

THEMBISILE HANI LOCAL MUNICIPALITY



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON THE DRAFT ANNUAL REPORT FOR 2023/ 2024 FINANCIAL YEAR

18 March 2025

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(i) APPENDICES ATTACHED

- APPENDIX A** MPAC OVERSIGHT PROCESS PLAN ON THE DRAFT ANNUAL REPORT 2022/2023
- APPENDIX B** COPIES OF THE MPAC MINUTES ON THE PROBING OF THE DRAFT ANNUAL REPORT
- APPENDIX C** CONSULTATION PROCESSES ON THE DRAFT ANNUAL REPORT
- APPENDIX D** DRAFT ANNUAL REPORT REPRESENTATIONS

(ii) LIST OF ABBREVIATIONS

AFS	ANNUAL FINANCIAL STATEMENTS
AG	AUDITOR GENERAL
AGSA	AUDITOR GENERAL SOUTH AFRICA
AO	ACCOUNTING OFFICER
EM	EXECUTIVE MAYOR
AR	ANNUAL REPORT
CoGHSTA	DEPARTMENT OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS
IDP	INTEGRATED DEVELOPMENT PLAN
IMATU	INDEPENDENT MUNICIPAL AND ALLIED TRADE UNION
MFMA	MUNICIPAL FINANCE MANAGEMENT ACT
MM	MUNICIPAL MANAGER
MPAC	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
MSA	MUNICIPAL STRUCTURES ACT/MUNICIPAL SYSTEMS ACT
POE	PORTFOLIO OF EVIDENCE
SAMWU	SOUTH AFRICAN MUNICIPAL WORKERS' UNION
SCOPA	STANDING COMMITTEE ON PUBLIC ACCOUNTS
SDBIP	SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
THLM	THEMBISILE HANI LOCAL MUNICIPALITY
DORA	DIVISION OF REVENUE ACT
APR	ANNUAL PERFORMANCE REPORT
AR	ANNUAL REPORT
RMAFACC	RISK MANAGEMENT, ANTI-FRAUD AND ANTI-CORRUPTION COMMITTEE

(iii) DEFINITION OF OVERSIGHT

IN THE CONTEXT OF LOCAL GOVERNMENT, “OVERSIGHT” REFERS TO THE RESPONSIBILITY OF “SUPERVISION” BY A MUNICIPAL COUNCIL OF ITS OWN AGENDA, BUSINESS OR AFFAIRS

1. INTRODUCTION

In accordance with the provisions of Section 79A (1) of the amended Municipal Structures Act, no 117 of 1998, a municipal council must establish a committee called the Municipal Public Accounts Committee.

The Municipal Public Accounts Committee (MPAC) of Thembisile Hani Municipality, similar to other committees of council comprise solely of Councillors appointed by resolution of a full Council meeting. In terms of Section 79A(2) the mayor or executive mayor, deputy mayor or executive deputy mayor, any member of the executive committee, any member of the mayoral committee, speaker, chief-whip and municipal officials are not allowed to be members of the Committee.

The current Municipal Public Accounts Committee (MPAC) of Thembisile Hani Local Municipality was established pursuant to council resolution TH-NDC 22/12/2021 on the 14th of December 2021.

The core of MPACs functions are to contribute to the governance of the municipality. Through its review of the annual report and various other reports, MPACs contribute to governance by providing assurance (on behalf of Council) on various issues pertinent to the Municipality and specifically the administration of the municipality.

The municipal council determine the functions of the MPAC.

2. PURPOSE

The purpose of this report is to table to council, the MPAC Oversight Report on the probing of Thembisile Hani Local Municipality Draft Annual Report 2023/ 2024 for council consideration and adoption in terms of Section 129 of the Municipal Finance Management Act no. 56 of 2003.

Further this report serves to inform the local community of Thembisile Hani Local Municipality on the work performed by MPAC in holding the executive accountable for all decisions made throughout the 2023/ 2024 financial year.

3. LEGAL FRAMEWORK

Council is vested with the responsibility to oversee the performance of their respective municipality, as required by the Constitution, the Municipal Finance Management Act and the Municipal Systems Act (MSA). This oversight responsibility of council is particularly important for the process of considering annual reports.

In accordance with the provisions of Section 121(1) of the Municipal Finance Management Act No. 56 of 2003, every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

Section 121(2) of the same act provides that, the purpose of an annual report is –

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity

The annual report requirements are provided in Chapter 12 of the Municipal Finance Management Act (MFMA), sections 45 and 46 of the MSA and the annual Division of Revenue Act (DoRA).

Section 129 of the Municipal Finance Management Act no. 56 of 2003 requires the council of a municipality to consider the annual report of the municipality, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127 of the MFMA, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council —

- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised.

4. ACCOUNTABILITY FRAMEWORK FOR LOCAL GOVERNMENT

It is significant to have some understanding of the responsibility framework for municipalities in order to correctly comprehend the role of the Oversight Report as distinct from that of the Annual Report and any other reports required from the municipality. The following table displays the nature of the culpability framework for local government:

	Responsible for	Oversight over	Accountable to
Council	Approving for policy and budget	Mayor & Executive Committee	Community

	Responsible for	Oversight over	Accountable to
Mayor & Executive Committee	Policy, budget, outcomes,	Municipal manager	Council
Municipal Manager	Outputs and implementation	Administration	Mayor & Executive Committee (Council)
Chief Financial Officer and Senior Manager	Outputs and Implementation	Financial management and operational functions	Municipal Manager

5. THLM MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) COMPOSITION

The MFMA Circular 32 recommends that councils must consider the establishment of an oversight committee under section 33 and 79 of the Municipal Structures Act 1998, to be responsible for the detailed analysis and review of the annual report and then drafting an oversight report that may be taken to full council for consideration and adoption.

Taking the above into account, the council of Thembisile Hani Local Municipality established the Municipal Public Accounts Committee in terms of Section 79A of the amended Local Government: Municipal Structures Act 117 of 1998.

MPAC Thembisile Hani Local Municipality compose of the following members of councillors as appointed by council through council resolution TH-NDC 22/12/2021 on the 14th December 2021:

Members	
1.	Clr. LM Tshabangu (Chairperson)
2.	Clr. SB Sindana (Member)
3.	Clr. RB Jiyane (Member)
4.	Clr. NE Radebe (Member)
5.	Clr. P Mahlangu (Member)
6.	Clr. LM Lukhele (Member)
7.	Clr. RQ Mtsweni (Member)
8.	Clr. Mita Motaung (Member)
9.	Clr. MA Mokwena (Member)
10.	Clr. ZJ Mnguni (Member)

6. MPAC SUPPORT STAFF

- a. Assistant Manager: MPAC Researcher, Monitoring and Evaluation
- b. Chief Admin MPAC

7. MPAC TECHNICAL SUPPORT UNITS

- a. The Internal Audit Unit : Chief Audit Executive/ Any designated official
- b. Risk Management Unit : Chief Risk Officer/ Any designated official
- c. Performance Management System Unit : Asst Manager PMS/ Any designated official

8. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Thembisile Hani council determined functions of MPAC inter-alia;

- 8.1. To initiate and develop the oversight report contemplated in section 129 of the annual report as required in terms of section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- 8.2. To attend to and make recommendations to the municipal council on any matter referred to it by the municipal council
- 8.3. On its own initiative but subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.
- 8.4. To examine the performance related information based on the functions assigned to the municipality as they are aligned to the financial information;
- 8.5. To evaluate the extent to which the Audit Committee's and the Auditor-General's recommendations have been implemented and to make additional recommendations to council for further actions arising from these reviews.
- 8.6. To review and recommend to Council actions or otherwise relating to the expediting and conclusion of Unauthorised, Irregular Fruitless and Wasteful expenditure.

9. ANNUAL REPORT CONSULTATION PROCESSES

The MPAC confirms the following Draft Annual Report processes:

- a) The report was tabled to council in terms of Section 127(2) of the MFMA on the **28 January 2025**.
- b) An official notice inviting the public to submit comments/representations in terms of Section 127(5)(a) of the MFMA, was issued in the Sowetan newspaper on **Tuesday, 4 February 2025** and posted on municipal buildings.
- c) Further copies of the Annual Report were made available for community perusal and comments on the municipal website, at the Municipal offices and Satellite offices viz, Tweefontein K Satellite Office, Kwamhlanga Satellite office, Mthombomuhle Library, Phumula Library, Verena Library and Reception desk

(New and Old Building at THLM Head Quarters) in new and old buildings of the municipality on the **4th February 2025**.

- d) After the Draft Annual Report was tabled to council in January, copies of the report were forwarded through e-mail communication to the following provincial stakeholders as required by Section 127(5)(b) of the MFMA, on the **4th February 2025**:
- (i) Provincial Treasury
 - (ii) Provincial COGHSTA
 - (iii) Provincial Legislature
 - (iv) Auditor General

10. MPAC OVERSIGHT PROCESSES FOLLOWED ON THE 2023/ 2024 DRAFT ANNUAL REPORT

- 10.1. In order to execute its oversight responsibility on the Annual Report, MPAC has developed an Oversight Process Plan (Calendar).

The Oversight Process Plan is hereto attached as **Appendix A**.

- 10.2. The Municipal Public Accounts Committee (MPAC) probed the municipality's Annual Report on the 5 – 7 February 2025.
- 10.3. During the probing of the report, the committee formulated a questionnaire on the Annual Report and directed the same to the office of the Executive Mayor for responses.
- 10.4. During the probing of the report, MPAC benefited from a briefing made by the Provincial Auditor General South Africa on the municipality's audit outcome, on the 5th February 2025. Further to that the committee received a presentation by the RMAFACC chairperson on the 6th February 2025, and finally on the 7th February 2025 received a presentation from the Performance Audit Committee chairperson – see the attached **Appendix D**
- 10.5. On the 26th February 2025, the MPAC considered the responses of the Executive Mayor and developed follow-up questions thereto.
- 10.6. On the 12th March 2025, the MPAC held a one-on-one public hearing with the executive, which was open to the public.
- 10.7. On the 18th March 2025, MPAC convened another special meeting for consolidation and adoption of the Draft MPAC Oversight Report on the Annual Report.
- 10.8. On the 25th March 2025, the MPAC Oversight Report was tabled to council for consideration and adoption.

11. PROBING DOCUMENTS

In probing of the Annual Report the committee resolved to make use of the following documents in order to ensure effective and efficient outcomes:

- a) The Municipality's Draft Annual Report for the year under review
- b) MFMA Circular 32 and 63

- c) The AGSA, THLM management report
- d) Various Local Government legislation

12. REPRESENTATIONS RECEIVED FROM THE PUBLIC AND OTHER STAKEHOLDERS

Representation received on the draft Annual Report were only received from the provincial Auditor General of South Africa, NDM shared Performance Audit Committee and RMAFACC.

The Municipal Public Accounts Committee has noted with grave concern the lack of representations in respect of the municipality's Draft Annual Report from various local stakeholders and the general public:

13. MPAC REVIEW ON THE ANNUAL REPORT CONTENT

MPAC review the content of the THLM Draft Annual Report 2023/ 2024 and confirms that the content of the report is in accordance with Section 121(3) and (4) of the MFMA, which sets out the framework relating to the content of the annual reports for both municipalities and municipal entities.

In addition to the above, the committee also reviewed the content as per the requirement of the amended Section 46 of the Local Government: Municipal Systems Act, which provides for the following information to be included in the municipality's Annual Report:

- a performance report reflecting performance of both the municipality or any service provider during the financial year to which the annual report relate including development and service delivery priorities and performance targets for the next financial year;
- GRAP compliant financial statements;
- An audit report on the financial statements and the annual performance report referred to in the MSA section 46;

14. MPAC QUESTIONNAIRE AND RESPONSES OF THE EXECUTIVE ON THE PROBING THE DRAFT THLM ANNUAL REPORT FOR 2023/ 2024

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p> <p>ITEM: TH-MPAC 19/02/2025</p>			
<p>CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY</p>			
<p>Observation: The committee has observed inconsistent reporting on the budget amounting to R500 000 which is reported under MUNICIPAL MANAGER'S OVERVIEW (Page 14) on Supporting SMME's through tools of trade, against the reported amount of R5 000 000 on Chapter 3 (Project Code LED17).</p>	<p>1) The correct figure as per the approved allocated budget is R 5 000 000 that has been reported on Chapter 3 (Project Code LED 17). The R 500 000 is typing error.</p>	<p><i>No follow-up</i></p>	<p>THAT the MPAC recommends that due diligence must be observed during the review of the municipal reports in order to avoid unnecessary errors.</p>
<p>1. Can the Executive Mayor clarify the committee about this discrepancy and further confirm which amount is the correct one?</p>			

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p> <p>ITEM: TH-MPAC 19/02/2025</p>			
<p>Observation: Under Bulk Water Supply: Municipal Manager’s Overview (Page 11), the committee has observed that the City of Tshwane ought to supply Thembisile Municipality with 16.6Ml/day but doesn’t, and this is a recurring challenge for the municipality from the previous financial years.</p>	<p>1) The City of Tshwane (CoT) is not supplying the required megalitres to the Thembisile Hani Local Municipality (THLM) due to the recurring breakdowns of the equipment at the Bronkhorstspuit Water Treatment Plant, given that the plant is operating beyond its design and operational capacity, notwithstanding poor operations and maintenance by the CoT team.</p>	<p>No follow-up</p>	<p>Response noted</p>
<p>1) Can the Executive Mayor share with the committee, the reasons for City of Tshwane not supplying the required megalitres to the municipality and which corrective measures did the municipality undertake to resolve this challenge?</p>	<p>Another challenge is sedimentation at the Raw Water abstraction point, which is an expected challenge that affects abstraction.</p>		
<p>2) Can the Executive Mayor confirm how many megalitres Thembisile municipality get from the City of Tshwane per day?</p>	<p>In trying to resolve the challenge, THLM has sought assistance from the South African Human Rights Commission through mediation. The Municipality is currently engaged in legal engagements with the CoT, which commenced in the 2nd quarter, with the next meeting planned for the 10th of March 2025.</p>		
<p>3) To what extent does the lack of supply of the required megalitres by City of Tshwane, affects the provision of water supply services within the municipality?</p>	<p>The matter has also been escalated to the Department of Water and</p>		

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p> <p>ITEM: TH-MPAC 19/02/2025</p>			
<p>Observation: The MPAC has observed under Sound Financial Management: Municipal Manager's Overview that the Municipality intend to build Internal Financial Capacity to eliminate outsourcing.</p> <p>4) Can the Executive Mayor share with the committee as to how far is the municipality in building the internal financial capacity and further share with the committee the plan to meet this objective?</p>	<p>Sanitation (DWS) Ministry, where the request from the Municipality is for a neutral bulk water service provider to be appointed for the management of the scheme, as it is a cross-boundary scheme.</p> <p>2) There is no consistent supply of water from the CoT, and it ranges from 1 to 8 Ml/ Day, usually from Mondays to Thursdays</p> <p>3) The lack of bulk supply increases the water deficit of the municipality, which results in the municipality depending only on Rand Water Supply, Bundu Water Treatment Works and Boreholes.</p> <p>4) The Municipality has stopped the outsourcing of Value Added Tax returns and the compilation of Annual Financial Statements, and these are conducted in-house, after the position of Assistant Manager: Financial Reporting was created and filled in the 2023/ 2024 financial year. Had this intentional/ deliberate activity not been undertaken by the Municipality, then we will be sitting with material</p>	<p>No follow-up</p> <p>No follow-up</p> <p>No follow-up</p>	<p><i>Response noted</i></p> <p><i>Response noted</i></p> <p><i>Response noted</i></p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
ITEM: TH-MPAC 19/02/2025 MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024			
	irregularities from the Auditor General of South Africa.		
CHAPTER 3: SERVICE DELIVERY PERFORMANCE			
KPA: 1 - Municipal Transformation and Institutional Development			
<p>Observation: On project code DCS06 (Implementation of work skills plan), The committee has observed that the Adjusted Annual Budget is recorded to be performed 'In House', and the target was not achieved on account of "slow spending due to on-going rollout of training programmes".</p>	<p>5) The annual budget was erroneously captured as "in house" instead of the actual adjusted budget. The target was not achieved because of slow spending on the roll out of training programmes as a result of re-advertisements on Request for Quotations relating to training, as the submissions received from suppliers were not complying with the set requirements.</p>	No follow-up	<p>THAT the MPAC recommends that due diligence must be observed during the review of the municipal reports in order to avoid unnecessary errors.</p>
<p>5) Can the Executive Mayor clarify the committee on how the 'Slow spending' affected the performance of the project, whilst the Adjusted Annual Budget is recorded as 'In House'?</p>			
KPA: 2 - Good Governance and Public Participation			
<p>Observation: On project code MM10 (Issuing of External Newsletter) the committee has observed that the target has not been achieved, due to non-responsiveness from the side of the bidders during the Procurement stage.</p>	<p>6) The Newsletter was issued during the third quarter as per the remedial action.</p>	<p>The question is not adequately responded to.</p> <p>Observation: The committee has observed that the remedial action for <i>issuing the Newsletter in the third quarter</i> as in the response, it is not the same as the remedial action recorded in Draft Annual Report</p>	<p>THAT timely issuing of Newsletter letters by the municipality must be a priority so that the information reaches the community well on time</p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p> <p>ITEM: TH-MPAC 19/02/2025</p>			
<p>6) Can the Executive Mayor provide the committee with the current status quo.</p>		<p>2023/ 2024 which is recorded as “The external newsletter will be issued by 30th September 2024.”</p> <p>FG.1. Can the Executive Mayor confirm to the committee if the respond is accurate, and if not provide the committee with the correct response?</p> <p>EM Ans.: The newsletter was issued in the third quarter, and the fourth quarter newsletter was not issued as planned, so the remedial action states that the newsletter will be issued in the 2024/ 2025 financial year (September 2024), and the newsletter was issued in September 2024.</p> <p>Request: Can the Executive Mayor provide POE (Newsletter).</p> <p>EM Ans.: The POE is found through this newsletter link: https://online.fliphtml5.com/csvcr/zpsn/#p=1</p>	

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>ITEM: TH-MPAC 19/02/2025 MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p>			
<p>Observation: On project code MM33 & MM34 the committee has observed that the target has not been achieved due the slow implementation of AGSA & Internal Audit recommendations by Management.</p> <p>7) Can the Executive Mayor clarify the committee why there was a slow implementation on the AGSA and Internal Audit recommendations by Management?</p>	<p>7) Under Corporate Services “Data Management Strategy”, this could have not been achieved because of the policy was still a draft, while the draft policy will now be tabled to Council for approval, having gone its relevant internal processes through our Policy Development Committee.</p>	<p>No follow-up</p>	<p>The executive and management should ensure adequate implementation of the AGSA and Internal Audit action plan for the current and previous years in order to improve the municipality’s audit opinion going forward.</p>
<p>Observation: On project code MM52 (Submission of Reports on the repairs and maintenance of ICT hardware) the committee has observed that there is an over expenditure amounting to R1 581 937,59</p> <p>8) Can the Executive Mayor provide the committee with the POE on the over expenditure amounting R1 581 937,59?</p>	<p>8) The Municipality had an emergency during the implementation of Microsoft 365. To resolve the challenge of emails, the municipality had to conduct an unplanned upgrade on the entire email system, which resulted in the over expenditure on the line item, but not on the overall Operational Expenditure Budget.</p>	<p>No follow-up</p>	<p>Response noted</p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>ITEM: TH-MPAC 19/02/2025</p> <p>MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p> <p>KPA: 3 - Local Economic Development</p>			
<p>Observation: On project LED05, the committee has observed the non-achievement on the submission of LED forum reports to Mayoral Committee, due to that the LED forum only sat on the 6th of December 2023 and the Mayoral Committee had no scheduled meeting in December.</p> <p>9) Can the Executive Mayor explain to the committee whether the LED programmes are not forming part on the Municipal Annual Callender plan, and if the LED forms part of the plan, why the Forum had to sit after the Mayoral Committee held its meeting?</p>	<p>9) Local Economic Development (LED) Forums are part of the strategic year planner (annual calendar), and the report was not tabled to Mayoral Committee due to oversight (non-inclusion of the report on the Mayoral Committee agenda), thus not making it to the December Special Council meeting agenda.</p>	<p>No follow-up</p>	<p>THAT the executive and management must adequately monitor the annual planned targets to ensure that the targets are implemented timeously.</p>
<p>Observation: On project Code LED17, the committee has observed that out of 100 SMMEs that have applied for municipal support through tools of trade, only 21 SMMEs benefited, however 100% (R5 000 000) of the budget has been spent. Moreover, the basis for non-achievement indicates that some of the applicants failed to fill in the forms in a required standard.</p>	<p>10) The total budget allocation was R 5 000 000 with each SMME estimated to benefit at most with R 100 000.00 thus the expected SMMEs to be supported totals 50, just on the basis of a mathematical calculation.</p> <p>Two Service Providers were appointed to assist with the procurement of tools of trade for the 21 SMMEs. The service fee for the</p>	<p>Observation: The committee has observed possible math error on the figures regarding the total payment made to the two service providers, for an example; if R1 021 110.20 (total expenditure for the tools of trade procured for the 10 x SMME's at estimated benefit of R 100 000 each (with price escalation) + R 150 000.00 (15% for the service provider) it amounts to a total of R 1 171 110.20 but the payment made to the service provider no. 1 is R 2 171 110.20 which is R1 000 000 extra. The same</p>	<p>The response of the Executive Mayor is not satisfactory to the committee and as such the committee will make further enquiries on the matter and compile a comprehensive report for council</p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>ITEM: TH-MPAC 19/02/2025</p> <p>MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p>			
<p>10) Can the Executive Mayor clarify the committee why did the municipality exhaust all the funds/budget only on 21 SMME out of the planned target of 100?</p> <p>Can the Executive Mayor furnish the committee with the following information:</p> <p>(i) List of all applicants (Approved and Non-approved)</p> <p>(ii) Application forms of all the approved SMMEs</p> <p>(iii) Acknowledgement of receipt of goods by the SMMEs</p> <p>(iv) Invoices for all tools of trade purchased</p>	<p>assistance with procurement of tools of trade by Mandla Kasokobe is 15% of the total allocated of R 1 000 000 for 10 allocated SMME's which amounts to R 1 150 000.00 and the total expenditure for the tools of trade procured amounts to R 1 021 110.20, notwithstanding a price escalation amounting to R 21 110.20. The total payment made to Mandla Kasokobe amounts to R 2 171 110.20, and the POE is attached hereto as Annexure D.</p> <p>The service fee for the assistance with procurement of tools of trade by Namgwena Multi Project (Pty) Ltd is 15% of the total allocation of R 1 100 000 for 11 allocated SMME's which amounts to R 1 265 000.00 and the total expenditure for the tools of trade procured amounts to R 1 230 174 .39, there was price escalation amounting to R 130 174.39. The total payment made to Namgwena Multi Projects amounts to R 2 495 174.39, and the POE is attached hereto as Annexure D.</p>	<p>possible error applies to the 2nd service provider's information as per the Executive Mayor's response.</p> <p>F.O. 2. Can the Executive Mayor clarify the committee on the possible extra payments made by the municipality to both service providers in terms of the above-mentioned observation.</p> <p>EM Ans.:</p> <p>The calculation for the service fee is as follows:</p> <p>R 1 000 000.00 X 0.15 = R 150 000.00, and R 1 000 000.00 + R 150 000.00 = R 1 150 000.00.</p> <p>There are no possible extra payments made by the municipality to both service providers.</p>	<p>consideration and adoption.</p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p align="center">MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p> <p align="center"><i>ITEM: TH-MPAC 19/02/2025</i></p>			
	<p>The support of 21 SMMEs on the respective items applied for on some of the items procured were over R1 00 000 per SMME which is due to price escalation on the items. The total amount spent for SMME's support amounts to R 4 666 284.59</p>		
<p>KPA: 5 - Basic Service Delivery and Infrastructure Development</p> <p align="center">TECHNICAL SERVICES</p>			
<p>Observation: The committee has observed under Project Code DTS01 (Bulk purchase water), that there was an over expenditure of R8,643,003.86 even though the target was less than what was budgeted for.</p> <p>11) Can the Executive Mayor clarify the committee why there was an over expenditure on this line item?</p>	<p>11) The over expenditure was a result of inventory, and a journal has since been passed to correct the matter and the expenditure is now within the budgeted amount.</p>	<p align="center">No follow-up</p>	<p>THAT the Executive Mayor must look into their Variance and Action Plan to ensure alignment with the actual progress, during the compilation of the quarterly and annual performance reports.</p> <p><i>Response noted</i></p>
<p>Observation: The committee has observed an over expenditure on project code DTS06 (R2 610 216,26), DTS07 (R2 303 424) and DTS24 (R1 624 713).</p> <p>12) Can the Executive Mayor furnish the Committee with the reasons of over expenditure on these line items?</p>	<p>12) There were scope amendments (additional scope) during implementation of the projects, and the projects have been completed.</p> <p>The completion certificates are attached hereto.</p>	<p align="center">No follow-up</p>	

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024 <i>ITEM: TH-MPAC 19/02/2025</i>			
<p>Request: Can the Executive Mayor furnish the committee with the POE's on the completion of these Projects i.e. the completion certificates.</p>			
<p>Observation: On project code DTS16 (Upgrading Mahlabathini Water Infrastructure Ward 22 – MIG), the Committee has observed that the expenditure on the line item is 99.67% while the target achievement is 10% against the 25% Planned target.</p>	<p>13) The project is implemented on a multi-year basis, and the target for the financial year was the Appointment of Consultants and the Development of a Technical Report for funding approval, which equates to 10% as per our key performance indicators.</p> <p>Financial performance is a function of percentage reporting and must not necessarily be linked with actual progress on the ground, given that we implement some of our projects on a multi-year basis due to budget constraints.</p>	No follow-up	<i>Response noted</i>
<p>13) Can the Executive Mayor provide the reasons why the whole budget was almost spent while the target was only at 10% achievement?</p>		No follow-up	<i>Response noted</i>
<p>Observation: On project Code DTS22 (Upgrading of Tweefontein K Waste Water Treatment Works, Phase 2), the Committee has observed that the target was achieved, with an over expenditure of R288,728.00 with no reasons provided.</p>	<p>14) The project performance was exceptional and went beyond planned expectations, albeit the over expenditure is on the line item and not on the overall budget.</p>	No follow-up	<i>Response noted</i>
<p>14) Can the Executive Mayor provide reasons for the over expenditure?</p>		No follow-up	<i>Response noted</i>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024 <i>ITEM: TH-MPAC 19/02/2025</i>			
<p>Observation: On project code DTS25 (Luthuli Waste Water Treatment Works), the Committee has observed that the expenditure for the line item is recorded as zero (R0), whilst the target was Budgeted for R130 435, and the planned annual target of 10% was achieved.</p> <p>15) Can Executive Mayor clarify the committee why there was no expenditure on the project?</p>	<p>15) At the end of the financial year, the service provider had not reached claimable milestones for the project, hence there was no claims paid.</p>	No follow-up	Response noted
<p>Observation: On project code DTS27 the Committee has observed that the municipality is having a challenge with the billing information which makes the revenue collection process difficult.</p>			<p>THAT the municipality must add a module on Munsoft system to re-do numbering of households in order to ensure the correct billing.</p>
<p>Observation: On project code DTS33 (Construction of Zakheni Bus Route-ward32), the Committee has observed that the project has been completed.</p> <p>16) Can the Executive Mayor furnish the committee with a completion certificate of the project in question</p>	<p>16) The completion certificates are attached hereto.</p>	No follow-up	<p>Response noted</p> <p>The project was identified for MPAC site visit</p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024 <i>ITEM: TH-MPAC 19/02/2025</i>			
<p>Observation: On project code DTS35 (Construction of Phola Park Bus and Taxi Route - Ward 6 (1km), the committee has observed that the project spent almost their allocated budget while the project was not completed, on account of insufficient budget.</p> <p>17) Can the Executive Mayor provide the Committee with clear reasons on what led to insufficient budget?</p>	<p>17) The project was approved for implementation at an amount of R 37 million whilst council has approved an amount of 5.5 million on its budget on the first year of implementation as the project is implemented on a multi-year approach, and the contractor completed the budget within the first quarter into the contract and under the circumstances the project had to be suspended pending budget adjustment or ultimately budget availability in the new financial year.</p>	No follow-up	<i>Response noted</i>
<p>Observation: On project code DTS37 (Construction of Verena C Bus and Taxi Route - Ward 11), the Committee has observed an over expenditure of R964 706.00 with the reasons being the budget overspending on approved budget.</p> <p>18) Can the Executive Mayor provide the committee with the root cause for the overspending on the project, and also provide the action plan to avoid over expenditure? Please provide POE for the virement.</p>	<p>18) The project was initially planned to complete only the planning stage for the financial year under review. However, after budget adjustment, the project plan had already moved to an advanced stage (detailed design stage and the development of terms of reference).</p> <p>The action plan to avoid such from repeating itself is planning for the projects budget in terms of its deliverables, the project feasibility to be part of the project deliverables</p>	No follow-up	<i>Response noted</i>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>ITEM: TH-MPAC 19/02/2025 MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p>			
	<p>going forward to ensure the due diligence is conducted on project budgeting.</p> <p>The POE of the Virement is attached hereto.</p>		
<p>SOCIAL SERVICES</p>			
<p>Observation: On project code DSS02 (Expanded Public Works Programme) the committee has observed that the target was not achieved due to insufficient manpower and shortage of waste collection machinery? (Compactor Trucks).</p> <p>Further to that, with reference to the MPAC questionnaire issued on probing of the 3rd Quarter Institutional Performance 2023/ 2024 in relation to the same project, the Executive Mayor committed to procure x2 Compactor Trucks through a National Treasury transversal contract process by 1st Quarter of 2024/ 2025, and further committed to appoint x10 General Assistance by the end of September 2024 to resolve the challenges of this project.</p>	<p>19) The municipality has since procured 3 x Compactor Trucks on the 13th of September 2024, and also appointed 10 x General Assistants on the 1st of December 2024.</p> <p>The portfolios of evidence are attached hereto.</p>	<p>No follow-up</p>	<p>Response noted</p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024 ITEM: TH-MPAC 19/02/2025			
19) Can the Executive Mayor share with the Committee, the current status quo on the commitment to procure x2 Compactor Trucks by 1 st Quarter of 2024/ 2025 and appointment of x10 General Assistance by September 2024? Provide POE.	<p>Observation: On project code DSS22 (Acquisition of Trailer (Road Blocks) the committee has observed that the target was not achieved due to the delay on the procurement process.</p> <p>Further to that, with reference to the MPAC questionnaire issued on probing of the 3rd Quarter Institutional Performance 2023/ 2024 in relation to the same project, the committee was informed that the process of acquisition of the Traffic Roadblock Trailer is at the Bid Evaluation Stage, following the placement of the advert on the 13th of June 2024. September 2024 to resolve the challenges of this project.</p> <p>Subsequently, during the committee's probing of the 4th quarter Institutional Performance 2023/ 2024, the MPAC was informed that; "The project could not be approved on the basis of non-availability</p>		
20) The department applied to procure the Roadblock Trailer through the national treasury transversal contract. The project was budgeted for in the 2023/ 2024 financial year, and on the 19 th of July 2024, the project was considered by bid committees after the financial year had commenced, only for it not to be processed as there was no budget allocation for it, hence the decision to reschedule it for the 2025/ 2026 financial year.	<p>No follow-up</p>	<p><i>Response noted</i></p>	

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
ITEM: TH-MPAC 19/02/2025 MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024			
<p>of budget in the 2023/ 24 financial year and will be budgeted for in the 2025/ 26 financial year.”</p> <p>20) Can the Executive Mayor clarify the committee about the reasons for not achieving this project whilst there was a budget allocated for the project in the first place, and further share with Committee the status quo of the project?</p>			
CHAPTER 5: FINANCIAL PERFORMANCE			
<p>Observation: On paragraph 5.13 GRAP COMPLIANCE under COMPONENT D, the Committee has observed the following statement <i>“The Annual Financial Statements have been prepared and presented in accordance with the standard of GRAP and the preparing and presentation of the GRAP compliant AFS is improving in each and every year,”</i> however the Audit Opinion of the Municipality is not improving.</p> <p>21) Can the Executive Mayor indicate what measures/ controls the municipality is implementing in order to improve the municipal audit outcome?</p>	<p>21) Measures put in place include the performance of quarterly Annual Financial Statements.</p> <p>Quarterly Annual Financial Statement Steering Committee meetings will be held to consider the Annual Financial Statements and progress on the implementation and will be chaired by the Financial Services MMC.</p> <p>All completed projects to be submitted 7 days after completion day with all the required documents as per the General Conditions of Contract (GCC) to be Capitalised</p>	No follow-up	<p>THAT the municipality must apply stringent measures in ensuring that the Supply Chain Management legislation and the Municipal Finance Management Act are fully complied with to avoid incurring UIFW expenditure</p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p>MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p> <p><i>ITEM: TH-MPAC 19/02/2025</i></p>			
	and included in the Municipal Asset Register		
<p>CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS</p>			
<p>Observation: The committee has observed on page 305 (Auditor General opinion 2023/ 2024) that the municipality has incurred Irregular Expenditure amounting to R5.74m for 2023/ 2024 financial year as a result of non-compliance with Supply Chain Management legislations.</p>			<p>That the executive mayor to implement the auditor general's recommendation; which is to clear and deal with the irregular expenditure, unauthorised and fruitless and wasteful expenditure balances from the books of the municipality in line with section 32 of the MFMA.</p>
<p>Observation: The committee has observed with concern that the municipal Annual Financial Statements were submitted to the Auditor General a minute before the timeline i.e. on 31 August at 23:59, which raises some concerns whether there was quality assurance on the submitted AFS.</p>	<p>The Municipality failed to adhere to AFS preparatory timelines, hence the eleventh-hour submission.</p> <p>The Municipality has resolved at its 2024/ 2025 Lekgotla to adhere to AFS preparatory timelines by all departments/ units (failing which</p>	<p>No follow-up</p>	<p>THAT the Executive Mayor to monitor progress on the preparation of the municipal Annual Financial Statements</p>

Questions	Responses by the Executive Mayor	Follow-up Questions & Responses	MPAC Comments and Recommendations
<p align="center">ITEM: TH-MPAC 19/02/2025 MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024</p>			
<p>22) Can the Executive Mayor explain to the committee why the municipality submitted the Annual Financial Statements to the Auditor General at eleventh hour and share with the committee, the measures put in place to avoid recurrence?</p>	<p>consequence management will be applied), and the AFS will be submitted not on the 31st of August, but on the 30th of August henceforth.</p>		

15. SUMMARY OBSERVATIONS/COMMENTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- 15.1. **THAT** the Municipal Public Accounts Committee (MPAC) having fully considered the Draft annual report 2023/ 2024, has observed that the report is in compliance with Section 121(3) and (4) of the MFMA, the National Treasury's MFMA Circular 63.
- 15.2. **THAT** the MPAC has observed there has been an improvement of the municipal overall performance each financial year as follows; from 80% in 2021/ 2022, 83% in 2022/ 2023/ and 85% in 2023/ 2024 financial years.
- 15.3. **THAT** the MPAC has observed through the AGSA audit report that Thembisile Hani Local Municipality has received an unqualified audit opinion with findings during the year under review (2023/ 2024), as a result of inadequate review of reports and underlying transactions.
- 15.4. **THAT** the MPAC commend the municipality on that, though the audit opinion has been stagnant for 4 consecutive years (unqualified audit opinion with findings), the material findings are reduced to one matter in the 2023/ 2024 audit outcome.
- 15.5. **THAT** the committee observed that some of the project variance reasons and action plan between the Performance Report and the Appendices pages are not aligned e.g. Project code DTS16.
- 15.6. **THAT** the MPAC commend the municipality for improving its audit outcome on the audit of performance information, from a qualification in the past two years to an unqualified opinion in the current financial year.
- 15.7. **THAT** the MPAC is of the view that the decision for establishing the AFS Monitoring Committee, comprising of Troika, MMCs, and Management, is a of both great tactical and strategic move by the municipality towards strengthening THLM financial management and financial viability, and in improving the municipal audit outcome.

16. MPAC RECOMMENDATIONS TO COUNCIL

- 16.1. **THAT** the council having fully considered the THLM Annual Report for 2023/ 2024, adopt the THLM oversight report on the probing of the Annual Report and approve the Annual Report without reservations.
- 16.2. **THAT** the executive and management should ensure adequate implementation of the AGSA recommendations on the current and previous years in order to enhance service delivery and to ensure that the municipality's audit opinion improves from now henceforth.
- 16.3. **THAT** the council must continue to improve and implement the revenue enhancement strategy, thereby encouraging the culture of payment of municipal rates and taxes consumed, in order to enable the municipality to meet its financial obligations and, improve and sustain the provision of service delivery for the betterment of the community.
- 16.4. **THAT** copies of the THLM Oversight Report and its Appendices be submitted to the Auditor-General, Mpumalanga provincial Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA) and the Mpumalanga Provincial Treasury in accordance with section 129(2)(b) of the MFMA.
- 16.5. **THAT** the accounting officer must make public this oversight report within 7 days of its adoption in accordance with Section 129(3) of the MFMA.



CIF. LM TSHABANGU
(MPAC CHAIRPERSON)

DATE: 18 March 2025

APPENDIX A

MPAC OVERSIGHT PROCESS PLAN ON THE DRAFT ANNUAL REPORT 2022/2023



MPAC OVERSIGHT PROCESS PLAN ON THE PROBING OF THE ANNUAL REPORT FOR 2023/ 2024 F/Y

1.

ACTIVITY	TO ATTEND/ SUPPORT	DATE
<p>MPAC PROBING OF THE ANNUAL REPORT AND DEVELOPMENT OF A QUESTIONNAIRE</p> <p>Day 1:</p> <ul style="list-style-type: none"> CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY and Development of Questions CHAPTER 2 – GOVERNANCE and Development of Questions CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS and Development of Questions 	<p>MPAC Members, MPAC Support Staff, Chief Risk Officer, Chief Audit Executive, Assistant Manager PMS and Auditor General South Africa (AGSA)</p>	<p>Tuesday, 4 February 2025</p>
<p>Day 2:</p> <ul style="list-style-type: none"> CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) and Development of Questions 	<p>MPAC Members, MPAC Support Staff, Chief Risk Officer, Chief Audit Executive, Assistant Manager PMS,</p>	<p>Wednesday, 5 February 2025</p>
<p>Day 3:</p> <ul style="list-style-type: none"> CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) and Development of Questions CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE and Development of Questions 	<p>MPAC Members, MPAC Support Staff, Chief Risk Officer, Chief Audit Executive, Assistant Manager PMS, Audit Committee and Risk Management Committee Chairpersons</p>	<p>Thursday, 6 February 2025</p>
<p>Day 4:</p> <ul style="list-style-type: none"> CHAPTER 5 – FINANCIAL PERFORMANCE and Development of Questions AUDIT ACTION PLAN and Development of Questions 	<p>MPAC Members, MPAC Support Staff, Chief Risk Officer, Chief Audit Executive and Assistant Manager PMS</p>	<p>Friday, 7 February 2025</p>



MPAC OVERSIGHT PROCESS PLAN ON THE PROBING OF THE ANNUAL REPORT FOR 2023/ 2024 F/Y

ACTIVITY	TO ATTEND/ SUPPORT	DATE
CONSIDERATION OF AUDIT COMMITTEE COMMENTS, PUBLIC COMMENTS, COUNCIL COMMENTS ON THE ANNUAL REPORT. ADOPTION OF THE QUESTIONNAIRE		
2. SUBMISSION OF THE QUESTIONNAIRE TO THE OFFICE OF THE EXECUTIVE MAYOR	None	Tuesday, 11 February 2025
3. MPAC SITE INPECTION ON SPECIFIC PROJECTS	MPAC members, MMC for Technical Services and Technical Services Support Staff, Ward Councillor, CDW and Ward Committee Secretaries	Tuesday, 18 February 2025
4. SUBMISSION OF THE RESPONSES BY THE EXECUTIVE MAYOR TO MPAC OFFICE	None	Thursday, 20 February 2025
5. MPAC SPECIAL MEETING – DISCUSSION OF RESPONSES FROM THE EXECUTIVE MAYOR	MPAC Members, MPAC Support Staff, Chief Risk Officer, Chief Audit Executive and Assistant Manager PMS	Wednesday, 26 February 2025
6. SPECIAL MPAC MEETING – HEARING WITH THE EXECUTIVE MAYOR	MPAC, Executive Mayor, Management, Chairpersons of Section 79 Committees, Nkangala District Municipality MPAC Chairperson, Auditor General, Audit Committee Chairperson, Risk Management Committee Chairperson, Ward Committees, NT, PT, SALGA, SCOPA Chairperson, Traditional Leaders, IMATU, SAMWU and other Stakeholders	Wednesday, 12 March 2025
7. MPAC Special Meeting – Consolidation, adoption and submission of the oversight report to the office of the speaker for tabling to council.	MPAC Members, MPAC Support Staff, Chief Risk Officer, Chief Audit Executive and Assistant Manager PMS	Tuesday, 18 March 2025
8. Tabling of the Oversight Report to council	Council	Tuesday, 25 March 2025

Cllr. LM Tshabangu (MPAC Chairperson)

APPENDIX B

**COPIES OF THE MPAC MINUTES ON THE PROBING OF
THE DRAFT ANNUAL REPORT**

THEMBISILE HANI LOCAL MUNICIPALITY



MINUTES

**OF THE 3RD ORDINARY 2024/ 2025 MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE MEETING HELD ON THE 5TH – 7TH FEBRUARY 2025 AT
KHULISILE PALACE, SHELDON KWAMHLANGA**

MEMBERS PRESENT

MPAC members	Day 1	Day 2	Day 2
1. Clr. LM Tshabangu (Chairperson)	✓	✓	✓
2. Clr. SB Sindane	✓	✓	✓
3. Clr. RB Jiyane	✓	✓	✓
4. Clr. P Mahlangu	Absent	Absent	Absent
5. Clr. NM Motaung	✓	✓	✓
6. Clr. MA Mokwena	✓	✓	✓
7. Clr. ZJ Mguni	Absent	✓	✓
8. Clr. NE Radebe	✓	✓	✓
9. Clr. RQ Mtsweni	✓	✓	✓
10. Clr. LM Lukhele (Maphoso)	✓	✓	✓

✓ (right marks) denotes attendance to the meeting

MEMBERS ABSENT

1. Clr P Mahlangu (Day 1, 2 & 3)
2. Clr. ZJ Mnguni (Day 1)

LEAVE OF ABSENTS

1. Clr. P Mahlangu
2. Clr. ZJ Mguni (for day 1 only)

OFFICIALS PRESENT

Officials	Day 1	Day 2	Day 2
KO Bapela (Asst. Manager MPAC Research, Monitoring and Evaluation)	✓	✓	✓
A Malope- Chief Audit Executive	Absent	✓	Absent
S Moripe- Assistant Manager PMS	✓	✓	✓
HB Diphofa - Chief Admin MPAC	✓	✓	✓
M Legodi – Senior Internal Auditor	✓	Absent	✓
K Seroka – Risk Officer	✓	✓	✓

✓ (right mark) denotes attendance to the meeting

OTHER ATTENDEES

1. B Zikhali - AGSA Senior Manager (Day 1, 5th February 2025)
2. R Tshimomola - RMAFACC Chairperson (Day 2, 6th February 2025)
3. L Thubakgale - NDM Shared PAC Chairperson (Day 3, 7th February 2025)

1. OPENING AND WELCOME

Mr. KO Bapela read the notice to the meeting.

The committee chairperson, Cllr. LM Tshabangu welcomed everyone to the meeting and declared the meeting officially opened. She requested maximum participation of all members in probing of the reports to be discussed during this meeting.

2. APPLICATION FOR LEAVE OF ABSENCE

1. Cllr. P Mahlangu
2. Cllr. ZJ Mguni (for day 1 only)

3. OFFICIAL ANNOUNCEMENTS

- (i) It was announced that the meeting would be joined by AGSA Senior Manager, RMAFACC Chairperson and NDM Shared Performance Audit Committee Chairperson for the purpose of making presentations to the MPAC regarding the municipality's audit outcome and the annual report 2023/ 2024.

4. MOTION OF SYMPATHY AND CONGRATULATIONS

None

5. DISCLOSURE OF INTERESTS

None

6. MINUTES OF THE PREVIOUS MEETINGS

6.1. Minutes of the 2nd ordinary Municipal Public Accounts Committee meeting held on the 27th November 2024

RESOLUTION

THAT Minutes of the 2nd ordinary Municipal Public Accounts Committee meeting held on the 27th November 2024 are adopted.

Mover: Cllr. SB Sindana

Seconder: Cllr. MA Mokwena

6.2. Minutes of the 5th special Municipal Public Accounts Committee meeting held on the 23rd January 2025

RESOLUTION

THAT Minutes of the 5th special Municipal Public Accounts Committee meeting held on the 23rd January 2025 are adopted

Mover: Cllr. MA Mokwena
Seconder: Cllr. RQ Mtsweni

7. QUESTIONS OF WHICH NOTICE HAD BEEN GIVEN

None

8. MATTERS DEFERRED FROM THE PREVIOUS MEETING

None

9. REPORTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

TH-MPAC 18/02/2025 to TH-MPAC 20/02/2025

Non-Delegated Deferred Items

ITEM NO.	SUBJECT
TH-MPAC 12/11/2024	MPAC INTERROGATION OF THE MUNICIPALITY'S UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE REPORT FOR THE 1ST QUARTER OF 2024/ 2025

TH-MPAC 12/11/2024

**MPAC INTERROGATION OF THE MUNICIPALITY'S
UNAUTHORISED, IRREGULAR OR FRUITLESS
AND WASTEFUL EXPENDITURE REPORT FOR THE
1ST QUARTER OF 2024/ 2025**

RESOLUTIONS

1. **THAT** the report on the MPAC interrogation of the municipality's unauthorised, irregular or fruitless and wasteful expenditure report for the 1st quarter of 2024/ 2025, be deferred to the next MPAC special meeting due to committee time constraints.

Non-Delegated Items Index

ITEM NO.	SUBJECT
TH-MPAC 18/02/2025	MPAC INTERROGATION OF THE MUNICIPALITY'S UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE REPORT FOR THE 2ND QUARTER OF 2024/ 2025
TH-MPAC 19/02/2025	MPAC PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024
TH-MPAC 20/02/2025	MPAC PROBING OF THE THLM MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR 2023/ 2024

TH-MPAC 18/02/2025

**MPAC INTERROGATION OF THE
MUNICIPALITY'S UNAUTHORISED, IRREGULAR
OR FRUITLESS AND WASTEFUL EXPENDITURE
REPORT FOR THE 2ND QUARTER OF 2024/ 2025**

RESOLUTIONS

1. **THAT** the report on the MPAC interrogation of the municipality's unauthorised, irregular or fruitless and wasteful expenditure report for the 2nd quarter of 2024/ 2025, be deferred to the next MPAC special meeting due to the committee time constraints.

DISCUSSION

The committee interrogated the annual report as whole dealing with all the chapters and the Appendices.

The report was discussed through commissions wherein questions were developed and discussed and ultimately adopted in the plenary for the Executive Mayor to respond.

The meeting benefited presentations from the following representatives;

- (a) Mr B Zikhali (AGSA Senior Manager), he provided an overall briefing about THLM audit outcome for the year ended 30 June 2024 as per the invitation
- (b) Mr L Thubakgale (NDM Shared Audit Committee Chairperson) – he presented the Audit Committee perspective on the municipality’s audit outcome and the draft annual report for the year ended 30 June 2024 as per the invitation
- (c) Mr R Tshimomola (RMAFACC Chairperson) – he presented the RMAFACC perspective on the municipality’s audit outcome and the draft annual report for the year ended 30 June 2024 as per the invitation.

RESOLUTIONS

1. **THAT** the MPAC having interrogated the Draft Annual Report for 2023/ 2024 resolved to develop a questionnaire for the Executive Mayor to respond within 7 working days.
2. **THAT** upon receipt of the Executive Mayor's responses, the MPAC should hold a meeting to consider the responses as per the MPAC adopted oversight process plan.

DISCUSSIONS

The committee considered the Mid-Year Performance Assessment Report for 2023/ 2024.

The report was discussed through commissions wherein questions were developed, discussed and ultimately adopted in plenary for the Executive Mayor to respond.

RESOLVED

1. **THAT** the MPAC having interrogated the Mid-Year Budget and Performance Assessment Report for 2024/ 2025 resolved to develop a questionnaire for the Executive Mayor to respond within 7 working days.
2. **THAT** upon receipt of the Executive Mayor's responses, the MPAC should hold a meeting to consider such responses, as per the MPAC adopted oversight process plan.

4. DEPUTATIONS

None

5. MOTION

None

6. CLOSURE

The meeting officially concluded on the 7th February 2025.

The chairperson appreciated the active participation of all the MPAC members.

She further expressed her gratitude to the AGSA, Audit Committee and RMAFACC in absentia, for the role they played during the meeting.

The chairperson declared the meeting officially closed.



Cir. LM TSHABANGU
(MPAC CHAIRPERSON)

18/3/2025
DATE

THEMBISILE HANI LOCAL MUNICIPALITY



MINUTES

OF THE 6TH SPECIAL 2024/ 2025 MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE MEETING HELD ON THE 26TH FEBRUARY 2025
IN THE MAYORAL BOARDROOM

MEMBERS PRESENT

1. Clr. LM Tshabangu (Chairperson)
2. Clr. RB Jiyane
3. Clr. P Mahlangu
4. Clr. SB Sindane
5. Clr. MA Mokwena

MEMBERS ABSENT

1. Clr. NE Radebe

LEAVE OF ABSENTS

1. Clr. LM Lukhele
2. Clr. NM Motaung
3. Clr. RQ Mtsweni

MPAC SUPPORT STAFF PRESENT

1. Mr. KO Bapela - Asst. Manager MPAC Research, Monitoring and Evaluation
2. Mr. HB Diphofa - Chief Admin MPAC
3. Mr. T Thandavhathu - PMS Coordinator

1. OPENING AND WELCOME

The Assistant Manager: MPAC Research, Monitoring and Evaluation Mr. KO Bapela read the notice to the meeting.

The chairperson, Cllr. ML Tshabangu greeted the house and declared the meeting officially opened.

2. APPLICATION FOR LEAVE OF ABSENCE

- (i) Cllr RQ Mtshweni
- (ii) Cllr NE Radebe

OTHER LEAVE OF ABSENCE

- (i) Mrs KS Moripe (Assistant Manager PMS) – Could not attend on account of preparation for the Assessment meeting scheduled for the following day.

3. OFFICIAL ANNOUNCEMENTS

The meeting was reminded that the MPAC will holding a one-on-one hearing with the Executive on the 12th March 2025.

The chairperson announced to the meeting that, according to the council resolution Cllr JN Mnguni is no longer a councillor and as such that affect the total number of MPAC members from 10 to 9, and that automatically reduces the committee quorum from 5+1 to 4 + 1.

4. MOTION OF SYMPATHY AND CONGRATULATIONS

None

5. DISCLOSURE OF INTERESTS

None

6. MINUTES OF THE PREVIOUS MEETINGS

None

7. QUESTIONS OF WHICH NOTICE HAD BEEN GIVEN

None

8. MATTERS DEFERRED FROM THE PREVIOUS MEETING

None

9. REPORTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

TH-MPAC 21/02/2025 – TH-MPAC 22/02/2025

Non-Delegated Items Index

ITEM NO.	SUBJECT
TH-MPAC 21/02/2024	MPAC CONSIDERATION OF THE EXECUTIVE MAYOR'S RESPONSES ON THE PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024
TH-MPAC 22/02/2024	MPAC CONSIDERATION OF THE EXECUTIVE MAYOR'S RESPONSES ON THE PROBING OF THE THLM MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR 2024/ 2025

DISCUSSIONS

The chairperson presented the MPAC questionnaire with the responses of the Executive Mayor for committee consideration.

The committee considered all the responses of the Executive Mayor on the probing of the draft Annual Report 2023/ 2024, made comments and raised follow-up questions where it was necessary.

RESOLUTIONS

1. **THAT** the MPAC having considered the responses of the Executive Mayor on the committee questionnaire probing the draft Annual Report 2023/ 2024, resolved to develop follow-up questions, and schedule a one-on-one public hearing with the executive to respond physically to the committee.

DISCUSSIONS

The chairperson presented the MPAC questionnaire with the responses from the Executive Mayor for committee consideration.

The committee consider all the responses of the Executive Mayor on the Mid-Year Budget and Performance Assessment Report, and the committee could raise any follow-up questions where it was necessary.

RESOLUTIONS

1. **THAT** the MPAC having considered the responses of the Executive Mayor on the Mid-Year Budget and Performance Assessment Report, resolved to schedule a one-on-one public hearing with the executive to respond physically to the committee.

4. DEPUTATIONS

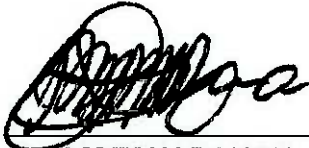
None

5. MOTION

None

6. CLOSURE

The chairperson declared the meeting officially closed.



Cnr. LM TSHABANGU
(MPAC CHAIRPERSON)

18/3/2025
DATE

THEMBISILE HANI LOCAL MUNICIPALITY



MINUTES

**OF THE 7TH SPECIAL 2024/ 2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
MEETING (PUBLIC HEARING) HELD ON THE 12TH MARCH 2025
IN THE MUNICIPAL COUNCIL CHAMBER**

MEMBERS PRESENT

1. Clr. LM Tshabangu (Chairperson)
2. Clr. RB Jiyane
3. Clr. P Mahlangu
4. Clr. MA Mokwena
5. Clr. NE Radebe
6. Clr. LM Lukhele
7. Clr. RQ Mtsweni
8. Clr. SB Sindane
9. Clr. NM Motaung

MEMBERS ABSENT

None

LEAVE OF ABSENTS

None

MPAC SUPPORT STAFF PRESENT

1. KO Bapela - Asst. Manager MPAC Research, Monitoring and Evaluation
2. HB Diphofa - Chief Admin MPAC

MEMBERS OF THE TROIKA PRESENT

1. Clr L.J Dikgale - THLM Executive Mayor
2. Clr M.P Msiza - Council Speaker

MEMBERS OF THE MAYORAL COMMITTEE PRESENT

1. Clr. J Mthimunye - MMC Finance Services
2. Clr. EM Malekane - MMC Technical Services
3. Clr. TJ Ntuli - MMC Social Services
4. Clr. MO Sikosana - MMC Planning and Economic Development
5. Clr. LX Mtsweni - MMC corporate Services

THLM SENIOR MANAGEMENT AND OTHER OFFICIALS PRESENT

1. Mr. DJD Mahlangu - Municipal Manager
2. Ms. I Mashishi - Manager PED
3. Ms. JG Mahlangu - Chief Financial Officer
4. Ms. SO Mahlangu - Manager Social Services
5. Mr. K Mabuela - Acting Manager Corporate Services
6. Mr. W. Mtsweni - Manager Technical Services
7. Mr. T Baloyi - Chief Risk Officer
8. Ms. ET Mnguni - Assistant Manager Labor Relations
9. Mr T Ntimane - Assistant Manager ICT

10. Mr. A Malope - Chief Audit Executive
11. Ms. S Moripe - Assistant Manager PMS
12. Ms. SP Mokako - Asst. Manager: Communication
13. Mr. H Kabini - Manager in the office of the Mayor
14. Mr. JP Skosana - Assistant Manager Legal
15. Mr. S Nkosi - Assistant Manager Public Participation

OTHER STAFF MEMBERS

1. Mr. JK Masilela - ICT

SECTION 79 COMMITTEE CHAIRPERSONS AND EXTERNAL MPAC MEMBERS

1. Clr. BV Msibi - Sec. 79 Chairperson: Financial Services
2. Clr. MT Nobela - Sec. 79 Chairperson: Social Services
3. Clr. MP Mduli - Sec. 79 Chairperson: Technical Services
4. Clr. CN Mahlangu - Sec. 79 Chairperson: Corporate Services
5. Clr. BN Dlamini - Sec. 79 Chairperson: Planning and Economic Development Services
6. Clr. MW Mashishi - MPAC Chairperson: Dr. JS Moroka
7. Clr. MM Rankapole - MPAC Acting Chairperson: Nkangala District Municipality

THE TRADITIONAL LEADERSHIP REPRESENTATION

1. Willian Thubana - Manala Mbhongo Traditional Council
2. Prince MA Mabena - Manala Mgibe Traditional Council
3. J Mabena - Manala Mgibe Traditional Council
4. Letro Nkosi - Ndzundza Somphalali Traditional Council
5. OS Mahlangu - Ndzundza Somphalali Traditional Council
6. BS Mahlangu - Manala Makerana Traditional Council
7. Johannes Ndala - Manala Makerana Traditional Council
8. Freddy Mabena -

STAKEHOLDER DEPARTMENTS PRESENT

1. Mr T Gafane - Chairperson of the Disciplinary Committee (THLM)
2. Mr M Seshoka - AGSA
3. Ms T Mashile - COGHSTA: Manager Municipal Administration
4. Ms P Nyathi - SALGA: Senior Advisor, Municipal Finance
5. Ms P Ndimande - SALGA: Acting Advisor, Governance and Councillor Welfare
6. Ms C Roberts - SALGA: Admin Assistant
7. Mr M Langa - Provincial Treasury: MFMA Advisor
8. Mr EN Nkuna - Provincial Treasury: Manager Municipal Finance
9. Mr KD Nemavhidi - AGSA: Manager

OTHER SKAKEHOLDERS PRESENT

1. Mr J Majoro - Thembisile Hani Zonal SANCO Secretary
2. Ms PG Matshika - Local QLTC Chairperson
3. Mr NS Maserumule - Local SAMWU Secretary

4. Ms ST Kgatla - Local IMATU Secretary
5. Ms LB Nkambule - Thembisile Disability Forum Chairperson
6. Mr S Skosana - Thembisile Disability Forum Secretary
7. Members of MEDIA Fraternity - SABC x3, Highveld Chronicle, Nkangala D. News x2,
Ikutana FM
8. Members of the Ward Committees (THLM)
9. Community Development Workers (CDW of THLM)
10. Members of the community within the Thembisile Hani Municipal jurisdiction.

1. OPENING AND WELCOME

The Assistant Manager: MPAC Research, Monitoring and Evaluation Mr. KO Bapela read the notice to the meeting.

The chairperson, Cllr. ML Tshabangu opened the meeting and extended a warm welcome to all those who gathered to the MPAC public hearing on the day, including all delegates from various departments, distinguished guests, members of the community, management, and media fraternity.

She expressed a special welcome to the Hon. Executive Mayor, his entourage and the speaker.

The chairperson informed the meeting about the purpose of the day, citing that the purpose of the hearing was mainly to have a one-on-one interaction between the MPAC and the Executive in probing the municipal Annual Report for 2023/ 2024.

APPLICATION FOR LEAVE OF ABSENCE

None

OTHER LEAVE OF ABSENCE

Cllr. TE Motanyane	- Council Whip
Mr. R. Tshimomola	- RMAFACC Chairperson
Cllr. Hennie Niemann	- MPAC Chairperson STML
Cllr. PP Moseri	- MPAC Chairperson NDM
Cllr. CL Maraba	- MPAC Chairperson Emalahleni Local Municipality
Cllr. DM Mahlangu	- MPAC Chairperson Emakhazeni Local Municipality
Hon. DL Moela	- SCOPA Provincial Chairperson

2. OFFICIAL ANNOUNCEMENTS

None

3. MOTION OF SYMPATHY AND CONGRATULATIONS

None

4. DISCLOSURE OF INTERESTS

None

5. MINUTES OF THE PREVIOUS MEETINGS

None

6. QUESTIONS OF WHICH NOTICE HAD BEEN GIVEN

None

7. MATTERS DEFERRED FROM THE PREVIOUS MEETING

None

8. REPORTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

TH-MPAC 22/03/2025 – TH-MPAC 23/03/2025

Non-Delegated Items Index

ITEM NO.	SUBJECT
TH-MPAC 23/03/2025	MPAC HEARING WITH THE EXECUTIVE MAYOR ON THE PROBING OF THE THLM DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024
TH-MPAC 24/03/2025	MPAC HEARING WITH THE EXECUTIVE MAYOR ON THE PROBING OF THE THLM MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR 2024/ 2025

DISCUSSIONS

The Executive Mayor greeted MPAC members, councillors, MMCs, Hon. Speaker, and various stakeholder departments, and the community at large.

The MPAC chairperson allowed the committee members to raise the MPAC questions to the Executive Mayor probing the draft Annual Report 2023/ 2024, and also allowed the Executive Mayor to respond on each of the questions.

RESOLUTIONS

1. **THAT** the MPAC having held a one-on-one hearing, and having considered the responses of the Executive Mayor on the probing the draft Annual Report 2023/ 2024, resolved to note the responses of the Executive Mayor.
2. **THAT** the MPAC resolved to hold a special MPAC meeting to develop and adopt and Oversight Report on the draft Annual Report 2023/ 2024.

DISCUSSIONS

The MPAC chairperson allowed the committee members to raise the MPAC questions to the Executive Mayor probing the Mid-Year Budget and Performance Assessment Report 2024/ 2025, and also allowed the Executive Mayor to respond on each of the questions.

RESOLUTIONS

1. **THAT** the MPAC having held a one-on-one hearing, and having considered the responses of the Executive Mayor on the probing the Mid-Year Budget and Performance Assessment Report 2024/ 2025, resolved to note the responses of the Executive Mayor.
2. **THAT** the MPAC resolved to hold a special MPAC meeting to develop and adopt a Report on the probing of the Mid-Year Budget and Performance Assessment Report 2024/ 2025.

4. DEPUTATIONS

None

5. MOTION

None

6. CLOSURE

The chairperson thanked the Executive Mayor and the MMC's for appearing before the MPAC and responding to all committee questions on both the draft Annual Report 2023/ 2024 and the Mid-Year Budget and Performance Assessment Report 2024/ 2025.

She also expressed her gratitude towards the Council Speaker, Section 79 Committee Chairpersons, Chairpersons of MPACs from the Nkangala District, Provincials Stakeholders, Traditional Leaders and the community at large for attending the MPAC public hearing.

The chairperson declared the meeting officially closed.



CIF. LM TSHABANGU
(MPAC CHAIRPERSON)

18/3/2025
DATE

THEMBISILE HANI LOCAL MUNICIPALITY



MINUTES

**OF THE 8TH SPECIAL 2024/ 2025 MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE MEETING HELD ON THE 18TH MARCH 2025
IN THE MAYORAL BOARDROOM**

MEMBERS PRESENT

1. Clr. LM Tshabangu (Chairperson)
2. Clr. RB Jiyane
3. Clr. P Mahlangu
4. Clr. SB Sindane
5. Clr. MA Mokwena
6. Clr. NE Radebe
7. Clr. RQ Mtsweni
8. Clr. LM Lukhele
9. Clr. NM Motaung

MEMBERS ABSENT

None

LEAVE OF ABSENTS FROM MEMBERS

None

MPAC SUPPORT STAFF PRESENT

1. Mr. KO Bapela - Asst. Manager MPAC Research, Monitoring and Evaluation
2. Mr. HB Diphofa - Chief Admin MPAC
3. Mr. A Malope – Chief Audit Executive
4. Mr. T Thandavhathu - PMS Coordinator

1. OPENING AND WELCOME

The Assistant Manager: MPAC Researcher, Monitoring and Evaluation Mr. KO Bapela read the notice to the meeting.

The chairperson, Cllr. ML Tshabangu greeted the house, welcome everyone to the meeting and declared the meeting officially opened.

The chairperson also made special welcome to Mr. N. Simelane from the provincial CoGHSTA.

2. APPLICATION FOR LEAVE OF ABSENCE

No Leave of Absence from MPAC members as the committee was in full attendance

OTHER LEAVE OF ABSENCE

- (i) Ms KS Moripe the Assistant Manager PMS, could not attend the meeting due to family responsibilities, however the unit was duly represented by Mr T Thandavhathu.

3. OFFICIAL ANNOUNCEMENTS

Mr KO Bapela announced that the provincial CoGHSTA was in attendance to this meeting and he further indicated that the provincial Treasury is also expected to attend as an invitation was also officially issued to the department.

4. MOTION OF SYMPATHY AND CONGRATULATIONS

The Chairperson submitted a motion of sympathy and expressed her heartfelt condolences to the family, friends and relatives of Cllr DS Mokoena who has lost his life on the 14th of March 2025. Cllr DS Mokoena was member of the council of Thembisile Hani Local Municipality when he passed.

5. DISCLOSURE OF INTERESTS

None

6. MINUTES OF THE PREVIOUS MEETINGS

6.1. Minutes of the 3rd Ordinary 2024/ 2025 Municipal Public Accounts Committee Meeting held on the 5th – 7th February 2025 at Khulisile Palace, Sheldon Kwamhlanga

RESOLVED

1. **THAT** the minutes of the 3rd Ordinary 2024/ 2025 Municipal Public Accounts Committee Meeting held on the 5th – 7th February 2025 at Khulisile Palace, Sheldon Kwamhlanga be adopted

Mover: Cllr. RB Jiyana

Seconded: Cllr. MA Mokwena

6.2. Minutes of the 6th Special 2024/ 2025 Municipal Public Accounts Committee Meeting held on the 26th February 2025 in the Mayoral Boardroom

RESOLVED

1. **THAT** the minutes of the 6th Special 2024/ 2025 Municipal Public Accounts Committee Meeting held on the 26th February 2025 in the Mayoral Boardroom be adopted

Mover: Cllr. MA Mokwena

Seconded: Cllr. NM Motaung

6.3. Minutes of the 7th Special 2024/ 2025 Municipal Public Accounts Committee Meeting (Public Hearing) held on the 12th March 2025 in the Municipal Council Chamber

RESOLVED

- 6.4. **THAT** the minutes of the 7th Special 2024/ 2025 Municipal Public Accounts Committee Meeting (Public Hearing) held on the 12th March 2025 in the Municipal Council Chamber be adopted

Mover: Cllr. P Msiza

Seconded: Cllr. MA Mokwena

7. QUESTIONS OF WHICH NOTICE HAD BEEN GIVEN

None

8. MATTERS DEFERRED FROM THE PREVIOUS MEETING

TH-MPAC 12/11/2024

TH-MPAC 18/02/2025

9. REPORTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

TH-MPAC 25/03/2025 – TH-MPAC 26/03/2025

Non-Delegated Deferred Index Items

ITEM NO.	SUBJECT
TH-MPAC 12/11/2024	MPAC INTERROGATION OF THE MUNICIPALITY'S UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE REPORT FOR THE 1ST QUARTER OF 2024/ 2025
TH-MPAC 18/02/2025	MPAC INTERROGATION OF THE MUNICIPALITY'S UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE REPORT FOR THE 2ND QUARTER OF 2024/ 2025

DISCUSSIONS

The committee considered the THLM 1st Quarter Irregular Expenditure report for 2024/ 2025, the responses from the Executive Mayor and the proof of end of the contract between THLM and Bidvest Bank as provided by the Executive Mayor.

RESOLVED

1. **THAT** the MPAC having considered the responses and the POE of the Executive Mayor, take cognizance that lease contract between Bidvest Bank and THLM came to an end, and further the committee resolved to develop follow-up questions for the Executive Mayor to respond within 7 working days.
2. **THAT** going forward, when the MPAC make request to the executive on UIFW for the quarter, it must also request the previous year balances in order to ensure that UIFW are cleared from municipal books.
3. **THAT** the item be deferred to the next MPAC meeting pending the responses of the Executive Mayor on the follow-up questions.

DISCUSSIONS

The MPAC considered the UIFW report for the 2nd quarter of 2024/ 2025 and noticed that there might be an inaccuracy of reporting between the reported irregular expenditure amounts between the first quarter irregular amounting to R789 629, 31 as compared with R67 349.60 reported in the second quarter of 2024/ 2025.

The committee could not interrogate the 2nd quarter Irregular expenditure report any further, but resolved to get more clarity from the Executive.

RESOLUTIONS

1. **THAT** the item couldn't be interrogated as the committee noticed that there might be an inaccuracy of reporting between the reported amounts between the first quarter irregular amount of R67 349.60, 31 as compared with the R67 349.60 reported in the second quarter of 2024/ 2025.
2. **THAT** the item be deferred to the next MPAC special meeting to allow the chairperson of MPAC to write a letter of enquiry to the Executive Mayor, seeking more clarity on the irregular expenditure amounting to R789 629 which was reported in the 1st quarter 2024/ 2025 and decreased to R67 349.60 in the 2nd quarter report 2024/ 2025.

Non-Delegated Items Index

ITEM NO.	SUBJECT
TH-MPAC 25/03/2025	THEMBISILE HANI LOCAL MUNICIPALITY DRAFT MPAC OVERSIGHT REPORT ON THE DRAFT ANNUAL REPORT FOR 2023/2024 FINANCIAL YEAR
TH-MPAC 26/03/2025	TABLING OF THE DRAFT MPAC ANNUAL WORK PLAN FOR 2025/2026 FINANCIAL YEAR

DISCUSSIONS

The committee discussed the Draft Oversight report on the Annual Report 2023/ 2024 and make some amendments to the report and finally adopted the report for council consideration approval.

The committee made the following comments on the MPAC questionnaire and responses:

1. **On question no. 10** (LED17: Supporting SMMEs with tools of trade) – The response of the Executive Mayor on is not satisfactory to the committee and as such the committee will make further enquiries on the matter and compile a comprehensive report for council consideration and adoption.
2. **On Questions no. 6** (MM10: Issuing of External Newsletter) – Timely issuing of Newsletter letters by the municipality must be a priority so that the information reaches the community well on time.
3. **On observation no. 1** (Chapter 6: General Audit Findings) - That the executive mayor to implement the auditor general's recommendation; which is to clear and deal with the irregular expenditure, unauthorised and fruitless and wasteful expenditure balances from the books of the municipality in line with section 32 of the MFMA.
4. **On Question no. 22** (Submission of AFS) - **THAT** the Executive Mayor to monitor progress on the preparation of the municipal Annual Financial Statements.

The committee concluded that, the content of report annual report is in accordance with Section 121(3) and (4) of the MFMA, which sets out the framework relating to the content of the annual reports for the municipalities, and therefore resolved to recommend to council to approve the Annual Report 2023/ 2024 without reservations.

RESOLVED

1. **THAT** the THLM Draft MPAC Oversight Report on the probing of the THLM Draft Annual Report for the year ended 30 June 2024 be adopted with changes made.
2. **THAT** the MPAC resolved to recommend to council to adopt the THLM MPAC Oversight Report probing the Draft THLM Annual Report, and approve the THLM Annual Report 2023/ 2024 without reservations.

Discussion

The THLM Draft Municipal Public Accounts Committee Annual Work Plan for 2025/ 2026 was presented and discussed by the committee.

The committee adopted the annual work plan.

RESOLVED

1. **THAT** the Draft MPAC Annual Work Plan for 2025/ 2026 financial year be adopted.
2. **THAT** the MPAC resolved to recommend to council to approve the MPAC Annual Work Plan for 2025/ 2026 financial year.

4. DEPUTATIONS

None

5. MOTION

None

6. CLOSURE

The chairperson officially closed the meeting

**Cir. LM TSHABANGU
(MPAC CHAIRPERSON)**

DATE

APPENDIX C

CONSULTATION PROCESSES ON THE DRAFT ANNUAL REPORT



**MEMORANDUM
CORPORATE SERVICES**

TO : CORPORATE SERVICES MANAGER
FROM : MUNICIPAL MANAGER
SUBJECT : IMPLEMENTATION OF COUNCIL RESOLUTIONS
DATE : 29/01/2025

At its Ordinary Council meeting held on the 28th January 2025, Council resolved among others the following:

TH-NDC 287/01/2025 DRAFT ANNUAL REPORT 2023/ 2024 FINANCIAL YEAR

RESOLVED

THAT the 2023/ 2024 Draft Annual report be considered.

Hope that you find the above in order.

DocuSigned by:

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MR. D.J.D MAHLANGU
MUNICIPAL MANAGER

Your Daily Pic



Deputy President Paul Mashatile's former VIP protection unit members appear at the Randburg magistrate's court yesterday. They face charges including assault, pointing a handgun, and reckless and negligent driving. /Sharon Serefo/ Gallo Images

DA calls for reduced military presence at Sona amid DRC crisis

By INNOCENTIA NKADIMENG

The DA has urged speaker of parliament Thoko Didiza to scale down the military presence at the upcoming state of the nation address (Sona), given challenges faced by SA National Defence Force (SANDF) members deployed in the Democratic Republic of the Congo (DRC).

President Cyril Ramaphosa is set to deliver his first Sona as head of the government of national unity on Thursday at the Cape Town City Hall.

The SANDF has deployed troops to Goma in the eastern DRC as part of a UN peacekeeping mission. The government has reported 14 soldiers died in a battle between M23 rebels and DRC soldiers.

This has raised concerns about the resources available to the troops, with some political parties calling for their withdrawal. The DA has specifically called for the cancellation of the planned flyover by the SA Air Force.

"It is inappropriate for government officials and dignitaries to be entertained by grand military displays while our soldiers, under-equipped and lacking critical support, are dying on foreign soil," DA MP Chris Hattingh said.

"The DA believes proceeding with a patronising presentation of military capability while our troops face hardship abroad is not only tone deaf but also a gross disservice to those who have sacrificed for this country.

"We urge parliament to act with the necessary respect and urgency by cancelling the flyover and scaling down the military display in recognition of the challenges faced by our armed forces."

The DA has previously called for an urgent parliamentary debate to examine whether the government has taken the necessary steps to ensure the safety and wellbeing of soldiers and find out whether the soldiers sent to the DRC were properly equipped. "We cannot allow political or diplomatic considerations to put our soldiers' lives at risk," it said. – TimesLIVE

The Quick Interview

Chef aims to make people happy with food

Mbali Gaveni, an aspiring chef is starting a new journey after winning a bursary from Capsicum Culinary Studio, one of SA's leading culinary schools. At 19 Gaveni from Orlando East in Soweto, recently started her own business baking and selling cakes but she now stands on the cusp of achieving bigger things in her career. She spoke to Sowetan about her aspirations.

Sowetan: What course will you study?
Gaveni: The foundational cookery programme at the Rosebank campus.

Sowetan: When and how did your interest in food and cooking start?
Gaveni: In high school I fell in love with the kitchen and food preparation. People love food and it brings unity, so I thought why not be the reason people are happy

and become a chef.

Sowetan: What does this bursary mean?
Gaveni: I can finally get the training I need to succeed in the culinary industry as an aspiring chef. I want to gain more skills and an insight into how to run a business. I don't want to be an employee but an employer.

Sowetan: Why do you think Capsicum chose you as a bursary recipient?
Gaveni: Three reasons. I think I seasoned my food well and the flavours were balanced, I was creative when plating my dish with garnish, and I answered the questions about my dish correctly.

Sowetan: Who are your role models?
Gaveni: My mentor and role model now is Sisco, who was my baking instructor/

teacher. He has taught me a lot regarding baking and starting a business.

Sowetan:



Mbali Gaveni /supplied

and milk

Sowetan: Favourite celebrity chef?
Gaveni: Gordon Ramsay because he showcases how hard the industry is. – Sowetan Reporter

What would you like to be doing in five years' time?

Gaveni: To have a successful bakery and still gain skills in the culinary industry.

Sowetan: Five things in your fridge
Gaveni: Garlic, heavy cream, peppers, flour,

Number

The Figure That's Important Today

475,000

The number of people directly employed at SA mines

Quote

You want us to be humanitarian when dealing with criminals? – Mineral and petroleum resources minister Gwede Mantashe

THEMBISILE HANI LOCAL MUNICIPALITY



Public Notice

2023/2024 FINANCIAL YEAR DRAFT ANNUAL REPORT

Pursuant to Section 127(5) (a) of the Municipal Finance Management Act, Act No. 56 of 2003, and Section 46 of the Municipal Systems Act, Act No. 32 of 2000, members of the community and interested groups are invited to submit written comments and/or representations on the 2023/2024 Financial Year (FY) Draft Annual Report as tabled in the Municipal Council that convened on the 28th of January 2025. Any person who cannot write may come during office hours for assistance with the transcribing at Municipal head office in Mthombomuhle (Kwaqwalonjini).

Pursuant to Section 21A of the Municipal Systems Act, the 2023/2024 FY Draft Annual Report of ThembeSile Hani Local Municipality is available at our Mthombomuhle, KwaMhlanga and Tweefontein K Offices during working hours (07:45 – 16:00). Municipal Public Libraries which are stationed in Mthombomuhle, Phunula and Verena, and also on our Municipal Website (www.thembisilehani.gov.za).

Submissions can be made via email to mpmpes@thembisilehani.gov.za and/or at our above-mentioned offices, from the 4th until the closing date of the 24th of February 2024.

Enquiries regarding the notice may be addressed to our Performance Management Systems (PMS) Assistant Manager, Ms. Siraah Motipe, through 013 986 9123 and/or mpmpes@thembisilehani.gov.za.

Municipal Manager
Mr D.J.D. Mahlangu

78511

THEMBISILE HANI LOCAL MUNICIPALITY



Acknowledge of Receipt for 2023/ 2024 Draft Annual Report

No:	Name & Surname	Organisation/ Department	Telephone	Date Received	Signature
1.	Wimpy Mawaga	Thembisile Hani Local Municipality New Building	019 700 4916	04-02-25	
2.	Awisa Mawaga	Thembisile Hani Local Municipality Old Building	0793421619	04-02-25	
3.	Okok Matshiane	Thembisile Hani Local Municipality Mthombomhle Library	0674926499 011 811 1111	04 January 2025 04-02-2025	

THEMBISILE HANI LOCAL MUNICIPALITY



Acknowledge of Receipt for 2023/ 2024 Draft Annual Report

No:	Name & Surname	Organisation/ Department	Telephone	Date Received	Signature
1.	Sarel Masing	Thembisile Hani Local Municipality Tweefontein 'K' Satellite	0735776826	04/02/25	
2.	Sengile Nkosi	Thembisile Hani Local Municipality KwaMhlanga Satellite	0822104419	04/02/25	

THEMBISILE HANI LOCAL MUNICIPALITY



Acknowledge of Receipt for 2023/ 2024 Draft Annual Report

No:	Name & Surname	Organisation/ Department	Telephone	Date Received	Signature
1.	Nicoune Moshwabe	Thembisile Hani Local Municipality Phumula Library	0723613852	04/02/2025	
2.	MPH Thebeney	Thembisile Hani Local Municipality Verena Library	0796490119	04/02/2025	



THEMBISILE HANI
LOCAL MUNICIPALITY

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2023/ 2024 FINANCIAL YEAR DRAFT ANNUAL REPORT

Date of Publication: Tue, 02/04/2025

Documents:

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[📄](#) 99._Public_Notice_-_2023-24_DY_Draft_Annual_Report_(02-02-2025).docx.pdf

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PUBLIC NOTICE 22 NOVEMBER 2024:INVITATION TO BRIEFING SESSION - 25 NOV 2024

Date of Publication: Fri, 11/22/2024

Documents:

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2023/ 2024 DRAFT ANNUAL REPORT

 Siphso Mahlangu
 To: zanele@mp.gov.za
 Cc: Mandious T Mbovema, Phillip Ndlovu, Sinah Mofepe, Themeli Thandathini

 2023-2024 Draft Annual Report.pdf
 52 MB

 1824_-_COGHSTA_MEC_-_Submission_of_2023-24_FY_Unaudited_Annual_Report_(03-02-2025).docx.pdf
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😊 Reply Reply All Forward

Tue 2025-02-04 14:41

Good afternoon,

Kindly find the above attached 2023/ 2024 Draft Annual Report and the Acknowledgement of Receipt for the attention of the Honourable MEC.

NB: An acknowledgement to this e-mail for the proof of submission will be highly appreciated.

Hope you find the above in order.

Kind regards
SB Mahlangu

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2023/2024 DRAFT ANNUAL REPORT

 Siphiso Mahlangu

To: phindiso@mpuleg.gov.za, phincemane@gmail.com, lindwe@mpuleg.gov.za

Cc: zephim@mpuleg.gov.za; Themel: Thandavuthu, Simah Morjoe, Dumisan Mahlangu

2023-2024 Draft Annual Report.pdf 32 MB

1825_-_MP_Legislature_-_Submission_of_2023_24_FY_Unaudited_Annual_Report_(03-02-2025).docx.pdf 521 KB

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Good afternoon,

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SB Mahlangu

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2023/ 2024 DRAFT ANNUAL REPORT

 Siphiso Mahlangu
 To: bongamusa@agsa.co.za
 Cc: nialsonietas@agsa.co.za; Shihab Moutipe; Thembi Thandawathu; Dumisani Makhlanu

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1823_-_AGSA_-_Submission_of_2023-24_PY_Annual_Financial_Statements_(03-02-2025).docx.pdf
 521 KB

Tue, 2025/02/24 11:39

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Good afternoon,

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Hope you find the above in order.

Kind regards
 SB Mahlangu

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APPENDIX D

DRAFT ANNUAL REPORT REPRESENTATIONS

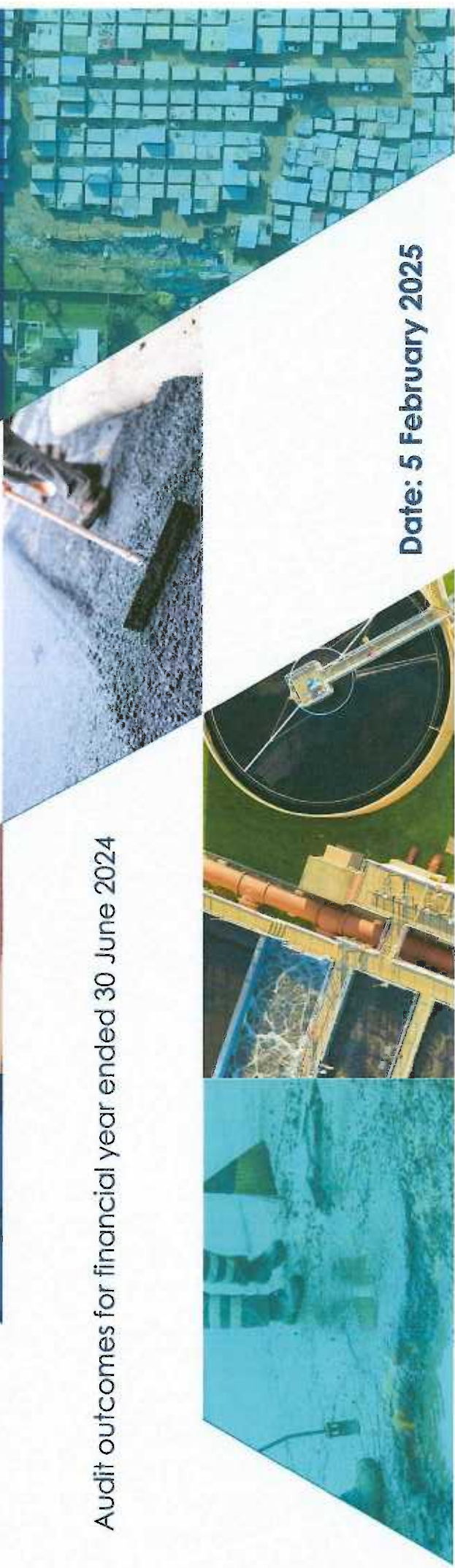


AUDITOR-GENERAL
SOUTH AFRICA



THEMBISILE HANI LOCAL MUNICIPALITY AUDIT OUTCOMES 2023-24

Audit outcomes for financial year ended 30 June 2024



Date: 5 February 2025

Mission and vision

2



MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence



VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability



Overall audit outcomes

Outcome area	Movement	2023-24	2022-23	2021-22	2020-21
Financial statements	▶				
Annual performance report					
• KPA 5: Basic service delivery	▶				
Compliance with legislation					
• Procurement and contract management	▶				
• Human resource management	▶				
• Annual financial statements	▶				
• Expenditure management	▶				
• Revenue management	▶				
• Asset management	▶				
• Consequence management	▶				
• Strategic planning and performance management	▶				
• Utilisation of conditional grants	▶				

▶ Improved

▶ Unchanged

Unqualified / No material findings	Unqualified with findings	Qualified	Material findings		



2022-23 recommendations and progress

In 2022-23, we recommended the following:

Management should review the interests charged monthly to ensure that all outstanding accounts are charged interests.

Management should ensure that statements are distributed to consumers.

Key units needs to be capacitated to ensure the efficient running of the municipality and the realisation of the municipality's service delivery objectives.

The irregular expenditure and fruitless and wasteful expenditure balances are dealt with and cleared from the books of the municipality in line with prevailing legislation in this regard.

Enhancement of revenue collection strategies to secure financial viability of the municipality.

Overall reflections on implementation of recommendations:


Status of implementation of recommendations

- Management ensured all outstanding accounts are charged interest by the system and no issues were identified during the current audit.
- Management ensured the monthly statements for customers without email addresses are collected and distributed by the ward committees.
- Most of the funded positions were filled and the vacancy rates of all the key units were found to be acceptable as they are less than 10%. All the unfunded vacant positions were removed from the organogram.
- Although the irregular and fruitless and wasteful expenditure incurred in the previous years was investigated by MPAC, these expenditures were not fully dealt with in terms of recovery or write off i.e. only a fraction of these expenditures get recovered or written off.
- Planned initiatives per the revenue enhancement strategy have been implemented but are yet to yield tangible results and need to be enhanced.

Overall reflections:

- The implementation of some of the AGSA recommendations has resulted to a slight improvement on transparency and accountability as the municipality complied with legislation when conducting its affairs with the exception of section 122 of the AFS which talks to credible financial statements. The remaining recommendations need to be fully implemented to improve financial and service delivery performance.

 Implemented

 In progress






 Not implemented



2022-23 commitments and progress

The following were commitments made by Executive

Mayor:

-  Design and implement controls on the billing system for interest to be charged on overdue accounts.
-  Implement initiatives for sending/delivering monthly consumer statements to all the account holders. 
-  Follow up on the monitoring of the contract register.
-  Prepare and thoroughly review mid-year financial statements.

Overall reflections on implementation of 2022/23 commitments:

Status of implementation of commitments

- Management ensured all outstanding accounts are charged interest by the system and no issues were identified during the current audit.
- Management ensured the monthly statements for customers without email addresses are collected and distributed by the ward committees.
- Contract management meetings were held throughout the year. In the meetings, the procurement plan was discussed to ensure that procurement processes are done on time to avoid deviations. No unjustifiable deviations were identified during the audit.
- The interim AFS for period ended 31 March 2024 were prepared but adequately reviewed as material misstatements were identified on the proactive review of the AFS. The issues identified on the proactive review were not adequately addressed on the final AFS submitted for audit in August 2024.

Overall reflections:

The implementation of some of the commitments has resulted to a slight improvement on transparency and accountability as the municipality complied with legislation when conducting its affairs with the exception of section 122 of the AFS which talks to credible financial statements. The remaining recommendations need to be fully implemented to improve transparency around financial management.



Implemented



In progress

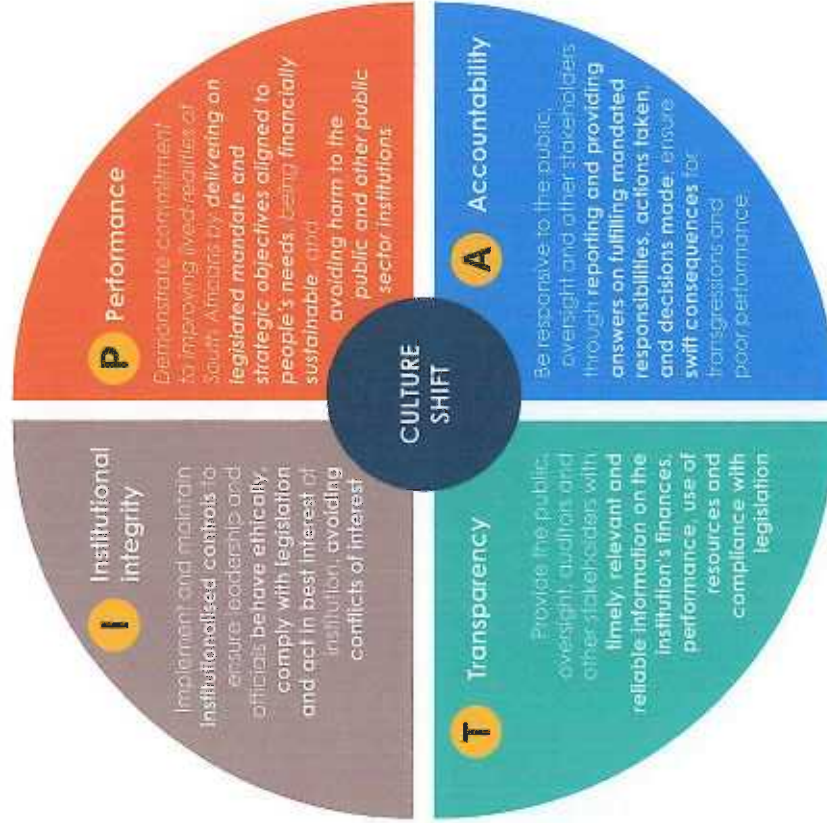


Not implemented



PATI: Behavioural cultural changes assessment

AT A VERY HIGH LEVEL, WE HAVE SEEN POCKETS OF CULTURAL CHANGE & SOME THAT ARE RESISTING CHANGE



Institutional integrity
 There is a strong ethical culture set by the leadership through policies, procedures and controls. This has resulted to improvement on compliance with laws and regulations when the municipality conducts its affairs.

The municipality is currently doing what is expected to ensure officials behave ethically and comply with legislation.

Transparency
 The credibility of both the financial and performance reports for the municipality still requires attention as there is a lack of adequate reviews being performed resulting to material misstatements identified only during the audit process.

Issues of non-compliance with legislation have been dealt except non-compliance with section 122 of the MFMA which requires preparation and submission of the AFS which are free from material errors.

There is very little improvement in this area other than a reduction in the number of compliance paragraphs. The current status quo requires more to be done in the area of building trust and confidence in the municipal operations through producing credible financial statements and performance reports.

Performance
 The municipality achieved only 78% of its planned targets in respect of the basic service delivery KPA in the current year, despite spending 100% of the approved budget.

The municipality struggles to collect revenue and its debt impairment provision was 98% i.e. the collection rate was only 2%. As a result, the financial performance is therefore concerning.

It is evident there is very little progress in the financial and service delivery performance of the municipality. This is because most of the financial indicators did not improve and the percentage achievement on basic service delivery targets remained unchanged at 78%.

Accountability
 The UIFW incurred was investigated and written off by council. The audit action plan was developed and implemented however it was not adequately implemented resulting to recurring audit findings. The recommendations from internal and external auditors are not timely and adequately implemented.

The accountability area remains problematic due to the continued incurrence of UIFW and not fully implementing audit recommendations and commitments meant to address issues of transparency, performance and accountability.



SNAPSHOT OF KEY OBSERVATIONS FROM 2023-24

Weaknesses in financial management



Weaknesses in compliance management



Weaknesses in performance management



Areas of concern

Key observation based on work we have done

- Credible financial statements are crucial for enabling accountability and transparency, but the municipality is still failing at this.
- The municipality continues to rely on the audit process to improve the quality of financial statements.
- No significant issues reported other than the issue of non-compliance with section 122 of the MFMA already reflected on under weaknesses in financial management.
- Reporting on service delivery is not always credible as the municipality did not submit a quality APR for audit i.e. useful and reliable.
- Some key targets were significantly under-achieved.

Impact

- Negatively affects the accountability chain because the various stakeholders are not able to evaluate the state of the municipality.
- Lack of credible information undermines decision making and oversight.
- No significant issues reported other than the issue of non-compliance with section 122 of the MFMA already reflected on under weaknesses in financial management.
- Unreliable reporting disempowers the accountability ecosystem's ability to assess performance and take action.
- Significant changes after an audit means in-year reporting is also not reliable.
- Delivery is not correctly measured and causes reduced transparency and accountability.

Root causes

- Inadequate implementation of the audit action plan to address prior year issues.
- Inadequate time allocated for the review of financial statements by senior management to ensure the disclosures fully comply with the requirements of the financial reporting framework and the financial statements are supported by valid, accurate and complete underlying financial information.
- No significant issues reported other than the issue of non-compliance with section 122 of the MFMA already reflected on under weaknesses in financial management.
- Inadequate time allocated for the review of the annual performance report by senior management to ensure the reasons for variances and measures to improve performance are appropriate and supported by appropriate evidence.
- Inadequate processes, which are manual and prone to error.



Financial reporting process and impact – 2023-24

Investment in and contributions to financial reporting

Finance capacity, skills and governance

Finance unit:

- Salary cost = R21 million
- Average vacancy rate = 1.92%
- CFO average months in position = 61

Review of financial statements:

- Internal audit unit = Reviewed but not adequately
- Audit committee = Reviewed but not adequately

Financial reporting consultants

Total cost = R3.4 million (2022-23: R16.2 million)

- Paid by municipality = R3.4 million (2022-23: R16.2 million)

Nature of consultant work

- Preparation of financial statements cost – R0 (2022-23 – R2.7 million)
- Tax services – R0 (2022-23: R8.1 million)
- Asset management – R3.4 million (2022-23 – R5.4 million)

Reasons for appointing consultants

- Lack of skills

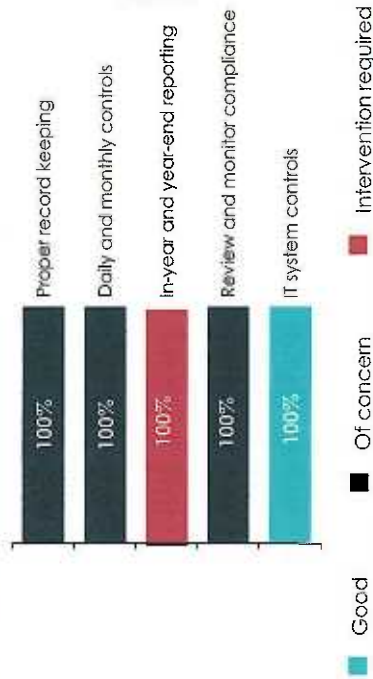
Additional insights

- The municipality has managed to build internal capacity for the preparation of the financial statements and VAT returns which has resulted to reduction in the amounts paid to consultants. However the municipality still continues to rely on consultants for asset management.

National and provincial interventions

- Review of action plans
- Assisting with AFS readiness checklists
- Assessing AFS readiness via engagements

But financial management controls remain weak



Resulting in poor quality of financial statements submitted for auditing



Impact

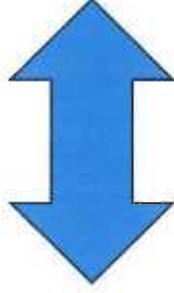
- In-year financial reporting and monitoring not credible
- Increased audit fees and increased risk of financial loss
- No return on investment for costly provincial interventions, especially where finance units are fully resourced
- Deteriorating financial health resulting to service delivery delays



Municipalities cannot continue to operate and provide services if financial health concerns remain

Revenue

- National government financed the municipality through equitable share of **R557,5 million (2022-23: R513,7 million) and conditional grants of R279,5 million (2022-23: R203,1 million)**
- **Total own revenue** (excluding equitable share and conditional grants) was **R395,9 million (2022-23: R337,3 million)** but not all is recoverable
- **98% (2022-23: 97%) of municipal debt is not recoverable.**
- **Average debt-collection period = 47 days (2022-23: 66 days)**



Expenditure

- Salary and wages (including councillors remuneration) = **R209,8 million**; represents **22%** of own estimated revenue (**R395,9 million**) and equitable share allocation (**R557,5 million**) and were left with only **R743,6 million (78%)** for other operational expenditure including outstanding creditors which were **R40,4 million** at year-end, leaving very little to contribute towards service delivery.
- **R766 (2022-23: R0)** of expenditure was **fruitless and wasteful**
- **Average creditor-payment period = 53 days (2022-23: 54 days)**
- **Water losses = R26,3 million (21%) (2022-23: R24,7 million (19%))**
- **The municipality spent 3% (2022-23: 2%) on infrastructure maintenance** which is below the NT norm of 8%.

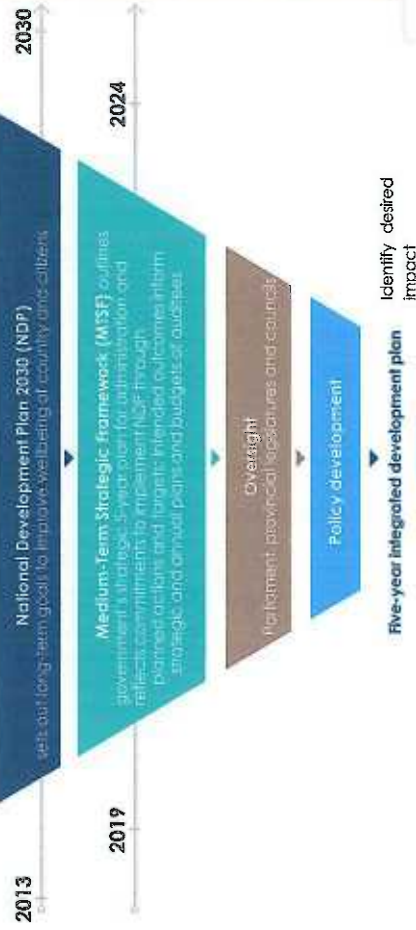
Impact

- **Next year's budget will pay for expenditure of previous years of 19% (2022-23: 12%)**
- **The municipality incurred unauthorised expenditure** totalling **R58,0 million**;
- **Insufficient funds** affect project completion and **service delivery**
- **A Revenue enhancement strategy** implemented at **the municipality**



Weaknesses in performance planning and reporting for service delivery

Planning, budgeting, monitoring and reporting cycle of government



Findings: Planning for service delivery

- The indicator for the "Number of water samples tested" was not relevant as it did not measure an aspect of the municipality's mandate.

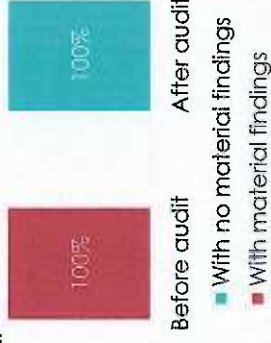
What caused this?

- Inadequate performance management systems and error-prone manual processes
- Inadequate review of the performance reports to ensure they are useful and the reported achievements reliable

Findings: Reporting

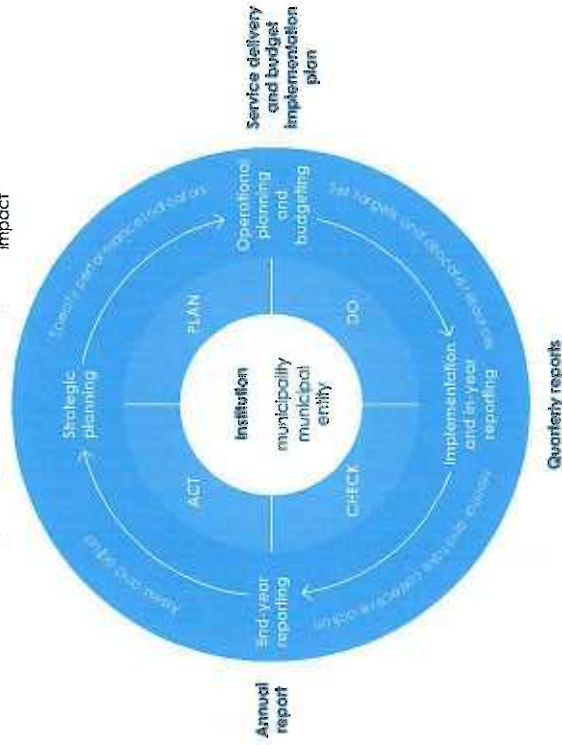
- Poor quality performance reports submitted for audit
- Measures taken to improve performance not corroborated with audit evidence.
- Reported delivery achievements is unreliable (incorrect or no evidence to support)

Quality of performance reports before and after audit



Impact

- Unreliable in-year reports for monitoring and decision-making
- Reduced transparency and accountability → cannot assess performance
- Delivery not correctly measured → objective not achieved
- Lack of service delivery



The impact of unachieved targets on service delivery to citizens

1 Key service delivery targets in medium-term strategic framework for the municipality

The municipality provides the following services and related infrastructure

- Water
- Sanitation
- Refuse removal
- Roads and storm water

2 Key service delivery targets not included in plans of auditees

- No issues were identified on the completeness of relevant indicators.

3 Achievement of annual targets as reported in annual performance report (all indicators) – 2023-24

Key targets not achieved by auditee:

- Number of households provided with access to water
- Number of households provided with access to 6kl free basic water
- % progress in the installation of telemetry system
- % progress in the Upgrading Mahlabathini Water Infrastructure Ward 22 –MIG
- % progress in the Replacement of Asbestos Pipes – THLM – (Bomando Water Infrastructure Pipework
- % Progress in the upgrading of Tweefontein K Wastewater Treatment Works Ward 13
- % Progress in the construction of Alternative Sanitation system
- Number of Household provided with Basic sanitation
- % progress in the Electrification of Households in Moloto (Mafishane & DK) – Ward 2
- Electrification of households in Magodongo – Ward 3 (675 households)
- % progress in the Construction of Phola Park Bus and Taxi Route – Ward 6
- % Progress in the design and construction of Kwaggafontein Sports, Arts and Cultural Centre (Ward 31)
- DSS18 – % Progress in the design and construction of Verena Sports, Arts and Cultural Centre
- LED01 – Number of FIEs and work opportunities created through the Expanded Public Works Programme
- DSS02 – Number of households with access to refuse removal monthly
- DSS22 – Number of trailers (roadblocks) procured

4 Insights, root cause and impact of targets not achieved

- The municipality achieved less than 80% of its planned targets in respect of the basic service delivery KPA as it achieved only 78% whilst spending 100% of the budget.
- This suggests that financial resources may not have been utilized effectively or that the targets set were unrealistic given the budget. There was also instability in leadership in the social development services department as 20% of the indicators were not achieved within that department.
- Inability to achieve the set targets has an adverse impact on service delivery and the live realities of the citizens of the municipality.

Bundu Water Treatment Works (WTW)

FOCUS AREA



Quality of potable drinking water

Impact

The non-compliance to the South African National Standard (SANS) 241 of the water samples poses possible health risks to the approximately 90 000 citizens benefitting from the Bundu WTW.

Cause

Sludge formation observed in the settling channels as a result of the plant not operating and the controller removing the sludge manually.

Actions/Recommendations

- Give specific attention on disinfection and chlorination to ensure appropriate treatment of water to reduce risk of non-compliant biological parameters.
- Regularly monitor the inflow and outflow values of the WTP to ensure that the community receives treated water and avoid any water losses.
- Assess consistently, on a monthly basis, the abbreviated SANS 241 list of parameters at each monitoring point. This should include the addressing of the non-compliance identified.

The audit included an assessment of the delivery of quality potable drinking water which included a site visit to the Bundu Water Treatment Works (WTW) where water samples were collected for testing.

Quality of potable drinking water

Water quality: The 2023 Blue Drop Watch Report prepared by the DWS indicated that the water qualities within the municipality was not compliant to SANS 241 standards. Drinking water that is not compliant with SANS 241 standards poses possible health risks to the citizens. On 24 October 2024, the audit team conducted a site visit to the Bundu WTW located within the municipality which serves approximately 90 000 citizens.

The water quality according to testing is classified as a class 2 – Marginal Water Quality. The classification of the quality of water indicates minor exceedances in certain parameters, extended exposure might pose health risks, particularly for sensitive individuals, like young children or those with compromised immune systems.

The municipality's monthly progress reports indicated that the water samples were not 100% compliant with some months having E. coli, Total Coliform, Turbidity and Fluoride above the SANS 241 parameter limits. Some acute health issues can be expected due to the presence of E. coli in the water. It is deemed essential that chlorination dosing systems be maintained and appropriately supplied as chlorination by granules or tablets provides inconsistent chlorination and hence risks of E. coli exposure.

Explanation of "Class 2 water quality": May be used without health effects by the majority of individuals of all ages, but may cause health effects in some individuals in sensitive groups. Poor taste and appearance noticeable and some effects possible after lifetime use.



Compliance with key legislation

2023-24



Material findings

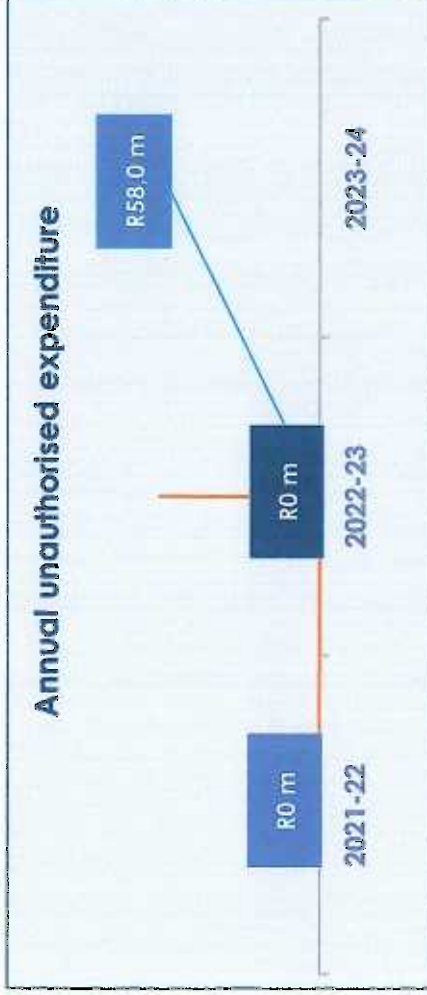
Procurement and contract management	No findings in the current and prior year	▲
Quality of financial statements	X	▲
Prevention of irregular, unauthorised, and fruitless and wasteful expenditure	No findings in the current and prior year	▲
Effecting consequences	No findings in the current and prior year	▲

X Previous year's finding addressed X New finding identified in 2022-23 X Repeat finding

▲ Improvement ▲ Unchanged ▼ Regression



Unauthorised expenditure



Unauthorised expenditure incurred due to overspending of budget etc

Nature of unauthorised expenditure :

- Cash: R0
- Non-cash: R58,0 million
- The overspending was as a result of poor budget management as the municipality failed to appropriately budget for the non-cash item (debt impairment)

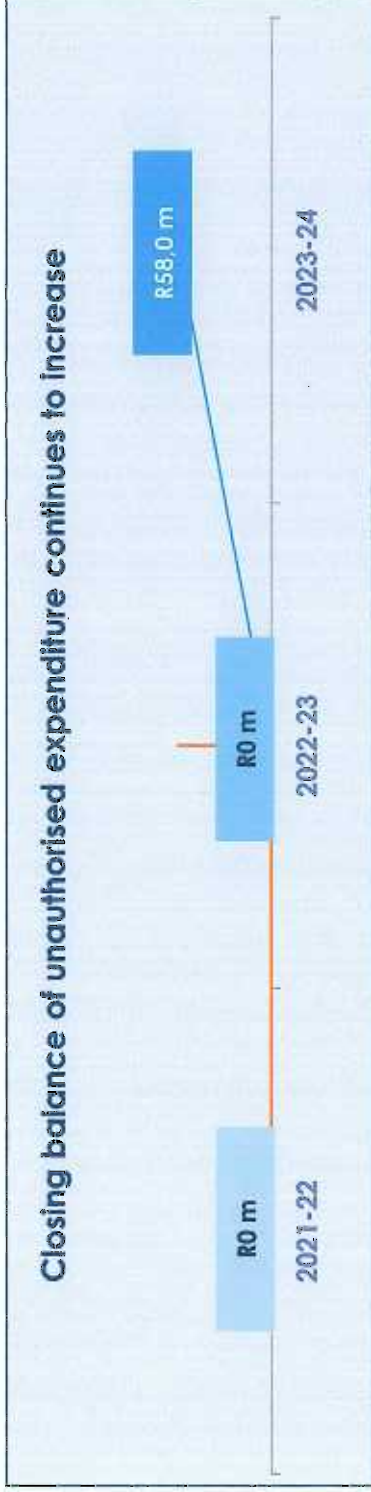


Impact of unauthorised expenditure incurred

- The municipality incurred expenditure without the council having made provision for it in the approved budget.



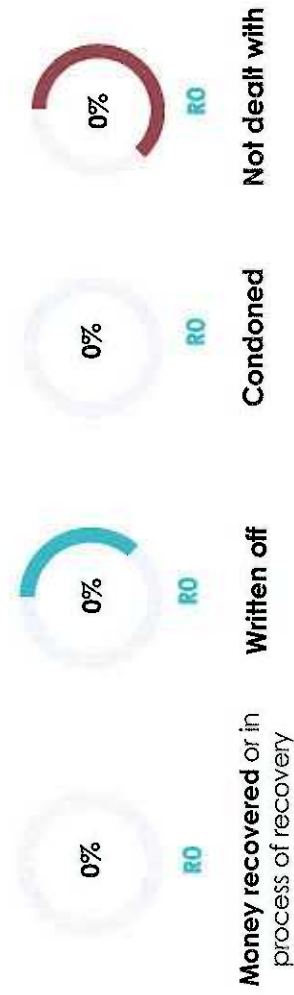
Consequence management – dealing with unauthorised expenditure



Reasons for UE not dealt with

- The was no UE incurred in the prior year to be dealt with. The closing balance was incurred in the current year and should be fully dealt with during 2024-25.

How have municipality dealt with unauthorised expenditure?



Irregular expenditure



Impact of irregular expenditure incurred

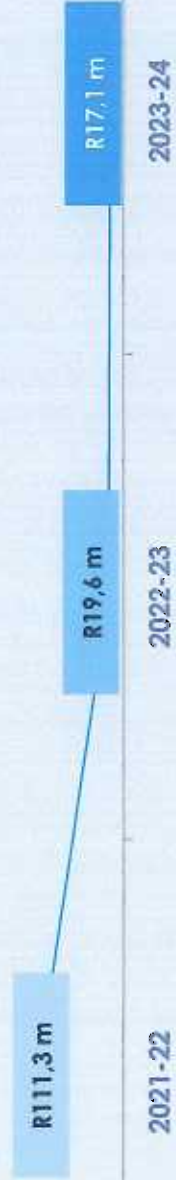
Breach of five pillars of procurement – equitable, fair, cost effective, transparent and competitive: R5.7 million.

The non-compliance was due to transgression of SCM reg 42, PPR5(6); PPR 4(2), SCM Reg 32 and PPR 5(6)



Consequence management – dealing with irregular expenditure

Closing balance of irregular expenditure continues to decrease



How have municipality dealt with irregular expenditure?

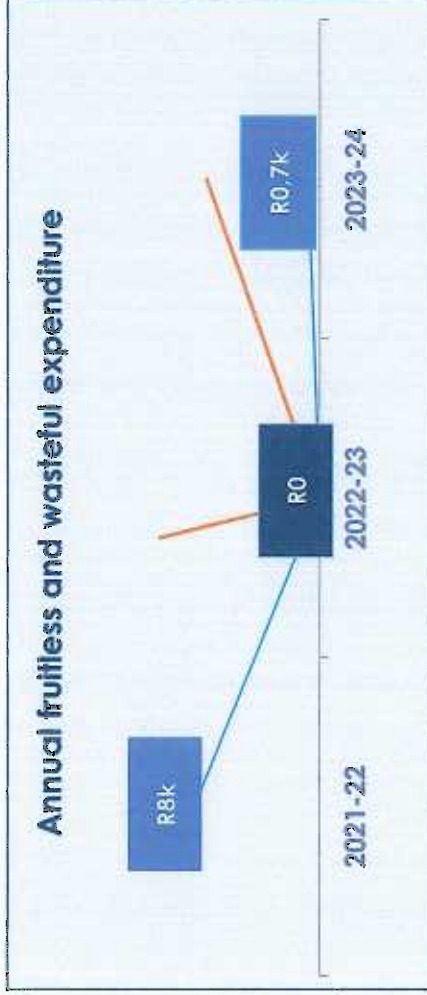


Reasons for IE not dealt with

- The IE incurred in the prior year was not fully dealt with despite having been investigated.
- Management could not provide the real reason.



Fruitless and wasteful expenditure



Nature of fruitless and wasteful expenditure :

- Interest due to late payments: R7 66

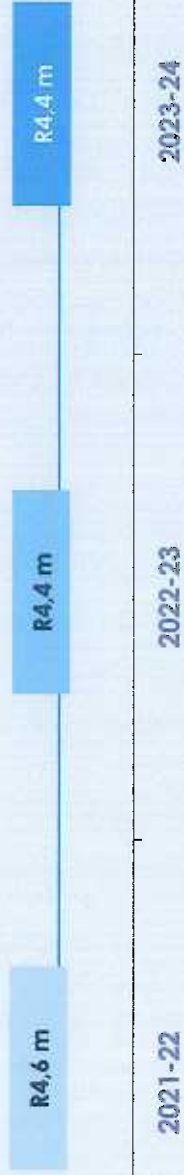
Impact of fruitless and wasteful expenditure incurred

No value for money: The municipality has incurred a *financial loss* due to late payment of suppliers, which further put cash flows of the municipality under pressure.

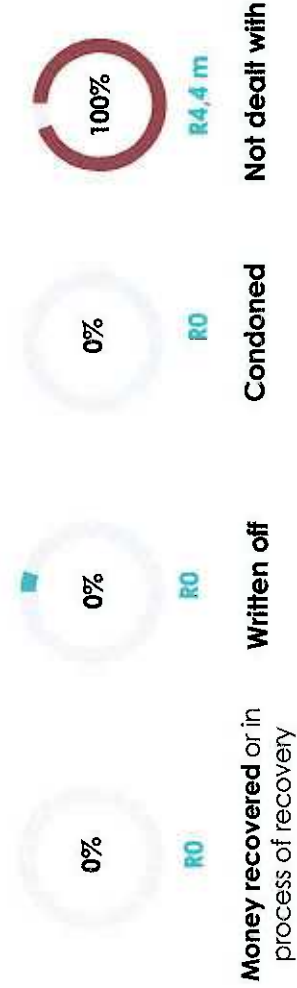


Consequence management – dealing with fruitless and wasteful expenditure

Closing balance of fruitless and wasteful expenditure has remained unchanged



How have the municipality dealt with fruitless and wasteful expenditure?



Reasons for F&W not dealt with

- The F&W incurred in the prior year was not fully dealt with despite having been investigated.
- Management could not provide the real reason.



Our powers extended and what does it mean

We have long reported on **pervasive mismanagement / leakage of public funds without consequences** and our **audit recommendations not receiving the required attention**, with little or no improvement noted in the status quo, leading to our relevance being questioned

Public outcry for increased **accountability and transparency**, saw calls from parliamentary oversight structures, civil society, organised labour, media and the public at large for the **AG to be empowered to hold accounting officers** entrusted with public funds **accountable for their actions**

Original expanded mandate now finding its basis in our strategy

Enforcement

Apply powers to directly and indirectly recover resources lost to the state and taxpayers, and ensure application of consequences for wrongdoing – **#cultureshift2030**

Material irregularity



means any **non-compliance** with, or **contravention** of, **legislation, fraud, theft** or a **breach of a fiduciary duty** identified during an audit performed under the Public Audit Act that **resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource, or substantial harm to a public sector institution or the general public.**

If AO/AA does not appropriately deal with MIs, our expanded mandate allows us to:

1

Refer material irregularities to relevant public bodies for further investigation

2

Recommend actions in audit report to resolve the material irregularities

3

Take binding remedial action for failure to implement recommendations

Issue certificate of debt for failure to implement remedial action if financial loss was involved

Overall aim of our expanded mandate:

Instill a culture of **accountability**

Improve the **protection of resources**

Enhance **public sector performance** and encourage an **ethical culture**

Strengthen public sector institutions to better serve the people of South Africa



MI process implemented and MIs identified

Material irregularities



● Use of consultants



Actions taken by auditees

- 1 Stopped supplier contracts where money is being lost
- 1 Internal controls and processes improved to prevent recurrence

Observations from MI process

- The accounting officer was notified of the material irregularity on 2 March 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter.
- The accounting officer built internal capacity and filled the vacant positions critical for the preparation of the financial statements and other finance services. The financial statements for the year ended 30 June 2023 were prepared internally by the finance unit without the use or reliance on consultants.



Detailed MI status

22

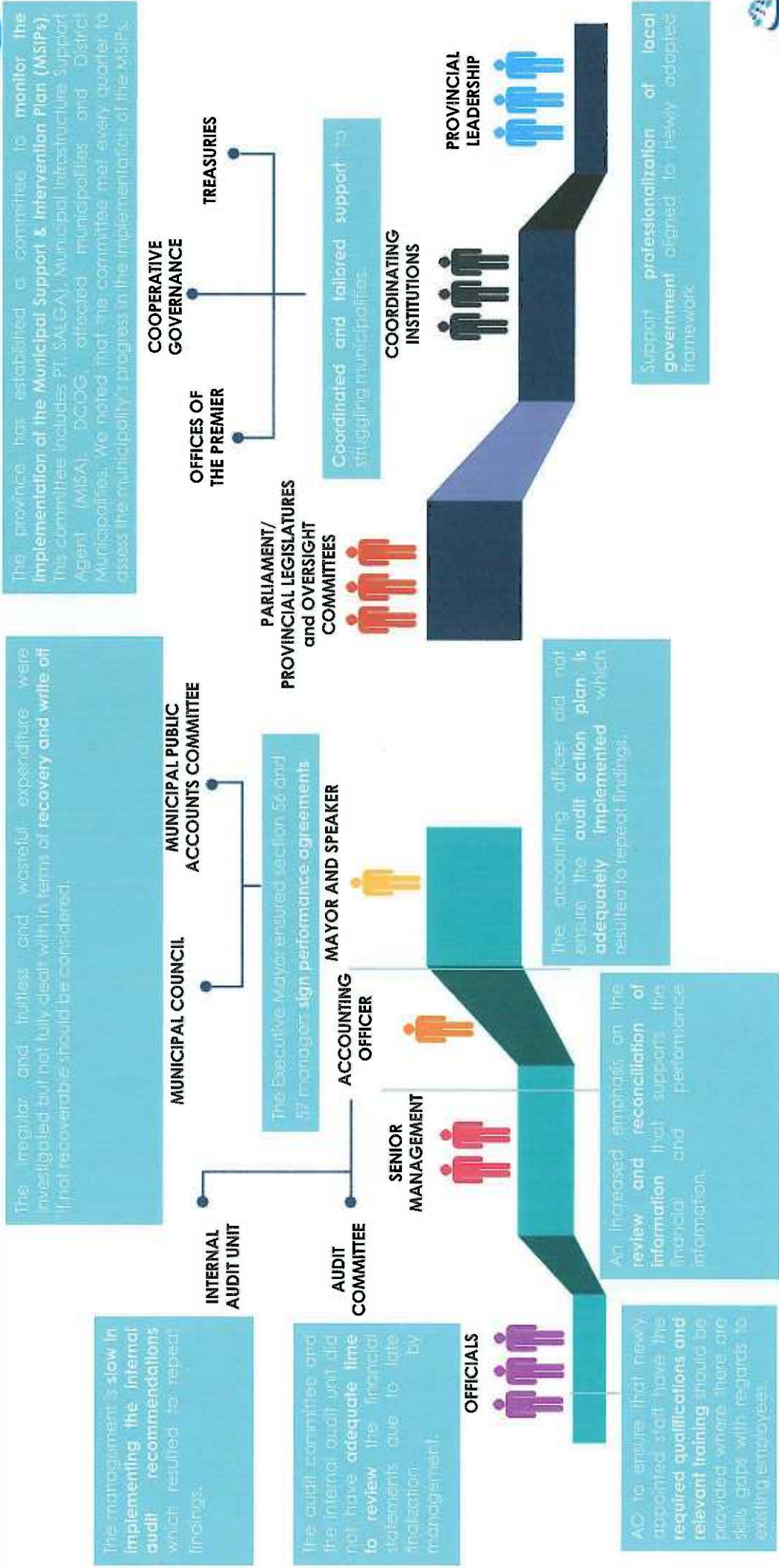


Thembisile Hani LM

Notified	Type	MI description	Status of MI	Status description
1	Ineffective use of consultants.	The accounting officer had not building internal capacity for the preparation of the AFS.	Resolved	The accounting officer built internal capacity and the 2022-23 and 2023-24 AFS were prepared internally.



Activating the accountability ecosystem status



Key Legislative reporting and DDM

1

Reporting (Municipal Manager and Mayor) -MFMA

- ✓ S54 – Budget controls and early identification of financial problems (Transparency and institutional integrity)
 - ✓ S52(d) – Quarterly report to council on budget and the financial state (Transparency and performance)
- Municipal Manager**
- S71 – Monthly budget statements (Transparency and performance)
 - S72 – Mid-year budget and performance assessment (Transparency and performance)

Reporting (Municipal Manager and Mayor) –MFMA – (Section 52 (d), S54, S71 & S72)

- S52 implemented
- S54 implemented
- S71 implemented
- S72 implemented

Compliance S132 MFMA and 57(3)(b) MSA

- S132 implemented
- S57 (3b) implemented

2

Municipal Manager, MEC local government, provincial legislature and national treasury

- S132 – Submissions to Provincial Legislatures on the annual report and oversight report (Accountability and transparency).
- Section 57(3)(b) of the Municipal Systems Act requires that the performance agreements of the AO and sec 56 managers be made public, and copies be submitted MEC Cogta. (Accountability and transparency).

Why is it important (Impact)

- Municipal oversight are hampered by non-submission of key reports
- Ineffective oversight drives bad behavior that result in lack of service delivery to the communities
- Oversight by Legislature is non-effective, hence accountability cannot be driven at the right time



Call to action/New recommendations

- 1** Consequence management
- 2** Ineffective and inadequate review of the AFS
- 3** Ineffective and inadequate review of the APR
- 4** Poor state of financial health

Our recommendations

Recommendation 1

The irregular expenditure, unauthorised and fruitless and wasteful expenditure balances are dealt with and cleared from the books of the municipality in line with prevailing legislation in this regard.

Recommendation 2

Management should implement timely and adequate reviews of the financial statements. The review process should include use of a GRAP disclosure checklist to ensure the disclosures are aligned to the requirements of the reporting framework. The reviews should also incorporate reviews of the underlying records to ensure the underlying financial information is valid, accurate and complete.

Recommendation 3

Management should implement adequate reviews of the annual performance report to ensure the reasons for variances and measures to improve performance are appropriate and supported by appropriate evidence.

Recommendation 4

Enhancement of revenue collection strategies to secure financial viability of the municipality and report quarterly to council on the status of implementation of revenue enhancement strategy.



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THEMBISILE HANI LOCAL MUNICIPALITY

Presentation to cover the following:

- Introduction
- RMAFACC perspective regarding the municipality's Annual Report and the Audit Outcome for 2023/2024 Financial Year
- Conclusion

Introduction

- Risk Management, Anti-Fraud and Anti-Corruption Committee (RMAFACC) is an oversight committee responsible to the Accounting Officer (AO) and Council for the monitoring of risk management which includes assisting in designing, implementing and coordinating the institution's risk management, anti-fraud and anti-corruption preventions and detections initiatives.
- RMAFACC is constituted by both independent external chairperson and management of the municipality and other stakeholders of the municipality.
- RMAFACC plays its oversight roles in assisting the Accounting Officer to address requirements of the municipality to manage, evaluate and monitor the performance with regards to risk management, anti-fraud and anti-corruption matters.
- Review risk management, anti-fraud and anti-corruption policies, strategies, plans and procedures and evaluate effectiveness of their implementations.

Introduction

- To give direction, guidance and support on risk management, anti-fraud and anti-corruption initiatives implementations matters in the municipality.
- To facilitate the establishment, improvements and sustainability of risk management capacity within the municipality.
- Advice, monitor and oversee risk management implementations processes.
- Recommend improvements on the implementation of risk management, anti-fraud and anti-corruption initiatives to the Council, Accounting Officer, Management, Risk Management Unit, Audit Committee and Internal Audit.
- Review annually the adequacy and relevancy of RMAFACC Charter in line with best practices.

Introduction

- Review any material findings and recommendations of assurance providers on the system of risk management; and
- Monitor that appropriate actions are instituted and implemented by management to address the identified weaknesses and deficiencies.
- Develop and implement goals, objectives and key performance indicators for the committee.
- Provide proper and timely reports to the Accounting Officer, Audit Committee and Council on the state of risk management, anti-fraud and anti-corruption initiatives implementations;
Together with aspects requiring improvements accompanied by the committee recommendations to address such issues.
- RMAFACC had adopted appropriate Terms of Reference which were approved by the Municipal Council for implementations in 2024/2025 Financial Year to guide its effective functioning, clarify its authority and constitutions of memberships.

Statutory and Legal Obligations of RMAFACC

- Section 62(1)(c)(i) of the Local Government Municipal Financial Management Act (No. 56 of 2003) stipulates that the Accounting Officer is responsible for managing the financial administration of the municipality; and

for this purpose the Accounting Officer must take all reasonable steps to ensure amongst others things that the municipality has and maintains effective, efficient and transparent systems of financial, risk management and internal control.

- The King IV Report on Corporate Governance prescribes that an organisation should establish a management structure that adequately identifies, measures, monitor, evaluate and controls the risks involved on both strategic and operational levels.
- In order to give effect to the above the Accounting Officer (AO) in consultation with the Municipal Council has established the Risk Management, Anti-Fraud and Anti-Corruption Committee to fulfil this obligation and compliance with the legislations and best practices.

RMAFACC Perspectives on 2023/24 Annual Report and Audit Outcomes

- The municipality received unqualified Audit Opinion with findings on compliance with laws and regulations which is stagnant over the period of three (3) years.
- RMAFACC is concerned about a number of financial statements items which were subjected for material corrections during the audit process.
- Such as the following:
 - GRAP 104: Risk management note included employees benefit obligations, provisions for landfill site and deposits received.
 - GRAP 104: Debt impairment was not correctly calculated as the collections rate used included payments received in advance from debtors with credit balances.
 - GRAP 17: Balance disclosed for capital commitments excluded VAT amounts.
 - GRAP 2: Differences were identified on recalculated water inventory loss, investment interest, interest charged, debt impairment, receivables from exchange transactions, consumer debtors and statutory receivables.
 - GRAP 3: Difference between corresponding amounts in the AFS and restated balance in note 43.
 - GRAP 1: Incomplete disclosure of unauthorised expenditure in the AFS (non-cash items were not included)
 - GRAP 3: Change in accounting estimates disclosure note for the revision of useful lives of assets was not disclosed on the AFS.
 - GRAP 19: contingent liabilities measured at incorrect amounts.

RMAFACC Perspectives on 2023/24 Annual Report and Audit Outcomes

- These identified material misstatements which were subsequently corrected led to the non-compliance finding that AFS were not prepared in all material respect in accordance with the requirements of section 122(1) of the MFMA;
- All these matters should be addressed in 2024/2025 Financial Year by officials to fully apply the requirements of financial reporting framework for municipality to progress to unqualified opinion with no material findings (clean audit opinions).
- RMAFACC recommend that management should implement adequate controls and ensure that Annual Financial Statements (AFS) are supported by valid, accurate, complete sets of information and ensure adequate reviews of AFS before submission for audit for credibility, accuracy and completeness.
- No findings were identified under the reviews of going concern, budget management, losses management and grants management.
- Financial Assessment and compliance: Reviews indicated high debtors collection period of 47 days averages which indicates that municipality struggles to collect revenue due from the consumers and this will potentially put the municipality into financial distress with service delivery negatively affected.
Municipality impaired 98% of its consumer debtors in 2023/2024 financial year and this further worsen financial health of the municipality.
- RMAFACC recommends that management should implement debt and credit management controls in full and other practical implementable mechanisms to ensure that money due to the municipality is collected.

RMAFACC Perspectives on 2023/24 Annual Report and Audit Outcomes

- RMAFACC Internal controls recommendations:
 - Adequate reviews of AFS should be done to identify and correct errors prior submissions.
 - Reviews process should include use of GRAP disclosures checklist to ensure compliances and reviews of underlying records to ensure completeness, accuracy and validity.
- RMAFACC recommendation is being submitted for management to improve financial management processes by developing and reviewing the policies, procedures, SOPs for implementations ensuring that they are best aligned to the latest developments, new reforms, best practices, norms & standards and relevant GRAP standards.
- RMAFACC recommendation is being submitted that trainings should be identified and implemented based on performance management gaps of the officials, ensuring that officials attend necessary trainings to improve their financial management knowledge and skills as part of capacity buildings.

RMAFACC Perspectives on 2023/24 Annual Report and Audit Outcomes

- No material findings were reported on predetermined objectives in the Final Audit Report because findings were raised and corrected during the audit process.
- No findings were raised against overall performance planning and management.
- Annual Performance Report (APR): Basic Service Delivery KPA 5 was selected for audit which is a key service delivery to residents of Thembisile Hani Local Municipality as basis for scoping and performance information under this KPA were evaluated against applicable criteria such as presentations in line with prescribed manner and adequacy of Portfolios of Evidence (POE) to support what were reported to have been achieved.
- No material findings was reported except that measures to improve performance for targets not achieved were not always relevant and supported by sufficient audit evidence (remedial actions not supported by POE and not correctly disclosed in APR). Irrelevant information submitted for audit caused the delays in the audit process.
- RMAFACC recommendation is being submitted that there should be adequate reviews of Annual Performance Report to prevent irrelevant information being submitted, delays on audit process so that the audit should be completed on time and improvements on performance reporting.
- RMAFACC recommendation is being submitted that adequate Portfolio of Evidence for remedial measures on targets not achieved should be kept for audit purposes in the next financial year.

RMAFACC Perspectives on 2023/24 Annual Report and Audit Outcomes

RMAFACC recommendations of achieving quality of potable drinkable water:

- Municipality should pay specific attention to disinfection and chlorination to ensure appropriate treatment of water in order to reduce risks of non-compliant biological parameters.
- Regular monitoring of inflow and outflow of values of Water Treatment Plants (WTP) to ensure that community receives treated water and prevent any water losses.
- Regular compliance assessment to SANS 241, identify gaps and resolve them.

RMAFACC recommendations for ongoing reviews and refinements of Indigent Register

- Municipality should conduct ongoing reviews and refinements of Indigent Register to eliminate deceased, people who do not qualify and other errors in the register to ensure that funds budgeted for eligible indigent households reaches intended beneficiaries through appropriate service delivery systems.

RMAFACC recommendations of procurement and contract management

- Municipality should prioritise attention to procurement and contract management to ensure compliance to the laws and regulations to prevent irregular expenditure.

RMAFACC recommended that the reported vacancy rate of 20% throughout 2023/24 financial year on senior management level should be addressed in order to improve compliance.

RMAFACC recommended adequate implementations of internal audit findings by management.

RMAFACC Perspectives on 2023/24 Annual Report and Audit Outcomes

- The findings was raised that management did not adequately addressed Section 131 of the MFMA because of repeated findings from prior financial year; and That there were more material misstatements in the 2023/2024 financial year compared to the prior financial year 2022/2023.
- Management developed Section 131 of MFMA 2023/2024 Post Audit Action Plan (PAAP) and submitted it to RMAFACC and Audit Committee for reviews.
- RMAFACC recommended the proper root-cause analysis and management should also identify additional root-causes of audit findings as they understand the control environment better than the External Auditor, Audit General South Africa (AGSA).
- RMAFACC recommended that actions plans should be reviewed to ensure that they are credible, relevant and practical in terms of implementations and directly address identified root-causes of audit findings.
- RMAFACC noted that the timelines are generics and duplicated across the document and recommended that they should be reviewed and brought back in terms of priority of issues to be speedily resolved where capacity and resources are readily available for use to resolve audit findings.

RMAFACC Perspectives on 2023/24 Annual Report and Audit Outcomes

- RMAFACC recommended that Audit Steering Committee be constituted, Terms of Reference be developed and implemented to guide the proper functioning of the Audit Steering committee to regularly discuss and resolve all audit findings on a monthly basis in order to improve audit opinions and outcomes of the municipality.

Conclusions

- Misstatements identified on the annual financial statements and annual performance report are resulting from inadequate reviews of AFS, APR, supporting information and underlying transactions.
- One material irregularity was raised by external auditor on March 2023 for lack of development of internal capacity for the preparations of Annual Financial Statements.
- Accounting Officer subsequently resolved the material irregularity by building the required internal capacity to prepare AFS and annual financial statements are being prepared internally.

•The End

! THANK YOU

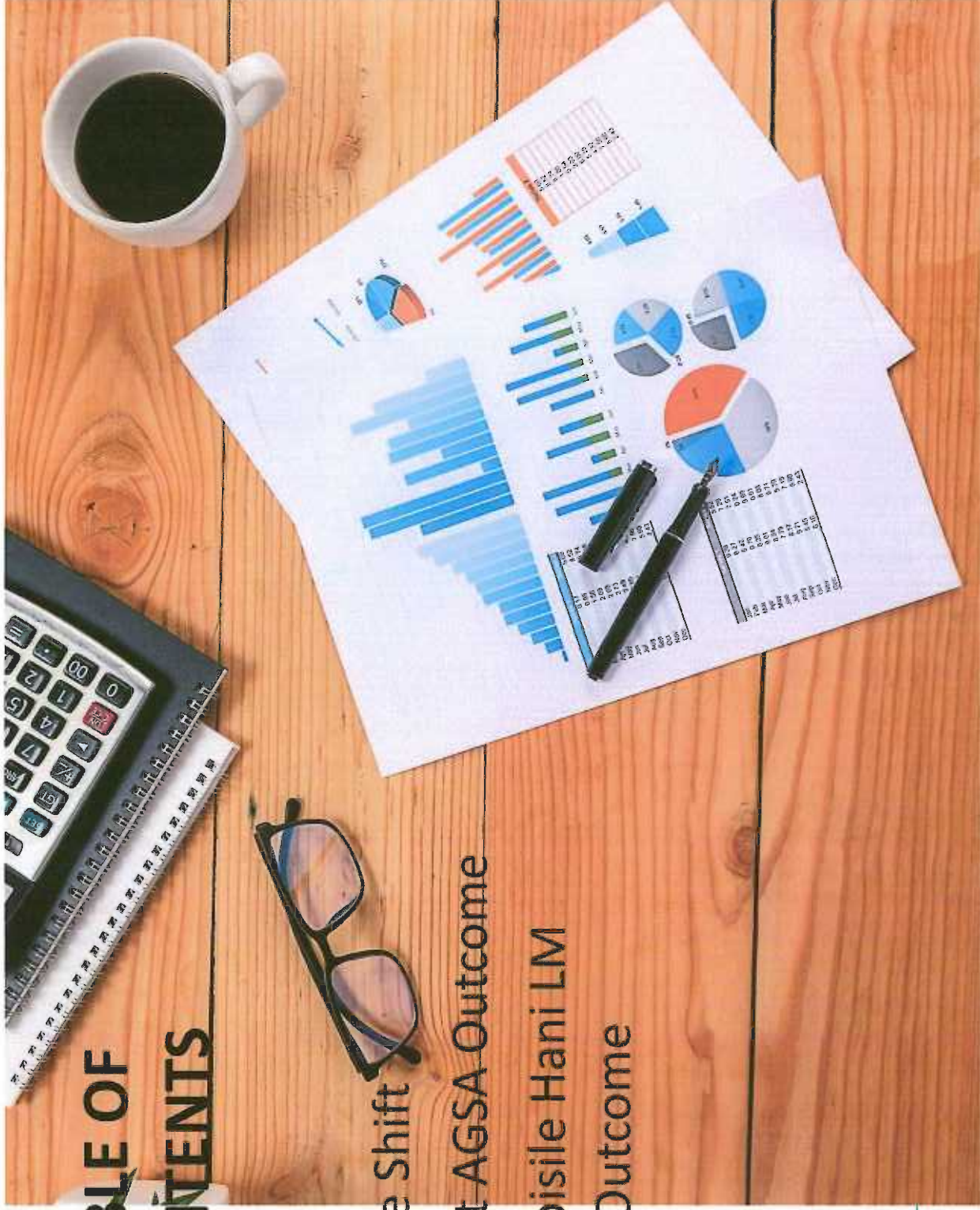
AUDIT COMMITTEE PERSPECTIVE ON AUDIT OUTCOME 2023/2024 FY

- THEMBISILE LOCAL MUNICIPALITY MPAC
- 7 FEBRUARY 2025



TABLE OF CONTENTS

- Culture Shift
- District AGSA Outcome
- Thembisile Hani LM Audit Outcome



Culture shift: it derives from the experience of encountering new ways of doing things that challenge the basic belief that your way of doing things is the “correct” way.

Culture shift is most likely to affect someone gradually.-

Accountability Ecosystem: Accountability ecosystem refers to the network of stakeholders that have a mandate and/or responsibility, whether legislative or moral, to drive, deepen and/or insist on public sector accountability.



Councils and MPACs to improve implementation of the National Treasury (NT) guidance for dealing with UIFW expenditure, recover and redirect lost funds to service delivery - including through monitoring resolution of MI's, and adopt NT consequence management and accountability framework

MECs for local government to improve quality of reports to provincial legislatures on municipalities' action plans and performance. Timeous resolutions by provincial legislatures to these reports and tracking of implementation of resolutions

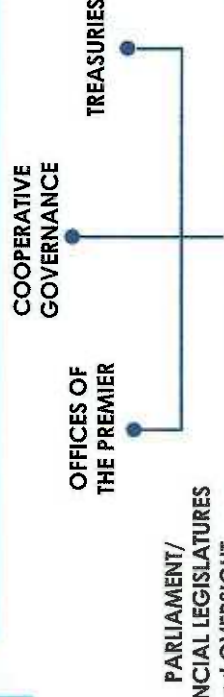
Deriving full value of internal audit units and audit committees by implementing their recommendations

Deriving full value of internal audit units and audit committees by implementing their recommendations

Support professionalization of local government aligned to newly adopted framework

Filling of vacancies with competent people, continued upskilling of municipal officials and council members, **reducing reliance on consultants** and ensuring skills transfer

Strengthening financial and performance management disciplines and preventative controls



Framework and criteria for plotting auditees

Plotting result per area

	Financial management	Service delivery	Compliance	Ethics, fraud and responsiveness
DOING GOOD	Good financial health Correlation between achievement of targets and use of budget	All key performance targets achieved Good performance is evident from reliable publicly available information CSOs and community not raising significant concerns on performance	No findings on non-compliance with legislation	Strong institutionalised ethical culture Controls to prevent fraud and corruption No findings on consequence management
DOING MORE THAN THE BASICS	No/ trivial budget overspending Budget and grants spend in accordance with purpose No/ trivial fruitless and wasteful expenditure	Performance plan includes indicators and targets that measure performance of key mandated functions and aligns with public expectations Achieved 80% of key performance targets	No/ trivial irregular expenditure No active non-compliance MIs	No fraud indicators or fraud allegations No ongoing investigations by public bodies No active Mis - fraud/ theft/ breaches of fiduciary duty UIFW incidents cleared within reasonable time 80% previous year audit recommendations implemented
DOING THE BASICS	Unqualified audit opinion Going concern with no material uncertainties on ability to continue as going concern	Reported indicators and targets consistent with annual or revised performance plan Planned indicators and targets passed usefulness criteria Key standardised indicators included in performance plan Reported achievement and variance explanations is reliable	No material non-compliance with legislation	No material non-compliance findings on consequence management Agreed recommendations of previous year to shift culture implemented within reasonable period
NOT DOING THE BASICS	Material misstatements in submitted AFS Late submission of AFS	Repeat material misstatements in submitted APR Late submission of APR Material non-compliance - strategic and performance management	Non-material limitations in auditing procurement and contract management	Repeat procurement non-compliance findings on conflicts of interests (employees and/or public office bearers) MI in recommendation phase MI recently referred to a public body for investigation Material non-compliance findings - unauthorised expenditure investigation and/ or dealing with irregular and fruitless and wasteful expenditure
DOING HARM	AFS not submitted or submitted more than 2 months late Disclaimer/ adverse opinion Active MI - substantial harm to public sector institution due to financial management	APR not prepared/ submitted more than two months late Disclaimer/ adverse opinion/ pervasive material findings Active MI - substantial harm to public sector institution due to performance management Active MI - substantial harm to general public	Material limitation in auditing procurement and contract management	MI in remedial action/ CoD phase Material non-compliance findings - irregular and fruitless and wasteful expenditure investigation

Criteria not met

Criteria met

Criteria not assessed

Criteria not applicable

CSOs - Civil Society Organisations
MI - material irregularity

UIFW - unauthorised, irregular and wasteful expenditure
APR - Annual performance report

CoD - Certificate of debt

Thembisile Hani LM is plotted as “Not doing the basics”

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Plotting result per area

Financial management

Service delivery

Compliance

Ethics, fraud and responsiveness

NOT DOING THE BASICS

Not doing the basics:

- Material misstatements in submitted AFS (material compliance finding – i.e. when repeated and could have been prevented)
- Concerning financial health
- No correlation between achievement of targets and use of budget

Doing more than the basics:

- Did not achieve all key performance targets (excludes those not achieved as result of circumstances outside auditee control)
- Significant concerns on service delivery is evident from CSOs, community in general and other reliable publicly available information

Not doing the basics:

- Findings on material non-compliance with legislation (other than those already included in other areas)
- More than trivial irregular expenditure (excl. budget overspending) as result of non-compliance in current year
- Non-compliance with legislation (All compliance including non material) excluding anomalies

Doing the basics:

- Fraud indicators identified or allegations of fraud by established structures
- Ongoing investigations by public bodies (excluding matters where indications that there is no merit to allegations being investigated)
- UJFW incidents not cleared within reasonable time (taking into account what is in municipality's control)
- Less than 80% previous year audit recommendations implemented (excludes those not implemented as result of circumstances outside auditee control)

Current and envisaged plotting by 2030

Item	Financial management classification	Service delivery classification	Compliance classification	Ethics, fraud and responsiveness classification	Overall classification
Current plotting	Not doing the basics	Doing more than the basics	Not doing the basics	Doing the basics	Not doing the basics
Envisaged plotting by 2029-30	Doing good	Doing good	Doing good	Doing good	Doing good
Target date to move to the "Doing good" category	2028-29	2028-29	2026-27	2028-29	2028-29

Financial management: Ineffective debt collection strategies; poor financial health and lack of correlation between the achievements of targets and use of the approved budget. Inadequate implementation of preventative controls to ensure the municipality produces credible financial information resulting to material misstatements.

Service delivery: Failure to achieve key service delivery indicators and concerns about the level and quality of service delivery by the community and CSO's i.e. provision of water and delays in completion of key infrastructure projects.

Compliance: Material non-compliance with revenue management and SCM legislation resulting to irregular expenditure.

Ethics, fraud and responsiveness: Fraud indicators and allegations of fraud by established structures; investigations by public bodies; UIFW incidents not cleared within reasonable time and majority of prior year recommendations not implemented.

2024-25 operational plan - Role players to be engaged –

Stakeholder	Objective	Timing
Internal audit	To socialize the stakeholder on the current plotting of the auditee, plotting criteria and issues that inform the plotting as well as our annual plan and specific focus for the current year.	Quarter 1
Audit & risk committee	<p>To influence the audit plan to cover the areas affecting the plotting.</p> <p>To socialize the stakeholder on the current plotting of the auditee, plotting criteria and issues that inform the plotting as well as our annual plan and specific focus for the current year.</p> <p>For the current year, this stakeholder will contribute to the success of the plan by incorporating the issues raised on the proactive review of the interim AFS on their review of the year-end AFS before submission to the AGSA.</p> <p>To brief the audit and risk committee on the status of records review conducted (SoRR).</p> <p>For the current year, this stakeholder will contribute to the success of the plan by incorporating the issues raised on the proactive review of the interim AFS on their review of the year-end AFS before submission to the AGSA.</p>	<p>Quarter 4</p> <p>Quarter 1</p> <p>Quarter 1</p>

2024-25 operational plan - Role players to be engaged –






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Stakeholder	Objective	Timing
MPAC	To socialize the stakeholder on the current plotting of the auditee, plotting criteria and issues that inform the plotting as well as our annual plan and specific focus for the current year.	Quarter 1
	To brief the MPAC on the audit outcomes, root causes, status of implementation commitments and recommendations and resultant plotting along the Culture Shift continuum as well as to influence them to drive consequence management on the UIFW expenditure.	Quarter 3
Council	To socialize the stakeholder on the current plotting of the auditee, plotting criteria and issues that inform the plotting as well as our annual plan and specific focus for the current year.	Quarter 1
	Tabling of the annual report and to brief the council on the audit outcomes, root causes, status of implementation commitments and recommendations and resultant plotting along the Culture Shift continuum.	Quarter 3


The following findings were identified on the pro-active review of the interim AFS:


- The financial instruments and risk management note included items scoped out of GRAP 104 and those who do not meet the definition and recognition criteria i.e. VAT payable/receivable, Unallocated deposits, Unspent conditional grants, Debtors with credit balances, Provisions, Deposits received, Advance payments; Land, Employee benefits, Landfill site provision.
- Disclosure note for the property, plant and equipment not in line with the disclosure requirements of GRAP 17 – Assets under construction expenditure disclosed as a separate class of asset.
- VAT refunds from SARS incorrectly classified as revenue instead of allocating it against the VAT receivable balance.












The above issues should be incorporated on the review of the year-end AFS to ensure they are addressed and do not recur on the AFS submitted for audit.

No	Municipality	Audit Outcomes	Movement
1	Dr J.S Moroka Local Municipality	Qualified	
2	Steve Tshwete Local Municipality	Qualified	
3	Thembisile Hani Local Municipality	Unqualified	
4	Victor Khanye Local Municipality	Not yet finalised	N/A
5	Emakhazeni Local Municipality	Qualified	
6	Emalahleni Local Municipality	Unqualified	

 Improved

 Regressed

 Unchanged

Outcome area	Movement	2023-24	2022-23	2021-22
Financial statements				
Annual performance report				
• KPA 5: Basic service delivery				
Compliance with legislation				
• Strategic planning and performance management				
• Annual financial statement, performance, and annual report				
• Expenditure management				
• Consequence management				
• Asset management				
• Procurement and contract management				
• Human resource management				
• Utilisation of conditional grants				
• Revenue management				

Unqualified / No material findings	Qualified	Material findings
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