

THABAZIMBI LOCAL MUNICIPALITY



**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)
OVERSIGHT REPORT
2023/2024 ANNUAL REPORT**

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1. PURPOSE

The Local Government: Municipal Finance Management Act (MFMA) of 2003, and the Municipal Systems Act (MSA) of 2000 require municipalities and their entities to prepare annual reports based on their annual service delivery processes and overall municipal performance, for inspection by relevant stakeholder groups. The Thabazimbi Local Municipality has accordingly prepared its 2023/24 Annual Report in accordance with its key performance areas, to account to the communities it serves.

The annual reporting procedure is monitored by an oversight report, which in the municipality case the report of Council on the 2023/24 Annual Report of the Municipality. In Thabazimbi Local Municipality, the process of oversight is referred to the Municipal Public Accounts Committee (MPAC), which acts as the Oversight Committee of Council. This Oversight Report is a product of the Municipal Public Accounts Committee's deliberations on the 2023/24 Annual Report.

The Oversight Report is approved by Council after Municipal Public Accounts Committee (MPAC) has fulfilled the following duties:

- Review and analysis of the Annual Report;
- Receive and consider inputs from councillors and supporting committees;
- Consider written comments received on the Annual Report from the local community or any organs of state to make representations on the Annual Report;
- Receive and consider Councils' Audit Committee views and comments on the annual financial statements and the performance report;
- Prepare the Oversight Report to be tabled before Council for consideration.

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It is requested that the council, with respect to **annual report**:

- Approves the 2023/24 Annual Report with reservations: in terms of section 129 (1) (a) of the Municipal Finance Management Act.
- That management follows provisions of MFMA Circular 32 in terms of reporting timelines of the Annual Report.

It is requested that the council, with respect to **oversight report**:

- **Adopts** 2023/2024 Oversight Report of the Thabazimbi Local Municipality and representations thereof in terms of section 129 of the Municipal Finance Management Act.
- The Municipal Public Accounts Committee (MPAC) Oversight Report be made public in accordance with terms of Section 129 (3) of the Municipal Finance Management Act and be submitted to Limpopo Provincial Treasury, COGHSTA and AGSA.

2. INTRODUCTION

The drafting of the Annual Report is a process guided by the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Circulars. In ensuring adherence to these, the municipal administration tabled the 2023/24 Annual Report on the 31st January 2025.

The Municipal Public Accounts Committee (MPAC) is the legislated committee within the Municipality to carry out the activities of the Oversight Committee. Municipal Public Accounts Committee (MPAC) as prescribed in the MFMA, held several meetings to discuss the overall performance of the Municipality as indicated in the 2023/24 Annual Report. During the period 31th of January 2025 to the 31st of March 2025, the Committee performed its oversight role as legislated in the MFMA for municipal oversight completion.

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The main components of the 2023/24 Annual Report submitted to Council were the following:

- The Annual Performance Report, as required in terms of Section 46 of the Municipal Systems Act (MSA).
- The Annual Financial Statements submitted to the Auditor-General.
- The Auditor-General's Audit Report on the financial statements and programme performance in terms of Section 126 (3) of the MFMA and 45 (b) of the MSA respectively.

It should be noted that the Municipality Audit Committee contract expired on the 30th June 2024, therefor Audit Committee report in relation to 2023/24 annual report was not part of the 2023/24 annual report.

3. LEGAL FRAMEWORK

The preparation of the 2023/2024 Oversight Report is drafted in accordance with Section 129 (1) of the Municipal Financial Management Act (2003), which specifies that a municipal council must consider the Annual Report and refer the Annual Report to an Oversight Committee, and that, the Oversight Committee must prepare an Oversight Report containing comments and recommendations. The Council must when accepting the Oversight Report state whether it (the Council) has approved the Annual Report with or without reservations; has rejected the Annual Report; or has referred the Annual Report back for revision of those components that can be revised.

Circular No.32 of the Municipal Finance Management Act, Act No 56 of 2003 recommends that council should consider the establishment of an Oversight Committee under Sections 33 and 79 of the Municipal Structures Act (1998).

The Circular further states that this Committee and, if needed, subcommittees, could be responsible for the detailed analysis and review of the Annual Report and subsequent drafting of an Oversight Report that

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may be taken to full Council for discussion. Such committee, according to this Circular, may receive and review representations made by the public and also seek inputs from other Councillors and Council Portfolio Committees.

4. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Circular No.32 of MFMA (Municipal Finance Management Act No.56 of 2003) requires that Municipal Public Accounts Committee (MPAC) should be made up of only non-executive Councillors. It further states that municipal officials cannot serve as members. All meetings of Municipal Public Accounts Committee (MPAC) must be open to the public, and timely notice of meetings should be given to enable representations to be made.

Municipal Public Accounts Committee (MPAC) membership is constituted as follows equivalently representing the political parties in Council:

No.	Member	Gender	Political Affiliation
1	Councillor Mampeule Refilwe Daniel	Male	Labour party
2	Councillor Nozozo Xolile Leonard Sonwabile	Male	African National Congress
3	Councillor Hearne Thane	Female	Democratic Alliance

Municipal officials are not members of Municipal Public Accounts Committee (MPAC) however the Accounting Officer and Senior Managers are required to attend Municipal Public Accounts Committee (MPAC) meetings as required to account for their respective areas of responsibilities. All meetings of the Municipal Public Accounts Committee (MPAC) are open to the public, and timely notice of meetings are issued to enable community representations during the Municipal Public Accounts Committee (MPAC) Sessions.

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5. OVERSIGHT TIMEFRAMES

5.1. Meeting Schedule

National Treasury's MFMA Circular No. 32 provides for certain provisions about the compilation of the Oversight Report. These provisions cover the following areas:

- Managing the process and forming committees;
- Timing considerations;
- Understanding the Annual Report and determining conclusions.

Municipal Public Accounts Committee (MPAC), in developing this Oversight Report, complied with the relevant legislative prescripts. The meeting schedule or events of the Municipal Public Accounts Committee (MPAC) from 31st of January 2025 to the 31st of March 2025 is outlined below:

DATE	TIME	VENUE	FOCUS AREA
31 st January 2025	10:00	Council Chambers	AGSA presenting the 2023/24 audit report
31 st January 2025	10:00	Council Chambers	Tabling 2023/24 Annual report
1 st February 2025	09:00am	Municipal website	Public notice for comments on 2023/24 annual report
1 st February 2025	09:00am	Municipal website a	Publishing 2023/24 annual report
06 th March 2025	10:00am	Mayor's office	Developing questions and comments on the 2023/24 annual

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DATE	TIME	VENUE	FOCUS AREA
			report and audit report
07 th March 2025	11:00am	Mayor's office	Finalising questions and comments on the 2023/24 annual report and audit report
13 th March 2025	09:00am	Social media (Thabazimbi Municipal Facebook account)	Public notice for public comments on 2023/24 annual report
18 th -19 th March 2025	10:00am	Site visit	Project sites visits by MPAC & TLM officials
27 th March 2025	10:00am	Committee services office	-Scrutinising of the Management response, public comments & projects site visit outcomes by committee -Preparation & adoption of the oversight Report by the committee

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DATE	TIME	VENUE	FOCUS AREA
31 st March 2025	10:00am	Council Chamber	Tabling the oversight report to council

6. STATUTORY COMPLIANCE

The process for the finalisation and approval of the 2023/24 Annual Report was conducted as per the table below:

ACTIVITY DESCRIPTION	PROVISION
Preparation of annual financial statements of the municipality and submission to the Auditor-General	Municipal Finance Management Act section 122(1)(2)
Receipt of final audit report from Auditor-General	Municipal Finance Management Act section 126(3)(b)
Tabling of Final Draft Annual Report in Council by Mayor	Municipal Finance Management Act section 127(2)
Allowing for comment by community and relevant state organs	Municipal Finance Management Act section 127(5)(a) & (b)
Corrective actions to AG's opinion formulated and tabled in Council	Municipal Finance Management Act section 121(3)(g)
Submission of Annual Report and Oversight Report to AG, Provincial	Municipal Finance Management Act section 129(2)(b)

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ACTIVITY DESCRIPTION	PROVISION
Treasury and MEC: Local Government	
Communication of final Annual Report / Oversight Report (Website, hard copies and other mediums)	Municipal Finance Management Act section 129(3)
Submit Annual Report / Oversight Report to the provincial legislature	Municipal Finance Management Act section 132 (1) (2)

7. PUBLIC PARTICIPATION IN THE OVERSIGHT PROCESS

Section 130 of the MFMA specifies that public participation must be a central element of all processes relating to an Annual Report. In so doing, the aforementioned section instructs that, the meetings of a municipal council or committee established by Council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be open to the public and any organs of state.

As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:

- Invite written submissions from the local community or organs of state on the Annual Report.
- Make public all meetings at which the Annual Report will be discussed.
- Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report.
- Engage in a process of public participation on the Annual Report.

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In this regard, the Municipality undertook the following initiatives to promote public participation in the oversight process:

MECHANISM TO PROMOTE PUBLIC PARTICIPATION	STATUS	COMMENTS
Make public all meetings at which the Annual Report will be discussed.	Done	Members of the Public were invited and present when the 2023/24 annual report was tabled in council of the 31st January 2025
Invitation to public to submit comments on the Annual Report	Done	Members of the Public were invited to submit their comments on the Annual Report to the Municipality. Advert placed on the notice board calling for comments on the draft Annual Report.
Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report.	Done	Auditor-General representative was invited to council meeting where the 2023/24 annual report was tabled and also presented an audit report to councillors.
Make public all meetings of Council's Oversight Committee that will consider the Annual Report	Not done	MPAC meetings which were convened to consider the Annual Report were not advertised in the local media.

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Annual Report printed and distributed to municipal offices for access by local communities & stakeholders	Done	Copies of the Annual Report lie open for inspection at the municipal satellite officer and also published on the municipal website
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8. OBSERVATIONS ON THE ANNUAL REPORT 2023/24

Municipal Public Accounts Committee (MPAC) made the following observations and recommendations in respect of the draft Annual Report including attachments for the financial year 2023/24 as follows:

8.1 IDP, PUBLIC PARTICIPATION AND COMMUNICATION

The IDP reflects the strategic direction and goals set by Council and the Municipal Public Accounts Committee (MPAC) is satisfied that the IDP reflects all the core components of IDP as per the provisions of section 26 of the Municipal Systems Act.

8.2 PERFORMANCE MANAGEMENT

Municipal Public Accounts Committee (MPAC) notes the unsatisfactory overall institutional performance that was reported at 68.5% for 2023/24 financial year. A major concern was on the underperformance of Basic Service Delivery and Infrastructure KPA which was reported at 30.8% for the financial year 2023/24.

The best performing priority areas were Financial Viability and Management 100%, Good Governance 100% and Municipal Institutional Transformation and Development 77.8%, The areas that need to improve and obtain continuing focus are Basic Service Delivery and Infrastructure 30.8% and Local Economic Development 50%.

8.3 ANNUAL REPORT

The Municipal Public Accounts committee (MPAC) notes the following areas of concern in the 2023/24 annual report:

Financial Performance and Audit outcome

- The municipality regressed from a qualified audit opinion to a disclaimer audit opinion in the financial year 2023/24.
- The Auditor-General reported that no appropriate supporting evidence to substantiate figures reported in the financial records.
- There is a significant backlog of unpaid creditors, leading to interest and penalties.
- UIFWe reduction plan not adequately implemented.
- The municipal salary bill is disproportionately high for the size of the municipality, including excessive overtime payments.
- Unresolved Material Irregularities relating to environmental harm.
- Overpayment of service provider and procuring similar services on two different service provider (duplication of services)
- Payment of salaries to ex officials.
- Vending service provider not depositing all the monies collected (excluding their commission) into Municipal bank account.
- The Municipal infrastructure grant was not spent for its intended purposes.
- High Municipal debtors book as a results of inadequate revenue collection mechanisms which include government debts.

Service delivery & infrastructure

- Water and sanitation services remain inadequate, with 11.65% of households lacking portable water and 13.29% lacking proper sanitation.
- Northam and Thabazimbi sewage plants are operating beyond their design capacity and not properly maintained.
- Water losses of above 70% was reported in the financial year 2023/24
- Inadequate water provision to the community due to water leakage and insufficient water capacity.

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- All capital projects included in the 2023/24 annual report are halted due to non-payments to service provider.
- The road network is deteriorating, with potholes and inadequate storm water drainage.
- The municipality underspent on conditional grant-funded projects.
- Challenges relating to waste management, with illegal dumping and landfill sites not properly maintained.
- Lack of land for new cemeteries.

Governance and Compliance

- Leadership instability and governance disputes have negatively affected decision-making.
- Municipality lack of strong consequence management mechanisms.
- Municipal bylaws remain unpromulgated due to financial constraints.
- High vacancy rate on senior management positions and other critical positions.
- No appropriate supporting evidence to support contingency liabilities as recorded in the financial statement.
- Non-compliance with following regulations was identified by auditor general:
 - MFMA section 63(2)(c),
 - MFMA section 13(2) of the MFMA
 - municipal investment regulation 3(1)(a).
 - MFMA section 64(2)(f)
 - Municipal Property Rates Act section 3(1)
 - MFMA section 62(1)(f)(ii)
 - MSA section 96(b)
 - MFMA section 62(1)(f)(iii)
 - MSA section 74(1) and
 - MFMA section 62(1)(f)(i)
 - Municipal supply chain management policy

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8.4 FINANCIAL PERFORMANCE

Municipal Public Accounts Committee (MPAC) notes that the Municipality overall financial performance is not positive. The following concerning financial position was noted by the committee:

- The profitability ratio shows that the municipality is failing to break even on its main operations which are selling of electricity and water and other essential services. The liquidity and solvency position of the municipality is also hugely stressed as the financial commitments entered into by the municipality are beyond the municipal capacity to service them. These challenges have further affected the municipality's ability to adequately provide quality service delivery to the community.
- The municipal salary bill is huge for the size of the Municipality and ways must be found of ensuring that the Labour cost is more efficient and effective to the operations of the Municipality.
- The ratio of repairs and maintenance is too low considering the age of the municipal distribution infrastructure and this certainly points towards lack of adequate efforts to ensure that the municipal assets remain in an efficient state. The norm is usually 8% of operating expenditure, the non-existence of repairs and maintenance plan and the lack of funds may eventually lead to immense water and electricity losses.
- Finance charges and impairment losses are too high for Thabazimbi and the critical reasons behind this are the fact that the Municipality has a very huge creditor's book which has been long outstanding; most of these creditors are charging significant interests and penalties for their unpaid invoices.

8.5 AUDITOR GENERAL'S REPORT

Municipal Public Accounts Committee (MPAC) notes that the municipality have regressed from qualified audit opinion to disclaimer of audit opinion.

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The Municipality have been qualified on; amongst others; the following components:

- Property, plant & equipment
- Inventory
- Cash and cash equivalent
- Input VAT accrual
- Trade and other receivables from exchange transactions
- Trade and other receivables from non-exchange transactions
- Trade and other payables from exchange transaction
- Expenditure
- Revenue from exchange transactions
- Revenue from non-exchange transactions
- Cash flow statement
- Related parties
- Commitment
- Irregular expenditure
- Unauthorised expenditure
- Contingent liabilities
- Material losses etc.

The Municipal Public Accounts Committee (MPAC) further notes the following **matters of emphasis** in the audit:

- **Restatement of corresponding figure** (the corresponding figure for 30th June 2023 were restated as a result of an error in the financial statement of the municipality at, and for the year 30th June 2024
- **Unaudited disclosure notes** (in terms of section 125(2)(e) of the MFMA the particulars of non-compliance with MFMA should be disclosed in the financial statements)

9. COMMENTS OF THE AUDIT COMMITTEE

The Municipality's Audit Committee contract expired on the 30th June 2024 and the municipality is still in the process to appoint the new Audit

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Committee, therefor there are no audit committee comments on the annual report.

10. MPAC Site Visit

Municipal Public Accounts Committee (MPAC) conducted projects site visits on the 17th & 18th March 2025 on the following projects:

Project name	Start date	Completion date	Physical progress	Committee comments
Upgrading of bulk water pipeline between Thabazimbi pump station and Thabazimbi Y-piece	26/10/2023	25/07/2025	20% Site establishment, 500m pipe laying & welding	Project was stalled due to non-payment however the contractor is back on site
Upgrading of 5,2 km water reticulation at Regorogile	18/11/2021	10/01/2022 Actual: 24/08/2024	100%	Project is completed
Construction of VIP Toilets at Skierlik (90), Meritng 301 (and Rooiberg(150)	30/04/2022	31/07/2024	50% 90 – Skierlik 150- Rooiberg	Progress reported in Rooiberg was verified. In meriting the contractor absounded the project due to

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Project name	Start date	Completion date	Physical progress	Committee comments
				non-payment. Toilet holes were dug in which it possess as a risk to the community. The funds transferred for the project were utilised for other purposes
Skierlik Paving of Bus route	17/6/2023	28/2/2024 Revised to: 26 April 2024 and further revised to 31 July 2024 and December 2024	90% 1,78km road is surfaced, 90% of v drains, 95% kerb laying, road sign at the internal street	KM reported was verified however the road already looks delipitated. The V-drainage system does not function as intended.

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Project name	Start date	Completion date	Physical progress	Committee comments
Northam Transfer station	N/A	N/A	Designs completed	Project was de-registered due the fact that the identified area was privately owned.
Construction of 20MVA substation at Smash block	7/12/2021	31/12/2024	75% Construction of platform, installation of earth matt, installation of mva equipment , installation of 20mva transformer, installation of clear view fence.	Project halted due to non-payment of the contractor. The committee also noted that the infrastructure is not adequately safeguarded. The funds transferred for the project were utilised for other purposes

11. RECOMMENDATIONS

Municipal Public Accounts Committee (MPAC) of Thabazimbi Local Municipality recommends to Council:

- ❖ That Council **approves** the 2023/24 Annual Report with reservation: in terms of section 129 (1) (a) of the Municipal Finance Management Act

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mainly because of errors and omissions noted by Auditor General, Internal Audit and also that there was no Audit Committee report pertaining to 2023/24 annual report.

- ❖ That Council **adopts and approves** 2023/2024 Municipal Public Accounts Committee (MPAC) Oversight Report and representations thereof in terms of section 129 of the Municipal Finance Management Act.
- ❖ Accounting Officer must in accordance with section 21A of the Municipal Systems Act and section 129 (3) of Municipal Finance Management Act make public an oversight report within seven days of its adoption.
- ❖ Accounting Officer prioritise and fast track the appointment of Municipal Public Accounts Committee (MPAC) Researcher.
- ❖ Council must approve sufficient budget allocation to Municipal Public Accounts Committee (MPAC) to ensure that the committee fulfils its legislative mandate.
- ❖ Accounting Officer should submit a comprehensive UIFWe register and supporting documents to Municipal Public Accounts Committee (MPAC) for the of UIFWe investigations
- ❖ Council prioritise and fast track the appointment of Audit Committee members and also nominate one member to be part of Financial Misconduct Disciplinary Board.
- ❖ Council prioritise and fast track the appointments of Senior Managers.
- ❖ Accounting Officer to commence processes to recover monies/salaries which were paid to ex-official whom the contract had expired and also enforce consequence management on officials responsible such payments.
- ❖ Official/Officials who intentionally withheld invoices relating to capital projects payments leading to halting of projects and compromising service delivery make a written presentation why Accounting Officer should not institute consequence management.
- ❖ Official/officials who presided over the utilization of capital projects funds for operational purposes make a written statement explaining reasons for this non-compliance.

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- ❖ Accounting Officer commission legal proceeding to deal with vending service provider for not depositing monies into the municipal bank account.
- ❖ Accounting Officer to obtain a legal opinion regarding the risks and consequences which the Municipality will endure should the vending contract be terminated.
- ❖ Accounting Officer make a written presentation to Municipal Public Account Committee (MPAC) on why the Municipality continued to appoint the vending service provider for additional work even after Auditor General has identified irregularities regarding the service provider's illegal practices.
- ❖ Accounting Officer to resuscitate the audit steering committee for the implementation of audit action plan and report progress to council on a quarterly basis.
- ❖ Accounting Officer to submit action plan or mechanisms to address the issue of excessive payment of overtime, to Municipal Public Accounts Committee (MPAC) within 14 days following the approval of the oversight report by Council.
- ❖ Accounting Officer to submit action plan or mechanisms to resuscitated all halted and abounded capital projects including the funding source to Municipal Public Accounts Committee (MPAC) within 14 days following the approval of the oversight report by Council.
- ❖ Accounting Officer to establish a committee that deals with Material Irregularity raised by Auditor General, the committee should include; amongst others; representative from Limpopo Provincial treasury, COGHSTA, Auditor General, Head of Internal Audit etc. the committee must be chaired by the Accounting Officer.
- ❖ Accounting Officer to make an assessment of litigations expenses occurred during the previous Council court battles which were incurred for individual but not Council representations and commence with legal processes to recover the monies.

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- ❖ Accounting Officer to submit a comprehensive action plan or mechanisms with timelines to address water related challenges and report progress to Council on a quarterly basis.
- ❖ Accounting Officer/Management to develop and submit Revenue enhancement strategies with timelines to Council, also establish the revenue enhancement committee for implementation and report progress quarterly to Council.
- ❖ Accounting Officer submit a quantified progress report to Municipal Public Account Committee (MPAC) on mechanisms that were put in place to reduce or minimise 76.7% water losses following the approval of the oversight report by Council.
- ❖ Accounting Officer develop a plan to address the backlog of 11.65% households without water connection and 13.29% without proper sanitation.
- ❖ Accounting Officer/Management review organisational structure to align with Municipal Objectives and ensure that the Municipal salary bill is line with acceptable norms and standard.
- ❖ Accounting Officer enforce consequence management on officials responsible for acquisition and payment of duplicate services relating to security as raised by Auditor General and also commence with the process of recovering lost monies.



Cllr. RD Mampeule

MPAC member

31.03.2025

Date



Cllr. NXL Nozozo

MPAC member

31/03/25

Date

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Cllr T Hearne
MPAC member

Date

CFO
 MM
 Corporate
 PMS
 Technical
 Solid waste



MPAC MEMO

To : The Municipal Manager: Thabazimbi Local Municipality

Date : 03 March 2025

From : Cllr. Thane: Chairperson – Municipal Public Accounts Committee

Subject : **QUESTIONS FOR ACCOUNTING OFFICER AND DIRECTORS ON 2023-24 AUDITOR GENERAL REPORT AND DRAFT ANNUAL REPORT**

The above matter refers.

For us the MPAC committee, to compile our oversight report on the AUDITOR GENERAL REPORT and Thabazimbi Local Municipality 2023/24 draft Annual Report we need the following questions to be answered and be send back to us by 17 March 2025.

As per the Auditor General's Report the questions are structured according to paragraphs in the 2023/24 audit report. This questions must be read with the" Report of the auditor- general to Limpopo Provincial Legislature.

1. 2023/24 AUDITOR GENERAL AUDIT REPORT

<u>AUDIT REPORT</u>
<u>PROPERTY PLANT AND EQUIPMENT</u>
Responsible person: Acting CFO & Manager Assets Management
Paragraph 3.
Questions: 1.1 Has the municipality conducted an assessment on impaired assets? If yes, was the asset register updated? If not, what corrective measures have been put in place to ensure that stalled projects are impaired as at 30 June 2025. What are the reasons for projects taking significant period to be completed? 1.2 Did the municipality apply for roll over for halted projects? If yes, was the roll over approved? If not, how is the municipality planning to fund halted projects? 1.3 What are the measures put in place to address the risks associated with halted projects to avoid a recurrence of the finding?



Response:

1.1 All municipal assets are assessed and impaired at year end (30 June). Due to lack of capacity, the municipality depends on the service provider to perform assets impairment annually.

The municipality is currently faced with challenges relating to aged infrastructure and non-maintenance of assets which adversely affects the impairment process.

1.2 Yes the municipality applied for rollover for the halted projects and the rollover was rejected. Therefore, the unspent conditional grants has to be paid back to the NRF. The repayment plan was entered with NT to offset the unspent amount against the Equitable share in three instalments.

Currently the municipality is in financial distress and therefore will not be able to fund for the halted project from the internally generated funds (own funding).

1.3 The municipality will engage the transferring department to amend the business plan to include halted projects. Or source funding by engaging stakeholders including mines to assist resuscitating the projects.

Paragraph 4.

1. Does the municipality have updated asset register? If yes, why were movable assets not recorded in the 2022/2023 and 2023/2024 financial years?
2. how often is the asset register update?
3. Has the municipality updated the asset register for completeness of movable assets?

Response:

1. The municipality has the assets register in place. Movable assets were not accounted due to lack of documentation from the donor. The attempt by the municipality to engage the relevant donors has not been successful.
2. The assets register is updated as an when there are any additions, disposal or write offs.
3. The municipality is in the process of ensuring the completeness of the movables assets register. The municipality will continue engaging relevant donors to enable proper recognition and accounting of assets that did not find expression in the assets register during 2022/23 and 2023/24 financial years.

INVENTORY: LIMITATION OF SCOPE

Responsible person:

Acting CFO & Manager: Supply Chain Management

Paragraph 5.



Questions:

5.1 Why did the municipality have inaccurate accounting records relating to inventory?

5.2 Did the municipality perform a reconciliation to correct the differences identified by AGSA?

5.3 Where measures put in place in 2022/23 financial year to prevent material losses? If yes, why is the finding raised in 2023/24 financial year? What other measures have been put in place to prevent material water losses in the future?

Response:

5.1 it was not inaccurate accounting but due to manual population of AFS that resulted in differences. The municipality will acquire software license (caseware) to avoid inconsistencies.

5.2 The municipality has developed the audit action plan to address difference identified by AGSA. The process is currently underway and will be finalized by 30 June 2025.

5.3 Yes measures were put in place. However, the municipality could not implement the measures that were put in place due to numerous challenges faced by the municipality during 2023/24 financial year.

The water losses were due to aged infrastructure and no provision made during the past two financial year due to financial constraints. For 2025/26 budget is being allocated to address water challenges.

CASH AND CASH EQUIVALENT (LIMITATION OF SCOPE)

Responsible person:

Acting CFO & Manager Budget

Paragraph 6.

Questions:

1. Where bank reconciliations performed in 2023/24 financial year? If yes, why were they not submitted to AGSA for external audit purposes?
2. What measures are in place to ensure that bank reconciliations are performed on a monthly basis?.



Response:

1. Yes. Bank reconciliations were performed during the 2023/24 financial year and were submitted to AGSA together with the audit file.
2. Policies and procedures were put in place with clear guidelines outlining the roles and responsibility and timeframe. However, the Bank reconciliations are performed manually on a monthly basis and are monitored by CFO. The municipality is engaging the system vendor to assist with the reporting schedule B to enable the municipality to generate the report direct from the system.

2.

2.

INPUT VAT ACCRUAL

Responsible person:

Acting CFO & Manager: Expenditure

Paragraph 7.

Questions:

- 7.1 Why was there a different amount disclosed in the 2023/24 annual financial statements for VAT?
- 7.2 What corrective measures are in place to ensure that VAT is disclosed accurately in the annual financial statements?
- 7.3 Is the municipality filing VAT 201 returns on a monthly basis? If yes, kindly provide VAT 201 returns filed from July 2024 to 28 February 2025.

Response:

- 7.1 . the challenges is with the pulling of data from the system to the financial statements. This will be resolved once the CaseWare software licenses have been acquired.
- 7.2 same as above.
- 7.3 Yes. The returns are filled on a monthly basis and supporting documents will be submitted.



TRADE AND OTHER RECEIVABLES FROM EXCHANGES TRANSACTIONS

Responsible person:

Acting MM, Acting CFO and Manager: Revenue

Paragraph 8-9

Questions:

8.1 Why was the money generated from prepared electricity sales is not paid directly into the bank account of the municipality?

8.2 How much was collected by the service provider since the inception of the contract?

8.3 How much was paid over to TLM and how much commission did the service provider take? Was the commission in line with the original service level agreement?

8.4 On additional services performed by the service provider, why did the municipality not follow competitive bidding process before appointment?

8.5 In the AGSA report it was reported that the service provider did not deposit R12 333 261.00 into the bank account of the municipality for revenue generated from sale of prepaid electricity. Does the municipality confirm the accuracy of the amount not deposited into the bank account? If yes, what are the measures in place to recover the outstanding amount and measures to prevent recurrence of the finding?

8.6 Kindly provide evidence of measures in place to correct the irregularity?

8.7 Please provide the Service Level Agreement for Homegrown.



Response:

8.1. There was an addendum signed on the 14th of December 2023 by the Accounting Officer that effect changes on the SLA signed dated 25 July 2023 that Home-Grown Business Integrations will extract its total monthly project commission directly from the revenue collected through the vending and revenue enhancement project and remit the balance of the funds to Thabazimbi Local Municipality. (Addendum attached for easier reference).

8.2. Total of R 28 299 843.05 as at end of June 2024.

8.3. The service provider paid over R 10 391 777.87 till end of June 2024. The commission collected was not in accordance to the signed SLA as they were charging 11.4% and the signed SLA rate is 9.4%.

8.5. The municipality disagrees with the amount of R12 333 261. As raised by AGSA as an amount of R 1 920 000.00 (R240 000.00 X 8 months) for customer support as per SLA was not taken into account. According to the signed addendum the service provider can claim the portion of the additional revenue generated by the municipality after the audit and installation of the meter so AGSA did not take that into account. (Finance together with the Technical department must sit together to finalize the reconciliation on the Large Power Users (LPU)). Also charge for other service rendered by the service provider that was off set on vending amount was not taken into consideration Nersa Audit and meter procurement.

8.6. The previous ACFO has open a case against the service provider at SAPS case number (CAS 169/9/2024). Since the administration took over on 4 October 2024, the municipality wrote a letter to the service provider requesting a meeting on the 15th of October 2024 (annexures to agree on the working arrangement henceforth and when the service provide will pay the outstanding payments to the municipality. The municipality wrote a letter to the service provider that all money owed to the municipality must be deposited into the municipal bank account but only R3.1 million was deposited and that the service provider must implement the TID rollover project. The TID project was implemented from the 28th of October 2024, however there were PCMA meters that was not able to configure to KRN 2 which are the meters that were then replaced. As a results 1500 meters were replaced in Thabazimbi and there were additional customers without electricity so the need for additional 500 meters was requested. The Manager Revenue wrote a report to Acting Chief Financial Officer (ACFO) highlighted the difficulties faced relating to the service provider. The item relating to the sale of electricity was tabled before the finance portfolio and Executive Council (EXCO) in February 2025.

8.7. Signed SLA together with annexures and addendums are attached.



TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGES TRANSACTIONS

Responsible person:

Acting CFO & Manager: Revenue

Paragraph 10.

Questions:

10.1 Does the municipality have general and supplementary valuation rolls

10.2 What procedures were followed to appoint the municipal valuer

10.3 Is the general valuation roll in line with the Municipal Property Rates Amendment Act

10.4 Are the properties in the general valuation roll captured in the financial system and accurately billed on a monthly basis

10.5 If yes, why did AGSA identify differences between AFS and supporting schedules for property rates?

10.6 Does the municipality perform a reconciliation between billing and the general valuation roll. If yes kindly provide the reconciliations for September 2024 to 31 January 2025 to the committee

10.7 What measures are in place to ensure completeness of billing

Response:

10.1 Yes the municipality has a general and supplementary valuation roll and was implemented in July 2024.

10.2 The municipal valuer was appointed through bidding process.

10.3. The General Valuation Roll is in line with the MPRA, however, the municipality have categories that are not in line with section 8 of the MPRA. The municipality is in the process of changing the property categories.

10.4 No, not all properties in the GVR are captured in the financial system. The variances are currently being addressed by the municipality.

10.5. not applicable, it relates to the above answer. There were properties that have been consolidated or subdivided or overlapping to other municipalities hence the AGSA raised a finding on variances.

10.6. Yes, the municipality perform GVR recon on a quarterly basis. (GVR RECON TO BE SENT AS THE FILE IS BIG).



10.7 The municipality is engaging CoGHSTA and Treasury to assist with addressing gaps in the billing system especially on the property rates. The municipality will also embark on data cleansing and conduct meter reading audit to ensure revenue optimization.

TRADE AND OTHER PAYABLES FROM EXCHANGES TRANSACTIONS

Paragraph 11-14

Questions:

11.1 Does management have systems in place and supporting documents to monitor payments paid in advance.

11.2 What measures are in place to ensure that supporting documents are in place for advance payments disclosed in the annual financial statements

Response:

11.1 The municipality is unable make advance payments due to financial constraints. The advance payment referred to above relates to payments received from customers as advance.

11.2 All advanced payments made by the customers are captured on the system and allocated to the customer's account.



EXPENDITURE (BULK PURCHASES, OPERATIONAL COSTS, CONTRACTED SERVICES AND FINANCE COSTS)

Responsible person:

Acting CFO & Manager: Expenditure

Paragraph 15-21.

Questions:

15.1 What measures are in place to ensure that supporting documents are in place for operational costs, bulk purchases, contracted services and finance cost expenditure?

15.2 Does the municipality have mechanisms in place to determine the accuracy of bulk purchases? If yes, are reconciliations performed monthly between bulk purchases billed and check meters? Kindly provide evidence.

15.3 Does the municipality have adequate record keeping controls in place for bulk purchase invoices and other related supporting documents?

15.4 Does the municipality have systems in place to ensure that services rendered but not yet paid at year end are recorded in the financial records of the municipality?

15.5 Does the municipality conform to section 65 of MFMA in relation to payment of creditors within 30 days? If not, what mechanisms in place to ensure compliance?

15.6 Was an investigation conducted to determine if this finding is as a result of control deficiencies on the financial system or human error?

15.7 Is the municipality complying with the Eskom debt relief conditions? Kindly provide proof of payment for payments to Eskom from 01 July 2023 to 30 June 2024 and a copy of the Eskom repayment plan.



Response:

15.1 All documents relating to expenditure items are captured before captured before making payments. The municipality introduced the route form which ensure that invoices are captured and signed by relevant officials before payments

15.2 Bulk reconciliation is done by Technical on the water purchases. Technical can provide.

Electricity is a challenge there was started to engage with Eskom on the process to verify meters and resolve issues. The meeting did not continue for a while, although we capture invoices verifications are an issue.

15.3 The municipality is struggling with the verifications of Eskom accounts which also effects the Controls.

15.4 Suppliers will be contacted by SCM to provide outstanding invoices we will be recording the Information on the financial system.

15.5 The municipality is not adhering to Sec 65 of the MFMA due cash flow challenges.

15.6 the finding relates to cash flow challenges and the municipality entered in to payments arrangements with some creditors to avoid interest being charged on the outstanding balances.

15.7 Yes, the municipality was partially complying. However due to financial constraints, the municipality could not pay Eskom as agreed. Since the inception of the administrator, the municipality is now adhering to the arrangements and complying with the requirements on the debt relief.

REVENUE FROM EXCHANGE TRANSACTIONS

Responsible person:

Acting CFO & Manager: Revenue

Paragraph 26-29.



Questions:

26.1 Are all service charges in the approved tariff structure billed to all properties in the municipal financial system?

26.2 If yes, why did AGSA identify raise a finding regarding incomplete billing of service charges? If not, what measures are in place to ensure completeness of billing of service charges?

26.3 Was an investigation conducted to determine if this finding is as a result of control deficiencies on the financial system or human error?

26.4 Does the municipality perform a reconciliation between services charges on the financial system and approved tariff structure.

26.5 What measures are in place to ensure completeness of licences and permits disclosed in annual financial statements?

26.6 Why did the municipality not reclassify the payable from exchange transactions to municipal debt liability and account for revenue interest element?

26.7 What measures are in place to ensure that properties in the general valuation roll are correctly valued?

26.8 What measures are in place to ensure that service in kind in relation to maintenance of various roads in TBZ are accounted for in the annual financial statements?

Response:

26.1. No, some services are not provided by the municipality at certain area. For e.g municipality does not provide any services at Farms and plots outside Thabazimbi and also electricity at Northam and Leeupoort.

26.2. Some of the meters are not working hence AGSA finding that billing is incomplete.

26.3. The finding is in relation to the meters not working so the financial system cannot bill on zero consumption.

26.4. Yes

26.6. AFS was manually populated, so the error will be corrected during the prior year adjustment and 2024/25 AFS preparations.

26.7. Appointed of a Professional Valuer.

26.8. Journals for the error will be corrected during the prior year adjustment and 2024/25 AFS preparations.



CASH FLOW

Responsible person:

Acting CFO & Manager: Budget

Paragraph 30

Questions:

30.1 What measure are in place to ensure that error identified by AG does not recur in the next financial year audit?

30.2 Does the municipality have adequate oversight structures to review the AFS

30.3 Why did management not prepare and disclose correctly the operating activities as envisaged by GRAP 2

Response:

30.1 The municipality will acquire the required software licenses to minimize errors that occur due to manual population of AFS.

30.2 Currently the Audit Committee is not in place. However, the positions were advertised and will be filled prior to submission of 2024/25 AFS. Only internal audit and external stakeholders (PT and CoGHSTA) are currently reviewing the AFS.

30.3 due to manual preparation of the AFS on excel the documents is converted to PDF prior to submission. Upon conversion some pages were omitted which included cash generated from operations (note 33 of the AFS).

NET CASH FLOW FROM INVESTING ACTIVITIES

Paragraph 31

Questions:

31.1 Does municipality have investment register? If yes kindly submit to the committee

31.2 What measure are in place to ensure that error identified by AG does not recur in the next financial year audit.

31.3 Does the municipality have adequate oversight structures to review the AFS



31.4 why did the municipality not disclose the reconciliation of surplus or deficit on operating activities.

Response:

30.1 Yes, the municipality prepares an investment register on a monthly basis.

30.2 the investment register is not updated due to unavailability of Sanlam statements which are only provided when requested through official emails. Currently the municipality does not have access to the municipal email. IT is currently working on resolving the matter.

30.3 No. Currently the Audit Committee is not in place. However, the positions were advertised and will be filled prior to submission of 2024/25 AFS. Only internal audit and external stakeholders (PT and CoGHSTA) are currently reviewing the AFS.

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUALS

Paragraph 32

Questions:

32.1 Why management did not provide explanation for material differences between budget and actuals

32.2 What measures are in place to ensure that the finding does not recur in the next financial year audit.

Response:

32.1 Differences between budget and actuals were immaterial (less than 10%) therefore, only difference above 10% are considered material and need explanations.

32.2 the acquisition and utilization of caseware will minimize the errors that occur during manual AFS population.

RELATED PARTY DISCLOSURE

Paragraph 33



Questions:

33.1 Why did management not disclose remuneration for key management personnel as envisaged by GRAP 20.

33.2 Can management provide a full disclosure on key personnel for 2023/24 financial year

33.3 What measures are in place to ensure that the finding does not recur in the next financial year audit.

Response:

33.1 The remuneration referred thereto pertains to acting allowances which were disclosed on the employee related expenditure note.

33.2 Yes

33.3 A separate company for senior management has been created on the payday system and will be integrated to the core financial system.

IRREGULAR EXPENDITURE

Responsible person:

Acting CFO & Manager: Supply Chain Management

Paragraph 34-35



Questions:

34.1 Why did management not disclose in details all irregular expenditures for the financial year?

34.2 Did management develop a comprehensive irregular expenditure register? If yes does the register include irregular expenditure findings identified by AG, Internal Audit & other assurance providers i.e. management, cogsta, provincial treasury etc. kindly provides the irregular expenditure register? If not what are the measures in place to ensure full disclosure of irregular expenditure? Management should also provide explanations on the irregular expenditure identified.

34.3 Can Management confirm that all contracts awarded in the financial year 2024/25 was adjudicated through competitive bidding?

34.4 Can management explain why the procurement of meters for TID process was not done through competitive bidding

34.5 What measures are in place to eradicate irregular expenditures

34.6 What consequence management are there in place for officials responsible for incurring the irregular expenditure? Did management recover monies incurred through irregular expenditure as stipulated by MFMA Sec 32

34.7 Did the accounting officer enforce consequence management on officials cited in the SIU reports as recommended by the SIU? If yes kindly provide evidence

34.8 AG raised a finding that the Municipality have paid salaries to ex-employee of the municipality, what mechanism have been put in place to recover the monies? Did the municipality institute consequence management to officials who authorised those payments?



Response:

34.1 Poor record management led to information not being available to fully populate the irregular expenditure report.

34.2 Management has an action plan to improve the completeness of the disclosed irregular expenditure report. Irregular expenditure stems from contracts that have lapsed.

34.3 Yes

34.4 The service provider was appointed for TID, vending and revenue enhancement. The service provider identified approximately 2000 meters that could be configured to KRN2 during the TID rollover implementation project, therefore those required replacement.

34.5 adherence to SCM policies and regulations and implementation of valid contracts.

34.6 MPAC was not functional for the 2023/24 financial year.

34.7 Management originally implemented the recommendations however, due to the institutional instability, the implemented recommendations were revoked.

34.8 Management developed an item that will serve in Council and thereafter, the recommendations of from Council will be implemented.

UNAUTHORISED EXPENDITURE

Responsible person:

Acting CFO & Manager, Budget

Paragraph 36.



Questions:

36.1 Why did management not provide appropriate evidence to support unauthorized expenditure.

36.2 Did management table 2024/25 financial year adjustment budget to council? If yes, does the adjustment budget address the issue relating to unauthorized expenditure

36.3 Can management confirm that all procurement of goods and services for financial year 2024/25 are budgeted for?

36.4 AG raised a finding relating to overpayment of security service provider. What are the remedial action put in place by management to address overpayment of security service provider? Did officials responsible for this over payment held accountable? If yes kindly provide proof and if no, kindly provide explanation What action and systems has been put in place to rectify this irregularity and by who, proof please.

Response:

36.1 The municipality will acquire the required software licenses to minimize errors that occur due to manual population of AFS.

36.2 An adjustment budget for 2023/24 was tabled in February 2024. Majority of the unauthorized expenditure stems from non-cash items such as debt impairment.

36.3 Yes. All procurement of goods and services were budgeted for in 2024/25 financial year.

36.4 Expenditure for security was reduced by during the administration and the service provider is paid in line with the SLA. Supporting documents will be provided upon request.

COMMITMENT

Responsible person:

Acting CFO & Manager: Expenditure

Paragraph 37-38



Questions:

37.1 Does the municipality management updated commitment register? If yes kindly provide the register to the committee

37.2 Why did management failed to provide appropriate evidence to AG?

37.3 What measures are in place to ensure that there is appropriate evidence to support commitments register?

CONTINGENT LIABILITIES

Responsible person:

Acting director Corporate services & Manager: legal services

Paragraph 39

Questions:

9

39.1 Does the municipality have an updated litigation register? If yes kindly provide the register to the committee.

39.2 What measure has management put in place to ensure that lawyers representing the Municipality corporate when requested to provide litigation confirmation letters?

39.3 What measures have been put in place to minimize unnecessary litigation by the municipality?

39.4 Due to the previous court battles by the previous council did the municipality recover or attempt to recover lawyers' expenses incurred due to individual cases? Did the municipality



enforce or plan to enforce consequence management to officials who authorized those payments?



MATERIAL LOSSES

Responsible person:

Acting CFO & Acting director technical services

Paragraph 40



Questions:

40.1 What are the plans in place to eradicate the high volume of material losses

40.2 Can management provide date of expected completion for the upgrading of bulk water pipeline between Thabazimbi pump station and Thabazimbi Y-piece project and quantify how much water losses will be reduced.

40.3 Does management have plans in place to eradicate illegal connection to reduce material losses? Kindly provide the plan to the committee



Response: What are the plans in place to eradicate the high volume of material losses?

TLM have 5 registered water systems on the Blue Drop Certification System:

- Northam
- Thabazimbi
- Rooiberg
- Leeupoort
- Schilpadnest

The Municipality experienced 76.5% Non-Revenue water losses in the 2023/24 financial year. The losses were caused by technical and non-technical issues. Actual or real water losses are approximately 34%.

Main causes of water losses

Main causes of water loss	Root cause of Losses	Comments
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Excessive water leaks	Dilapidated bulk water pipeline	
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Shortage of resources	The project "Upgrading of bulk water pipeline between Thabazimbi pumpstation and Y-piece" through WSIG funding was on hold due to delayed payments. All payments were processed and the contractor returned to site. The completion of this project will drastically reduce water losses, resulting in approximately 4MI/d distributed to the reservoirs and network	
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Mining Houses appointed a contractor on a turnkey basis to refurbish Thabazimbi bulk water line and other components		
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Material was requested, await procurement processes		
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Faulty water meters	Faulty residential and bulk water meters that cannot be replaced by TLM due to lack of material	
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The Municipality does not have systems in place like the automatic meter reading or sufficient zone bulk meters to determine the water balance and distribution losses systematically. We rely completely on the billing system to determine water losses	1200 prepaid water meters to be installed by Northam Platinum Mine at Northam and Thabazimbi to improve equitable billing	
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MISA application for quick win submitted to supply bulk meters		
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Illegal water connections	The problem of unauthorized connections give rise to unnecessary water losses	
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The Municipality must enforce its by-laws towards persons found to be tampering with municipal infrastructure.

40.2 Can management provide date of expected completion for the upgrading of bulk water pipeline between Thabazimbi pump station and Thabazimbi Y-piece project and quantify how much water losses will be reduced.

- The project was initially anticipated to be completed by July 2025 but due to challenges that the project encountered, the completion date was extended up to November 2025

Does management have plans in place to eradicate illegal connection to reduce material losses?
Kindly provide the plan to the committee

Yes management has plans to eradicate illegal connections

- They intend to review by-laws and enforce them
- Provide sufficient water to avoid shortages



ANNUAL PERFORMANCE REPORT (VARIOUS INDICATORS)

Responsible person:

Manager: Performance Management System

Paragraph 57-63

Questions:

57.1 Why was there misalignment between IDP, SDBIP and Budget

10

57.2 why did management not report the actual performance on some indicators

57.3 Why did management not develop measures for improvement on under achieved indicators.

57.4 Why did management change targets in the annual performance report without necessary approval

57.5 what measures have been put in place to ensure that targets and indicators are SMART compliant



Response

57.1 Why was there misalignment between IDP, SDBIP and Budget

The misalignment between SDBIP, IDP and BUDGET was due to working in silos and between the various departments and PMS, furthermore the PMS manager was not at work for seven months but management has aligned the three documents during Budget adjustment and during revised SDBIP.

57.2 why did management not report the actual performance on some indicators

Lack of co-ordination between the PMS unit and management to ensure completeness of reporting, during the absence of the PMS manager the unit was not functioning at full capacity

57.3 Why did management not develop measures for improvement on under achieved indicators.

As the PMS unit is now functioning, we will together with management look at all indicators and put in monitoring and countermeasures for those underachieved

57.4 Why did management change targets in the annual performance report without necessary approval

Due to the urgent nature of the changes and timing of obtaining the necessary approvals

57.5 What measures have been put in place to ensure that targets and indicators are SMART compliant

Management will ensure that we develop TID (technical indicator descriptions) to ensure that targets are SMART and compliant and achievable.

MATERIAL IRREGULARITY

Responsible person:

Acting MM & Manager: Solid Waste

Paragraph 133-153.



Questions:

133.1 Can management provide in writing progress made to date in resolving material irregularities raised by AG

133.2 Did the municipality establish a committee to adjudicate Material irregularities?

133.3 Does management have a plan in place to resolve the material irregularities relating environmental harm. If yes kindly provide the plan

133.4 What mechanism are in place to prevent future material irregularities

Response:

Anglo American appointed the Contractor to do the upgrading of landfill site as compliance activity addressing Material Irregularity .Northam Zonderiende approved the second phase of the issued license and Integrated Waste Management Plan(IWMP)

The Municipality has not appointed a Committee to adjudicate Material Irregularities

The plan to establish a transfer station in addressing the Material Irregularity of Rooiberg and also to outsource yellow fleet as the technical report has been compiled for MIG Grant in terms of Maintenance of the above landfill site(Rooiberg)

Once we have finalized the establishment of the Transfer Station that will address the issue of Material Irregular as well as the upgrading of Donkerpoort Landfill site is completed. We will be complying with the legislative mandate governing Environmental issue(NEMA ACT)

2. 2023/24 DRAFT ANNUAL REPORT

DRAFT ANNUAL REPORT

Responsible person:

Acting Municipal Manager, Acting Directors & Manager: Performance Management System & communication

FINANCIAL PERFORMANCE & AUDIT OUTCOME



Questions:

1. The municipality regressed from a qualified audit opinion to a disclaimer. What are the primary reasons for this regression, and what urgent steps are being taken to address the identified financial mismanagement issues?
2. The Auditor-General reported missing or incomplete financial records. Why was this not addressed in time, and what measures are in place to ensure proper financial record-keeping?
3. There is a significant backlog of unpaid creditors, leading to interest and penalties. What is the total outstanding debt to creditors, and how does the municipality plan to settle these amounts?
4. Irregular, fruitless, and wasteful expenditure continues to be a problem. Can you provide a breakdown of the amounts involved and the actions taken against responsible officials?
5. The municipal salary bill is disproportionately high for the size of the municipality. Have steps been taken to ensure more cost-efficient labour expenditure?
6. The municipality's liquidity and solvency position is critical. Has an action plan been developed to improve financial sustainability, and if so, can you provide details on its implementation timeline?

Response:

1. Lack of record keeping and manual population of the AFS resulted in the regression of the audit opinion.
2. Management are setting up a record management facility to ensure that information is safeguarded.
3. Creditors outstanding is approximately R600 million. Management has entered into payment arrangements with the top creditors i.e. Magalies; AGSA. The debt relief program will see R225 million of the Eskom debt written off over a period of three years. Management negotiates with creditors to suspend/freeze interest during the payment arrangement negotiations.
4. No action has been taken due to MPAC not being functional.
5. Municipality is currently reviewing the organogram for 2025/26. Implementation of controls on overtime and temporary workers will assist in decreasing the high salary costs.
6. The municipality currently has an unfunded budget. A funding plan has been developed to assist the moving municipality towards a funded status. The high debtors book and high creditors adversely affects the ratios. Financial stability will be realized upon decreasing the current high creditors list as well as improving the collection rates.

SERVICE DELIVERY & INFRASTRUCTURE



Questions:

7. Water and sanitation services remain inadequate, with 11.65% of households lacking potable water and 13.29% lacking proper sanitation. What is the municipality's plan to address these backlogs?
8. Is Thabazimbi and Northam sewer plant fully operational and are there qualified employees operating the plants?
9. The Northam and Thabazimbi sewage plants are operating beyond their design capacity. What plans exist to upgrade these facilities, and have funding sources been secured?
10. Ageing electricity infrastructure poses a serious risk to service delivery. Has an assessment been conducted to determine urgent maintenance needs, and if so, what is the estimated cost and timeline?
11. The road network is deteriorating, with potholes and inadequate storm water drainage. Why have maintenance efforts been insufficient, and what is the municipality doing to secure funding for road repairs?
12. Waste management remains a challenge, with illegal dumping and landfill sites not being properly maintained. What interventions are in place to improve waste collection and landfill site management?
13. The municipality underspent on certain grant-funded projects. What caused these delays, and how does the municipality plan to ensure full expenditure in the next financial year?



Response:

Challenges per area regarding water supply

Area	Reason	Proposed Activities
Dwaalboom Informal Settlement	Existing borehole and storage, no reticulation	Drilling of new borehole, construction of water distribution network, construction of storage facility
Kromdraai Plots	Existing borehole and storage, no reticulation	Drilling of new borehole, construction of water distribution network, construction of storage facility
Rooiberg Informal Settlement	Existing borehole and storage, no reticulation	Drilling of new borehole, construction of water distribution network, construction of storage facility
Smashblock (Schilpadnest)	Existing boreholes and storage, no reticulation	Drilling of new borehole, construction of water distribution network, construction of storage facility
Regorogile (Meriting, Popola, Ext 3)	Existing borehole and storage, no reticulation	Drilling of new borehole, construction of water distribution network, construction of storage facility
Replacement of bulk water pipeline between pumpstation and Thabazimbi/Regorogile, reduce water losses by repairing bulk water lines and installation of zonal meters, rehabilitation and equipping of boreholes to augment water supply		

Construction of water reticulation network

Skierlik	Existing borehole and storage, no reticulation	Drilling of new borehole, construction of water distribution network, construction of storage facility
Jabulane	Water delivery through water tanker	Drilling of new borehole, construction of water distribution network, construction of storage facility
Donkerpoort Informal (Ga-Botha)	Existing borehole and storage, no reticulation – not proclaimed	Replacement of bulk water pipeline between pumpstation and Thabazimbi/Regorogile, reduce water losses by repairing bulk water lines and installation of zonal meters, rehabilitation and equipping of boreholes to augment water supply
Northam block 7 (Illegal)	Existing borehole and storage, no reticulation	Reduce water losses by repairing bulk water lines and installation of zonal meters, rehabilitation and equipping of boreholes to augment water supply

Installation of yard connections, zonal meters

Phatsima	Water delivery through water tanker	Drilling of boreholes
Matoing	Water delivery through water tanker	Drilling of boreholes
Regorogile Ext 3, 5 and part of Ext 1 (mountain view)		

Thabazimbi town (higher laying areas, Ext 5)

Water shortfall challenges The project “Upgrading of bulk water pipeline between Thabazimbi pumpstation and Y-piece” will drastically reduce water losses, resulting in approximately 4MI/d distributed to the reservoirs and network

Question 7 Water and sanitation services remain inadequate, with 11.65% of households lacking potable water and 13.29% lacking proper sanitation. What is the municipality’s plan to address these backlogs?

; Water Supply will be Augmented to by drilling and equipping boreholes to ensure sustainable water supply

: A sanitation project was registered and implemented by TLM to reduce the backlog and a contractor was appointed to implement construction VIP toilets project,



Question 8 Is Thabazimbi and Northam sewer plant fully operational and are there qualified employees operating the plants

Northam is currently reliant on oxidization ponds which are overloaded

– No, the construction of the new 5MI/d Northam Waste Water Treatment Works are currently at 82% completed and it is anticipated to be completed by October 2025 (funded and implemented by Anglo American Platinum)

The upgrading of Thabazimbi Waste Water Treatment Works. Funding for the project has been approved under WSIG funding for 2024/25 fy. The engineer is busy finalizing the designs which will be submitted on the 18th March 2025 for the advertisement of the contractor

Qualified employees – Yes we do have qualified process controllers and superintendents at the plants

Question 9 – The Northam and Thabazimbi sewage plants are operating beyond their design capacity. What plans exist to upgrade these facilities, and have funding sources been secured? (See response on question 8)

Question 10 – Ageing electrical infrastructure Ageing electricity infrastructure poses a serious risk to service delivery. Has an assessment been conducted to determine urgent maintenance needs, and if so, what is the estimated cost and timeline?

Assessment has not recently been done. Infrastructure assessment was done in 2019 when the master plan was developed. The master plan is now expired and needs to be reviewed. The municipality is in discussion with DBSA for the review of the master plan of which if DBSA approves, is envisaged to be completed by end 2026 and refurbishment will follow in 2027. Cost estimates can be attached only after the assessment or master plan is reviewed

Question 11. The road network is deteriorating, with potholes and inadequate storm water drainage. Why have maintenance efforts been insufficient, and what is the municipality doing to secure funding for road repairs?

MISA application for quick wins submitted to supply road maintenance material. Supply Chain confirmed that asphalt

Question 13 - The municipality underspent on certain grant-funded projects. What caused these delays, and how does the municipality plan to ensure full expenditure in the next financial year?

The Municipality has underspent on all grant funded projects due to delayed processing of invoices from contractors for work done on site. The appointed contractors could no longer continue funding the projects from their own coffers without being paid by the Municipality, and therefore had to de-establish on site. The municipality has committed that all payments for work done will no longer be delayed and will be processed within 30 days to all service providers.



GOVERNANCE & COMPLIANCE

Questions:

14. Leadership instability and governance disputes have negatively affected decision-making. What steps are being taken to ensure council stability and effective governance?
15. The Municipal Public Accounts Committee (MPAC) has raised concerns about parallel council meetings. What is being done to restore order and ensure legally recognised council sittings? What can be done to ensure that the situation never occurs again?
16. Supply Chain Management (SCM) irregularities were highlighted in the audit report. Can you provide an update on steps taken to improve compliance and eliminate corrupt procurement practices?
17. Public participation in municipal affairs remains weak. What measures are in place to improve engagement with communities on service delivery and development planning?
18. The municipality lacks strong consequence management mechanisms. Have any officials been held accountable for financial mismanagement, and if not, why?
19. Municipal bylaws remain unpromulgated due to financial constraints. What alternative funding sources can be explored to ensure these laws are enacted and enforced?
20. Is there consequence management in place? If yes, why is not implemented for Senior manager and managers

Response:

14. The Municipality was placed under section 139 1c my the MEC and the Administrator was appointed and was of his mandate was to declare vacancies and ensure new Council is elected.
15. After the By-election the new Council was elected and the PMT was elected into office as well as Council Committees which are fully functional.
16. The SCM Manager has been appointed and the procurement plan has been developed. SCM committees has been appointed. The SCM Compliance form has been developed.
17. Public Participation was weak when there was Politically Instability. Now Council has approved the process plan and the public consultation will start with Draft IDP/Budget and PMS after it has been approved by Council on the 31st March 2025. Stakeholders engagement has already started.
18. The Municipality is currently in constant consultation with Coghsta to get an assistance to ensure the promulgation of by-laws.
19. No response
20. Consequence Management is in place however due to Political Instability it could not fully be implemented, The Financial Misconduct Board term of office is still valid.

PERFORMANCE OF MUNICIPAL ENTITIES & PROGRAMMES



Questions:

21. The Expanded Public Works Programme (EPWP) created only 51 temporary jobs. What steps is the municipality taking to promote sustainable job creation?
22. Several service providers failed to meet their contractual obligations. What mechanisms are in place to monitor contractors and enforce accountability?
23. What corrective actions are being implemented to improve municipal performance in key areas, including financial management, service delivery, and governance?

Response:

The Municipality need to appoint EPWP Assistance Coodinator because currently the Coodinator has been hospitalized rendering the division stacked,

The new Organogram has made provision for the appointment of Manager Contract Management as well as compliance Officer which will assist in monitoring and ensuring Contractors comply.

By ensuring that Key Performance indicators are Smart.

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3. PROJECT SITE VISIST

As part of our oversight duties we wish to visit some projects for verification of progress reported in the draft annual report. We will kindly like to visit the following listed below projects, additionally as part of verification process can you kindly provide us with following below listed documents:

Date for site visit	Project name	Documentation required	Responsible official
	Cemeteries (Thabazimbi town & Northam town)	The following reports: <ul style="list-style-type: none"> • Total number of graves • Total number of grave booked • Total amount paid for burials 	Manager Solid waste and Manager revenue



Date for site visit	Project name	Documentation required	Responsible official
	1.78 km of bus route constructed by set date	The following reports: <ul style="list-style-type: none"> • Bill of quantity • Project scope • Project progress • Minutes of project steering committee • Total amount paid to date 	Acting director technical services & Manager PMU
	100% of transfer station constructed in Northam by set date	The following reports: <ul style="list-style-type: none"> • Bill of quantity • Project scope • Project progress • Minutes of project steering committee • Total amount paid to date 	Acting director technical services & Manager PMU



Date for site visit	Project name	Documentation required	Responsible official
	5.2 km of water network upgraded in Regorogile by set date	The following reports: <ul style="list-style-type: none"> • Bill of quantity • Project scope • Project progress • Minutes of project steering committee • Total amount paid to date 	Acting director technical services & Manager PMU
	364 of VIP toilets in Rooiberg, Skierlik. Meriting Phase 1 constructed by set date	The following reports: <ul style="list-style-type: none"> • Bill of quantity • Project scope • Project progress • Minutes of project steering committee • Total amount paid to date 	Acting director technical services & Manager PMU



Date for site visit	Project name	Documentation required	Responsible official
	6.94 km of bulk water Pipe line between Thabazimbi Pump station and Thabazimbi Y piece upgraded by set date	The following reports: <ul style="list-style-type: none"> • Bill of quantity • Project scope • Project progress • Minutes of project steering committee • Total amount paid to date 	Acting director technical services & Manager PMU
	60% of 120 MVA substation constructed in Smash block by set date	The following reports: <ul style="list-style-type: none"> • Bill of quantity • Project scope • Project progress • Minutes of project steering committee • Total amount paid to date 	Acting director technical services & Manager PMU

NB: It will be appreciated if the information above can reach the committee on or before the 17 March 2025.



Thank you

Clr. Thane

Chairperson: Municipal Public Accounts Committee – Thabazimbi Local Municipality

Date: 10 March 2025



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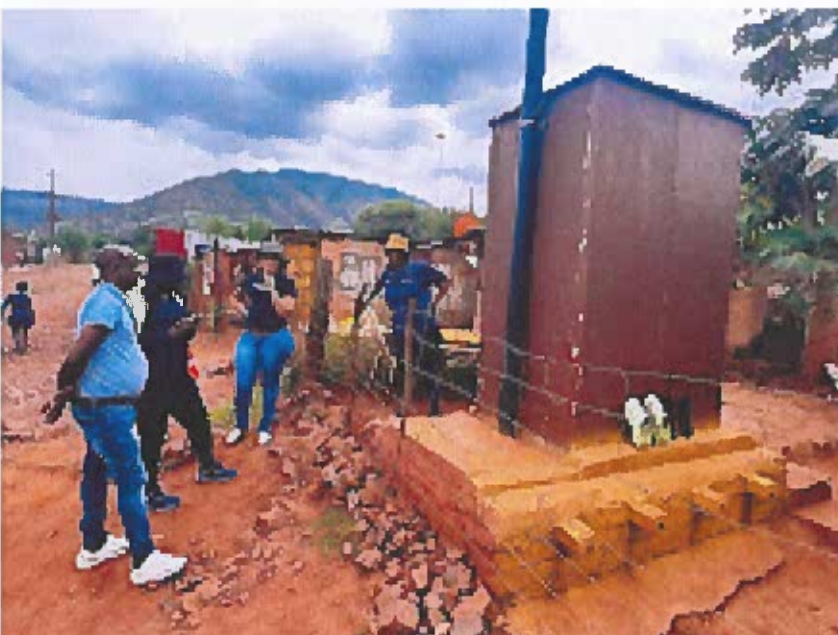
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THABAZIMBI LOCAL MUNICIPALITY



PUBLIC NOTICE

DRAFT ANNUAL REPORT: 2023/2024

This advert is published in terms of Section 21A of the Local Government: Municipal Systems Act, No. 32 of 2000 and Section 127(5) of the Local Government: Municipal Finance Management Act, No. 56 of 2003.

As prescribed in terms of Section 127 (2) of the Local Government: Municipal Finance Management Act, No. 56 of 2003, the Thabazimbi Local Municipality's Draft Annual Report for 2023/2024 was tabled and noted by the Municipal Council on Thursday the 30th of January 2025 with Resolution No. 6

Thabazimbi Local Municipality hereby invites community members, government institutions, private sector, and Civil Society Organizations to comment on the Draft Annual Report for the 2023/2024 financial year. This report is accordingly also accessible on the municipal website www.thabazimbi.gov.za

Hard copies of the report are also available at the Thabazimbi Municipal Offices (Main Building)

Records Office and

Satellite Offices

Community members who may require further assistance please contact Mr O P Mataboge at the Main Building or at 0826084903

The closing date for written representations or submissions is Friday 08th of March 2025 at 16h00.

Posted written submissions:

The Acting Municipal Manager

Thabazimbi Local Municipality

Private Bag X 90

Thabazimbi

0380

M CHUMA
ACTING MUNICIPAL MANAGER

31/1/25

DATE



THABAZIMBI LOCAL MUNICIPALITY



PUBLIC NOTICE

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- Main Building

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Posted written submissions:

The Acting Municipal Manager
Thabazimbi Local Municipality
Private Bag X 90
Thabazimbi
0380


M CHUMA
ACTING MUNICIPAL MANAGER


DATE

NOTICE NO: 08/2025

Day 1: MPAC AND COGHSTA OVERSIGHT REPORT OF AG REPORT AND DRAFT ANNUAL REPORT 2023/24

Day: 6 March 2025

Time: 10:00

Venue: Office of the Mayor

1. Opening and Welcome

The session commenced with a welcome by Cllr Hearne, the chairperson. The objectives of the workshop were outlined, focusing on strengthening oversight and aligning the draft annual report with AG findings.

2. Auditor-General's Absence

It was confirmed that the Auditor-General's office will not be present during the workshop. It was agreed that **Internal Audit** must assist and provide guidance in their absence.

3. Public Participation

Public participation for the 2023/24 Annual Report process has been conducted primarily via the municipal website. Input received through this platform will be noted and incorporated.

4. Site Visits

Site visits are scheduled to take place during the oversight process. Findings from these visits will be documented and included in the final oversight report.

5. Way Forward

A general discussion was held on key performance issues. It was resolved that MPAC members will formulate questions to be submitted to relevant departments.

Day 2: MPAC AND COGHSTA OVERSIGHT REPORT OF AG REPORT AND DRAFT ANNUAL REPORT 2023/24

Day: 7 March 2025

Time: 10:00

Venue: Office of the Mayor

1. Recap and Continuation

The second day opened with a brief recap of the previous day's discussions. Focus shifted to refining questions for submission.

2. Submission of Questions

The workshop agreed that questions must be submitted to departments promptly. Responses must be returned within **7 days** of receipt to ensure timely finalisation of the oversight report.

3. Drafting the Oversight Report

The team discussed the structure and content of the final MPAC oversight report. Inputs from public participation, site visits, and departmental responses will all be consolidated into the final report.

4. Closure

The workshop concluded with a note of appreciation to all stakeholders. The importance of adhering to timelines was stressed, and members were encouraged to continue engaging actively in the oversight process.



ATTENDANCE REGISTER

THABAZIMBI LOCAL MUNICIPALITY

VENUE: MAYOR'S OFFICE

DATE: 06TH MARCH 2025

MEETING: MPAC MEETING

TIME: 10H00




NAME & SURNAME	POSITION	CONTACT NUMBER	SIGNATURE
1. CLLR T HEARNE	CHAIRPERSON	082 322 4588	
2. CLLR XSL NOZOZO	MEMBER	17201094	
3. CLLR D MAMPEULE	MEMBER	0828291023	

OFFICIALS

NAME & SURNAME	DESIGNATION	SIGNATURE
Elizabeth Mahony	Risk Officer	<i>(Signature)</i>
Fred Martin	Manager Council Support	<i>(Signature)</i>
Khalida MP	Deputy Director - Rf	<i>(Signature)</i>
PHARAH EDWIN	Deputy Director (COG/MSA)	<i>(Signature)</i>
Mary Daniel	CHIEF FINANCE ASSISTANT	<i>(Signature)</i>

Left at 11.30 for budget meeting

OFFICIALS

NAME & SURNAME	DESIGNATION	SIGNATURE
MANU'S MATSOPANG	CHIEF AUDIT EXECUTIVE	
Elizabeth Mahlati	RUC OFFICE	
Mokhele M R	Deputy Director - Logistics	
MATHA MCE	DEPUTY DIRECTOR - COSTS	



THABAZIMBI

MUNICIPALITY • MUNICIPALITEIT • MASEPALA

ATTENDANCE REGISTER

MEETING DESCRIPTION: MPAC MEETINGS
 VENUE: Council Chamber
 DATE: 19 MARCH 2025
 TIME: 10:00 am

SURNAME AND INITIALS	INSTITUTION	POSITION	TEL/CELL	EMAIL	SIGN
Manfelle David	TBZ	CLERK	08282903	davidmanfelle@gmail.com	
Nororo Xosha	TBZ	CLERK	073418248	xolendhlorozoro@outlook.com	
Manony Daniel	TBZ	AUDITOR	0737314054	ManonyDaniel@thabazimbi.gov.za	
OP Motshole	TBZ	PM	0826084903	philipmotshole@gmail.com	
MT Motsonane	TLM	Communication	082977257	mtmotsonane@gmail.com	
D-M Apvane	TLM	ASSET	0646537844	diseaio.apvane@gmail.com	
BRONKHORST AP	TLM	PMU	0767471880	patriciabronkh@ymail.com	
THOMPSON S	TLM	PMU			

