METSIMAHOLO LOCAL MUNICIPALITY OVERSIGHT REPORT ON THE DRAFT 2024/25 ANNUAL REPORT

TABLE OF CONTENTS **PAGE**

1. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERS

1.1. The following councillors serve as members in the Municipal Public Accounts Committee of Metsimaholo Local Municipality:

Number	Title	Name and Surname	Designation
1	Cllr	JM. Molawa	Chairperson
2	Cllr	M. Nkeloane	Member
3	Cllr	M. Mqwathi	Member
4	Cllr	ME. Maseko	Member
5	Cllr	JT. Mampana	Member
6	Cllr	J. Zwane	Member
7	Cllr	L. Van Heerden	Member
8	Cllr	T. Du Toit	Member

1.2 The committee is supported by the following support staff members:

Number	Title	Name and Surname	Designation
1	Mr	Serame Ramathesele	Administration Manager
2	Mr	Themba Zondo	MPAC Researcher
3	Ms	Morongoe Mosai	Senior Administrative Officer (acting)
4	Mr	Moeketsi Moloantoa	Administrative assistant (acting)

2. PURPOSE

2.1. The purpose of this report is to enable the Municipal Public Accounts Committee to discharge its oversight responsibility of considering the 2024/25 Annual Report of Metsimaholo Local Municipality in terms of section 129 of the Municipal Finance Management Act (MFMA), Act 56 of 2003.

3. BACKGROUND

3.1. The Oversight Report is the final major step in the Annual Reporting process of a municipality. Section 129 of the Municipal Finance Management Act, 56 of 2003 requires the Council to consider the annual report of its municipality and municipal entities, and to adopt an oversight report containing the council's comments on the annual report.

3.2. The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. The MPAC is required to perform the responsibilities of the Oversight Committee as envisaged in MFMA Circular No. 32 and Section 129 of the MFMA.

3.3. Section 129 of the MFMA provides for the Council to adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council:

i. Has approved the Annual Report with or without reservations.
ii. Has rejected the Annual Report.
iii. Has referred the Annual Report back for revision of those components that can be revised.

4. PROCESS FOLLOWED FOR THE 2024/25 ANNUAL REPORT

4.1. The draft Annual Report for 2024/25 was tabled in Council on the 30th of January 2026 and the Council referred the report to the Municipal Public Accounts Committee (MPAC) for oversight and public participation.

4.2. The Annual Report was submitted to the Provincial CoGTA, Provincial Treasury and the Auditor General of South Africa

4.3. An invitation to the public to submit comments on the Annual Report was publicised in all municipal notice boards in all towns across Metsimaholo Local Municipality, libraries as well as municipal website for scrutiny as provided for in terms of Section 127(5)(a) of the MFMA and Section 21A and B of the Municipal Systems Act.

4.4. MPAC embarked on a public participation process, approved by Council, from the 9th to the 13th of February 2026 to further solicit public comments.

4.5. The Committee received comments from the Oranjeville rate Payers Association

4.6. As part of the process plan approved by Council, MPAC went on Project Oversight Visits on the 3rd and 12th of March 2026, covering all except 3 municipal capital projects.

4.7. MPAC held an engagement meeting with Senior Management on the 18th of March 2026 to consider key matters in the Annual Report and Audit action plan respectively.

4.8. MPAC held its final meeting on the 23rd of March 2026 to consider the Oversight Report on draft 2024/25 Annual Report

4.9. Furthermore, the MPAC has prepared an Oversight Report on the 2024/25 Annual Report which will be tabled in Council in the next Council sitting as required by Section 129 of the MFMA

5. CONCLUSION AND RECOMMENDATIONS

5.1. THE REPORT CONCLUDES BY REFLECTING MATTERS OF CONCERN NOTED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The MPAC has a serious concern with regard with to the "Qualified" Audit opinion that the Municipality has received again as it is an indication that the Municipality is not improving as it has been the case in the previous financial years. The Committee does however note the reduction in the number of paragraphs which indicates a slight improvement on the performance of the municipality

5.2. MPAC FINDINGS

- Accountability is unclear.
- Governance controls are weak.
- Repeat findings reflect systemic failures, i.e. property plant & equipment, investment property, irregular expenditure and payables from exchange
- Consequence management is ineffective.

5.3 RECOMMENDATIONS BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

5.3.1 Municipality is in the process of promulgating By- Laws and resolved that the promulgated ones be reviewed by the Policy and By- Laws Committee.

5.3.2 The Chief Financial Officer (CFO) accountable in terms of section 62 of the MFMA for implementation of the Audit Action Plan by overseeing and monitoring progress in addressing the prior year's audit findings to ensure timely and effective resolution.

5.3.3 The Municipality to establish Contract Management Framework Policy to be approved by Council to monitor contract management processes

5.3.4 The itemised audit findings be made available on the FMCMM portal

5.3.5 The Municipality to refer to any corrective measures relating to 2024-25 financial year to the Disciplinary Board pending the finalization of UIFW Investigations and recommendations thereof.

5.3.6 The Municipality submits quarterly reports to Council on contract performance in accordance with Section 116 of the MFMA. In addition, a Contract Register is maintained to support effective monitoring and management of all active contracts.

5.3.7 Underperforming contracts are identified and reported through ongoing monitoring conducted by the respective Project Managers in consultation with SCM, ensuring that performance issues are addressed timeously.

5.3.8 Underperforming contracts are provided with an opportunity to address deficiencies and improve performance within a specified timeframe. Should there be no satisfactory improvement, the municipality will initiate termination of the contract in line with the relevant contractual provisions and applicable SCM regulations.

5.3.9 For contractors, processes of termination are preceded by claiming of the guarantee amount where applicable and going forward, actions of blacklisting will be undertaken.

5.3.10 Officials are instructed to ensure all the contractual remedial efforts against the contractor are taken or else face possible charges for failure to commit their duties.

5.3.11 Mitigating actions related to infrastructure risks and MIs (Sasolburg Landfill & WWTW) have been reported to have inadequate funding and alternative funding methods are being explored such as ISA and available government grants.

5.3.12 Performance Agreements are concluded annually, in consideration with the Performance Plan(s) and the accumulated Municipal Audit Findings.

5.3.13 The Performance Indicators are aligned to address audit outcomes and improved performance

5.3.14 The Municipality to come up with strategies to mitigate repeated findings.

5.3.15 The Municipality to ensure full system integration to improve alignment, efficiency, and reporting across functions. In this regard, a web-based Performance Management System (PMS) for implementation at the beginning of the new financial year, which will facilitate improved integration and coordination of the SCM, Financial Systems & PMS.

5.3.16 The SCM system is configured to enforce workflow, ensuring that budget verification is a mandatory step before any procurement process can proceed.

6 COUNCIL RESOLUTIONS

6.3 That Council, having fully considered the 2024/25 Annual Report of the municipality and representations thereon, resolve that:

6.1.1. The Annual Report be adopted with reservations as identified in sections 5.2 and 5.3.1 to 5.3.16 of this report.

6.1.2 That Action plan be implemented within 30 days.

6.1.3 That a quarterly report on implementation of the action plan be tabled before Council

6.1.4 That UIFW expenditure disciplinary referrals to DC Board and/ or Financial Disciplinary Board.

6.1.5 Approve outstanding policies within 60 days.

6.1.6 Monthly monitoring of repeat findings.

6.1.7 Enforce consequences for non-compliance.

6.1.8 The Annual Report and Oversight Report be submitted to the Auditor General, Provincial Treasury, CoGTA, Provincial Legislature as required by the MFMA 56 of 2003

6.1.8 That the oversight report be adopted.

Council must consider and adopt or reject each recommendation.

31/03/2026.

CCLR M MOLAWA
MPAC CHAIRPERSON

DATE