



FETAKGOMO TUBATSE
LOCAL MUNICIPALITY

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

30 MARCH

2025/2026 FINANCIAL YEAR



FETAKGOMO TUBATSE LOCAL MUNICIPALITY

SUBMISSION TO	: MUNICIPAL COUNCIL
FROM	: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
DATE OF MEETING	: 30 MARCH 2026
ITEM NUMBER	:
TITLE/SUBJECT	: OVERSIGHT REPORT ON 2024/2025 DRAFT ANNUAL REPORT
REF/COMMITMENT NR	:

1. SUBJECT:

Oversight Report on 2024/2025 Draft Annual Report of Fetakgomo-Tubatse Municipality.

2. PURPOSE

The purpose of this submission is for the Council to consider and adopts MPAC's Oversight Report and further approves the 2024/2025 Draft Annual Report without reservation in line with section 121 and 129 of MFMA no.56 of 2003 read together with circular 32 of MFMA.

3. BACKGROUND

MPAC is a committee of Council established in terms of sections 79 of Municipal Structures Act no 117 of 1998 and 79A of Municipal Structures Amendment Act, no 3 of 2021. This committee is mandated to strengthen oversight on the performance of municipality acting on behalf of the council. During the Council Meeting held on the 29 January 2026, Council referred the 2024/2025 Draft Annual Report to MPAC for further scrutiny. Section 121(2) of MFMA and circular 32 of same stipulate clearly the objectives of the Annual Report which among others include:

- ❖ to provide the record of activities of the municipality,
- ❖ to promote accountability to the local communities on the decisions made,

- ❖ to provide information that supports the revenue and expenditure decisions made,
- ❖ to provide report on performance in service delivery and budget of the municipality.

Speaker, in terms of section 129 of MFMA, the council of a municipality must consider the annual report of the municipality and of 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 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.

MPAC is hereby confirming that the 2024/2025 Draft Annual Report was scrutinised in line with the above legislative directives and therefore recommends to Council to approve the Annual Report without reservations.

4. MANDATE OF MPAC

4.1. Legislative mandate

Municipal Public Accounts Committee is established in terms of section 79 of Municipal Structures Act, 117 of 1998 read together with section 79A of Municipal Structures Amendment Act No.3 of 2021. The statutory framework further includes section 129 of the Municipal Finance Management Act (MFMA) No 56 of 2003, Section 160 of the Constitution of the Republic of South Africa, Section 59 of the Municipal Systems Act and Sections 33 of the Municipal Structures Act 1998. MPACs are established inter alia to: -

4.2. Aims and Objectives of MPAC

- Strengthen oversight and accountability.
- Improve compliance to legislations.
- Eliminate elements of fraud, corruption and maladministration.

- Promote transparency and good governance.
- Deliver quality services to the people; and
- Promote effective, efficient and economically sound system of financial control and management.

4.3. The scope of MPAC

MPAC may amongst others exercise oversight on but not limited to the following:

- Exercise oversight in the municipality on any matter on behalf of the Council.
- Exercise oversight on Financial and Non – Financial Information.
- Probe and clarify any deviations in form or information contained in statements.
- Probe and clarify any deviations in performance or expenditure incurred in relation to performance.
- Probe and clarify any deviations within Supply Chain Management processes and procedures.
- Probe and clarify all instances of unauthorized, irregular, fruitless and wasteful expenditure.
- Ensure that SCM reporting is clear and unambiguous and discloses any deviations.
- Seek to identify responsible people in case of any deviations from any process or policy and ensure that consequence management is followed.
- Demand evidence of the performance outcomes often claimed by management.
- Recommend any investigation in its area of responsibility, and
- Perform any other functions assigned to it by Council.

4.4. Members of MPAC.

The following MPAC members took part during the processes of scrutinising the 2024/2025 Draft Annual Report and are responsible for the production of this oversight report.

No	NAME	POSITION	CONTACTS
1	Cllr Radingwana MR	Chairperson	0795983319
2	Cllr Modipa FM	Member	0715781233
3	Cllr Mohlala TH	Member	0636058520

4	Cllr Mokoena DF	Member	0733944438
5	Cllr Molapo TI	Member	0794071552
6	Cllr Malepe KPT	Member	0793089336
7	Cllr Phasha MA	Member	0767288515
8	Cllr Thobejane ME	Member	0798373619
9	Cllr Tjie MR	Member	0731198611

5. Methodology

5.1. Working Sessions.

The committee held a working session from the 25th to 27th February 2026 at Polokwane to deal with the 2024/2025 Annual Report and the Auditor-General's report. The committee scrutinise both the Auditor-General and the Draft Annual reports of the municipality. During the scrutiny of the report, the committee identified areas where questions had to be drafted and a questionnaire was sent to the Executive Committee for written responses. The session for verbal response confirmation in a form of public hearing was organised and took place on the 25 March 2026 at Baroka Ba Nkwana Traditional Council Hall.

5.2. Public Hearing

MPAC held a Public Hearing regarding the 2024/2025 Draft Annual Report on the 25 March 2026 at Baroka Ba Nkwana Traditional Council Hall. Members of executive committee were invited to come and verbally confirm their responses on the Draft Annual Report questionnaire. Councillors and members of the public were also invited to come and observe the proceedings of how MPAC holds executive committee accountable.

5.2.1. The following issues were raised both in the Questionnaire and during Public Hearing.

CHAPTER 1

The committee identified the following while reflecting on chapter one:

- Electricity capacity: Municipality is indicating a persistent challenge facing insufficient electricity capacity from Eskom, which has constrained the energization of newly connected households in large parts of the municipal area. In response, the Office of the Mayor Proactively engaged the Office of the Minister of Mineral Resources and Energy. These engagements have

already yielded positive outcomes in certain areas and further progress is anticipated through continued collaboration with national government regarding obtaining electricity licence.

- Waste management: MPAC requested clarity regarding the number of skip bins indicated as 33 on the report whereas last year the report talked about 68 Skip bins. The municipality indicated that the skip bins remain 68 a of seven to make 75 skip bins which were strategically placed across various wards in the municipality to facilitate efficient waste collection and transportation to the municipal landfill site.
- The Chapter talks about East and West ring roads which massive progress was recorded in the planning and designs of these ring roads in Burgersfort town.

CHAPTER 2

The committee's reflection on this chapter identified the following for clarity:

1. Top Ten Risks in the municipality:

- **Risk name: land invasions on municipal owned land.**

The committee raised a question why this continues to be a risk whereas the municipality has appointed a land invasion response team as per 2023/2024 Annual report. The engagement with the executive committee indicated that the team was appointed for certain areas not for the whole municipal land.

- **Risk name: Uncontrolled informal trading**

The committee wanted to know progress regarding implementation of the By-law to control informal trading. Management has made indication that they are busy with profiling the By-law with a view of modernising the hawkers. They also indicated that they are formalising the committee which represents the hawkers.

- **Risk name: Inadequate monitoring of Social Labour Plan projects. (SLP)**

The committee wanted to know progress regarding the implementation and monitoring of Social Labour Plans. The Management indicated that they are on a process of verifying projects before they can be transferred into municipal assets.

2. Cyber Attacks

The committee raised a concern to the executive committee, why this item is still a risk whereas municipality has appointed a company to take care of ICT issues in the municipality. Management indicated that Cyber-attack occurs anytime therefore there must be people who are always guarding. The service provider was appointed to do that.

CHAPTER 3.

In this chapter, the committee identified the following areas for clarification:

- **Waste collection:**

The committee raised a concern about why the municipality does not In-source the whole function of waste management. The municipality renders waste collection services in both rural and urban areas. The services are rendered through in-house and contracted services. Management indicated that they are in the process of in-sourcing the whole function. They are still assessing the report on the piloted areas where municipality is in-sourcing.

- **Dresden access road:**

The report indicated that the road is 2.7Km long and was at 68% completed by the end of the financial year under review. Management indicated that the reported 68% complete was physical at that time. Management also indicated that they are addressing the delays in the project and they are consulting the legal unit to advise on the intention to terminate the contract of the service provider.

- **updated progress regarding the following Sports Complexes.**

The committee requested an update report regarding Radingwana Sports complex, Ohrigstad Sports Complex and Motodi Sports Complex. Management indicated that they are planning to allocate each sports complex its own budget to move away from the initial plans of allocating one budget for all which makes no impact in terms of progress.

CHAPTER 4

In this chapter, the committee identified the following for clarity:

- **Suspended employees:**

The committee requested clarity on why the Municipal Manager and the Director of Infrastructure and Technical Services were suspended on different payment conditions as per the report. The committee also requested to be furnished with updates regarding the suspension of Director of Infrastructure Development and Technical Services. The Management indicated an error in reporting and corrected that the Municipal Manager and the Director were suspended on similar payment conditions. The management also indicated that the case of the suspended Director is still on disciplinary stage.

CHAPTER 5

The following issues were identified on this Chapter:

- **Distress Mining Town Grant**

The committee requested clarity on why table 59 on the report indicated zero on the actual column for distress Mining Grant as compared to other reported grants. Management indicated an error in reporting and promised to give the correct information about this grant.

- **Appendix H1-H2**

- **Long term contracts and public private schedule.**

The committee wanted to know why service providers such as Marumo Consulting, Leato Consulting and others do not have an expiry date of contract. The executive responded by indicating that Marumo Consulting, Leato Consulting and Others are consulting Engineers who were appointed for the period of 36 months for planning, designs and supervision. The contracts are valid until the completion of the construction phase. Some projects take longer to be implemented due to budget availability.

- **Security Services in the municipality.**

The committee raised a concern regarding the number of security companies contracted with the municipality. The committee requested to be provided with

the list of all Security Services contracted with the municipality and the number of Guards as per their Cluster. A further clarity was sought on factors which determine the contract value and the number of Guards of these Security Services. The management was also requested to furnish the committee with the monthly expenditure for all security services.

- **Appendix I**

On this appendix, the committee requested the management to explain why the Appointment of professional engineering services for Mashifane park development does not have the Tender number. Management indicated that the appointment was not done through tendering.

The committee further requested an update regarding the construction of Praktiseer Library as per tender number FTM/T11/21/22. Management indicated that they are busy seeking legal advice with a view of terminating the contract of the service provider.

The committee also raised a concern regarding tender, FTM/18/23/24 for Occupational Health projects which appears thrice on the appendix with different services and Tender Amounts (R1,016,676.65; R750,000.00; R750,000.00).

The management was also requested to explain the scope of tender FTM/05/22/23 (cleaning and maintenance services of open spaces at Ohrigstad). This was prompted by the oversight visit conducted at Ohrigstad sports complex where the committee found that there is no maintenance in the complex. Management indicated that cleaning the complex is not part of the scope of the service provider.

CHAPTER 6:

2024/2025 AUDITOR GENERAL'S REPORT.

The following issues were identified on the 2024/2025 Auditor General's report.

- **On number 38 of the report, as disclosed on note 62 of AFS** the AG talks of reasonable steps not taken to prevent Irregular expenditure of R150 970 160. The committee wanted to know the cause of this irregular expenditure. Management indicated that the Irregular expenditure incurred in the 2024/25 financial year was due to different reasons and listed as follows:

1. SCM processes not followed (e.g. appointment of lawyers not listed on the panel).
 2. Splitting of quotations
 3. Non-tax compliant
 4. Non-compliance with SCM reg 39
 5. Page 14 of MBD 6.1 was not initialised
 6. Winning bidder was non-responsive
- **On number 37 of the report, as disclosed on note 60 of AFS**, the AG talks of reasonable steps not taken to prevent Unauthorised expenditure of R113 250 066 caused by overspending. The committee wanted to know the cause of these overspendings. Management indicated that overspending on budgeted amounts leading to an unauthorised expenditure is due to the following reasons:
 1. **47.9 million** stems from the INEP-funded electrification project, which was expensed as per Treasury regulations. However, the budget was allocated under the capital budget, leading to a mismatch that resulted in unauthorised expenditure, when compared with the capital budget there is no unauthorised expenditure. The Budget on these electrification projects were budgeted under capital expenditure.
 2. **61.8 million**, the major contributor to the unauthorised expenditure is the impairment loss for debtors and depreciation, which were determined at year end.
 3. **1.9 million**, is due to Local Economic Development and Tourism (Vote 8) salaries which were processed under the Development and Planning (Vote 7) due to quick codes integration issues. The budget for Local Economic Development and Tourism salaries is allocated under the respective vote. Hence, Vote 7 has unauthorised expenditure, and Vote 8 shows significant underspending.

4. **1,7 million**, was the interest on landfill rehabilitation, calculated at year-end by an expert. This was not budgeted for because the information for the determination of the landfill site was only carried out at year end.

- **Material Misstatements on number 29 Of the AG report**

The committee wanted to know why management did not correct the material misstatements as reported performance information for KPA 3. Management indicated that KPA 3 could not be corrected due to the following reasons.

1. The indicator for integrated sports precinct could not be corrected as the indicators was not well defined in the SDBIP. This can only be corrected at the beginning of the year 2026/27 and not during the audit period.
2. The indicator for electrification of Mashifane could not be corrected as the target for the indicator was not set in the SDBIP resulting in the indicator not well being defined. This can only be corrected at the beginning of the year 2026/27 and not during the audit period.
3. The indicator for number of indigent households receiving free basic electricity (FBE) could not be corrected as this requires the municipality to run a new application process for qualifying indigents.

- **Internal Control deficiencies.**

On number 49 of the report, the AG identified ineffective internal control in monitoring compliance of laws and regulations. The committee requested to be updated with the progress regarding correcting the issue. Management indicated that an action plan has been developed on the FMCMM portal (treasury system) for all the findings regarding non-compliance of laws and regulations. These action plans are monitored on a monthly for implementation, and the supporting documents are reviewed by internal audit and treasury.

5.3. Oversight Visits.

The committee conducted site visits on the following projects:

Ohrigstad Sports Complex and Leboneng Community Hall

The report indicates deployment of security personnel to guard these municipal facilities. The committee conducted an oversight visit to these facilities and found that, there is no maintenance at both facilities.

Mashishi, Moroke and Atok Skip bins

The report indicates placement of skip bins at these areas for waste collection. The committee visited these areas to verify the availability of these skip bins.

Mphanama Skip bin and Radingwana Sports Complex

The visit to these projects was prompted by the report which indicated placement of skip bin at Mphanama and the mentioning of Radingwana sports complex as one of the projects for the year under review. The committee verified the skip bin and found that the sports complex was not maintained for a long time.

5.4. Public Participation on Draft Annual Report

Public Participation unit drafted a programme to consult members of the public regarding the Draft Annual Report. The programme was conducted from the 17th to 25th March 2026. Members of MPAC were part of the roadshows. In most cases, members of the public raised issues regarding the IDP programmes such as access roads, electricity, water etc. The following venues were identified for these Public Participations:

- Maroga Community Hall
- Ga-Phasha Tribal Hall
- Koboti Sports Ground
- Maepa Village
- Shubushubung Sports Ground
- Ga-Mongatana Sports Ground
- Municipal Chamber (Burgersfort)
- Lehlaba Disability Centre

Some of the issues raised during Public Participations:

- **Energising of electricity projects.**

Community members raised issues regarding the slow pace in energising the electrification projects. It was clarified that the problem is with Eskom capacity, but the municipality is busy addressing the issue. The community also indicated their frustration due to some of contractors who left the construction sites without notifying the community.

- **Free basic electricity.**

The community raised their concerns regarding this programme. They indicated of not knowing of any awareness campaigns as reported by the municipality. This resulted in most communities not being able to participate in the programme.

- **Access roads**

The public also raised the issue of access roads in their villages. It was clarified that the programme is there to address the access roads.

- **Yellow machines:**

The community raised a concern about the turnaround time of the yellow machines in responding to communities. They further suggested that yellow machines be decentralised.

6. ORGANISATIONAL AND PERSONNEL IMPLICATIONS.

The Oversight report assists the municipal council to hold Executive Committee and administration accountable for their activities.

7. LEGAL IMPLICATIONS

Reference is hereby made to the following pieces of legislation:

- Section 121(1) of MFMA No 56 of 2003.
- Section 129 of MFMA No 56 of 2003.
- Section 127 of MFMA No 56 of 2003.
- Section 79 of MSA No 117 of 1998
- MSAA No 3 of 2021

8. FINANCIAL IMPLICATIONS

The committee has incurred financial expenses on travelling and accommodation while scrutinising the Auditor-General and Draft Annual report reports.

9. RISK IMPLICATIONS

The municipality will not have complied if this report cannot be tabled to council on or before the end of March 2026.

10. COMMUNICATION

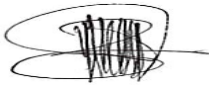
Communication was done with the office of the speaker, the Mayor and the Municipal Manager.

11. MPAC RECOMMENDS

- 11.1. that Council adopts MPAC's Oversight Report on 2024/2025 Draft Annual Report.
- 11.2. that council approves the 2024/2025 Draft Annual Report without reservations.
- 11.3. that Accounting Officer strengthen the management and monitoring mechanism of the contracts of service providers contracted with the municipality by indicating all the details on the report including the start and the expiry dates and correct tender numbers of the contracts.
- 11.4. that Accounting Officer fast track the completion of Dresden access road before the end of the 2025/2026 financial year.
- 11.5. that Council fast track the filling of the vacant Director positions of the Corporate and Shared services, and Development Planning.
- 11.6. that Council fast track the conclusion of the disciplinary case of the Director of Infrastructure Development and Technical Services.

12. CONTACT PERSON

MPAC CHAIRPERSON



CLLR RADINGWANA MR

MPAC CHAIRPERSON

DATE: 30 March 2026