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**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(MPAC)**

OVERSIGHT REPORT ON THE 2023/2024 ANNUAL REPORT OF THE COLLINS CHABANE LOCAL MUNICIPALITY



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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, 13th Ordinary Council on 30th January 2025, tabled the 2023/24 Draft Annual Report of the Collins Chabane Local Municipality for consideration. Council subsequently referred the 2023/24 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:

- 23 January 2025
- 17 February 2025
- 18 February 2025
- 19 February 2025
- 20 February 2025



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- 21 February 2025
- 07 March 2025
- 18 March 2025
- 21 March 2025
- 25 March 2025
- 28 March 2025

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 2023/24 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.

MPAC will furthermore ensure that recommendations developed in the 2023/24 Oversight Report are fully implemented by the municipal administration and this will be monitored through quarterly reports by MPAC. In considering the 2023/24 Annual Report, MPAC also consulted the 2022/23 Oversight Report to establish those areas that are still outstanding that could be incorporated into the 2023/24



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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.

A handwritten signature in black ink, appearing to read 'Mudau', is written over a horizontal line.

CLLR MUDAU T. S
CHAIRPERSON

31 – 03 – 2025

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 2023/24 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.
- Considering written comments received on the Annual Report through the public consultation process.



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- 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 2023/24 to the Council at the Council meeting held on 30 January 2025 for consideration. This process was followed by the preparation of the oversight report. The Collins Chabane Local Municipality Council has resolved that the Municipal Public



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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 2023/24 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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5. 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 2023/24 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 Maluleke
- 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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- 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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6. 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 2023/24 was tabled at council meeting on 30th January 2025 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 2025 and be adopted by 31 March of the same year.

The meeting schedule of the Municipal Public Accounts Committee from 23 January 2025 to 31 March 2025 is outlined below:



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DATE, VENUE AND ACTIVITY

DATE	VENUE	ACTIVITY	Resolutions taken
23 January 2025	Civic Centre Council Chamber	MPAC workshop with AGSA in preparations of Annual Report assessment.	As per resolution register
17 – 21 February 2025	Jericho resort	MPAC retreat to analyse the 2023/24 Annual Report, representatives from the office of the Auditor General, COGHSTA, Treasury Municipality's Internal Audit and Supply Chain Management attended the retreat to provide guidance on the scrutinisation of the Annual report.	As per resolution register
07 March 2025	Virtual meeting	Considered responses from the Executive Arm on 2023/24 Annual Report, formulate follow-up questions, preparations of Public	As per resolution register



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		Participation on 2023/24 Annual Report.	
18 March 2025	Malamulele Town Hall	Public Participation on 2023/24 Annual Report meeting with stakeholders.	As per resolution register
21 March 2025	Virtual meeting	Preparations for Public Hearing on 2023/24 Annual Report.	As per resolution register
25 March 2025	Malamulele Town Hall	Public Hearing Meeting with the Executive Arm to discuss their responses to the questions and follow-up questions to the 2023/24 Annual report in Public.	As per resolution register
28 March 2025	Virtual	Final preparation of Oversight report on 2023/25 Annual Report.	As per resolution register
31 March 2025	Malamulele Town Hall	Tabling of MPAC's Oversight Report on 2023/24 Annual Report to Council.	As per resolution register



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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 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



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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.

8. 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.
- 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.



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

MECHANISM TO PROMOTE PUBLIC PARTICIPATION AND PUBLIC HEARING	STATUS	COMMENTS
Invitation to public to submit comments on the Annual Report	Done: Invitations and Annual report documents were sent to different stakeholders on the 12 th of March 2025.	The municipality conducted a Public Participation on the 18 th of March 2025, and a Public Hearing on the 25 th of March 2025.
Make public all meetings of Council's oversight committee that will consider the Annual Report	Done: Local newspaper adverts were sent out on the 10 th of March 2025 and were published on the 12 th of March 2025	All meetings were advertised on local media platforms within the Municipality.
Representatives of the Auditor-General invited to meetings of Council that will consider Annual Report	Done: The Senior Manager Ms Magongwa was present as a representative from Auditor-General. The council was held on the 30 th of January 2025 at Malamulele Town Hall.	Auditor-General's representatives invited to the council meeting convened for tabling of the Annual Report to council by the Mayor.
Assessment of 2023/24 Annual Report	Done:	The assessment took place on the 17 th – 21 st February 2025.



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9. OVERSIGHT COMMITTEE RECOMMENDATIONS

At the first meeting of MPAC held on 17th of February 2025 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 2023/24 Annual Report and the Audit Report by the Auditor-General for the year ended 30 June 2024:

- 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.
- 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.



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Area 3 Performance Scorecard Reports.

10. QUESTIONS FOR CONSIDERATION BY MPAC (2023-2024)

The table below reflect the audit findings and questions:

No.	Items	Findings	Questions	Response by Management
01	MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	<p>EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER:</p> <p>Page 9 of the annual report reflects that institutional performance regressed by 4% from 94% in 2022/23 to 90% in 2023/24</p>	What caused the regression in performance management?	The municipality regressed due to incorrect reporting and delayed projects



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02	POLITICAL AND ADMINISTRATIVE GOVERNANCE	THE MUNICIPAL COUNCIL: Page 18 of the annual report reflects that Municipality has 32 PR councillors meanwhile the correct number is 35.	What brings the total number of the PR councillors to 32?	When the list was compiled, PMT Cllrs were excluded as they were already included in the table one in page 18
03		ADMINISTRATIVE GOVERNANCE: Page 23 of the annual report reflects the role of the Accounting Officer that he/she is assisted by his/her directors which constitutes the management team, whose structure is outlined in the table below:	Which table is the report referring to?	Typo error. The table has been included
04	PUBLIC ACCOUNTABILITY	COMMUNICATION, PARTICIPATION AND FORUMS:	1. Why didn't the Municipality comply with	The cost containment measures barred municipalities from spending on newsletter and



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	AND PARTICIPATION	Page 24 and 25 under communication, the report reflects the communication checklist of compliance to the communication requirement	<p>the requirements of customer satisfaction survey and newsletter distribution?</p> <p>2. What measures does the Municipality have in place to comply with the requirements?</p>	<p>such may result in irregular expenditure. The paragraph to be excluded in the report.</p> <p>Upon completion of data cleansing project, the municipality will consider using emails, smses to inform our stakeholders about the municipal services and the benefits of paying for services.</p>
05		IDP PARTICIPATION AND ALIGNMENT:	Why is the Municipality failing to submit the quarterly alignment reports	The reports are currently being submitted, see the attached council resolution



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		Page 25 under IDP participation reflects that the Municipality did not submit the reports within stipulated time frames.	within stipulated timeframes?	
06		<p>RISK MANAGEMENT:</p> <p>Page 26 reflects that risk registers were developed and are operational.</p>	<ul style="list-style-type: none"> • Can the Municipality provide evidence of these registers? • Prior submission to the Audit Committee, who reviews that information? 	<p>See attached</p> <p>Risk management committee. See attached report</p>



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07		BY-LAWS: Page 30 of the annual report reflects the list of available by-laws that the Municipality has developed and tabled to Council.	<ul style="list-style-type: none"> • How many (total number) by-laws does the Municipality have? • Is there any enforcement of these by-laws? 	The municipality has 08 Bylaws as reflected in page 29 and they are all being implemented
08	BASIC SERVICES	WASTE MANAGEMENT: Page 33 of the annual report reflects that waste management include refuse collections, waste disposal, street cleaning and recycling and collection is done on a weekly basis where Municipality skip bins are placed	<ul style="list-style-type: none"> • Are all wards covered by the distribution of skip bins, If not what are the plans? • What criteria does the Municipality use to locate / place the skip bins? 	<p>No. Financial constraints, however we are planning to budget though will not cater for all villages at once.</p> <p>The assessment of areas where there were more cases of illegal dumping that poses health hazards to community members. Given the availability of funds, the wish is to ensure that all villages will have skip bins</p>



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			<ul style="list-style-type: none"> Is the Municipality making awareness of the usage of the skip bins? 	Awareness are conducted on month to month basis. That's environmental and cleaning campaigns
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09	ORGANISATIONAL DEVELOPMENT PERFORMANCE	EMPLOYEE TOTALS AND VACANCIES: Page 45 reflects a table of employee totals and vacancies for the year 2022/23 and 2023/24.	What is the Municipality doing to address the issue of high vacancy rate 45%?	The municipality is filing the positions although at a slow pace due to budgetary constraints. There's a plan to remove unfunded posts from the organogram
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10		<p>PERFORMANCE REWARDS:</p> <p>Page 50, shows that the Municipality has been implementing performance management system only for section 54A and section 56 managers, PMS framework was reviewed and adopted by council.</p>	<p>1. Has the Municipality been able to assess performance of Senior Managers as required by the MSA?</p> <p>2. If yes, can the Municipality provide the evidence / report of the assessments that were conducted?</p> <p>3. Is the Municipality cascading performance to all employees as required by chapter 3 of Municipal staff regulations?</p> <p>4. If yes has the Municipality assessed all employees? Please provide a report.</p>	<p>1. Yes.</p> <p>2. Report included</p> <p>3. Yes</p> <p>4. See attached schedule for Mid-Year assessments for managers below senior managers.</p>
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11		SKILLS DEVELOPMENT AND TRAINING: Page 50 – 52 of the annual report shows a table of total number for all departments training.	Why is the total number of Cllrs trained lower than the number of Senior Managers?	It is expected that administration should receive more capacity building interventions than any other official in the municipality given their high responsibilities. It is incorrect to compare senior managers with their employers (councillors). It is common cause that councillors are the ones taking senior managers to training
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DETAILED AUDIT FINDINGS

No	Items	Findings	Questions	Response by Management
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12	PAYABLES	<p>Page 10 of the audit report indicates: it was noted that the municipality recognised a Liability i.e. Trade Payables for transactions that did not occur. For the transactions in <i>Table A</i>, the municipality created purchase orders upon appointment of the supplier, however there was no supply of goods/services as at 30 June 2024 by the supplier. The transactions are therefore not a liability as defined as the Municipality does not have a present obligation arising from any past event.</p>	<p>1. Why did the Municipality include transactions that were not for 2023/24 financial year?</p> <p>2. Was sufficient time allowed for the cleaning of these accounts?</p> <p>3. What steps is management taking to correct this issue?</p>	<p>1) The creditors recons performed were not adequately done and reviewed sufficiently for early detect.</p> <p>2) The error should have been detected through routine creditor's reconciliation.</p> <p>3) Management is ensuring that monthly adequate reconciliations are being performed and being reviewed by the Manager expenditure and CFO on a monthly basis to allow corrections to be effected.</p>
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			<p>4. Did the management go back and investigate on the orders that are hanging in the system to ensure that you post the correct journals?</p> <p>5. Is the Municipality performing monthly creditors' reconciliations that are reviewed and approved by senior officials?</p> <p>6. Request of age analysis – Please provide the reasons per transaction and the progress made since the matter was reported.</p>	<p>4) Management undertook to investigate all open orders and clear long standing orders. Upon identify them management passed credit notes to reverse all open orders that will not materialize.</p> <p>5) Yes, the municipality is now performing monthly creditor's reconciliations that are being reviewed by the Manager and CFO.</p> <p>6) Yes, the documents can be made available.</p>
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13	PAYABLES: CUT OFF ISSUES NOTED	It was noted that the Municipality recognised a liability for a transaction that occurred after year end. Refer to <i>Table A</i> , the invoice was received after year end on 18 July 2024 and the service i.e. attendance of conference awards that took place on 18-21 August 2024 was also received after year end. The transaction is therefore not a liability as defined.	MPAC require an age analysis of the payables, can you furnish this information?	Yes.
14	PAYABLES: PAYABLES RECOGNISED FOR TRANSACTION ALREADY PAID FOR.	It was noted that the Municipality recognised a liability for a transaction that had already been paid for as of 30 June 2024. Refer to <i>Table A</i> below, the payment was made on 13 October 2023. The transaction is therefore not a liability as defined.	<p>1. How did the current situation arise, despite your daily reconciliation process?</p> <p>2. What control processes does the Municipality have in place to ensure that correct suppliers are recognised as payables? Are there any daily/monthly reviews being performed to</p>	<p>The creditor's reconciliations being performed were not prepared adequately and reviewed sufficiently.</p> <p>2) Effective creditor's reconciliations are being performed monthly with thorough reviews being done by the Manager and CFO.</p>



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			<p>ensure that errors are picked up and corrected on time?</p> <p>3. Does the Municipality have a standard procedure manual, If the answer is yes, is it functional or has it been implemented. How was it communicated to staff and are those that are responsible for ensuring implementation aware of the standard procedure manual?</p>	<p>3) Yes, the municipality does have a procedure manual for capturing of transactions, however it was not effectively communicated.</p>
15	PAYABLES RECOGNISED AT INCORRECT AMOUNTS	<p>It was noted that the Municipality recognised a liability at an incorrect amount, Table A indicates the amount as per the municipal records of R 2 129 047.18.</p> <p>Table B indicates the amount as per the supplier statement of accounts of R 1 811 512.53.</p>	<p>1. Why was the payables recognised at an incorrect amount?</p> <p>2. Can the Municipality confirm whether the</p>	<p>1) The creditors recons performed were not adequately done and reviewed sufficiently for early detect</p> <p>2) The error should have been detected</p>



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			<p>orders are being reviewed prior to processing? Who is the responsible official that was supposed to conduct the review and ensure the accuracy of the amount included in the accounting records?</p> <p>3. What actions has management taken against the officials and/or remedy the situation to avoid recurrence?</p>	<p>through routine creditor's reconciliation.</p> <p>3) Management is ensuring that monthly adequate reconciliations are being performed and being reviewed by the Manager expenditure and CFO.</p> <p>4) Management undertook to investigate all open</p>
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				orders and clear long standing orders. Upon identify them management passed credit notes to reverse all open orders that will not materialize. 5) The municipality is now performing creditor's reconciliations that are being reviewed by the Manager and CFO. 6)
16	RECEIVABLES: INTEREST NOT LEVIED ON LONG OUTSTANDING DEBTORS.	The municipality did not charge interest for the debts, shown in the MR, that have been long outstanding.	1. What have the Municipality done so far, can you provide an update on the actions taken to address the qualification paragraph relating to the interest not charged on	1) The municipality has prepared a schedule of inactive debtors which will be tabled to Council for write-off, as well as engaging Munsoft to help with the recalculation of interest on inactive accounts



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			<p>outstanding debtors (inactive accounts)?</p> <p>2. What steps have the Municipality followed in order to trace the debtors and what was the outcome?</p> <p>3. When is the Municipality anticipating to submit to council?</p> <p>4. Have the Municipality developed the audit action plan, are you implementing it, who sits in your starting committee, do you also invite your other stakeholders like: AGSA, Treasury, COGHSTA and SALGA?</p>	<p>prior to finalization of submission of the write-off to Council. Management anticipates to submit to council by the end of April 2025.</p> <p>Management developed actions to address all findings raised from the Auditor-General, progress meetings are held every Wednesday.</p>
17	COMMITMENTS: UNDEERSTATEMENT	The municipality incorrectly calculated expenditure incurred, and retentions amount for	1. Is the Municipality now updating the	1. The commitment register was not being updated regularly



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	OF CAPITAL COMMITMENTS.	the projects in Annexure A. The differences are depicted in the attached annexure.	<p>commitment register as and when you make appointments, payments, when variation orders are approved?</p> <p>2. Is the Municipality maintaining the supportive documents?</p> <p>3. Is the Municipality now updating the contract and commitment register on monthly basis?</p> <p>4. Is the Municipality reconciling the most recent payment history to the actual payments?</p> <p>5. Does the Municipality have a retention register or payment certificate register per project that shows the correct amount and who is monitoring the</p>	<p>updated as and when transactions that affect the capital commitments occurred. To correct the situation, the Supply Chain Manager has been tasked with the responsibility of updating the commitment register as and when appointments and payments are made to suppliers.</p> <p>2. The copies of appointments and payment vouchers are being filed as and when appointments and payment vouchers.</p> <p>3. Yes, the register is updated as and when</p>
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			<p>implementation part? What steps have you taken to ensure that the retention register/ commitment reflect the correct amount or balance?</p> <p>6. Please provide the proof within a period of 7 days? (so that we can write-off that qualification paragraph)</p>	<p>there is movement in the projects as well as reconciling to the technical services payment certificate.</p> <p>4. The municipality does maintain the retention register which also informs retention as it appears on the commitments register.</p> <p>5. The activities are performed by the SCM accountant and reviewed by the manager expenditure.</p>
18	COMMITMENTS MISCLASSIFICATION OF COMMITMENTS:	It was noted that the contract in Table A has been incorrectly included as a Capital commitment, this is not in compliant with GRAP as the contract is for demarcation of sites which does not get capitalized to PPE.	<p>1. Why was the expenditure classified as capital commitment instead of operational commitment?</p> <p>2. Who reviews the documents after</p>	<p>1. It an error that occurred during the preparation of the AFS as the control of updating the commitment register was not done regularly.</p>



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			<p>preparations on daily/ monthly basis?</p> <p>3. Why did the Municipality fail to review schedule prior being submitted for audit purposes?</p> <p>4. What are the steps in place to ensure that the register is sufficiently reviewed?</p>	<p>2. The supply chain unit with the responsibility of updating the commitment register as and when appointments and payments are made to suppliers (SCM Accountant prepares), SCM Manager reviews and CFO approves.</p> <p>3. The copies of appointments and payment vouchers are being filed as and when appointments and payment vouchers.</p> <p>The register is updated as and when there is movement in the</p>
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				projects as well as reconciling to the technical services payment certificate.
19	COMMITMENTS: UNDERSTATEMENT NOTED ON PRIOR PERIOD ADJUSTMENT.	During the recalculation of the opening balance for the 2024 financial year for Shwings Construction and Projects, the Municipality erroneously excluded amounts paid for cessions under Shwings. The difference is depicted in the report:	Review processes must be conducted at all times.	<p>Supply chain unit with the responsibility of updating the commitment register as and when appointments and payments are made to suppliers.</p> <p>The copies of appointments and payment vouchers are being filed as and when appointments and payment vouchers.</p> <p>The register is updated as and when there is movement in the projects as well as reconciling to the</p>



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				<p>technical services payment certificate.</p> <p>The municipality does maintain the retention register which also informs retention as it appears on the commitments register.</p> <p>The activities are performed by the SCM accountant and reviewed by the manager expenditure.</p>
20	<p>(12-14) CONSEQUENCES MANAGEMENT: UIFW OPENING BALANCE NOT INVESTIGATED.</p>	<p>MPAC did not investigate unauthorised, irregular and fruitless & wasteful expenditure from the prior years:</p>	<p>Certain steps were not reflecting in our minutes and the report.</p> <p>Recommendation...</p> <p>MPAC need to improve in their minutes and reporting templates</p>	



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21	(15) UIFW: NON-COMPLIANCE NOTED.	It was noted that reasonable steps were not taken to prevent irregular expenditure fruitless and wasteful and unauthorised expenditure as the municipality incurred these unwanted expenditures as follows:	<ol style="list-style-type: none"> 1. Why did the Municipality fail to comply with the requirements of the MFMA section 32 in its entirety? 2. Who are the responsible officials that led to the Municipality incurring UIFWe? 3. What is the Municipality doing to ensure that UIFWe is not incurring? 4. What consequence management is the Municipality implementing to enforce compliance? 	<ol style="list-style-type: none"> 1. Unauthorised expenditure was caused by allocation of inadequate budget for non-cash items (depreciation and amortisation of assets, fair value adjustment). 2. Fruitless and Wasteful expenditure was caused by late payment of invoices, the majority of it R1m was for COIDA non-compliance. Management is in discussions with Department of Labour to establish the exact interest/penalties incurred. The municipality was
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				not receiving invoices from DoL which the invoices were only sent to municipality in May 2024 with the said interest. On 28 February 2025, Management visited the DoL to establish the basis of the interest which at least half of it will be reversed.
22	(17) CONSEQUENCE MANAGEMENT: NON-COMPLIANCE NOTED.	Contrary to the above, the fuel theft by the employees of the municipality was not reported to the South African Police Services (SAPS)	<p>1. What is the total value / amount that was incurred as a result of fuel theft?</p> <p>2. Who are the officials involved and how many are they?</p>	<p>1. An estimation based on the investigations by Legal, an exact amount therefore cannot be quantified.</p> <p>2. Refer to the investigation report.</p> <p>3. Recovery of the losses through monthly salary</p>



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			<p>3. What consequence has been taken towards the official/s?</p> <p>4. What strategies is the Municipality going to put in place to ensure that these type of cases does not occur anymore?</p> <p>5. Does the Municipality have any suspected fraud related cases that you have already identified, not only in relation to fuel theft, but any other case that you have identified?</p> <p>6. Did the Municipality disclose it as fruitless and wasteful expenditure, did you report it, did you refer</p>	<p>deductions and bonus forfeiture.</p> <p>4. All fuel cards are kept by Fleet Office. Drivers request for refills of fuel on approved form authorised by respective manager corresponding to log books, job cards and trip authorisations. Fleet office to monitor fuel usage vs exception reports.</p> <p>5. No.</p> <p>6. The disclosure was done on adjustment of AFS.</p>
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			it to Financial Misconduct Board, did you open an official case with the SAPS to ensure that who was liable is consequenced?	
23	(18) PPE: COMPLETENESS OF DELAYED PROJECTS	It was noted that the municipality did not disclose the construction of the municipal office building as a delayed project as the project is significantly behind schedule:	<ol style="list-style-type: none"> 1. Why were the projects delayed? 2. Does the Municipality have a register for all the projects, does it clearly identify the projects that are running in terms of capital or operational expenditure, the start and completion time? 3. Who was responsible for the monitoring of various projects? 4. What are the corrective measures/actions is the 	<ol style="list-style-type: none"> 1. Technical. 2. SCM keeps a contract register for all projects (Capital and Operational). 3. Technical Department. 4. Review of capital expenditure vs supporting documentation and update meeting between Finance and Technical.



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			Municipality going to put in place to make sure that this does not occur again?	
24	(19) ISSUES NOTED ON PHYSICAL VERIFICATION	<ol style="list-style-type: none"> Properties that are recorded as land in the fixed asset register of the municipality have been noted to be properties that are occupied as follows: During physical verification, a camera with bar code 16195 (selected asset) was not seen. The camera that the auditors were referred to had bar code 16191 which is recorded as a <i>catalayst 9300 * 8 network module</i> in the fixed asset register. The selected asset could, therefore, not be verified. 	<ol style="list-style-type: none"> How often is the Municipality doing its asset verification to ensure that the asset register is complete and is compliant with GRAP standards? Why did the Municipality record the land at a wrong amount without recognising the fact that it was occupied by other properties / people? Why did the Municipality not pick up the matter during the asset verification? 	<ol style="list-style-type: none"> Major asset count is done at year-end and quarterly for new additions. An error in recording of the GPS co-ordinates which led to the wrong asset identification. The mistake was subsequently corrected. Error with the co-ordinates recorded. Asset Manager and CFO. Management revisited the population to ensure that all the co-ordinates were



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			<p>4. Who is responsible in ensuring that asset is captured and recorded at the correct amount?, because it was occupied by other people.</p> <p>5. What steps did the Municipality take to ensure that the matter is addressed?</p> <p>6. Who is responsible in ensuring that assets that must be bar-coded are bar-coded?, why were the assets not bar-coded correctly?</p>	<p>correct and made the corrections required.</p> <p>6. Asset Manager.</p>
25	(22)) PPE: OVERSTATENT OF WIP NOTED.	during the audit of Work in Progress Additions, it was noted that on the annual performance report as at 30 June 2024, there was a target achieved and a completion certificate for the Rehabilitation of Pfunekani Streets & Nkondo Street dated 16 May 2024 however the amount was still recognized in the work in progress fixed	<p>1. Why was the asset included in the register?</p> <p>2. Who is responsible for the review and updating of asset</p>	<p>1. The asset should be in the asset register but since it was complete, it was supposed to have been correctly capitalised and removed from</p>



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		asset register as at 30 June 2024 and not capitalized. Thus, causing the work in progress balance to be overstated and the depreciation amount to be understated. Refer to table below:	<p>register? Why was this not done correctly?</p> <p>3. What steps did the Municipality take to ensure that the matter is addressed?</p> <p>4. What review processes are taking place from capturing of the payment up until it being completed?</p>	<p>classification as Work-in-Progress. The correction was subsequently made.</p> <p>2. Asset Manager, CFO. The error was due to different information provided to Finance and Performance Management.</p> <p>3. Timeous completion of FS to allow review and comparison with APR for consistency. Also improved communication with Technical Department on status of projects (implementation) to correctly identify the stage of completion for assets.</p>
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26	(23) PPE: MISSTATEMENTS NOTED ON DISCLOSURE NOTE	The disclosed information on cumulative expenditure for work-in-progress (WIP) as at year-end does not agree to the cumulative work-in-progress disclosed in the main PPE note. The difference is noted below:	1. How soon does the Municipality submit the AFS to stakeholders including the Audit Committee for review processes? 2. What are the standards / timelines the Municipality have on draft AFS and APR preparations prior submission to AGSA?	1. During the 1 st , 2 nd and 3 rd weeks of August as per AFS preparation plan. 2. The AFS and APR must be submitted to the AGSA for audit not later than two months after the end of each financial year, meaning they are submitted by 31 August which gives an allowance of two months for the preparation.
29	(25) PPE: INCONSISTENCES NOTED ON USEFUL LIVES OF ASSETS.	During the audit of PPE depreciation, it was noted that the useful lives disclosed in the annual financial statements as per Note 1.6 accounting policies were not consistent to the ones that have been documented in the asset management policy as at 30 June 2024. Furthermore, inspected the fixed asset register and further noted that the useful lives used to	Who is responsible for useful lives asset management? How often does the Municipality train / capacitate officials in asset management unit?	1. Asset Manager and CFO. 2. At least annually officials attend GRAP update trainings. 3. Yes.



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		calculate the depreciation cost was different from the AFS and asset management policy. Refer to the table below for more details.	Is the training conducted yielding desired results?	
30	(32) COE: JOURNALS NOT SUPPORTED BY APPROPRIATE EVIDENCE.	<p>Journals prepared for misclassification of employee related costs could not be confirmed if they were valid and accurate. This is due to the supporting evidence provided with the journals not being sufficient as documented below:</p> <ul style="list-style-type: none"> Information provided as supporting evidence for the journals requested only shows the amount that is corrected. The evidence provided does not have detailed descriptions with evidence, stipulating reasons for the journals (What was the initial transaction/error, how/where the error was recorded, reasons for the correction and how was it corrected) 	<ol style="list-style-type: none"> What control measures does the Municipality have in terms of journal preparations and approval of journals? Who was the responsible official? What steps did the Municipality put in place to ensure that journals are supported by supportive and appropriate information? 	<ol style="list-style-type: none"> Duties are segregated from preparation till approval to support the journal entries <p>Manager: Expenditure</p> <p>Duties are segregated from preparation till approval to support the journal entries</p>
31	(33) COE: ISSUES NOTED	<p>Contrary to the above requirement, we have noted the following control deficiencies:</p> <ol style="list-style-type: none"> Performance Bonuses 	1. Why has the Municipality paid performance bonus to a Senior Manager without conducting	There was oversight in terms of changing the employee from the Manager to Senior Manager on the



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		<p>During the audit of senior management performance bonuses, it was noted that the performance bonus of the senior manager Mrs Maputla TMD was erroneously paid before the scoring and finalisation of the performance scores was completed during April 2024. The bonus was paid during August 2023 which is 9 months before the finalisation of the approvals from the panellists as per the policy resulting in non-compliance with the policy. The bonus was therefore erroneously paid in advance.</p> <p>2. Acting Allowance listing</p> <p>During the audit of employee related costs – acting allowances costs, it was noted that the approved acting allowance listing was not complete as the list did not include the employee TRJ Shimange (Manager Spatial and Land Use) who was acting as a Senior Manager (Planning and Development) during the month of April 2024.</p> <p>3. Terminations Listing</p> <p>During the audit of Employee related costs – Terminations, it was noted that the termination</p>	<p>performance assessment as required by MSA?</p> <p>2. What records / reports were used to pay the bonus?</p> <p>3. Who was the responsible official?</p> <p>Acting Allowance Why did we submit incomplete listing</p> <p>What are we doing to correct the issues and what control processes are put in place to avoid the errors from recurring</p>	<p>system, hence the error was noted. The system has since been set in line with employee benefits.</p> <p>2. The system was automated to pay annual bonus to the former senior manager whilst she was still a PMS manager and upon detection of the error, the money was subsequently recovered back from her salary</p> <p>3. HR Office, however the money was recovered</p>
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		<p>dates as per the approved acting allowance listing did not correspond with the termination dates per the signed acknowledgement letter for the below listed terminated employees.</p>	<p>Terminations</p> <p>What exactly happened?</p> <p>Who prepares, who reviews and who approves and based on what information</p>	<p>4. Acting allowance listing was not properly reviewed</p> <p>5. Review of policy to ensure that termination procedures include removal of automation of bonus payment prompt, however confirmation will be done</p> <p>6. The finding was not captured correctly in the report. What the auditor was querying was the completeness of acting listing which was an</p>
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				oversight issue. Thorough review processes are taking place to avoid errors from recurring again. The conclusion in the report indicate that the finding was resolved
32	(36) EXPENDITURE: OVERSTATEMENT OF AUDITOR'S REMUNERATION.	<p>It was noted that the municipality made duplicate payments to the supplier in Table A, it was identified that the payments made were relating to one invoice. The municipality therefore recognized and paid for expenditure that did not occur, this is not in compliance with MFMA and GRAP.</p> <p>Furthermore, it was noted that for the Invoices in Table B duplicate expenditure was recognized however only one payment was made. This is also not in compliance with GRAP as expenditure that did not occur was recognized by the Municipality.</p>	<ol style="list-style-type: none"> 1. Why has the Municipality paid 1 invoice twice? 2. What is the Municipality doing to recover the overpayment? 3. How will the Municipality mitigate the risk of duplicating payments? 	<ol style="list-style-type: none"> 1. The AGSA invoices were paid not using the creditor's module which resulted in duplications. 2. The AGSA did record a credit for the municipality, therefore subsequent invoices were deducted from the credit balance. The municipality only started paying



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			<p>4. Give us a list of any overpayment that happened?</p> <p>5. What steps have the Municipality put in place to ensure that there are no duplicate payments in future?</p>	<p>once the credit was depleted.</p> <p>3. None were identified.</p> <p>4. All credit payments to be done through creditor's module.</p>
33	(37) EXPENDITURE: NON-COMPLIANCE WITH 30-DAY PAYMENT PERIOD	We noted that there were supplier invoices that were not paid within 30 days as prescribed by the MFMA. Refer to the table A in the MR for details of the transaction:	<p>1. Why is the Municipality not honouring invoices and pay within 30 days as required by the MFMA?</p> <p>2. Who delayed the payments?</p> <p>3. What steps have the municipality put in place to ensure that invoices are paid within 30 days?</p>	<p>1. The university invoice was misplaced, other invoices did not have sufficient budget at submission, therefore budget availability was supposed to be resolved prior to payment to avoid unauthorised expenditure. The AGSA invoices were submitted during audit process in 2023 which caused the</p>



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				invoices to be misplaced. To resolve the problem, an email address folder for submission of the AGSA was created where SCM and Expenditure personnel will directly receive an email with the invoice(s) once sent by the AGSA. This will minimise having invoices misplaced.
34	(38) EXECUTION: LIMITATION OF SCOPE – RFI 21	During execution phase of the audit, information in Annexure A was requested from management and insufficient information was submitted.	<ol style="list-style-type: none"> 1. Does the Municipality have proper records management system in place for easy retrieval when such records are required? If yes, why was the Municipality unable to respond to the RFI? 2. Why did the Municipality delay the submission of 	<ol style="list-style-type: none"> 1. Management is reviewing documents filing system to ensure that all documents can be easily retrieved on time. The current system was proven to be having gaps. 2. The actual challenge was on reconciliation of the



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			<p>information to the AGSA?</p> <p>3. Who are the responsible officials?</p> <p>4. What steps have the municipality put in place to ensure that there is no delay in submission of information?</p>	<p>information submitted to the AGSA as most of the documents which were reported to have not been submitted were actually in the possession of the AGSA in a different component.</p> <p>3. Improve tracking of information submitted to the AGSA and to identify duplicate requests.</p>
35	<p>(40) RELATED PARTIES: INCORRECT DISCLOSURE FOR DISCLOSURE COMPARATIVE FIGURES.</p>	<p>The councillors depicted on the below were disclosed in 2024 comparative figures, but their term ended in 2021/2022 financial year end and not reappointed for 2023 financial year.</p>	<p>1. What are the AFS preparations timelines and compliance thereof?</p> <p>2. When were the consultant appointed?</p>	<p>1. The AFS and APR must be submitted to the AGSA for audit not later than two months after the end of each financial year, meaning they are submitted by 31 August which gives an allowance of two</p>



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			<p>3. Why do we continue using consultants?</p> <p>4. Recommendation: review of AFS prior to submission to AGSA.</p>	<p>months for the preparation.</p> <p>2. Consultants for AFS preparations were appointed in June 2024.</p> <p>3. It was for capacity constraints in Finance, however, in current year, management has resolved to compile AFS internally. Finance officials are continuously being capacitated in this regard.</p> <p>4. Timeous preparation of the FS with allow sufficient review internally and by external stakeholders.</p>
36	(50)) PDO: OVERSTATEMENT OF ACHIEVEMENTS	During the audit of pre-determined objectives, it was noted that the performance indicator: To Construct 3.4km Ring Road up to practical completing at Magomani by 30 June 2024 was	1. Why has the Municipality reported the target to be	<p>1. Practical completion is when the asset is available for use.</p> <p>2. Money was spent for the project as</p>



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		recorded as Target achieved, however it was not complete as at 30 June 2024.	<p>achieved meanwhile it was not achieved?</p> <p>2. Was there any monetary spent on the reported performance?</p> <p>3. Was this an error?</p> <p>4. Who was responsible for reporting on this Indicator?</p> <p>5. What are the steps taken to ensure that we report accurately on achievements?</p>	<p>because it was a valid project that was being constructed. The issue it on agreement with the AG on the stage of completion of the asset.</p> <p>3. There was no error, the asset was confirmed to n=be 3.4km which the auditors subsequently resolved the finding.</p>
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11. RECOMMENDATIONS

Having fully considered the Collins Chabane Local Municipality's 2023/24 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 on report writing skills as well as minutes writing in order for the detailed discussions of the MPAC committee, which include confirming if the UIFWe is recoverable.**
- 10.2 That all reports must be 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, establish more townships etc., in order to move from grade 3 to grade 4.**
- 10.5 That the Internal Audit Unit must continuously conduct audit in order to detect any irregularities.**
- 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 2023/24 financial year, adopts the Oversight Report, to this agenda, as presented by MPAC.**



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- 10.9 That the recommendations of the Municipal Public Accounts Committee reflected in Section 10 of its 2023/24 Oversight Report, be adopted and that the progress with the implementation thereof, be reported in the Quarterly Reports to MPAC.**
- 10.10 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.**
- 10.11 That the Oversight Report for the 2023/24 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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11. CONCLUSION.

MPAC would like to commend the Mayor Cllr Maluleke S.G, Municipal Manager Mr 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 2023/24 without any reservation and place the report on the municipal website for public consumption.



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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 (MM) 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', is written over a horizontal line.

31 – 03 - 2025

Chairperson: Mudau T.S

Date