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**COLLINS CHABANE LOCAL MUNICIPALITY**

# **COLLINS CHABANE LOCAL MUNICIPALITY**



**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE  
(MPAC)**

**OVERSIGHT REPORT ON THE 2024/2025 ANNUAL REPORT OF THE COLLINS CHABANE LOCAL  
MUNICIPALITY**



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### TABLE OF CONTENTS

1. FOREWORD BY THE CHAIRPERSON.....	3
2. PURPOSE.....	6
3. INTRODUCTION.....	6
4. BACKGROUND.....	6
5. CCLM MPAC MEMBERS .....	9
5. TIME CONSIDERATIONS.....	12
6. LEGAL FRAMEWORK.....	15
7. PUBLIC HEARING.....	16
8. OVERSIGHT COMMITTEE RECOMMENDATIONS.....	18
9. QUESTIONS FOR CONSIDERATION.....	19
10. RECOMMENDATIONS.....	55
11. CONCLUSION.....	58



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## COLLINS CHABANE LOCAL MUNICIPALITY

### 1. FOREWORD BY THE CHAIRPERSON OF MPAC

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report. Given the process required by Council to effectively undertake its oversight role, the establishment of the Municipal Public Accounts Committee (MPAC) of Council provides the appropriate mechanism in which Council would fulfil its oversight responsibilities. MPAC's primary role is to consider the Annual Report, receive input from the various role players and prepare a draft Oversight Report for consideration by Council.

In the light of this responsibility, 41<sup>st</sup> Special Council on 30<sup>th</sup> January 2026, tabled the 2024/25 Draft Annual Report of the Collins Chabane Local Municipality for consideration. Council subsequently referred the 2024/25 Annual Report to the MPAC for interrogation so that an Oversight Report could be developed. MPAC in fulfilling its responsibility assigned to it by Council, MPAC held its meetings on the following dates:

- 30 January 2026
- 02 February 2026
- 23 February 2026
- 24 February 2026
- 25 February 2026



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- 26 February 2026
- 27 February 2026
- 05 March 2026
- 13 March 2026
- 16 March 2026
- 17 March 2026
- 18 March 2026
- 29 March 2026
- 30 March 2026

During these meetings the Annual Report of Collins Chabane Local Municipality was assessed with due attentiveness by all MPAC members. The oversight process included a page by page scrutiny of the Annual Report where questions for clarity and concerns were raised.

MPAC noted both improvements in certain performance areas, as reflected in the 2024/25 Annual Report, but also unsatisfactory performance in some areas as reflected in the Oversight Report. As a result, MPAC has raised concerns and made recommendations on a number of issues that require immediate intervention.



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MPAC will furthermore ensure that recommendations developed in the 2024/25 Oversight Report are fully implemented by the municipal administration and this will be monitored through quarterly reports by MPAC. In considering the 2024/25 Annual Report, MPAC also consulted the 2023/24 Oversight Report to establish those areas that are still outstanding that could be incorporated into the 2024/25 Oversight Report. It is my belief that if Council considers these recommendations and the administration implements them fully, the CCLM should move to a better audit opinion.

Finally, I would like to extend special appreciation to the members of MPAC for their contribution, dedication and hard work in ensuring that this report was compiled and tabled in time for Council and for the administration and their administrative support in developing the Oversight Report.

**CLLR MUDAU T. S**  
**CHAIRPERSON**

**30 March 2026**

**DATE**



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### 2. PURPOSE

In terms of Section 129 of the Local Government: Municipal Finance Management Act, 56 of 2003 (hereafter referred to as the MFMA) and Municipal Systems Act (MSA), the Council of a Municipality is required to consider the Annual Report which is based on the annual service delivery processes and overall municipal performance. To 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 to council in terms of section 127 of the MFMA, to adopt an "Oversight Report" containing the council's comments on the Annual Report.

The purpose of this Oversight Report, compiled by Council's Municipal Public Accounts Committee (MPAC), on the 2024/25 Annual Report of the Collins Chabane Local Municipality to adhere to the legislation as mentioned in the above paragraph.

The Oversight Report is adopted after the Oversight Committee has fulfilled its tasks pertaining to:

- Undertaking a review and analysis of the Annual Report.
- Inviting, receiving and considering inputs from Councillors and Support Committees.



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## COLLINS CHABANE LOCAL MUNICIPALITY

- Considering written comments received on the Annual Report through the public consultation process.
- Conducting Public Participation and Public Hearing to allow the local community or any organs of state to make representations on the Annual Report.
- Receiving and Considering Council's Audit Committee's views and comments on the Annual Financial Statements and the Performance Report.
- Preparing the draft Oversight Report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organs of state, Council's Audit Committee and Councillors.

### 3. INTRODUCTION

The MFMA assigns specific oversight responsibilities to Council, with regard to the Annual Report and the preparation of an Oversight Report thereon.

### 4. BACKGROUND

The Collins Chabane Local Municipality has been guided by; Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Circulars in the process of drafting the Annual Report. In adhering to these, the Municipal Administration has submitted the Annual Report 2024/25 to the Council at the Council meeting held on 30 January 2026 for consideration. This process was



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## COLLINS CHABANE LOCAL MUNICIPALITY

followed by the preparation of the oversight report. The Collins Chabane Local Municipality Council has resolved that the Municipal Public Accounts Committee is the relevant committee within the Municipality to carry out the activities of the Oversight Committee. The Municipal Public Accounts Committee, as prescribed in the MFMA, has been holding meetings to discuss the performance of the overall municipality through the use of the 2024/25 Annual Report. The Committee has performed its oversight role within the MFMA specified municipal oversight completion period.

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).
- Annual Financial Statements submitted to the Auditor-General.
- The Auditor General's audit report on the financial statements in terms of Section 126 (3) of the MFMA.
- The Auditor-General's audit report on performance in terms of Section 45 (b) of the MSA.

One of the key responsibilities of the Municipal Public Accounts Committee in fulfilling its oversight role is to prepare the draft oversight report, considering the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors.



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## COLLINS CHABANE LOCAL MUNICIPALITY

### 4. COLLINS CHABANE LOCAL MUNICIPALITY MPAC MEMBERS

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

The formation of the Oversight Committee varies from municipality to municipality. Some of the municipalities in South Africa appoint members from its Council to carry out the activities of an oversight committee. However, in the CCLM this role is referred to the Municipal Public Accounts Committee. The Collins Chabane Local Municipality's 2024/25 financial year MPAC membership is constituted as follows:

1. African National Congress (ANC) – 7 members.
2. Economic Freedom Fighters (EFF)– 2 members.
3. Democratic Alliance (DA) – 1 member.
4. African Christian Democratic Party (ACDP) – 1 member.
5. African People's Convention (APC) – 1 member.
6. Able Leadership (AL) – 1 member.



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MPAC is constituted as follows:

- 4.1 Cllr T.S Mudau (Chairperson)
- 4.2 Cllr G.D Masangu
- 4.3 Cllr E Bamuza
- 4.4 Cllr S Makhubele
- 4.5 Cllr T.M Mutele
- 4.6 Cllr K.R Chabalala
- 4.7 Cllr M.J Baloyi
- 4.8 Cllr T.M Masia
- 4.9 Cllr S.L Siweya
- 4.10 Cllr B.S Maloleka
- 4.11 Cllr K.K Mabasa
- 4.12 Cllr N.S Makondo
- 4.13 Cllr K.R Muthubi

In assessing the report, MPAC was guided by the following documents:



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## **COLLINS CHABANE LOCAL MUNICIPALITY**

- a) Report from Auditor General
- b) Management Report
- c) National Treasury MFMA Circular no. 63
- d) National Treasury MFMA Circular no. 32
- e) MPAC Guide and Toolkit Circular no. 92



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### 5. TIME CONSIDERATIONS

#### 5.1 Meeting Schedule

The National Treasury's MFMA Circular No. 32 further provides for certain provisions with regard to 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.

The Annual Report 2024/25 was tabled at council meeting on 30<sup>th</sup> January 2026 and referred to the MPAC as an Oversight Committee in the Municipality. The MFMA prescribes that the oversight must be submitted to the Council on or before 31 March 2026 and be adopted by 31 March of the same year.

The meeting schedule of the Municipal Public Accounts Committee from 02 February 2026 to 30 March 2026 is outlined below:



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**COLLINS CHABANE LOCAL MUNICIPALITY**

**DATE, VENUE AND ACTIVITY**

<b>DATE</b>	<b>VENUE</b>	<b>ACTIVITY</b>	<b>Resolutions taken</b>
30 January 2026	Virtual Meeting	Draft Annual Report was taken to Council	To refer the Draft Annual Report to MPAC committee for further processing
23 – 27 February 2026	The Ranch Resort	MPAC retreat to analyse the 2024/25 Annual Report, representatives from the office of the Auditor General and Treasury, Municipality's Internal Audit and Supply Chain Management attended the retreat to provide guidance on the scrutinisation of the Annual report.	To conduct both Public Participation and Public Hearing on Annual report 2024/25 Financial Year
05 March 2026	Virtual Meeting	Annual Report final preparations of questions to be submitted to management	To submit questions for considerations to Management



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<b>13 March 2026</b>	<b>Virtual meeting</b>	<b>Considered responses from the Executive Arm on 2024/25 Annual Report, formulate follow-up questions, preparations of Public Participation on 2024/25 Annual Report.</b>	<b>To conduct Public Participation on Annual Report for 2024/5</b>
<b>16 March 2026</b>	<b>Malamulele Town Hall</b>	<b>Public Participation on 2024/25 Annual Report meeting with stakeholders.</b>	<b>To consider questions and inputs from members of the Public.</b>
<b>17 March 2026</b>	<b>Virtual meeting</b>	<b>Preparations for Public Hearing on 2024/25 Annual Report.</b>	<b>To conduct Public Participation on Annual Report for 2024/5</b>
<b>18 March 2026</b>	<b>Malamulele Town Hall</b>	<b>Public Hearing Meeting with the Executive Arm to discuss their responses to the questions and follow-up questions to the 2024/25 Annual report in Public.</b>	<b>To prepare the oversight report</b>



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<b>March 2026</b>	<b>Virtual</b>	<b>Final preparation of Oversight on 2024/25 Annual Report.</b>	<b>To present it to Council on or before the 31<sup>st</sup> of March 2026</b>
<b>30 March 2026</b>	<b>Malamulele Town Hall</b>	<b>Tabling of MPAC’s Oversight Report on 2024/25 Annual Report to Council.</b>	<b>Council resolution.....</b>

**7. LEGAL FRAMEWORK**

The preparation of this oversight report is in accordance with Section 129 (1) of the Municipal Financial Management Act (2003), which stipulates 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 at the adoption stage of the Oversight report state as to 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.

The establishment of the Oversight Committee is therefore important for the Council to carry out functions of the Annual Report oversight or overview. The Collins Chabane Local Municipality Council has in this case referred or delegated its authority to carry out its oversight functions to the Municipal Public Accounts Committee. The establishment of the MPAC was undertaken in terms of Section 79 of the



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## COLLINS CHABANE LOCAL MUNICIPALITY

Municipal Structures Act, which allows for the co-option of advisory members to a committee of Council, who are not members of the Council.

Circular No. 32 of the Municipal Finance Management Act, Act 56 of 2003 recommends that councils should consider the establishment of an Oversight Committee under Sections 33 and 79 of the Municipal Structures Act 1998. The Circular states that this committee and, if needed, sub-committees, could be responsible for the detailed analysis and review of the Annual Report and then drafting an Oversight Report that 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.

### 7. PUBLIC PARTICIPATION AND HEARING IN OVERSIGHT PROCESS

Section 130 of the MFMA stipulates 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.



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- 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:

<b>MECHANISM TO PROMOTE PUBLIC PARTICIPATION AND PUBLIC HEARING</b>	<b>STATUS</b>	<b>COMMENTS</b>
Invitation to public to submit comments on the Annual Report	Done : Invitations and Annual report documents were sent to different stakeholders on the 5 <sup>th</sup> of March 2026	The municipality conducted a Public Participation on the 16 <sup>th</sup> of March 2026, and a Public Hearing on the 18 <sup>th</sup> of March 2026.
Make public all meetings of Council's oversight committee that will consider the Annual Report	Done: Local newspaper adverts were sent out on the 6 <sup>th</sup> of March 2026 and were published on the 10 <sup>th</sup> of March 2026	All meetings were advertised on local media platforms within the Municipality.



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Representatives of the Auditor-General invited to meetings of Council that will consider Annual Report	Done: The Senior Manager Ms Magongwa was available as a representative from Auditor-General. The council was held on the 30 <sup>th</sup> of January 2026 on a virtual platform.	Auditor-General's representatives invited to the council meeting convened for tabling of the Annual Report to council by the Mayor.
Assessment of 2024/25 Annual Report	Done:	The assessment took place on the 23 <sup>rd</sup> – 27 <sup>th</sup> February 2026.

### 8. OVERSIGHT COMMITTEE RECOMMENDATIONS

At the first meeting of MPAC held on 23 February 2026 to consider the Annual Report, the meeting agreed that it would exercise its oversight functions in the following manner: That MPAC would attend as follows to its work in respect of the 2024/25 Annual Report and the Audit Report by the Auditor-General for the year ended 30 June 2025:

- First meeting: Annual Consolidated Financial Statements and Auditor-General's Audit Findings.
- Second meeting: Service Delivery Performance.
- Third meeting: Management Report.
- Fourth meeting: Recapping of all chapters from 1 to 6 of the Annual Report.



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## COLLINS CHABANE LOCAL MUNICIPALITY

- Fifth meeting: questions and responses from Management.
- Sixth meetings: meeting the public.
- Seventh meeting: Start developing Oversight Report.

The discussions and recommendations of MPAC will be presented in accordance with the areas identified above, namely:

Area 1 Auditor-General's Audit findings.

Area 2 Annual Consolidated Financial Statements.

Area 3 Performance Scorecard Reports.

### 9. QUESTIONS FOR CONSIDERATION BY MPAC (2024-2025)

The table below reflect the audit findings and questions:

No.	Items	Findings	Questions	Response by Management
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01	<b>MAYOR'S FOREWORD AND EXECUTIVE SUMMARY</b>	<b>EXECUTIVE SUMMARY BY THE MAYOR'S FOREWORD:</b>  Page 6 of the draft annual report indicates that:  During 2024/25 financial year, Collins Chabane Local Municipality received license from the National Energy Regulator of South Africa (NERSA) to distribute electricity. The license allows the Municipality to sell electricity it generates through its own solar plants and three pilot areas have been identified	<b>The MPAC would like to commend the Municipality for obtaining the licence, however can the Municipality update us on the progress and readiness to sell electricity?</b>	<b>We will purchase bulk supply from Eskom after electrification of Mavambe phase 3 (Kings view) we will sell immediately.</b>
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		<p><b>EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER</b></p> <p>Page 8 of the draft annual report reflects that performance is sitting at 89 % and regressed by 1% as compared to 90% in 2023/24</p>	<p>The Municipality is doing well in performance management but what caused the regression in performance management?</p>	<p>During the 2024/25 the Municipality had a total of 82 Key Performance Indicators on the SDBIP, and when we adjusted in February 2025, 10 KPI's were removed and we were left with 72 and reducing the KPI's caused the regression of 1%</p>												
02	<p><b>COMPONENT B: INTERGOVERNMENTAL RELATIONS</b></p>	<p><b>PROVINCIAL INTERGOVERNMENT STRUCTURES</b></p> <p>Page 21 of the draft annual report reflects all the forums that the municipality attends including the EPWP Provincial Steering Committee.</p>	<p>Did the Municipality meet the EPWP target and how many jobs were created?</p>	<p>Yes, the municipality has reached the target:</p> <table border="1"> <thead> <tr> <th></th> <th>Planned Target</th> <th>Achieved</th> </tr> </thead> <tbody> <tr> <td>1. Infrastructure</td> <td>348</td> <td>482</td> </tr> <tr> <td>2. Environmental</td> <td>151</td> <td>172</td> </tr> <tr> <td>3. Routine Maintenance, Parks and Beautification and Refuse Removal</td> <td></td> <td>72</td> </tr> </tbody> </table>		Planned Target	Achieved	1. Infrastructure	348	482	2. Environmental	151	172	3. Routine Maintenance, Parks and Beautification and Refuse Removal		72
	Planned Target	Achieved														
1. Infrastructure	348	482														
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		<p><b>DISTRICT INTERGOVERNMENTAL STRUCTURES</b></p> <p>Page 21 of the draft annual report reflects the district intergovernmental structures</p>	<p>Can the Municipality provide MPAC with the invitations and attendance registers as a proof of evidence that these structures do exist and that the Municipality attends on continuous basis?</p>	<p>IGR Registers attached on the file</p>
03	<p><b>PUBLIC ACCOUNTABILITY AND dPARTICIPATION</b></p>	<p><b>IDP PARTICIPATION AND ALIGNMENT:</b></p> <p>Page 23 under IDP participation reflects that the Municipality did</p>	<p>Why did the Municipality fail to submit the quarterly</p>	<p>There was a typing error which was noted and will be corrected, quarterly alignment</p>



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**COLLINS CHABANE LOCAL MUNICIPALITY**

		not submit the reports within stipulated time frames.	<b>alignment reports within stipulated timeframes?</b>	<b>reports were submitted within the stipulated timeframe.</b>										
		Table 2.5.1.3 on page 23 shows that the indicators were communicated to the public.	<p><b>Can the Municipality give the MPAC committee brief information on the dates and places where events took place.</b></p> <p><b>Can the committee also get evidence of invitations to the public and attendance registers</b></p>	<p><b>Yes, the indicators were communicated with the public, The Draft Integrated Development Planning (IDP) Public Participation was issued and scheduled as follow:</b></p> <table border="1"> <thead> <tr> <th><b>DATE</b></th> <th><b>VENUE</b></th> </tr> </thead> <tbody> <tr> <td><b>08 April 2025</b></td> <td><b>Saselamani Stadium</b></td> </tr> <tr> <td><b>09 April 2025</b></td> <td><b>Malamulele Town Hall</b></td> </tr> <tr> <td><b>10 April 2025</b></td> <td><b>Vuwani Town Hall</b></td> </tr> <tr> <td><b>11 April 2025</b></td> <td><b>Njhakanjhaka Town Hall</b></td> </tr> </tbody> </table> <p><b>All Community Members and organised stakeholders were invited to attend the</b></p>	<b>DATE</b>	<b>VENUE</b>	<b>08 April 2025</b>	<b>Saselamani Stadium</b>	<b>09 April 2025</b>	<b>Malamulele Town Hall</b>	<b>10 April 2025</b>	<b>Vuwani Town Hall</b>	<b>11 April 2025</b>	<b>Njhakanjhaka Town Hall</b>
<b>DATE</b>	<b>VENUE</b>													
<b>08 April 2025</b>	<b>Saselamani Stadium</b>													
<b>09 April 2025</b>	<b>Malamulele Town Hall</b>													
<b>10 April 2025</b>	<b>Vuwani Town Hall</b>													
<b>11 April 2025</b>	<b>Njhakanjhaka Town Hall</b>													



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**COLLINS CHABANE LOCAL MUNICIPALITY**

				meeting. Invitations and attendance register attached on the file.
04	<b>CORPORATE GOVERNANCE</b>	<p><b>RISK MANAGEMENT:</b></p> <p>Page 24 reflects that risk registers were developed and are operational.</p>	Can the Municipality provide evidence of these registers?	Risks Registers attached on the file
05	<b>BASIC SERVICES: ELECTRIFICATION</b>	<p><b>RURAL ELECTRIFICATION PROGRAMME:</b></p> <p>Page 30 of the annual report reflects the construction of network and connection of 328 households with electricity, on progress to date 33 households at Hlungwani were not energized</p>	What caused the delays?	<p>Eskom switch off power supply and energise.(Normal procedure)</p> <p>The line that connects Hlungwani is linked with businesses so to switch it off was going to affect a lot of costumers. Hence we opted for live connection that can only be done by specialist. Hence we delay to energize Hlungwani.</p>



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**COLLINS CHABANE LOCAL MUNICIPALITY**

		<p>205 households constructed and connected with electricity network infrastructure as follows: Nkovani (43) Govhu (39) and Xitachi (123) – The project name initially was construction of network and connection of 82 Nkovani and 123 Ximixoni households</p> <p>NB: the Ximixoni project was relocated to Xitachi due to lack of capacity by Eskom, at Nkovani the Municipality found 43 households only, then the balance was allocated to Govhu.</p>	<p><b>What capacity by Eskom which caused the project to be relocated from Ximixoni to Xitachi?</b></p>	<p><b>Lack of capacity resulted in relocating units from Ximixoni to Xitachi.</b></p> <p><b>Lack of capacity means that the transformer at Ximixoni were going to trip every time they switch it on.</b></p> <p><b>The completion of Mhinga substation would create more capacity that would also cater Ximixoni.</b></p>
		<p>Page 31 reflects maintenance of high mast lights for 30 wards</p>	<p><b>What about the other wards? When is the Municipality planning to</b></p>	<p><b>The challenge was shortage of spares (materials). However in 25/26 we manage to complete them and continue to maintain as the repaired ones are not immune from being damaged.</b></p>



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**COLLINS CHABANE LOCAL MUNICIPALITY**

			maintain the remaining 6 wards?	
<b>06</b>	<b>HOUSING</b>	<p>During 2024/25 financial year there was an allocation of 176 houses, 174 completed</p> <p>Collins Chabane Local Municipality housing backlog is estimated at +- 3800</p>	<p><b>What are the reasons for the two houses that are not completed?</b></p> <p><b>What caused the backlog in housing service provision?</b></p>	<p><b>There is a dispute between the ward Cllr and the community as to who is suppose to get the houses. The Cllr submitted the two beneficiaries and they were approved but the Kurhuleni Community disagree.</b></p> <p><b>The housing allocation from CoGHSTA does not meet the housing needs of the Municipality due to budget constraints. Allocation is being reduced every financial year.</b></p>
<b>07</b>	<b>ROADS AND MAINTANANCE</b>	Page 32 of the annual report reflects a report status quo of roads construction, most of the projects are not completed.	<b>What's causing the delay in the projects? What are real challenges?</b>	<b>Ha-masia Access roads</b>



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				<p><b>Delay was caused by Relocating of more than 2 borrow pits and slow progress from the Contractor</b></p> <p><b>Josefa ring road, Delay was caused by Poor performance from contractor and re-doing the 2.8km subbase and base which were damaged by February 2025 floods</b></p> <p><b>Gidjana,Masakona,Muchipisi and Jim Jones are multi-year projects planned to be completed 2027/2027</b></p>
		<p>On page 34, The committee noted that on grading of the streets some of the CCLM wards were not included (14,15,16)</p>	<p><b>Why were the 3 wards not included?</b></p>	<p><b>Ward 14,15 and 16 We planned and graded by in-house graders</b></p>



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<b>08</b>	<b>SKILLS DEVELOPMENT AND TRAINING</b>	<p>Page 45-46 reflects a report on capacitating the Municipal workforce.</p>	<ul style="list-style-type: none"> <li>• <b>Is the Municipality complying with the unit standards of studying?</b></li> <li>• <b>Why are the Senior Managers not trained on e.g. managing unauthorised, irregular, fruitless and wasteful expenditure, and POPIA &amp; PAIA training workshop?</b></li> <li>• <b>Why is the MPAC committee not trained on managing unauthorised, irregular, fruitless and</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Yes, when the Municipality plans for a certain learning intervention, the unit standards and credits forms part of the required qualification.</b></li> <li>• <b>Most of the trainings are funded by sectors Department (COGHSTA) and when they implement these trainings they normally give an instruction on the participants or training beneficiaries; however, specific request will be done to ensure that all senior managers are trained on the subject matters.</b></li> <li>• <b>The Municipality took an initiative to invite Coghsta to assist with the training where members of MPAC were invited in training where it was scheduled for the 02<sup>nd</sup> of February 2026 at Makhado.</b></li> </ul>
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			wasteful expenditure and MSCOA?	
09	<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	Page 47 reflects the table of financial overview : 2024/25 summary of financial performance	<b>How did the Municipality come to the variance of 25 865 000 meanwhile there is a negative of -19 275 000?</b>	<b>The amount of R 25 865 000 is the variance between actual surplus (R 139 822 000) for the year against the projected surplus (R 165 687 000). The actual expenditure of R 619 832 000 against the budget of R 600 557 000 has resulted to – R 19 275 000 variance.</b>
		Page 48 on expenditure analysis, the table shows of unbudgeted expenses: impairment loss, impairment reversal to be written off, finance costs, fair value adjustments and bad debts written off.	<b>Why did the Municipality not budget for these expenses?</b>  <b>Can the Municipality clarify why the total expenditure (final budget) of 600 557 565.00 is the</b>	<b>They are non-cash items; the management did not anticipate to incur those expenditure in 2024/25 financial year and they are unavoidable accounting transactions.</b>  <b>The total revenue budget for 2024/25 financial year is R 766 244 315. When management perform income analysis, it only considers property rates, services</b>



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		<p>same as total revenue (final budget) of 600 557 565.00?</p> <p>And again can the committee be clarify why the total expenditure of 619 832 462 on page 13 of the financial statement is not the same compared to 619 543 069 on page 10?</p>	<p>charge and capital &amp; operational which amount to R 600 557 565.</p> <p>Total expenditure as per 13, it excluded gain on fair value adjustment which is normally report as revenue and the total expenditure as reported on page 10 included the gain of R 289 393.</p>
	<p>Page 47, the introduction of chapter 5 says it comprises of three components but four components were mentioned.</p>	<p>During the assessment of the report, the committee noted that there is only three components, can the Municipality clarify where is component D (other financial matters)</p>	<p>Management acknowledges the error on the report, the additional component “other financial matters “it was due to management oversight.</p>



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**10. DETAILED AUDIT FINDINGS**

No	Items	Findings	Questions	Response by Management
08	<b>MATERIAL LOSSES</b>	Page 51 of the auditor general report indicates: as disclosed in note 37 to the financial statements, material losses at R224 386 592 were incurred as a result of bad debts written off for irrecoverable receivables from exchanges and non-exchange transactions.	<ol style="list-style-type: none"> <li>1. What happened?</li> <li>2. Can the committee get a breakdown of the transactions of these accounts?</li> </ol>	This finding has been subsequently withdrawn by AGSA
23	<b>OTHER MATTER (Basic service delivery and infrastructure development)</b>	<p>Page 54 of the auditor general report indicates a table with 88% targets achieved and 100% spent budget:</p> <ul style="list-style-type: none"> <li>• 328 households constructed and connected with electricity network infrastructure at Ntlhaveni block C(149), Phugwani (49), Hasani Dakari (64) and Nyavani (33) energised. 33 households at Hlungwani were not energised.</li> </ul>	When are the remaining households going to be energised?	Hlungwani village was energised in June 2025 by live connection.



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		<ul style="list-style-type: none"> <li>• Municipal office building not completed by 30 June 2025</li> <li>• Construction of Six loading and offloading zone is reported to be still in progress</li> <li>• Excavations at Vuwani sports complex completed but earthworks not done.</li> </ul>	<p><b>Can the Municipality tell us when the new completion date is?</b> <b>What are the challenges that led to non-completion of the building?</b> <b>Cllr Makhubele</b></p> <p><b>What is the progress now since we are in a new financial year?</b> <b>Cllr Mabasa</b></p> <p><b>Can the committee get a progress report of</b></p>	<p><b>31 March 2026 as projected in 2025 however January/February 2026 floods slowed the progress as we had anticipated completion in April 2026.To date we are awaits the contractor the apply for extension of time with new dates(This year we are completing)2026</b></p> <p><b>Loading and Offloading zone completed</b></p> <p><b>The contractor revise and reprioritise portion of earthwork activities e.g he is</b></p>
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		<ul style="list-style-type: none"> <li>Only 33 out of 35 land parcels previously registered in the name of Thulamela and Makhado transferred to Collins Chabane</li> </ul>	<p>earthworks and what were the challenges?  <b>Cllr Makondo</b></p> <p><b>What happened with the remaining Land parcels?</b>  <b>When is it going to be transferred?</b></p>	<p>planning to do the soccer field at latest stage(Soccer field earthwork) will come late</p> <p>33 land parcels that were previously registered in the names of Makhado municipality and Thulamela municipality were transferred to Collins Chabane municipality. One (1) more land parcel has since been transferred and the remaining land parcel has not been transferred because despite diligence search, the Title deed cannot be found. An</p>
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				<p><b>advert was published calling for whosoever might be in possession of the original to come forward. The municipality has applied for a lost copy of title deed for the land parcel in question. To date, 34 of the 35 land parcels have been transferred to Collins Chabane Local Municipality. The Municipality awaits the issuing of the lost copy of the title deed in order to transfer the property to the Municipality.</b></p>
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30	<b>EXPENDITURE MANAGEMENT</b>	Page 56 of the AG report states that reasonable steps were not taken to prevent irregular expenditure amounting to R21 425 894 as disclosed in note 54 of the AFS, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM processes.	<b>What pushed the Municipality to incur the irregular expenditure without taking steps to prevent it?</b>	<b>The Irregular Expenditure was coming from a multi-year project for Xihosana Ring Road, incurred three financial years back. This was the last portion of it. No new irregular expenditure was incurred during the year.</b>
		Page 56 of the AG report states that reasonable steps were not taken to prevent unauthorised expenditure amounting to R56 918 164, as disclosed in note 52 of the AFS, in contravention of section 62(1) (d) of the MFMA. The majority of the unauthorised expenditure was caused by exceeding the budget on debt impairment and general expenses.	<b>Why didn't the Municipality comply in terms of section 62 (1) (d) of the MFMA?</b>	<b>The unauthorised expenditure was not budgeted for because it was not anticipated during budgeting that the municipality would exceed budget provisions. Most of the unauthorised expenditure was due to non-cash items due to the recoverability of debt.</b>



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<b>32 – 37</b>	<b>CONSEQUENCE MANAGEMENT</b>	Page 56: UIFWe incurred by the Municipality was not investigated to determine if any person is liable / recoverability of the expenditure as required by section 32(2)(a) of the MFMA.	<b>Comments by the MPAC committee</b>	<b>MPAC noted the findings and further investigations will be conducted.</b>
<b>38</b>	<b>STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT</b>	Page 56 reflects: the performance management system and related controls were not maintained as performance monitoring, review and reporting processes was not conducted and managed , as required by Municipal planning and performance management regulation 7(1)	<p style="text-align: center;"><b>Why were the processes not followed?</b></p> <p style="text-align: center;"><b>Who was responsible to conduct and manage these processes?</b></p> <p style="text-align: center;"><b>What are the corrective measures?</b></p> <p style="text-align: center;"><b>Cllr Makamu</b></p>	<b>Processes were followed however, there were inadequate review of the work done. Project monitoring is the responsibility of PMU. The Municipality will ensure that will ensure that all projects are monitored, however there is not enough human capital following the resignation by a technician, however we will expedite appointment processes</b>
<b>39</b>	<b>PROCUREMENT AND CONTRACT MANAGEMENT</b>	Page 56 of the AG report reflects: SCM/officials / other SCM role players whose associates had a private or business interest in contracts awarded	<b>Can the Municipality explain what happened?</b>	<b>Due to POPIA we can not disclose the name of officials involved,</b>



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		by the Municipality participated in the process relating to that contract in contravention of the SCM regulation 46(2)(f)	<p><b>Who are the officials?</b></p> <p><b>Why didn't they disclose?</b></p> <p><b>Does the Municipality have capacity to investigate such officials?</b></p> <p><b>Did the Municipality consult the MFB?</b></p> <p><b>What did the Municipality do about the situation?</b></p>	however, information will be provided to the committee
45	<b>INTERNAL CONTROL DEFICIENCIES</b>	Page 57: the matters reported below are limited to the significant internal control deficiencies that resulted in the material findings in the financial statements, annual performance report and on compliance with legislation included in this report	<p><b>What is the Municipality doing to tighten the controls?</b></p>	Management has intensified internal controls through the regular capturing and reconciliation of information monthly. Furthermore, preparation of interim financial statements is done to identify and correct error



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				prior to finalisation of reports.
47		Page 57: management did not review and monitor compliance with applicable legislation as evidenced by the material findings issued that did not comply with Standards of GRAP requirements and material non compliances identified on various subject matters.	<p><b>At what stage does the Municipality review financial statements APR?</b></p> <p><b>What is the Municipality doing to ensure that the finding does not reoccur</b></p>	The review of financial statements is done throughout the preparation process. Management has increased controls by preparing interim financials (6 months) to ensure that errors are identified on time. This also will provide sufficient time to prepare and review the final AFS report.
49	<b>OTHER REPORT</b>	The directorate for priority crime investigation is investigating allegations of an irregular award of a tender that was awarded in 2017-18 for the procurement of the new office block for the municipality. The investigation was in progress at the date of the auditor's report	<b>How far is the progress with the case?</b>	We are awaiting the information from SAPS



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## COLLINS CHABANE LOCAL MUNICIPALITY

### 10. RECOMMENDATIONS

Having fully considered the Collins Chabane Local Municipality's 2024/25 Annual Report, the Oversight Committee (MPAC) resolves to recommend to Council the following:

- 10.1 That the Municipality must continue to capacitate the MPAC committee and researcher.
- 10.2 That all reports must be thoroughly reviewed before taken to council.
- 10.3 That monitoring of projects before and during construction must take place on continuous basis with the qualified engineers.
- 10.4 That the Municipality must work hard to encourage communities: to pay for services in order to increase the rate of revenue collection, register to vote and establish more townships in order to move from grade 3 to grade 4.
- 10.5 That Internal Auditing must continuously be conducted in order to detect any irregularities in time.
- 10.6 That the AFS must be prepared, reviewed and submitted in time, following compliance.
- 10.7 That outsourcing must be reduced and the service providers must work with municipal employees in order to capacitate them.
- 10.8 That the Council, having fully considered the Annual Report of the CCLM for the 2024/25 financial year, adopts the Oversight Report, to this agenda, as presented by MPAC.
- 10.9 That the Oversight Report be made public in accordance with Section 129(3) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.



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**10.10 That the Oversight Report for the 2024/25 financial year be submitted to the Provincial Legislature in accordance with Section 132(2) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.**



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## COLLINS CHABANE LOCAL MUNICIPALITY

### 11. CONCLUSION.

MPAC would like to commend the Mayor Cllr Maluleke S.G, Municipal Manager Dr. Shilenge R.R and all Senior Managers for the support provided during the engagement processes. The content of the Annual Report has been interrogated and found to be compliant with all legislative guidelines. MPAC is pleased that all the recommendations made to the Annual Report has been captured.

MPAC would like to appreciate the cooperation and support received from the Mayor, Municipal Manager and all Senior managers during the Public Participation and Public Hearing.

**It is therefore recommended that Collins Chabane Local Municipal Council adopt the Annual Report 2024/25 without any reservation and place the report on the municipal website for public consumption.**



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## COLLINS CHABANE LOCAL MUNICIPALITY

The MPAC committee wishes to extend its gratitude to the following parties:

- The Management for the support to the committee during its operations, and for the relevant documentation the committee received.
- The Accounting officer for his interventions to enable the committee to deliver on its mandate.
- The Corporate Services Department for assisting in coordinating all MPAC activities.
- The Speaker (Chairperson of council) for giving MPAC positive support all the times.
- The Mayor, Executive committee and all Councillors for positive support given to MPAC during execution of their mandate.
- The entire residents of Collins Chabane Local Municipality for their maximum participation throughout the process.

A handwritten signature in black ink, appearing to read 'Mudau T.S.', is written over a horizontal line.

30 – 03 - 2026

Chairperson: Mudau T.S

Date