OVERSIGHT REPORT 2024/2025

NTABANKULU
LOCAL MUNICIPALITY

REPORT OF THE MUNICIPAL PUBLIC

ACCOUNTS COMMITTEE

OVERSIGHT REPORT ON THE ANNUAL REPORT 2024/2025

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1. ACRONYMS

AGSA	**Auditor-General South Africa**
EPWP	Expanded Public Works Programme
NLM	Ntabankulu Local Municipality
FY	Financial Year
IDP	Integrated Development Plan
LED	Local Economic Development
MPAC	Municipal Public Accounts Committee
M & E	Monitoring and Evaluation
MIG	Municipal Infrastructure Grant
MFMA	Municipal Finance Management Act
EXCO	Executive Committee
NDP	National Development Plan
NKPA	National Key Performance Areas
OCA	Operation Clean Audit
PMS	Performance Management System
SDBIP	Service Delivery Budget Implementation Plan
SPU	Special Programmes Unit
SMME	Small Micro Medium Enterprises

2. EXECUTIVE SUMMARY BY THE CHAIRPERSON

In terms of MFMA Circular 32, the Ntabankulu Municipal Council is legally mandated to perform the oversight responsibility over the executive and administration of the municipality. This oversight role, though remains the function of the Council, is sub-delegated to the Municipal Public Accounts Committee (MPAC), a section 79 committee of council. The oversight mandate is supported by numeral legislative directives including, but not limited to, the Constitution of the Republic of South Africa, the Local Government: Municipal Structures Act, 117 of 1998, as amended, the Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA) and the Local Government: Municipal Systems Act, 32 of 2000 (MSA).

The Municipal Council received an unaudited Draft Annual Report of 2024/2025 at its Ordinary Council Meeting held on the 28th August 2025. The council considered the unaudited Draft Annual Report and subsequently referred it by a resolution to the MPAC for further analysis and/or review of the content. The MPAC's ultimate mandate was to conclude the annual reporting cycle by drafting and submitting this Oversight Report on the Annual Report.

However, it must be noted that this is the fourth Oversight Report for the five-year term of Council between 2021-2027 on the Annual Report. For 2024/2025 financial year, this Oversight Report is the last stage towards the completion of the annual reporting process of a municipality for the year under consideration. The oversight report is ultimately tabled to Council for approval as required by section 129 of the MFMA. The Municipal Public Accounts Committee of Ntabankulu Municipality, through this Oversight Report is thus duly fulfilling its oversight responsibility, a mandate justly assigned by the legislation to the Council. It must be noted that the Council, when delegating its oversight mandate, firstly approved the Terms of Reference for the MPAC. The MPAC's mandate includes, but not limited to, the analysis of the municipality's quarterly and annual performance reports and the development of appropriate recommendations to Council for approval. The Municipal Public Accounts Committee, in considering the 2024/2025 Annual Report arranged a series of meetings that were perhaps open to the public and media. This was done in terms of the provisions of section 20(1) of the Municipal Systems Act, 32 of 2000. The main objective for opening the MPAC meetings to the

public was to ensure that the MPAC subscribed to the notion of transparent and credible oversight process when considering the annual report.

The dates for MPAC meetings wherein the committee considered the Annual Report for 2024/2025 are indicated below:

I. 29 September -03 October 2025
II. 28-30 November 2025
III. 21-23 January 2026

Moreover, the 2024/2025 Annual Report was considered following intensive consultation processes, *inter alia*: (1) presentation of the annual report to the public during the Exco Outreach conducted on the 10th-14th November 2025. The Executive Committee (EXCO), including the MPAC, conducted an Outreach, which was led by the Honourable Mayor. The Annual Performance Report was used to account to the public. The Annual Performance Report is the last stage, following (2) the IDP planning process. The MPAC further embarked on (3) projects visit programme, which was undertaken on the 8th-12th September 2025. The main aim of the project visit programme was to provide a platform to the members of the public to make verbal comments and / or make submissions thereof on the quality and standard of services provided during the year under review. The MPAC further summoned the management to provide more information on certain clarity seeking questions within the annual report on the 26 November 2025.

The Municipal Public Accounts Committee noted with appreciation the improved performance of the municipality, especially with the receipt of Clean Audit Opinion. In the previous financial year, the municipality received an Unqualified Audit Opinion. The committee was impressed by the performance of the municipality on the predetermined IDP objectives. The MPAC further noted that Auditor-General South Africa raised five immaterial matters of emphasis on the Annual Financial Statements as compared to six matters of emphasis to the previous financial year. These matters are listed as follows:

- Performance information
- Commitments
- Procurement and contract management
- Financial instruments
- Indigent

The overall Annual Performance of the institution was detailed as follows:

- Development Planning was at 91%
- Technical Services was at 87%
- Corporate Services was at 93%
- Financial Management Services was at 100%
- Community Services was at 100%
- Management Services was at 100%

The overall performance of the institution for 2024/2025 financial year was 94%, with the difference of 7% improved performance, compared to 87% of the previous financial year.

Finally, I am pleased with the good work done by the management of the municipality on performance information and financial statements that resulted to the receipt of *Clean Audit Opinion*.

I would also like to thank the MPAC members, the Speaker and the Council Support staff for their tireless efforts and support in the oversight process for the MPAC. Furthermore, a word of gratitude also goes out to the management, especially the Municipal Manager, Chief Financial Officer, and Directors, who have provided strategic support to the MPAC during the annual report oversight process.

Lastly, it is certainly highly appreciated that the council has achieved clean audit, and it must remain a commitment of the municipality to maintain momentum, and continue to aim for clean audit. We applaud the commitment, the concerted effort and the teamwork from both management and political leadership which resulted to positive outcomes, and thus led the institution to obtain clean audit. The Auditor-General SA has once again definitely affirmed this commitment, and confirmed the receipt of sufficient, fairly presented performance information and an appropriate audit evidence, something that served as the basis for the audit opinion.

Additionally, the AGSA indicated that the AFS submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA. The AGSA's report underlined matters of emphasis on compliance with specific matters in key legislation in the Annual Financial Statements for the 2023/2024 financial year. The AGSA also expressed two qualification paragraphs in the annual financial statements. The two emphasis

of matters include restatement of corresponding figures, and contribution allowance for impairment-receivables.

The institutional performance on predetermined IDP objectives improved as compared to the previous financial year. Here, the MPAC proposes that the council must devise strategies to maintain the momentum and strive to continuously receive Clean Audit Opinion. Finally, the management should constantly interact with the provincial treasury for urgent transfer of financial commitments made by state departments to the municipality. The management must further strengthen relations with the Audit Committee and Internal Audit Unit, and this must be done in the spirit to ensure that the municipality perpetually maintains clean audit opinion.

COUNCILLOR A. ZAKHABANA

CHAIRPERSON

3. PURPOSE OF THE REPORT

The purpose of this report is to submit to the Council an Oversight Report on the Annual Report of 2024/2025. This Oversight Report is a remarkable milestone that enables the MPAC to discharge its oversight responsibility when considering the Ntabankulu Municipality's Performance Information for 2024/2025. This report also presents the findings and recommendations of the MPAC to Council for adoption of the Oversight Report and the Annual Performance Report for 2024/2025.

4. BACKGROUND

4.1. **Annual Report 2024/2025**

The 2024/2025 Audited Annual Performance Report of the Ntabankulu Local Municipality (NLM) was tabled before the Council on the 11th December 2025. The annual performance report presented a good picture about the municipality's predetermined IDP objectives.

The MPAC observed that the 2024/2025 Annual Report was prepared in compliance with the provisions of the Municipal Finance Management Act, 2003 (MFMA) and MFMA: Circulars, 11, 32 and 63. It is worth to note that the intention of the MFMA is to modernize budget and financial management while simultaneously promoting transparency and accountability for the fiscal and financial affairs of the municipality. The annual report gives a determination to the Annual Reporting. The MFMA is firmer than Municipal Systems Act requirements. In terms of Section 127(2) of the MFMA, the municipalities are required to prepare and submit annual reports against the promises made in the IDP, service delivery and budget implementing plans (SDBIP) and other supporting planning documentations.

As stated earlier, the 2024/2025 Unaudited Annual Report was presented to Council on the 28th August 2025 by the mayor. Section 127 (2) of the MFMA directs that "the mayor must submit the Annual Performance Report of the municipality within a period of seven (7) months after the end of the financial year". Subsequently, the audited annual report was submitted by AGSA on the 11th December 2025 to council. However, the draft of 2024/2025 Unaudited Annual Report was submitted to Council in time, as a working document, on the 28th August 2025.

The MFMA: Circular 63 provides a new Annual Report Format and serves as a guide for the completion process of the annual reporting. The MFMA: Circular 63 streamlines the Annual Report process and provides the timeline for the adoption of the Oversight Report on the Annual Report by the Municipal Council before going on recess, which means that this process must be completed in December not January of the following Calendar Year as the MFMA initially provides.

THE PURPOSE OF THE MPAC OVERSIGHT REPORT

It is important to comprehend that the oversight function of the Council over the executive and administration is not an event, but rather a process that unfolds throughout the course of the financial year, and ideally this is aimed to ensure the checks and balances. Accordingly, the effectiveness of oversight by the leadership over administration would be evaluated against the continuous improved performance of the municipality. The oversight is a function that occurs at various levels within the municipality as outlined in the table below:

Table 1: Accountability Framework for Local Government

	Responsible for	**Oversight over**	**Accountable to**
Council	Approving policies, IDP and budget	Mayor & EXCO	Community
Mayor	Policy, budgets, service delivery outcomes and Management of or oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation of policies and SDBIP	The Administration	Mayor
CFO and Senior Managers	Outputs and implementation of SDBIP	Financial Management and Operational Functions	Municipal Manager

Source: MFMA Circular 32-The Oversight Report, 15 March 2006

The Oversight Report completes the annual reporting cycle, and it is the final major step in the annual reporting process of a municipality. Section 129(1) of the MFMA requires that the Council must consider the annual performance report of its municipality and adopt an "oversight report", which contains the MPAC's comments on the annual performance report.

The Oversight Report also discloses the level of success or otherwise, obtained in the implementation of the SDBIP outcomes of the municipality and meeting the priority needs and stated desires of the community as contained in the IDP.

5. THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

5.1. Composition of the Committee

The National Treasury: MFMA Circular (National Treasury issued Circular No.32 dated 15 March 2006) acknowledges the difficulties that could be experienced in trying to discuss the Annual Report within a full council meeting/s. This then follows to say that the Council must consider establishing an Oversight Committee hereinafter referred as Municipal Public Accounts Committee (MPAC) as provided in terms of Section 129(4) of the MFMA, to discuss the Annual Report, and later submit the Oversight Report to the Council for adoption.

Therefore, the Council of Ntabankulu Local Municipality abides with the provisions of Section 129(4) of the MFMA and established the Municipal Public Accounts Committee by way of resolution on the 30 November 2021 and appointed five members including the Chairperson [4 ANC members, and 1 AIC member from the opposition]. The council further adopted the Terms of Reference for the MPAC. The council also authorized the MPAC to review the Annual Work Plan for purposes of considering and evaluating the content of the AGSA's audit report and conclude the Oversight Report for subsequently submission to the council for adoption of the oversight reports in the form of recommendations.

The Council further acknowledged that it has the responsibility to oversee the performance of the municipality as mandated by the Constitution, Municipal Finance Management Act (MFMA) and Municipal Systems Act. These legislation prescripts recognize that the council has a critical role to play in terms of oversight to ensure better performance by the municipal departments. The Council, as a standard procedure approved the IDP, budget and SDBIP. The SDBIP serves as a linkage between the strategic goals, set by the council through the integrated development

plan (IDP) that are translated into the budget, targets, indicators and the delivery of those goals, and successively reported in the annual report.

The Council meeting convened on the 30th November 2021, therefore established the new MPAC as a mechanism to enable all councilors and the members of public to fully digest and discuss the annual report contents and suggest, where possible, better ways to improve service delivery.

With reference to the National Treasury: MFMA Circular No. 32 dated 15 March 2006, the role of MPAC is to analyze and review quarterly, half-year and annual reports in details and recommend to Council on whether to adopt or reject the quarterly, half-year or annual report.

Key to this responsibility, the MPAC is authorized to ensure that both the executive and administration are held accountable for their actions and performance for the entire municipality.

The MPAC for the five-year term of 2021-2026 is made up of the following five non-executive councillors:

Table2: MPAC members for 2021-2026

Name of Committee Member	Designation / Representing
1. A. Zakhabana	Chairperson
2. S. Nkweba	Councillor
3. M. P. Ndabeni	Councillor
4. K. S. Nkaenkae	Councillor
5. N. Daniel	Councillor

The MFMA assumes a separation of roles and functions between councillors serving on the executive (i.e. executive committee) and non-executive councillors.

This separation of powers is imperative to ensure checks and balance within the municipality. The council, through MPAC performs oversight on the performance of specific responsibilities and delegated powers to the mayor or executive committee.

5.2. **Authority of the Committee**

The Municipal Public Accounts Committee is a Council Committee, which is established in terms of sections 33 and 79 of the Municipal Structures Act, No. 117 of 1998 read with MFMA Circular 92 of April 2018. Therefore, the MPAC in terms of line of accountability, accounts directly to the Council.

5.3. **Legislative/ Statutory Requirements**

The following legislative framework is applicable to improve the quality of Annual Reporting:

5.3.1. The Constitution of the Republic of South Africa, 1996

5.3.2. The Local Government: Municipal Structures Act, No. 117 of 1998

5.3.3. The Local Government: Municipal Systems Amendment Act, No. 32 of 2000

5.3.4. The Local Government: Municipal Finance Management Act, No. 56 of 2003

5.3.5. The Local Government: Municipal Finance Management Act: Circular Number 11

5.3.6. The Local Government: Municipal Finance Management Act: Circular Number 32

5.3.7. The Local Government: Municipal Finance Management Act: Circular Number 63

5.3.8. The Local Government: Municipal Finance Management Act: Circular Number 92

5.3.9. The Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.

5.3.10. National Treasury and Department of Cooperative Governance and Traditional Affairs: Final Guidelines for the Establishment of Municipal Public Accounts Committees, August 2011.

6. EXPOSITION OF FACTS AND PROPOSALS

6.1. **Circulation of the Annual Report and Oversight Report Process**

Section 127(2) of the MFMA states "the mayor of the municipality must, submit the Annual Performance Report of the municipality within a period of seven (7) months after the end of the financial year". On the 28th August 2025, the Mayor submitted an unaudited annual report to the Council, which was the record of the implementation of the budget and the financial state of affairs of the municipality. The MFMA: Circular 63 further directs the council to effectively consider the report and to finalize its oversight report within 7 days of receipt of Auditor-General's audit report, less than a month after it was tabled before the council.

It is worth to note that in compliance with provisions of the MFMA and Circulars 32 & 63, the Ntabankulu Local Municipality's unaudited annual report was tabled in the council meeting held on the 28th August 2025, as prescribed in terms of section 121(3) (a-k) of the MFMA.

The oversight function started immediately and was intensified by the EXCO Outreach (conducted on the 10-14 November 2025) and MPAC projects visit processes (08-12 September 2025).

The MPAC also played its oversight and assessed the *Unaudited Annual Report* as it was tabled by the mayor to Council on the 28th August 2025 and referred it to MPAC by a way of a resolution. The Accounting Officer further made public the Unaudited Annual Report on an advertisement, which was placed in the ***Ikhwezi Publishers*** *(*see ***Annexure E)***, a local newspaper published on the 5th September 2025.

The advert was meant to alert the public about the availability of the annual report and afford the members of the public an opportunity to submit written comments and/or objections on the annual report within 21 days, from the date of the publication. The copies of the Annual Report were circulated and made available at the Reception, Ntabankulu Local Municipal Offices, Erf 85 Main Street, Ntabankulu, and additional copies were placed in the municipal library, and municipal buildings of Ntabankulu Local Municipality.

Subsequently after the closing date of the advert, the 26th September 2025, there were no written public comments and/or objections received by the municipality. Furthermore, the MPAC formulated an itinerary to visit projects that were implemented during the financial year under consideration, and four (04) high value projects were visited, as they were reported being completed in the annual report; these projects include, Installation of 10 km electrification of link-line in Habu, Zwelitsha Access Road, Mbangomthi Access Road and Mqatyeni Access Road.

The verbal comments were solicited from the benefiting communities, chiefly represented by the project steering committees (PSCs) members, traditional leadership, and ward committees. The verbal comments were received and consolidated during the public hearings and summarized in item 8 below.

It is worth to note that in compliance with provisions of the MFMA, the Ntabankulu Local Municipality's annual performance report was tabled in the council meeting held on the 28 August 2025. During the assessment of the Annual Report 2024/2025, the MPAC summoned

the management on the 26th November 2025 to appear before the Committee and to provide an additional information. The additional information was to complement the reported performance information contained in the Annual Report. In turn, the management provided useful written responses to the Committee. The MPAC further summoned the Municipal Manager, Chief Financial Officer and Internal Audit Manager on the 21st January 2026 to present additional information, which includes, but no limited to, the progress report on the development and implementation of *Management Audit Action Plan* (**see Annexure B**).

The minutes of all the MPAC meetings wherein the Annual Report was discussed are attached as formal record of the proceedings (see ***Annexure A***), and the oversight function was concluded within the record time, by the 23rd January 2026, but after the month of December 2025 as prescribed by Circular 63 of the MFMA.

In addition, the MPAC experienced delays in the process of completing the Oversight Report, and these delays were due to late release of the signed AGSA's report.

6.2. **Applied Mechanism in Preparation for the Oversight Report**

The Municipal Public Accounts Committee submitted a reviewed Annual Workplan/Schedule (**see Annexure C**) to the Ordinary Council Meeting held on the 28th August 2025 for approval. The committee conducted project visits on the 8th to 12th September 2025, and a meeting summoning Directors to avail themselves before the committee for clarity seeking questions was convened on the 26th November 2025.

On the 21-23 January 2026, the committee finalized the preparation of the Oversight report on the Audited Annual Report subsequently tabled to council on the 29th January 2026.

The MPAC followed the reviewed and approved Annual Workplan, and in considering the Annual Report, the Committee assessed the following referral documents:

1. The Ntabankulu Integrated Development Plan 2024/2025.
2. The Ntabankulu Service Delivery and Budget Implantation Plan 2024/2025.
3. The Ntabankulu Local Municipality's Annual Report of 2024/2025.
4. The Auditor-General of South Africa's Audit Report 2024/2025 (see ***Annexure D***)
5. The Audit and Performance Committee's Report on the Annual Financial Statements 2024/2025 (see ***Annexure E***), and

6. The Management Audit Action Plan (see ***Annexure B***).

It is worth noting that the MPAC was assigned to evaluate the content of the annual performance report for the municipality by way of a resolution, which was taken in the Ordinary Council Meeting held on the 28th August 2025, in which the unaudited annual report was tabled. The first step for the MPAC to consider the annual report was to adopt an approach, and to embark on scrutinizing the annual report with the support of the relevant referral documents.

The applied approach adopted by the MPAC, was to consider the following two key issues:

(1) To scrutinize the Annual Performance Report of 2024/2025; and

(2) To formulate recommendations to be presented to the Council for adoption of the Oversight Report on the Audited Annual Report of 2024/2025.

Therefore, in the process of reviewing and analyzing the Annual Report, the MPAC allowed the management to present a summary on the performance management in accordance with the predetermined IDP objectives.

The management further presented the Institutional Performance Report, and this was presented per directorate/division as against the available information (see paragraph 9 table below).

7. SUMMARY OF COMMENTS RECEIVED FROM THE COMMUNITY DURING PROJECT VISIT

The MPAC developed an itinerary to evaluate procedures on reported performance information for selected development priorities of the municipality. On the 08th –12th September 2025, the MPAC visited the projects that were implemented by the municipality in various wards during the financial year under consideration for purposes of assessment and evaluation in order to check the quality and value for money against the actual work reflected in the annual report. During the projects visit, the MPAC also met with the members of the community i.e. project beneficiaries in order to establish their level of satisfaction and have a feel on the impact with regard to the completed projects against their initial needs for the programmes or initiatives.

The committee noted with concern that some of the capital projects implemented during 2024/2025 overlapped to 2025/2026 financial year. The following high value projects were selected among other projects for the MPAC site visits and the public comments were solicited thereon as follows:

1. Installation of 10 km electrification of link-line in Habu Ward 01.

The project is complete. It started in August 2024 and took 12 months. The contractor has already left the site. The committee noted that the project was completed.

2. Zamukulungisa Pre-school in Ward 01

The community was satisfied with Pre-school as it was requested. The pre-school has cracks, and the windows have no handles. The committee noted poor workmanship as the structure has cracks. The municipality should set aside a budget for beglaring of the pre-school.

3. Rehabilitation of Mqatyeni Access Road in Ward 05

The community appreciated the construction of the access road. The project was complete and the community appreciated the work done by the contractor.

4. Construction of ablution facilities and braai area in ward 10, Ntabankulu Dam.

The structure was completed on time and within budget. There is no security to look after the structure. The ablution facility has already been vandalised. All four doors and two toilet seats have been stolen. The municipality to set aside a budget for fencing and guard room.

5.Rehabilitation of 4,2 km Mbangomthi Access Road in ward 09

The road is at a completion stage, awaiting for the issuing of a retention certificate. The PSC members did not receive the sitting allowance for the last meeting.

Another portion was not constructed due to Eskom pole that was on the road, and a terrain does not allow the tipper truck to off load the material. The committee noted that the access road is complete but took longer than the set period due to rainy season and braking of machinery.

6. Maintenance of Mjila Community Hall and Lugcingweni community hall in Ward 14.

The Lucingweni community appreciated the rehabilitation of the community hall by the municipality. The Mjila community expressed dissatisfaction in the manner in which the community hall was maintained. The Lucingweni Community Hall had no electric line on the ceiling board. The Mjila Community Hall has broken windowpanes, and the ceiling board is already broken. The committee noted that some windowpanes for Mjila community hall were broken, and the municipality should fix them.

7.Irrigation System in ward 15

The irrigation system is working, and the beneficiaries appreciated the project. The irrigation system was working.

8.Construction of 8,5 km Zwelitsha Access Road in ward 10

The community was happy about the construction of the access road as there were areas that needed more gravelling material. There were stones that were buried in some yards and the

contractor agreed with the property owners. However, one property owner was not approached and lodged a complaint to the municipality, therefore Technical Services must intervene. The committee noted that the road is complete, and the contractor has already left the site.

9. Construction of 183 m paved access road at Erf 85 and Construction of 915 m paved in Erf 85

The project is complete

10.Construction of guard house at Cemetery in Ward 10.

The guard house is complete but waiting for the connection from Eskom.

8. MPAC DELIBERATIONS AND RECOMMENDATIONS ON THE ANNUAL REPORT

Table:3 Recommendations of the Annual Report

Performance Area	Issue (Supposition)	Recommendation
Annual Financial Statements	The MPAC wanted the assurance on completion and submission of Annual Financial Statements to AGSA for audit purposes.	The MPAC observed that the Audit Committee submitted a report on the status of the AFS to assure the Council of the AFS authenticity. The Audit Committee report was presented to the Council meeting of the 28st August 2025 (see **Annexure F).** The Audit Committee assured the Council that the Annual Financial Statements (AFS) were fairly presented in all material respects, and were being GRAP compliant and certainly met the requirements of MFMA and DoRA. The MPAC further used the AGSA's report together with the Audit Committee Report for purposes of assurance on the Annual Financial Statements' performance. The MPAC further noted that the AFS were submitted in time to the AGSA for audit purposes. The MPAC commended the

		municipality for submitting the Annual Financial Statements (AFS) report to AGSA for audit purposes within the record time. Furthermore, the MPAC resolved to consider the AGSA's Report and observed that there were no material findings on the Annual Financial Statements for 2024/2025.
Audit Opinion	The MPAC noted with appreciation that the Auditor-General SA's report for 2024/2025 signaled improvement in the audit opinion and the municipality received a ***Clean Audit Opinion***.	The MPAC was pleased by the municipality's performance on the annual financial statements by receiving the ***Clean Audit Opinion*** with five immaterial matters of emphasis that did not modify the AGSA' s opinion.
Annual performance of the municipality on predetermined objectives	The MPAC considered the institutional performance on predetermined IDP objectives.	The MPAC noted that the AGSA performed audit on reported performance information. The audit included procedures to determine whether the indicators and related targets were measurable and relevant. The MPAC observed that the AGSA did not express a qualified audit opinion on the performance information and further indicated the usefulness and reliability of the performance information of the selected development priority on service delivery. The MPAC observed that the institutional performance on predetermined objectives for 2024/2025 Annual Report was rated per directorate as follows:

		• Corporate Services Directorate performed at 93%; • Community Services Directorate performed at 100%; • Development Planning Directorate performed at 91%; • Management Services performed at 100%; • Financial Management Services 100% • Technical Services Directorate performed at 87%. The committee noted that the overall institutional performance as reflected in the audited annual performance report of the municipality was 94% for 2024/2025, and increased with 7%, as compared to 87% of the previous financial year of 2023/2024. Therefore, the MPAC recommends that the municipality must ensure that in the process of developing and implementing the SDBIP, the SMART principle, usefulness and reliability of the information should be adhered to, and this includes setting up realistic indicators in terms of section 41(1)(a) of the Municipal Systems Act in order to maintain the momentum.
Compliance of the Annual Report with relevant	The MPAC assessed the content of the Annual Report for purposes of compliance with the	The MPAC noted the performance information on compliance as follows:

legislative prescripts	legislative directives of MFMA: Circular No. 63 dated September 2012.	• The NLM complied with the provisions of Sections 121(3) and (4) of the MFMA and section 46 of the Municipal Systems Act in compiling the Annual Report. • The MPAC was satisfied with the additional disclosure requirements and the extent of additional information provided by the management, especially the Audit Action Plan presented by the Municipal Manager on actions to be taken by management to address the AGSA matters of emphasis.
Tabling of the Annual Report to Council	The MPAC appreciated the timing of tabling of the unaudited annual report before the Council, which was in line with the provisions of Section 127 (2) of the MFMA.	The MPAC applauded that the Annual Report was properly consolidated and was in line with the requirements of the MFMA: Circular No.63. The Committee also noted that the Unaudited Annual Report was tabled to the Council on the 28st August 2025.
Management Audit Action Plan	The MPAC noted the Management Action Plan, which considers the AGSA's audit report, audit opinion and the views of the Audit Committee that the council should consider as a corrective measure in response to the issues raised in the audit report for both AFS	The MPAC appreciated the corrective actions to be undertaken by the management in response to issues raised in the audit report. The MPAC accepted the accuracy of the action plan proposed with due dates to effectively address the issues raised in the AGSA's report.

	and reported performance information.	

9. SUMMARY OF DELIBERATIONS ON THE ANNUAL REPORT BY MPAC

9.1. Annual Report 2024/2025

The MPAC reviewed the content of the Annual Report 2024/2025, and the MPAC worked upon given information using all referral documents including, the annual report 2024/2025, IDP, SDBIP 2024/2025, Audit Committee Report on Annual Report 2024/25, Auditor-General SA's Report 2024/2025, Management Audit Action Plan and MFMA: Circulars 11, 32 and 63.

The primary source of information was the Unaudited Annual Report 2024/2025, which was presented to the Council on the 28th August 2025, and eventually considered the audited annual report that was ultimately presented to council on the 29th January 2026. The additional information was also solicited from the responses provided by the management on matters raised by the Auditor-General SA in the management letter.

The additional information was in the form of the Audit Action Plan presented by the Municipal Manager. Furthermore, the committee considered the AG's emphasis of matters on the Annual Financial Statements for 2024/2025 of the Ntabankulu Local Municipality.

Furthermore, the MPAC received the Audited Annual Report and acknowledged the content and compliance of the annual report, and the committee was satisfied with content of the audited annual report.

10.1.1. KPA 1-Basic Services and Infrastructure

The committee further noted with gratefulness that the AGSA indicated that the reported performance information was useful and reliable and thus find the reported performance information suitable for audit purposes.

The MPAC noted with appreciation the improved overall performance of the institution, which was at 94%, compared to 87% of 2023/2024 financial year (7% improvement). In essence, the MPAC was satisfied with the reported performance information with particular reference to the predetermined IDP objectives and compliance with the SMART principle.

With regard to the Audit Action Plan, the responses provided by the management as the additional information to the clarity seeking questions raised by the MPAC, were satisfactory.

10. ANNUAL FINANCIAL STATEMENTS 2024/2025

12. Annual financial statements

The MPAC noted that the AGSA's report indicated that the financial statements submitted by the municipality were presented fairly, in all material respects, this included the financial position of the municipality as at 30 June 2025. The financial position and cash flows for the year ended were in accordance with the Standards of Generally Recognized Accounting Practices (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA), and the Division of Revenue Act 24 of 2024 (DoRA) as required by section 122(1) of the MFMA.

13. OTHER MATTERS

13.1. Expenditure Management

The MPAC observed that the munici0pality, as part of expenditure management, did not take reasonable steps to prevent irregular in terms of audited AFS. However, MPAC noted with appreciation that the municipality applied reasonable steps to prevent fruitless, wasteful expenditures in terms of audited AFS. The detailed findings in the expenditure management are presented as follows:

13.1.1. Fruitless and Wasteful Expenditure

The MPAC observed that the reasonable steps were taken to prevent fruitless and wasteful expenditure, hence there is none incurred.

13.1.2. Irregular Expenditure

The MPAC further observed that the irregular expenditure incurred amounted to R194 728, as per the AGSA management letter, which was reported as not disclosed in the financial statements.

13.1.3. Procurement and Contract Management

The MPAC noted with concern that there are findings on contract management and procurement, as per the AGSA management letter, which are a great risk of fraud and municipal financial loss due to significant internal control deficiencies.

The MPAC noted with concern that management is not taking adequate steps in ensuring the applicable legislation and regulations are adhered to and consistent in relation to procurement and contract management processes of the municipality.

The MPAC noted with concern that some of awards were made to the persons, whose relatives were in the service of the municipality and/or who had a business interest in contracts awarded by the municipality, and thus failed to disclose such interests, something that was in contravention of SCM regulations 46 (2) (e) , the code of conduct for councillors issued in terms of Municipal Systems Act/, and the code of conduct for staff members issued in terms of Municipal Systems Act.

13.1.4. Internal Controls Deficiencies

The MPAC observed that the AGSA did not identify any significant internal control deficiencies in financial recordkeeping and the financial statement preparation and related business processes. Possible improvement was identified.

13.1.6 Matters under investigation

The MPAC observed that there are pending matters that are still under investigation by the Hawks, these matters include, Covid-19 related expenditure, awards of two suppliers, traffic officials and Department of Human Settlement funding to the municipality.

14. RECOMMENDATIONS ON THE ANNUAL REPORT BY MPAC

The MPAC deliberated on the Annual Report and submits the following recommendations to the Council for consideration:

With regard to the Performance Information on projects visit, the MPAC **RECOMMENDS:**

(a) That the Technical Services Directorate should sit with the contractors and advise them on the challenges encountered in various sites.

(b) That the Senior Managers to be part of the future MPAC project visits in order to provide clarities on the sites.

With regard to the Annual Report, the MPAC **RECOMMENDS**:

(a) That the Audit Committee should constantly monitor the management performance and progress on the audit action plan. The Audit Committee should ensure that the management considers all recommendations by the AGSA's audit report for the municipality to continue to maintain the clean audit opinion.

(b) That management must devise strategies to ensure maintenance of Clean Audit Opinion.

With regard to the Annual Financial Statements, the MPAC **RECOMMENDS**:

(a) That the municipality must ensure that there are adequate and robust internal controls in place, this includes the proper management of assets, implementation of contract management system to ensure that the contracted service providers are held accountable. This should be done as a continuous in-year oversight and monitoring of the implementation of SCM regulations and policy.

(b) That management must exercise due diligence on contract management and procurement and implement conclusive decisions regarding the service providers that are under-performing. This includes regular monitoring of the performance of contracted service providers with the view to obtain the intended outcomes and value for money.

(c)That the municipal leadership must implement acceptable and vigorous internal controls, including continuous oversight at all levels. This will ensure that there is an adequate implementation of consequence management.

(d) That management should develop a strategy of making debtors to pay their outstanding debts and categorize the residential and commercial debtors. The municipality's strategy must consider negotiating with all property owners to pay their owed debts, focusing on future rates collections whilst dealing with the outstanding debts.

15.RESOLUTION AND STATEMENT

It is therefore **RECOMMENDED**:

15.1. That the Council having fully considered the 2024/2025 Annual Report of the municipality and comments thereof, adopts the 2024/2025 MPAC Oversight Report in terms of Section 129(1) of the Local Government: Municipal Finance Management Act, No. 56 of 2003, and

15.2. That the Council approves the 2024/2025 Annual Report in terms of Section 129(1)(a) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 without reservations.

15.3. That the MPAC Oversight Report on the Annual Report of 2024/2025 for the Ntabankulu Local Municipality must be made public on the municipal website in terms of Section 129(3) of the Local Government: Municipal Finance Management Act, No 56 0f 2003.

15.4. That both the MPAC Oversight and Annual Reports of 2024/2025 of the Ntabankulu Local Municipality must be submitted to the Provincial Legislature in terms of Section 132(2) of the Local Government: Municipal Finance Management Act, No. 56 of 2003.

Signed:

29/01/2026.

Cllr. A. Zakhabana **Date**

MPAC Chairperson

16. ANNEXURES:

I.	**Annexure A**	-	**MPAC Minutes**
II.	**Annexure B**	-	**Audit Action Plan**
III.	**Annexure C**	-	**MPAC Work Plan**
IV.	**Annexure D**	-	**AGSA Report**
V.	**Annexure E**	-	**AFS**
VI.	**Annexure F**	-	**Newspaper Article**