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OFFICE OF THE MUNICIPAL MANAGER

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To : Service Delivery Manager
: **BSS Riba**
: Municipal Manager
: **TM Mashabela**

From : **SD Mbonani**
: Assistant Public Participation Manager/Mpac Secretary

Date : **19 March 2026**

SUBJECT: MPAC Quarterly report for January - March 2026

1. OBJECTIVES

The Municipal Public Accounts Committee (MPAC) is established in terms of Section 79 of the Municipal Structures Act, Act 117 of 1998, and the Municipal Finance Management Act (MFMA), Act 56 of 2003.

The objectives of MPAC are to:

- Provide oversight and accountability in the municipality's financial management
- Ensure compliance with MFMA, MSA and other legislation
- Review financial and performance reports
- Investigate Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW)

- Monitor implementation of Council resolutions
- Strengthen good governance and transparency

These functions are performed in line with the constitutional principles of accountable and responsive local government.

2. BACKGROUND

During the period January – March 2026, MPAC continued to execute its oversight responsibilities as required by the Municipal Systems Act and the Municipal Finance Management Act. The Committee held meetings to review reports submitted by the administration and to assess the implementation of previous resolutions. The work of the Committee focused on financial oversight, governance compliance, audit matters, and preparation of the Annual Oversight Report. The quarterly report is submitted to Council to ensure that oversight activities of MPAC are monitored and recorded.

3. MEETINGS HELD DURING THE PERIOD

During the quarter, MPAC convened meetings to consider matters relating to financial oversight, audit outcomes, and statutory reporting requirements.

Matters discussed included:

- Review of Section 71 financial reports
- Preparation of Annual Oversight Report
- Review of audit action plans
- Monitoring of UIFW expenditure
- Review of performance reports
- Compliance with MFMA reporting timelines

The Committee received presentations from management and support units where required.

4. KEY OVERSIGHT ACTIVITIES

4.1 Review of Financial Reports

MPAC reviewed monthly and quarterly financial reports submitted in terms of Section 71 of the MFMA.

The Committee noted:

- Challenges in revenue collection
- Pressure on cash flow
- Outstanding debtor balances
- Need for improved expenditure control

The Committee recommended strengthening credit control measures and improving financial discipline.

4.2 Review of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The Committee reviewed reports relating to UIFW expenditure.

MPAC noted that:

- Some cases are still under investigation
- Consequence management must be implemented
- Progress reports must be submitted regularly

The Committee emphasised the importance of compliance with MFMA Circulars and internal control procedures.

4.3 Preparation of Annual Oversight Report

During this quarter, MPAC finalised the Annual Oversight Report for submission to Council.

The process included:

- Review of Annual Report
- Consideration of Audit Committee inputs
- Consideration of Auditor-General findings
- Consideration of community inputs

- Adoption of recommendations

The Annual Oversight Report will be submitted to Council for approval in terms of Section 129 of the MFMA.

4.4 Governance and Compliance Monitoring

- MPAC monitored compliance with:
- Municipal Finance Management Act
- Municipal Systems Act
- Municipal Structures Act
- Treasury Regulations
- Council resolutions

The Committee noted the need for continuous improvement in reporting and implementation of audit action plans.

4.5 Public Participation and Transparency

MPAC supports public participation in oversight processes.

The Committee encourages:

- Public access to Council meetings
- Publication of reports
- Community awareness of municipal performance
- Submission of public comments on Annual Report

This promotes accountability and good governance.

5. CHALLENGES EXPERIENCED

During the quarter, the following challenges were noted:

- Delays in submission of reports

- Limited technical support during meetings
- Outstanding investigations on UIFW
- Financial constraints affecting operations

MPAC recommends that adequate support be provided to ensure effective oversight.

6. CONCLUSION

The MPAC Committee remains committed to strengthening oversight, accountability, and good governance within Victor Khanye Local Municipality.

During the period January – March 2026, the Committee fulfilled its responsibilities by reviewing financial reports, monitoring compliance, and preparing the Annual Oversight Report for submission to Council.

The Committee will continue to monitor implementation of recommendations and ensure that the municipality complies with legislative requirements.

7. RECOMMENDATIONS

- Notes the progress made by MPAC in executing its oversight role
- Approves submission of the Annual Oversight Report
- Makes the Oversight Report public in terms of Section 129(3) of the MFMA
- Ensures that management implements MPAC resolutions

SD Mbonani

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Assistant Manager: Public Participation

VICTOR KHANYE LOCAL MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

ANNUAL OVERSIGHT REPORT

2024/2025

Prepared for Council in terms of Section 129 of the Municipal Finance Management Act (MFMA), Act 56 of 2003

Table of Contents

1. PURPOSE

The Municipal Public Accounts Committee (MPAC) submits this Oversight Report in terms of Section 129 of the Municipal Finance Management Act (MFMA), Act 56 of 2003.The purpose of this report is to present Council with the findings, observations, and recommendations of MPAC after reviewing the Annual Report of Victor Khanye Local Municipality for the 2024/25 financial year.The Oversight Report confirms that MPAC has reviewed the Annual Report, financial statements, performance report, Auditor-General findings, and community inputs.

Council approves the Oversight Report after MPAC has fulfilled the following duties:

- Review and analysis of the Annual Report; Receive and consider inputs from councilors 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. It is requested that the council, with respect to annual report:
- Approves the 2025/26 Annual Report without reservations: in terms of section 129 (1) (a) of the Municipal Finance Management Act. That management follows provisions of Circular 63 in terms of reporting timelines of the Annual Report.
- It is requested that the council, with respect to oversight report:
- Adopts 2024/2025 Oversight Report of the Victor Khanye Local Municipality and representations thereof in terms of section 129 of the Municipal Finance Management Act.
- The MPAC Oversight Report be made public in accordance with terms of Section 129 (3) of the Municipal Finance Management Act and be submitted to Mpumalanga Provincial Legislature, Provincial Treasury, COGTA and AGSA.

2. INTRODUCTION

The Annual Report of the Municipality was tabled before Council and referred to MPAC for oversight. MPAC held meetings to analyse the report and requested presentations from management on key areas including financial performance, service delivery, governance, and audit outcomes. The committee evaluated compliance with MFMA, Municipal Systems Act, and relevant Treasury regulations.

The main components of the 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.
- The Audit Committee's Report.

2.1 CHAIRPERSON'S FOREWORD

The Municipal Public Accounts Committee (MPAC) presents this Oversight Report on the 2025/26 Annual Report of Victor Khanye Local Municipality in fulfilment of its constitutional and legislative oversight mandate. This report reflects MPAC's commitment to promoting transparency, accountability, and good governance in the administration of municipal affairs.

The oversight process was undertaken in accordance with the provisions of the Municipal Finance Management Act (MFMA), the Municipal Systems Act (MSA), and relevant National Treasury Circulars. Through a structured programme of meetings, engagements, and deliberations, MPAC critically assessed the municipality's performance in respect of service delivery, financial management, governance, and compliance with applicable legislation.

During the 2024/25 financial year, the Committee focused on strengthening its oversight role by enhancing technical support, improving alignment with the municipal calendar, and deepening engagement with management, oversight structures, and communities. These efforts were aimed at ensuring that reported performance is credible, challenges are identified timeously, and corrective actions are effectively implemented.

While progress has been noted in certain areas, MPAC remains concerned about persistent challenges relating to revenue collection, financial sustainability, and the management of unauthorised, irregular, fruitless and wasteful expenditure. The Committee will continue to exercise vigilant oversight and expects management to implement Council resolutions decisively in order to improve institutional performance and service delivery outcomes.

On behalf of MPAC, I would like to acknowledge the cooperation of Council, the Municipal Manager, senior management, the Audit Committee, and all stakeholders who contributed to the oversight process. The Committee remains committed to working collaboratively in the best interests of the residents of Victor Khanye Local Municipality.

Cllr JZ Ndlovu

MPAC Chairperson

3. COMPOSITION OF MPAC

MPAC consists of non-executive councillors in line with MFMA Circular 32.Members represent different political parties within Council to ensure oversight independence. Municipal officials attend meetings when required to account for their respective responsibilities.

The MPAC membership is constituted as follows equivalently representing the political parties in Council:

Initials and Surname	**Political party**
Councillor JZ Ndlovu	ANC
Councillor BL Mbalati	ANC
Councillor NE Mohoadibe	EFF
Councillor P Senekal	VF Plus
Councillor SE Lebatse	ANC
Councillor DJ Bath	DA
Councillor TS Segone	AVPP

The Accounting Officer and Senior Managers are required to attend MPAC meetings as required to account for their respective areas of responsibilities, as all meetings of the MPAC are open to the public.

4. Meeting Schedule

MPAC held meetings during the year to perform oversight on the Annual Report, financial reports, and performance reports. Additional meetings were held with management, Internal Audit, Risk Management, and Supply Chain Management units.

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.
- MPAC in developing this Oversight Report complied with the relevant legislative prescripts.

The meeting schedule of the Municipal Public Accounts Committee from 29th of July 2025 to the 27th of January 2026 is outlined below:

Date	Time	Venue
29 JULY 2025	10:00	Council Chamber
10 October 2025	10:00	Speaker's Boardroom
27 January 2026	10:00	Virtual

5. Legal Framework

This Oversight Report is prepared in terms of:

- Municipal Finance Management Act (MFMA)
- Municipal Systems Act (MSA)
- Municipal Structures Act

- MFMA Circular 32
- MFMA Circular 63
- MFMA Circular 105 (UIFW)

6. Statutory Compliance

MPAC confirmed that the Annual Report process followed the legislative timetable.The draft Annual Report was submitted to the Auditor-General, reviewed by the Audit Committee, and made available for public comment before oversight assessment.

The process for the finalisation and approval of the 2024/25 Annual Report was conducted as per the table below:

No.	Activity
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).
3.	Finalize the 4th quarter Report for previous financial year.
4.	Submit draft Annual Report to Internal Audit and Auditor-General.
5.	Municipal entities submit draft annual reports to MM.
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant).
7.	Mayor tables the unaudited Annual Report.
8.	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.
10.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.
11.	Municipalities receive and start to address the Auditor General's comments.
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report.
13.	Audited Annual Report is made public and representation is invited.

14.	Oversight Committee assesses Annual Report.
15.	Council adopts Oversight report.
16.	Oversight report is made public
17.	Oversight report is submitted to relevant provincial councils
18.	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.

7. Public Participation

Public participation was conducted through public notices, council meetings, and invitations for written submissions. MPAC encourages stronger participation through ward meetings, community radio, and social media engagement.

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

8. MPAC Oversight Activities

MPAC reviewed presentations from management on:

- Indigent Policy Implementation
- Budget allocation for indigent support
- Credit control measures
- EPWP / CWP participation
- Vacant posts
- Staff performance
- Supply Chain Management compliance
- Contract management
- Auditor-General findings

8.1 Oversight Planning and Institutional Support

In April 2025, the Municipal Manager issued a directive institutionalising technical support to MPAC by designating the Legal Services Unit, Internal Audit Unit, and Risk Management Unit as permanent invitees to all MPAC meetings. This measure was implemented to strengthen the committee's technical capacity and ensure that oversight deliberations are legally sound, risk-informed, and compliant with governance standards. On 11 October 2025, MPAC convened a planning and alignment session to review its Annual Oversight Work Plan. The committee ensured alignment with the municipal annual calendar, including Council sittings, Mayoral Committee meetings, budget and IDP processes, and statutory reporting cycles. This alignment was aimed at preventing oversight gaps, improving sequencing of oversight activities, and ensuring timely interventions.

9. Financial Oversight

MPAC reviewed Section 71 reports and Annual Financial Statements.

Key concerns included:

- Under-collection of revenue

- High debtor balances
- Increasing employee costs
- Supplier payment delays
- Cash flow risks

9.1 Review of Section 71 Financial Performance Report

MPAC reviewed the April 2025 Section 71 Financial Performance Report, which served as the baseline for the 2024/25 financial year. The committee identified the following material financial risks and trends:

9.1.1 Revenue Performance

Significant under-performance was noted in the following revenue streams:

- Interest earned on outstanding debtors reflected a negative variance of approximately 99%, indicating weaknesses in debt collection and credit control processes.
- Sale of Goods and Rendering of Services underperformed by approximately 69%, raising concerns regarding billing efficiency and service delivery execution.

9.1.2 Service Charges

Service charge revenue performance reflected mixed results:

- Refuse removal revenue showed a positive variance of 7%.
- Electricity revenue underperformed by 8%.
- Water revenue underperformed by 11%. MPAC raised concerns regarding infrastructure losses, non-payment, billing accuracy, and affordability challenges affecting service charge collections.

9.1.3 Reported Deficit

The municipality reported an accumulated deficit of R80.2 million. MPAC established that the primary cause of this deficit was the late transfer and receipting of conditional grants expected in earlier periods. The committee recommended improved grant management, cash flow forecasting, and proactive engagement with funding departments.

10. UIFW Expenditure

MPAC reviewed unauthorised, irregular, fruitless and wasteful expenditure.The committee resolved that all cases must be investigated and consequence management implemented where necessary.

11. Service Delivery Oversight

MPAC conducted site visits to verify service delivery projects including community halls and infrastructure developments. Some projects experienced delays due to budget constraints and contractor performance issues.

12. Human Resource and Performance Management

MPAC reviewed staff performance agreements, vacancies, and overtime expenditure. Concerns were raised regarding vacant critical posts and weak performance management systems.

13. Supply Chain Management

MPAC assessed procurement processes and noted concerns regarding deviations, late supplier payments, and contract monitoring. The committee recommends stronger SCM compliance and improved contract management.

14. Audit Outcomes

MPAC considered the Auditor-General findings relating to compliance, performance reporting, and financial management. Management must implement audit action plans and report progress regularly.

15. Observations

MPAC notes progress in governance and reporting systems but remains concerned about financial sustainability, revenue collection, and compliance issues.

16. Recommendations

MPAC recommends that Council:

- Approve the Annual Report
- Adopt the Oversight Report
- Strengthen revenue collection
- Improve SCM compliance
- Implement consequence management
- Address audit findings
- Strengthen internal controls

Approval

Cllr JZ Ndlovu

Ndlovu

MPAC Chairperson

Victor Khanye Local Municipality