

2024/25

# MKHONDO LOCAL MUNICIPAL

OVERSIGHT REPORT ON ANNUAL REPORT  
2024/25



**MKHONDO**  
LOCAL MUNICIPALITY

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## 1. PURPOSE OF THE REPORT

To consider the Municipality's Annual Report for the 2024/25 financial year ending 30 June 2025 and to adopt an Oversight Report in terms Of section 129 (Municipal Finance Management Act, 2003 (Act No 56 of 2003 - MFMA).

## 2. BACKGROUND

### 2.1 LEGAL REQUIREMENTS:

Section 1 21 (1), (2) and (3) of the MFMA determines as follows:

According to 1 21 (l) of the MFMA, every Municipality must prepare an Annual Report each financial year. The Council must within 9 months after the end of a financial year deal with the Annual Report of a municipality in accordance with section 129.

### 2.2 PURPOSE OF THE REPORT:

The purpose of an Annual Report is:

- i) To provide a record of the activities of the municipality during the financial term to which the report relates;
- ii) To provide report on performance against the budget of the municipality for the financial year; and
- iii) To promote accountability to the local community for the decisions made throughout the year by the municipality.

### 2.3 ANNUAL REPORT REQUIREMENTS:

The annual report of a municipality must include:

- i) The annual financial statements of the municipality; ii) The Auditor General audit report in terms of section 126) (3) on those financial statements; iii) The annual performance report of the municipality prepared by the municipality in terms of the section 46 of the Municipal Systems Act; iv) The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act;
- v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and services charges;

vi) An assessment by the municipality's Accounting Officer of the municipality's performance against measurable performance objectives referred to in section 17;

(3) (b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;

vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraphs (b) and (d):

viii) Any explanations that may be necessary to clarify issues in connection with the financial statements; ix) Any information as determined by the municipality;

x) Any recommendations as determined by the municipality; and xi)

Any other information as may be prescribed.

In terms of section 127 (5) of the MFMA, the accounting officer must immediately after the Annual Report is tabled, make public the Annual Report invite the local community to submit representations in connection with the Annual Report and submit the report to the Auditor General, the relevant Provincial Treasury and the Provincial Departments responsible for Local Government in the Province.

According to section 129 (10) of the MFMA, the Council must consider the Annual Report by no later than two months from the date on which the Annual Report was tabled, adopted, and oversight report containing the Council's comments on the Annual Report which must include a statement whether:

- The Council has approved the Annual Report with or without reservations;
- Has rejected the Annual Report;
- Has referred the Annual Report back for revision of those components that can be revised.

### 3. PROCESS FOLLOWED BY COUNCIL

#### 3.1 SUBMISSION AND TABLING OF THE ANNUAL REPORT 2024/25

The Executive Mayor is deemed to inform Council of unforeseeable reasons which eventually leads to the failure of Council to be adhered to abovementioned statutory compliance.

Section 127 (3) requires that if the Mayor for whatever reason, is unable to table in the Council the Annual Report Of the municipality, or the Annual Report of any municipal entity under the municipality's sole or shared control, within seven (7) months after the end of the financial year to which the report relates, the Mayor must:

- Promptly submit to the Council a written explanation referred to in section 133 (l) (a) setting out reasons for the delay, together with any components of the annual report listed in section 121 (3) or (4) that are ready: and
- Submit to the Council the outstanding Annual Report and/or other necessary outstanding components of Mkhondo Local Municipality's Annual Report as soon as may be possible.

As per legislation requires, the Annual Report has been tabled to Council seven (7) months after the beginning of the financial year under review. This exercise was also done to adhere to the stipulated nine (9) months of tabling the same to Council.

It is therefore worth reporting to the Speaker of the Mpumalanga Provincial Legislature that the Annual Report was open for discussion and recommendations were raised to MPAC and Council, respectively. The Executive Mayor informed Council that the report is in line with legislation as the Audit report was also issued. Therefore, the Annual Report had to be tabled as the final document for approval.

### 3.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Having considered the new guidelines issued by National Treasury on the establishment of Municipal Public Accounts Committee (MPAC) and the nature of Mkhondo Local Municipality, it was decided that the Oversight Committee, Audit Committee, Internal Audit and Management will serve in the MPAC.

One of the key responsibilities of the MPAC was to analyse and review the 2024/25 Annual Report in detail following it being tabled to Council. The Draft Annual Report was then taken to Council on 23 January 2026 for consideration following the adoption of Circular 32 of the National Treasury as the guiding document for the oversight process.

The following documents relevant to the Committee's responsibilities were to be distributed to each Committee member of which they should be in their possession include:

- The 2024/25 Draft Annual Report.
- 2024/25 Service delivery budget implementation plan incorporated in the Annual Report
- Auditor General Report 2024/25-in Annual Report
- MFM section 129
- National Treasury's Circular 11 and 63 - Annual Report.
- National Treasury Circular 32 — Oversight Report.

In compliance with what MPAC requested, the Committee places a high priority on community participation in the oversight process and it undertakes to implement the following actions to gain the community's participation in accordance to the applicable legislation:

- The community was notified of the availability of the 2024/25 Draft Annual Report through the local print media, municipal website, public libraries and municipal notice boards.
- Members of the community and stakeholders were invited to submit representations on the report prior the stipulated closing date.

#### 4. SCHEDULE OF PROGRAM

Date	Venue	Ward	Purpose
28 January 2026	Finance Boardroom	eMkhondo	Plenary meeting
06 February 2026	Finance Boardroom	eMkhondo	Discussion of the Draft Annual Report
05 and 16 March 2026	Finance Boardroom	eMkhondo	Feedback discussion with Management
19 March 2026	Madabukela Traditional Council	Ward 3,15 and 17	Consultation
19 March 2026	Council Chamber Boardroom	eMkhondo	Report consolidation

#### 4.1 ANNUAL REPORT COMPLIANCE ISSUES

This section contains the Committee's comments on whether the 2024/25 Annual Report included the items required by the MFMA and followed the guidelines provided by the applicable Circulars of the National Treasury.

As reported below, the Annual Report of the 2024/25 financial year did comply with the great majority of the MFMA requirements and the National Treasury guidance.

The following MFMA requirements have been included in the Council-approved 2024/25 Annual Report:

- Heading and content recommended by the applicable Circular.
- Annual financial statements.
- Auditor Generals' report.
- Conditional grants and assessment of compliance.

- Total payments for audit fees, taxes, levies, duties, pension and medical aid contributions, and if any amounts outstanding at year-end.
- Summary of all investments.
- Particulars of material irregular, fruitless or wasteful expenditures and whether recoverable.

#### 4.2 PUBLIC CONSULATION COMMENTS

##### MADABUKELA COMMENTS AND QUESTIONS

1. The Community has highlighted the need for collaboration efforts between traditional leaders, Councillors and the Municipality to prioritise service delivery.
2. It was suggested that encouraging people to register to vote could help determining the population size of the area, which in turn could assist in addressing issues related to population growth. Additionally, this process could also assist identifying individuals residing in the area without identification documents.
3. Some areas are experiencing slow service delivery, with inadequate infrastructure such as unpaved roads, and lack of access to basic amenities like water and electricity.

#### 4. GENERAL COMMENTS AND RESERVATIONS

CHAPTERS	ISSUES RAISED
Chapter 1: Mayor's Foreword and Executive Summary	<ol style="list-style-type: none"> <li>1.The Mayo's foreword and executive summary was not included in the report</li> <li>2.Progress of the resolution take during 2024 Municipal strategic planning session, regarding the revision of the Municipality's vision, mission and core values</li> <li>3. To correct geographical directional references as necessary</li> <li>4. To Include matric results of year 2024</li> <li>5.Covid-19 impact in the report should be excluded</li> <li>6. The classification of Mkhondo as a low-population area appears to be inconsistent with</li> </ol>

CHAPTERS	ISSUES RAISED
	existing knowledge, as it is generally regarded as having a high population.
<b>Chapter 2: Governance</b>	<ol style="list-style-type: none"> <li>1. There appears to be an error in table 27: the total number of Councillors is calculate as 37, not 38, and IFP political party is not accounted for in the table.</li> <li>2. Position of General Manager: Planning and Economic development was filled 9 July 2025/26 Financial Year not 2024/25 Financial year</li> <li>3. The Committee is seeking further clarification on the financial health overview</li> </ol>
<b>Chapter 3: Service Delivery performance</b>	<ol style="list-style-type: none"> <li>1. The Committee would like further clarification on the standard rating schedule table, and why do double the standard to 200%.</li> </ol>
<b>Chapter 4 : Organizational Development Performance</b>	<ol style="list-style-type: none"> <li>1. Why is the Municipal Manager not included in the top Management column.</li> <li>2. The table for disciplinary actions taken during 2024/25 should be updated to include a column showing the number of employees involved</li> </ol>
<b>Chapter 5: Financial Performance</b>	<ol style="list-style-type: none"> <li>1. The Committee is requesting that the finance department provides an explanation of the financial summary.</li> </ol>
<b>Chapter 6: Auditor- General Audit findings.</b>	<p>Please note the following regarding this chapter</p> <ul style="list-style-type: none"> <li>• Appendices should be included as per Circular 63.</li> <li>• Some appendices are missing from the report and some information is incorrect.</li> <li>• The Audit Committee report is not attached and should be provided to the committee.</li> </ul>

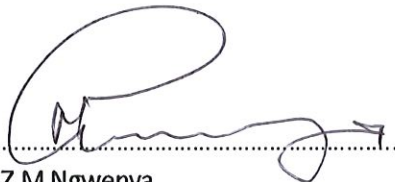
CHAPTERS	ISSUES RAISED
	<ul style="list-style-type: none"> <li data-bbox="879 392 1300 495">• The Annual Financial Statements (AFS) report is also missing and should be provided.</li> </ul>

#### 5. RESPONSES TO ISSUES RAISED

All Issues raised throughout the chapters have been duly addressed and rectified.

#### 6. RECOMMENDATIONS

- The oversight report from Municipal Public Accounts Committee be noted.
- Annual report be approved with no reservations.
- The Annual Report be submitted to all relevant Government institution as legislated.
- The Oversight report be published within seven (7) days as per MFMA requirements (Section 129).
- The public comments received be referred to relevant department for consideration.



CLLR Z M Ngwenya  
SPEAKER: MKHONDO LOCAL MUNICIPALITY