report probing and compilation of the final oversight report.

6. DELIBERATIONS EMANATING FROM THE ACTIVITIES CONDUCTED

The public hearing was conducted in hybrid format on the 13th March 2025 at Metz Community Hall and through the official Municipal Facebook live-streaming. The Invites were issued to the following stakeholders:

- Executive Mayor
- Council Speaker
- Chief whip
- Members of Mayoral Committee
- Chairpersons of Section 79 Portfolio Committees
- Members of Council
- South African Local Government Association (SALGA)
- Community Development Workers (CDWs)
- District Ward Committee Forum
- Mopani District Municipal Management
- Limpopo Provincial Treasury
- Limpopo Legislature
- Auditor General South Africa
- Department of Cooperate Governance, Human Settlement & Traditional Affairs (CoGHSTA)
- MPAC Chairpersons and support staff from local municipalities
- MPAC Committee and support staff from Maruleng local municipality
- Mopani District Municipal Audit Committee Chairperson
- Community based organizations; and
- Members of the public (Invited through various media platforms)

All the expected invited stakeholders attended public hearing and others through various media channels.

7. ISSUES FROM THE PUBLIC HEARING/ FINDINGS

MPAC engaged on the issues raised by the AG in the 2023/24 draft annual report based on its findings. This means that the public hearing was premised on the AG's findings, Management Report and draft annual report. Several issues raised had similarities with those raised in the previous financial years.

8. GENERAL OBSERVATIONS AND FINDINGS

MPAC has noted the following observation in the process of compiling the oversight report;

The municipality still fail to keep full and proper records of financial affairs of the municipality resulting in non-submission of POEs for audit purposes. Failure to appoint service providers timeously. Expenditure payments were not made within 30 days relating to capital and current expenditure. Slow implementation of council resolutions. Non-adherence to the procurement plan. Poor revenue collection. Quarterly financial statements not compiled and submitted to Provincial Treasury as required for the entire year. Several municipality key service delivery indicators were not achieved.

9. RECURRING FINDINGS

MPAC noted with serious concern findings that have been recurring for more than a year but not being addressed. This is evident that there is slow implementation of the Audit Action Plan by the Executives and monitoring by oversight committees;

10. DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION	RECOMMENDATIONS
CHAPTER ONE: FOREWORD FROM THE EXECUTIVE MAYOR (MUNICIPAL MANAGER'S OVERVIEW) 1.1. WORK OPPORTUNITIES THROUGH EPWP		
In the Executive Mayor's foreword, it was stipulated that in total, we were able to assist at least 178 SMMs to market their services and products at these exhibition expos. Working with SEDA, we also conducted seven workshops for our SMMs. Through the Expanded Public Works Programme (EPWP), we succeeded to create 1446 work opportunities for our people.	1. As per report, the Municipality managed to assist 178 SMMs to market their services and products and that through SEDA 1446 EPWP work opportunities were created. 2. The committee sought to know how EPWP employees were being recruited, criteria and verification processes 3. The Accounting Officer in response stated that Mopani, as the implementing body, has aligned its recruitment process with the National Recruitment Guidelines. The council adopted these guidelines in 2020, and they are currently under review.	MPAC recommends that: 1. The Accounting Officer to ensure that correct EPWP employees are the right beneficiaries for the programme. 2. That Management be consistent in conducting verification and spot-checks. 3. That the Accounting officer must ensure that documentary proof is submitted to AGSA timeously to avoid such findings.

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION	RECOMMENDATIONS
	4. Following the briefing sessions, local municipalities engage with stakeholders to identify participants for each program per sector. Ward councilors lead this process. 5. Once consultations are completed, local municipalities submit a finalized list of participants, signed off by the respective municipality's accounting officer, to Mopani. 6. Mopani then contracts the selected participants and assigns them to their respective work areas for the project duration. 7. Attendance and Timesheets—Participants are required to sign daily attendance registers or timesheets, which supervisors verify and submit to	

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	the office or sector coordinators collect during site visits.	
1.2. RE-GRAVELING OF ROADS On basic service delivery per Municipal manager's overview, The municipality was able to re-gravel roads amounting to 575km in the financial year under review.		
1. The Committee regarded the 575 Km of re-gravelling as a serious under achievement for the 2023/24 financial year in that the communities are not well-served in this space. 2. The Committee enquired on the list of communities who were served on the specified kilometers, unfortunately there was no formal response from	1. The Accounting Officer must ensure that the Communities are serviced and that graders are well-maintained for this purpose. 2. The Accounting Officer must ensure that timely responses are submitted to the Committee for ease of reference during probing.	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION	RECOMMENDATIONS
	the executive for assessment until the date of the public hearing.	
1.3 KEY CHALLENGES FOR THE 2023/24 FINANCIAL YEAR In highlighting key challenges for the 2023/24 financial year, the Municipal manager stated that, despite the achievements alluded, there were challenges cutting across the key performance areas that had impacted negatively on service delivery in the year under review. The challenges amongst others include the following: • The municipality has not achieved some of the Service Delivery Budget Implementation Plan (SDBIP) planned targets; • Failure to appoint service providers timeously; • Non-adherence to the Procurement plan;	1. The Municipality faced challenges in key performance areas which had a negative impact to the Municipality. 2. During the probing sessions, the Committee sought clarity on areas where targets were not achieved as well as difficulties experienced by Management resulting to this under performance. 3. In response, the Accounting Officer outlined that; the municipality has not achieved some of the Service Delivery Budget Implementation Plan	1. That the Accounting Officer ensure that these recurring findings are address and updated reports submitted to council on quarterly basis. 2. That management set realistic targets to avoid undue pressure and underperformance.

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION	RECOMMENDATIONS
- Internal Audit and Auditor General finding were not fully implemented; - Audit Committee, Portfolio Committee and Council resolutions were not fully implemented; - Payment of invoices within 30 days could not be done. - Poor revenue collection.	(SDBIP) planned targets, Failure to appoint service providers timeously; Non-adherence to the Procurement plan; Internal Audit and Auditor General findings were not fully implemented; Audit Committee, Portfolio Committee and Council resolutions were not fully implemented; Payment of invoices within 30 days could not be done. Poor revenue collection.	
1.4. HOUSEHOLD SANITATION The municipality targeted to provide 473 households with sanitation but due to slow progress by contractors, the municipality achieved 86HH and the remaining	1. The Municipality underperformed on household provision during the financial year.	1. The Accounting Officer must ensure that the outstanding backlog on household sanitation is fast-tracked for completion.

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION	RECOMMENDATIONS
units of 387 will be carried over into the 2024/25 financial year.	2. The Committee needed to know the availability of budget to address the stipulated back-log on household sanitation provision. 3. The Accounting Officer in response confirmed that the municipality has received approval for the sanitation project and budget is provided for in the 2024/25 budget adjustment. 4. The committee emphasised that a copy to confirm the adjusted budget must be provided for ease of reference.	2. That management ensure an on-going monitoring to curb recurring back-locks. 3. That the specified copy of budget adjustment figures be submitted to MPAC within seven (7) days.

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CHAPTER TWO: GOVERNANCE (POLITICAL AND GOVERNANCE ADMINISTRATION) 2.1. BY-LAWS		
Only two by-laws were formally gazetted. Out of the five by-laws targeted to be gazetted but only two were gazetted and the four were not submitted for public participation. The remaining by-laws will be submitted to council for public participation. The development, revision and tabling of by-laws is as per the MSA 2000 S11 (3) (m) that provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.	1. As a recurring finding, the Municipality under achieved on the targeted by-laws where at least two out of five was met. 2. The Committee needed to know why the target was not achieved and corresponding plans to correct this underperformance. 3. The Accounting officer alludes to that by-laws have undergone public participation, and at the final stages of gazettement and further that the municipality is in the process of opening an account with the government printers to finalise the gazettement process. 4. Budget Constrains were other issues raised as reasons for this variance.	1. That the Accounting Officer ensure that by-laws targeted are drafted as targeted and budget priorities serve the purpose per set commitments.

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2.2. PUBLIC SATISFACTION LEVEL The municipality did not conduct a customer satisfaction survey for 2023/24 financial year. The municipality appointed the Batho Pele Committee in the 2023/24 financial year. The committee was established for addressing community complaints and issues pertaining to service delivery. Office of the Premier was requested to provide training for the committee and provide terms of reference. The committee will among other things deals with issues of community satisfaction survey in the district in conjunction with the local municipalities. For the year under review, the municipality did not budget for community satisfaction survey. The budget is however planned for 2024/25 financial year.	1. This being a recurring finding, Customer satisfaction surveys were not conducted during 2023/24 financial year. 2. Management in its response to MPAC on why this target was not met for two consecutive years cited that the Municipality has established a Batho Pele Committee which led a successful hosting of the District Batho Pele Day in Makgaung, Ward 08 of Maruleng Municipality where the District Citizens' Report was presented. The satisfaction survey for the Municipality was not done in the previous financial year due to budget	1. That the Accounting Officer ensure budget allocation is made available to meet this target area.

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	constraints. However, the municipality is trying to build internal capacity for the officials to conduct the survey which will meet the required standard.	
CHAPTER THREE: SERVICE DELIVERY PERFORMANCE 3.1. WATER PROVISION All municipalities in the district are providing free basic water to some extent (6000 litres per household per month) with almost none providing free basic waste removal. To eradicate the water backlog, Mopani district as the water services authority has prioritized water services as the first service among all the other services.		
	1. The Municipality alleges to provide the 6 000 litres on free basic water per household per month. 2. MPAC sought more clarity on how the 6 000 litres of free basic water was being calculated in all municipalities.	1. That the Accounting Officer ensure and/or coordinate the installation of metering services across local municipalities to enable the municipality to account for water consumption and ensure revenue collection in the process.

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	3. The response by the Accounting Officer was that the accounting of 6000 litres is only done by municipalities that have household meters which are also read on monthly basis. For indigents, the 6000 litres is deducted from the total water consumed and the rest will be billed. 4. The Committee observed that only people dwelling within townships with metering services can be accounted for, and those in local villages consume for free despite being indigents or otherwise.	

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3.2. PURPOSE AND INTENT OF BLUE DROP CERTIFICATION Mopani District Municipality have 18 Water Supply Systems which went through the Blue Drop Certification assessment from the 18th – 20th January 2023. One of them is Drankensig which is the Water Treatment works in Hoedspruit which is managed by the Department of Public Works. The results highlight the need to appoint more Process Controllers and relative Supervisors and Technologists that will assist us to improve in Technical Management Skills and comply with Regulation R3630. Municipal Blue Drop Score <table data-bbox="1160 1554 1283 2152"> <tr> <td>Blue Drop Score 2023</td><td>%</td><td>56.13%</td></tr> <tr> <td>Blue Drop Score 2014</td><td>%</td><td>64.60%</td></tr> </table>			Blue Drop Score 2023	%	56.13%	Blue Drop Score 2014	%	64.60%
Blue Drop Score 2023	%	56.13%						
Blue Drop Score 2014	%	64.60%						
	1. The blue drop certification assessment within Mopani district Municipality as of 18 – 20 January 2023 was non compliant. 2. MPAC during the probing session sought to know the current status of the blue drop since there was no current results covering the period 2023/24. 3. In response Management cited that Blue Drop Improvement Plan had been developed to ensure comprehensive improvement in the next run and that the next report will	1. That the Accounting Officer ensure that the blue drop certification assessment is compliant.						

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Blue Drop Score 2012	% 79.21%	be released after assessment in April 2026.	
Blue Drop Score 2011	% 63.87%		
BASED ON ANNUAL PERFORMANCE REPORT			
3.3. DISCIPLINARY CASES UNRESOLVED WITHIN A FINANCIAL YEAR			
Overdue outstanding labour related cases that are still ongoing from previous financial year currently at 57% against the expected target of 100%. The explanation provided for failure to conclude these cases are attested to unavailability of employee representatives.	1. MPAC has observed that the Municipality continues to conclude cases outside the expected 90 days period 2. In response to this non-compliance, the Accounting Officer stated that the unavailability of the employees or their representatives on the date scheduled for hearings where the chairperson apply the rule of	1. The Accounting Officer must ensure that the turn-around time for the conclusion of labour-related cases is improved and cannot be left in the hands of the perpetrators.	

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	fairness makes it difficult to conclude cases within the legislated period of 90 days.	
3.4. SLOW IMPLEMENTATION OF AUDITOR GENERAL, INTERNAL AUDIT AND RISK MANAGEMENT FINDINGS AND RECOMMENDATIONS		
There is slow implementation of Internal Audit General, Internal Audit and Risk findings for the year under review. The actual performance of 46% (out of 59 only 27 implemented) 64% (118 and 76 implemented) and 80% (61 out of 76 were implemented) respectively as reported in the Draft 2023/24 Annual Report.	1. MPAC observed the slow implementation of AGSA, Internal Audit and Risk Management recommendations. The targets were not met on the year under review as also registered in the previous year. 2. The Accounting Officer has in response during public hearing stated that there is progress in terms of what is being done on the findings.	1. The Accounting Officer must ensure that recommendations are tracked and prioritized for implementation and report to Council on quarterly basis.

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3.5. NON-CAPTURING OF MIG REPORTS The municipality is expected to capture the projects on the MIS on a monthly basis. For the 2023/24 financial year the municipality did not capture expenditure reports on the MIS website (CoGHSTA), of the targeted 12 per annum 11 were recorded.	1. MPAC has observed that in two consecutive years the Municipality did not comply in capturing of expenditure reports. 2. In responding to reasons for this non-compliance, the Accounting Officer stated that the report for the month of September 2023 was captured on the system. However, due to system challenges, the report did not go through. The issue was corrected with COGHSTA and the expenditure for September 2023 was captured under October 2023.	1. That the Accounting Officer ensure that the capturing of expenditures on the MIS is done timeously to avoid possible system glitches.

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	3. The POE confirming the correspondence between CoGHSTA and PMU was provided to MPAC for ease of reference.	
3.6. HOUSEHOLD ACCESS TO SANITATION The municipality has in 2023/24 financial year targeted to give 473 Households with access to sanitation. The municipality managed to complete at least 86 units for sanitation. The Municipality cited this below target achievement to slow progress by the contractors.		
	1. MPAC has observed the non-achievement as noted on item 1.4 above, The Municipality underperformed on household provision during the financial year. 2. The Committee needed to know the availability of budget to address the stipulated back-log on household sanitation provision.	1. The Accounting Officer must ensure that the outstanding backlog on household sanitation is fast-tracked for completion. 2. That management ensure an on-going monitoring to curb recurring back-locks.

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	3. The Accounting Officer in response confirmed that the municipality has received approval for the sanitation project and budget is provided for in the 2024/25 budget adjustment. 4. The Accounting Officer further stated that the municipality utilized the Grade 1-3 CIDB level of contractors as part of small businesses development (SMMEEs). Although the municipality has put sufficient measures to support the small businesses but there are those who still fell short to complete the projects as expected.	

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	5. The committee emphasized that a copy to confirm the adjusted budget must be provided for ease of reference.	
3.7. REVENUE, DEBT COLLECTION, DATA CLEANSING Poor revenue collection, the municipality is at 1% as of the Annual performance while the target was aimed at 95%. Poor debt collection on outstanding debts, only 1% was achieved out of the targeted 80% for the year. Data cleansing was not performed during the year and thus resulting in zero percentage.		
	1. MPAC has observed underperformance on revenue collection, debt collection and data cleansing during the financial year 2023/24. 2. The committee further sought clarity on the reasons for failing to collect as expected, also on whether the current SLAs were enforceable and possible ways of revenue enhancement.	1. The Accounting Officer must enforce the SLAs on revenue and debt collection with locals since they are enforceable.

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	3. In responding to the raised questions, the Accounting Officer stated that the culture of non-payment is the cause for failure in revenue and debt collection. The SLA,s are also said to be enforceable. 4. On revenue enhancement, the Municipality intends taking over from Local municipalities on government departments and businesses, opportunity to bill new developments reticulated villages, review and enforcement of the revenue enhancement Strategy, and consider Public Private Partnership (PPP) in an	

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	effort to do smart metering for the municipality to enhance revenue 5. MPAC is of the view that if SLAs were enforceable revenue and debts would have been collected successfully	
3.8. QUARTERLY FINANCIAL STATEMENTS Quarterly financial statements not compiled and submitted to Provincial Treasury as required for the entire year. The APR cited the challenges of personnel capacity issues.		
1. MPAC observed non-compliance on the quarterly submission of Financial Statements.	1. That the Accounting Officer ensure that financial statements are prepared on a quarterly basis inhouse and comply to the submission schedule.	
2. The Accounting Officer confirmed this non-compliance in his response, and further stated that the municipality did not have a unit dedicated to the preparation of		

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	Financial Statements. This challenge has been addressed as the vacancies in the financial reporting have all been appointed. That being the case, second Quarter financial statements were submitted to Provincial Treasury.	
3.9. PAYMENT OF INVOICES The municipality for the year under review has managed to achieve 89% in paying of its service providers instead of 100%. The reasons cited are that of old outstanding debts with DWS and Lepelle Northern Water.		
	1. The Committee noted as a recurring finding that payment of invoices are still processed after the required 30 days. 2. Management's response was that The PMU unit officials withhold the invoices and do not submit them to finance on time. Invoices are paid when they are	1. That the Accounting Officer ensure that invoices are received at a central point and paid within 30 days. 2. That Consequence management apply to PMU personnel who keep invoices in their respective offices.

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	received and when they meet the requirements as per the legislation. However, the municipality has old debts with both Lepelle and DWS that contribute to the percentage of creditors not reaching 100%, as the system automatically calculates the 30 days. In addition to DWS and Lepelle, we also have contracts under Schedule 6B. Invoices are sent to DWS to facilitate payment before suppliers can be compensated. The Municipality pays suppliers only when payment is received. MIG invoices are issued before the certificates can be signed, causing the process to take more than 30 days as stipulated.	3. That PMU personnel be liable for the accrued interests resulting from invoices kept in their respective offices. 4. That further investigation be conducted to establish the reasons for keeping these invoices resulting in delayed payments on all invoices that came via PMU.

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	3. Furthermore, Arrangement is made with both Lepelle and DWS, MIG invoices the certificate will be signed before the invoice can be issued and all schedule 6B the invoice date will be from the date the payment is received, and the centralisation of invoices, including the process flow of invoices to be established. 4. MPAC has observed and noted with concern that invoices are kept in PMU's office and thus causing a delay in meeting the required 30 days.	

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3.10. RBIG BUDGET SPENDING		
Slow spending of RBIG budget as approved by council within the financial year, at least 83% was spent of the targeted 100%.	1. MPAC observed that RBIG budget spending remains a challenge in that the expected target was not met during the financial year. 2. Management responded that the municipality could not invest fully in the RBIG due to challenges with Eskom at the plant. A mini sub was required instead of a transformer, and there are also capacity issues at Santeng that are waiting for Eskom to address.	1. That the Accounting officer improve on RBIG budget spending as targeted for.

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3.11. SPATIAL DEVELOPMENT FRAMEWORK		
The spatial Development Framework (SDF) not reviewed by the 30th June 2024, one was targeted for the financial year and zero achievement was recorded.	1. MPAC has learned that Spatial Development Framework was not reviewed during the financial year. 2. The Committee further raised questions on why there was no framework review and possible implications associated with that. 3. Management did not submit any response pertaining to the questions raised during probing.	1. That the Accounting Officer guarantee the review of the Spatial Development Framework. 2. That the Accounting Officer timeously responds to questions raised by MPAC during the probing process.

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3.12. SLOW IMPLEMENTATION OF PORTFOLIO AND IGR RESOLUTIONS The municipality resolved to implement all resolutions throughout the year, Portfolio and IGR were 80% and 69% respectively of the targeted 100% during the year under review.	1. MPAC has noted and observed a perpetual failure in meeting the IGR resolutions implementation. 2. The Committee raised questions seeking to know why this shortfall and mechanisms set in place to improve on this target. 3. Management did not respond to the raised questions. 4. The Accounting Officer stated that IGR is the responsibility of departments and different stakeholders and not the sole	1. That IGR resolutions be monitored by the Accounting Officer and implemented by relevant stakeholders.

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	responsibility of the Municipality to implement.	
3.13. IMPLEMENTATION OF LLF RESOLUTIONS		
Slow implementation of LLF resolutions, at least 77% was attained of the targeted 100% during the financial year.	1. MPAC has noticed the slow implementation of LLF resolutions. 2. Management response to the questions raised was that the only resolution that has not yet been implemented is Job Evaluation (JE), which is the responsibility of the South African Local Government	1. That the Accounting Officer must ensure that all LLF resolutions are timeously implemented.

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	Association (SALGA). The last commune we received from SALGA was on 21 November 2024. In it, they indicated internal challenges that impacted the finalisation of the process, which was initially to conclude by June 2025. To date, we are awaiting SALGA to finalise the job evaluation process so that the municipality can update us on the progress.	
CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE 4.1. WORKFORCE CAPACITATION		
The municipality signed performance plans for all officials below senior managers and performance assessments were conducted in the year under review.	1. MPAC observed that at least 30 Councilors were trained on governance during the financial year	1. The Accounting Officer must ensure that training opportunity for the

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	and thus leaving many who were not granted an opportunity to be trained. 2. Management response was that the initial budget for training in the 2023/24 Financial year was two million (2M) for both councillors and officials. During the 2024/25 budget adjustment, one million has been allocated for the training vote.	remaining Councillors and Officials happen as budgeted for.
4.2. POLICIES On the Draft Annual Report, there is an indication of policies on official Transport to funerals (19) and Sexual Harassment (27) not finalised.	1. MPAC observed during its probing that policies on Funerals and sexual harassment were not finalised.	1. Management must ensure that policies are completed and reviewed per schedule.

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	2. In responding to raised questions on why it was not finalised, Management stated that Sexual harassment is addressed in the employees' code of conduct, which states the following: A staff member of a municipality may not engage in any actions that constitute sexual harassment. However, there will be a development of a separate policy on this matter. Officials' transport to attend funerals policy: The municipality does not have this policy, but it will be developed this financial year.	

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4.3. SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT			
Delay in the Conclusion of labour related cases dating back to 2023 and still ongoing.		1. MPAC has taken note that some cases take longer than expected to be concluded such as that of the Satellite Manager. The cost of R 800 000 was incurred in pursuit of these cases.	
		2. Management responded that the case was delayed because the employee raised points in Limine that were dismissed. Further, the delay was caused by postponements and an interlocutory process initiated by the employee, and the chair applied the rule of fairness. However, it is worth noting that the disciplinary hearing was scheduled for the 12 th of February with the intention of finalising the	
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of case and reasons why not finalized
Satellite Manager	Gross dishonesty	March 2023	Ongoing
			Ongoing

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	situation. The employee did not come, but HR later received the resignation of the same employee, who will end his employment contract with the Council at the end of February 2025. 3. The Accounting Officer confirmed during the Public hearing that the employee in question is no longer in the service of the Municipality.	
CHAPTER FIVE: FINANCIAL PERFORMANCE 5.1. REPAIR AND MAINTENANCE EXPENDITURE		
The maintenance plan in respect of every new infrastructure assets was not adequately prepared. The repairs and maintenance vote is not adequately	1. MPAC observed that the Municipality have spent more than the budgeted	1. The Accounting Officer must ensure forward planning to avoid budget overspending.

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monitored. Every director is responsible for ensuring that all assets (other than infrastructure assets) are properly maintained and in a manner, which will ensure that such item attain their useful operating lives.	amounts and spares remained unavailable during the financial year. 2. In responding to the questions raised, Management stated that the service delivery needs and pressure to avoid protests, losses, and safeguarding of assets were the reasons for budget overspending. Due to cost containment and a limited budget, they could not maintain a minimum or safety stock level; therefore, they only purchased spares as needed to avoid buying stock that may be susceptible to theft or obsolescence.	

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5.2. INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS		
327 466 households which are receiving sanitation services. 96.2% of the community households have access to sanitation services, whereas 3.8% has no sanitation services in their communities. At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.	1. The committee has noted that the Municipality experienced a backlog on the provision of household sanitation during 2023/24 financial year. 2. The management response stated that the status on the backlog is still the same as reported. Sanitation budget was approved for 2024/2025 during the budget adjustment and there's budget available now to reduce the backlog and a pool of contractor level 4 to 6 is being used to implement the project and as soon as the appointments is finalized only then an acceleration plan will be prepared	1. The Accounting Officer must fast track the finalization of contractors appointment then develop the accelerated plan to address the backlog.

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5.3. CASH FLOW MANAGEMENT AND INVESTMENTS The cash flow management of the municipality is critically important given the current weaknesses on debt collection mechanisms. Own revenue is not collected. The municipality adopted the cost containment measure from National Treasury with the aim of maximising on liquidity. Due to limited own revenue streams, the municipality invests in call accounts on a regular to make extra income to complement funding for operational activities.		
1. The Committee noted that the Municipality own revenue is not collected and as such adopted a cost containment measure. 2. The Accounting Officer has in response to the raised questions expressed that the municipality is looking to review the Revenue Enhancement Strategy which will unlock alternative revenue streams as per municipal powers and	1. That the Accounting Officer develop revenue enhancement strategies to assist in the collection of revenue for the Municipality.	

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	function and do the reticulations and households connections.	
CHAPTER SIX: AUDITOR-GENERAL AUDIT FINDINGS		
6.1 PROPERTY, PLANT AND EQUIPMENT		
3. The impairment loss on infrastructure assets was not calculated with GRAP 21, <i>Impairment of non-cash generating assets</i>. I identified a difference of R166 207 568 relating to assets with indicators of impairment relating to infrastructure asses. Consequently, the infrastructure assets balance of R6 197 957 543 as disclosed in note 8 to the financial	1. MPAC has observed on Property, Plant and equipment that, impairment losses incorrectly calculated and not in accordance with GRAP 21, depreciation on infrastructure incorrectly calculated. 2. Management response stated that, Impairment losses were	1. That the Accounting Officer must ensure that there's compliance to relevant GRAP standards. 2. That the Accounting Officer must always clear any misunderstandings with AGSA before final comment/finding on Audit Report.

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statements is overstated by R166 207 568. Additionally, there is resultant impact on the current year's surplus. 4. The municipality did not maintain adequate internal control systems for recording and accounting for property, plant, and equipment. I identified assets that were not recorded in the fixed asset register. I was unable to determine the full extent of the misstatement identified as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to the other property, plant and equipment stated at R74 976 062 in note 8 to the financial statements were necessary. 5. The depreciation on infrastructure assets was not calculated in accordance with GRAP17, Property, and	accurately assessed since the Auditor did not challenge the calculations. However, the Auditor selected most Reservoirs, some of which were either spilling or wet, or were surrounded by shrubs. The work needed to restore these assets was minor cosmetic and did not involve structural defects. The Auditor believed this was a reason to trigger impairment. However, Management tested the infrastructure in question for impairment and the result was negative. The Auditor General did not have time to review management's work, and the	3. That BTO ensures quality check to verify correctness of all calculations before final processing.

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equipment. Incorrect remaining useful life rates were used in calculating the accumulated depreciation, without assessing the condition of the asset. Consequently, the property, plant and equipment is overstated by R140 679 234. Additionally, there is a resultant impact on the accumulated surplus. 6. The municipality did not maintain adequate internal control systems for recording and accounting for property, plant and equipment. I identified differences amounting to R46 154 035 between the annual financial statements and the assets register. I was unable to obtain sufficient appropriate audit evidence for corresponding amounts of property, plant and equipment due to a lack of appropriate supporting schedules. I was unable to determine the full extent of the misstatement as it was impracticable	finding was not resolved during the Audit period. 3. The auditor did not recognize that depreciation cannot be charged to assets that are fully impaired. We shared our work with the Auditor. Unfortunately, he did not have time to review it, and the findings were not resolved. Assets with a R1 value should not be depreciated since they have reached the end of their useful life. 4. MPAC's observation of human error not capacity in incorrect calculations must be a cause for concern because such mistakes	

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to do so. Consequently, I was unable to determine whether any adjustments to the comparative balance of property, plant and equipment stated R8 923 016 539 in note 8 to the financial statements was necessary. 7. Total non-current assets were materially misstated by R24 062 398 due to the cumulative effect of individually immaterial uncorrected misstatements in infrastructure assets and other property, plant and equipment. Consequently, I was unable to determine whether any further adjustments to total non-current assets balance of R9 529 384 195 as disclosed in note 8 was necessary.	become costly to the municipality.	

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6.2 RECEIVABLES, REVENUE AND PAYABLES FROM EXCHANGE TRANSACTIONS		
8. I was unable to determine whether receivables arising from Vhembe District Municipality relating to water and sanitation were correctly recorded due to the status of the records. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the receivable balances stated at R54 095 770 in note 4 to the financial statements were necessary. Additionally, there is a resultant impact on the accumulated surplus.	1. The Committee observed AG findings on receivables, and payables from exchange transactions. Out of the prescribed findings the committee sought to know if the Accounting Officer review the work of service providers, why was any discrepancy not detected by management, how effective is the IGR in addressing the water and sanitation issues, and the CFO's forum in addressing water related transactions between the district and local municipalities.	1. That the Accounting Officer ensure that the takeover from locals is prioritized and implemented accordingly.
9. An assessment of the impairments of debtors was not properly performed at the year-end, as the provisions for impairment of long outstanding debtors was not properly calculated due to incorrect estimates used to determine the provision, in accordance with GRAP 104, <i>Financial instruments</i>. I was unable to confirm the provision for impairment by alternative means. Consequently, I was unable to determine		

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whether any adjustments to receivables from exchange transactions stated at R2 306 588 067 (2023: R2 128 999 331) in note 4 to the financial statements were necessary. Additionally, there is a resultant impact on surplus for the year. 10. I was unable to determine whether receivables from exchange transactions arising from Ba-Phalaborwa relating to water and sanitation were correctly recorded in the current and prior year due to the status of the records in the current year. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the receivables balances stated at R532 395 553 (2023: R461 852 437) in note 4 to the financial statements were necessary. Additionally, there is a resultant impact on surplus for the year.	2. Management responses stated that the work of service providers is reviewed, the local municipalities are changing their information before finalising their AFS and not updating the supporting documentation they had already sent to the district. IGR is held quarterly, and the reports are submitted. The municipality is intending to take over from local municipalities starting with government departments and businesses.	

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11. The municipality did not maintain adequate internal control systems for recording and accounting for trade payables arising from local municipalities in accordance with GRAP 1, Presentation of financial of financial statements. I was unable to determine whether local municipalities loan account relating to water and sanitation were correctly recorded due to the status of the records. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the local municipalities loan account stated at R579 758 323 (2023: R533 030 648) in note 12.7 to the financial statements were necessary. 12. The municipality did not have adequate internal control systems to account for transactions in the correct financial year as required by GRAP 1, Presentation of financial statements. I identified various trade payables transactions amounting to		

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R32 176 610 that were not correctly accounted for in the 2023-24 period. Consequently, total trade payable of R1 019 645 878 as disclosed in note 12 to the financial statements is understated by the same amount. 13. I was unable to obtain sufficient appropriate audit evidence for revenue from water and sanitation due to the status of record keeping. I identified unexplained differences amounting to R83 703 112 between the municipality's financial statements and underlying records from the local municipalities (Greater Giyani and Greater Tzaneen). I was unable to confirm the revenue by alternative means. I was unable to determine whether any adjustments to revenue from exchange transactions stated at R219 685 312 (2023: R266 204 237) in note 19 to the financial statements were necessary.		

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14. I was unable to obtain sufficient appropriate audit evidence for revenue from water and sanitation amounting to R26 944 269 on corresponding figures due to the status of record keeping. I identified unexplained differences between the municipality's financial statements and underlying records from the Ba-Phalaborwa local municipality. I was unable to confirm the revenue by alternative means. I was unable to determine whether any adjustments to revenue from exchange transactions for the comparative period stated at R266 204 237 in note 19 to the financial statements were necessary.		
6.3 EXPENDITURE		
15 The municipality did not have adequate internal control to account for transactions in the correct financial year as required by GRAP 1, Presentation of	1. MPAC has noted that the municipality did not have adequate internal control to	1. Management to furnish MPAC with relevant responses within four (4) days.

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financial statements. I identified various expenditure transactions amounting to R66 436 450 that were not correctly accounted for in the year under review. Consequently, the total expenditure stated R1 926 109 256 92023: R1 821 744 494) in the statement of financial performance is understated by the same amount. Additionally, there is an impact on the surplus for the year and the accumulated surplus.	account for transactions. The committee sought to know details on why an amount of R 66 436 450 as required by GRAP 1 could not be accounted for during the financial year. 2. Management did not respond to written questions until during public hearing where they promised to provide responses to these multiple transactions within four (4) day.	
6.4 VAT PAYABLE		
16. I was unable to obtain sufficient appropriate audit evidence for VAT payable due to the status of record keeping. I identified unexplained differences to	1. The Committee has observed that the municipality did not provide AGSA with all necessary	1. The Accounting Officer must ensure that documents are

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R26 548 367 between the municipality's financial statement and underlying records. I was unable to confirm the VAT payable by alternative means. I was unable to determine whether any further adjustments were necessary to VAT payables stated at R287 366 701 (2023: R 250 903 140) on note 13 to the financial statements.	documentation as evidence of VAT payables. 2. In responding to raised questions, Management stated that there was a misstatement on the accounting for vat payable which the proposed correction was provided to Auditor General as attached. 3. The question of whether AGSA accepted the provided clarity or response remains to be explained to the committee.	made available timeously to AGSA for audit purposes. 2. Management must provide MPAC with feedback on whether AGSA accepted their version of explanation on VAT payables within seven (7) days.

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6.5 INVENTORY		
17. The municipality did not have an adequate system of internal controls that ensures that water inventory is accounted for in accordance with GRAP 12, Inventories. Water inventory amounting to R208 825 648 was incorrectly classified as expenditure (Bulk purchase). This resulted in the overstatement of expenditure and understatement of water inventory by the same amount. In addition, I was unable to determine whether water inventory was correctly recorded, due to the status of the records. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the water inventory balances stated at R5 291 (2023: R85 899) in note 3 to the financial statements were necessary. Additionally, there is an impact on the surplus for the year and the accumulated surplus.	1. MPAC has observed that water inventory was incorrectly classified and not in accordance with GRAP 12 2. Management responded that the water inventory was accounted for at year end. all these purchases were all reclassified to inventory by journals, and these are clear from inspecting the general ledger. The auditors chose not to consider these journals and only raised a finding based on initial entries which after the journals were all moved to inventory, and journals were then processed to	1. The Accounting Officer must ensure correct classifications are adhered to and in accordance with GRAP 12.

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	post water issues for the year. The bulk purchases of R208,825,647 presented on the AFS is made up of the following transactions, namely the issues for the year and the purchases from the locals. AGSA failed to reconcile that account. This very same reconciliation was provided to AGSA where we explained how we arrived at the final figure. This was clearly disregarded	
6.6 IRREGULAR EXPENDITURE		
18. The municipality did not record all instances of irregular expenditure as required by section 125(2)(d)	1. MPAC observed that the Municipality did not record	1. That the Accounting officer needs to comply with

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of the MFMA. I identified a number of payments made in contravention of the supply chain management requirements (SCM) that were not disclosed in the accounting records. As the municipality did not have adequate systems and controls in place to ensure that all irregular expenditures are disclosed, the irregular expenditure amount stated at R1 356 805 041 in note 54 to the financial statements is understated by R35 852 255.	instances of irregular expenditure as required by section 125(2) (d) of MFMA. 2. In response to the raised questions, the municipality had not classified the identified transactions as irregular expenditure. The transactions were classified as irregular expenditure during the audit by the office of the Auditor General and this was due to defence in interpretation between the municipality and the Auditor General.	requirements of AGSA and act as recommended.

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6.7 COMMITMENTS		
19. The municipality did not maintain adequate internal control systems for recording and accounting for commitments. Identified differences amounting to R1 188 864 371 between commitments as per the commitments register and the supporting records. Consequently, commitments stated at R1 304 688 100 (2023: R1 715 818) in note 45 to the financial statements are understated by the same amount.	1. MPAC has noted the AG's identified differences of R 1 188 864 371 between commitments as per the commitment register. 2. In responding to the questions raised, Management specified that the recalculation differences resulted from the register being prepared on a cash basis instead of an accrual basis of accounting. The internal controls were not compromised; the differences arose from the accounting perspective.	1. That the Accounting Officer strengthens internal control systems for recording and accounting for commitments.

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6.8 WATER DISTRIBUTION LOSSES 20. The municipality did not calculate and disclose water distributions losses in accordance with the requirements of GRAP 1, Presentation of financial statements and section 125(2)(d) of the MFMA. The calculations only took into account water losses at the purification plant and excluded distribution losses from the reservoir to the final consumers. I was not able to determine the full extent of the error as it was impractical to do so. Consequently, I was unable to determine whether any adjustments to water distribution losses stated at R328 819, 2 261 871m3 (3023: R 296 155, 2 164 790m3) in note 34 to the financial statements were necessary.	1. The Committee observed that the Municipality did not calculate and disclose water distribution losses in accordance with GRAP 1. 2. In response to probing questions raised by the Committee, Management stated that it is not true; there is no reason. The Accounting Officer did not fail to calculate and disclose water distribution losses by the requirements of GRAP 1. The Municipality does not have distribution losses policy. 3. The committee is of the opinion that Management is defensive of	1. That the Accounting Officer must ensure water distribution losses are calculated in accordance with GRAP 1.

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	the AG's findings and comments on areas they generally failed to clarify in the cause of auditing.	
6.9 PRIOR-YEAR ADJUSTMENT 21. I was unable to obtain sufficient appropriate audit evidence for the adjustments to prior period amounts of inventory, property, plant equipment, receivables from exchange transactions and accumulated surplus, as the supporting information was not provided. I was unable to determine whether any adjustments relating to the prior-year adjustments disclosed in note 48 to the financial statements was necessary.		
	1. MPAC has noticed that the Auditor General was not provided with appropriate audit evidence for the adjustments to prior period amounts. 2. Management did not supply any written response with regard to the question raised by the committee nor supply any evidence to back-up their view on their response that the accounting officer did not fail to provide appropriate audit	1. The Accounting Officer must ensure that appropriate evidence is submitted to AGSA for audit purposes when required to do so.

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	evidence for the adjustments to prior periods.	
6.10 UNDERSPENDING ON CONDITIONAL GRANTS		
26 As disclosed in note 17 to the financial statements, the municipality materially underspent the conditional grant by R74 904 273.	1. MPAC has observed that the Accounting Officer underspent on conditional. 2. Management response to questions raised about this underspending stated that the municipality did not underspend on any conditional grant for the 2023/2024 Financial year. The unspent grant disclosed in the AFS does not pertain to the year under review; it originates from the 2020/2021 RBIG-Covid relief grant. The municipality decided to repay the grant to the treasury	1. The Accounting Officer must ensure that grant spending is prioritized and annual targets are adhered to as expected. 2. That the proof of this repayment plan to treasury be submitted to MPAC within seven (7) days.

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	since the request to roll it over was not granted. The grants for 2024/25 financial year are spending as per the plan and there are no possibilities of applying for a rollover. The Municipality held meetings with some engineers and contractors whose contract progress is lacking and has developed the acceleration plans. 3. The committee require the proof of this RBIG repayment within five (5) days.	
6.11 SIGNIFICANT UNCERTAINTIES		
27. With reference to note 46 to the financial statements, the municipality is currently involved in	1. MPAC has observed that the Municipality is involved in	1. The Accounting Officer must ensure that appropriate

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litigation with various service providers and third parties. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.	litigations with various service providers and third parties. 2. Management's response to questions raised was that currently there were thirty-three (33) litigations and also that no provision can be made since they are generally not pre-empted.	measures are taken to conclude litigations on time to curb over-expenditure.
6.12 REVENUE MANAGEMENT		
52. An adequate management, accounting and information system which accounts to revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.	1. MPAC has observed that accounting and information system which accounts to revenue and debtors was not in place. 2. Management has in response to raised questions specified that	1. The Accounting Officer must comply with an information system which accounts to revenue and debtors.

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53. An effective system of internal control for debtors and revenue was not in place, as required by section 64 (2)(f) of the MFMA.	they do have, however evidence to support the statement was not provided in this regard.	
6.13 EXPENDITURE MANAGEMENT		
54. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA. 55. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect	1. MPAC has observed a recurring non-compliance with payment by municipality within 30 days. Reasonable steps were not taken to prevent irregular expenditure.	1. The Accounting Officer must implement the previous recommendations on this similar matter as well as apply consequence management to PMU officials who keep and delay

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the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM prescripts and treasury regulations. 56. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R63 731 230, as disclosed in note 53 to the annual financial statements, in contravention of section 62 (1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on late payment of supplies. 57. Reasonable steps were not take to prevent unauthorised expenditure amounting to R422 689 099, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure	2. Management's response to questions raised on non-compliance is that because some officials withhold the invoices and not submit them to finance on time , especially the PMU officials. Invoices are paid when they are received and when they meet the requirements as per the legislation, however municipality has old debts with both Lepelle and DWS that contribute to the percentage of creditors not reaching 100% as the system automatically calculates the 30 days. Apart from the DWS and Lepelle we also have contracts under Schedule	invoices from payment within 30 days.

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was caused by under budgeted items in the various departments. 58. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective systems of expenditure control, including procedures for payment of funds, as required by section 65(2)(a) of the MFMA. 59. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors as required by section 65(2)(b) of the MFMA.	6B Which invoices are sent to DWS to effect payment before suppliers can be paid, Municipality only pays the suppliers when the payment is received, MIG invoices are issued before the certificates can be signed which the process end up taking more than 30 days as stipulated. Arrangement is made with both Lepelle and DWS, MIG invoices the certificate will be signed before the invoice can be issued and all schedule 6B the invoice date will be from the date the payment is received, and the centralisation of invoices,	

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	including the process flow of invoices to be established 3. The Accounting Officer further confirmed that consequence management applied to some officials who were found to have transgressed.	
6.14 CONSEQUENCE MANAGEMENT 60. The unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA. 61. The irregular, fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.	1. MPAC has noticed that liability was not determined for the unauthorized expenditure incurred since there were no investigations conducted. 2. In response to this anomaly, management stated that the municipality consolidates the UIFWe quarterly and submits the	1. The CFO must ensure that Unauthorized expenditures incurred are submitted to council on quarterly basis for further referral to MPAC.

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	consolidated report to the council for processing at year-end. The municipality is following the template to report UIFW. 3. MPAC is of the opinion that Management is not truthful in terms of the quarterly submission in Council as registers are not referred to the Oversight committee for further investigation.	
6.15 ASSET MANAGEMENT 62. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.	1. The Committee observed that internal control for assets was not in place and there was no proper accounting to assets.	1. The Accounting Officer must ensure that AGSA is clarified accordingly and evidence provided to avoid defense

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63. An adequate management, accounting and information systems which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.	2. In response to questions raised, management stated that municipality has an asset register that includes all municipal assets and that the Municipality verifies the existence of the assets twice a year. Additions are confirmed upon receipt by the municipality, and the standard verification occurs twice a year. The municipality has a GIS system, and the assets are being updated on it. 3. MPAC is not convinced by a simplistic response of management since they could not satisfy AGSA and avoid such a finding.	mechanisms that could not be justified to AGSA.

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6.16 PROCUREMENT AND CONTRACT MANAGEMENT		
65. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of supply chain management (SCM) regulation 43. Similar non-compliance was also reported in the prior year.	1. MPAC raised questions pertaining to Procurement and Contract Management on paragraphs 65-69 after observation ; that municipality accept quotations from bidders not declared to be in order by SARS, invitations for competitive bidders not advertised for a minimum of 14 days, contracts awarded to bidders based on points which were not stipulated in the original invitation, contract awarded which was not adjudicated by the bid adjudication committee, contract awarded to a bidder	1. That the Accounting Officer must ensure compliance to procurement processes in the allocation of bids. 2. The POEs be submitted to AGSA to enable them to audit and clear some findings timeously.
66. Some of the invitations for competitive bidding were not advertised for a required minimum period of 14 days, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the sourcing of suppliers for the preparation of the annual financial statements and updating of the fixed assets register.		

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67. Some of the contracts were awarded to bidders based on points given for legislative requirements that were not stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(a)(1) and the preferential procurement regulations. 68. A contract was awarded through a competitive bidding process that was not adjudicated by the bid adjudication committee as required by SCM regulation 29(1)(a) and (b). 69. A contract awarded made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by the SCM regulation 29(5)(b).	who was not recommended by the bid evaluation committee. 2. Management in response to questions raised stated that There was an oversight by management, which resulted from the ineffective use of the checklist. The municipality requested quotations from a panel established through a formal bid process. The panel's purpose was to shorten the procurement time frames. There was an amendment to the original checklist that was normally used. The new evaluation checklist used in left out the verification of MBD9	

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	declaration form which was part of the document. The MBD 9 Declarations were filled by suppliers but the AGSA queried that the checklist used did not indicate that MBD9 was verified. There is no such act or awards in Mopani District Municipality, so this finding is not valid, as there was no bid awarded without following due process. The auditors disregarded the adjudication report, attendance registers, and declaration forms. 3. MPAC regards as a serious negligence that a procurement oversight/error by management is permitted to go unnoticed	

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	without registered consequence. It remains questionable that Management is unable to convince AGSA based on prescripts that some findings may not stand.	
6.17 INTERNAL CONTROL DEFICIENCIES		
77. The basic accounting and internal control disciplines of daily and monthly reconciliation of transactions was not adequately implemented and monitored. 78. Measures put in place for the preparation, review and approval of the annual financial statements and annual performance report are in	1. MPAC has noticed AGSA findings on Internal Control Deficiencies as reflected in paragraphs 77-81, and probing questions raised included that of capacity on both skills and human capital to adequately implement and monitor daily and monthly	1. That the Accounting Officer must ensure that appropriate evidence is submitted to AGSA for audit purposes when required.

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adequate as the annual financial statements and annual performance report submitted for audit contained misstatements that were not detected and rectified prior to submission of the report for audit. 79. The accounting officer did not exercise his oversight responsibilities regarding compliance and related internal controls to ensure that all instances of unauthorised, irregular and fruitless and wasteful expenditure are investigated to determine if any person is liable for the expenditure. 80. The accounting officer did not implement effective controls to ensure that compliance with the applicable laws and regulations is reviewed and monitored at all times.	reconciliation of transactions, municipality submit to AG the annual financial statements and annual performance reports containing undetected financial misstatements, oversight responsibility in ensuring compliance in relation to UIFWE investigations and determine possible liability, and no proper implementation of controls to ensure compliance in the reconciliation of achievements reported and supporting evidence. 2. In response to probing questions raised by MPAC, Management specified that the municipality	

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81. There was no proper implementation of controls over daily and monthly processing and reconciling of achievements reported and supporting evidence.	does have qualified personnel but also continues to capacitate the BTO office with more personnel. Some errors therefore go undetected by the Municipal Manager, Provincial Treasury, COGHSTA, and the Audit Committee because they are minor. The errors found in the Annual Financial Statement arise from human mistakes, incorrect judgments, and estimates. Some errors happen because we receive data and information from the local Municipalities and other external parties, which contain mistakes that go undetected. The Accounting	

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	Officer has never ever failed consistently fulfilled his responsibilities to ensure compliance with UIF investigations. All unauthorized, irregular, fruitless, and wasteful expenditures are being prevented, and for those that are discovered, we also strive to recover the money and ensure there are consequences management. Accounting officers insist that proper controls are implemented to ensure compliance. The Accounting officer has established the following control environment: Management meetings are held	

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	to discuss the MFMA section 71 reports, review minutes, and check implementations. Effective audit committee meetings review and verify the MFMA section 52 reports. The Municipality has segregation of duties, with document design and systematic numbering of documents in place. The Municipality has financial systems that function effectively. The Municipality conducts reviews of data and information available. The Municipality has the SOP and also the Manual Procedures. 3. MPAC is of the view that Management's explanation	

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	pertaining to UIFWe submission, investigation and consequence management is not a reflection of what actually happens on the ground. The UIFWe continues to increase and does not serve in Council on quarterly basis as expected.	

RECOMMENDATIONS ON FINDINGS

1. That Management to ensure implementation of the previous MPAC and Council resolutions;

RECOMMENDATIONS TO COUNCIL

Upon consideration of the Draft Annual Report and AG Report of 2023/24 and all its processes, MPAC therefore recommends the following:

2. That all AG Findings, Audit Committee recommendations and MPAC recommendations to Council be implemented before the end of this financial year.
3. That the Accounting officer submit documentary proof to AGSA timeously for ease of reference to avoid findings emanating from lack of supporting documents;
4. That the Accounting Officer ensure submission of UIFWe to Council on quarterly basis and further referral of registers to MPAC for investigations;
5. That the Accounting Officer reports on UIFWe recovery and write-offs to Council on quarterly basis;
6. That the Accounting Officer closely monitor all projects for implementation and progress review on quarterly basis;
7. That Financial Misconduct Board and external service providers submit reports on cases referred to them for further processing.
8. That Council deliberates on the report;
9. That Council adopts the report without reservations;
10. That the report be published in the Municipality's official website;
11. That the report be submitted to the Provincial Legislature, CoGHSTA, SALGA, AGSA and the Provincial Treasury in terms Section 132(1) (b) of the Municipal Finance Management Act, 56 of 2003;

12. That the recommendations of the report be monitored and implemented by Management, Mayoral Committee, and all relevant Portfolio Committees.



Cllr PS MOTHOMOGOLO

MPAC CHAIRPERSON

31/03/2025

DATE

ANNEXURE A

Names of Municipal Public Accounts Committee Members

Cllr Mothomogolo PS - Chairperson

Cllr Mkhabela DG

Cllr Mashele J

Cllr Maake MW

Cllr Morwathsehla MC

Cllr Mabasa TA

Cllr Masingi JS

ANNEXURE B

PROJECT VISITS REPORT

MPAC during the working session on Draft Annual Report identified few projects which were flagged in the AG's report findings affecting the audit outcome and those reflecting challenges of underperformance per Annual Performance report (SDBIP). The following projects were visited:

MUNICIPALITY	PROJECT NAME AND LOCATION	COMMITTEE FINDINGS	INPUTS/RECOMMENDATIONS
Greater Letaba Local Municipality	Sefotse	The project was not completed for over seven (7) years and currently stalled. The Community is disgruntled about this overdue project.	That the Accounting Officer fast-track the completion of this project. That the Accounting Officer provide MPAC with records of how the Sub-contractor was appointed within seven(7) days.

Reticulation was done three years ago but the Community is not getting water.

The Contractor was no longer on Site and a new contractor has been appointed who needs session approval to purchase materials to complete the remainder of the project.

Materials were previously stolen as a cause for the project delay but no case number was provided to support the statement.

The issue pertaining to the appointment of the sub-contractor's raised and the committee can be the realisation that the PMU can approve from their site without consultation from the Accounting Officer's Office.

The Committee also learned that the

		Contractor failed to pay the storage site for the material as well as some of the workers who were not paid in months.	
Greater Tzaneen Local Municipality	Thapane Water Scheme	The Project is long overdue, it was not handed over due to disagreements and the matter is said to be in court. Settling Tank is blocked, and the dosing Pump is no longer working Butterfly filter is not working, and reservoir does not have the scowler.	That the Accounting Officer ensure replacement of the main Contractor that terminated the service and be replaced for project full completion and hand over. That the generator house damaged by the TLB be fixed. That the officials be provided with the tools of trade to effectively perform their duties.
Ba-Phalaborwa Local Municipality	Lulekani Benfarm	Pump water system for the raw water is not working since its inception. Package Plant waited longer than expected without working and the	That the Accounting Officer ensure that the Engineer advise the Municipality regarding the package plant system that never worked.

		filters are said to have been damaged. Filters need to be tested to check why they are damaged before a single use.	That the Accounting Officer ensure that the overdue project and package plant is urgently fixed.
Ba-Phalaborwa Local Municipality	Biko	Palisade Fencing is not in good Condition as previously reported and recommendations were not implemented.	That the Accounting Officer ensure the service provider fixes the palisade fencing urgently as previously recommended.