



**TO : COUNCIL**

**FROM: MPAC**

**DATE : 31 MARCH 2025**

**SUBJECT: SUBMISSION OF MPAC OVERSIGHT REPORT ON THE DRAFT ANNUAL REPORT FOR THE FINANCIAL YEAR 2023/2024**

**1. PURPOSE**

The purpose is to submit the findings, comments and recommendations of the oversight report for Thulamela Local Municipality Municipal Public Accounts Committee (MPAC) on the 2023/2024 draft annual report for the financial year 2023/2024 to council for approval.

**2. BACKGROUND**

The draft annual report of Thulamela Local Municipality was tabled and adopted by council on the 31<sup>st</sup> January 2025 by means of council resolution number OC 15/01/2025. Municipal Public Accounts Committee, being the oversight committee, was handed the report on the 31<sup>st</sup> January 2025 for extensive scrutiny and analysis. As a result, MPAC undertook to scrutinize and verify the contents of the draft annual report on behalf of the council.

**3. LEGISLATIVE MANDATE**

Members of MPAC were guided by the following legislation when scrutinizing the report

- In terms of section 121(1) of the MFMA 56 of 2003, every municipality and every municipal entity must for each financial year prepare an annual report in accordance with chapter 12. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and the municipal entity under the municipality's sole or shared control in accordance with section 129
- In terms of section 129(1) of the MFMA 56 of 2003, the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council-







Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

- (a) Has approved the annual report with or without reservations
- (b) Has rejected the annual report; or
- (c) Has referred the annual report back for revision of those components that can be revised

• Circular 32 of the MFMA prescribes that after the annual report is tabled an oversight report needs to be compiled from the evaluation and analysis of annual report, and together with the inputs from the community, form part of the final annual report to be approved by council before 31 March each year.

#### 4. ANALYSIS OF THE DRAFT ANNUAL REPORT

In order to arrive at its findings, MPAC visited various projects, interviewed managers and senior managers of various departments including the municipal manager through written questions and was followed by fruitful public participation and public hearing. Amongst others, various departments made written submission including the municipal manager. Where applicable, necessary documentary evidence were requested and retrieved from relevant directorates. The Auditor-General report dated 30 June 2023, also played a crucial role in compilation of this report; however, as MPAC is a committee which operates introspectively, the Auditor-General's report dated 30 June 2024 was also taken into consideration.

#### 5. RECOMMENDATIONS

MPAC recommends that the council approve the final annual report 2023/2024 in terms of section 129 of the MFMA with reservations, reasons are the annual report is partially reflecting municipal performance and in some cases it's just definitions and not the actual work performed. The report in some instances what is indicated in headings and subheading is not supported by the text inserted below those headings hence MPAC has reservations on the true reflections on the performance of the municipality.

Authorized to council.

  
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Cllr Malindi OT

MPAC Chairperson

26/03/2025

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**THULAMELA LOCAL MUNICIPALITY**

**OVERSIGHT REPORT 2023/2024 FINANCIAL YEAR**



## **CHAIRPERSON REMARKS**

The adoption of the oversight report by the council is an important step in terms of section 129(1) of the MFMA in exercising oversight in the municipality. The work of MPAC to this municipality has increased accountability and transparency in all functions that the municipality performs, which inspires a sound financial management practice which must subsequently result in better service delivery to the community of Thulamela.

MPAC is in position to table a credible oversight report on the 2023/2024 annual report, credit goes to all MPAC members who have all contributed immensely to ensuring that the oversight report is credible. It is with great regret that our municipality has received a qualified audit opinion for the first time in the past twelve years. Moreover, MPAC expected and worked very hard to assist the municipality in improving its audit findings as we were working towards a clean audit.

I would like to commend the Mayor, Cllr Athongozwidivha Sarah Rambuda on her political leadership and her Executive Committee. I thank The Acting Chief Whip Cllr Makungo T.G and I would also commend the Municipal Manager Mr Makumule M.T, for his administrative leadership of the municipality. I would also like to commend the CFO, Mr Mufamadi A.C who demonstrated sound financial management of the municipality. I would also take this opportunity and extend my gratitude to all section 79 chairpersons, all councilors, all traditional tribal councils, senior managers and all officials for their dedication and contribution to see that Thulamela is accounted among the functional municipalities in the Republic. I must emphasize that collectively we must ensure that the municipality must go back to its former glory in delivering services to the community and sound financial management and by doing so receive a clean audit and also ensure that we achieve the city status by 2030.

In conclusion I would like to thank the Speaker of Council, Cllr Mutheiwana F.A for the support and guidance and Acting Senior Manager Corporate Services Mr Sikhwivhilu N.M, Manager Public Participation Mr Mulaudzi A.N for ensuring that there is an effective and efficient Public Participation and Public Hearing on the draft annual report 2023/2024, MPAC Researcher Mr Maphanda R.L and MPAC Coordinator Mr Munyai T.B, to all of you I say thank you for the support you gave to MPAC. Lastly thank you to the Internal Audit, Risk Management and Audit committee for your immense contribution to the governance of the institution.

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## **COMPOSITION OF MPAC COMMITTEE**

The following are the members of MPAC committee of Thulamela Municipality

1. Cllr Malindi O.T (MPAC Chairperson)
2. Cllr Muligwe M
3. Cllr Munyai T.T
4. Cllr Matshomo T.T
5. Cllr Nekhavhambe T.S
6. Cllr Liphadzi T.S
7. Cllr Nelushi T.A
8. Cllr Mmbi N.M
9. Cllr Mmbengeni R
10. Cllr Ramulifho H.B
11. Cllr Begwa F.M
12. Cllr Mafunzwaini R.T
13. Cllr Nemaranzhe K.
14. Maphanda R.L (MPAC Researcher)
15. Munyai T.B (MPAC Coordinator)

## **OVERSIGHT REPORT**

### **1. INTRODUCTION**

Section 129 of the Local Government Municipal Finance Management Act 56 of 2003 requires the Council to consider the annual report of its municipality and adopt an oversight report containing the council's comments on each annual report. The oversight report is the final major step in the annual reporting process of the municipality.

The oversight report must include a statement whether the council:

- (a) Has approved the annual report with or without reservations
- (b) Has rejected the annual report; or
- (c) Has referred the annual report back to the revision of those components that can be revised

### **2. PURPOSE**

The municipality must prepare an annual report for each financial year in accordance with the prescripts of the MFMA and the Local Government Municipal Structures Act 117 of 1998.

The purpose of the annual report is:

- o To provide a record of the activities of the municipality.
- o To provide a report on the performance in service delivery and against the budget
- o To provide information that supports the revenue and expenditure decisions made and
- o To promote accountability to the local community for decisions made

### **3. STRUCTURE OF THE REPORT**

Main components of the annual report are:

- o The annual performance report as required by section 46 of Municipal Systems Act 32 of 2000
- o Annual Financial Statements submitted to the Auditor-General
- o The Auditor- General's audit report on the financial statements in terms of section 126(3) of the MFMA; and



- The Auditor-General's audit report on performance in terms of section 45(b) of the Municipal Systems Act 32 of 2000

### **Section 121 of the MFMA**

Other components required to be included in the annual report are set out in section 121 of the MFMA which, inter alia, include:

- (a) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1).
- (b) The Auditor-General's Audit report in terms of section 126(3) on those financial statements.
- (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the municipal systems act.
- (d) The Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act.
- (e) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- (f) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- g) Any information as determined by the municipality;
- (h) Any recommendations of the municipality's audit committee;
- (i) Any other information as may be prescribed;
- (j) Adherence to MFMA Circular No 11 issued on 14 January 2005; and
- (k) Adherence to MFMA Circular No 63 issued on 26 September 2012, being an "Annual Report – update"



#### **4. METHODOLOGY**

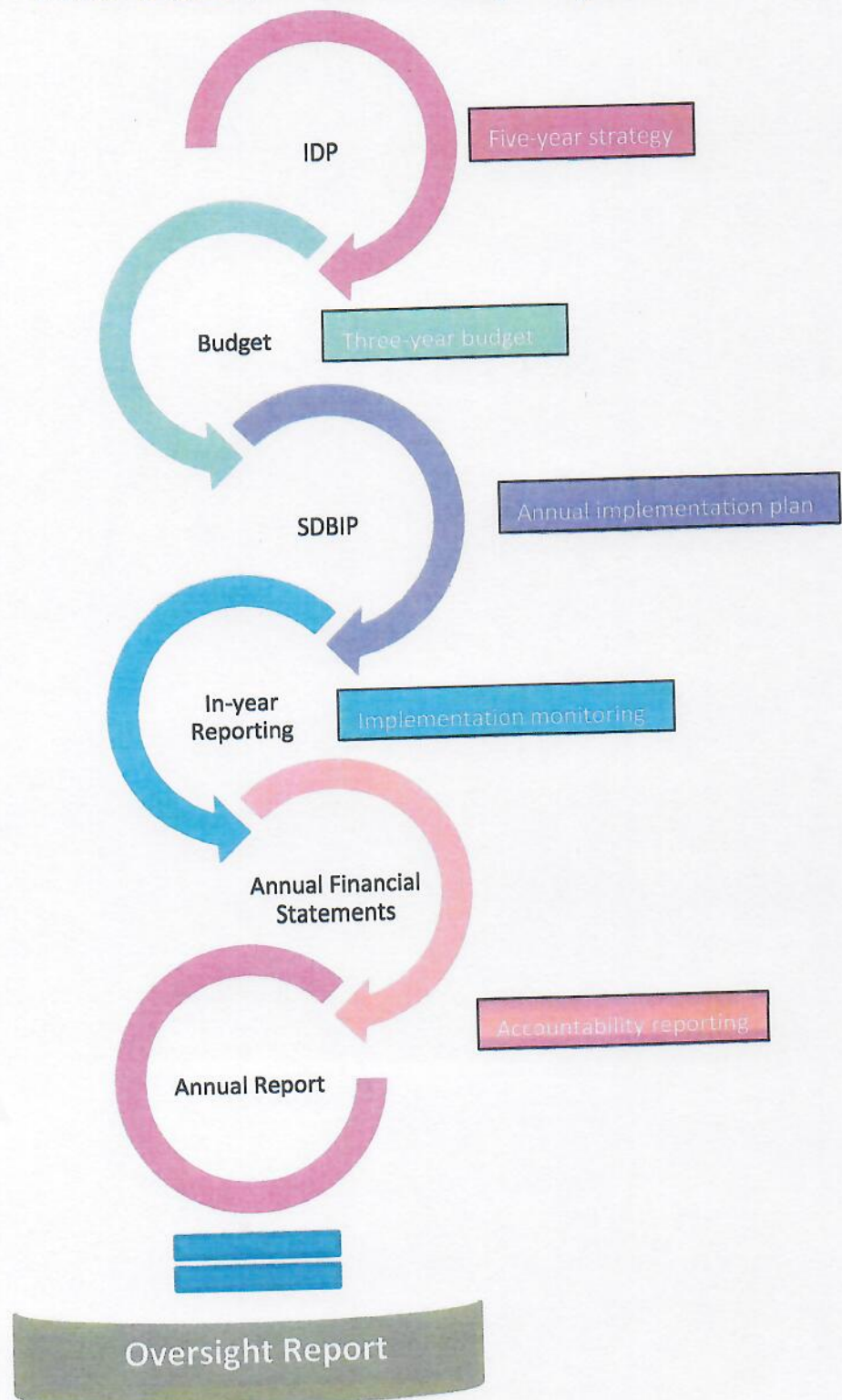
The methodology and approach adopted by the committee was to:

- Use the approved Annual Report as the primary source of reference.
- Invited the Auditor-General, Provincial Treasury, Provincial Coghsta and SALGA to attend meetings of the committee to provide perspective on the annual report and on the audit report
- Use the framework as provided by National Treasury in Circular No. 32 (Annexure B), circular 63 and circular 93 of the MFMA which also guided the Committee during the evaluation, verification and oversight process
- Peruse all base documents thoroughly and identifying apparent anomalies and omissions
- Do project site visits to selected sites and projects
- Invite public comments and inputs through the interaction with traditional leaders.
- Conduct interviews with Office Bearers, the Municipal Manager and other Senior Managers in order to provide additional information on identified matters and concerns raised by the committee

The approach adopted by the Committee was based on the premise that oversight is a process and not an event that stops once the Council approved of the Oversight Report, but rather the beginning of the next phase for the next Oversight Report.

The oversight process is illustrated in Figure 1 on the next page

# The Accountability Cycle





## **5. MPAC PUBLIC PARTICIPATION AND COMMENTS**

Taking into consideration the provisions of section 16(1)(b) of Municipal Systems Act and section 152(1)(e) of the constitution of the Republic of South Africa, MPAC held a Public Participation meeting with the aim of involving the community in the affairs of the municipality the public participation was held on the 25<sup>th</sup> February 2025 at Tshifulanani Stadium and the following important issues were raised by members of the Public:

- That the municipality must revamp/blade and maintain streets in the villages
- That the Chief whip must assist the Councillors through monitoring and educating the public on paying their rates and taxes.
- That the municipality must purchase enough skip bins and place them along-side the road as to avoid littering
- The community request a high mast along-side a T-junction of R524 and Vuwani zwickwengani main road
- The community requested a speed-hump on road R524 next to Tshitshite due to a nearby school.
- The community indicated a need to speedily fixing municipal roads after heavy rains.
- The community indicated the need to construct Dwerani road and Matangari to Tshibvumo road
- That the municipality is falling behind in electrification on new(extensions) stands in communities
- That MPAC is doing a good job in ensuring that the officials account and provide quality services to the community.

**6. MPAC QUESTIONS TO THE MUNICIPAL MANAGER AND THE  
RESPONSES BY THE MUNICIPAL MANAGER**



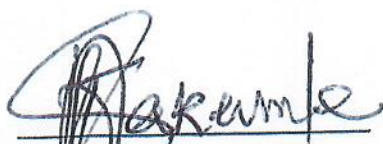


Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

ENQ : DAVHANA LG (7731)  
TO : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE  
FROM : MUNICIPAL MANAGER  
DATE : 04 MARCH 2025  
SUBJECT : RESPONSES TO MPAC QUESTIONS WITH REGARDS TO THE 2023/24  
DRAFT ANNUAL REPORT AS PRESENTED TO COUNCIL

1. The memorandum dated 12 February 2025 bears reference.
2. I have responded to all the questions raised by your committee.
3. My responses to the questions are hereby attached.
4. I have also developed and made available an electronic a file with the evidence to support my responses.
5. I trust the provided responses will provide clarity to the committee's questions.

Yours in service delivery and good governance

  
MAKUMULE MT  
MUNICIPAL MANAGER

04. 03. 2025  
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Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

**THE FOLLOWING QUESTIONS HAVE BEEN BASED ON THE DRAFT ANNUAL REPORT  
FOR 2023/2024 FINANCIAL YEAR.**

**1. Question 1 (questions based on chapter 1,2 &3 of the draft annual report)**

- (a) On page 8, Mayor's foreword, "We the people of Thulamela would like our municipality to achieve a city status by year 2030, to promote urban regeneration and comprehensive rural development whilst encouraging local economic development to improve the quality of lives of our people. In terms of the municipality achieving vision 2030 how far are we and where exactly will this city be located in Thulamela or will it be Thulamela as a whole?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

The focus area for the development of the city is Thohoyandou -Sibasa integrated wide node which includes all the main Central Business Districts all the townships and all adjacent rural area which are in nature an integral part of our towns with specific focus on:

- ❖ Supporting the expansion of CBD by encouraging rezoning on areas adjacent to the CBD.
- ❖ Encouraging redevelopment/upgrading of existing buildings by property owners and allowing mixed land uses (business, office, residential, social services and entertainment) in the CBD area especially buildings in state of decay.
- ❖ Regular maintenance of current infrastructure.
- ❖ Create conducive environment for private sector investment
- ❖ Upgrade infrastructure (road network, water, sewer, street lighting) and public environment in and around our CBD and surrounding townships within the proclaimed areas
- ❖ Regular enforcement of land development related by laws

Projects being implemented in support of the vision 2030 Implementation plan includes:



- ❖ **Neighbourhood Partnership Development Grant projects** which include upgrading and construction of roads, stormwater, landscape and streetlights in the Thohoyandou CBD. The cost of project is R 61 136 405, and the project expenditure is at R 49 588537.88.

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Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

- ❖ As part of Neighbourhood Grant Technical assistance we have also developed **Thohoyandou Investment plan** to assist in leveraging funds from different sectors in order to support the implementation of the vision.
- ❖ **Thohoyandou K&K portion Maniini streets**, the project includes upgrading of internal streets from gravel to tar and provision of high mast. The total cost of the project is R 93 480 059.98, and the project expenditure is at R 59 669 439.34.
- ❖ **Upgrading of internal streets from gravel to paving (R293 Towns) Thohoyandou Unit K to L streets**. The total cost of the project is R 38 828 963. The project expenditure is at R 23 458 771.71.
- ❖ In partnership with UK Commission they have identified two projects to assist with implementation this includes **Shayandima Industrial area Revitalization and University town Concept** (University Town' or 'College Town' through purposely focusing its research, innovation and enterprise that aims to impact on its town, region, nation and globally.)

The plan is to continue each financial year with infrastructure development projects in support of the vision also to support private sector initiatives and encourage redevelopment of buildings in line with modern standards. It must be noted that the challenge remains the funding to implement all identified projects as outline in the Vision 2030 implementation plan. Limited budget is impacting on the implementation of the plan to its full potential.

- (b) On page 14 its indicated that one of Thulamela Municipality functions and powers is facilities for accommodation, care and burial of animals and development and maintenance of Animal pounds, where can the community of Thulamela access these services? If not available is there any plan to access this service in the future?

#### Response:

My name is Masala Thomas Makumule, I am the accounting officer.

Thulamela Municipality does not own facilities for the accommodation and care of animals (animal pounds). Our current position is to avoid the provision of animal pounds due to the cost of providing the required logistics towards their care.

However, we have facilities for the burials of animals that are either picked up by our waste management employees or are brought to the facility by community members.



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Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

(c) On page 44, its indicated issues raised during Imbizo, and those issues are not addressed, and no feedback was given to the communities concerned, As the Accounting Officer what is your response on the matter?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

Feedback to communities is done through different committees: Ward committees, IDP Representatives Forum, Traditional Councils and Nodal points visits.

We are attending to all issues. Issues that belongs to sector departments are referred accordingly. E.g. Water referred to VDM.

(d) Can you please explain what led to the municipality to regress from the previous Audit opinion?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

We regressed primarily because of new findings that led to qualification:

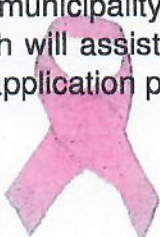
1. Revenue from non-exchange transactions – Property rates;
2. Debt impairment;
3. Bad debts written off; and
4. Contingencies.

(e) On page 55 its indicated that the municipality plans to apply for electricity distribution licence, and it was previous indicated that the municipality has already applied for the licence, what failed on the previous application and when do you intend to apply for the new application? In previous financial you answered that the application process will be done by June 2023.

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

The municipality is still pursuing the electricity licence. Currently we are seeking for agencies which will assist the municipality by conducting assessments, coordinating and assisting with the application processes.



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Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

- (f) For the past two financial years council resolved that draft annual report must be discussed in ward committee community meetings, what steps have you implemented as to ensure that this is achieved?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

With regard to draft annual report, we have already as our practice sent a communique to all ward councillors that they discuss the draft annual report at ward committee management meetings to have a common understanding on the report subsequently discuss at their community meetings for input purposes which is already in progress.

**2. Question 2**

With reference to the Auditor-General's report 2023/2024 item 3 indicates that the municipality, received a qualified audit opinion based on three matters Revenue from non-exchange transactions, contingencies and debt impairment and also on matters of emphasis items 12 to 15)

- (a) As an Accounting Officer why did we regress and what accountability steps did you take?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

We regressed primarily because of new findings that led to qualification:

1. Revenue from non-exchange transactions – Property rates;
2. Debt impairment;
3. Bad debts written off; and
4. Contingencies.

Senior Managers will account for findings residing in their respective departments in every management meeting. Attendance register for senior managers was established on 01 November 2024 to monitor their absenteeism from work during audit period.

We have developed and reviewed the Audit Action Plan. The Accounting Officer arranged a workshop for reviewing action plans assisted by the Audit and Performance Committee held on 03 March 2025.

We will conduct interim audit for nine months financial statements and monitor the implementation of the action plan through the established the management Audit Steering Committee.

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Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

- (b) The municipality has appointed a manager(budget), CFO and the Annual Financial Statements are still prepared with material misstatement of figures, non-compliance with GRAP standards and these Annual Financial Statements are reviewed by the CFO, Internal Audit, Audit committee, Provincial Treasury and a consultant (Matseba).

1. Why should the municipality continue to use these consultants?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

We are using consultants to do review not the execution or the preparation, a review can pick-up material omission and thus add value but its limited to high level as it does not assess at detailed level of transactions. The municipality has a skills gap and capacity challenge on the review of annual financial statements which made us seek assistance from an independent reviewer.

2. Why the salary of the CFO should not be regarded as fruitless and wasteful expenditure, Or the payment to the consultants, payment of sitting allowance for Audit committee, as the CFO is responsible for the compilation of the annual financial statements?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

The CFO has other duties to perform which are not limited to preparation of annual financial statements and therefore his salary should not be regarded as fruitless and wasteful expenditure. There is also a need to capacitate the CFO on the matters that will limit the material misstatements on the preparation of annual financial statements.

3. With material misstatement every financial year why should the council have confidence in the Accounting Officer in resolving these matters?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

As indicated above, Council should have confidence in the Accounting Officer because the CFO, Budget team and other managers will be attending GRAP workshops and training for regular updates to reduce material misstatements. I will regularly monitor attendance of these training courses and ensure that interim nine months financial statements are prepared and reviewed.

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### 3. Question 3

Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

With reference to the Auditor-General's report 2023/2024 item 31 indicates Achievements were reported against various targets, but these targets had been clearly defined during the planning process. Consequently, the targets are not useful for measuring and reporting on progress against the municipality's planned objectives

- (a) This matter has been recurring for years, and the municipality is forever qualified in performance and in last financial year you indicated that, you will capacitate PMS section

1. After capacitating the PMS section, what improvement the council should expect and if such is not there, why should the council hold you responsible for failing to address this matter?

#### Answer:

My name is Masala Thomas Makumule, I am the accounting officer.

The capacitating of PMS section is an ongoing process. The provisioning of human resources has been completed. The process of acquiring E-PMS support and fully automated electronic system is in progress and will be followed by training on the use and implementation of the system.

After the capacitating of the PMS Section the council must expect improvements on the provision of performance management systems in line with municipal priorities, objectives and targets as set in the IDP.

2. As a municipality do we have capacity issue of officials or there is no proper monitoring by management? And what measure will you put in place?

#### Answer:

My name is Masala Thomas Makumule, I am the accounting officer.

The issue of capacitating of PMS section is an ongoing process. The provisioning of human resources has been completed. The process of acquiring E-PMS support and fully automated electronic system is in progress and will be followed by training on the use and implementation of the system.

There is proper and regular monitoring of performance management system by management. Performance reports are monitored and reviewed by top management, executive committee and council on quarterly, mid-year and annual basis through service delivery and budget implementation plan.



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Private Bag X5066  
Thohoyandou  
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Limpopo Province  
Tel: 015 962 7500  
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With reference to the Auditor-General's report 2023/2024 item 34 indicates that the planned target for this indicator was 1450 indigent household earning less than R3 500 per month that receive free basic electricity services by June 2024. However, the target was not achieved as only 162 benefited.

- (a) As the Accounting Officer, what measures will you be putting in place to ensure non-recurrence of this finding and by when? Considering that the finding recurs every financial year.

**Answer:**

My name is Masala Thomas Makumule, I am the accounting officer.

The figure of 162 is a typing error which will be corrected. The correct figure is 1 577 as per the adjusted SDBIP and is reflected on page 38 of the Final Annual Performance Report 2023-24.

The random sampling that was done indicates that the number of beneficiaries that were benefiting is far much higher than the 162 that has been indicated in the AG report.

The table below indicates the number that has been configured as well as the number of beneficiaries that had collected their tokens.

Table 1: FBE SUMMURY

JANUARY 2024			FEBRUARY 2024			MARCH 2024		
Configur ed	Collect ed	Fee s	Configure d	Collecte d		Configure d	Collect ed	Fees
1542	1258	81.6 %	1440	1245	86.5 %	1430	1233	86.2 %

SEPTEMBER 2023			OCTOBER 2023			NOVEMBER 2023		
Configur ed	Collect ed	Fee s	Configure d	Collecte d		Configure d	Collect ed	Fees
1574	1270	80.7 %	1576	1278	81.1 %	1543	1269	82.2 %

We will improve our reporting processes including the review thereof.







Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

(b) Why did you only 162 benefited out of 1450 whereas you issued indigent form to councilors so that are filled by community members?

**Answer:**

My name is Masala Thomas Makumule, I am the accounting officer.

The figure of 162 is a typing error which will be corrected. The correct figure is 1 577 as per the adjusted SDBIP and is reflected on page 38 of the Final Annual Performance Report 2023-24.

The random sampling that was done indicates that the number of beneficiaries that were benefiting is far much higher than the 162 that has been indicated in the AG report.

The table below indicates the number that has been configured as well as the number of beneficiaries that had collected their tokens.

**Table 1: FBE SUMMURY**

JANUARY 2024			FEBRUARY 2024			MARCH 2024		
Configured	Collected	Fees	Configured	Collected		Configured	Collected	Fees
1542	1258	81.6 %	1440	1245	86.5 %	1430	1233	86.2 %

SEPTEMBER 2023			OCTOBER 2023			NOVEMBER 2023		
Configured	Collected	Fees	Configured	Collected		Configured	Collected	Fees
1574	1270	80.7 %	1576	1278	81.1 %	1543	1269	82.2 %

We will improve our reporting processes including the review thereof.

(c) Under basic services item shows you achieved only 55% of the planned targets while you spent 92%. Why did we achieve only 55% of the target while we have management that are supposed to ensure that work is done correctly, while spending a lot of money (92%) that can potentially be fruitless expenditure as projects are not completed but the budget is continuously being spent?

**Answer:**



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My name is Masala Thomas Makumule, I am the accounting officer.

The total number of targets for basic service delivery for 2023/2024 financial year is 51. The total number of targets achieved is 28 and not achieved targets is 23 as reflected in the table below. This includes financed and non-financed targets.

Tel: 015 961 7500  
Fax: 015 962 4020

DEPARTMENTS	ANNUAL TARGETS	ACHIEVED TARGETS	TARGETS NOT ACHIEVED	% ACHIEVED	% NOT ACHIEVED
Municipal Manager	2	2	0	100%	0%
Budget and Treasury	4	3	1	75%	25%
Community Services	8	6	2	75%	25%
Technical Services	37	17	20	46%	54%
<b>TOTAL</b>	<b>51</b>	<b>28</b>	<b>23</b>	<b>55%</b>	<b>45%</b>

Amongst the 23 reported not achieved targets there is expenditure for incomplete and in progress projects as reflected in the detailed scorecard for achieved and non-achieved targets in item NO. 52 page 35-79 of the APR and item NO. 6 page 105-122 of the APR on performance of service providers for 2023/2024 financial year.

92% reflected on item 34 of AGSA report is linked to Appendix N on page 212 - 220 of the draft annual report which provides details of all capital projects in the municipality per department and Final Annual Performance Report 2023-24.

## 5. Question 5

With reference to the Auditor-General's report 2023/2024 item 43 indicates that reasonable steps were not taken to prevent irregular amounting to R16 983 804 as disclosed in note 56 to the annual financial statements, as required by section 62(1)(d) of the MFMA

- (a) In terms of the MFMA section 62(1)(d) as the Accounting Officer must have prevented this expenditure, why did you fail to prevent it? Are you aware that in terms of MFMA section 171 this maybe regarded as a financial misconduct?



M.T.





**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

We did not have a contract management system which could identify contracts which were about to expire.

Legal services will keep a contract register and proactively identify contracts which are about to expire and communicate with the contract owners.

Engagements are in progress to update contracts for Telkom, and they are finalising a master service level agreement. We have signed a service level agreement with Vodacom.

I am aware that this matter may be regarded as a financial misconduct, and it has been referred to the Financial Misconduct Board by MPAC.

**6. Question 6**

With reference to the Auditor-General's report 2023/2024 item 47 indicates that the performance management system and related controls were not maintained as the performance monitoring, review and reporting processes was not conducted and managed, as required by the municipal planning and performance management regulations 7(1) and item 55 indicates that management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

- (a) Considering that this is a recurring issue, why should council have confidence in you as the Accounting Officer in holding management accountable?

**Response:**

My name is Masala Thomas Makumule, I am the accounting officer.

As indicated above, Council should have confidence in the Accounting Officer because the CFO, Budget team and other managers will be attending GRAP workshops and training for regular updates to reduce material misstatements. The Accounting Officer will regularly monitor attendance of these trainings and ensure that interim nine months financial statements are prepared and reviewed.

The accounting officer will implement consequence management and keep on monitoring performance on all managers accountable to him.



THE END

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## 7. KEY COMMENTS ON THE DRAFT ANNUAL REPORT AND PUBLIC HEARING

Circular 32 of the MFMA prescribes that after the annual report is tabled an oversight report needs to be compiled from the evaluation and analysis of the annual report, and together with the inputs from the community, Auditor-General and other stakeholders form part of the final annual report to be approved by council before 31 March 2025(Circular no. 104). In addition, the circular proposes that responses to questions in the written representations be included in the oversight report. This section summarizes the key public hearing comments arising out of the discussions at the meeting of the oversight committee public hearing.

The following table illustrates the oversight process followed by MPAC when scrutinizing

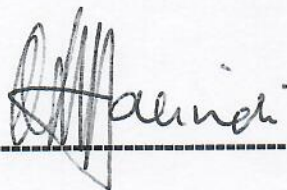
Activity	Date	Venue
Scrutinizing the draft annual report and formulation of the question to the MM	03-07 February 2025	Letaba lodge Tzaneen
Public participation	25 February 2025	Tshifulanani Stadium
Consideration of responses from the Municipal Manager and preparing for the public hearing	10 March 2025	Thulamela council Chambers
Public Hearing	12 March 2024	George Phadagi Town Hall



## 8. Recommendations

- MPAC recommends to council that the 2022/2023 oversight report be made public in terms of section 129(3) of the MFMA and submitted to the Limpopo Legislature in terms section 132(2) of the MFMA.
- MPAC recommends to the council that in line with vision 2030 and IDP the municipality must develop an Integrated Transport Plan and report to council on the implementation at least once annually.
- **MPAC recommends that the council approve the final annual report 2023/2024 in terms of section 129 of the MFMA with reservations, reasons are the annual report is partially reflecting municipal performance and in some cases it's just definitions and not the actual work performed. The report in some instances what is indicated in headings and subheading is not supported by the text inserted below those headings hence MPAC has reservations on the true reflections on the performance of the municipality.**

### AUTHORIZATION TO COUNCIL

  
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**Cllr Malindi OT**

**MPAC Chairperson**

26/03/2025

**Date**