



**OVERSIGHT REPORT
ON THE 2024/2025 ANNUAL
REPORT**

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MPAC MEMBERS PROFILE

MPAC has changed from the original Council elected in November 2021 Elections:

MPAC COMMITTEE

Committee	Members	Portfolio
Municipal Public Account Committee (MPAC)	Cllr. Sylvester Vukeya Cllr. Jan Slinger Cllr. Dorcas Burger	Chairperson Committee Member Committee Member (last meeting attended 16 February 2024)

MPAC SUPPORT STAFF

- Ms. Senobia Eilers - MPAC Researcher – Appointed 1 August 2024
- Ms. Elaine Ndhlovu - MPAC Secretary – Appointed 1 August 2024

LIST OF ACRONYMS

AC	Accounting Officer
AFS	Annual Financial Statement
AGSA	Auditor General South Africa
CLLR	Councillor
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
KPA's	Key Performance Areas
LED	Local Economic Development
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Account Committee
PMS	Performance Management System
SDBIP	Service Delivery Budget Implementation Plan
UIFWE	Unauthorized, Irregular, Fruitless & Wasteful Expenditure

FOREWORD OF THE CHAIRPERSON



It is with great responsibility and commitment to good governance that I, the Chairperson of MPAC, Councillor Sylvester Vukeya, present this Oversight Report on the 2024/2025 FY Annual Report of Kgatelopele Local Municipality.

This Oversight Report reflects the Committee's careful review and consideration of the Annual Report of the municipality. In fulfilling our mandate, the Committee evaluated the financial performance, service delivery outcomes, governance processes, and compliance with legislative requirements.

MPAC commends the Municipality for **an opinion of qualified with material findings** on the Annual Financial Statements for year ending 30 June 2025 by the Auditor-General of South Africa. This is similar as the opinion of the prior year.

MPAC acknowledges the efforts made by the Accounting Officer and Administration in preparing the Annual Report and in cooperating with the Committee during the oversight process. At the same time, the Committee has identified areas that require improvement to strengthen internal controls, enhance service delivery, and ensure greater accountability in the use of public funds.

The findings and recommendations contained in this report are intended to support Council in exercising its oversight role and to assist the administration in improving governance, financial management, and operational performance.

On behalf of the Committee, I would like to express appreciation to all MPAC members and support staff for their commitment and dedication in executing their oversight responsibilities. Appreciation is also extended to the municipal administration and all stakeholders who contributed to the oversight process.

It is our sincere hope that the recommendations contained in this report will contribute to improved governance, responsible financial management, and better service delivery for the benefit of our community.

CLLR. SYLVESTER VUKEYA

MPAC CHAIRPERSON

Date: 24 March 2026

INTRODUCTION

The Municipal Public Accounts Committee (MPAC) plays a critical role in ensuring transparency, accountability, and good governance within the municipality. As part of its legislative mandate, MPAC has thoroughly reviewed, consulted on, and prepared the 2024-2025 FY Oversight Report in alignment with Section 129 of the Municipal Finance Management Act (MFMA), Act 56 of 2003.

In conducting its assessment, MPAC carefully considered the contents of the Annual Report, evaluating financial statements, performance information, and governance practices. The committee engaged in consultations with relevant stakeholders, to ensure that the report reflects a fair and accurate representation of the Municipality's operations and financial health.

Based on this evaluation, MPAC reached a conclusion on whether the information presented in the Annual Report was fair, reasonable, and in compliance with legislative requirements. These conclusions formed the foundation for MPAC's recommendations to the Municipal Council, guiding the adoption of the Oversight Report.

The findings and recommendations outlined in this report serve as a crucial mechanism for strengthening accountability and improving service delivery, ensuring that municipal resources are effectively managed for the benefit of the community.

LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

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

The MFMA and MSA recognise that Council has a critical role to play to ensure better performance by Municipal departments and entities. There now exists an explicit linkage between the strategic goals, set by council through the IDP, which are translated into the budget, and the delivery of those goals, which is reported in the Annual Report. It is important for Council to ensure that the budget gives effect or expression to priorities contained in the IDP. A good budget will lay a basis for better oversight and cement the contracts between the Executive/Council, the administration and the public.

The MFMA gives effect to Financial Management reforms that place greater service delivery responsibilities on Managers and makes them more accountable for performance. Whilst, in the first instance it is left to the Mayor or the Executive Committee to resolve any performance failures, ultimately the Council is vested with the power and responsibility to oversee both the Executive and Administration.

Steps in the Annual Reporting processes

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of	Done? Yes/No or N/A	Comments by MPAC
1 31-Aug	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager	Yes	AFS was submitted on 30 August 2025
2 31-Aug	Submit municipal entity AFS to parent municipality and to Auditor-General	S126(2)	Municipal Entity Accounting Officer	N/A	
3 30-Sep	Submit consolidated AFS to Auditor-General (municipalities and entities)	S126(1)(b)	Municipal Manager	N/A	
4 31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS.	S133(2)	Auditor-General	N/A	
5 Within three months of receiving AFS (30 November or 31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General		Audit report submitted by AGSA on 10 December 2025.
6 On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee.	S131(1)	Municipal Manager. Mayor must ensure compliance by municipality		Management still busy with Audit Action Plan
7 31-Dec	Entity submits annual report to Municipal Manager	S127(1)	Municipal Entity Accounting Officer	N/A	
8 31-Jan	Annual Reports of municipality and entities tabled in Council	S127(2)	Mayor	Yes	Draft Annual Report tabled 29 January 2026.
9 Immediately after annual report is tabled	Annual report made public and local community invited to submit representations	S127(5)(a) (MSA) - S21A and B	Municipal Manager	Yes	Public notice was issued and the document was uploaded on website for inputs
10 Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department	S127(5)(b)	Municipal Manager	Yes	Draft annual report was shared with AG, Provincial Treasury and Audit committee
11 When meetings held to discuss the annual report	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of municipality and entity	Yes	Senior Management meeting was held in council chambers to discuss Draft Annual Report and was also presented at MPAC Meeting 11 February 2026.
12 Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government.	S129(2)(b)	Accounting Officer of municipality and entity	yes	Meeting was held on 22 January 2026 to present the Draft Annual Report before Council, Draft Annual Report was presented before MPAC on 11 February 2026
13 Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1)	Council		Report to be submitted to Council on /before 31 March 2026
14 Within seven days of adoption of oversight report	Make public the oversight report	S129(3) S21A-MSA	Accounting Officer		Report to be made public by 07 April 2026
15 Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1) & (2)	Accounting Officer		Report to made public by 07 April 2026
16 As necessary	Monitor compliance with submission of reports to provincial legislature	S132(3)	MEC for local government in the province		Coghsta must take the report to Legislature within 60 days of receipt
17 Within 60 days of receiving annual reports	Report to provincial legislature any omissions by municipalities in addressing issues raised by the Auditor-General.	S131(2)	MEC for local government in the province		Coghsta to report within 60 days of receiving the Annual Report
18 Annually	Report to Parliament on actions taken by MEC's for local government to address issues raised by Auditor-General on municipal and entity AFS	S134	Cabinet member responsible for local government		Coghsta to report Annually

	Checklist for considering the annual report	
	Information required to be included in annual reports	
No	Financial Matters	Comments by MPAC
1	The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	The 2024/2025 FY Annual financial statements (AFS) were submitted to the AGSA on the legislated date of 30 August 2025, in the form as required by the applicable accounting standards.
2	The Auditor-General's reports on the financial statements of the municipality and the entities	The Auditor's General's Report is included in the Annual Report (Annexure C)
3	Any explanations that may be necessary to clarify issues in connection with the financial statements	Sufficient explanation of financial issues contained in the notes to the statements
4	An assessment by the Accounting Officer on any arrears on Municipal taxes and service charges, including Municipal entities	An Assessment by the Accounting Officer on arrears on municipal taxes and services is included in the Accounting Officers' foreword to the Annual Report
5	Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	Corrective action to be detailed in the Audit Action Plan
6	An assessment by the Municipality's Accounting Officer of the Municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.	A detailed Assessment of financial Health overview and Service Delivery overview has been included in the Annual Report under section 1.3 and 1.4 of the Annual Report
7	Any information as determined by the municipality, the entity or its parent municipality	N/A
8	Recommendations of the Audit committee in relation to the AFS and Audit reports of the Municipality and its entities	The recommendation of the Audit committee has been considered and will be incorporated in the Audit Action plan

	Checklist for considering the annual report	
	Information required to be included in annual reports	
No	Financial Matters	Comments by MPAC
9	Allocations received by and made to the Municipality	<p>Municipal Infrastructure Grant - R 17,510,000 (CoGTA) Water Services Infrastructure Grant - R 30,000,000 (DWS) Expanded Public Works Grants - R 1,200,000 (NCDRPW) Financial Management Grant – R 3,000,000 (N.Treasury) Library Services Grant - R 1,199,000 - (NCDSAC)</p> <p>No Allocations was made to other organs of state. All conditions of the above grants has been complied with and no findings has been raised by the Auditor general on the utilization of these grants.</p>
10	Information in relation to the use of allocations received	<p>Rural Bulk Infrastructure Grant 2022/2023 - 15 994 628 2023/2024 - R 46 372 372 2024/2025 – R0.00</p> <p>Projects: - Palisade Fencing Project - Replacement of Existing Asbestos Cement Rising Main at Kuilsville, Thlakathlou, and Rhodes pumpstation</p> <p>Municipal Infrastructure Grant 2022/23 – R 43 715 468 2023/24 – R 29 038 600 2024/25 – R 55 125 842</p> <p>Projects: - Refurbishment of concrete reservoir</p> <p>Water Infrastructure Grant 2021/22 - R 10 127 634 2022/23 - R 12 420 709 2023/24 - R 23 975 000 2024/25 - R 30 000 000</p> <p>Projects: - Eradication of conservancy tanks through the construction of HDPE sewer network - Refurbishment of the Rhodes pump station</p>

	Checklist for considering the annual report	
	Information required to be included in annual reports	
No	Financial Matters	Comments by MPAC
10	Information in relation to the use of allocations received	<p>Expanded Public Works Program 2021/2022 - R 1 075 000 2022/2023 - R 1 073 005 2023/2024 - R 960 000 2024/2025 - R 1 200 000</p> <p>Projects: - Refurbishment of municipal buildings - Paving of municipal parking (Phase 1) - Paving of municipal parking (Phase 2) - Training on Block paving to unemployed locals</p> <p>Library Grant 2021/2022 - R 1000 000 2022/2023 - R 1 100 000 2023/2024 - R 1 147 000 2024/2025 – R1 199 000 - Salaries for Library staff - Funding of library programs - Library operational cost</p> <p>Financial Management Grant 2021/2022 - R 2 850 000 2022/2023 - R 3 000 000 2023/2024 - R 3 100 000 2024/2025 – R3 000 000</p> <p>Projects: - Capacitation of the Budget and Treasury Office - MFMP Training - Asset register consultants - System Consultants</p> <p>All conditions of the above grants have been complied with and no findings has been raised by the Auditor General on the utilization of these grants.</p>
11	Information in relation to outstanding debtors and creditors of the Municipality.	<p>Information not disclosed: - The municipality did not disclosed information relating to by national and provincial departments</p> <p>Information Disclosed - Creditors has been appropriately disclosed in note 12 to the AFS - The Municipality has duly paid over taxes owed to SARS and well as Third party payments to Medical Aids and Pension Funds within 7 day after month end - The Municipality still have a large historical AGSA balance, however, the Municipality make regular payments towards its AGSA and Eskom accounts for the 2024/2025 financial year.</p>

	Checklist for considering the annual report	
	Information required to be included in annual reports	
No	Financial Matters	Comments by MPAC
12	Information relating to benefits paid by Municipality and entity to Councillors, Directors and Officials	<p>Information relating to benefits paid by municipality and entity to Councillors, Directors and Officials:</p> <ul style="list-style-type: none"> - All Salaries, Allowances and benefits have been disclosed in note 29 of the Annual Financial Statements - All Salaries Allowances and for Senior Managers has been reported in note 29 of the Annual Financial Statements - All Salaries, allowances and benefits paid to Officials has been disclosed in note 29 to the Annual Financial Statements <p>All Arrears owed by Councillors has been disclosed in note 48 of the financial statements (Additional disclosures)</p>
13	The annual performance reports of the Municipality and entities	<p>The annual performance report is included in the annual report with all the improved performance actions. Some of the KPI targets have not been reached and has been stipulated in the Annual performance report. Council did approve the Annual Performance report. Customer satisfaction survey has not been conducted. Targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the Municipal Manager and each Senior Manager. Reports are quarterly evaluated for the efficiency of mechanisms applied to deliver the performance outcomes.</p>
14	Audit reports on performance	<p>Internal Audit's recommendations have been implemented to the adjustment SDBIP. AG raised a finding which indicated that the Municipality's KPI's don't meet the SMART principal. Also further indicated that the Technical indicator description must be straightforward. Recommendations by Internal Audit and Auditor-General (AG) have been included in the action plan. Action plan is monitored on a quarterly basis.</p>

	Checklist for considering the annual report	
	Information required to be included in annual reports	
No	Financial Matters	Comments by MPAC
15	Performance of municipal entities and municipal service providers	The Annual performance report is attached as an annexure which has the performance of service providers and the contract management report.
16	For municipal entities – an assessment of the entity’s performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality	N/A
	General information	
17	Relevant information on municipal entities	Municipality does not have entities
18	The use of any donor funding project	No donor funding received for 2024/2025 FY
19	Agreements, contracts and projects under Private-Public-Partnerships	No PPP agreements
20	Service delivery performance on key services provided	The Municipality has demonstrated effective and responsive service delivery, achieving satisfactory outcomes on key services provided, such as water, electricity, sanitation and refuse removal. Service delivery is discussed in Chapter 3 of the Annual Report.
21	Information on long-term contracts	Currently, the municipality has no long-term contracts in place.
22	Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	The website of the Municipality slightly discuss the activities of IT. Senior IT presented the upgrading of network to fibre and was approved. Implementation will start in 2025/26 FY.

	Checklist for considering the annual report	
	Information required to be included in annual reports	
No	Financial Matters	Comments by MPAC
23	Three-year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	Information available in the Annual Report under 3.3.1 (Project Management Unit (PMU))
	Other considerations recommended	Comments by MPAC
24	Timing of reports	The Draft Annual Report 2024/2025 FY was tabled on 29 January 2026 and final document will be tabled on 31 March 2026. The Oversight Report 2024/2025 FY will be tabled on 31 March 2026
25	Oversight committee or other mechanism	The draft Annual Report was tabled on 29 January 2026 and the Final Annual Report will be tabled by 31 March 2026. Council took note of the Draft Annual Report 2024/2025 FY in a special Council meeting held on 29 January 2025. Council resolved that the Draft Annual Report be referred to MPAC to submit the Oversight Report. MPAC seated on 11 February 2026 where the Draft Annual Report was presented. MPAC seated on 24 March 2026 to discuss the Oversight Report 2024/2025 FY. Oversight Report 2024/2025 FY will be tabled to Council on 31 March 2026.
26	Payment of performance bonuses to municipal officials	All Salaries, Allowances and benefits have been disclosed in note 29 of the Annual Financial Statements

9. COMMENTS ON THE COMPONENTS OF THE ANNUAL REPORT

9.1. COMMITTEE'S COMMENTS ON THE CONTENTS OF THE AFS

- The 2024/2025 Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003), and were submitted to AGSA on 31 August 2024.
- The Municipality has obtained a **qualified audit opinion with material finding** on the annual financial statements for year ending 30 June 2025. This is similar to the opinion of the prior year.
- MPAC note that inadequate or proper review of the AFS was not done.
- The Municipality's current liabilities are more than the current assets, resulting in the Municipality not being able to pay its current liabilities using the current assets.
- The Municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors accounts
- Based on the qualified opinion section of the AG's comments, except for the effects and possible effects of the matters described in the basis for qualified opinion section of the Auditor's report, the financial statements present fairly in all material aspects.
- MPAC commend the Municipality for not using consultants to prepare Annual Financial Statements for the year ended 30 June 2025. The Municipality saved R1 402 966 as compared to prior year by not using consultants.

9.2. AUDITOR GENERAL'S COMMENTS ON AFS & PERFORMANCE REPORT

- The financial statements submitted for audit contained material misstatements and some are due to uncorrected prior year misstatements. A significant number of underlying records to support the annual financial statements were not submitted for audit. This resulted in audit delays and material limitations to the scope of the audit. The lack of proper record keeping in the municipality brings doubt on the credibility of the annual financial statements to be relied on by the end users.
- Material instances of non-compliance have been identified, and material findings as well have been reported for performance information. This was due to inadequate action taken by management in addressing issues previously raised by the AGSA in all three areas as some of the issues identified in the current are similar to those of the previous year(s). Recommendations of the AGSA have not been fully implemented.
- The audit of the Kgatelopele Local Municipality's financial statements for the year ended 30 June 2025, revealed significant areas of concern. The financial statements submitted for audit were not prepared, in all material respects, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP).
- Furthermore, the Annual Performance Report for the same period was not prepared in accordance with the applicable laws and regulations governing performance information.
- Management has not adequately implemented the audit action plan to address poor record keeping and insights into the financial statements. This has resulted in recurring material misstatements, material non-compliance findings and material findings on performance information.
- Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
- Management did not review policies to ensure that the department has a sound system of internal control to mitigate any emerging misstatements within the annual financial statements, annual performance report and non-compliance with laws and regulations.
- The Municipality is struggling collecting its debt on time when it is due. Debtors have remained outstanding for an average of 549 days in 2024/25, compared to 600 days in 2023/24. This indicates that the initiatives (e.g. issuing letter of demand, entering into payment agreements with customers or suspending services until a full payment is made) that the municipality is taking to collect receivables are working but not properly.
- The total of 77 Key performance indicators applicable were measured and evaluated for the year under review realised 71% fully effective, 19% Not Fully Effective and 10% Unacceptable. This reflects a positive performance trend, with the institution realising 9% increase in the year 2024/2025 FY in comparison to the year 2023/2024 FY
- The identified misstatements undermine the reliability and accuracy of the municipality's performance reporting. The recurrence of these issues, despite prior recommendations, indicates a slow to no progress in implementing adequate corrective actions. This lack of reliable data impacts the municipality's ability to effectively manage and monitor service delivery performance. Furthermore, this raises concerns about the quality of planning and monitoring mechanisms, which can have broader implications for future planning and resource allocation decisions.
- Improvements in the performance planning, management and reporting processes of the municipality were noted which has resulted in reduction of the material findings.

MPAC would like to commend the Accounting Officer for putting in the work to improve the control environment in the Municipality.

- The Municipality must act decisively to address these issues that is included in the Management Report. Without urgent intervention, the risk of further financial distress and reputational damage remains high. A coordinated approach involving internal capacity building, process redesign, and enhanced accountability is essential to restoring compliance, improving performance, and safeguarding public funds.

9.3. AUDIT COMMITTEE'S COMMENTS ON AFS & PERFORMANCE REPORT

- The Audit, Performance and Risk Committee (APRC) has been actively involved with management, addressing issues related to financial management, internal control, risk management, performance management, governance, information technology, corporate services, and technical services.
- The 2024/2025 FY financial statements were compiled by the supervision of the CFO and Deputy CFO. The draft Annual Financial Statements were submitted to the Auditor General South Africa on 31 August 2025, in line with the MFMA legislated deadline
- The committee expressed concerns about the effectiveness of the risk management processes and systems, citing a lack of senior management involvement to implement and institutionalize them.
- The Performance Management System and processes were reviewed, and quarterly performance information was assessed. Unfortunately, these systems were inadequate, and the achievement of the annual targets was low. The committee endorses the priority implementation of all recommendations made by the internal and external auditors. Increased capacity is required to implement the recommendations suggested by the committee, ensuring that the performance management system continues to mature. The manner in which performance reviews are conducted has not improved significantly, as there are still challenges in this regard.
- The committee has reviewed the reports on ICT operations. Significant improvements are needed, particularly in the area of Internet network coverage. The slow or lack of internet coverage on the Municipality's Internet Network, experienced subsequent to the reporting period, highlights the ongoing rise of this risk. The Municipality also needs to continue investing in system integration, as there are still several non-integrated systems across municipal departments. The committee has also recommended that all IT Governance Policies be reviewed.
- Technical and Community Services were reviewed quarterly, and unfortunately, there were numerous concerns regarding service delivery. The supply of water to different communities in the Kgatelopele Region was a growing issue. Some projects are progressing slowly, causing the municipality to underspend on capital projects, which subsequently results in the need to apply for rollovers. Management and Council should ensure that the Top Layer SDBIP is aligned with the IDP to effectively monitor service delivery and the implementation of projects.
- The committee believes that the overall control environment of the Municipality has shown improvement during the year under review, compared to previous financial years.

10. 2024/25 PROJECTS SITE VISIT REPORTS

Eradication of Conservancy Tanks of sewer network (Phase 2). The scope was to construct new HDPE sewer reticulation network in Danielskuil. Site visit was done on 12 February 2026. Project is completed.



Paving and Refurbishment of Municipal Properties (parking areas). The scope was to pave and refurbish municipal facilities - Site visit was done on 12 February 2026. Project is completed.



Rhodes Sewer Pump station Upgrade. The scope is to upgrade pumps and controls at “Rhodes” sewer pump station for reliability. Site visit was done on 12 February 2026. Work still in progress



Refurbishment of Concrete Reservoir. The scope is to refurbish 4 ML concrete water reservoir (aging infrastructure). Site visit was done on 12 February 2026. Work still in progress.



Upgrading of Roads – Greater Danielskuil. The scope was to upgrade and surface municipal roads in Danielskuil. Site visit was done on 12 February 2026. Project is already completed.



11. MFMA SECTION 32 REPORT

UIFWE Balances as at the end of 2024/2025 FY

Irregular Expenditure stated R114 748 142.00 for 2024/2025 FY

Unauthorized Expenditure stated R336 758 585.00 for 2024/2025 FY

Fruitless and Wasteful expenditure stated R11 509 994.00 for 2024/2025 FY

Write-off amounts after the reporting date:

Fruitless and Wasteful Expenditure 2022/2023 FY -	R2,845,694
Fruitless and Wasteful Expenditure 2023/2024 FY -	R2,737,858
Fruitless and Wasteful Expenditure 2024/2025 FY –	R4,797,544
Unauthorized Expenditure 2023/2024 FY -	R26,567,913
	<u>R36,949,009</u>

During a special council meeting held 1 August 2025, after a report was tabled by the Municipal Public Accounts Committee Council has taken a resolution that the following historical expenditure as disclose in note 47 and 55 will be written off after the municipality apply for condonement in terms of Section 170 of the MFMA 32 of 2003

Furthermore, the Financial Misconduct Committee of Kgatelopele Local Municipality determined that building was set on fire during the community arrest in 2015. This happened whilst Internal Audit was in the process of investigating the irregular expenditure for 2011/12 financial year. The non-existence of records dating back since the fire occurred during the 2015 has been referred and concluded Furthermore, no municipal official/s could be identified to have caused the Unauthorized Expenditure for the reported period (2012 to 2015 financial years) due to unavailability of the records.

MPAC would like to share the challenges they experience at Kgatelopele Local Municipality:

- Don't receive investigation reports on time
- Uncertainty of the correct procedures to follow regarding the whole UIFWE investigation process
- Political interference
- Limited independence
- Poor access to information
- Weak enforcement powers
- Inadequate resources
- Poor follow-up on recommendations
- Low public participation

12. SUMMARY OF COMMENTS, CONCLUSIONS ON THE 2024/2025 ANNUAL REPORT

- The Draft Annual Report was tabled to Council on the 29th of January 2026 which was in line with section 127 (3) of the MFMA. The Draft Annual Report was referred to MPAC, and was made public for further inputs and comments.
- The Municipality has obtained a **qualified audit opinion with material findings** on the Annual Financial Statements for year ending 30 June 2025. This is similar to the opinion of the prior year.
- Material instances of non-compliance have been identified and material findings as well have been reported for performance information.
- The audit findings highlight significant weaknesses in the Municipality's financial management, compliance, and performance systems, many of which have persisted over multiple financial periods. These issues, if not addressed urgently, pose risks to the municipality's financial stability, governance credibility, and ability to deliver essential services effectively. Management must prioritize the implementation of a robust and actionable plan to resolve the identified deficiencies, address root causes, and strengthen internal controls. This includes enhancing accountability, improving operational efficiency, and fostering a culture of compliance.
- The Municipality's commitment to good governance and accountability in respect of MIG Expenditure, was further recognised through the achievement of one prestigious SALGA Awards.
- The Project Management Unit (PMU) made significant progress in delivering its 2024/25 capital projects, though with some challenges. The unit successfully achieved critical SDBIP Key Performance Indicators (KPIs) related to infrastructure development.
- MPAC noted that the organogram reflected in the Annual Report is outdated and does not accurately reflect the current organisational structure of the Municipality. The committee is concerned that an outdated organogram may lead to misalignment between the organisational structure and the approved personnel budget. The inclusion of outdated information in the Annual Report raises concerns about the accuracy and credibility of the information presented to Council and public.
- The Municipality has been effective in leveraging grants – it fully utilized conditional grants like WSIG and MIG in the 2023/24 cycle, ensuring no funds were forfeited. Water service coverage was maintained at ~99.6% of households (no increase in backlog), and the response time to major pipe breaks averaged within 24 hours (meeting the internal standard). Comparatively, this represents an improvement over 2023/24, when some capital projects had rolled over and water quality compliance was lower. Furthermore, the initiative to begin a prepaid meter rollout was a new milestone in 2024/25, laying the foundation for better water demand management in future years.
- The Municipality has demonstrated effective and responsive service delivery, achieving satisfactory outcomes on key services provided, such as water, electricity, sanitation and refuse removal. Service delivery is discussed in Chapter 3 of the Annual Report.
- Despite the hurdles, Kgatelopele's performance in the 2024/25 financial year shows a mix of encouraging progress and areas needing further work, as measured against its SDBIP Key Performance Indicators (KPIs)
- Kgatelopele Local Municipality is proud to have achieved an overall annual performance score of 81%, a clear reflection of the municipality's commitment to service delivery and governance excellence. While this represents a significant accomplishment, management recognises that there are departments that have not performed at the desired level.
- The Annual Report complies with the requirements of the MFMA and National Treasury's guidelines for Annual Reports. It is further noted that the required information in terms of the MFMA is included. More specifically, the 2024/2025 FY Annual Report contains *inter alia*:
 - Annual Financial Statements (AFSA)
 - Auditor-General's Audit Report
 - Annual Performance Report of the Municipality
 - Audit Committee Report

13. CONCLUSIONS

- After careful consideration of the Annual Report and supporting documentation, MPAC is of the view that the report provides an overview of the Municipality's financial and non-financial performance for the financial year under review.
- MPAC emphasizes the importance of strengthening internal controls, contained in the Annual Report, and ensuring that governance processes are fully complied with. Addressing the issues will contribute to improved transparency, accountability, and effective service delivery to the community.

14. RECOMMENDATIONS TO COUNCIL

Recommended resolution as required by MFMA s129(1):

- That cognisance be taken of the Oversight Report on 2024/2025 Annual Report as submitted by MPAC together with the recommended corrective actions be set out in the Audit Action Plan.
- That all recommendations made by the Auditor General as well as the Audit Committee based on the evidence in the 2024/2025 Annual Report be implemented to ensure a future positive audit outcome.
- That Council ensure the Municipal Organogram is reviewed, updated and aligned with the budget to strengthen governance and accountability.
- That Council, having fully considered the Annual Report of the Municipality for the financial year 2024/2025 representations thereon, adopts the Oversight Report.
- That the 2024/2025 Annual Report referred, be adopted and approved without reservations contained in the Oversight Report.
- That the Oversight Report and the Annual Report, within 7 days, after tabling in Council, be made public by the Accounting Officer in accordance with Section 129(3) of the Municipal Finance Management Act, 56 of 2003.
- That the Oversight Report on the Annual Report 2024/2025, withing 7 days after tabling in Council, be submitted to the Provincial Legislature by the Accounting Officer in accordance with Section 132(2) of the Municipal Finance Management Act, 56 of 2003.

15. ANNEXURES

Annexure 1: Council Resolution

Annexure 2: Minutes of MPAC meeting held on 11 February 2026

Annexure 3: Notice to public for input

Annexure 4: Minutes of MPAC meeting held on 24 March 2026



CLLR. SYLVESTER VUKEYA

MPAC CHAIRPERSON

Date: 24 March 2026