



THABO MOFUTSANYANA DISTRICT MUNICIPALITY (DC19)



ANNUAL REPORT OVERSIGHT REPORT

This Oversight Report is based on the draft Annual Report 2024/ 2025 and is drafted and submitted in accordance with the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

1 July 2024 to 30 June 2025

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LOCAL MUNICIPALITIES

*** Dihlabeng LM * Maluti-A-Phofung LM * Mantsopa LM * Nketoana LM *
* Phumelela LM * Setsoto LM ***



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FOREWORD BY THE MPAC CHAIRPERSON

Honourable Speaker, honourable members, management, and members of the public, greetings to you all.

In terms of The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), Circulars No. 11, 32 and 63, the Municipal Public Account Committee (MPAC) is also required to oversee the Annual Report of the municipalities.

The Council Meeting held on 29 January 2026, assigned that MPAC should review and engage communities on the 2024/ 2025 draft annual report.

As the oversight committee, the MPAC have delivered with utmost dedication in compliance with MFMA section 129(1) and as required in terms of section 71A of the Municipal Structure's Act No. 117 of 1998.

The MPAC considered and evaluated the 2024/2025 Annual Report and monitored that all submissions and calls for comments were undertaken as per Section 127(5), Section 130, and Section 132 of the MFMA. The Oversight Report was prepared taking into consideration the views and inputs of, inter alia the public, representatives of the Auditor-General, organs of state, the Audit Committee and Councillors.

The Thabo Mofutsanyana Municipal Council is legally assigned with the responsibility to perform an oversight over the executive and administration of the municipality. The oversight role remains the function of the Council which is supported by legislative prescripts including but not limited to the Constitution of Republic of South Africa and Local Government: Municipal Structures Act No 32 of 2000 as amended.

The Annual Report is a critical tool for upholding transparent governance and accountability. It reflects both the financial and non-financial performance of the municipality for the previous financial year, and its adoption is a legal requirement as per the Municipal Finance Management Act.



The public and local communities were given reasonable means, time, and assistance to participate and submit representations on the 2024/2025 Annual Report.

The Annual Report was made available through a variety of methods. This included but not limited to The Annual Report being accessible to download from the Thabo Mofutsanyana district municipality's website and hardcopies could be obtained from the main municipal building, public libraries, and municipal area offices within the District.

Thabo Mofutsanyana district municipality's financial performance and position remained stable, mainly due to the proactive responses by leadership to drive financially sustainable decisions, while balancing the needs of the communities and businesses in the Thabo Mofutssanyana area.

The policy choices of today strive to build a greener, more inclusive, and more resilient tomorrow. There is an opportunity to chart a path that empowers everyone to face the future with confidence.

The MPAC commends the Municipality for maintaining the propitious audit outcome for the 2024/2025 financial year: unqualified with material findings, The attainment of an unqualified audit opinion is not necessarily in line with the Thabo Mofutsanyana district municipality's goal aiming to achieve clean administration that is characterised by good governance, financial compliance, and internal controls.

The MPAC encourages the timely implementation of the matters raised in the Annual Report and the Oversight Report. The MPAC further encourages continuous improvement of internal controls and will continue to monitor the implementation of the recommendations by the internal auditors, the external auditors, and the Audit Committee.



As an oversight committee the MPAC is looking forward to receiving greater support from the concerned divisions in the future to ensure more effective and efficient public engagement.

Cllr Setshwana Chabeli (Ms)

MPAC Chairperson



1. INTRODUCTION

The annual report is one of the key instruments for transparent and accountable local governance and accountability. It is a post-financial year document that provides an overview of the financial and non-financial performance concerning the previous financial year, which in this instance relates to the 2024/ 2025 financial year. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) stipulates that the annual report must be tabled and passed by the municipal council.

1.1. Purpose

The purpose of this report is to present to the Council, for adoption, the Annual Report 2024/ 2025 as well as the Annual Report Oversight Report 2024/ 2025, as required in terms of Section 129 of the MFMA.

2. ANNUAL REPORT 2024/ 2025

2.1. Legal Framework

Herewith is an extract from the key legislative requirements as per the MFMA relating to the annual report:

Section 121: Preparation and adoption of annual reports

- s121(1):** *Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.*
- s121(2):** *The purpose of an annual report is—*
 - (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates.*



(b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and

(c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

Section 127: Submission and tabling of annual reports

s127(2): *The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.*

s127(3): *If the mayor, for whatever reason, is unable to table in the council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must—*

(a) promptly submit to the council a written explanation referred to in section 133(1)(a) setting out the reasons for the delay, together with any components of the annual report listed in section 121(3) or (4) that are ready; and

(b) submit to the council the outstanding annual report or the outstanding components of the annual report as soon as may be possible.

Section 129: Oversight reports on annual reports

s129(1): *The council of a municipality must 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 in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council—*



- (a) has approved the annual report with or without reservations.*
- (b) has rejected the annual report; or*
- (c) has referred the annual report back for revision of those components that can be revised.*

2.2. Components of the Annual Report

The format of the 2024/ 2025 Annual Report is based on the annual report template issued by the National Treasury in terms of MFMA Circular 63 of 2012, which differs significantly from the Annual Report Guidelines (MFMA Circular 11) issued by the National Treasury in 2005.

The MFMA Circular 63 of 2012 has six (6) chapters and tries to cover everything that needs to be reported based on the MFMA and the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

3. ANNUAL REPORT 2024/ 2025 CONSULTATION AND ADOPTION

3.1. Municipal Public Accounts Committee (MPAC)

A Municipal Public Accounts Committee (MPAC) was set up under Section 79 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998). This was done through a Council resolution. The Terms of Reference task the MPAC with the responsibility to perform an oversight role over the process of preparing the annual report of the Council and to produce an oversight report based on its review of the annual report.

As required by the MFMA, the Municipal Manager attended the Council Meeting on 29 January 2026 where the draft Annual Report 2024/ 2025 was tabled to be released for public comment as well as the MPAC Meetings to answer questions posed by the MPAC Members and to respond to written and oral representations



from the community. All the councillors were also invited to attend the public hearings and to deliberate on the draft Annual Report 2024/ 2025.



Four (4) members of the community attended the public hearings.

The attendance of the MPAC members to review the draft Annual Report 2024/ 2025 is recorded as follows:

Table 1: MPAC meetings

Participants	Orientation and Review (Chapters 1 – 4)	Review (Chapters 5 & 6)	Public Hearing(s)	Site Visit(s)	Feedback Session(s)	Signing of Oversight Report
1) Cllr Setshwana Chabeli	Attended	Attended	Attended	N/A	Attended	Attended
2) Cllr Mamorena Bohlale	Attended	Attended	Absent with apology	N/A	Attended	Attended
3) Cllr Eric Motloung	Attended	Attended	Attended	N/A	Attended	Attended
4) Cllr Vangile Makhanya	Attended	Attended	Attended	N/A	Attended	Attended
5) Cllr Hlabathe Dlamini	Attended	Attended	Attended	N/A	Attended	Attended
6) Cllr Moeketsi Lebesa	Attended	Attended	Absent with apology	N/A	Attended	Attended

☺ - Attended ☐ - Absent with an apology ☐ - Absent without an apology ☐ - Submitted a medical certificate or arranged with the MPAC Chairperson



3.2. Adoption and public consultation process

The draft Annual Report 2024/ 2025 was tabled in the Council on 29 January 2026 as required per the MFMA, which requires under Section 127(2) that:

“The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality.”

In terms of Section 121(3) of the MFMA, the Annual Report of a municipality or municipal entity must include the following core components. These core components are formally annexed to the draft Annual Report:

- (a) The Annual Financial Statements as submitted to the AGSA [Section 121(3)(a)].
- (b) the AGSA’s audit report in terms of section 126(3) on those financial statements [Section 121(3)(b)].
- (c) the annual performance report of the municipality prepared by the municipality in terms of Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) [Section 121(3)(c)].
- (d) the AGSA’s audit report in terms of section 45(b) of the MSA (Section 121(3)(d)); and e) particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d) in the MFMA [Section 121(3)(g)].

The draft Annual Report 2024/ 2025 was made public on the municipal website within five (5) days and within seven (7) days in the local newspaper after it was approved by the Council on 29 January 2026. In addition, the draft Annual Report 2024/ 2025 was also made available at all municipal libraries and other identified offices where the public could access the report.

Members of the community and other stakeholders were invited to submit written comments/ inputs on the draft Annual Report 2024/ 2025. The councillors, the



community, and other stakeholders were also invited to attend the public hearing, which was held on **23-26 February 2026**, to present the MPAC with any oral or written input on the draft Annual Report 2024/ 2025.

The draft Annual Report 2024/ 2025 was furthermore submitted in terms of Section 127(5)(b) to the Auditor General of South Africa (AGSA), Free State Provincial Treasury, and the Free State Department of Local Government. The Auditor General of South Africa (AGSA) was invited to present to MPAC the importance of accountability and governance.

The closing date for public comments was **27 February 2026**. No written submissions from the public were received.

3.3. Highlights identified in the draft annual report 2024/ 2025.

The MPAC noted and congratulated the Thabo Mofutsanyana Municipality on the announcement by the AGSA that the municipality received an ***unqualified outcome for the 2024/ 2025 financial year***.

Thabo Mofutsanyana Municipality is once again able to report credible and reliable financial and performance results. The ***unqualified*** audit outcome reflects that the municipality maintained a healthy financial position and that all money spent was properly accounted for. The latest audit outcomes mark the 4th consecutive year of unqualified audit outcomes for the Thabo Mofutsanyana Municipality.

Further highlights and words of gratitude were noted as outlined below:

- 1) The Auditor General of South Africa (AGSA) commended the municipality for improving the Annual Financial Statements and Performance Reporting.
- 2) Great leadership was shown from the Executive Mayor, Municipal Manager, and administrative team as a result of the ***unqualified*** audit obtained for the Thabo Mofutsanyana Municipality, despite the various challenges posed throughout the financial year.



- 3) Given the many accomplishments made during the reviewed year, the MPAC praised the Executive Mayor and Municipal Manager for her exceptional leadership and strategic direction in ensuring that Thabo Mofutsanyana Municipality is recognised as one of the best functioning municipalities in the Free State.
- 4) The MPAC Chairperson was also commended for the oversight role and her dedication towards the entire process.
- 5) The MPAC Chairperson thanked the members for their dedication and participation towards the oversight process of 2024/ 2025.
- 6) The Municipal Manager expressed her gratification towards the MPAC as well as the administration for their dedication and indicated that the entire success of the municipality was based on team effort.



3.4. MPAC public hearings and submissions

The MPAC conducted public hearings on 23-26 February 2026 and have received no written submissions. All the responses from the accounting officer were taken note of and will not be reflected in this report.

It should be noted that the responses depicted in the table below are based on information recorded in the draft Annual Report for the 2024/ 2025 financial year. Progress made after the 2024/ 2025 financial year will be provided in the 2025/ 2026 Annual Report.

Table 2: MPAC public hearings

No.	Date	MPAC Public Hearing Venue	Information as per Annual Report	Information Verification	Remarks by MPAC
1)	23 Feb 2026	Hobhouse-Mantsopa LM	Presentation of 2024/2025 Annual Report of TMDM	Attendance registers and Photos	The meeting was well attended, and support was given from the Mantsopa LM MPAC Committee
2)	23 Feb 2026	Senekal -Setsoto LM	Presentation of Setsotso LM 2024/2025 Annual Report and 2024/2025 TMDM Annual Report	Attendance registers and Photos	TMDM and Setsoto LM jointly addressed the community on the Annual Reports and the engagements were fruitful.



No.	Date	MPAC Public Hearing Venue	Information as per Annual Report	Information Verification	Remarks by MPAC
3)	24 Feb 2026	Fouriesburg-Dihlabeng LM	NONE		The community did not attend, but the local Municipality MPAC Committee was present
4)	24 Feb 2026	Alington Nketoana LM –	NONE		No Support from the Community and the Local Municipality.
5)	25 Feb 2026	Memel-Phumelela LM	Presentation of 2024/2025 Annual Report of TMDM	Attendance registers and Photos	The meeting was well attended, and support was given from the Phumelela LM MPAC Committee
6)	26 Feb 2026	Kestell- Maluti A Phofung LM	Presentation of 2024/2025 Annual Report of TMDM	Attendance registers and Photos	The meeting was well attended, and support was given from the Maluti A Phofung LM MPAC Committee, even though they excused themselves early



No.	Date	MPAC Public Hearing Venue	Information as per Annual Report	Information Verification	Remarks by MPAC
					due to a Council Meeting.

Table 3: Submissions received by MPAC.

No.	Date	Written Submission Sponsor	Information in Written Submission	Information Verification	Remarks by MPAC
7)	No written submissions received				

3.5. MPAC site visits

The draft Annual Report 2024/ 2025 highlighted several projects that were either completed or in various stages of completion. The MPAC identified several projects and is yet to conduct site visits before 20 April 2026.

It should be noted that the status of the projects depicted in the table below is based on the information recorded in the draft Annual Report for the 2024/ 2025 financial year. Progress has been made after the 2024/ 2025 financial year and will be recorded in the next Annual Report 2025/ 2026.

The purpose of the visit was to verify the progress on the implementation of the projects against the reported information, which is outlined in the table below:



Table 4: MPAC site visit report

No.	Project Name	Area Verification of the Project by MPAC	Status as per Annual Report	Status of the Project	Remarks by MPAC
8)	Installation of Street lights	None	Complete	Complete	Site to be visited
9)	Fencing of Royal Graveyards	Attended the oversight. Attendance registers and photos available	In Progress	Complete	Site to be Visited



4. GENERAL REMARKS FROM THE MPAC

- MPAC recommends to council to resolve to mandate the implementation of insurance or financial guarantee mechanisms for all municipal transactions and contractual arrangements that expose the municipality to material financial risk.
- The MPAC indicated that the public participatory process of the oversight of the Annual Report should be widely published on all municipal platforms. This will raise awareness and encourage the citizens to take part in the process and to take note of the work done by the municipality.
- The MPAC raised concerns about the vacancies, particularly in essential positions and in key service delivery directorates.
- The MPAC advocates for the simplification of the Annual Reports in a language that communities can understand.
- MPAC recommends that Management submits evidence-based progress reports to MPAC within 15 days of end of each quarter for proper oversight.

5. RECOMMENDED RESOLUTION TO BE ADOPTED BY THE COUNCIL

In accordance with Section 129(1) of the MFMA it is **recommended** to the Council:

- 1) That the Council, having fully considered the Annual Report Oversight Report 2024/ 2025 of the Thabo Mofutsanyana Municipality, **adopts the Annual Report Oversight Report 2024/ 2025.**
- 2) That the Council, having fully considered the Annual Report 2024/ 2025, **approves** the Annual Report 2024/ 2025 **without any reservations.**
- 3) That the Oversight Report on the 2024/ 2025 Annual Report **be made public** in accordance with Section 129(3) of the MFMA.



- 4) That the Oversight Report on the 2024/ 2025 Annual Report **be submitted** in accordance with Sections 129(2) and 132(2) of the MFMA to the Auditor General of South Africa (AGSA), the Free State Provincial Treasury, the Free State Department of Cooperative Governance and Traditional Affairs, and the Free State Provincial Legislature.

ADDITIONAL RECOMMENDATIONS TO COUNCIL ON THE OPERATIONS OF THE MUNICIPALITY

- 5) The MPAC recommends to Council that through head of administration the system of proper record keeping should be maintained to ensure adherence to time limits indicated by both Internal Audit and Auditor General on submission of the requested information and responses to audit findings. This system should be digitalized.
- 6) The MPAC recommends to Council that the systems of proper internal controls should be developed and maintained in all areas of the municipality and the implementations of these controls should be assigned to the responsible officials for accountability.
- 7) The MPAC recommends to Council that the municipality should comply with proper supply chain management policy of the municipality to ensure adherence to contract management, the required number of quotations, timeframe of advertisement of tenders in terms of their thresholds to avoid and or eliminate unauthorized, irregular fruitless and wasteful expenditure (UIF&W)
- 8) MPAC Recommends that disciplinary steps (consequence management) within TMDM policy framework be instituted against officials responsible for repeated Request for information (RFI) non-submission, late reports, unsigned Service Level Agreements (SLA), and late payments.



6. CONCLUSION

As an oversight committee of Council, **the MPAC deems that the 2024/ 2025 Annual Report is a true and accurate reflection** of the Thabo Mofutsanyana Municipality's financial and non-financial performance for the 2024/ 2025 financial year.

MPAC indicated that the draft Annual Report 2024/ 2025 was thoroughly unpacked and analysed.

The oversight process for the Annual Report 2024/ 2025 is herewith concluded, and as Chairperson of the MPAC, I would like to thank the MPAC Members, the Executive Mayor and Mayoral Committee, the Municipal Manager and Senior Managers (Directors), as well as all municipal officials, for their contribution to the development and finalisation of the draft Annual Report 2024/ 2025. Their diligence and constructive commitment during this oversight period are noted and appreciated.

Cllr. Ms. Setshwana Chabeli
MPAC Chairperson

23 March 2026

Date



ANNEXURE A: MPAC COMMITTEE MEMBERS

MEMBERS OF THE THABO MOFUTSANAYA DISTRICT MUNICIPALITY PUBLIC ACCOUNTS COMMITTEE:

CLLR E.S CHABELI -CHAIRPERSON	ANC
CLLR E MOTLOUNG	DA
CLLR M LEBESA	DPSA
CLLR H.D DLAMINI	ANC
CLLR M.B BOHLALE	ANC
CLLR V MAKHANYA	ANC
VACANT	EFF

