LEPHALALE MUNICIPALITY

A vibrant City and the Energy Hub

MUNICIPAL PUBLIC ACCOUNT COMMITTEE

2024/2025 OVERSIGHT REPORT

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FOREWORD BY THE CHAIRPERSON

The Municipal Public Accounts Committee (MPAC) was established during 2012 in terms of Section 79 of the Municipal Structures Act, No. 117 of 1998 and Regulations.

The main function of the Committee is to exercise oversight in the municipality by promoting good governance, promoting the culture of accountability, promoting transparency, ensuring that compliance is adhered to on the execution mandate given to the municipality and the aspiration of a sound financial management practice, which will ultimately result in acceleration of quality service delivery to the entire community of Lephalale.

In order for the MPAC to fulfil this oversight roles, it needs to be provided with the necessary information and documentation to interrogate the actions taken.

Section 121 of Municipal Finance Management Act no 56 of 2003 requires each municipality to prepare an Annual Report and the council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality. Section 121 (2) highlights the purpose of the annual report as follows:

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

The Municipal Public Accounts Committee is required to compile an Oversight Report in terms of Section 129 (1) of the Municipal Finance Management Act No. 56 of 2003, the council of a municipality must consider annual report of the municipality and any municipal entity under the municipality's sole or shared control, 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, adopt an oversight report containing the councils comments.

The final step in the reporting process is for Council to approve the Annual Report taking into consideration the findings contained in the Oversight Report as required by Section 121(1).

The Committee managed to complete the delegated tasks and compiled the Oversight Report and, in a position, to table the report to Council with findings and recommendations. Appreciations goes to members of the Committee for ensuring that the oversight role is executed even in the difficult circumstances. Your tireless efforts for making sure that the assigned task is completed on timeline with the section 129 (1) of MFMA is highly appreciated.

The committee further extends its appreciation for the continued support offered by the Office of the Auditor General, the office of governance SALGA, the Chairperson of the Audit Committee, the Limpopo Provincial Treasury and the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA).

With the administrative support rendered by the officials under the leadership of the Municipal Manager, PF Nogilana Raphela, the committee managed to finalise the oversight report. The committee would like to thank you for the work well done in ensuring that MPAC activities are coordinated under stringent regulations.

On behalf of the Committee, I would like to thank the continued support the committee is getting from the entire Council of Lephalale Local Municipality, Council Speaker, Mayor, Members of the public, Magoshi, members of the Traditional Councils.

STATEMENT OF THE PURPOSE OF THE OVERSIGHT

Council has appointed the Municipal Public Accounts in terms of Section 79 of Local Government Municipal Structures Act, No. 117 of 1998. The Committee is expected to play oversight role and promote accountability and transparency in the local government sphere.

Section 121 of Municipal Finance Management Act No. 56 of 2003 requires each municipality to prepare an Annual Report and the council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality. Section 121 (2) highlights the purpose of the annual report as follows:

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

The 2024/2025 Draft Annual Report was tabled to Council on the 29th January 2026 and referred to the Municipal Public Accounts Committee for scrutiny and the Committee should report back to Council on the findings.

Section 129 (1) of the MFMA states that the Council of the Municipal must consider the Draft Annual Report of the Municipality by no later than two months from the date on which the Draft Annual Report was tabled in the Council in terms of Section 127, adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement of whether Council has:

- ***approved the Annual Report with or without reservations;***
- ***rejected the Annual Report or***

M.M

- ***referred the Annual Report back for revision of those components that can be revised.***

1. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

During the 2024/25 financial year, the Municipal Public Accounts Committee was consisting of the following Councillors.

1.1 Cllr RT Modise -**Chairperson was replaced by** Cllr MM Makgae from 08 August 2024
1.2 Cllr D A Mothoni
1.3 Cllr S Mpedi was removed and replaced by Cllr I Magoai from 08 August 2024
1.4 CllrS M Nieuwoudt was removed and replaced by Cllr J Nel from 08 August 2024
1.5 Cllr MJ Sebetha

2. CIRCULATION OF THE ANNUAL REPORT

Since the referral of the 2024/2025 Draft Annual Report by Council, Lephalale Local Municipality has issued adverts in News Papers and also posted the document on the Municipal Website, to inform the public of the availability of the document. The document was circulated on municipal website (www.lephalale.gov.za), Marapong library, Municipal main library (civic centre), Shongoane library, Thabo Mbeki library, tribal offices in Seleka, Mokuruanyane and Shongoane, Thusong Centre Leseding and /Mokuruanyane.

3. ANNUAL REPORTING PROCESS – 2024/25

Lephalale Local Municipality has compiled the 2024/2025 Draft Annual Report in terms of Section 121(1), (2) and (3) Municipal Finance Management Act, No. 56 of 2003.with the legislative requirements relating to the process followed in compiling the and the resultant of Oversight Report in comparison, as required in terms of Sections 121 to 129 of the Municipal Finance Management Act, No. 56 of 2003.

4. METHODOLOGY AND FINDINGS

4.1 MPAC meetings

Municipal Public Accounts Committee managed to meet as follows, where the 2024/2025 Draft Annual Report was scrutinised to verify the validity and completeness of the information outlined against legislative requirements:

4.1.1 **03rd – 06th of March 2026)-** Scrutinising and Consideration of the 2024/25 Draft Annual Report, Annual Financial Statement and 2025/2026 Mid-year performance report, where the representative from the Office of the Auditor General were in attendance assisting the committee and clarifying other matters related to Annual Financial Statements and Annual Report, Questions were developed and adopted by the committee during the session, which

M.M

submitted to the Executives and Administration to respond and submit written responses.

4.1.2 **18 March 2026** Allocation of questions amongst MPAC members.

4.1.3 **25 March 2026** finalisation and adoption of the 2024/25 Oversight Report, Public Participation and Public Hearing report before it could be tabled to Council.

The minutes and the attendance register of the meeting are attached as Annexure A.

4.2 MPAC Projects Visits

As part of playing oversight, the Municipal Public Account Committee visited some projects on 20 January 2026 and 12 March 2026 which were implemented during the 2024/25 Financial Year.

The minutes and the attendance registers of the meeting are attached as Annexure B.

4.3 MPAC Public Participation on 2024/2025 Draft Annual Report

The municipality invited public comments on the Draft Annual Report and followed by the Public Participation Event which was advertised on the municipal website/ local newspaper/lephalale Municipality Facebook page as part of promoting transparency, good governance, public participation, and accountability.

The Public Participation on the 2024/25 Draft Annual Report was conducted in lephalale town on the 11th March 2026, and members of the community/or representatives, Magoshi & headman and other stakeholders were afforded an opportunity to make inputs and comments, Attached are:

- ✓ **Public Participation Report- Annexure PP1**
- ✓ **Presentation by the Mayor – Annexure PP2**
- ✓ **Attendance Registers -PP3**

4.4 MPAC Public Hearing on 2024/2025 Draft Annual Report

The Public Hearing on the 2024/25 Draft Annual Report was held on the 18 & 19 March 2026 where the executives and administration were verbally responding and clarifying the committee on issues raised and questions submitted to their offices on the 2024/25 Draft Annual Report. ***Attached are: -***

- ✓ **Public Hearing Report- Annexure PH1**
- ✓ **Questions from MPAC to Executives and Administration -Annexure PH2**
- ✓ **Responses from Executives and Administration to MPAC- Annexure PH3**
- ✓ **Attendance Registers – Annexure PH4**

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5. SUMMARY OF SUBMISSIONS RECEIVED FROM THE COMMUNITY AND OTHERS.

The following table reflects the inputs received from the community representatives relating to the contents of the Draft Annual Report and no written comments/inputs were received.

Ward /village	**Representation submitted by:**	**Key Issues raised (summarised issues)**
1. Shongoane	Mabunda	-There is lack of access to water and it almost 4 months. -Lack of employment management to engage with forums for employment opportunities. -Pavement to be prioritised instead the municipality could have done the tar road instead of the pavement that was built due to that there is lack of access to proper roads. -Management to ensure that service providers are performing their duties at sites. - Management to prioritise waste collection.
2. Hlalakwena	Melita Molwantwa	-It was noted that service delivery is made a priority in town only. -There is lack of access to proper roads. -The water project is delayed due to the machine being broken for 4 months hence there is lack of access to water. -Management to prioritise employment. -There is lack of proper access to high mass lights, cables are not properly intact.
3. Ga-monyeki	Samuel Monyeki	-Councillor assigned does not attend meetings. -There is lack of proper access to roads.

		installed are not energised. -Cemetries should be prioritised. -The stadium is vandalized; toilets are blocked proper maintenance to be implemented. -There is lack of access to proper housing. -The community engaged with their councillor regarding extension of water however there hasn't been any response, there is lack of access to water and roads are damaged due to heavy rains.
4. Ward 10	Manaka Maria	-The water contract is ongoing however lack of water is still a concern. -Lack of proper access roads(potholes).
5. Ward 6	Makgae	-Lack of access to water in Marikana Mall Park -Tanks have been delivered however they are not utilised -Lack of proper access roads -Lack of access to proper streetlights at Marikana.
6. Khuduthamaga	MJ Ditle	-There is lack of access to water because of the new project. -There is lack of commitment from the speaker.
7. Mokoruanyane	Mosima Lucky	-Acknowledge the presence of the Mayor and appreciate the work/projects done by the municipality to date. -Management to prioritise waste collection, dustbins are full and not offloaded on time -Lack of proper housing and access to proper roads.
8. Letlora	Flora Mmakata	-Request for Eskom offices to open and operate like in the past, currently complains goes to WhatsApp and old people can't have access to log complaints nor eligible to

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		use the what's up app. -Management to resolve the issue of boreholes as the project is stagnant since last year. -Hight mast lights constructed last year and are not yet energised. -Waste collection is not prioritised as skip bins takes time to be returned when are taken. -Ward committees are not granted the opportunity to engage in municipal events.
9. Ward 6	Peter Moloantoa	-There is an overflow of water next to Molokomme. - Lack of access to proper streetlights 7delaan is dark and ikitseng creche side.
10. Ward 6	Herman Modise	-There is an overflow of water on the access road. -There have been two tanks for over 12 years now they haven't been refilled with water which leads to lack of access to water.
11. Shongoane 1	Mosima Joshua	-There is lack of access to water at Steve Biko. - Lack of maintenance of the access road, the tar road constructed is no longer in good condition and beyond repair. -There is lack of access to proper RDP houses, and consultations to be made with traditional leaders first before allocation. -Management to prioritise all headman's and not only traditional leaders. -Issues regarding the new pipeline project to be addressed, and employment for local communities to be created. -Hight mast lights are not prioritised and 9 out of 10 RDP houses were allocated.

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12. Kiti	Monene	There is lack of access to water.
13. Malente	Jacob Mosima	-Access road from mmaletswai to Malente is not intact. -There is lack of access to basic water. - Wastebin collection is not prioritised.
14. Nikara	Mokgadi Mafifi	-The tar road is not intact; there is a lot of sand. -Boreholes have not been energised, management must intervene. -RDP houses not allocated accordingly, Ntotoma (5 houses constructed so far) is prioritised more than Nikara. -Management to prioritise the installation of more metres as the village is growing. -There is lack of access to water, the tank is not utilized. -The tar road to be prioritised.
15. Lebu	TT Molokomme	-Lack of access to proper roads due to heavy rains -Water tanks Hight mast lights to be prioritised. -Electricity to be provided at RDPs.
16. Sefitlhogo	Solomon Mochaki	-Lack of access road due to heavy rain seasons, roads have been destroyed. -There is lack of access to water and high mast lights to be prioritised.
17. Mmaletswai	Phaswana Nku	-Water augmentation plant, the project is not utilized management to intervene. -Magoshi to be equipped through workshops regarding the budget, -Mmaletswai water plant engaged in 2016 has then been stagnant since 2023.

7. ANNUAL FINANCIAL STATEMENTS

The MPAC Committee appreciated that the municipality has received ***Unqualified Audit Opinion,*** everybody has a role to play to ensure that the municipality maintains the audit opinion by allowing all the council structures to exercise its responsibilities. As MPAC, we will continue to perform these duties as outlined in Section 79A of the Municipal Structures Amended Act, 2021 to assist the municipality to achieve the clean audit opinion.

i. Review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council.
ii. Review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council.
iii. Attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a councillor, and the municipal manager; and
iv. On its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.

8. General finding

8.1 MPAC Public Participation on 2024/25 Draft Annual Report

i. Poor monitoring of projects.
ii. Slow implementation and delay in completion of projects.
iii. Vandalism of municipal assets.
iv. Lack of maintenance and repair for tanks, roads and other municipal assets.
v. Lack of maintenance on municipal cemeteries.
vi. Water supply projects implemented not yielding positive outcome.
vii. Poor workmanship and underperformance by contractors.
viii. Lack of energisation to boreholes and high mass lights.

8.2 MPAC Public Hearing on 2024/2025 Draft Annual Report

i. The committee noted a great improvement with regards to management responses as compared to the previous years although some responses provided by Management in writing were not addressing the questions asked

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by the MPAC committee and not all questions were responded upon submission.

ii. Management responses were submitted few minutes before the Mpac public hearing resumes.
iii. Appropriate actions are not taken against officials where investigations proved financial misconduct, as required by section 171(4)(b) of the MFMA and municipal regulations on financial misconduct procedures and crime proceedings 6(8).
iv. Slow progress on cases referred to Financial Misconduct Board.
v. High debtors which increase at an alarming rate despite irrecoverable debts written off.
vi. Low collection rate due to a culture of non-payment by residence.
vii. Average collection rate from consumer debtors is still below the 95 percent acceptable norm.
viii. Projects implemented beyond the contractual period and continuous extension of contract periods.
ix. Lack of consequence management against nonperforming contractors.
x. Delayed project outstanding for 5 years and more mainly on Eskom not energizing.
xi. Lack of monitoring by municipal officials on all projects.
xii. Non – compliance with MFMA Sec 65 (2) (e), which states that creditors must be paid within 30 days of receiving the invoice or statement.
xiii. High distribution losses on water due to illegal connections and aging infrastructure.
xiv. Inconsistency in reporting.
xv. Delay in electrification of projects.
xvi. Non proofreading of the documents before submission to Council and Council committees.
xvii. Annual actual performance is not valid, accurate and/or complete.
xviii. Most of the performance targets not met.
xix. Discrepancies of reporting on the current financial system (Differences between the general valuation roll and billing system, difference between General ledger and Trial balance and asset & performance module not yet functional).
xx. No standard operating procedures for adequate review of the annual financial statement and performance reporting.
xxi. Ongoing reliance on consultants/contractors
xxii. unreviewed reports and late submissions of the reporting templates by directorates.

9. CONCLUSION

The Committee noted the clarifications given by the executives and administration. MPAC will continue to execute its mandate of playing oversight and holding

executives and administration accountable on the implementation of the IDP, budget and provision of services to the communities. The committee will further continue in encouraging continuous improvement, enforcing compliance, promoting accountability, transparency and good governance to stakeholders. Through continuous engagement with relevant municipal structures and ensuring that there is value for money when procuring goods and services.

10. RECOMMENDATIONS

The committee recommends as follows:-

i. **That the Accounting Officer to develop standard operating procedures to strengthen the internal review processes in order to improve in the current year and to avoid recurring audit findings.**
ii. **That the Accounting Officer to proofread all reports prior to being tabled before the Council Committees and Council to avoid unnecessary errors.**
iii. **That the Accounting Officer to enhance the quality, reliability, accuracy and completeness of this document given the fact that it is a public document, Proof reading, grammar, editing and formatting should be proper to ensure that the Annual Report document includes the relevant correct information, and that the overall document is drafted in line with the relevant annual reporting frameworks as issued by the National Treasury.**
iv. **That the Accounting Officer to ensure that appropriate actions are taken against officials where investigations proved financial misconduct, as required by section 171(4)(b) of the MFMA and municipal regulations on financial misconduct procedures and crime proceedings 6(8)**
v. **That the Accounting Officer to intervene and ensure that all cases referred to Financial Misconduct Board are finalised as soon as possible and those reports to further be referred to MPAC.**
vi. **That the municipality should embark on revenue collections strategies to ensure that revenues are collected in areas where services were rendered.**
vii. **That The Accounting Officer to ensure that all water projects be prioritized for implementation to resolve the water challenges in the villages/Marapong.**
viii. **That the Accounting Officer should ensure that consequence management is applied to anyone failed to comply with the SCM Regulations and MFMA Act and should further develop the consequence management policy.**
ix. **That the accounting Officer should ensure that the project of good quality is implemented to compliment the financial management of the institution.**

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x. That the Accounting Officer should ensure that projects are properly managed, monitored closely by municipal officials and also consequence management is implemented then the monthly reporting for implementation to be reported to MPAC.

xi. That tender defaulting register for non-performing contractors is in place and management to impose penalties for non-performing contractors.

xii. That the Accounting Officer should develop project completion plan for all projects not completed within the contractual period and progress made should be shared with MPAC on monthly basis.

xiii. Management to establish the performance assessment committee to deal with nonperforming contractors as there is a trend of contracts beyond reasonable period of time.

xiv. That The Accounting Officer should ensure that bylaws on illegal connections are implemented.

xv. That the Accounting Officer should ensure that stringent monitoring mechanisms are implemented during projects implementation to eliminate the continuous extension of projects.

xvi. That The Accounting Officer to ensure that the municipality is providing reliable information when compiling performance reports and other reports and further ensure that the information is accurately and completely reported and that it is supported by sufficient and appropriate portfolio of evidence.

xvii. That The Accounting Officer to ensure quarterly monitoring of achievement of indicators is sharpened, and all audited performance quarterly reports be presented to council and referred to MPAC respectively.

xviii. That The Accounting Officer to conduct a thorough proper analysis of the current financial system to ensure its validity, accuracy, completeness, reliability, correctness and advise the MPAC committee whether will have a full capacity to be able to transact and interact with other systems used by assurance providers.

xix. That MPAC to monitor commitments made by the mayor and accounting officer to upgrade to clean audit outcome and enable service delivery.

xx. That The Accounting Officer to ensure that all errors to be rectified prior to finalizing the Annual Report.

xxi. That Council must approve the 2024/2025 Annual Report without reservations.

2025-03-25

CLLR: MM MAKGAE
MPAC CHAIRPERSON

DATE