



**OVERSIGHT REPORT ON THE ANNUAL REPORT OF THE
ELUNDINI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE
2025**

1. PREAMBLE

The Elundini Municipality's Municipal Public Accounts Committee (MPAC) has been established in terms of the municipality's Standing Rules and Orders, which also provide the terms of reference for the committee. The primary functions of MPAC have been articulated in the Standing Rules and Orders as follows: -

- a) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
- b) In order to assist with the conclusion of matters that have not been finalized, information pertaining to past recommendations made on the annual report must also be reviewed. This relates to quarterly in-year reports, mid-year and annual reports;
- c) To examine financial statements and audit reports of the municipality, and in doing so, the committee must consider improvements from the previous statements and reports and must evaluate the extent to which the Audit Committee's and Auditor General's recommendations have been implemented;
- d) To provide good governance, transparency and accountability on the use of municipal resources;
- e) To recommend and undertake an investigation, after reviewing any investigation report already undertaken by the municipality or Audit Committee; and
- f) To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The terms of reference further direct that the MPAC shall have permanent referral of documents as they become available relating to:-

- I. In-year reports of the municipality and municipal entities
- II. Annual financial statements of the municipality and municipal entities;

- III. Audit opinion, other reports and recommendations from the Audit Committee.
- IV. Information relating to compliance in terms of sections 128 and 133 of the MFMA;
- V. Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before the committee;
- VI. Any other audit report from the municipality or its entity; and
- VII. Performance information of the municipality and municipal entities.

At its meeting held in the Nqanqarhu Town Hall on 30 November 2021, the municipal council appointed the following councilors to serve in the Municipal Public Accounts Committee:

- (i) Councilor M Mampintsha (Chairperson)
- (ii) Councilor K A Mgijima
- (iii) Councilor L B Magqashela
- (iv) Councilor N Tyumbu
- (v) Councilor M Mdleleni

In order to minimize the potential for conflict of interest, Council has divested all members of MPAC of any further responsibilities in the committees of Council.

2. INTRODUCTION

The Mayor of the Elundini Municipality has, in terms of section 127(2) of the Municipal Financial Management Act 56 Of 2003 (MFMA), read with section 58 of the same Act, tabled before a Special Meeting of the Council held on the 29 January 2025, an annual report of the Elundini Municipality for the year ended 30 June 2024.

The annual report was prepared in terms of section 121 of the MFMA and section 46 of the Municipal System Act No 32 Of 2000 (MSA).

Section 129 of the MFMA requires the Council of a municipality to consider the annual report 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, to adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council: -

- I. Has approved the annual report with or without reservations.
- II. Has rejected the annual report; or
- III. Has referred the annual report back for revision of those components that can be revised.

Following the tabling of the annual report for the year ended 30 June 2025, the MPAC had developed a schedule of meetings for its intense consideration and the development of an oversight report. The meetings were sat as follows: -

Date of Meeting	Members in attendance	Major focus	Special Invitees
11/02/2026	• Cllr M Mampintsha • Cllr M Mdleleni • Cllr L B Magqashela • Cllr Tyumbu	• Annual report • Performance report	
05/03/2026	• Cllr M Mampintsha • Cllr M Mdleleni	• Audited annual financial	Elundini Audit Committee chairperson, Mr Madolo

	• Cllr L B Magqashela	statements • Audit report	All ELM Councillors
27/03/2026	• Cllr LB Magqashela • Cllr M Mdleleni • Cllr Z Mampintsha	• Performance Information	
23-24/ 03/2026	• Cllr LB Magqashela • Cllr M Mdleleni • Cllr Z Mampintsha • Cllr Tyumbu	• Annual Report	Communities

Additional to the special invitees, and as a standard practice, presentations were invited from management, particularly to give technical guidance on some of the matters as they appear in the annual report, as well as to account for those areas as the MPAC deemed it necessary.

A. Components of the annual report

Section 121 (3) of the MFMA prescribes that the annual report of the Elundini Municipality must include the following:-

- Annual Financial Statements of the municipality as submitted to the Auditor General for audit in terms of section 126 (1);
- The Auditor General's audit report in terms of section 126 (3) on those financial statements;
- The Annual Performance Report of the municipality prepared by the municipality in terms of sections 46 of the MSA;
- The Auditor General's audit report in terms of section 45 (b) of the MSA;
- An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges.
- An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17(3)(b) (of the MFMA) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year.

- Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraph (b) and (d);
- Any explanations that may be necessary to clarify issues in connection with the financial statements.
- Any information as determined by the municipality.
- Any recommendations of the municipality's audit committee; and
- Any other information as may be prescribed.

The committee found that the Annual report for the year ended 30 June 2025 has been prepared in accordance with Section 121(3) of the MFMA.

B. Analysis of the annual report for the year ended 30 June 2025

2.1. OVERALL INSTITUTIONAL PERFORMANCE

The report indicates that the Institution has slightly declined its level of achievement as recorded in the previous year report with performance achievement of 72, 5% as against 73,9% achievement last year. ELM had a total of 40 indicators; Basic Service Delivery had a total of 15 indicators out of that, 10 indicators were achieved while 5 indicators were not achieved which translates to 66.6% achievement and 33.3% not achieved. Financial Viability had a total of 11 indicators and out of that, 7 indicators were achieved while 4 indicators were not achieved which translates to 63.6% achievement and 36.6% not achieved. Good Governance had a total of 08 indicators and out of that, 6 indicators were achieved while 2 indicators were not achieved which translates to 75% achievement and 25% not achieved. Local Economic Development had a total of 04 indicators and all indicators were achieved which translates to 100% achievement. Municipal Transformation had 2 indicators and were both achieved which translates to 100% achievement.

2.2. ANALYSIS OF PERFORMANCE REPORT

In analyzing the performance report, the committee found that in some instances targets are not met and the explanation given in the annual report is not giving clear reasons for the nonachievement. The Information on the non-achievement of the target on indigent beneficiation (TL42) as stated in the annual report as well as additional explanation provided by management do not give clear reasons why the target was not achieved. The management is blaming the efficiency of the verting system which excluded most beneficiaries as not qualifying. This can only be a good internal control rather than an impediment for the increase of beneficiaries.

The council has not achieved the target on the construction of access roads as well as the rehabilitation of public amenities. These are all basic services but the committee did not receive reasons or cooperation from management when it requested explanation.

The annual report only provides detail of performance for the institutional level and does not provide any information for the performance of the various departments. The explanation of the management on this is that it is only at the institutional level that the municipality can provide a report useful to the communities to gauge the performance of the municipality as, in most cases, other activities are mainly inward looking aiming to strengthen the municipality to be able to perform its mandate. This explanation is unacceptable to the committee as the committee remains with the conviction that the annual report should provide a detail of all what the municipality has done. Anything being done and any project being implemented is intended to improve service delivery and therefore should be reported

2.3. ANALYSIS OF THE AFS AND AUDIT REPORT

The committee invited the chairperson of the municipality's Audit Committee, Mr Madolo, CA (SA), so that he provides an independent, technical assistance to the committee and he joined virtually in a meeting held on 5 March 2026. In this meeting, the committee had also invited all the councilors so as to benefit from the expert analysis of the Annual report and mainly the Annual Financial Statements as well as the Audit Report. In prefacing his presentation, he intimated that the annual financial statements ought to be viewed against the backdrop of the

municipality's core mandate, which is the delivery of services to communities. The analysis should therefore entail a critical and analytical review of important account balances and certain classes of transactions. This should also include evaluating the financial health of the municipality, Risks identified in the analysis as well as compliance issues. The Chairperson of the Audit Committee expressed that the municipality is in a bad and challenging financial position.

Performance Information

The Chairperson indicated that there is no evidence for the performance recorded for Maintenance of public amenities.

For the entire service delivery targets the budget has been fully spent but only 71% has been achieved. Deficiencies in the internal controls are affecting the performance of the municipality.

Analysis of Annual Financial Statements

- The Chairperson explained that it is evident that the strategies developed to improve the financial health of the municipality do not yield any results or make any impact. The municipality has recorded a deficit of R18,4 million. Electricity distribution losses are recorded at R84 million. The municipality does not collect money from its debtors. The municipality has a debt impairment of R28 million. This means out of the income expected from debtors, the municipality is expecting not to receive R28 million. The municipality must try by all possible means to decrease expenditure. Procurement should match the actual money available at the bank not the paper budget.

Audit Opinion

- The municipality has received an Unqualified Audit Opinion with findings. Material findings might lead to clean audit if there is Audit Action Plan developed and implemented to attend to the findings. Equally so, the material findings might lead to qualified audit opinion if they are not attended to.

Audit Action Plan

- The Management has developed an Audit Action Plan to address the matters raised by the Auditor General. The plan sounds sufficient and if implemented, will help turn the

situation. MPAC should request periodic update reports on the implementation of the plan

2.4. COMMUNITY CONSULTATION ON DRAFT ANNUAL REPORT

The committee requested the Mayor and the Political Leadership of the municipality to accompany it to community meetings where the presentation of the Annual Report for comment by the communities. The first meeting was held in Tlokoeng On 23 March 2026 where communities of ward 8, 9, 10, 11, 12, 13, 14 and 15 were invited. The communities acknowledged the projects and the contents of the Annual Report.

The second meeting was held in Nqanqarhu on 24 March 2026 with communities from wards 1, 2, 3, 4, 5, 6, 7, 16 and 17. The communities acknowledged the service delivery stated in the Annual Report but expressed concerns that most access roads have already been washed away by the rains.

2.5. MUNICIPAL SPORTS FIELDS

The committee took a round and visited the municipal completed sports fields i.e. Ugie Sports field, TV Park s, Hopedale Sports field, Mt Fletcher Sports field and Refele Sports field.

The committee discovered that the sports fields are not maintained and some have deteriorated and vandalized.

Refele Sports field

- The committee visited the sports field on 26 January 2026 and found that indeed the works as stipulated above for phase 1 were carried out. The fencing is intact.
- In phase 2, the committee found the Netball and Volley Ball court to have been poorly constructed. It had cracks and rough material was used which could be dangerous to players.
- The grand stand cannot accommodate 350-500 as stated in the specification.
- There is no constructed parking area.
- The football pitch has over-grown grass and shrubs are invading the area.

- The whole site is being invaded by wattle trees.
- No maintenance has ever been carried out in the project.
- No electricity, no water and yet there are security personnel placed at the project. Their dignity is compromised as there are no toilets.
- The gravel running tracks are in unusable state

TV Park Sports field

- The committee visited the project on 27 January 2026
- The project is dilapidated and all works have either deteriorated or vandalized. Livestock is grazing freely as the concrete fence is broken.
- The communities are using the facility with seemingly no control by the municipality.

Mt Fletcher Sports field

- The committee visited the sports field on 26 January 2026.
- There is no maintenance on the project, all completed works have deteriorated.
- The grand stand is vandalized, toilets not working, change rooms are vandalized and the fencing has been vandalized.
- The community use the facility on their own and there is no access control.

Hopedale sports field

- The committee visited the project on 27 January 2026 and found the project not in a convincing state.
- There is no guard house as stated in the scope for the upgrade.
- No refuse/waste collection facility
- No maintenance of the project
- Playing grounds have been invaded by scrubs and wattle trees
- Electricity is not working
- The wall of the grand stand in the soccer pitch has fallen leaving the remaining wall a danger to users
- The fallen wall was badly constructed
- The running track is dangerous to runners as it is uneven and uncompacted

- The rugby field is uneven and over-grown with grass
- The project, though completed, is unusable
- The total cost of the Hopedale sports field for Phase1, Phase 2 and Upgrade is amounting to R26 202 644.73

Ugie Sports field

- The committee visited the project on 27 January 2026 and found that the project is completely dilapidated and vandalized.
- Fence around the soccer field has been vandalized
- Palisade concrete fence around the project has been vandalized.
- Flood lights have been vandalized and removed
- Change rooms have been vandalized and are a home to street kids
- The pitch has never been maintained.

All the sports fields could be maintained by the available personnel within the Community Services department if a proper plan is developed and clearly monitored by management.

3. RECOMMENDATIONS

The Municipal Public Accounts Committee therefore **RECOMMENDS** that Council, having fully considered the Annual Report for the financial year ended on 30 June 2025, **APPROVES** the annual report; and

- a) Council **APPROVES** the Annual report for the year ended 30 June 2025 without reservations.
- b) Council **INSTRUCTS** the municipal manager to **ensure** that before printing, the Annual Report has information on performance by the various departments forms part of the report.
- c) Council **INSTRUCTS** the municipal manager to develop a **MAINTENANCE PLAN** for each sports field which must be implemented to safeguard the condition of the Refele Sports Field and HopeDale Sports field.

- d) Council **INSTRUCTS** The municipal manager to develop sports fields use plan that should guide the use of the sports fields.
- e) Council **CLOSE** the Hopedale sports field from Public use pending the repairs to the wall at the grand stands
- f) Council **INSTRUCTS** the municipal manager to ensure that the guards at the Refele and Hopedale sports field work under acceptable conditions to avoid unnecessary litigations.
- g) Council must weigh options on future sports field projects versus the inability to maintain them which is resulting in no value for the money.

4. CONCLUSION

On behalf of the MPAC, I take this opportunity to thank the leadership of the municipality, and the Management at large for the support given to the Committee to enable it to discharge its responsibilities.

I am particularly grateful to my colleagues in MPAC as well as Mr Yongama Madolo, chairperson of the Audit Committee for their resilience as they continue to assist the municipal council to provide accountable governance to the community of Elundini.

Lastly, I thank the ward councilors who helped mobilized community members and also attended the meetings where the committee presented the Annual Report for community comments

Thank you.



Councilor Z. MAMPINTSHA

Chairman: Municipal Public Accounts Committee