

# MOPANI DISTRICT MUNICIPALITY

## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE



### OVERSIGHT REPORT

ON THE 2024-25

ANNUAL REPORT

**REPORT DATE: 31 MARCH 2026**

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 sincere special gratitude is extended to My colleagues in the committee for their Commitment, availability and undivided focus to compile a report of this degree in their pursuit of proper oversight within the Municipality. Your hard work in ensuring that the compiled report is tabled in Council on time. Indeed, though unpopular, we have no doubt that the bar was properly positioned over the years 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 without fail.

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. In consideration of 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 machinery 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 30<sup>th</sup> January 2026 Council sitting to probe the Draft 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 2024/25 Draft Annual Report for Mopani District Municipality was tabled in council on the 30<sup>th</sup> January 2026, per **OCD/02/2026**. 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 compile and table an oversight report before council on the 31<sup>st</sup> March 2026.

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 2024/25 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 newspapers, 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 2024/5 financial year and the AG report were submitted to MPAC for oversight and scrutiny. As mandated by Council in its sitting dated 30<sup>th</sup> January 2026, resolution no **OCD/02/2026**, 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 originated from the information gathered, findings and observations made during the processes followed and activities conducted by MPAC which included and were not limited to Working sessions, committee meetings, engagement with directorates, 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 9<sup>th</sup> to the 12<sup>th</sup> of February 2026 where;

- i. Day one, 9<sup>th</sup> February 2026 – The presentation on the Draft Annual Report was unpacked by the Acting 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 4, 10<sup>th</sup> to 12<sup>th</sup> February 2025 – AGSA presented on the key Audit findings for MDM Report with Internal Audit Specialist contribution, and the committee started to probe the report while highlighting key focus areas for the development of a questions to the Executive;
  - iv. The questionnaire was submitted to the Executives on the 12<sup>th</sup> February 2026 for written responses with POEs to be returned by the 23<sup>rd</sup> February 2026;
  - v. Invitees to these sessions included the Auditor General of South Africa, Audit Committee Chairperson, Acting-Deputy Manager PMS, Chief Risk officer, Internal Audit Unit, SALGA, CoGHSTA and Provincial Treasury while the latter three as observers to the session;
- 5.2 Project site visits were conducted on the 2<sup>nd</sup> – 3<sup>rd</sup> March 2026 to some sampled flagged projects;
- 5.3 Meeting to analyze the final responses was held on 9<sup>th</sup> March 2026;
- 5.4 Public hearing was held on the 10<sup>th</sup> March 2026 at Lenyenye Community Hall;
- 5.5 Engagement Meetings to address the follow-up questions with relevant directorates were scheduled for the 27<sup>th</sup> February 2026.
- 5.6 Meeting to develop and ultimately adopt the report was convened on 25<sup>th</sup> March 2026.

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 information provided as part of producing the oversight report. The requested information was not fully provided by the 27<sup>th</sup> when going for engagement session. It is against this background that MPAC is of the view that full cooperation was not provided by the executive in the course of Draft Annual Report probing, though it is more commendable and progressively valuable compared to the previous year.

## **6. DELIBERATIONS EMANATING FROM THE ACTIVITIES CONDUCTED**

The public hearing was conducted in hybrid format on the 10<sup>th</sup> March 2025 at Lenyenye 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 Greater Tzaneen local municipality
- Mopani District Municipal Audit Committee Chairperson
- Ward Committees
- Community based organizations; and
- Members of the public (Invited through various media platforms)

All the expected invited stakeholders attended the 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 2024/25 draft annual report based on its findings. This means that the public hearing was premised on the AG's findings, Annual Performance Report (SDBIP) 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's Blue Drop certification has not been updated since 2023, Illegal connections, Vandalism and Theft of water, Overdue labour related cases that are still ongoing from previous financial year. Delayed or non-submission of relevant POEs for Audit purposes. Delay in appointing service providers timeously. Non-compliance in invoice payments within 30 days. Slow implementation of Internal Audit and council resolutions. Poor revenue and debt collection. Non-adherence to GRAP standards. Service Delivery projects were not completed within the specified financial 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 one financial year but still are not addressed accordingly. This is evident that there is slow implementation of the Audit Action Plan by the Executives and monitoring by oversight committees. Furthermore, this also reflects a slow implementation of council resolutions and lack of comprehensive Consequence Management within the Municipality as a way of creating a deterrent.

**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 AND FINDINGS	RECOMMENDATIONS
<p><b>CHAPTER ONE: FOREWORD FROM THE EXECUTIVE MAYOR (MUNICIPAL MANAGER'S OVERVIEW)</b></p> <p><b>1.1. SPATIAL</b></p>		
<p>For Spatial Rationale KPA, the municipality managed to continuously hold meetings to allow the municipal Tribunal to adjudicate land use applications within Mopani areas. The appointment of service providers for township establishments was concluded in the year under review and Council was able to approve the SDF in May 2025.</p>	<p>1. As per the draft annual report, the appointment of service providers for township establishments was concluded and Council was able to approve the SDF in May 2025.</p> <p>2. The committee further inquired on the progress made after this appointment to Mokwakwaila, Relela, Namakgale Bufferzone and Phooko townships establishment</p> <p>3. The Accounting Officer in response to these establishments stated that;</p>	<p>MPAC recommends that:</p> <p>a) That the Accounting Officer to ensure that comprehensive consultation is conducted before the appointment of service providers.</p> <p>b) That all the approved township establishments be implemented.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p><b>MOKWAKWAILA TOWNSHIP ESTABLISHMENT PROJECT-GREATER LETABA</b></p> <p>The site handover was done by Modjadji Traditional Authority representative to the Service Provider on the 23<sup>rd</sup> July 2024 in the presence of Mopani District Municipality officials and Greater Letaba officials</p> <p>The Service Provider proceeded with the work and completed the site analysis, motivational memorandum and draft layout plan.</p> <p>Part of the process includes Community Resolution and this</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>could not be attained due to communal land dispute. This is an unusual challenge because the practice is that local municipalities submit township establishment projects for support which have undergone a pre-consultation IDP process. To ensure this does not reoccur, MDM is adding a layer of consultation before appointing service providers.</p> <p>Since the delay, the service provider has a letter confirming that the site is still available and they will do community resolution (public participation with DALRRD (LRD)). The municipality was still awaiting</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>response from the Modjadji Traditional Authority regarding taking community resolution on the project.</p> <p><b>PHOOKO TOWNSHIP ESTABLISHMENT -GREATER LETABA</b></p> <p>The site handover to the service provider was done by Phooko Traditional Authority to the service provider on 23<sup>rd</sup> July 2024 in the presence of Mopani District Municipality and Greater Letaba Municipality officials</p> <p>The service provider completed the draft layout plan and the motivational memorandum with</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>community resolution taken by community in the presence of DALRRD.</p> <p>The service provider submitted the township establishment application to Greater Letaba Municipality and the application served at the Municipal Planning tribunal on 09 December 2025 and the tribunal requested the following additional information and correction to the draft layout plan from the service provider.</p> <p><b>BUFFERZONE                      TOWNSHIP ESTABLISHMENT -BA-PHALABORWA</b></p> <p>The Site handover was done by Ba-Phalaborwa Municipality on 18 July</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>2024 to the service provider in the presence of Mopani District Municipal officials.</p> <p>The service provider managed to do community resolution with Makhushane Traditional Authority Community under the supervision of DALRRD and submitted the township establishment application to the tribunal where the application was approved on 19 December 2025.</p> <p>This project is near completion since it is only pending approval by the Surveyor General.</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p><b>RELELA TOWNSHIP ESTABLISHMENT - GREATER TZANEEN</b></p> <p>The Site handover was done by Modjadji Traditional authority representatives to the service provider on 19 July 2024 in the presence of Mopani District Municipal and Greater Tzaneen Municipality officials.</p> <p>The draft layout plan and memorandum application is completed. The Service provider is due to process a community resolution after experiencing some initial contestations and finalise for the MPT.</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
<p><b>1.2. VACANCY RATE</b></p> <p>A significant overall vacancy challenge in Mopani District Municipality, with 271 total vacant posts across the organization, equating to a 27% overall vacancy rate out of 995 approved posts.</p>	<p>1. The Committee observed that despite the approved posts within the municipality, a 27% vacancy rate still prevail.</p> <p>2. Questions were raised and engagements conducted by MPAC on why the approved posts were not filled despite the need in the municipality.</p> <p>3. The Accounting Officer in response highlighted that; It is because all posts cannot be filled at the same time but progressively and again whilst filling some still experience some colleagues resigning from service, thus creating a gap.</p>	<p>a) That the Accounting Officer must ensure that all funded critical vacancies are filled.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>Ideally the organogram of the institution can be optimally functional if it has 60% and above of the incumbent appointed, however MDM Personnel Provisioning Policy explicitly prohibits filling any post unless it is specifically budgeted for and approved by the Municipal Manager.</p>	
<p><b>CHAPTER TWO: GOVERNANCE (POLITICAL AND GOVERNANCE ADMINISTRATION)</b></p> <p><b>2.1. SECURITY INCIDENT REPORT 2024/25</b></p>		
<p>During the 2024/2025 Quarter ending 30 June 2025 there were one incident reported to the Risk Management Unit by the Private Security Companies and Directorates within the municipality.</p>	<p>1. MPAC noted that Tours Bulk Pipeline between Mogapeng and Ga-Mashalwane experienced illegal connections, Vandalism and Theft of water where a case</p>	<p>a) That the Accounting Officer ensures that by-laws targeted at illegal connections and water theft are gazetted and enforced.</p>

**DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS**

**OBSERVATION AND FINDINGS**

**RECOMMENDATIONS**

No	Location/Site	Description	Case Number	Incident Date	Status
1.	Tours Bulk Pipeline between Mogapeng and Ga-Masholwane	Illegal connections, Vandalism and Theft of water	CASE 37/6/2025	03/06/2025	The illegal connections community members were caught by Riot squad and sent to police station. Where SAPS took them out on warning. Private security company (awaiting full investigation from SAPS) arrested two community members.

was opened and further withdrawn.

2. The Committee needed clarity on the status of the reported case and progress on illegal connections, and remedy employed to curb the recurrence of these illegal connections

3. The Accounting officer has in response to engagement detailed that;

The two community members that were arrested on illegal connections, vandalism and theft of water were released on warning by SAPS. The case has since been withdrawn by the SAPS.

The municipality has appointed the Riot Team that monitor illegal

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>connections, vandalism and theft of water-by-water tankers.</p> <p>In curbing the recurrence. The Municipality will report the Matter to SAPS and disconnect and/or remove fire dehydrants.</p> <p>The appointment of the Riot Team that is responsible for monitoring of illegal connections as and when they are being reported to the municipality daily. The Riot Team is available 24 hours daily.</p> <p>To further deliberate on a format to formalise illegal connections so the community have access to water.</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
<p><b>CHAPTER THREE: SERVICE DELIVERY PERFORMANCE</b></p>		
<p><b>3.1. PURPOSE AND INTENT OF BLUE DROP CERTIFICATION</b></p>		
<p>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 in improving Technical Management Skills and comply with Regulation R3630.</p>	<p>1. The Municipality's Blue Drop certification has not been updated since 2023, and the assessment informed a need for appointment of Process Controllers, supervisors and Technologist.</p> <p>2. The Committee raised questions for responses on the status for 2024/25 financial year Blue Drop results, and whether process controllers and relative supervisors and</p>	<p>a) That the Accounting Officer ensures that the Blue Drop certification is always compliant.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>technologist have been appointed inclusive of their placement locations where appointments happened.</p> <p>3. The raised questions were responded by the Accounting Officer in the following format;</p> <p>The results for 2024/2025 Blue Drop Certification are not yet released by the Department of Water and Sanitation.</p> <p>However, it must be noted that Drankensig WTW is currently owned and operated by the Department of Public Works in collaboration with the South African National Defence Force (SANDF). The recent</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>assessment of the Drakensig Works was not done under MDM.</p> <p>The Municipality had appointed the Process Contrrollers, Superintendents, technicians and scientists as per registrations required by DWS for Blue and Green Drop.</p> <p>4. The POE of all the areas where they are stationed was also provided to the committee to affirm these appointments</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
<p><b>3.2. ELECTRICITY</b></p> <p>The municipality provides boreholes to the whole part of Mopani. In providing boreholes we are required to energise the boreholes provided with electricity. Most of the electrification of the boreholes results in the transformers being stolen. However, the municipality is embarking on an exercise to number the transformers with serial numbers, which will in turn minimise the theft of boreholes transformers in the district.</p>	<p>1. The boreholes provided by the Municipality require energizing, and in the process, transformers are stolen hence the municipality embarked on an exercise of serial numbering of these transformers.</p> <p>2. MPAC sought more clarity on how serial numbering will minimise the theft of borehole transformers in the district, whether the transformers procured by the Municipality are recorded in the municipal assets register, and if the municipality started with the exercise of</p>	<p>a) That the Accounting Officer ensures that all the boreholes within the district are energized accordingly.</p> <p>b) That the paragraph be adjusted accordingly to represent a true reflection of the municipal's responsibility on boreholes and transformers.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>numbering transformers as recorded in the DAR.</p> <p><b>3.</b> In response the Accounting Officer submitted that;</p> <p>The serial numbering will never minimise the theft of borehole transformers, the management has never registered that statement. However, numbering of assets assist with controls for verification, to proof completeness and existence not theft.</p> <p>Mopani District Municipality does not own the transformers supplying power to the boreholes, all such transformers are assets of Eskom and must not be stolen, hence being safeguarded.</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>The bar code on a transformer can be used as a tracking code where if moved it will be reflecting to the security company.</p> <p>Mopani District Municipality does not procure nor own the transformers that supply power to the boreholes, as these are Eskom assets. Therefore, the Municipality cannot record or register these transformers in its municipal asset register unless they are formally transferred to Mopani by Eskom.</p> <p>4. Further engagement made the Committee identify that the statement in the DAR was</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS						
	erroneous and needed to be corrected accordingly in the Final report.							
<p align="center"><b>3.3 LOCAL ECONOMIC DEVELOPMENT</b></p>								
<p>On the EPWP job opportunities, we have created 1016 job opportunities through EPWP program. That is through Infrastructure, Social, and Environmental Sectors.</p>	<p>1. MPAC noted that the municipality is said to have created 1016 EPWP job opportunities during 2024/25 financial year.</p>	<p>a) That the Accounting Officer ensures that the POEs to support outcomes are provided for audit purposes as soon as they are requested.</p>						
<p><b>Jobs created through EPWP projects</b></p> <table border="1"> <thead> <tr> <th>Details</th> <th>EPWP Projects No</th> <th>Jobs created through EPWP projects</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Details	EPWP Projects No	Jobs created through EPWP projects					
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**DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS**

**OBSERVATION AND FINDINGS**

**RECOMMENDATIONS**

	No.
2022/23	2 800
2023/24	1 446
2024/25	1 016
*-EPWP	
3.11.6	T

2. The Committee raised questions on the fact that Since AG did not agree with this over achievement due to lack of evidence, does the municipality have the evidence to support the recorded achievement in the annual report, And to further understand why the evidence was not provided if it was not provided to AGSA.

3. In response, the Accounting Officer stated that the municipality have the evidence to support the recorded achievement, however It was already late after the correct

b) That record management be strengthened within the municipality to curb limitation of scope during audit.

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>information was gathered and provided to AGSA.</p> <p>4. MPAC is of the opinion that late submission of information to AGSA is equal to no submission, hence there is recommendation that POEs must be provided when required since this results in undesirable audit outcomes.</p>	
<p><b>BASED ON ANNUAL PERFORMANCE REPORT</b></p> <p><b>3.4. DISCIPLINARY CASES UNRESOLVED WITHIN A FINANCIAL YEAR</b></p>		
<p>Overdue 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.</p>	<p>1. MPAC has observed that the Municipality continues to conclude cases outside the expected 90 days period and the results are exactly the same as that of 2023/24 financial year.</p>	<p>a) That the Accounting Officer must ensure that the turn-around time for the conclusion of labour-related cases is</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>2. The committee raised questions during its probing and public hearing on the cost implications on these outstanding cases and as to why there was no progress or improvement on concluding cases within 90 days per legislation as stated from the previous year.</p> <p>3. In response to this non-compliance, the Accounting Officer stated that; The cost of travel and allowance , the cost to pay the prosecutors and cost to pay the chairperson which normally cost more or less R500 000.00 per case proceedings.</p>	<p>assessed and improved per case.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>Furthermore, because of the need for fairness and many other factors that affect the progress of Disciplinary cases, such as diseases or sickness, lack of witnesses, interdicts and or any disturbing factors either on the accused or municipality.</p> <p><b>Case 1</b></p> <p>The employee interdicted for the disciplinary process not to take place. Interdicted in High court, CCMA &amp; Labour court. Postponed more than six times on the basis of sickness.</p> <p>The Accounting Officer took three months leading the process.</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>The other witnesses took a month leading the process. Employee's representative not available in most cases.</p> <p><b>Case 2</b></p> <p>The employee was the employer's witness to case 1, hence the delay.</p> <p>This target is not directly implemented by management, it is done by independent people who then gives management the final report and because of other factors that are beyond management's control, the target could not be achieved within the stipulated timeframe.</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
<b>3.5. SLOW IMPLEMENTATION OF INTERNAL AUDIT AND AUDITOR GENERAL FINDINGS</b>		
<p>There is slow implementation of Internal Audit findings for the year under review. The actual performance of 65% out of 100% (114/175) were implemented respectively as reported in the Draft 2024/25 Annual Report.</p> <p>There is a slow implementation of AG Findings for the year under review. The Actual performance of 57% out of 100, (63/88) implemented respectively as reported in the Draft 2024/25/ Annual Report.</p>	<p>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 years.</p> <p>2. The Committee sought answers on the difficulty in implementing the 61 Internal Audit Finding and what is being done by Management to address it. Furthermore, on why the Municipality was failing to implement the Audit findings as expected.</p>	<p>a) That the Accounting Officer must ensure that internal Audit recommendations and AG findings are tracked and prioritized for implementation and report to Council on quarterly basis.</p> <p>b) That consequence management is implemented and reported to council quarterly.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>3. The Accounting Officer has responded during engagements and public hearing stated that; The difficulty is that some of the findings are on transactions that have already happened and cannot be corrected but need to be corrected and investigated further and take consequence management of either charging the employees concerns and terminating the contract or condoning the expenditure , and however, Management is monitoring issues raised by Internal Audit through MANCO meeting monthly, percentage of issues not resolved had financial implications</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>and could not be immediately resolved as a result of budget constraints however they were all in progress to be resolved.</p> <p>Management is currently isolating issues that they can resolve and issues that they cannot resolve are monitoring issues raised by Internal Audit through MANCO meeting monthly, percentage of issues not resolved had financial implications and could not immediately be resolved as a result of budget constraints however they were all in progress to be resolved.</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>Management is not failing to resolve the AG findings, in fact the municipality managed to reduce the findings from 88 to 18 as referred in the Audit report. The remaining percentages of findings which were not resolved, were the end years findings, which were only resolved when compiling and submitting Annual financial statement.</p>	
<p><b>3.6. BY-LAWS</b></p> <p>Three by-laws gazetted were targeted for the year. Two By-Laws were gazetted and the remaining By-law was not</p>	<p>1. MPAC has observed that in three consecutive years the Municipality did not meet the</p>	<p>a) That the Accounting Officer ensures that the gazetted of by-laws happens within the scheduled time.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
<p>gazetted by the 30<sup>th</sup> June 2025 as outlined on the 2024/25 Draft Annual Report.</p>	<p>target in terms of by-laws gazetted.</p> <ol style="list-style-type: none"> <li>2. A question was raised on the progress already made to address the outstanding by-law by the Accounting Officer.</li> <li>3. In response to the question raised and engagement, the Accounting Officer presented that the outstanding By-Law (Municipal Health Services by-law) was gazetted on the 29 August 2025. Gazette no 3729.</li> </ol>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
<b>3.7. Kms OF GRAVEL ROAD</b>		
<p>Kilometres of gravel roads graded did not meet the target of 400 Kms during 2024/25 financial year, instead 55.95 KMs were achieved during this period.</p>	<ol style="list-style-type: none"> <li>1. MPAC has observed that the target of KMs graded did not meet the target during the financial year, 2024/25.</li> <li>2. The Committee needed to know reasons for this recurring inability to meet the projected target from previous years.</li> <li>3. The Accounting Officer presented that the problem is aged graders that keep on having breakdowns and the cost of repairing them is huge and the target cannot be achieved.</li> </ol>	<ol style="list-style-type: none"> <li>a) That the Accounting Officer must ensure that the graders are always kept repaired and roadworthy</li> <li>b) That the graders deemed to have aged be considered for replacement.</li> </ol>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>4. The committee emphasized the need to assess these graders and to get them repaired timeously so that service delivery is not hindered.</p>	
<p><b>3.8. HH WITH ACCESS TO SANITATION</b></p>		
<p>The municipality was unable to achieve a target of 20 794 of HH with access to Sanitation during the year, and instead no single unit was recorded for this period.</p>	<p>1. MPAC has identified a recurring underperformance on this item as of the previous year.</p> <p>2. The committee further sought clarity on why the Municipality failed to plan and implement household Sanitation during 2024/25?</p>	<p>1. That the Accounting Officer must ensure that the outstanding backlog on household sanitation is implemented per municipal targeting.</p> <p>2. That Technical Services ensure on-going monitoring to evade recurring non achievement.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>3. In response, both engagements and public hearing the Accounting Officer stated that;</p> <p>The municipality didn't fail to plan and implement the project there were some delays by DWS, COGHSTA regarding registration of the project, the allocation for 2024/25 sanitation was well planned and implemented correctly in Mopani District Municipality, there were no failure and overall 100% MIG spending and the sanitation project was only registered in November 2024 and project budgeted during budget</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>adjustment in January/February 2025.</p> <p>Due to this delay by DWS and COGHSTA the municipality was only able to start the project in March 2025. Municipality managed to finalize the project registration, appointment of contractors and procurement of materials in the 2024/25 financial year.</p>	
<b>3.9. REVENUE AND DEBT COLLECTION</b>		

<b>DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS</b>	<b>OBSERVATION AND FINDINGS</b>	<b>RECOMMENDATIONS</b>
<p>Poor revenue and debt collection, the municipality achieved 5.2% during the 2024/25 financial year on both targets out of their expected 95% and 80% respectively.</p>	<p>1. MPAC observed underperformance on revenue collection, and debt collection during the financial year 2024/25.</p> <p>2. The committee further raised questions on what is currently being done to maximise revenue and debt collection, and the challenges for not collecting revenue from Locals, as well as if the appointed employees at all Locals are still available and effective for revenue and debt collections.</p>	<p>a) That the Accounting Officer must enforce the SLAs on revenue and debt collection with locals since they are enforceable.</p> <p>b) That the relevant Administrators be urgently appointed to ease the workload.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>3. In responding to the raised questions, the Accounting Officer stated that:</p> <p>To gather monthly billing reports and collections and records them in the data strings and issues the summons to get the local municipalities to pay over the money collected.</p> <p>The municipality is also embarking on the process of rolling out smart metering to improve revenue collection.</p> <p>Review and make changes to the Water Services Level Agreement.</p> <p>Failure by local municipalities to pay over their collections to MDM is a contributing factor. Differences on</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>the balances owed by the MDM and local municipalities.</p> <p>Two out of the five administrators are remaining. The workload for the two administrators is too much and the municipality is intending to increase the number of administrators.</p> <p>4. MPAC is of the view that if SLAs were enforceable revenue and debts would have been collected effectively.</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
<p><b>3.10. PAYMENT OF INVOICES</b></p>		
<p>The municipality for the year under review has managed to achieve 82% in paying of its service providers within 30 days instead of 100%. The stipulated reasons being the late submission of invoices by user departments.</p>	<p>1. The Committee noted as a recurring finding that payment of invoices is still processed after the required 30 days, and worth noting that the municipality has regressed from 89% the previous year to 82% in the year under review.</p> <p>2. The questions raised by MPAC with regard to this recurring late payment of invoices were why the Municipality was failing to reach the 100% target, the challenge causing failure to centralise submission of invoices and the plan to improve on this recurring finding</p>	<p>a) That the Accounting Officer ensures that invoices are received at a central point and paid within 30 days as per previous recommendation.</p> <p>b) That Consequence management apply to officials who keep invoices in their respective offices and ultimately causing delays.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>3. The Accounting Officer has in response stated that;</p> <p>The Municipality is not failing to pay suppliers within 30 days, however it must be noted that some Invoices from projects funded under WSIG schedule 6B, whereby Municipality must wait until funds are received from Department of water and sanitation before the payment to relevant suppliers are made.</p> <p>Others are because of errors committed by Suppliers on the invoices, of which common one are: Invoices from a VAT Vendor for taxable supplies but do not have VAT number for both Supplier and</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>Municipality (where supplier is a Vendor), and Invoices that have the same invoice number from the same supplier and those of failed banking verification on CSD.</p> <p>Some of the invoices are still received by the user departments which requires further awareness with the employees as well as suppliers regarding submission of invoices.</p> <p>Invoices with errors will be marked as invalid and returned to service providers for correction. Where corrections are effected, the new invoice must also bear the revised date.</p> <p>4. MPAC has observed and noted with dissatisfaction that invoices</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	are received with errors and not processed within the legislative required time.	
<p align="center"><b>3.11. OPERATIONS AND MAINTENANCE BUDGET</b></p>		
<p>The municipality has for the year under review managed to achieve 92% instead of 100% due to the delay in appointing service providers on the 4<sup>th</sup> quarter.</p>	<p>1. MPAC observed that Operational and Maintenance budget spending did not meet the expected target during the financial year.</p> <p>2. The committee raised questions for clarity regarding this underspending on what the</p>	<p>a) That the Accounting Officer ensure specifications are submitted timeously to meet budget spending target.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>causes of delay were in the appointment of Service Providers, what the Municipality processes were to remedy the situation and how to fast-track the process.</p> <p>3. The Accounting Officer's response was that;</p> <p>Specifications were not received on time to allow SCM process to unfold timely. As a remedial action, the municipality is reporting progress on implementation of demand management plan monthly in MANCO in order to allow directorates to track progress on the outstanding projects. It was further highlighted that these delays were</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	caused by user departments and not BTO in particular.	
<p align="center"><b>3.12. IMPLEMENTATION OF COUNCIL RESOLUTIONS (MPAC), IMPLEMENTATION OF PORTFOLIO RESOLUTIONS, AND AUDIT PERFORMANCE AND AUDIT RESOLUTIONS</b></p>		
<p>Implementation of Council Resolutions, at least 97% was attained of the targeted 100% during the financial year and with specific reference to those of MPAC per record.</p> <p>On the Implementation of Portfolio Resolutions, 97% was attained of the targeted 100% during the financial year.</p>	<p>1. MPAC identified the slow implementation of Council (MPAC), Portfolio, Audit Performance and Audit resolutions.</p>	<p>a) That the Accounting Officer ensures that directorates implement Council resolutions timeously.</p> <p>b) That Consequence management apply to officials</p>

<b>DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS</b>	<b>OBSERVATION AND FINDINGS</b>	<b>RECOMMENDATIONS</b>
<p>On the Implementation of Audit Performance and Audit Resolutions, at least 92% was attained of the targeted 100% during the financial year.</p>	<p>2. The Committee further raised questions for management responses on which 3% of the Council (MPAC) resolutions were not implemented and which directorates are responsible, the status of Portfolio Resolutions, the registers to confirm the 97% achieved in this regard, and the number of Audit Committee recommendations implemented, and which ones were outstanding</p> <p>3. The Accounting Officer responded to the questions that; The 3% of unimplemented council resolutions comprises the repayment agreement with locals on water</p>	<p>failing to implement council resolutions.</p>

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	<p>services SLA and the signing of MOU with locals on the graders. Both matters have now been clarified, and they will be closed through activated processes.</p> <p>For example, there is now clarity on the water services SLA and processes have been started to get a refined/implementable version of the agreement. There is also clarity on the matter regarding graders.</p> <p>The affected directorates are BTO and Technical Services.</p>	

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<p><b>3.13 UNQUALIFIED AUDIT OPINION NOT ACHIEVED</b></p> <p>Unqualified Audit opinion was not obtained by 31 December 2025 as targeted due to, AG could not obtain sufficient evidence to verify balances relating to assets, revenue &amp; expenditure during the year under review (2024/25).</p>	<p>1. MPAC has noted that the Municipality could not achieve an unqualified Audit opinion almost three years in a row as targeted.</p> <p>2. The Committee raised questions seeking to know why the expected target of unqualified audit opinion could not be met during 2024/25, and if there was any mechanisms being employed to improve from this qualified audit opinion.</p>	<p>a) That the Accounting Officer must work towards improvement in the audit opinion.</p> <p>b) That the Accounting Officer apply consequence management to directorates contributing in failure to achieve the target.</p>

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	<p>3. In response, the Accounting officer specified that;</p> <p>It is because there were material differences on the line items receivables from exchange transactions, payables from exchange transactions, impairments of assets, commitments, distribution losses as well as inventory.</p> <p>The municipality is busy with the process of water transaction reconciliations, assets impairments for opening balances has been effected, water distribution loss and water inventory valuation methodologies have been developed.</p>	

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<p><b>3.14. ACQUISITION OF ELECTRICITY BACK-UP</b></p> <p>The municipality for the year under review has managed to achieve 25% instead of 100%. The Service provider was not appointed due to evaluation not concluded on time.</p>	<p>1. MPAC has noticed an under performance on the acquisition of electricity back-up. Delayed appointment of service provider due to evaluation was the main cause</p> <p>2. The Committee raised questions for clarity on what were the challenges that made the evaluation committee not to conclude the process on time</p> <p>3. Management response to the question raised was that the project was not sufficiently</p>	<p>a) That the Accounting Officer must ensure that projects are concluded as planned.</p>

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	<p>budgeted and needed an adjustment for the project however the budget was redirected to Acquisition and Installation of solar backup. The service provider has been appointed, and the project has commenced and at 80% progress.</p>	

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<p><b>3.15 PROJECTS</b></p>		
<p>Most Projects under Basic Service Delivery 2024/25 did not manage to achieve 100 % target, Kampersrus Bulk Water Reticulation, Lulekani Water Scheme, Makhashane Water Scheme, Ritavi Water Scheme, Thabina to Lenyenye Bulk Supply, Thapane Water Treatment Plant and Middle Letaba Water Scheme Cluster 6.</p>	<p>1. MPAC observed that most Service Delivery projects were not completed within the specified financial year.</p> <p>2. Questions were raised by the committee about these problematic projects on why are these projects were not completed per contractual agreement.</p> <p>3. The Accounting Officer responded to the raised questions and specified that;</p>	<p>a) That the Accounting Officer must ensure that projects are concluded as planned.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p><b>a) Kampersrus Bulk Water Reticulation</b></p> <p>No activities were undertaken as MDM is still awaiting Eskom to upgrade the transformer.</p> <p><b>b) Lulekani Water Scheme</b></p> <p>Project was delayed by Eskom connection to the boreholes and package plant including the relocation of the electrical lines where the water tank had to be installed.</p> <p><b>c) Makhushane Water Scheme</b></p> <p>Project experienced delays due to community stoppages. Extension of</p>	

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	<p>times were accounted and issued accordingly with the GCC which is the guiding contract.</p> <p><b>d) Ritavi Water Scheme</b></p> <p>Project delayed due to community stoppages. Pipes were burnt and stolen and vandalised affecting progress on site and leading to delay in completion. Extension of times were accounted and issued accordingly with the GCC which is the guiding contract.</p> <p><b>e) Thabina to Lenyeny Bulk Supply</b></p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>Project delayed due to community stoppages. Extension of times were accounted and issued accordingly with the GCC which is the guiding contract.</p> <p><b>f) Thapane Water Treatment</b></p> <p>The contractor has taken the municipality to court due to payment disputes. Project was placed on hold due to court issues with the contractor.</p> <p><b>g) Middle Letaba Water Scheme</b></p> <p>The Middle Letaba Cluster 6 project was also put on hold due to the low water level at Middle Letaba Dam.</p>	

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	<p>The WTW had no sufficient raw water for maximum production to supply additional villages.</p> <p>4. Based on the provided responses, the Committee scheduled a sample of projects to physically verify the status thereof.</p>	
<p><b>3.16 FIRE RESCUE EQUIPMENT</b></p>		
<p>Service provider appointed in the last quarter of the financial year did not agree on prices since equipment's are ordered from overseas hence 0% of the target set was registered.</p>	<p>1. MPAC observed that service provider for the provision of fire rescue equipment was appointed late resulting in failure to meet the expected target.</p>	<p>a) That the Accounting Officer ensure targets are completed within the specific year.</p>

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	<p>2. The Committee has in the process of probing raised questions on what the progress was on the purchase of Fire and rescue equipment.</p> <p>3. The Accounting Officer in response where the POE was submitted specified that fire and rescue equipment's were procured and delivery was made on the 22 October 2025.</p> <p>4. The Committee was satisfied with both the responses and submission, except that it happened outside the targeted period.</p>	

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<p><b>3.17 RURAL HOUSEHOLD SANITATION</b></p> <p>The municipality has in 2024/25 financial year targeted to give 25% Households with access to sanitation. The municipality did not achieve a target due to the delay of appointment of the Contractors.</p>	<p>1. MPAC observed that the target for Rural Household sanitation was not achieved due to delay in the appointment of contractors.</p> <p>2. The questions raised for clarity were on what caused the delay in the appointment of Service Providers, if the Service Providers have been appointed and why the target of 25% was recorded for the entire financial year instead of 100%.</p> <p>3. The Accounting Officer responded that;</p>	<p>a) That the Accounting Officer must ensure contractors are appointed on time and projects completed on schedule.</p>

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	<p>Because the sanitation project was only registered in November 2024 and project budgeted during budget adjustment in January/February 2025. Due to this delay by DWS and COGHSTA, the municipality was only able to start the project in March 2025.</p> <p>The Municipality managed to finalize the project registration, appointment of contractors and procurement of materials in the 2024/25 financial year.</p> <p>The work done in terms of planning and procurement constituted the 25% progress reported.</p>	

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<p><b>3.18 SERVICE PROVIDERS PERFORMANCE RATING</b></p>		
<p>Mopani District Municipality 2024/25 Annual Performance Report provided ratings to Service Providers Performance scaling from 2-5.</p>	<p>1. MPAC observed that Consulting Engineers and Contractors were rated in the scale of 1-5 for their performance on projects execution.</p> <p>2. The committee further inquired on criteria used in ratings of Consulting Engineers and Contractors/Service Provider, and what the specified ratings were based on.</p> <p>3. The Accounting Officer responded that; The 1-5 performance rating scale was used as a method for</p>	<p>a) That the Accounting Officer ensure the service providers ratings equate the actual performance on the ground.</p> <p>b) That appropriate actions are taken against service providers failing to meet their contractual obligations.</p>

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	<p>evaluating performance. Here's a breakdown of the ratings:</p> <p>1 - Unsatisfactory: Performance significantly below expectations, requiring immediate improvement.</p> <p>2 - Needs Improvement: Performance does not consistently meet expectations; further development is necessary.</p> <p>3 - Meets Expectations: Performance meets the standards expected for the role.</p> <p>4 - Exceeds Expectations: Performance often exceeds</p>	

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	<p>expected standards; a strong contributor.</p> <p>5 - Outstanding: Performance consistently exceeds expectations and demonstrates exceptional impact.</p> <p>The ratings are based on a National Treasury template for compilation of municipal annual reports that warrants municipalities to use a scale of 1 to 5. 1 being the lowest and 5 being the highest.</p> <p>4. MPAC observed that some contractors with ratings of 3 were not meeting the expectations, this may be regarded as</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>misleading where non-performance is not correctly rated. A true reflection of contractors performance must be reflected to enable the Accounting officer to take appropriate actions on under performance and even where some service providers need to be censured.</p>	

**CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE**

**4.1. HR POLICIES**

The disability policy was not fully updated on the policy table.

POLICIES UPDATES			
Name of Policy	Completed	Reviewed	FINALISED YES/NO
	%	%	
1 Acting on High Position	100	100	YES

1. MPAC observed that there were no entries on the table of HR policies with regard to disability in a) That the Accounting Officer update the Disability policy status on Draft Annual Report

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2	Anti-Fraud and Corruption	100	100	YES
3	Bereavement	100	100	YES
4	Bursaries Policy	100	100	YES
5	Cell Phone/Mobile Communication	100	100	yes
6	Code of conduct for employees	100	100	YES
7	Consequence Management	100	100	YES
8	Car allowance	100	100	YES
9	Communication	100	100	YES
1	Disability			
1	Employee Assistance/wellness	100	100	YES

**OBSERVATION AND FINDINGS**

terms of whether they were completed, reviewed or finalised.

2. The committee sought a management response on whether the Municipality have Disability Policy in place and why it was not updated accordingly if regarded available.

3. The Accounting Officer in response stated that the Policy is available however it was an omission for it not to be listed on the table. The policy was adopted by council with other policies for 2025/2026 financial year.

4. The committee is of the view that due diligence must always be

**RECOMMENDATIONS**

before finalisation on this specified item.

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	taken in editing of the report beforehand and/or quality assurance.	
<p align="center"><b>4.2. INJURIES, SICKNESSES AND SUSPENSIONS</b></p>		
<p>The Municipality is currently at high level of 40 % incident rate regarding reduction of Occupational Injuries and incident. This was caused by lack of personnel protective equipment which led employees to sustain injuries. To reduce occupational injuries, the employer must provide PPE's to all employees timeously and in line with MDM PPE policy.</p>	<p>1. MPAC has taken note that by lack of personnel protective equipment (PPEs), it led employees to sustain injuries during the year under review.</p> <p>2. Further probing by the Committee sought clarity on Why some employees were not provided with PPE's as per MDM policy. If there any costs incurred due to injuries by the</p>	<p>a) That the Accounting Officer must ensure that the PPEs are provided to all employees to minimize injuries on duty.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>municipality, and the estimated amounts thereof.</p> <p>3. The details submitted by the Accounting Officer were that;</p> <p>The employees are provided with PPE, however during the procurement of the PPE, there was a delay of getting sizes for the new employees. The matter has now been resolved and the sizes for the employees were correctly issued.</p> <p>Some employees that are allocated with PPEs leave the municipality, and the new employees needs a new procurement.</p>	

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	<p>The annual levy is paid to compensation house as the only cost the municipality incurs for any injury that occurs on duty.</p> <p>The Municipality pays an annual levy R 1 600 000. The Department of labour pays doctors, hospitals and facilities on behalf of the municipality in any injury on duty related incidents.</p>	
<p><b>CHAPTER FIVE: FINANCIAL PERFORMANCE</b></p> <p><b>5.1. BASIC SERVICE AND INFRASTRUCTURE BACKLOG</b></p>		
<p>MDM has a total number of 296 319 households which are receiving water services from it. 84.2% of the community households have access to water, whereas 15,8% has no water in their communities. At least Ba-Phalaborwa has a backlog of</p>	<p>1. MPAC observed that the Municipality still experienced a backlog on the households receiving water services.</p>	<p>a) That the Accounting Officer must ensure forward planning to address the water services backlogs.</p>

<b>DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS</b>	<b>OBSERVATION AND FINDINGS</b>	<b>RECOMMENDATIONS</b>
<p>2,9% without water. The municipality that has the highest backlog is Greater Tzaneen Municipality and the municipality that has the lowest is Ba-Phalaborwa followed by Greater Letaba at 9,3%.</p>	<p>2.The Committee has probed any measures set in place to address the backlog within the specified municipalities.</p> <p>3.In responding to the questions raised, the Accounting Officer stated that;</p> <p>There are plans to address the backlog such as the IDP, WSDP and Infrastructure Master Plan records the plans to eradicate the backlog in the municipality.</p> <p>The municipality is implementing capital projects which includes bulk systems, storages, internal water reticulation and yard connection through various grants such as MIG, WSIG and RBIG.</p>	

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	<p>Operation and Maintenance programmes are also focused on repairing damaged boreholes in villages to ensure immediate access to water.</p>	
<p><b>5.2. CASH FLOW</b></p>		
<p>The municipality's cash flow situation is critical given the commitments of the municipality mainly on the water boards debts. The total current liabilities exceed total current assets due to expensive repayment terms boards debts.</p>	<p>1. The committee observed that the total current liabilities exceeded total current assets due to expensive repayment terms on boards debts. Cash flow remain a critical challenge given the municipal commitments.</p> <p>2. In seeking further input and responses, the Committee raised</p>	<p>a) The Accounting Officer must ensure that the SLAs contain the enforceable clause and improve the municipal cash flow.</p> <p>b) That the Accounting Officer develop revenue enhancement strategies to</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>the queries on measures the municipality has to rectify the critical position on the cash flow,</p> <p>3. The Accounting officer in response specified that:</p> <p>To force the local Municipality to pay over what is collected on the sale of water .</p> <p>To work on completeness of cash in cash out and ensure that proper format or template for reconciliations is done.</p> <p>Municipality has been approved to take part in the debt relief with water board which will see the municipality getting a Third of the debt been written off on the anniversary of the relief program.</p>	<p>assist in the collection of revenue for the Municipality.</p>

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	4. The Committee views the enforceability of SLAs as being unpractical given the previous attempts.	
<p align="center"><b>CHAPTER SIX: AUDITOR-GENERAL AUDIT FINDINGS</b></p> <p align="center"><b>6.1 NONCOMPLIANCE TO GRAP STANDARDS</b></p>		
<p>The municipality obtained a Qualified audit opinion. Mainly the reasons for qualification were noncompliance to GRAP 1, 9, 12, 17, 21 and 104. meaning that there was noncompliance with GRAP reporting requirements.</p> <p>The conditions of <b>property, plant and equipment</b> were not adequately reviewed at the end of the reporting date in accordance with GRAP 17, Property, plant and equipment.</p>	<p>1. MPAC observed that the main reasons for qualification were noncompliance to GRAP Standards.</p> <p>2. The Committee raised questions for further clarity in the course of probing and engagements with management on the Challenges in compliance with the GRAP Standards in all Components</p>	<p>a) That the Accounting officer ensures BTO is skillfully capacitated with relevant knowledge for GRAP Compliance.</p>

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<p>The municipality did not maintain adequate internal control systems for recording and accounting for <b>Inventory</b> consumed in accordance with GRAP 1.</p> <p>The municipality did not accurately calculate the provision for <b>impairment</b> for Ba-Phalaborwa loan accounts in accordance with <b>GRAP 104</b>, Financial instruments.</p> <p>Receipts from sales of goods and services was incorrectly calculated as it included other impairment differences, which constitutes a departure from GRAP 2, <b>Statement of Cash Flows</b>.</p>	<p>(GRAP 1, 9, 12, 17, 21 and 104), if the Consultants were transferring skills on GRAP to officials within the municipality and whether the municipality have the responsible person to effect the standards.</p> <p>3. The Accounting Officer's response was that;</p> <p>The main challenges were on the measurement and subsequent measurement and errors in calculations where the municipality had differences with the reconciliation schedule, mapping of accounts also affected some of the balances, there were also differences between the GL and</p>	

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
	<p>AFS as well as differences between billing reports and the supporting schedules and some of the assets not impaired.</p> <p>At any period of conclusion to the Consultants season, consultants continue to assist with the majority of transactions still going on. Their release will only be considered when the opinion improves.</p> <p>The consultants are assisting which without the transactions can be overwhelming and the qualified opinion would not have been realised.</p>	

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<b>6.2 INTERNAL CONTROL SYSTEMS</b>		
<p>The municipality did not maintain adequate <b>internal control</b> systems for <b>recording and accounting for inventory</b> consumed in accordance with GRAP 1.</p>	<p>1. MPAC identified during the probing session that on AG findings, the municipality did not maintain adequate internal control systems</p>	<p>a) That the Accounting Officer ensures that adequate internal control systems are maintained at all times.</p>
<p>The municipality did not maintain adequate <b>internal control</b> systems for reporting and <b>accounting for receivables</b> from exchange transactions.</p>	<p>2. The committee further sought responses from management on whether the Management started strengthening and maintaining adequate internal control systems.</p>	
<p>The municipality did not maintain adequate <b>internal control</b> systems for recording and accounting for <b>Revenue</b> from exchange transactions.</p>	<p>3. In response at the Public Hearing, the Accounting Officer stated that internal control systems are already underway.</p>	
<p>The municipality did not maintain adequate <b>internal control</b> systems for recording and accounting for <b>debt impairment</b> in accordance with GRAP 1, Presentation of financial statements.</p>		

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<p><b>6.3 PRESENTATION OF FINANCIAL STATEMENTS</b></p> <p>The municipality did not maintain adequate internal control systems for recording and accounting for commitments in accordance with GRAP 1, Presentation of financial statements. I identified differences amounting to R49 209 712 (2024: R715 089 205) were identified between commitments as per the commitments register and the supporting records. In addition, sufficient and appropriate audit evidence could not be obtained to confirm existence of some of the capital commitments as some commitments had been raised on expired contracts. Consequently, commitments stated at R932 161 895 (2024: R966 891 403) in note 42 to the financial statements are overstated by the same amount.</p> <p>The municipality did not account for VAT output accrued in accordance with GRAP 104, financial instruments. I was unable</p>	<p>1. MPAC observed that the municipality did not account for VAT, did not maintain adequate internal control systems for recording and accounting for commitments in accordance with GRAP 1, Presentation of financial statements, and differences in amounts.</p> <p>2. The Committee raised a question on why the Municipality did not account for VAT during 2024/25 in accordance with GRAP 104.</p>	<p>a) That the Accounting officer ensures that VAT is accounted for as prescribed on yearly basis.</p>

DRAFT ANNUAL REPORT, MANAGEMENT REPORT, ANNUAL PERFORMANCE REPORT AND AG FINDINGS	OBSERVATION AND FINDINGS	RECOMMENDATIONS
<p>to confirm whether VAT output accrued amounts arising from the impairment of receivables were correctly calculated and disclosed in the financial statements. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the VAT output accrued amount stated at R279 379 439 (2024: 270 422 247) in note 12 to the financial statements.</p>	<p>3. The Accounting Officer in reply to tendered questions specified that:</p> <p>There is no reason for not accounting for Vat , Municipality did submit the VAT 201 for vat inputs and for the VAT output on water sales. The Local Municipality will have to submit based on the statement of account issued to the clients and MDM as the municipality, The journal that accounted for the VAT disclosure aggregated all the consumer debtor and supported by the schedule with all accounts affected individual debtors included in the schedule.</p>	

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<p><b>6.4 UIFWE INVESTIGATIONS</b></p>		
<p>AGSA identified unauthorised, irregular and fruitless and wasteful expenditure amounting to R777 077 402, R141 613 871, R351 532 978 respectively which was written off <b>without proper investigations</b>. Consequently, the Unauthorised, fruitless and wasteful and irregular expenditure stated at R1 417 111 635, R181 050 970 and R1 238 822 294 in notes 49, 51 and 50 respectively, were understated by the same amount.</p>	<p>1. MPAC noted that UIFWE investigated by the Committee were said to have been written-off without proper investigations, and that the amounts were understated.</p> <p>2. The Committee engaged AGSA during the probing session who specified that reports pertaining to the investigation were not submitted by management. It is against this background that a question raised on this paragraph was on whether the management provided a</p>	<p>a) That the Accounting Officer ensure POEs are always timeously provided to AGSA for Audit purposes.</p> <p>b) That the Accounting Officer engages the Committee where their input for details and/or clarity is required before the final paragraph pertaining to matters that concern them.</p>

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	<p>detailed investigation report from MPAC to AGSA.</p> <p>3. The Accounting officer's response was that the detailed investigation report and the council resolutions were submitted to Auditor General.</p>	
<p><b>6.5 NON-CORELATION OF ACTUAL ACHIEVEMENT</b></p>		
<p>The actual achievement for three indicators, Construction of Ritavi Water Scheme, Construction of Makhushane Water Scheme, and Thabina to Lenyenye Bulk Water did not agree to the achievements reported.</p>	<p>1. MPAC observed that the reported achievements per Audit Findings did not tally with the actual on Ritavi Water Scheme, Makhushane Water Scheme and Thabina to Lenyenye Bulk Water.</p> <p>2. The question raised for further clarity on engagements by</p>	<p>a) That the Accounting Officer must ensure accurate performance information is always observed and captured as expected.</p>

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	<p>MPAC was about why the achievements on these projects were not correctly captured.</p> <p>3. The Accounting Officer responded that it was an honest mistake in capturing the performance information as they can't disadvantage the Municipality with underperforming as compared to over performance.</p>	

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<b>6.6 HOUSEHOLD WITH ACCESS TO WATER</b>		
<p>An achievement of 10 835 HH with access to water was reported against a target of 5 000. However, the audit evidence did not support this achievement.</p>	<p>1. MPAC noted that AGSA was not privileged with the POE in support of the stipulated over achievement on Household access to water.</p> <p>2. Further questions for clarity on this discrepancy were raised by the Committee on why the right supporting evidence were not submitted to AGSA for their ease of reference and required a breakdown of the 10 835 units.</p> <p>3. The Accounting officer provided responses and stipulated that: The requested supporting documents by AG were submitted however they rejected it of which</p>	<p>a) That the Accounting Officer ensures all necessary POEs are provided to AGSA when required and that the terms of reference are clear before audit processes.</p>

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	<p>was layout map indicating household reticulated with yard connections and AG wanted the municipality to provide happy letters from beneficiaries like VIP sanitation project and this is a complete deviation of how it is done and the municipality have given an undertaking to correct the situation.</p> <p>Layout maps can be provided to substantiate however it won't help as AG has already rejected and we have agreed that going forward we have to include this in the TOR for appointment of PSP's to avoid this finding recurring.</p>	

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	<p>4. The Committee observed the differences between AGSA and the Municipality as also highlighted at the public hearing that happy letters are provided for the household taps rather than the communal ones. Hence there is a need for an appropriate TOR to address such finding in future.</p>	
<p><b>6.7 NON-REPORTING OF MIDDLE LETABA WATER SCHEME PERFORMANCE</b></p>		
<p>Measures taken to improve performance against the underachieved target of Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6 were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps and with</p>	<p>1. MPAC has noted during its probing session that Middle Letaba Water Scheme Cluster 6 were not reported in the annual performance report.</p>	<p>a) That the Accounting Officer ensures detailed information is provided in the annual performance report on Middle Letaba Water Scheme.</p>

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<p>assessing the effectiveness of strategies to improve future performance against the target.</p>	<p>2. Matters raised by the committee on this item were on why the measures of improving the target of Middle Letaba were not included in the performance report.</p> <p>3. The Accounting Officer's response to this matter was that; No reticulation project was done under middle Letaba scheme due to the dam level being very low and at some stage the entire plant was not operational due to shortage of raw water, however DWS as the custodian of water resources is currently busy with feasibility studies on how to augment middle Letaba through Klein Letaba river and also</p>	

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	fact that there no budget allocated for reticulation	

## RECOMMENDATIONS ON FINDINGS

1. That Management to ensure the implementation of all previous MPAC recommendations, all recommendations in this report and Council resolutions;

## RECOMMENDATIONS TO COUNCIL

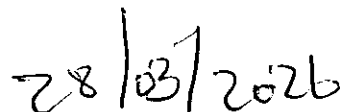
Upon consideration of the Draft Annual Report 2024/25 and all its processes, MPAC therefore recommends the following:

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 on time for ease of reference to avoid findings emanating from lack of supporting documents;
4. That Consequence Management apply to affected directorates for non-submission of POEs.
5. That the Accounting Officer closely monitor all projects for implementation and review progress on quarterly basis;
6. That Council deliberates on the report;
7. That Council adopts the report without reservations;
8. That the report be published in the Municipality's official website;
9. 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;
10. That the recommendations of the report be monitored and implemented by Management, Mayoral Committee, and all relevant Portfolio Committees.



**Cllr PS MOTHOMO GOLO**

**MPAC CHAIRPERSON**



**DATE**

## ANNEXURE A

### Names of Municipal Public Accounts Committee Members

Cllr Mothomogolo PS - Chairperson  
Cllr Mkhabela DG  
Cllr Mashele J  
Cllr Maake MW  
Cllr Morwatshehla MC  
Cllr Mabasa TA  
Cllr Masingi JS

## ANNEXURE B

### PROJECT VISITS REPORT

MPAC has during the working session on Draft Annual Report identified few projects which were flagged for underperformance affecting the Audit outcome and those reflecting challenges of underperformance per Annual Performance report (SDBIP). The following projects were sampled for physical verification and visited per 2<sup>nd</sup> to 3<sup>rd</sup> March 2026 schedule:

MUNICIPALITY	PROJECT NAME AND LOCATION	COMMITTEE FINDINGS	INPUTS/RECOMMENDATIONS
<b>Maruleng Local Municipality</b>	Construction of Kampersrus Bulk Water Reticulation (KAMPERSRUS BWS AND SCOTIA RETICULATION (2020A) - Pump	MPAC noted the 95% work progress and outstanding work being the upgrading of transformer which was flagged in the Draft Annual Report.	a) That the Accounting Officer ensure Eskom provides the service already paid for. b) That the Accounting Officer provides MPAC with minutes of the last engagement they had with

	<p>Insallation. Construction of a 0,8MLconcrete reservoir and 2.9 km pumping main)</p>	<p>The Municipality already paid R 593 323.83 to ESKOM on the 26<sup>th</sup> May 2021.</p> <p>Despite all follow-ups and engagements considered to have been made by the municipality, ESKOM have not been able to provide for the already paid service.</p> <p>The pump uses more gravitation which is less effective in providing the water comprehensively to the community.</p>	<p>ESKOM within 14 days of this report.</p>
<p><b>Greater Tzaneen Local Municipality</b></p>	<p>Thabina to Lenyenye Bulk Water supply</p>	<p>MPAC observed that the Project is long overdue, contract start date was 20 June 2022 with expected completion date of 20 December 2023 and currently extended to 30 March 2026.</p>	<p>a) That the Accounting officer must ensure projects are completed on schedule.</p> <p>b) That the Accounting Officer must ensure that cracked and shifting grounds are reinforced as a matter of urgency.</p>

		<p>The challenges raised that caused the delay were inclusive of, Ward 33 community strikes, stoppages by labourers and SMMEs, Environmental and heritage issues, Outstanding payment to sub-contractors and office rental, and heavy rains.</p> <p>This project was flagged for tank platform levels requiring correction. The tank platform levels were corrected by use of base plates on the date of the physical inspection and approval was granted.</p> <p>Further observation by the Committee was the cracked and shifting of ground around the reservoir as well as shifting rock surface from the mountain towards the tank. This was detected as a hazard and serious risk to both the reservoir, personnel</p>	
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		working onsite and community.	
<b>Ba-Phalaborwa Local Municipality</b>	Construction of Bulk Water Supply at Lulekani Water Scheme	<p>The Committee noted that the project commenced on the 8<sup>th</sup> March 2023 and targeted for completion by the 7<sup>th</sup> march 2024 – which was ultimately extended to 30<sup>th</sup> march 2026.</p> <p>The scope for the project was that of;</p> <ul style="list-style-type: none"> <li>• Borehole Development, Equipping and Electrifications</li> <li>• Installation of Package Plant</li> <li>• Supply and install a 50kVA Transformer</li> <li>• Construction of a 1,8ML Steel Elevated Tank on a 10m High Tank Stand</li> <li>• Supply and Install 49,49 kl Round Steel Tank (excluding foundation)</li> </ul>	<p>a) That the Accounting Officer must ensure the boreholes are energised and water is provided to the community.</p> <p>b) That the Accounting Officer provides MPAC with minutes of the last engagement they had with ESKOM within 14 days of this report.</p>

		<ul style="list-style-type: none"> <li>• Installation of 1,5km 250mm uPVC pipe gravity main from Matiko-Xikaya to Humulani storage</li> </ul> <p>The report flagged that there were delays by ESKOM to energise boreholes at Benfarm.</p> <p>As a result, MPAC on physical verification observed that ESKOM is currently unable to assist on the upgrading of electrification around the area.</p> <p>As a result Technical (PMU) highlights that consideration and process is underway to procure generators through Technical Services to service the boreholes.</p>	
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