



**FETAKGOMO TUBATSE
LOCAL MUNICIPALITY**

**OVERSIGHT REPORT ON
2023/2024
DRAFT ANNUAL REPORT**

**MARCH
2024/2025 FINANCIAL YEAR**



**FETAKGOMO TUBATSE
LOCAL MUNICIPALITY**

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| SUBMISSION TO | : MUNICIPAL COUNCIL |
| FROM | : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) |
| DATE OF MEETING | : 31 MARCH 2025 |
| ITEM NUMBER | : |
| TITLE/SUBJECT | : OVERSIGHT REPORT ON 2023/2024 DRAFT ANNUAL REPORT |
| REF/COMMITMENT NR | : |

1. SUBJECT:

Oversight Report on 2023/2024 Draft Annual Report of Fetakgomo-Tubatse Municipality.

2. PURPOSE

The purpose of this submission is for the Council to consider and adopt MPAC's Oversight Report and further approves the 2023/2024 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 31 January 2025, Council referred the 2023/2024 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 2023/2024 Draft Annual Report was scrutinised in line with the above legislative directives.

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 2023/2024 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 12th to 14th March 2025 at the Ranch Hotel to deal with the 2023/2024 Auditor-General's report and Annual 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. The verbal response session in a form of public hearing to confirm the written responses was organised and took place on the 26 March 2025 at Ga-Kgwete Community Hall.

5.2. Public Hearing

MPAC held a Public Hearing regarding the 2023/2024 Draft Annual Report on the 26 March 2025 at Ga-Kgwete Community 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 during Public Hearing.

CHAPTER 1

The committee identified the following while reflecting on chapter one:

- **Waste Management:** The committee requested clarity regarding waste collection of 6782 households in Apel. It was clarified by indicating that the number refers to collection in villages such as Ga-Nkoana, Mabopo, Mankotsana, Lerajane, Mohlaletse, Stydkral, Mphanama and Mashilabela.
- **Diagram depicting the list of households where waste is collected.** The committee raised a concern regarding number of farms which was referred to be 41 as indicated in the 2023/2024 annual report. It was clarified that the number depicts both businesses and residential areas found in the farms within the jurisdiction of the Municipality whereby the waste collection is rendered. The names of the farms as referred are Mooifontein, Leeuvalei, Lapeng Lodge, Narenja Citrus, Motsepula, Ohrigtad. The map was also issued confirming the location of the farms.

CHAPTER 2

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

- **Top Ten Risks in the municipality:** Risk no 2 talks of land invasions on municipal owned land, and Land Response Team. The committee raised a question about the appointment of the team and its responsibility. The engagement with the executive committee indicated that the team was appointed through tendering process and is currently on its third year contract. It was also indicated that the team is responsible for monitoring and prevention of land invasion on municipal land, and also deals with land eviction in terms of court orders. The Land Response Team also send report to municipality and Council on monthly and quarterly basis respectively.

Risk no 4. Ineffective records and document management. The risk talks of procurement and installation of electronic records management system. The committee requested an explanation regarding this electronic management system, and an update regarding procuring the system. Upon engaging the executive, it was indicated that the system they referred is a software which enables the municipality to digitally captures, stores and manages Municipal Records, and Terms of Reference have been developed, and procurement is still in process.

Risk no 6. Inadequate Revenue Collection. The risk talks of the review and implementation of revenue enhancement strategy. The committee wanted to know if there is any improvements in the Revenue Collection since the review of the strategy. It was indicated that the strategy is assisting with the following:

- ❖ The appointment of debt collectors for the recovery of historical debts
 - ❖ Attending of quarterly Provincial debt forums through CoGHSTA to unlock various government departments' outstanding debts
 - ❖ The continuous engagement with the top 50 debtors
 - ❖ Special rating on mining category
 - ❖ Continuous selling of land parcels
 - ❖ Writing off of interests on the settlement of accounts.
- 2023/2024 Client satisfaction survey: The survey talks of 82% of residents who responded of not being aware of waste collection in their areas. The committee raised a question regarding the number of awareness campaigns conducted and the last time the awareness was conducted. The response was that 90 awareness campaign were conducted, and the last awareness was conducted on the 13 June 2024, at Mrooke.

CHAPTER 3.

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

- **Waste collection and number of Skip bins:** The committee raised a concern on the number of areas which is twenty-eight (28) as indicated in the report which does not tally with the number of skip bins which is sixty-eight (68) as reported. It was indicated that the number of areas do not tally with the number of skip bins as the new skip bins were stored at Praktiseer and Steelpoort Testing Stations, as well as Apel Regional Office. Some areas have more skip bins due to volumes of waste generated, e.g. Steelpoort 06, Twin City 02, Ohrigstad 02, Alverton and Praktiseer 02.

The committee also wanted to know the number of houses benefiting from the In-house, house to house waste collection at Magaba Park and Mashifane Park as reported. Clarity was given that Mashifane is 793 Households, Magaba Park 120 Households.

- **Leboeng access road:** The committee wanted to know reason for the delay of the construction of the bell mouth connection to R36. The engagement with executive indicated that the reason for the delay on the

construction of the bell mouth was due to affordability issues as the cost was too high and the project was to be implemented through own funding. The plan is to cater for the project in the 2025/26 FY.

- **Indigent register:** The report talks of lack of indigent registers for rural households and the committee wanted to know why the register was not developed, who is responsible and how long will it take to be developed. As a respond, the executive indicated that they were still busy with verifications and the register is now available. The Infrastructure Development and Technical Services Department was responsible for the development.

CHAPTER 5

The following issues were identified on this Chapter:

- **Note 46 on Expenditure talks of bad debt written off.** The committee wanted to know those bad debts and the mechanisms used to write off. It was indicated that the bad debts include Interest written off on settlement of accounts and Indigents households. Mechanism was informed by the applicable accounting standards and also, in terms of approved FTLM write-off and bad debt impairment policies.
- **Table 57 Repair and Maintenance.** The table shows an amount of R30 700 881 used for repair and maintenance. The committee requested a break-down of this amount into the number of projects and expenditures attached to those projects.

The following **Repairs and Maintenance** were given:

- ❖ Maintenance of hawkers stalls – R118 930, 00
- ❖ Maintenance of vehicles – R5 191 286, 76
- ❖ Maintenance of computer equipment's – R18 199, 99
- ❖ Maintenance of speed testing machines – R42 583, 00
- ❖ Maintenance of fleet management system – R 1 617 877, 37
- ❖ Maintenance of yellow machines – R9 043 556, 14
- ❖ Maintenance of roads – R 2 578 978, 08
- ❖ Maintenance of traffic lights – R4 793 777, 22
- ❖ Maintenance of landfill site – R7 295 692, 44

Total = R30 700 881, 00

- **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.

- **Appendix I**

The committee wanted to know why there is no completion date on the following tenders?

- FTM/T05/19/20
- FTM/T05/19/20-2023/01
- FTM/T563/12/18
- FTM/T07/21/22

It was indicated that all these tenders are Consulting Engineers which their contracts are valid from planning, designing until the construction phase is complete, including the supervision. List of Projects under tender Numbers: FTM/T05/19/20, FTM/T05/19/20-2023/01 and FTM/T07/21/22m awarded to the Engineers is attached.

CHAPTER 6

The following issues were identified on the 2023/2024 Auditor General's report.

- On Number 33 and 34 the AG talks of reasonable steps not taken to prevent Irregular expenditure of R46 851 431. and the Unauthorized expenditure of R275 655 848. MPAC's engagement with the executive committee found that irregular expenditure is caused by the recurring expenditures from previous financial years due to the following:
 - ❖ There was no evidence that some bidders were invited through formal RFQ's.
 - ❖ Findings from the AG indicated that some quotations were split to avoid competitive bidding process.

Unauthorized expenditure was incurred because of non-cash items such as depreciation and bad debts written off. These items were not budgeted for in the Financial Year. However, the Municipality engaged the system vendor (MUNSOFT) to assist with the utilization of asset module to avoid unauthorized expenditure from depreciation.

- **OVERPAYMENT TO SUPPLIER: Motodi Sports complex'**

The report talks of recovery from the contractor and consequence management to municipal officials responsible. The committee wanted to know how much the municipality has recovered and how far is the

implementation of consequence management in relation to the affected municipal officials mentioned in the report.

The engagement with the executive committee indicated that the Municipality is currently in the process of recovering the overpayment from the service provider. The amount will be recovered from the retention, if there is the difference the Municipality will raise the debt against the Service Provider. The consequence management as advised by AGSA was to subject the affected officials to capacity building programs/ courses on records keeping and project management, of which the municipality has included those courses on the 2025/26 Workplace Skills Plan and a copy thereof was sent to AGSA.

5.3. Project Visits.

The committee conducted site visits on the following projects:

Leboeng access road phase 2.

The report indicates that the completion of Leboeng access road phase 2 was delayed by the construction of bell mouth connection. The reason for the delay on the construction of the bell mouth construction was due affordability issues as the cost was too high and the project was to be implemented through own funding. The plan is to cater for the project in the 2025/26 FY.

Ga-Debeila to Mhlaletsi access road Phase 1 and 2.

The report is indicating that phase one of the project has been completed and further indicates that the contractor is busy finishing the snag list.

Mareseleng access road.

The visit to this project was prompted by the state of the road due to the floods in the area. The committee found that the road is still intact except the portion where the contractor has constructed the road on top of the water pipeline which supply the community. The line cuts across the road and as a result the pipeline blasted and affected the compaction of the road.

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 on the 24th and 25th March 2025. 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.

Public Participation raised some of the following issues:

Leboeng access road phase 2.

Members of the community raised a concern regarding the connection of the road to R36. The reason for the delay on the construction of the bell mouth construction was due affordability issues as the cost was too high

and the project was to be implemented through own funding. The plan is to cater for the project in the 2025/26 FY.

Energising of electrified 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 in particular ward 22.

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 2025.

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 2023/2024 Draft Annual Report.
- 11.2. that council approves the 2023/2024 Draft Annual Report without reservations.
- 11.3. that the Accounting Officer fast track processes of recovering and implementation of consequence management on the overpayment done at Motodi Sports Complex as raised by the AGSA.
- 11.4. that Accounting Officer strengthen the management and monitoring mechanism of the contracts of service providers contracted with the municipality by indicating all the details including the start and the expiry of the contracts.
- 11.5. That Accounting Officer strengthen the control, monitoring and maintenance of traffic lights.
- 11.6. That Accounting Officer expedite the placement of remaining skip bins placed in various satellite offices to strategic areas in various wards of the municipality.
- 11.7. That Accounting Officer should fast track the construction of Leboeng access road bell mouth and be completed on or before the end of the first quarter of 2025/2026 financial year.
- 11.8. that Council notes MPAC's further investigations into UIFW expenditures as part of its annual programme.

12. CONTACT PERSON

MPAC CHAIRPERSON



CLLR RADINGWANA MR

MPAC CHAIRPERSON

DATE: 30 March 2025