

**THABO MOFUTSANYANA DISTRICT
MUNICIPALITY**



**DRAFT ANNUAL REPORT: 2024/2025
FINANCIAL YEAR**

Contents

Abbreviations and Acronyms.....	3
Vision.....	5
Mission	5
Core Values.....	6
CHAPTER 1- MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	7
1.1 FOREWORD BY THE EXECUTIVE MAYOR	7
1.2 Municipal Manager's Overview	9
1.3 Thabo Mofutsanyana District Municipality Population and Environmental Overview	12
Demographics.....	12
CHAPTER 2- Governance.....	13
2.1 COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	13
.....	19
2.2 Component B: Intergovernmental Relations	23
2.3 Component C: Public Accountability and Participation.....	25
2.4 Component D: Corporate Governance	30
CHAPTER 3 - SERVICE DELIVERY PERFORMANCE	36
3. SERVICE DELIVERY.....	36
3.1 COMPONENT A: BASIC SERVICES.....	36
3.2 COMPONENT B: TECHNICAL SERVICES.....	36
3.3 COMPONENT C: LOCAL ECONOMIC DEVELOPMENT	49
3.4 COMPONENT D: ENVIRONMENTAL PROTECTION	51
3.5 COMPONENT E: MUNICIPAL HEALTH SERVICES	54
3.6 COMPONENT F: SECURITY AND SAFETY	55
3.7 COMPONENT G: EMERGENCY SERVICES	55
3.8 COMPONENT H: SPORTS AND RECREATION	61
3.9 COMPONENT I: EXECUTIVE AND COUNCIL	63
3.10 Component J: Organizational Performance Scorecard	66
CHAPTER 4 –ORGANIZATIONAL DEVELOPMENT PERFORMANCE REPORT	67
4.1 COMPONENT A: INTRODUCTION OF THE MUNICIPAL PERSONNEL.....	67
4.2 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE.....	73
4.3 COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE.....	73
4.4 COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE	74
CHAPTER 5 – FINANCIAL PERFORMANCE	75
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	75
COMPONENT B: FINANCIAL PERFORMANCE	79
COMPONENT C: CASH FLOW MANAGEMENT.....	79
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	83
6.1 Auditor General's Opinion (2023/2024)	83

Audit Report Action Plan (2023/2024)	101
6.2 Auditor General’s Opinion (2024/2025)	101
Opinion.....	101
Audit Report Action Plan (2024/2025)	116
APPENDICES	118
Appendix A - Councilors; Committee Allocation and Council Attendance.....	119
Appendix B - Committee and Committee Purpose	127
Appendix C- Thabo Mofutsanyana District Municipality Administrative	128
Appendix D-Recommendations of the Audit and Performance & Risk Management Committee ..	129
Appendix D (2)- Recommendations of the Risk Management Committee	141
Appendix E- Long term Contracts and Public Private Partnership.....	145
Appendix F-Municipal Entity/Service Provider Performance Schedule.....	146
Appendix G - Disclosure of Financial Interest.....	146
Appendix H- Revenue Collection Performance.....	146
Appendix I (i) - Revenue Collection Performance by Vote	146
Appendix I (ii)- Revenue Collection Performance by Source	146
Appendix J - Conditional Grants Received: Excluding MIG	146
Appendix K - Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG	146
Appendix L (i) - Capital Expenditure – New Assets Programme.....	146
Appendix L (ii) - Capital Expenditure – Upgrade/Renewal Programme	146
Appendix M- Capital Program by Project current year	146
Appendix N - Capital Programme by project by Ward current year.....	146
Appendix O- Service Connection Backlogs at Schools and Clinics	146
Appendix P -Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision.....	147
Appendix R - Declaration of Loans and Grants Made by the Municipality.....	147
Appendix S -Declaration of Returns not Made in due Time under MFMA section 71.	147
Appendix T National and Provincial Outcome for local government	147

Abbreviations and Acronyms

AFASA	African Farmers’ Association of South Africa
AG	Auditor General
AH	Agri-Hub
AIDS	Acquired Immune Deficiency Syndrome
APR	Annual Performance Report
AVCASA	Association of Veterinary and Crop Associations of South Africa
CCS	Carbon Capture and Storage
CCTV	Closed-Circuit Television
CLLR	Councilor
COGTA	Cooperative Governance and Traditional Affairs
COIDA	Compensation for Occupational Injuries and Diseases Act

COVID	Corona Virus Disease
DAC	Development Assistant Committee
DAFF	Department of Agriculture, Forest, and Fisheries
DALRRD	Department of Agriculture, Land Reform and Rural Development
DARD	Department of Agriculture and Rural Development
DDM	District Development Model
DFFE	Department of Forestry and Fisheries
DMA	Disaster Management Act
DoE	Department of Energy
DoRA	Division of Revenue Act
EAP	Employee Assistance Program
EDSM	Electricity Demand Side Management
EE	Employment Equity
EEA	Employment Equity Act
EEDSM	Energy Efficiency Demand Side Management
EHS	Environmental Health Services
EnSC	Energy Services Company
EnPI	Energy Performance Indicators
EPWP	Extended Public Works Program
ERM	Enterprise Risk Management
ERP	Enterprise Risk Management
ESCO	Energy Services Company
FB	Facebook
FBSA	Fire Brigade Service Act
FET	Further Education and Training
FM	Frequency Modulation
FPSU	Farmer Production Support Unit
FS	Free State
GBV	Gender Based Violence
GDP	Gross Domestic Products
GP	Gauteng Province
GRAP	Generally Recognized Accounting Practice
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRM	Human Resource Management
IAC	Internal Audit Committee
ICT	Information and communication Technology
IDP	Integrated Development Plan
IESBA	International Ethics Standards Board for Accountant
IGR	Intergovernmental Relations
IRFA	Intergovernmental Relations Framework Act
ISA	International Standards on Auditing
IT	Information Technology
JD	Job Description
KPA	Key Performance Areas
KPI	Key Performance Indicators
KZN	KwaZulu Natal
LED	Local Economic Development
LG	Local Government
LGMF	Local Government Financial Management Grant
LGSETA	Local Government Sector Education Training Authority
LLF	Local Labour Forum
LM	Local Municipality
M	Male

MAP	Maluti-A-Phofung
MCPF	Municipal Councillors Pension Fund
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MP	Mpumalanga
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTREF	Medium-Term Revenue and Expenditure Framework
NERPO	National Emergent Red Meat Producers Organisation
NGO	Non-Governmental Organizations
OHS	Occupational Health and Safety
PAA	Public Audit Act of South Africa, 2004
PAYE	Pay as You Earn
PMS	Performance Management Systems
PPE	Personal Protective Equipment
RMC	Risk Management Committee
RRAMS	Rural Road Asset Management Systems
RUMC	Rural Urban Market Centre
SA	South Africa
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SANBI	South African National Biodiversity Institute
SANRAL	South African National Roads Agency
SAPPO	South African Pork Producers' Organization
SAPS	South African Police Services
SCM	Supply Chain Management
SDBIP	Service Delivery Budget and Implementation Plan
SDF	Spatial Development Plan
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SEZ	Small Economic Zones
SLA	Service Level Agreement
SMME	Small Medium Micro Economic
SPLUMA	Spatial Planning and Land Use Management Act
STATS	Statistics
TMDM	Thabo Mofutsanyana District Municipality
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WIL	Work Integrated Learning
WSP	Work Skills Plan

Vision

Integrated, economically viable and developmental local government.

Mission

Continuously develop and improve living conditions of our communities by providing efficient and effective bulk services and create a conducive environment for economic

opportunities and job creation.

Core Values

Creativity, Fairness, Accountability, Respect, Ubuntu, Punctuality, Participation, Solution Orientated, Integrity, Respect, Etiquette, Honor, Morale, Honesty.

CHAPTER 1- MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 FOREWORD BY THE EXECUTIVE MAYOR



It is my privilege to present the 2024/2025 Annual Report of Thabo Mofutsanyana District Municipality. As I reflect on the past, there is much to be proud of, and this success has further strengthened our sense of purpose. We remain deeply committed to working alongside our stakeholders to fulfil Thabo Mofutsanyana's vision and mission statement.

The annual report is a culmination of the implementation of the 2024/2025 Integrated Development Plan (IDP) and the 2024/2025 Service Delivery and Budget Implementation Plan (SDBIP). It reflects a record of the municipality's service delivery achievements and challenges in line with the commitments of the financial year under review. It provides a complete account of the responsibilities bestowed by Section 152 of the Constitution of the Republic of South Africa, 1996.

The financial year under review was no different, as the municipality was still marked by financial constraints and limited resources. However, I am pleased to report that we changed course and implemented a collaborative approach to address and resolve this ongoing impasse. A plethora of stakeholders were seamlessly roped in to intensify our collaboration and thus produced remarkable results, where the municipality implemented programmes in partnership with stakeholders, such as but not limited to job creation; reducing road infrastructure and electricity backlogs; intensifying public participation; and social cohesion.

As we present this report, it is important to extend a special word of appreciation to all the stakeholders who extended their helping hand to help the municipality to make an impact. We specifically hope that they will continue the great work and, furthermore, lure others to join in delivering a collaborative service to the masses of our people. Working in unison optimises service delivery despite the little budget/resources at our disposal.

Enthusiasm and hope have marked our new dawn, and we must transform them into a solid force for change. We thus drive towards this goal while ensuring we strive for greater nation-building and the preservation of our cultural diversity. In presenting this annual report, we take delight in our accomplishments as the Thabo Mofutsanyana District Municipality.

We are still in pursuit of ultimately reaching a milestone of a clean audit, which we believe is now within reach. It is important to mention that the national recognition from our peers regarding the Thabo Mofutsanyana District Municipality's leadership in implementing the District Development Model is one of our proudest achievements. However, we are not thrilled by the pace of implementation of DDM, as the audit would have shown the involvement of DBSA on a wide spectrum of much-needed projects steered to push back the frontiers of poverty. We have intensified our efforts to accelerate the implementation of the District Development Model, particularly by ensuring that the team responsible for this strategic intergovernmental programme actively solicits input from all stakeholders, including private partners and the traditional authority, to ensure alignment of our plans with the Provincial Growth and Development Strategy and the NDP.

Attention is drawn to a special case where recognition of all the unique organisations involved with community development is done through a community award ceremony, referred to as the Extraordinary Awards for People Doing Extraordinary Things. During this event, the individual efforts of these organisations were recognised, and their contributions touched the hearts of many in significant ways. By taking pride in our work, we elevate the name of Youth in Action, an NGO that has significantly expanded its reach by providing various activities, essential training, and other critical interventions aimed at bringing knowledge and development to society.

In our quest to realise the municipality's vision, the following performance highlights, amongst many others, have been realised in the 2024/2025 financial year with the aid of administrative discourse:

- Support to Small Medium and Micro Enterprises
- Forged partnership with Santam (which provided disaster emergency equipment), UFS unwavering support in providing trainings, UNISA' vigorous involvement in providing training on wide spectrum on agriculture, UFS's giant contribution in training on disaster management.
- TMDM has also identified the Tourism establishments and outlets as a critical component in promoting the tourism in our area to further contribute to the economic growth of the district.
- The municipality continues to give bursaries to deserving students within the district,
- We have also established an internal bursary scheme to enhance capacity within our workforce, which we believe will have a direct impact in improving the performance of our municipality.

The municipality's oversight structures, like the Audit Committee, Risk Management Committee, and Municipal Public Accounts Committee, help ensure everything runs smoothly and improve internal controls. These committees are responsible for checking that any necessary actions and consequences are carried out as outlined in the Audit Action Plan.

This report is therefore intended to attest to the collective efforts of the municipal administration and council to progressively address the expectations of our people. Community engagement platforms for planning and reporting purposes were strengthened in the 2024/2025 financial year, i.e., IDP/PMS and Budget Representative Forums, Community Meetings, IDP/PMS and Budget Roadshows and Mayoral Imbizos.

TMDM-designated groups have been encouraged to coordinate their activities as organised groups through their structures, viz., the Women's Forum, Elderly Forum, Disability Forum, Youth Forum, Local Aids Council, Children's Forum, and Sport Forum.

We remain committed to our strategic objectives and are committed to our vision of establishing an inclusive, innovative, and inspired municipality. Thank you to our ward committees, communities, partners and stakeholders for their contribution and support during the past financial year. I look forward to further collaborating with you all to make our municipality greater.

Leading the TMDM team is an honour for me. A special word of appreciation to the Speaker, Chief Whip, all Councillors, Members of the Mayoral Committee, Municipal Manager Ms Takatso Lebenya, and the management and staff of Thabo Mofutsanyana District Municipality for a job well done.

Cllr. Conny Msibi
Executive Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.2 Municipal Manager's Overview

I sincerely thank the Thabo Mofutsanyana District Executive Mayor: Cllr Conny Msibi for her genuine effort in ensuring that there is smooth interface between administration and Council. I would like to thank the Honorable Speaker, the Council and its committees for continuously guiding us towards the right direction by providing the necessary support to both me and the administration.

I also wish to thank our dedicated, committed personnel who have been appointed on the different positions to assist the municipality to achieve its objectives and make it possible for us to comply in all aspects of our duties. I will not be doing justice if I omit the critical role played by our foot-soldier (staff members) that has worked tirelessly to ensure that our communities' lives are improved within the legislative process. Our shop stewards have been on the fore front of the working force by ensuring that they adhere to labour related principles although there is still much to be done.

We have managed to make important progress towards a better life for all our communities and have improved our institutional response systems and capacity considerably. We took it upon ourselves to reduce unnecessary expenditure and formed part of our cost cutting measures. Yet, there is no denying that there is still more to be done.

Thabo Mofutsanyana District Municipality is a Category C municipality located in the eastern part of the Free State Province and is a semi-arid region with dispersed settlement patterns. The total population of Thabo Mofutsanyane District Municipality is estimated at 780 000 in 2024 and is projected to be 790 000 by 2029.

It is important to note that, at the beginning of this administration, the section 12 notice did not provide for any additional powers and functions of the District Municipality. As things stand, the District is constrained in as far as traditionally designated duties are concerned, this has unfortunately, restricted the district's ability to perform its constitutionally mandated duties. As far back as 2008, the district's powers and

functions were taken away. This state has unfortunately left the municipality in a dire situation.

The district is ordinarily mandated to provide

- Municipal Health Services
- Fire and Emergency Services
- Local Economic Development
- Tourism Promotion
- Bulk Services (Roads, Water, Electricity and Sanitation)
- Cemeteries
- Transport Services

As we table this report, it is important to emphasize the fact that of the above listed core-mandates, the district is currently performing in totality only one service which is the Municipal Health Service, the other functions were either taken away or are not fully performed by the district.

This report, will, in detail, showcase the cordial relations between the district and its local municipalities, through different forums, the district continues to play a supporting and coordination role with aplomb excellence. The introduction of the district development model further strengthens the relations and the importance of the district municipality as a critical landing zone of coordination.

The performance of the district in the year under review has been exceptional, the financial well-being of the municipality is equally impressive, the fact that we have a full component of Directors attests to the above-mentioned fact. All the senior positions are filled and that on its own provides for stability and progress. It is therefore imperative to state that the state of the municipality is healthy, financially and administratively.

The good state of the municipality is further emphasized by Auditor General's audit opinion on our municipality, we received an unqualified audit finding with lesser emphasis and we believe that this is right step in our pursuit to achieve a clean audit. In as far as the UIFW is concerned, we have managed to reduce it and we have therefore developed an audit action plan in line with our pursuance of totally eradicating the UIFW. What is perhaps a highlight for us is the fact that we managed to reduce the paragraphs from 26 to 15, this is as a result of a concentrated effort from the entire staff of TMDM.

The fact above has therefore propelled us to mitigate risks in all fronts. Strengthening of internal controls and mitigating risks with a view of providing a fraud and corruption free institution that thrives on professionalism, consistent and constant service provision.

This has been a great year for us, we are moving in unison towards achieving all provisions through the District Development Model and to build a district municipality that is service centered and driven to bring about sustainable development.

Location



Thabo Mofutsanyana District forms the northeastern part of the Free State Province and is one of four district municipalities in the Free State. It is bordered by all the other district municipalities of the province namely, Lejweleputswa District in the west, Fezile Dabi District in the north and Xhariep District in the south, as well as the Mangaung Metro in the southwest. Other borders are with the Kingdom of Lesotho in the southeast, Kwa-Zulu Natal Province in the east and Mpumalanga Province in the northeast.

Topographically the district is bordered for most of its eastern border by the Maluti and Drakensberg mountains. Hydrologically the district is located between the Vaal River to the north, and orange river to the south, with rivers within the district draining towards these rivers.

Thabo Mofutsanyana consists of six local municipal areas, with Setsoto and Mantsopa forming the southwestern section, Dihlabeng the south middle section, Nketoana the north middle section, Maluti a Phofung the southeastern section and Phumelela the northeastern section of the district. The district includes the former homelands of QwaQwa.

The table below identifies twenty-six urban centres for the Thabo Mofutsanyana District, grouped per its respective local municipality:

Table: Urban centres located within Thabo Mofutsanyana District Municipality

MANTSOPA	SETSOTO	DIHLABENG	NKETOANA	MALUTI A PHOFUNG	PHUMELELA
Hobhouse	Clocolan	Rosendal	Lindley	Kestel	Vrede
Ladybrand	Ficksburg	Paul Roux	Arlington	Harrismith	Warden
Excelsior	Marquard	Fouriesburg	Petrus Steyn	Qwa-Qwa	Memel
Thaba Patchoa	Senekal	Clarens	Reitz	Tshiame	
Tweespruit		Bethlehem			

Bethlehem, Ficksburg, Harrismith, Vrede, Memel, Phuthaditjhaba, Senekal, Reitz and Ladybrand constitute the main economic centres within the district. The above identified urban centres also serve the surrounding rural areas.

Thabo-Mofutsanyana district municipality enjoys high levels of connectivity to other districts, provinces within South Africa, as well as to airports and harbours. The N3 that links the Gauteng Province with the KwaZulu Natal Province, passes Warden and Harrismith in the northeastern part of the district.

1.3 Thabo Mofutsanyana District Municipality Population and Environmental Overview

Demographics

The Thabo Mofutsanyana District is in the eastern parts of Free State - a scenic area, well known for the several tourist attractions and features a variety of annual festivals. The biggest tourist attraction in the district is the Golden Gate Highlands National Park which is home to a variety of animals (wildebeest, eland, blesbok, oribi and springbok). Maluti-a-Phofung remains the most populated local municipality accounting for 45% of Thabo Mofutsanyana's total population size followed by Dihlabeng at 18%, Setsoto at 15%, Nketoana at 8%, Mantsopa and Phumelela's share was 7%.

Thabo Mofutsanyane District Municipality has a very large comparative advantage in the agriculture sector. The tertiary sector made the largest GVA contribution at 72.3%, with community services being the largest contributor at 29.4%. In the primary sector, agriculture had the largest contribution at 11.5% and in the secondary sector, manufacturing at 7.6%.

The 2022 census reveals that 86.4% of households, out of a total of 244,415, live in formal dwellings. Mantsopa has the highest proportion at 91.1%, followed by Maluti-a-Phofung (88.1%) and Dihlabeng (85.4%), as reflected in Figure 2. However, a critical gap exists as none of the six municipalities have a valid Human Settlement plan, with existing plans outdated or in draft form. The housing backlog is prevalent across all municipalities, with no clearly defined strategy for addressing the backlog.

Maluti-a-Phofung faces challenges in rural areas where traditional leaders manage site provision, leading to a distortion in the count of allocated sites. Additionally, all municipalities lack an Informal Settlement Plan, Anti- Land Invasion policy, and a Land Alienation policy, except for Setsoto, which has a council- approved Land Alienation policy. The absence of these documents indicates a lack of understanding among municipalities about addressing housing needs of a growing and urbanizing population. Despite human settlements being the competency of national and provincial government, municipalities must plan and account for service stand provision. The absence of these documents suggests an unstructured process in addressing housing backlogs and providing service stands for various housing Programmes.

With the number of informal dwellings such as shacks continuing to rise, municipalities need to develop various human settlement sector plans and policies to determine the status and profile of each informal settlement for formalization. Crafting policy documents for selling, leasing fixed immovable property/ land, and managing/ protecting assets is vital to close the gap that currently exist for most municipalities.

Developmental Challenge

There is high unemployment rate in the district, particularly affecting woman of working age. The overall district municipal unemployment rate stands at 32.0%, with women experiencing a higher rate of 39.1% compared to men at 32.4%. Maluti-a-Phofung LM has the highest unemployment rate at 44.1%, indicating a struggle to generate the necessary employment opportunities in the area.

Furthermore, the prevalence of child-headed households, female-headed households, and the decline in the once- thriving textile sector highlight the need for targeted interventions to address economic revitalisation and job creation in the district. The Phuthaditjhaba Industrial Park, housing 296 factories, is a potential economic hub with significant untapped skills that can be harnessed to revive the textile sector, contributing to the development in the district.

CHAPTER 2- Governance

2.1 COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Governance Structure

In terms of Chapter 7, section 151(2) of the Constitution of the Republic of South Africa, the legislative and executive functions of a municipality are vested within its Municipal Council. The Political leadership of the Municipality exercise their executive and legislative powers and functions to govern the affairs of the Municipality. The legislative function of the Council is vested within the full Council with the Speaker as its Chairperson. The passing of policies and By-laws remain the responsibility of Council.

The Mayoral Committee has no power on its own; it is an instrument to assist the Executive Mayor, to offer him/her advice and to take decisions together with the Executive Mayor regarding designated powers. Decisions are nevertheless that of the Executive Mayor. Individual members of the Mayoral committee may however be granted delegated powers. The Executive Mayor may:

- Delegate specific responsibilities to each member of the committee.

- Delegate any of the Executive Mayor’s powers to the respective members.

Political Governance

All spheres of government must provide effective, transparent, accountable, and clear governance for the Republic to secure the well-being of its people and the progressive realization of their rights to a healthy environment, water, food, housing, sanitation, refuse collection, health care services, education, and social security. Evaluating the ongoing effectiveness of public officials or public bodies ensures that they perform to their full potential, providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community they are meant to be serving.

Thabo Mofutsanyana District Municipality was established in terms of Section 12 Notice of the Municipal Structures Act of 1998. The District Municipality has an Executive Mayoral system which allows for the exercise of executive authority through an Executive Mayor in whom the executive leadership of the Municipality is vested and who is assisted by the Mayoral committee. There is an Audit Committee that provides opinions and recommendations on financial processes and performance which submits a report for inclusion in the Annual Report. The Thabo Mofutsanyana district has established a Municipal Public Accounts Committee, comprised of non-executive councillors. One of the tasks of the MPAC is to provide Council with comments and recommendations on the Annual Report. The MPAC report will be published in accordance with MFMA guidance.

Due to the parties' non-compliance with the IEC's timeframes and systems, the district municipality currently operates with 31 councillors. The council is constituted by the following parties: ANC, EFF, DPSA, SETSOTO SERVICES DELIVERY FORUM, FREEDOM FRONT PLUS, MAP 16 and DA, 13 of which have been elected and are directly employed by the District Municipality and 19 of which have been seconded by local municipalities within the ambit of Thabo Mofutsanyana. In line with the Municipal Structures Act section 80, there are six mayoral committees: corporate services, finance, infrastructure, IDP and performance management, community services, and local economic development.

Thabo Mofutsanyana District Mayoral committee members are below: -

THABO MOFUTSANYANA DISTRICT MUNICIPAL COUNCIL 2021-2027

Cllr. Conny Msibi



Executive Mayor

Functions

- To preside during the Executive Committee meetings.
- To performs the duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by the Council or Executive Committee.
- Must provide general political guidance over the fiscal and financial affairs of the municipality.
- Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.
- Provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.
- Co-ordinate the annual revision of the integrated development plan in terms of section 34 of the Municipal Systems Act and the preparation of the annual budget and determine how the integrated development plan is to be considered or revised for the purposes of the budge.

Cllr. Thabo Mokoena



SPEAKER

Functions:

- To preside during the Council meeting performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government: Municipal System Act, No 32 of 2000.
- To ensure that Council meets quarterly.
- To maintain order during the Council meetings, ensure compliance in the Council and Council committees with the Code of Conduct set out in Schedule 1.
- To ensure that Council meetings are conducted in accordance with Rules and Orders of the Council.

Cllr. Lindiwe Makhalema



Chief Whip

Functions

- The Chief Whip is responsible for administering the whipping system that ensures that members of the party attend and vote in the council as the party leadership desires. The Office of the Chief Whip was established to create synergy and to maintain discipline among Councillors from various Political Parties.
- to ensure that relationship between political parties is constructive and focused on key issues that aimed at improving service delivery
- Act as a chairperson of Caucus Political Management which is the Speaker, the Mayor and REC deployed in the municipality. The Chief Whip ensures that there is equitable representation in Committees of Council.

Cllr. Setshwana Chabeli



MPAC Chairperson

Functions:

- The MPAC reports directly to the municipal council and the chairperson of the MPAC must liaise directly with the Speaker the speaker on the inclusion of reports of the MPAC in the council agenda.
- The following responsibilities are to be delegated to the MPAC in terms of the provisions of section 59 of the Systems Act:
- The MPAC must interrogate the following financial aspects addressed in the Municipal Finance:-
 1. Unforeseen and unavoidable expenditure (Section 29)
 2. Unauthorized, irregular or fruitless and wasteful expenditure (Section 32), SDBPs & Monthly Budget statements.
 3. Submission and auditing of annual financial statements (Section 126)
 4. Submission of the annual report (Section 127)
 5. Oversight report on the annual report (Section 129)
 6. Issues raised by the Auditor-General in audit reports (Section 131)

Cllr. Anna Fume



MMC IDP & PMS

Functions

- Monitoring the Management of the Municipality's administration in accordance with the policy directions of the Council
- To oversee the provision of services to communities in the District Municipality in a sustainable manner. To identify the needs of the Municipality on-:
- Review and evaluate the needs of the Municipality
- Recommend to the Municipal Council strategies, Programmes, and services to address priority needs through the Integrated Development plan, and the estimates of revenue and expenditure, considering any applicable National and Provincial development plan.
- evaluate progress against the key performance indicators
- To review the performance of the Municipality

Cllr. Malefu Vilakazi



MMC: COMMUNITY SERVICES : MUNICIPAL HEALTH & EMERGENCY SERVICES

Functions:

- Monitoring the Management of the Municipality's administration in accordance with the policy directions of the Council
- To oversee the provision of services to communities in the District Municipality in a sustainable manner on-:
- Water quality monitoring; Food control; • Waste management; • Health surveillance of premises; • Surveillance of communicable diseases, • Environmental pollution control; • Disposal of the dead.
- To mitigate the disruptive and destructive effects of hazards and all disasters to reduce their impact on vulnerable communities, assets and the environment.
- To provide organizational structure and direction during an emergency that ensures a safe response and where necessary, the evacuation and assembly of all occupants.

Cllr. Mokuane Mosia

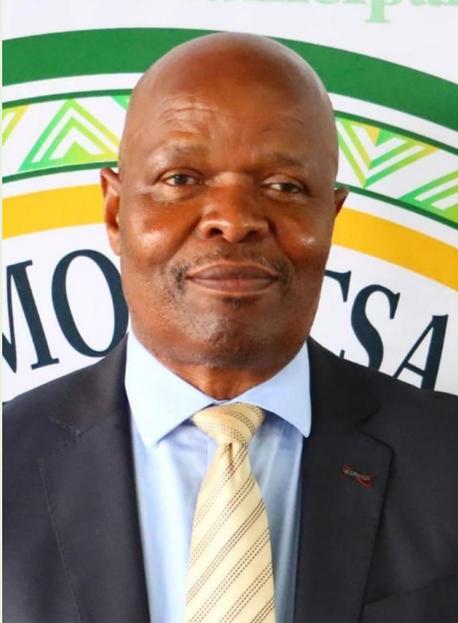


MMC LED, TOURISM & AGRICULTURE

Functions

- Monitoring the Management of the Municipality's administration in accordance with the policy directions of the Council
- To oversee the provision of services to communities in the District Municipality in a sustainable manner on-:
- Support to Economic Development Planning; Facilitating coordinating and monitoring of benefactor Programmes, and. Assisting on LED capacity building processes.
- Mandated to encourage, promote, and develop tourism as a major socio-economic activity within the district.
- Developing agricultural values to farmers, providing agricultural inputs, and monitoring production and consumption in the agriculture sector, as well as facilitating comprehensive rural development.

Cllr. Tlokotsi Motaung



MMC: FINANCE

Functions:

- Monitoring the Management of the Municipality's administration in accordance with the policy directions of the Council
- To oversee the provision of services to communities in the District Municipality in a sustainable manner on-:
- Accounting and reporting, accounts receivable, accounts payable, payroll, cash receipts, cash management and investments.
- Also responsible for the issuance of debt for capital projects, the retirement fund, purchasing, and budget preparation.
- Management of all financial processes and decisions. It controls income and expenditure while also ensuring effective business running of the municipality.

Cllr. Thandi Masiteng



MMC: CORPORATE SERVICES

Functions

- Monitoring the Management of the Municipality's administration in accordance with the policy directions of the Council
- To oversee the provision of services to communities in the District Municipality in a sustainable manner on -:
- Recruitment and hiring.
- Training and development.
- Employer-employee relations.
- Maintain organizational culture.
- Manage employee benefits.
- Create a safe work environment.
- Handle disciplinary actions.
- Ensuring compliance with labor laws and regulations.

Cllr. Thembinkosi Mahlambi



MMC : TECHNICAL SERVICES

Functions:

- Monitoring the Management of the Municipality's administration in accordance with the policy directions of the Council
- To oversee the provision of services to communities in the District Municipality in a sustainable manner on-:
- Performing anticipatory and corrective maintenance.
- Repairing malfunctions and performing maintenance and modification activities on production installations and apparatus to process inactivity is kept to a minimum.
- Technical support specialists troubleshoot and diagnose technical problems.
- A laboratory provides a controlled environment for conducting scientific experiments and research.

Administrative Governance

MFMA Sec 60(b) state that the Municipal Manager is the Accounting Officer of the Municipality as portrayed in the Municipal Finance Management Act and provides guidance and ensures compliance with all other legislation applicable to local government, to political structures, political office bearers, officials of the Municipality and any entity under the sole or shared control of the Municipality.

There are various departments within the institution. The departments are aligned in terms of the development priorities of the municipality. There are also some functions entrusted to the office of the Municipal Manager.

Office of the Municipal Manager is the driving force behind the Thabo Mofutsanyana district municipality's administration and integrates the different components of the Municipality into its strategic and Operational plans. Municipal Manager is responsible for these departments namely:

- Finance
- Corporate service,
- Technical Services
- Community services & and LED.

The Municipal Manager and her team of Directors and Managers convene monthly meetings to discuss key strategic service deliverables, progress, and guidance on achieving IDP goals, staff matters as well as the monitoring of the Municipal Budget and Projects.

The IDP and PMS Unit is a key unit within the Municipal Managers' office. It is responsible for the Integrated Development Plan (IDP) and Performance Management. Internal Audit and Risk Manager are also located in the Municipal Manager's office and ensure compliance with municipal legislation. It also monitors that all departments adhere to the IDP, the municipal strategy, policies, and Risk Management in the sector.

SENIOR ADMINISRATIVE STRUCTURE OF THABO MOFUTSANYANA MUNICIPALITY 2024-2025

MUNICIPAL MANAGER

Ms. Takatso Lebenya



MUNICIPAL MANAGER

Function

- Provide strategic Direction to all 4 Directors.
- IDP & Performance Management
- SDBIP
- Internal Audit Management
- Risk Management
- Information and Communication Technology
- Communications
- Security Services

CHIEF FINANCIAL OFFICER

Mr. Duncan Mhlahlo



CHIEF FINANCIAL OFFICER

Functions

- Financial Services
- Expenditure management,
- Asset management,
- SCM management,
- Budget and Reporting
- Payroll

DIRECTOR CORPORATE SERVICES

Mr. Ronnie Mokoena



DIRECTOR: CORPORATE SERVICES

Functions

- Human Resource Management
- Corporate Support Services
- Admin and Records Management
- Employees relations
- Fleet Management
- Human Settlements
- Office of the Executive Mayor
- Office of the Speaker & Chief Whip

DIRECTOR TECHNICAL SERVICES

Ms. Moipone Nkomo



DIRECTOR: TECHNICAL SERVICES

Functions

- Rural Roads Management
- Water and Sanitation
- Transport Management
- Energy Demand Supply Management
- Scientific Services
- EPWP Management

<p>DIRECTOR COMMUNITY SERVICES Mr. Paul Mpele</p>	<p>DIRECTOR: COMMUNITY SERVICES</p> <p>Functions</p> <ul style="list-style-type: none"> • Local Economic Development • Tourism • Community Services • Emergency Services • Sports, • Arts and Culture • Municipal Health Services • Agriculture
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2.2 Component B: Intergovernmental Relations

MSA Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in section 41 of the constitution.

Thabo Mofutsanyana recognizes the importance of intergovernmental relations to improve service delivery to communities. Success in delivering government services to the nation requires an approach in which the three spheres of government work in partnership in terms of the principles of co-operative government and intergovernmental relations.

District Intergovernmental Structures

To comply with legislative requirements and fulfill its obligations, in terms of co-operative governance and intergovernmental relations the Thabo Mofutsanyana District Municipality has established several internal structures and systems.

An intergovernmental Fora which complies in all respects with the requirements of the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005).

- The Thabo Mofutsanyana District Mayor's forum
A few technical support structures in terms of the Act, for example.

-  Municipal Managers' forum
-  District communicators forum
-  District water Forum
-  District Energy Forum
-  District IDP & PMS Managers Forum
-  District HR Managers Forum
-  District Batho Pele Coordinators Forum
-  District LED Managers Forum
-  District Mayors Forum
-  District Technical Directors Forum

We also envisage to entrench other forums or structures such as:

-  District CFO's Forum
-  District Transport Forum

Inter-Governmental Relations engagement were held in 2024/2025

Fora	Number of Engagements held	Chairperson
<i>District Mayors Forum</i>	<i>05</i>	<i>Executive Mayor</i>
<i>District Municipal Managers' forum</i>	<i>04</i>	<i>Municipal Manger</i>
<i>District communicators forum</i>	<i>04</i>	<i>Communications Manager</i>
<i>District IDP Managers Forum</i>	<i>05</i>	<i>IDP & PMS Manager</i>
<i>District water Forum</i>	<i>04</i>	<i>Director Technical Services</i>
<i>District Energy Forum</i>	<i>04</i>	<i>Director Technical Services</i>
<i>District LED Managers forum</i>	<i>03</i>	<i>LED & Tourism Manager</i>
<i>District Technical Directors Forum</i>	<i>01</i>	<i>Director Technical Services</i>

District Development Model

Outcome of the 2024/25 DDM One Plan Rapid Assessment

The following key and common findings were made by the assessment panel in relation to the One Plan assessments conducted during the 2024/25 financial year:

- a. The lack of participation of the national and provincial sector departments may result in misalignment of planning and services provision and therefore lose out on the opportunity for real joint planning, budgeting and implementation.
- b. The catalytic projects do not include or encapsulate all the projects that the sector departments have planned in the space. This is applicable for the provincial and national sector departments.
- c. Most of the interventions have been identified as short-term in nature and therefore there needs to be a balance with long term programmers and projects to ensure sustainability of the intended outcomes over the 25–30-year time span of One Plans.
- d. Limited participation of traditional leadership, civil society and private sector is a major area for consideration, although the effort in some instances is acknowledged.
- e. The six (6) transformational areas of the One Plans require further work in terms of diagnostic assessments, vision, strategies and implementation commitments.
- f. Projects noted in the One Plan are mostly funded by the local or district municipality and are not always catalytic in nature. These projects do not clearly illustrate how the diagnostic challenges identified in the One Plans will be effectively addressed.

The following key recommendations were made by the assessment panel in relation to the assessments conducted for the district One Plans assessed:

- a. Participation of national, provincial, civil society, traditional leadership and private sector needs to be addressed to ensure that the One Plan is reflective of all of government and all of society.

- b. The third generation One Plans needs to follow the One Plan process and content guidelines and ensure the document fully covers all the transformational areas and is endorsed by Municipal Councils, District/Metro and Provincial IGR structures and the Provincial Executive Councils.
- c. Institutionalisation of the DDM below the Technical and Political Committees through the establishment of intergovernmental clusters and workstreams linked to the six (6) One Plan transformation areas should be considered.
- d. Joint planning, budgeting and implementation need to be further strengthened and institutionalised.
- e. Improvement on the DDM institutionalisation and ensure participation of the intergovernmental role players in the district. The effectiveness of the clusters and/or workstreams linked to the six (6) One Plan transformation areas needs to be improved.
- f. The Catalytic projects must include all sector department and private sector projects planned in the district/metro. Need to outline how catalytic projects will contribute to the outcomes of the transformational areas and include implementation timelines and budgetary commitments.

AIM AND OBJECTIVES

The aim of the DDM One Plan Review was to reflect on the journey for social and economic transformation of Thabo Mofutsanyana District since 2022, to derive lessons and make recommendations for the district's development agenda. It is meant to reflect on the socio-economic trends and assess the achievements of government programmers, policies and interventions in realizing the values of its Constitution (The Constitution of the Republic of South Africa Act No. 07 of 1996).

The DDM One Plan Review will therefore facilitate the production of an evidence-based report for Thabo Mofutsanyana; reflecting on past achievements and challenges and inform planning going forward. This is a proactive process of informing the next 3rd Generation One Plan, and the roadmap towards the Thabo Mofutsanyana DDM 2050 Vision and beyond.

Specific objectives are to:

- i. Assess whether government (together with its social partners, namely civil society, labour, private sector and other non-state actors) has succeeded in delivering on the promise of a better life for all the citizen of Thabo Mofutsanyana as enshrined in the Constitution.
- ii. Examine the extent to which government is on track towards achieving the developmental priorities as set out in major in the Thabo Mofutsanyana 2nd Generation One Plan. This will include assessment of the impact of government programmers, policies and interventions on the lives of the people of Thabo Mofutsanyana.
- iii. Reflect on the contribution of non-state actors in accelerating progress towards the Thabo Mofutsanyana DDM 2050 Vision, noting that the DDM has been accepted by broader society as a planning model for the macro-plan of the district.
- iv. Identify those constraints and obstacles that have impeded progress towards the set objectives and targets, analyze which segments of the population have been most affected and explore the extent to which progress is impeded.
- v. Develop effective and innovative strategies to address the identified constraints and obstacles, accelerate progress towards Thabo Mofutsanyana DDM 2050 Vision, and inform the 3rd Generation One Plan design, planning and implementation cycle of the medium term.

The Review must cover contemporary issues, specifically including topics of public interest and their different dimensions within a sustained as well as a change agenda. This imperative must be balanced with a realistic lens when scoping the evidence and assessing progress. To achieve this, the DDM is used to identify the thematic focus areas of the review and that the content be based on the six (6) transformational focal areas. This is most appropriate and realistic lenses, especially given that the DDM One Plan is the existing long-term plan for the district which provides the most comprehensive account of the district's aspirations, while the IDP's presents the key priorities of the current administration.

2.3 Component C: Public Accountability and Participation

Overview of Public Accountability and Participation

In Thabo Mofutsanyana District Municipality we provide information about performance; explain decision making; and justify conduct. The community is allowed of debate, of public questions and governmental answers by ensuring that officials are openly

answerable for the decisions they are taking on behalf of the public. For Public participation process TMDM has actively involved the public in decision-making processes that affect them, particularly in governance and policymaking. Community was allowed to share their views, influence decisions, and hold their representatives accountable. This was done in the form of engagement during IDP & Budget Road shows where the public was actively consulted, and even shared decisions made.

The function of Public Participation resides mainly in the office of the Speaker. However, these exercises are sometimes carried out by the departments or cross departmental task teams, depending on the nature of the information to be disseminated. One example is the exercise to obtain public input on the Annual Reports. In addition to public meetings, the Thabo Mofutsanyana District has a communications division which supplies its communities with information concerning all matters relating to the district municipality.

Office of the Speaker

The Office of the Speaker derives its mandate from the Constitution of the Republic of South Africa where the objects of local government are clearly set out. Importantly, the Office of the Speaker, play an oversight on the Executive and receives reports presented to Council in its ordinary sitting as per the adopted schedule. Additionally, amongst other functions, the Office is tasked administratively with:

- Council Support
- Public Participation
- Develop and maintain a sound ward committee system
- Stakeholder Engagement
- Civil Education

These programs have been successfully carried out during the year under review. We partnered with different government departments to bring services closer to the people as part of playing our role in implementing Public Participation.

Report of Good Practices

The Good practices were characterized by ability to achieve measurable results, utilize resources reasonably, and demonstrate success through evidence. They were relevant to the local government context and have the potential for long-term implementation. Below is one example of reporting practices on strategic documents:-

STATUTORY ANNUAL REPORT PROCESS

Table: Annual Report Process in 2024/25

Annual Report Process		
No	Activity	Timeframe
1	Consideration of next financial year’s Budget and IDP process plan. Except for the legislative content, the process plan confirms in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	JULY- AUGUST
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Audit Performance Committee considers draft Annual Report of municipality and entities where relevant	
5	Submit draft year Annual Report to Internal Audit and Auditor-General	
6	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	SEPTEMBER-NOVEMBER
7	Municipalities receive and start to address the Auditor General comments	
8	Municipality submits draft Annual Report including consolidated annual financial statements and	

	performance report to Auditor General	JANUARY
9	Mayor tabled Annual Report and audited Financial Statements to Council complete with the Auditor General Report	
10	Audited Annual Report is made public, and representation is invited	FEBRUARY-MARCH
11	Oversight Committee assesses Annual Report	
12	Council adopts Oversight Report	
13	Oversight report is made public	
14	Oversight report is submitted to relevant provincial councils	
15	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

It is important to achieve the above deadlines, not only to achieve legislative compliance but to ensure the smooth running of municipal planning, budgeting, service delivery implementation and reporting cycles which all feed and depend on one another. The Municipal Annual Report also informs the planning process of other spheres of government, thus influencing our equitable share of future government grants.

The table below shows to what extent the municipality complied with legislative requirements and timeframes in terms of the 2023/2024 Annual Report Process.

Table: Legislative Compliance of the 2024/2025 Annual Report Process

Activity	Applicable Legislation	Comment
Annual Report tables to Council within 7 months after end of financial year	MFMA Section 121 (1)	Yes
Annual Report made public for public comment	MFMA Section 127 (5)	Yes
Annual Report placed on website within 5 days after tabling in Council	MFMA Section 75	Yes
Annual Report submitted to National Treasury	MFMA Section 127(5)	Yes

Internship Program

MFMIP: An overview

The MFMIP provides interns recruited from previously disadvantaged backgrounds with a logical training sequence founded on the knowledge they acquired from tertiary institutions. Through workplace interaction with and mentoring by chief financial officer, municipal managers, other officials within the Budget and Treasury Office or advisors where present, the interns benefit from the expertise and experience of these officials. The two to three-year program is expected to end, where appropriate, with the awarding to each intern with a professional qualification in Municipal Finance Management Programme to strengthen the chances of permanent retention within the same or neighboring municipalities at the onset.

INTERNSHIP PROGRAMME

The MFMIP provides interns preferably recruited from previously disadvantaged backgrounds with a logical training sequence founded on the knowledge they acquired from tertiary institutions. Thabo Mofutsanyana District Municipality had appointed 3(three) interns. They have achieved minimum level of competency through the in-service training that has been ongoing. To capacitate people and release them to roam around township streets with such a wealth of knowledge is not going to assist in achieving the millennium Development Goals in as far as it seeks to eradicate extreme poverty and hunger.

Confidence and a sense of working independently have been instilled in the interns as they are able to work on their own without being pushed to perform the work. Finance team has continued to strengthen each year since their contracts municipality cannot afford to lose the momentum and their agility.

Public Meetings

To ensure the involvement of community and stakeholders of the municipality, about real issues that are being experienced by the citizens. Both the Constitution of the Republic of South Africa, 1996 and the Municipal Systems Act of 2000 stipulate are one of the objectives of Thabo Mofutsanyana District Municipalities encourage the involvement of communities and community organizations in the matters of local government. Hence the White Paper on Local Government also put emphasis on public participation. Thabo Mofutsanyana District Municipality held public meetings through consultation with the community on their developmental challenges form basis for people-centered governance and bottom-up planning process. This helped in improving the relationship between council and the communities, thereby political accountability and transparency. The communities were vested through information given out as feedback, by interacting with on issues of service delivery provided by the municipality.

Community (Feedback) 2024/25

IDP & BUDGET ROADSHOW
THABO MOFUTSANYANA DISTRICT MUNICIPALITY

EXECUTIVE MAYOR
CILLR. CONNY MSIBI

The Executive Mayor of Thabo Mofutsanyana District Municipality Cllr. Conny Msibi will embark on a IDP Roadshow in the following areas :

Day	Location	Time
MON 12 MAY	MANTSOPA HOBHOUSE	09H00
MON 12 MAY	SETSOTO DEEMSTA FARM	15H00
WED 14 MAY	DIHLABENG SLABBERTS	10H00
WED 14 MAY	NKETOANA ALINGTON	14H00
THUR 15 MAY	PHUMELELA VREDE	09H00
THUR 15 MAY	MALUTI-A-PHOFUNG KESTEL	15H00

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Logos: DDM, STRIP SAFI, NDP, LEAVENONEBEHIND, 30 YEARS, Socio-Economic

MPAC ROADSHOW
MUNICIPAL PUBLIC ACCOUNT COMMITTEE

MPAC CHAIRPERSON
CILLR. S. CHABELI

DATE	MUNICIPALITY	TOWN/VENUE	TIME
14 MAY	MANTSOPA LM	LADYBRAND	10H00
	SETSOTO LM	FICKSBURG	14H00
15 MAY	NKETOANA LM	LINDLEY	10H00
	DIHLABENG LM	PAUL ROUX	14H00
21 MAY	PHUMELELA LM	VREDE	11H00
22 MAY	MALUTI A PHOFUNG LM	HARRISMITH	11H00

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IDP Participation and Alignment

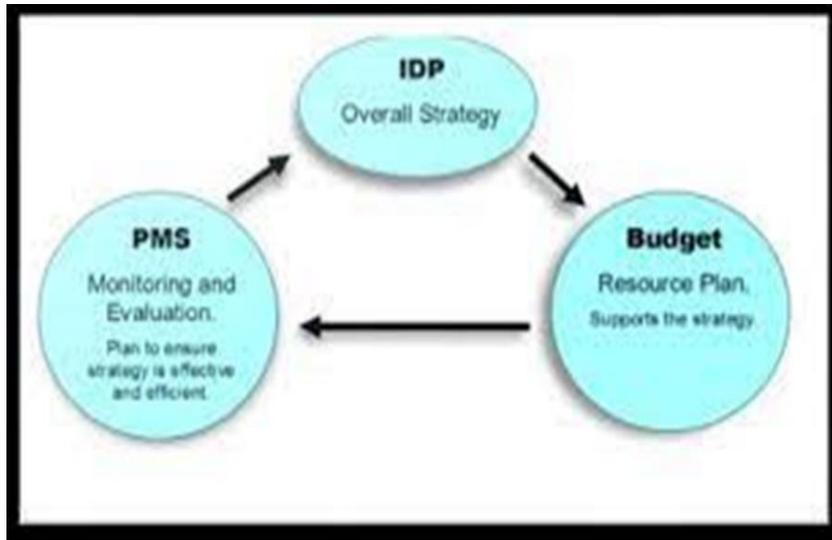
IDP alignment was obtained through public participation process where impact on the IDPs of another municipalities (Local and District), were concluded by the IDP Managers of the relevant municipality. The information from the local municipality regarding their public participation needs were forwarded to the district municipality as soon as the municipalities have done their analysis of community needs. the district 6municipality and the local municipalities through joint consultation, coordination and alignment between the planning processes.

The IDP managers from Local municipalities and the district had developed the framework that assisted on leadings of alignment and development of the IDPs, The Framework also aims to establish structures that could be of use to improve municipal IDP processes and at the same time provide the mechanisms that could be utilized to monitor and evaluate the IDP development process.

Lastly, the Thabo Mofutsanyana District Municipal IDP Framework has been used as the tool for the district to ensure that interrelated parallel planning processes within the district are used to obtain maximum advantage for the district thus leading to credible and legally compliant IDP and development within the district and meeting the socio-economic challenges through risk mitigation, accurate and concise budgeting and performance monitoring.

Alignment between IDP, Budget and PMS

An organizational performance management system linked to the IDP was prepared. Great progress has been made with the process of aligning the IDP, Budget and Performance Management System. The IDP, Performance Management Systems (PMS) and Budget are all components of one overall development planning and management system of the Thabo Mofutsanyana District Municipality. The Key Performances Indicators (KPI's) were set out to accomplish the municipality's aims, The PMS enabled the municipality to check to what extent it is achieving its aims (Plans). The budget was provided and the resources that the municipality will use to achieve its plans. As indicated earlier, every attempt is made in this process plan to align the IDP and PMS formulation and/or review, and the budget preparation process. The linkages of the three processes are summarized:



2.4 Component D: Corporate Governance

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which Thabo Mofutsanyana District Municipality is directed and controlled with. Our district Municipality is governed by Legislated ACTs and provided the frameworks for attaining their objectives that classifies the actions plans and internal controls to performance measurement and corporate disclosures.

Risk Management

Section 62 of the Municipal Finance Management Act (MFMA), no. 56 of 2003, states that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control as well as the effective, efficient, and economical use of the resources of the municipality. Risk Management is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the institution's service delivery capacity.

Organisational risk management is a priority of the municipality and as such it is a standing item on the Monthly management committee's agenda. This creates the opportunity for the early identification and mitigation of risks. A systematic, coordinated set of activities and methods used to direct an organization and to control risks, including a set of principles, a framework, and a process. The management of risk is an essential part of corporate governance within the municipality. The risk management system assists in safeguarding Council's interests and attempts to ensure the best use of limited municipal resources.

The Municipal Manager is responsible for managing the administration of the municipality, and for this purpose takes all reasonable steps to ensure the municipality has and maintains effective, transparent systems of risk management and internal control. The Risk Manager submits progress reports to the Risk Management Committee which, after review, reports to the Municipal Manager and Audit Committee through

its Chairperson quarterly, indicating progress made to mitigate the identified risks. Risk Management is audited by internal audit for completeness and effectiveness quarterly and biannually by Provincial Treasury.

TOP RESIDUAL RISKS FOR THE MUNICIPALITY

Department	Section	Risk	Root Cause	Consequence
Corporate Services	Fleet Management	Late identification of damages to municipal vehicles.	Inadequate inspection of vehicles before and after the trip	Increase in unaccounted costs of repairs; Disputed insurance claims.
	Personnel Administration	Excessive sick leave taken by employees	Employee wellness program not in place; Lack of management controls; Demoralized personnel.	Low productivity; Loss of competent employees; Poor service delivery.
Technical Services	Infrastructure	Failure to implement projects	Silo planning; Natural Disasters; Budget constraints; and Lack of service provider vetting.	Community unrest; Poor institutional reputation; Adverse audit outcomes; Loss of funding
	Laboratory	Failure to test effectiveness of developed methods and monitor implementation of quality procedures	Budget constraints; Operational deficiencies; and Lack of personnel training.	Loss of income; Loss of competent staff; and Poor performance (Low staff morale)
		Failure to implement set targets	Lack of resources (human, budget and skills)	Rise of water borne diseases, litigations, riots and poor reputations
Community Services	Disaster management and Fire Services	Inability to render sufficient disaster management support	Lack of capacity and equipment; Lack of funding; Lack of integrated response plan with local municipalities.	Loss of life; Community unrest and loss of reputation.

		Failure to render firefighting services	Lack of capacity and equipment; Lack of funding; Lack integrated response plans and MOUs with local municipalities and other stakeholders.	Damage to property and environment; Increased litigation costs; Loss of life
Office of the Municipal Manager	IDP and Performance Management	Failure to monitor performance of individual employees.	Performance management system not functional; Performance agreements not cascaded to middle management and other officials.	Poor performance; Poor service delivery; Audit qualification.

ANTI-CORRUPTION AND FRAUD

DEFINITIONS

Fraud: Any *illegal act* characterized by deceit, concealment or violation of trust perpetrated by individuals, parties and organizations; to secure personal or business advantage.

Corruption: is where one person/party (A) gives or offers to give someone in a position of power (B) gratification to use the power, illegally and unfairly, to the advantage of A or a third party.

PURPOSE

The Framework is established to facilitate the development of controls which will assist in the prevention, detection and mitigation of fraud and corruption.

OBJECTIVE

To give effect to the expressed commitment of the Municipal Council to prevent respond to fraud and corruption. The Municipality does not operate in are fraud/corruption free society, therefore it is not immune to fraud and corruption. Thabo Mofutsanyana subscribes to ZERO tolerance to elements of criminality on its operations because they deny people’s access to housing, food, transport, education, health, clean water, electricity, and many other essential services.

Information & Communications Technology (ICT)

The Thabo Mofutsanyana District Municipality’s Information & Communications Technology (ICT) maintains all the computers, Wide Area Networks and Local Area Networks in the municipality. The ICT unit support about 150 users and server infrastructure.

As technology is needed continuously, the ICT unit deliver support to its users uninterrupted. The main objectives of the ICT unit are to ensure proper utilization of Council’s ICT resources as well as providing strategic direction and a technology growth path for the region. The ICT unit strives to find better, faster, and more economical ways of delivering a world class ICT service.

The ICT unit’s focus this year was influenced by two strategic objectives, namely working towards maintaining high systems availability and secondly, to improve municipal ICT Governance. The key focus area of the ICT unit during the period under review has been service continuity.

WEBSITES

Table: Website Uploads for Community Review and Comments

Documents published on the Municipality's Website	Yes/No
2024/25 Annual and adjustment budgets and all budget related documents	Yes
All current budget related policies	
The annual report (2023/24) published / to be published	Yes
2024/25 performance agreements required in terms of section 57 (1)(b) of the MSA (2024-25)	Yes
All supply chain management contracts above a prescribed value	No
Information statement containing a list of assets over a prescribed value that have been disposed of its section 14(2)	No
Contracts agreed in 202-24 to which subsection (1) of section 33 apply, subject to subsection (3)	No
Public private partnerships agreements referred to in section 120 made in 2024-25	No
All quarterly reports tabled in the council in terms of section 52 (d) during 2024-25	Yes
2024/2025 Draft & Final IDP	Yes
2025/2026 Process Plan	Yes
District Framework	Yes
2024/2025 SDBIP	Yes
Tenders Quotations	Yes
Oversight Report on 2023/24 Annual Report	Yes
Public Notices	Yes

The TMDM website is functional, and all updates are made effective regularly. All mandatory information is place on the website as per section 75 of the MFMA.

Communications

The Theme for government is ‘government that works for all ‘ our theme that must be align to the annual report will be the **‘DISTRICT THAT WORKS FOR ALL’**”

Thabo Mofutsanyana district municipality managed to develop the new district logo internally without sourcing out the service provider to execute that task .The formulation of the new logo was one of the ten-point plan of the district strategic planning session and there was also a council resolution that was taken in 2018 for the formulation of the new LOGO for the district since the old one did not represent all the local municipality within the district. All processes of the logo formulation were followed. The district communications manager was requested by SALGA Free State to capacitate other municipality within the

province and allow other municipality to consult with the unit whenever they experience challenges with communications, those municipalities were Xhariep district municipality, Tswelopele local municipality, Nala local municipality, Tokologo Local Municipality, Phumelela Local Municipality, Mafube Local Municipality and Kopanong Local Municipality .We are the only district with functional district communicators forum within the province. We are in the process of doing the communicators award within the district. We are continuously supporting the Local media houses and local municipal communicators.

New Logo:



Governance Structures

This section reports on how the municipality met requirements of participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability, and sustainability about handling its governance mechanisms/structures. The municipality’s political and administrative governance structures remained productive throughout the financial year (2023/2024) and complied well with legislative requirements. The following meetings were held:

Council Meetings held and attended in 2024/2025

The Municipal Council has exercised and performed its powers and functions by virtue of its status as an organ of state to discuss matters relating to the Municipality’s performances and financial health. For accomplishment of powers & authorities the council has met on the following dates:

No	Date held	Nature/Type of meeting
1.	31/07/24	Ordinary
2	31/10/24	Ordinary
3.	12/12/24	Ordinary
4.	30/01/25	Ordinary
5.	27/02/25	Special
6.	31/03/25	Ordinary
7.	30/04/25	Ordinary
8.	28/05/25	Ordinary
9	30/06/25	Special

MPAC Committee

The Municipal Public Accounts Committee is established in accordance with the Section 79A of the Municipal Structures Act. The committee further derives its functions as delegated by Council to exercise oversight over the executive functionaries of council to ensure good governance in the municipality. The Oversight Committee met on the following dates:

No	Date held	Nature/Type of meeting
1.	13/08/24	Ordinary
2	18/03/25	Ordinary
3.	04/03/25	Ordinary

Audit Committee

During this period, the Committee held its nine (9) meetings as follows to discuss matters relating to the Municipality's risk Management, internal controls, governance, financial reports and Auditor-General's report, internal audit and municipal performance reports: -

No	Date held	Nature/Type of meeting
1.	26 July 2024	Ordinary
2	28 August 2024	Special
3.	04 October 2024	Special
4.	08 November 2024	Ordinary
5.	26 November 2024	Special
6.	14 February 2025	Ordinary
7.	23 May 2025	Ordinary
8.	13 June 2025	Special
9	23 June 2025	Special

Risk Management Committee

For 2024/25 financial year Risk Management Committee met on the following dates:

No	Date held	Nature/Type of meeting
1.	04 September 2024	Ordinary
2	15 April 2025	Ordinary

The municipality's political and administrative governance structures are held accountable through various measures all of which are adhered to by the Phumelela Municipality.

Table: Governance Structures and Accountability Measures

Governance Structure	Measure of Accountability
Council	To approve the budget and encourage culture of community participation to community. Ensure that administration provide support to Council and to approve policies and by-laws
Mayoral Committee (EXCO)	To present strategic plan to council and make recommendations to council
Portfolio Committees	Monitors municipal service delivery and budget implementation. Discuss matters affecting portfolio and submit reports to EXCO

MPAC Committee	The Oversight Committee serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council
The municipality reports its annual performance and financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion
The municipality reports its financial status and performance to its communities annually	The approved Annual Report is made available to the public
Municipal structures, employees, operations, procedures, and processes are ruled by legislation	Policies, Bylaws, Legislation, Regulations and Codes are available
Worker Representative Unions represent employees on organizational structures and observe the legality of labour practices procedures and processes	Unions serve as link between administration and labour. They assist labors in term of unfair labour practice by employer
Internal Auditing ensures the management of risk exposure and monitors adherence to legislation	The unit identifies municipal risk and generates a Municipal Risk Register Audit Committee reports are generated and tabled to Council
The Audit Committee is responsible for the oversight of internal controls, financial reporting and Compliance with regulatory matters.	Audit Committee approves the Internal Audit Plan and reports to Council
Community participation in the development of Policies and Strategies	Participative processes are scheduled
IDP and Budgeting Participation	Participative processes are ensured with a Council approved Process Plan
Performance Management Committee	An evaluation panel, established in terms of Section 6.6 of the Performance Agreement evaluates the performance of employees. Performance Agreements are signed on acceptance.
Organizational and Service Delivery Performance reporting to Council	Quarterly Performance Reports on the SDBIP are tabled to Council
Municipal Website promotes transparency	The municipality has website for updating all mandatory information will be place in the website as per section 75 of the MFMA.

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE

3. SERVICE DELIVERY

3.1 COMPONENT A: BASIC SERVICES

Services in The Thabo Mofutsanyana district is primarily rendered by the local Municipalities. These include water, sanitation, electricity, energy efficiency & road management system.

3.2 COMPONENT B: TECHNICAL SERVICES

This department includes the following key performances areas and key performance indicators:

1. Efficiency Demand Side Management (EEDSM)
2. Rural Road Asset Management System (RRAMS)
3. Expanded Public Work Programme (EPWP)

4. District Water Sector Forum
5. District Energy Sector Forum
6. Technical Directors Forum
7. Kgosatsana Manapo Mopeli Laboratory
8. Supply and Installation of Fence

Energy Efficiency Demand Side Management (EEDSM)

The EEDSM grant is a government programme that was established in 2009/10 as part of the South African National Government's efforts to reduce energy consumption. The grant's purpose was to support municipalities in the country in implementing energy efficiency measures in the infrastructure sector e.g., energy efficient, traffic lights, streetlights, high mast lights and building lights as well as energy efficiency in water & sewerage infrastructure. The EEDSM programme is fully financed by the National Treasury through the Division of Revenue Act (DoRA) and managed by the Department of Mineral Resources and Energy (DMRE) with the strategic support and administrative management by Deutsche Fur International Zusammenarbeit (GIZ). The EEDSM comprises of several projects whose main objective is to reduce energy consumption for the municipalities and ultimately reduce electricity bills significantly.

TMDM District municipality is characterised by a lack of measure and verification of electricity consumption and municipal officials are generally unaware of the impact of lighting on energy costs. The overall purpose of the energy assessment was to:

- Assist the local municipalities to quantify their significant energy users within their processes.
- Identify potential opportunities for the reduction and more efficient use of energy within the plant.
- Assist in setting energy targets.
- Assist in identifying opportunities to contribute to the overall national energy efficiency target.

The energy efficiency demand side management comprises of several projects whose main objective is to reduce energy consumption for the municipalities and ultimately reduce electricity bills significantly. Programme baseline conditions were established for the purpose of estimating savings by comparing the baseline energy use with the post-installation energy use. South Africa's Greenhouse Gas (GHG) emissions are high in both absolute and per capita terms due to reliance on coal-based electricity and inefficient energy use. Nationally Appropriate Mitigation Actions (NAMA) in South Africa are nested within the near-term priority flagship programmes as contained in the National Climate Change Response Policy (NCCRP).

On the 8th of December 2020, The Minister of Mineral Resources and Energy promulgated the Regulations for the Mandatory Display and Submission of Energy Performance Certificates (EPC's) for Buildings until 07 December 2022. EPCs are mandatory for privately owned, non-residential buildings with a total net floor area of 2,000m² and above, and government owned, operated or occupied buildings of 1,000m² and above. On the 25th of November 2022, an amendment was promulgated extending the deadline to 07 December 2025, giving building owners and accounting officers an additional 3 years to comply. On the 03rd of August 2023, a second amendment was promulgated introducing compulsory registration of buildings. Building owners and Accounting Officers must register the type and size of their building on the NBEPR within 12 months. In addition, the 2nd amendment, updated the definition of accounting officer, accredited body and Energy Performance Certificate. EPCs are now issued by an accredited body prior to 31 July 2024, and thereafter by a Registered Professional in respect of a building in accordance with SANS 1544:2014.

SANEDI is mandated to maintain a National Building Energy Performance Register (NBEPR), which must include the particulars of all buildings that fall within the regulated classification as well as relevant energy performance certificate data.

Energy Efficiency Project Implementation

Methodology

ISO 50006:2014 provides guidance to organisations on how to establish, use and maintain energy performance indicators (EnPIs) and energy baselines (EnBs) as part of the process of measuring energy performance. The overarching methodology followed by the service provider is Deming's PDCA cycle whereby the project steering committee will oversee the implementation of the EnMS, following the plan, do, check, act steps. The service provider has conducted an in-depth review of organisation to map out the institutional structure and processes related to buildings, infrastructure, and energy. Data was collected which embrace the following elements.

- Building and energy consuming infrastructure assets, including services or function provided by the various facilities/ buildings.
- Utility service provision per all building/ facility types, including utility providers, billing processes and existing metering systems.
- Data capture procedures, including payment and usage (i.e. Units of measure – kwh, kva etc.), approval, and processes for identifying errors or anomalies. When considering a sub-metering strategy, the site will be broken down into the different end users of energy. This might be by area (for example, floor, zone, building, tenancy, or department), by system (heating, cooling, lighting or industrial process) or both.
- Institutional structures and responsibilities for energy data management and facilities / building management.
- Existing and planned programmes and projects and corresponding data requirements
- GHG emissions reporting processes

Overview of the Business Plan

A total of 485 units were retrofitted at a total cost of R 5 500 000.00 leading to 432 525 kWh savings per annum. The proposed energy efficiency measures incorporated energy efficiency awareness which basically raises energy efficiency awareness throughout the municipality's area of jurisdiction. In addition, the project capacitated everyone that is using municipal infrastructure, capacity is therefore improved by exposing municipality officials on various courses around energy efficiency concept. Energy Efficiency Project Implementation Approach:

The implementation processes outlined below were followed as a guideline during the execution of the 2024-25 EEDSM project.

Table: Adopted Implementation Plan

Activity	Output
Step 1: Appointment of service providers	The municipality utilised the services of a Service provider that was appointed through an open tendering process to appoint an Energy Services Company (ESCO) to assist with the planning and implementation of EEDSM projects
Step 2: Energy Audits	The appointed ESCO conducted an energy audit – during which they identified streetlights and high mast lights to be retrofitted in various local municipalities within the Thabo Mofutsanyana District Municipality
Step 3: Business Plans, Workplans and Detailed baseline Reports	Upon conclusion of the energy audit, Business Plans, Workplans and Detailed baseline Reports were developed and submitted to the Department of Minerals Resources and Energy

Activity	Output
	for approval
Step 4: Implementation	Upon approval of Business plans the appointed electrical contractor was given permission to proceed with procurement of material and commence with retrofitting of lights
Step 5: Capacity building and training	Municipal officials were enrolled for formal training with accredited training institutions on energy efficiency related courses
Step 6: Energy Efficiency Awareness Campaign	Energy efficiency Awareness campaigns were conducted within the municipality and surrounding areas

Table: Scope of work 2024/25 financial year

Item No.	Area/Location	Application	Qty	Existing Technology	Proposed technology	Comment
1	MAP LM (Intabazwe)	High Mast Lighting	54	400W HPS Floodlight	200W LED Floodlight	Completed & Functional
2	MAP LM (Phuthaditjhaba)	High Mast Lighting	246	400W HPS Floodlight	200W LED Floodlight	Completed & Functional
3	Dihlabeng LM (Fouriesburg)	High Mast Lighting	40	1000W HPS Floodlight	400W LED Floodlight	Completed & Functional
4	MAP LM (Harrismith)	Streetlights	75	250W HPS	100W LED	Completed & Functional
5	MAP LM (Intabazwe)	Streetlights	70	125W HPS	50W LED	Completed & Functional
6	Setsoto, Dihlabeng	Public Lighting Audit				Complete, with some being functional and others not

Table: Project Expenditure

Invoice No	Invoice Date	Amount	Payment Status
1.	November 2024	R1 452 174.00	Paid
2.	December 2024	R 56 295.00	Paid
3.	January 2025	R1 847 826.00	Paid
4.	February 2025	R 34 200.00	Paid
5.	March 2025	R 28 500.00	Paid
6.	April 2025	R 34 200.00	Paid
7.	May 2025	R 34 200.00	Paid
8.	June 2025	R1 959 199.99	Paid
TOTAL		R5 446 594.99 (Balance = R53 405.01)	

Table: Energy Awareness Campaign

Energy Efficiency Awareness Plan	Target Audience	Expected Output	Completion Status
Posters Model/Prototype	Municipal employees and the public.	To raise awareness on Energy Efficiency with the messaging directed at the municipal officials as to how they can contribute to energy efficiency.	Complete

Table: School Competition Winners

Bronze (3 rd Prize)	Silver (2 nd Prize)	Gold (1 st Prize)
Gr 4 – Lerapo PS	Gr 4 – Seotlong PS	Gr 4 – Progressive PS
Gr 5 – Seotlong PS	Gr 5 – Kgojane PS	Gr 5 – Lerapo PS
Gr 6 – Thuto Tsebo PS	Gr 6 – Petsane PS	Gr 6 – Witsieshoek PS
Gr 7 – Nexus PS	Gr 7 – Sentinel	Gr 7 – Nthute PS
Gr 8 -	Gr 8 – Young Scientist SS (Qhola Qwhe)	Gr 8 – Tsebo SS
Gr 9 – Selelekela P SS	Gr 9 – Tsebo SS	Gr 9 – Selelekele Hydro Phoenix
Overall, Winner = Nthuthe Primary School from Dihlabeng (Gr 7)		

Table: Jobs Created

No.	Name and Surname	Qualification
1.	Lebohang Lebeko	Advanced Electrical Diploma
2.	Maditaba Mofokeng	Electrical Engineering, N6
3.	Joseph Mofokeng	Electrical Engineering, S4
4.	Lerato Mofokeng	Electrical Engineering, N6
5.	Siphiwe Molete	Electrical Engineering, N6
6.	Mojalefa Moloi	Electrical Engineering, N6
7.	David Motaung	Electrical Engineering, N3

Rural Road Asset Management System (RRAMS)

National Department of Transport (NDoT), as part of S’hambe Sonke Programme has identified 44 Rural District Municipalities to provide grant funding for the implementation of Rural Road Asset Management Systems (RRAMS) to assist and set up rural road asset management system as set out in the Road Infrastructure Strategic Framework for South Africa (RIFSA) and support the management of rural roads through the development of a Rural Road Assets Management Systems (RRAMS). RRAMS seek to develop a common framework for the road’s assets management in the country which will assist municipalities to collate roads infrastructure data for planning and management. The allocation for the year 2024/25 was R3 318 000.00.

The strategic goal of the development of the Rural Road Asset Management Systems (RRAMS) is the collection of road condition (paved & unpaved), bridge inventory data, condition assessments and traffic information improved data on

rural roads that will guide infrastructure investment, improve accessibility and mobility of rural communities.

Roads

The road condition data (paved and unpaved) was collected in line with Technical Methods for Highways (TMH22) and collection of structures as per Technical Methods for Highways (TMH19) including bridges and culverts as follows:

- Collection of road inventory data including condition assessment and traffic data
- Setting up pavement and bridge management system compatible with national standard.

Bridges and Culverts

All bridge, Major Culvert and Lesser Culverts inspections will be conducted in accordance with the Bridge Management System (BMS), the Draft TMH19 Manual for the visual assessment of structures, as well as industry best practices. Inspections will be carried out by suitably qualified personnel experienced in structural design and maintenance. The inspection team will also include 6 graduates from the district Municipality.

A Principal Inspection is a comprehensive visual inspection of the whole structure and forms the basis of the structure management system. These types of inspections should be carried out every five years to confirm the condition of the asset. For Lesser Culverts these Inspections should be carried out annually.

Principal inspections are implemented in two stages, namely:

Stage 1: Confirming of Inventory Information

This includes the confirmation of structure classification, spans, orientation, and locality. For inventory purposes, a defined set of inventory photos are required. The set of inventory photos and coordinates required for bridges is different for culverts.

Stage 2: Bridge and Culvert Inspections

All bridge and culvert inspections will be completed using the BMS DER rating system described in the TMH19 Inspection Manual. This system focuses on rating the defects in major structural components.

The DER system is as follows:

- D – Degree of the defect
- E – Extent of defect
- R – Relevancy of defect

Table: Inspections to be carried out as follows

Scope required by client's deliverables scope	Deliverables required by clients
Principle inspections of all structures	Individual structural assessment report
Provide remedial action and cost of repairs for each bridge.	Rehabilitation Costs
Preparation of TMH 18 dataset	Shapefiles and XLS files
Meetings	Progress reports, technical report and Presentations
Grant Evaluation	Evaluation report for the Fiscal year
RAMP report	Prepare and submit Comprehensive Ramp report.

Table: Road Network Integration and RCAM Classification

No.	Local Municipality	Progress
1.	Maluti-a-Phofung	100%
2.	Dihlabeng Local Municipality	100%
3.	Nketoana Local Municipality	100%
4.	Setsoto Local Municipality	100%
5.	Phumelela Local Municipality	100%
6.	Mantsopa Local Municipality	100%

Table: Conditional Assessments of paved roads

Area	Flexible Length (km)	Interlocking block length (km)	Total (km)
Phofung Maluti-a-	142.33	148.59	290.91
Dihlabeng	170.72	67.86	238.58
Nketoana	54.24	51.39	105.63
Phumelela	39.66	40.58	80.24
Setsoto	112.64	34.02	146.66
Mantsopa	44.59	33.34	77.93
Total			939.95

Table: Road network integration and Road Classification and Management

Local Municipality	RCAM Class	Per road type and RCAM class				Grand Total
		Paved roads		Unpaved roads		
		Flexible	Block Pavementt	Gravel	Earth	
Maluti-A-Phofung LM	R4	5.38	21.89	7.69	40.8	75.76
	R5	17.262	28.31	7.31	674.829	727.71
	U4a	48.12	18.19	3.6	33.49	102.78
	U4b	26.75	18.976	5.78	60.424	111.94
	U5a	10.186	26.223	92.365	101.542	230.316
	U5b	39.802	46.418	37.72	108.698	232.638
Maluti A Phofung Local Municipality Total		147.50	160.01	107.188	1019.78	1434.48
Dihlabeng LM	U4a	29.43	6.48	0.02	0.09	36.02

	U4b	58.34	19.87	46.91		125.12
	U5a	18.79	1.10	0.83	5.2	25.92
	U5b	75.61	41.54	90.14	128.74	335.03
Dihlabeng Local Municipality Total		182.17	68.99	137.90	134.034	523.10
Nketoana	R3	1.12			4.09	5.21
	R4b	2.07	19.95		6.62	28.64
	R5	5.92	29.98	4.41	103.90	144.21
	U3				3.90	3.9
	U4a	45.82	1.12	1.05	27.52	75.51
	U5b	0.93	0.64	14.82	26.63	43.02
Nketoana Local Municipality Total		55.86	51.69	20.277	172.66	300.49
Phumelela	R5					
	U4	4.1	11.93	4.8	19.97	40.73
	U4a	32.50	12.18	8.13	64.95	127.39
	U4b	2.21	16.81	0.05	55.4	69.2
	U5b			2.65	13.36	13.36
Phumelela Local Municipality Total		38.81	40.92	12.98	153.68	247.40
Setsoto	U4a	67.30	0.99	16.76	5.71	90.76
	U4b	13.50	19.86	14.60	14.44	62.41
	U5a	18.60		4.63	1.73	24.95
	U5b	14.29	13.01	66.29	176.67	270.32
	U6b			3.64	3.49	3.75
Setsoto Local Municipality Total		113.69	34.10	102.41	202.08	452.18
Mantsopa	R4	3.825	18.28	4.941	16.001	43.047
	R5	6.607	11.547	12.403	61.806	92.363
	U4a	15.681	4.523	4.265	17.006	45.208
	U4b		3.982			0.873
	U5a			7.104	24.749	31.853
	U5b	12.73	1063	21.65	5.12	47.19
Mantsopa Local Municipality Total		38.85	48.97	50.36	124.68	280.86
TOTAL		980.47		2 238.04		3 218.51

Changes in RCAM Classification for the district:

1. Changes in Geometric data

- Dihlabeng LM paved road network decreased by 1.51km
- Nketoana LM paved road network decreased by 1.21km.
- Maluti-a-Phofung LM paved road network decreased by 0.43km

2. Provincial Roads within the local municipalities

- In Phumelela LM a block of 0.79km belonged to provincial network.
- In Mantsopa LM a flexible of 0.36km belonged to provincial network.
- In Maluti-a-Phofung LM a flexible of 2km belonged to the provincial network.
- In Setsoto LM a block of 1,13km belonged to the provincial network.

Deteriorated paved roads

- In Mantsopa LM 2.77km of flexible deteriorated to gravel.
- In Phumelela LM 0.78km deteriorated to earth and gravel.

The total paved network decreased by 12.41km from the previous RCAM.

Inventory of Minor Culverts

Local Municipality	Town	No. of Minor Culverts	Progress
Dihlabeng	Bethlehem	163	Complete
	Paul Roux	5	
	Clarens	10	
	Rosendal	0	
	Fouriesburg	34	
Dihlabeng Total			212
Maluti-A-Phofung	Phuthaditjhaba	156	Complete
	Monontsha	2	
	Bolata	5	
	Makwane	38	
	Namahadi	8	
	Tsheseng	11	
	Tshiame	62	
	Kestell	30	
MAP Total			312
Nketoana	Reitz	40	Complete
	Petrus Steyn	32	
	Arlington	11	
	Lindley	46	
Nketoana Total			129
Phumelela	Warden	56	Complete
	Vrede	51	
	Memel	19	
Phumelela Total			126
Setsoto	Ficksburg	38	Complete
	Senekal	34	
	Clocolan	48	
	Marquard	5	

Setsoto Total			125
Mantsopa	Ladybrand	44	Complete
	Tweespruit	0	
	Excelsior	24	
	Hobhouse	15	
	Thaba Phatswa	1	
Mantsopa Total			84
TMDM TOTAL			988

Table: Assessments of Bridges and Major Culverts (Additional Scope)

Local Municipality	Town	Bridge (No.)	Major Culvert (No.)
Dihlabeng	Bethlehem	1	-
Dihlabeng Total		1	-
Nketoana	Reitz	1	1
	Lindley	-	1
	Arlington	-	2
Nketoana Total		1	4
Setsoto	Ficksburg	1	2
	Clocolan	-	1
Setsoto Total		1	3
Maluti-A-Phofung	Phuthaditjhaba	-	4
MAP Total		-	4
TMDM Total		3	11

Table: Project Progress

No.	Project Summary Task	Current Report
1.	Project and Integration Management	100%
2.	RCAM Classification	100%
3.	Data Collection and Analysis – Visual assessment of Paved Roads (block and flexible)	100%
4.	GIS Model Development and Mapping	100%
5.	Production of the RRAMS Technical Reports	100%
6.	Inventory of Minor Culverts	100%
7.	Principal inspections of Bridges and Major Culverts	100%
8.	Financial Year Close-Out	100%
Overall Progress		100.00%

Table: Project Expenditure

Invoice No	Invoice Date	Amount	Payment Status
1.	July 2024	R 453 341.50	Paid
2.	August 2024 (Rollover)	R 748 149.75	Paid
3.	October 2024	R 471 048.05	Paid
4.	November 2024	R 585 922.13	Paid
5.	January 2025	R 331 138.48	Paid
6.	February 2025	R 255 516.78	Paid
7.	March 2025	R 253 621.58	Paid
8.	April 2025	R 158 700.00	Paid
9.	May 2025	R 410 313.07	Paid
10.	June 2025	R 328 844.09	Paid
11.	June 2025	R 128 640.43	Paid
TOTAL		R3 374 086.11 (excludes Rollover)	

Table: Jobs Created

No.	Name and Surname	Qualification
1.	KK Rantso	National Diploma, Civil
2.	WL Mthembu	National Diploma, Civil
3.	TG Malinga	Diploma, Civil
4.	M Lentsoenyane	Diploma, Civil
5.	TT Lecheko	S4, Civil
6.	KC Mdakani	S3, S4, Civil

District Water Sector Forum

The District Municipality has established the water sector forum committee to coordinate and consolidate the information shared between the local municipalities within the district and the other invited stakeholders.

The Water Sector Committee

The water sector committee was established with the following intentions:

- To provide a platform for the water sector dialogue involving all water sector partners.
- To provide water sector collaboration and effective management of water institutions and the water business.
- To ensure that the water sector stakeholders play their role in the business in an informed and organized manner.
- To ensure integrated planning and the development of the water sector.

The District Municipality council sitting of February 2022 has approved the water summit resolutions and action plans were developed to monitor the progress on the water summit resolutions in line with Department of Water & Sanitation National Water Summit resolutions held in February 2022 in Midrand. New resolutions

were tabled at the Water and Sanitation National Water Summit held in Midrand on the 27th to the 28th of March 2024 and will be tabled in council end of July 2025. The water sector forum managed to convene four meetings in the previous financial year as per the SDBIP.

District Energy Sector Forum

The District Municipality has established the energy forum committee to coordinate and consolidate the information shared between the local municipalities within the district and the other invited stakeholders.

The Energy Sector Committee

The district energy committee was established with the intention to provide an enabling platform for the energy efficiency and alternative source of energy. The platform was provided for the energy sector dialogue involving all the energy sector partners and local municipalities. The District Municipality has managed to hold four meetings in the previous financial year as per the SDBIP.

Technical Directors Forum

The Technical Directors Forum was launched on the 7th of May 2025 during a physical meeting at Dihlabeng Local Municipalities Town Hall.

The purpose of the meeting is to discuss the imperative technical challenges affecting the Thabo Mofutsanyana District, how we are faring in dealing with these technical challenges and how they can be mitigated. From this meeting, we will attempt to compile a delivery agreement and ensure there is effective implementation and monitoring of the delivery agreement, unbundle issues where they exist and agree on revisions to the activities in the delivery agreement by all parties involved.

Scientific Services(Laboratory)

In view of the constitution and as an owner (local authorities) of various potable water and wastewater treatment facilities located around Thabo Mofutsanyana District Municipality area of jurisdiction. It is necessary to solicit the establishment of water testing laboratory to oversee the water quality monitoring of all its potable water and wastewater facilities within the district. This task effectively entails – but is not limited to the: sampling, monitoring, maintenance, management, collection, analyses and interpretation of compliance results.

Kgosatsana Manapo Mopeli Laboratory Services as a professional water testing institute that specialises in risk-based water quality monitoring (this includes all types of water) will be willing to partner with all local municipalities across Thabo Mofutsanyana District to optimise and streamline their water quality *monitoring programs to ensure cost effectiveness and compliance with the provisions of SANS 241:2017, General Authorisation, Water Use License and River Water Quality Objectives (RWQO) and well as the local Water Services By-Laws*. We are a small institute – however, will be also working with ISO/SANAS: 17025 accredited laboratories across the country to benchmark our service relating to the analyses of complex water-, soil-, sludge- toxicity tests. This is to ensure that we continue to sustain a good water quality monitoring service.

The District Municipality has received In-kind support of R5 million in April 2022 from COGTA to operate and manage Kogosatsana Manapo Mopeli Water Testing Laboratory and staff has been provided. The laboratory is at the development stage whereby they are currently developing the Laboratory Quality Management System and Operational Policies for kick starting. Once the laboratory is fully operational and accredited with ISO 17025, it will assist all Local Municipalities within the district with testing of both portable and wastewater to improve the drinking water quality and effluent charged to the natural resources.

Scope of work for 2024/25 financial year

Quality management:

- The quality policy statement has been amended.
- The method index for the chemistry department has been developed.

Standard Operating Procedures:

- The SOP for microbalance and colony counter have been developed for the microbiology section.
- Sludge and soil, sludge analysis for metals/volatile acids and alkalinity pH@25 for chemistry section.
- The SOP for sampling has been developed for the microbiology section.

Water testing methods:

- Implementation of water testing methods have been completed but the methods cannot be validated until PPE and office equipment have been acquired.
- E. Coli methods have been developed for the micro section and sludge analysis have been developed for the chemistry section.
- Heterotrophic plate count method has been developed for the micro section.
- Suspended solids, total dissolved solids and conductivity methods have been developed for the chemistry section.

Supply and Installation of Fence

After numerous attempts, we finally succeeded in appointing a service provider to erect fencing at three royal graveyards, namely Phomolong, Namahadi and Makholokweng (in Kestell). The fence will enhance security, reduce trespassing, define property boundaries as well as protect animals. Key features of the project

will include the removal of the existing fence, the installation of security panels, topping spikes and sliding gate. The project aims to provide a durable and visually appealing solution that meets the needs of the community.

The service provider commenced the project in Phomolong and has completed erecting the fence but is still waiting on the gate from the supplier.

Table: Progress on Phomolong Royal Graveyard

No.	Project Summary Task	Current Report
1.	Site Investigation	100%
2.	Site Preparation/Clearance	100%
3.	Installation of Fence	100%
4.	Installation of Gate	0%
Project Progress		75.00%
Overall Project Progress		15.12%

Table: Payment Summary for Phomolong Royal Graveyard

3.3 COMPONENT C: LOCAL ECONOMIC DEVELOPMENT

Agriculture and Rural Development

Thabo	Invoice No	Invoice Date	Amount	Payment Status
	1.	June 2025	R595 205.11	Paid
	TOTAL		R595 205.11 (13% of Budget)	

Mofutsanyana District Municipality, Agriculture and Rural Development Unit, provides subsistence and emerging farmer support in various community-based agricultural projects in the region. The main aim behind support for these initiatives is to foster community upliftment, improve the economy, eradicate poverty, and allow profit generation for community members.

This report's main goal is to inform the public and relevant parties about the performance of the Unit for Agriculture and Rural Development while showcasing some of its accomplishments.

Farmer Support Programme

It's a program whereby the municipality aligns itself with NDP, MTSF, FSGDS, and Agri-Park by assisting emerging farmers with production inputs for them to continuously produce food, and the inputs may include, e.g., seeds, fuel, pesticides, herbicides, lime, rodenticides, fertilizer, fencing, soil preparation, machinery, or tools of the trade within agriculture practice. The municipality donated the following apparatus to our smallholder farmers:

- 90 x Barbed wire galvanised (2mm 30kg)
- 300 x Steel droppers (1850mm x 1.8m)
- 1 x Honey heating settling tank and honey extractor.
- 1000 x Vegetable Seeds.
- x Micron long-life greenhouse UV plastic.
- x Chainsaws.
- x Brush cutters
- 300 x Molasses meal.
- 13 x Vertical water tanks.

Agriseta Graduate Placement

The Agriculture and Rural Development Unit applied for Graduate Placement, and the Agricultural Sector Education Training Authority (AgriSETA) has given its approval for R1 500 000.00 for the grant. The twenty-five graduates, all of whom are in technical and vocational education and training, are each receiving R5000.00 per student every month for a period of twelve months.

Revitalisation of Farms

It's a programme whereby the municipality revives or renews the farms to their productive state (first stage). The farms are normally procured at the third stage, whereby electricity, water, and buildings are not in satisfactory state. Types of assistance in this programme may include, e.g., installation or connection of electricity at different farms as per Outcome 7, drilling of boreholes, water installation, reservoirs, maintaining of ground dams, fencing, veld management, dividing of camps/kraals for grazing purposes and contours.

- Through the revitalisation of the farm program, the municipality has brought two farms back to their

productive state by ensuring that the existing boreholes were cleaned and tested, and water samples were taken to guarantee that the water is safe for human consumption. Maintaining water quality is essential because it is such a basic aspect of agricultural production.

Training of Emerging Farmers

It's a program whereby the municipality ensures capacity building for emerging farmers and officials on different courses, e.g., vegetable production, animal health, responsible use of pesticides, animal husbandry, crop production, beekeeping, soil science, pasture science, farm technology, extension services, animal production, crop insurance, wool production, etc.

The following trainings were held to capacitate emerging farmers and officials.

Trainings	Partners	No of farmers	Venue
Vegetable production	TMDM	143	Phuthaditjhaba
Okra production	TMDM	73	Phuthaditjhaba
Responsible use of pesticides	TMDM and DLM	30	Bethlehem

AGRICULTURAL SHOWS/EXHIBITION

The district municipality sponsors the farmers to attend various shows/exhibitions to network and discuss issues with other role players in the agricultural industry; this idea gives the farmers the chance to personally experience the newest technology and products on offer and gives farmers the chance to learn from experts. The shows and exhibitions that the municipality assists farmers in attending are as follows:

- The unit afforded 57 farmers the opportunity to visit a fresh produce market in Bloemfontein on October 03, 2024, and May 29, 2025. Such an arrangement is essential for their success and can provide various advantages, including access to stable and profitable markets.
- The unit afforded 21 farmers an opportunity to attend the Nampo Alfa Show (Expo). Our farmers attended the show on the 17th of October 2024 in Bothaville, Free State Province.
- The unit afforded 16 farmers an opportunity to attend the Deputy Presidential Harvest Day. Our farmers attended the event on the 27th of February 2025 at Stead Farm, Bethlehem, Free State Province.
- The municipality sponsored 22 farmers' attendance at the NAMPO Harvest Day in Bothaville. The harvest day is a popular event among African farmers because it serves as a platform for networking and witnessing the latest farming technology in a single location.

LEARNERSHIP TRAINING PROGRAM

The National Skills Fund approved funding to implement an agricultural learning program targeting unemployed youth and people living with disabilities. The unit facilitated the NSF's learnership training programme for 200 learners (Warden, Harrismith, and Phuthaditjhaba).

COMMENT ON THE OVERALL PERFORMANCE

The unit acknowledges that Thabo Mofutsanyana District is a farming district, and there are a multitude of private and public agricultural organisations and businesses that can assist new and small producers. As a result, the unit has engaged in discussions and established positive relationships with various stakeholders.

3.3.2. Expanded Public Works Programme (EPWP)

The Expanded Public Works Programme (EPWP) has its origins in Growth and Development Summit (GDS) of 2003. At the Summit, four themes were adopted, one of them being “More jobs, better jobs, decent work for all”. The GDS agreed that public works programmes “can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities”.

The programme is a key government initiative, which contributes to Government Policy Priorities in terms of decent work and sustainable livelihoods, education, health and rural development, food security and land reform and the fight against crime and corruption. EPWP subscribes to outcome 4 which states that “Decent employment through inclusive economic growth.” The EPWP has been established and mandated by Cabinet to create work opportunities according to the set targets across all its four sectors, namely Infrastructure, Non-State, Environmental and Culture and Social Sectors. One of the prescripts of the EPWP is to use labour-intensive methods which allow the drawing of a significant number of participants into the Programme to do the work.

The EPWP incentive grant from National Department of Public Works for the 2024/25 financial year was R 2 513 000.00 and employment generated through the EPWP incentive grant programme was 205 participants over a 12-month period and were reported on the EPWP reporting system under Environment & Greening and social sectors and EPWP demographics are mentioned as follows below:

Table: EPWP Demographics and project expenditure

Adult (Male)	Adult (Female)	Youth (Male)	Youth (Female)	Total
37	103	30	35	205
Grant Allocation			Total Expenditure	
R 2 513 000.00			R 4 753 884.00 (R2 240 000 was counter funding from the municipality)	

3.4 COMPONENT D: ENVIRONMENTAL PROTECTION

Introduction

The Environmental Management component of the Thabo Mofutsanyana District Municipality (TMDM) has reached a significant milestone in its administrative capacity during the fourth Quarter. Previously, the Municipal Health and Environmental Services Unit had a vacant post for the Coordinator: Environmental Management. This vacancy was filled with the appointment of Ms. Grace Ramokotjo, who assumed her duties on 1 April 2025. To ensure the successful execution of her mandate and the alignment of municipal functions with all legislative requirements, standards, and best practices, she is being actively guided and supported by the Local Government Support representatives from the Department of Forestry, Fisheries and the Environment (DFFE). This report outlines the key achievements and progress made under this newly stabilized leadership during the April to June 2025 period. During the first quarter of the 2025 financial year, the Environmental Management component focused on integrating sustainable practices into municipal planning. A significant achievement was the assessment of environmental issues within the Integrated Development Plans (IDPs) of Thabo Mofutsanyana District municipalities, conducted during the Free State Provincial IDP Assessments on 08 May 2025. This resulted in the drafting of the Thabo Mofutsanyana District IDP Analysis report for 2024/25, which evaluates how effectively local municipalities have incorporated environmental concerns into their development strategies. Additionally, officials provided technical input into two Bid Specification Committee meetings held on 29 May and 08 July 2025 for the development of the

District Environmental Management Framework (EMF) and participated in the review of the Setsoto Integrated Waste Management Plan (IWMP).

Compliance, Monitoring, and Governance

To ensure regulatory compliance and improve governance, the department conducted various site visits and forum meetings. On 08 April 2025, a site visit was conducted at the Afgri Animal Feeds Factory in Bethlehem to facilitate Atmospheric Emission License (AEL) and boiler registration. This was followed by landfill site audits at the Marquard and Clocolan facilities in June 2025. In terms of governance, the Thabo Mofutsanyana District Waste and Environmental Management Forum meeting was successfully convened on 16 April 2025 in Clarens to improve coordination across the district. To support these governance structures, an inventory was created to establish a comprehensive database of all environmental structures within the municipality.

Environmental Capacity Building and Awareness

The department addressed critical capacity gaps through both auditing and active training. A desktop audit of all municipalities revealed several systemic challenges, including a lack of reporting on the South African Waste Information System (SAWIS), a shortage of personnel ("warm bodies"), and a pressing need for Environmental Management Inspector (EMI) training to enforce bylaws. In response, three major capacity-building initiatives were held: a stakeholder consultation on 11 June 2025 regarding the Biodiversity Management Plan for Pelargonium Sidoides, a basic Environmental Management Workshop for educators and school feeding schemes in Senekal on 19 June 2025, and a waste recycling session for municipal officers. Parallel to capacity building, the district intensified its public awareness efforts. Key events included: Environmental Career Expo: Held on 07 June 2025 in Phuthaditjhaba to encourage learners to pursue science-related environmental studies. World Biodiversity Day: Celebrated on 29 May 2025 in Monontsha to promote community empowerment and sustainable development. World Environmental Day: A major campaign held on 20 June 2025 at Monese Secondary School in Senekal, involving over 200 learners in partnership with various national stakeholders

Graduate Projects and Implementation

Finally, the district successfully implemented two graduate programs to bolster its environmental functions. Through collaboration with the Department of Forestry, Fisheries and the Environment (DFFE), the Youth Environmental Graduate Project secured positions for 50 graduates, with 31 already appointed by April 2025 to address local environmental issues while receiving a stipend. Furthermore, the Municipal Environmental Management Graduate Program was established to place twelve graduates directly into local municipalities, with recruitment processes reaching the interview stage by July 2025. These programs are designed to provide essential support to the environmental management functions across the Thabo Mofutsanyana District.

The table below summarizes activities conducted during the 4th Quarter of the 2024/25 financial year.

Table 1: Activity summary table

Key Performance Area	Activity / Achievement	Date(s)
Environmental Planning	Free State Provincial IDP Assessments & Thabo Mofutsanyana District IDP Analysis Report1.	08 May 2025
Atmospheric Emission Licensing	AEL/Boiler registration site visit at Afgri Animal Feeds Factory, Bethlehem.	08 April 2025
Waste Management Audit	Landfill sites audit conducted at Marquard and Clocolan sites	June 2025

Sector Planning	Bid Specification Committee meetings for District EMF development ⁷ .	29 May & 08 July 2025
Governance	Thabo Mofutsanyana District Waste and Environmental Management forum meeting.	16 April 2025
Capacity Building	Stakeholder Consultation on Biodiversity Management Plan (Pelargonium Sidoides).	11 June 2025
Capacity Building	Basic Environmental Management Workshop for CPW, Educators, and SGBs in Senekal.	19 June 2025
Awareness Campaign	World Biodiversity Day Event at Bothoba Pelo Lodge, Monontsha.	29 May 2025
Awareness Campaign	Environmental Career Expo in Phuthaditjhaba ¹⁷ .	07 June 2025
Awareness Campaign	World Environmental Day Awareness Campaign at Monese Sec School, Senekal.	20 June 2025
Project Management	Recruitment and placement of Youth Environmental Graduates (31 graduates appointed).	Started April 2025

Critical Gaps

Based on the quarterly review, critical gaps that hinder effective environmental management across the Thabo Mofutsanyana District. These findings are essential for prioritizing future training and resource allocation:

Enforcement Deficit: There is a significant challenge regarding the enforcement of environmental bylaws.

Training Needs: A pressing need exists for Environmental Management Inspector (EMI) training and official designation for municipal staff.

Data Reporting: Most municipalities in the district are currently failing to report on the South African Waste Information System (SAWIS).

Human Resources: There is a persistent need for "warm bodies" (dedicated personnel) specifically responsible for the environmental management function.

Planning Tools: Environmental management planning tools require regular review and updates to remain effective.

Policy Adoption: While six municipalities (Dihlabeng, Phumelela, Mantsopa, Maluti-a-Phofung, Setsoto, and Nketoana) have Council-approved Integrated Waste Management Plans (IWMP), the Thabo Mofutsanyana District Municipality's plan remains in a draft state.

Resource Constraints: General limitations in finance and specialized training continue to impact municipal capacity.

Conclusion

The fourth quarter of the 2024/2025 financial year has been a period of significant transition and foundational growth for the Environmental Management component. With the appointment of the Environmental Management Coordinator on 01 April 2025, the Municipal Health and Environmental Services Unit has successfully stabilized its leadership and re-established a clear trajectory for environmental governance. Under the mentorship of the DFFE Local Government Support, the unit has successfully met various Key Performance Indicators (KPIs), ranging from the development of IDP analysis reports and sector plans to the execution of high-impact environmental awareness campaigns. The district has shown proactive leadership in project implementation, particularly through the securing and placement of youth graduates to bolster municipal capacity. While these achievements mark a positive step toward sustainable development, the unit continues to face systemic hurdles in municipal enforcement, technical data reporting, and human resource shortages that require targeted intervention.

COMMENT ON THE OVERALL PERFORMANCE

To ensure the momentum gained this quarter is sustained and the identified capacity gaps are addressed, the following recommendations are proposed:

EMI Training and Designation: The Municipal Health and Environmental Services Unit should prioritize the training and official designation of Environmental Management Inspectors (EMIs) to resolve the current challenges regarding the enforcement of environmental bylaws.

SAWIS Compliance Support: A targeted support program should be initiated for municipalities currently failing to report on the South African Waste Information System (SAWIS) to ensure the district meets its provincial and national reporting obligations.

Finalization of Planning Tools: Immediate focus should be placed on transitioning the Thabo Mofutsanyana District Municipality's Integrated Waste Management Plan (IWMP) from draft status to Council approval to align with the progress made by local municipalities.

Strengthening Local Governance: The District Waste and Environmental Management Forum should be utilized as a platform to conduct regular follow-ups on the findings of landfill site audits and AEL compliance visits to ensure that identified issues at Marquard, and Clocolan are rectified.

3.5 COMPONENT E: MUNICIPAL HEALTH SERVICES

The unit continues to promote healthy communities through regular inspections and testing of water regularly performed by the unit throughout the district. Thabo Mofutsanyana District Municipality render Municipal Health Services (MHS) through a Service Level Agreement with the respective local municipalities within its jurisdiction.

Given that MHS is currently either regarded as the same as or part of Environmental Health Services (EHS), the World Health Organization (WHO) perceives environmental health as addressing: "all the physical, chemical and biological factors external to a person and all the related factors impacting behaviours". Thus, MHS also means the assessment, monitoring, correction, control and prevention of environmental health factors that can adversely affect human health.

The National Health Act, 61 of 2003, further defines MHS as services that include:

1. Water quality monitoring
2. Food control
3. Waste management
4. Health surveillance of premises
5. Surveillance and prevention of communicable diseases
6. Environmental pollution control
7. Disposal of the dead

COMMENT ON THE OVERALL PERFORMANCE

The Environmental Health Section continues to assist in the performance of those functions as well as with environmental health related issues pertaining to pollution control.

The vast geographical area in the jurisdiction of the district municipality creates challenges in terms of controlling land pollution such as illegal dumping and illegal oil spills. However, with proper control systems and mechanisms implemented, improved control can be exercised. Frequent follow-up inspections, issuing of statutory notices and billing perpetrators further assist in managing problematic areas.

3.6 COMPONENT F: SECURITY AND SAFETY

The security service was also on high alert to monitor movements of municipal assets during the last financial year. This monitoring of movements of municipal assets improves efficiency, accountability, safety, and financial management, ultimately providing better services to citizens.

The security audits were conducted during the last financial for maintaining a robust security posture, ensuring compliance, and protecting sensitive information. Regular audits enable municipalities to identify and address vulnerabilities, supporting business continuity, reputation, and cost savings.

3.7 COMPONENT G: EMERGENCY SERVICES

Background overview

Thabo Mofutsanyana Municipal Emergency Services is composed of two sections that are Fire Services and Disaster Management. It is also managing on ad hoc basis the Climate Change Programme Municipal Fire Services derived its powers and function from Schedule 4 Part B of the South African Constitution which is read with Section 84(1)(j) of the Local Government Municipal Structures Act. The main purpose of the sector is to pursue one of the objectives of the Constitution which amongst others to ensure a safe and secure environment. This function is guided by act of parliament, Section 84(1)(j) of the Municipal Structures Act and operating under the Fire Brigade Service Act. The main purpose of the fire services is to ensure firefighting services serving the area of the district municipality, which includes-

- planning, co-ordination and regulation of fire services.
- specialized firefighting services such as mountain, veld and chemical fire services.
- co-ordination of the standardization of infrastructure, vehicles, equipment and procedures.
- training of fire officers.

Municipal Disaster Management derived its powers and function from the act of parliament, Disaster Management Act. The main purpose of the disaster management is outlined in Section 44 of the Disaster Management Act which is translated into four KPAs and three enablers namely:

- KPA 1: Integrated institutional capacity for disaster risk management
- KPA 2: Disaster risk assessment
- KPA 3: Disaster risk reduction
- KPA4: Response and recovery
- Ebl:1: Information management and communication
- Ebl2: Education, training, public awareness and research
- Ebl3: Funding arrangement for disaster risk management

The Climate Change derived its powers and function from the act of parliament Climate Change Act 22 of 2024. The Climate Change Act establishes a comprehensive legal framework in south Africa to address climate change, aiming for a just transition to a low-carbon economy while fulfilling international commitments.

Key Objectives of the Act

Mitigation and adoption: the Act aims to facilitate a coordinated responses to climate change impacts, enhancing adaptive capacity and resilience while reducing greenhouse gas emissions. It emphasizes the need for a just transition towards a low-carbon economy that considers social and economic equity.

Legal framework: It provides a structured approach to climate governance, integrating climate response into national and local planning. This includes setting sectoral emissions targets and carbon budgets to manage

greenhouse gas emissions effectively.

International Commitments: the Act aligns with South Africa's obligations under the Paris Agreement, ensuring that the country contributes fairly to global efforts to stabilize greenhouse gas concentrations and mitigate climate change.

Implementation and impact

Sectoral emissions targets (SETs): The Act mandates the establishment of SETs for high-emission sectors, including mining, which is crucial for the national economy. This aims to balance economic growth with environmental, sustainability

Adaptive Capacity: It recognizes the need for enhancing the adaptive capacity of communities and ecosystems to cope with climate impacts, thereby promoting sustainable development.

Cooperative Governance: The Act emphasizes cooperative governance, requiring collaboration among various government levels and sectors to implement effective climate responses.

Roles and responsibilities of municipalities in relation to climate change act

Municipalities in South Africa are tasked with various roles and responsibilities in relation to the Climate Change Act. These include:

- Developing and implementing climate action plans to mitigate and adapt to climate change at the local level.
- Ensuring the integration of climate considerations into relevant socio-economic and environmental policies.
- Addressing aging energy infrastructure and supporting the transition to renewable energy.
- Promoting economic diversification and sustainable development to foster resilience against climate impacts.
- Fostering public participation and engagement in climate action initiatives.
- Ensuring compliance with the Climate Change Act and other related laws and regulations.

These responsibilities are crucial for South Africa's climate resilience and just transition to a low-carbon economy. Municipalities are expected to navigate the complexities of the energy transition, develop city-level Just Transition Plans, and ensure equitable access to energy services. They also play a vital role in infrastructure development, community resilience programs, and enabling economic diversification towards a low carbon future.

S 8. (1) (2) (3) (4) Provincial Forums on Climate Change

Every Premier's intergovernmental forum, established in terms of section 16 of the Intergovernmental Relations Framework Act, also serves as a Provincial Forum on Climate Change.

Sections 17 and 19 of the Intergovernmental Relations Framework Act apply to a Provincial Forum on Climate Change. A Provincial Forum on Climate Change must— (a) (b) coordinate climate change response actions in the relevant province in accordance with this Act; and provide a report to the President's Coordinating Council in terms of section 20(a) of the Intergovernmental Relations Framework Act, which report must include climate change considerations. A Provincial Forum on Climate Change may establish an intergovernmental technical support structure in terms of section 30 of the Intergovernmental Relations Framework Act if there is a need for formal technical support to the Provincial Forum on Climate Change.

S 9. (1) (2) (3) (4) 10. (1) (2) (3) Municipal Forums on Climate Change

Every district intergovernmental forum, established in terms of section 24 of the Intergovernmental Relations Framework Act, also serves as a Municipal Forum on Climate Change.

Sections 25 and 27 of the Intergovernmental Relations Framework Act apply to a Municipal Forum on Climate Change.

A Municipal Forum on Climate Change must— (a) (b) coordinate climate change response actions for those

activities within the operational control of the relevant municipality in accordance with this Act; and provide a report on such actions to the relevant Provincial Forum on Climate Change.

A Municipal Forum on Climate Change may establish an intergovernmental technical support structure in terms of section 30 of the Intergovernmental Relations Framework Act if there is a need for formal technical support to the Municipal Forum on Climate Change.

17. (1) (2) Climate change response

An MEC and a mayor of a metropolitan or district municipality must— at least within one year of the publication of the National Adaptation Strategy and Plan contemplated in section 21, undertake a climate change needs and response assessment for the province, metropolitan or district municipality, as the case may be; for the purposes of paragraph (c), assess the extent to which its constitutionally mandated functions are affected by climate change and formulate steps to address these effects in the performance of its functions; review and, to the extent necessary, amend and publish in the Gazette the climate change needs and response assessment at least once every five years; at least within two years of undertaking the climate change needs and response assessment contemplated in paragraph (a), develop, implement and publish in the Gazette a climate change response implementation plan as a component of, and in conjunction with, provincial, metropolitan or district municipal planning instruments, policies and Programmes; and review and, to the extent necessary, amend and publish in the Gazette the climate change response implementation plan at least once every five years.

The climate change needs and response assessment, contemplated in subsection (1)(a), must— identify climate change response considerations and options; analyze the nature and characteristics of the province or metropolitan or district municipality and the particular and unique climate change needs and risks that arise because of such nature and characteristics;

identify and spatially map, within the sphere of operations of the province, district or metropolitan municipality risks, vulnerabilities, areas, ecosystems and communities that will arise, or that are vulnerable to the impacts of climate change;

S (d) (e) (3) be based on the best available science, evidence and information;

and identify and determine measures and mechanisms to manage and implement the required climate change response.

A climate change response implementation plan, contemplated in subsection (1)(d), must—

(4) be informed by the climate change needs and response assessment contemplated in subsection (1)(a);

include measures or Programmes relating to both adaptation and mitigation in line with the constitutional mandate of the province, or the metropolitan or district municipality;

and comply with any requirements as may be prescribed by the Minister inclusive of the relevant technical guidelines.

A provincial climate change response implementation plan, contemplated in subsection (1)(d), must form a component of the province's environmental implementation plan developed in terms of section 11(1) of the National Environmental Management Act. (5) 18. A metropolitan or district municipal climate change response implementation plan, contemplated in subsection (1)(d), must form a component of the relevant municipality's integrated development plan adopted in terms of section 25 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

Conclusion

The Climate Change Act 22 of 2024 represents a significant step in South Africa's climate policy, aiming to create a resilient and sustainable future while addressing the urgent challenges posed by climate change. It establishes a framework for action that integrates environmental, social, and economic considerations, ensuring that the transition to a low-carbon economy is equitable and just for all citizens.

Emergency services governance

Municipal emergency services have adopted a functional structure consist of four members that is the Manager Emergency Services (filled), Deputy Chief Fire Officer (filled), Deputy Disaster Manager (filled) and Administration Officer which is still vacant. The municipality has adopted Emergency services Fire Bylaws, TMDM Disaster Risk Management Framework, and Climate Change Adaptation Plan. The function is operating from the TMDM Main offices situated in the Old Parliament Building and have two satellites offices situated in Warden and Vrede respectively. The said operational bases are all not fit for purpose of emergency services.

Emergency services activities

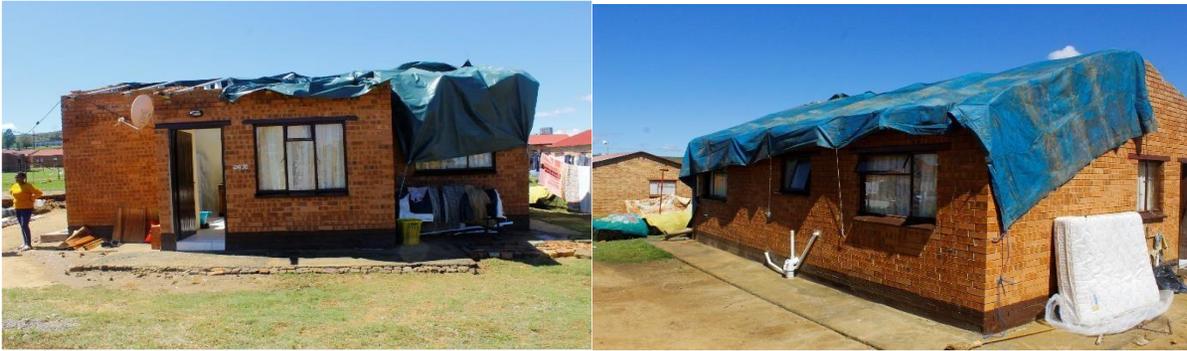
- The municipality is funding its emergency services from the transfers received from government. The main achievement for the sector during 2024/25 financial year were:
- Hosting International Day for Disaster Risk Reduction (IDDR) on the 6 December 2024 in Phuthaditjhaba, Maluti-a-Phofung Local Municipality
- Responding to and assisting the victims of the Wind and Rainstorm Disaster of the October 2024 in Harrismith, Maluti-a-Phofung Local municipality
- Responding to and assisting the victims of the Snow Disaster of the September at N3 and around Qwaqwa, Maluti-a-Phofung Local Municipality.
- Trained the emergency services first responders on hazards posed by the new energy vehicles which used electricity in terms of fuel.
- Forge collaboration with all stakeholders responsible for veld fire management to reduce its impact to the community of Thabo Mofutsanyana District Municipality. The district has a standing arrangement with veld fire stakeholders for veld fire management in the district
- Assisted the local municipalities affected by Windstorm Disaster during December 2023 namely Mantsopa and Dihlabeng to manage the rehabilitation programme through funds allocated to them by National Disaster management Centre and successfully applied for additional funds.
- Engagement of the Deputy Minister of DFFE to release Working on Fire yellow fleet to the district municipality to manage combating of veld fires. The district has concluded the MOU with DFFE and wate the transfer of three WoF yellow fleet to the district municipality (1 staff bus, 1 strike unit, and 1 fire truck).

Some evidence of the achievements

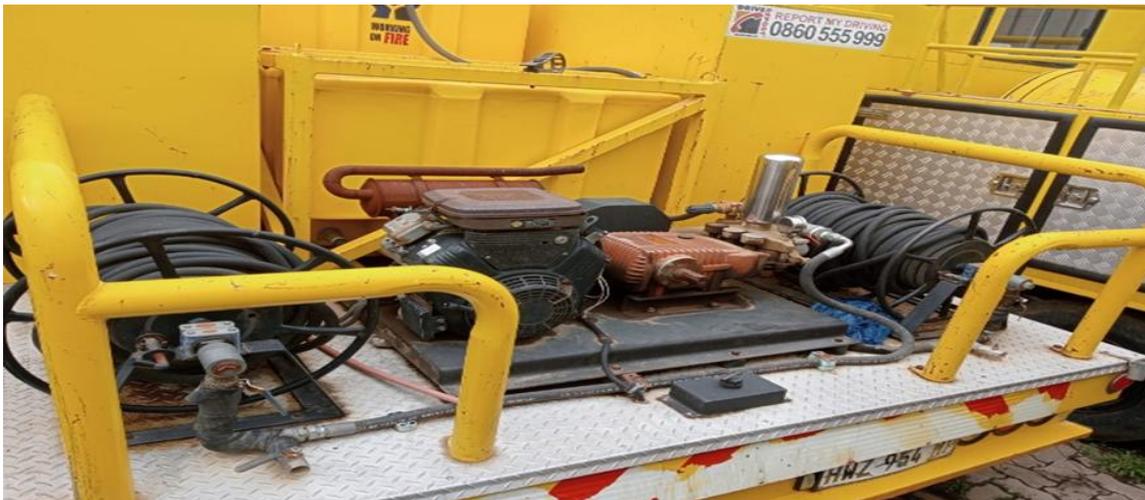
Pictures of the attendees of the awareness for energy vehicle held on the 18 August 2024



Pictures of Harrismith houses affected by windstorm assisted with salvage sheets October 2024



Pictures of the WoF yellow fleet DFFE is engaged to donate to the district Strike Unit



Crew Bus



Fire Truck



3.8 COMPONENT H: SPORTS AND RECREATION

Nelson Mandela Provincial Sports Day 27 July 2024

July 2024 the department of Sports, Arts Culture and Recreation hosted the Nelson Mandela Provincial Sports Day in Xhariep District Municipality at Zastron. the purposed of the games was to promote unity and social cohesion. Sporting codes where Netball for both Gender, Football for both gender and Athletic.

All five Districts took part in the Nelson Mandela provincial challenge on the 27 July 2024.



Women in Sports 31 August 2024

Hosted successful women in sports Games. The games were held on the 31 August 2024 at Ficksburg Meqheleng Stadium in Setsoto Local Municipality. The aim of the games was to promote fair equitable representation of men and women in all events and activities.

- Capacity building of women in leadership (Coaching, administration and officiating)
- Introduce educational awareness activities to promote sport for the girl-children and address gender equality in sports.



PROVINCIAL OR TAMBO GAMES 25-27 October 2024

Thabo Mofutsanyana district participated in the 2024 Provincial OR Tambo games and delivered 115 participants and officials to the games. The games were held on the 25-27 October 2024 in Welkom. Participating district Municipalities were Thabo Mofutsanyana, Xhariep, Lejweleputswa, Fezile Dabi, and Mangaung Metro. Thabo Mofutsanyana district team obtained position 2 and won the following medals

- Gold
- Silver
- Bronze



MAYORAL GAMES 16 June

The Executive Mayor of Thabo Mofutsanyana District Municipality hosted the Mayoral games on the 16 of June 2025 at Intabazwe School in partnership with Department of Education and youth in Action . The games are part of the mass participation programme of the district



3.9 COMPONENT I: EXECUTIVE AND COUNCIL

MAYOR'S EFFORTS ON SERVICE DELIVERY PROJECTS & SOCIAL PROGRAMMES

Society’s well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being. TMDM Outlines the significant strides made in service delivery across key social development programmes. As a municipality committed to inclusive development and community empowerment, we continue to collaborate with stakeholders to address critical societal needs through outreach Programs in 2024/2025.

HIV/AIDS PROGRAMME

In our ongoing fight against HIV/AIDS, we have implemented awareness and testing initiatives aimed at educating communities and providing essential healthcare services. Through five activities, we have reached 440 beneficiaries across multiple local municipalities:

- Maluti-a-Phofung
- Dihlabeng
- Setsoto
- Nketoana
- Mantsopa
- Phumelela

This initiative has been successfully executed in collaboration with the Department of Health, Youth in Action, and Tholoana e Molemo, ensuring targeted outreach and effective implementation.

MORAL REGENERATION PROGRAMME

As part of our commitment to social cohesion and the fight against gender-based violence (GBV), we facilitated multiple dialogues to engage men, young boys, and traditional leaders.

Programme	Activities Conducted	Beneficiaries	Areas Covered	Collaborating Stakeholders
Dialogue on GBV with men	1	70	Maluti-a-Phofung	House of Tradition Affairs
Dialogue with young boys on GBV	2	140	Maluti-a-Phofung, Phumelela	Department of Social Development, Youth in Action
Dialogue with Traditional Leaders and Healers on GBV	1	250	Maluti-a-Phofung	House of Traditional Affairs

WOMEN AND THE ELDERLY PROGRAMME

Empowering women and the elderly remain a priority for our municipality. We have initiated various programmes to promote physical well-being, road safety, and social support.

Programme	Activities Conducted	Beneficiaries	Areas Covered	Collaborating Stakeholders
Physical training for luncheon clubs	1	300	Maluti-a-Phofung	Department of Social Development, Department of Health
Bomme ba Sehlahla prayer for road safety	2	400	Maluti-a-Phofung Nketoana	Various religious groups
Handing out of blankets to the elderly	2	200	Maluti-a-Phofung Dihlabeng	Absa Bank

YOUTH DEVELOPMENT PROGRAMMES

Investing in youth development is crucial to building a brighter future. The municipality has undertaken multiple initiatives to support learners, promote education, and encourage sports participation.

Programme	Activities Conducted	Beneficiaries	Areas Covered	Collaborating Stakeholders
Back to school shoes campaign	6	6 schools (approx. 20 learners per school)	Maluti-a-Phofung Setsoto Nketoana Phumelela	Office of the Deputy Minister in the Presidency
Sport development (Mayoral Cup)	1	8 schools	Maluti-a-Phofung Phumelela	Alinah Mazibuko Foundation, Sports Federations
Financial support for learners (bursaries)	1	10 learners	Multiple areas	Various institutions (Mechanical Engineering, BCom Accounting, Agriculture, Business Management, Logistics, Tourism, Public Administration)

Assistance with NSFAS applications	6	Approx. 2,000 learners	Maluti-a-Phofung Dihlabeng Setsoto Nketoana Mantsopa Phumelela	Local Youth Development Offices (YDOs)
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These service delivery programmes reflect our continued dedication to social development, community upliftment, and the empowerment of our residents. Through strategic collaborations and effective programme implementation, we are making tangible progress in addressing critical issues affecting our communities.

We remain committed to expanding these initiatives and ensuring that our programmes deliver lasting impact for the people of Thabo Mofutsanyana District Municipality. The bursaries awarded were not only confined to external beneficiaries, TMDM has spent funds on 17 internal staff to advance their studies which will help improve internal capacity, an investment with best returns.

TMDM is committed to fostering educational excellence through sustained support in the form of bursaries. This investment in education serves as a catalyst for societal progress, contributing to the reduction of gender-based violence and femicide, while also addressing malfeasance and mediocrity. By empowering individuals with knowledge and opportunity, we strive to cultivate a more just, equitable, and prosperous society."

3.10 Component J: Organizational Performance Scorecard

This component includes the Annual Performance Report for the year under review, attached as Annexure U

CHAPTER 4 –ORGANIZATIONAL DEVELOPMENT PERFORMANCE REPORT

4.1 COMPONENT A: INTRODUCTION OF THE MUNICIPAL PERSONNEL

INTRODUCTION

The Organizational Development Performance is reported on, based on the strategic objectives and core/support functions of the organization. Organizational Development within the organization is linked to the IDP Objectives in conjunction with the Vision and Mission Statement of the municipality.

Specific Organizational Development Performance that can be reported include Organizational Structure, Staff Establishment and Workforce Profile.

ORGANISATIONAL STRUCTURE

The organization had seven (6) departments with a total staff compliment of 151 employees at the end of the reporting period. The total number of employees are inclusive of permanent, temporary and fixed term contract employees.

The organizational structure for the TMDM was reviewed. The structure for the 2024/2025-financial year was approved by Council per Council Resolution dated 22nd May 2024. The structure was approved in terms of the budget allocated for the provision of positions as motivated for by the Staff Establishment Report.

STAFF ESTABLISHMENT

Thabo Mofutsanyana District Municipality, in terms of the Municipal Systems Act, Act 32 of 2000, reviewed the Staff Establishment Report on a regular basis. The 2023/2024-Staff Establishment Report was submitted, however there was no provision for new/additional posts on the organizational structure for the reporting period.

WORKFORCE PROFILE

Compliance to the Equity legislation necessitated that a workforce profile was compiled for Thabo Mofutsanyana. The workforce profile as of 30 June 2024, is reflected in the table below.

All appointments are aligned to the Employment Equity provisions. It should be noted that internal promotions of staff, where the appointment is within the same occupational level, are open for all candidates to apply as it would not impact on the representativeness within the occupational level. All other vacancies whether internal or external are adherent to Equity provisions, in instances where there is not a specific equity target other designated groups are given preference.

In most internal appointments/promotions within the General, Semi-Skilled and Skilled occupational levels, where there are no equity targets from the internal pool, designated groups are given preference, this does result in over- representation of certain designated groups and is

reported to the Mayoral Committee annually.

The following reflects the number of staff per category for the last three financial years:

Table: Staff per category should be the same as the one on top.

Category	No of Employees (2022/23)	No of Employees (2023/24)	No of employees (2024/25)
Legislators, senior officials, and managers	18	18	22
Clerks support workers and service and sales	13	12	16
Professionals and Technicians and associate	87	85	90
Craft and related trade workers	0	0	0
Elementary occupations	11	17	24
Total:	129	132	151

Personnel Services

Personnel Services form an integral part of the Corporate Services departments and Thabo Mofutsanyana District Municipality's service delivery success. Professionalism and operational efficiency are of utmost importance, especially on the management of the department and how it functions. The department is responsible for the key areas discussed below.

Recruitment and Selection

- Skills development unit
- Human Resources Administration unit
- Director Corporate Services

Employee Wellness

Thabo Mofutsanyana District Municipality has a Human resources section that drives the Employee Wellness Program attending to employees' social, mental, and physical health needs. Some of the interventions by the department include:

- Free medical tests by medical fund institutions.
- Debt counselling, garnishee orders and financial planning sessions; and
- Promotional Health Talk on chronic illness and Financial wellness

Vacancy Rate

The vacancy rate decreased from 26.95% to 25.07% in the 2023/24 financial year.

Table: Staff Category per Directorate

Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and related Trade Workers	Elementary Occupations
Legislators		0	0	0	0	0
Technical Services	17	2	2	12	0	1
Finance	15	3	1	11	0	0
Corporate Services	27	3	6	10	0	8
Municipal Manager Office	7	7	2	19	0	15
Community Services	36	5	2	29	0	0
Political Offices	14	2	3	9	0	0
Total: 2022/2023						
Total: 2023/2024						
Total: 2024/2025	151	22	16	90	0	24

Occupational Health and Safety

The Human resources department is responsible for operations and activities within the municipality geared towards compliance with the provisions of the Occupational Health and Safety Act, 1993 as well as the different Regulations promulgated in terms of the said Act. Incident/accident investigations are conducted promptly in order to prevent the reoccurrence of incidents in the workplace. Furthermore, Health and Safety Committee Meetings are arranged on a quarterly basis to address all health and safety issues raised at such meetings. Thus, ensures that risks are mitigated, and safety measures are implemented.

Table : Incidents/accidents recorded and/or investigated during 2024/2025

Directorate	Personal injury	Disease	Death
Technical Services	0	0	0
Chief Financial Officer	0	0	0
Corporate Services	0	0	0
Community Services	0	0	0
Municipal Manager's Office	0	0	0
Total 2024/25	0	0	0

Comment On Injury And Sick Leave

Incidents where employees are injured on duty are reported in terms of Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA). Incidents are reported to the Safety Officer, investigated and communicated to the relevant authorities and updated on the Website of the Department of Labour. Serious injuries are referred to a hospital that accepts compensation cases and the required process is followed, in terms of follow-up visits, prescribed by the legislation. No incidents were reported in the year under review.

Employment Equity

The municipality's Employment Equity Policy is designed to:

- Promote equal opportunities and fair treatment to all in the workplace by eliminating unfair discrimination; and
- Implement affirmative action measures to redress the disadvantages in employment experienced by members from designated groups in the past.

The Employment Equity Plan (2021-2026) is being utilized to achieve the municipality's targets and goals.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management		0	0	0	0	0	0	0	0	0	0
Senior management	3	0	0	0	2	0	0	0	0	0	5
Professionally qualified and experienced specialists and mid-management	12	0	0	0	4	0	0	0	0	0	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	52	0	0	0	38	0	0	0	0	0	90
Semi-skilled and discretionary decision making	1	0	0	0	15	0	0	0	0	0	16
Unskilled and defined decision making	14	0	0	0	10	0	0	0	0	0	24
TOTAL PERMANENT	82	0	0	0	69	0	0	0	0	0	151
Temporary employees	0	0	0	0	2	0	0	0	0	0	2
GRAND TOTAL	82	0	0	0	69	0	0	0	0	0	153

Human Resources Policies

The following Human Resources policies have been implemented and adopted by the Thabo Mofutsanyana District Municipality

	Name of Policy	Date adopted by Council
1	Bereavement Policy	28 May 2025
2	Recruitment, Selection & Appointment Policy	
3	Cellular, Telephone & 3G /Router Policy	
4	Substance& Travel Allowance Policy	
5	Rental Allowance Policy	
6	Internal Bursary Policy	
7	Telephone & Mobile Communication Services Policy	
8	Fraud Prevention Policy	31 July 2024
9	Risk Management Policy	
10	Budget Related Policy	28 May 2025
11	Cash Management and Investment Policy	
12	Credit Control Policy	
13	Financial Management Policy	
14	Fixed Asset Management Policy	
15	Impairment of Debtors Policy	
16	Unauthorized, Irregular, Fruitless and Wasteful Policy	
17	Supply Chain Management Policy (Amended)	
18	Subsistence and Travelling Policy (Amended)	
19	Funding and Reserve Policy	
20	Petty Cash Policy	
21	Cash Management and Investment Policy	

Comment On Workforce Policy Development

Human Resources maintain and develop policies and procedures aligned with applicable legislation

and provide the necessary guidelines and awareness to employees on issues related to the workplace. Policies and procedures are reviewed and updated as and when the need arises or due to operational changes.

Policy revision also formed part of performance indicators within the Human Resources vocation and is measured as part of the Performance Management System of staff. Reviewed Policies, specifically for the reporting period.

Promotions

The employees at the Thabo Mofutsanyana District Municipality are not promoted automatically. All internal employees must apply for posts as advertised.

Pension Funds

The Thabo Mofutsanyana District Municipality makes use of the following Pension and/or Retirement Funds:

- SALA Pension Fund
- Free State Pension Fund / Provident Fund
- SAMWU Provident Fund
- Municipal Employees Pension Fund

Medical Aid Schemes

Employees can choose from the following Medical Aid Funds:

- BONITAS
- HOSMED
- Key Health
- LA Health
- SAMWUMED

Labour Relations

The unit has the function of managing labor relations matters.

Table: Labour Relations issues recorded/investigated during 2024/2025

Labour Relations issue	Number of Cases: 2021/2022	Number of Cases	Number of Cases
		2022/2023	2024/2025
Misconduct	0	0	0
Dismissals	0	0	0
Suspensions	0	0	0
Total Cases	0	0	0

Comment on Suspensions and Cases of Misconducts

Discipline is effectively managed and concluded within the relevant timeframes. A disciplinary register is kept and maintained by the Labour Relations Section and monitored accordingly. In terms of compliance with relevant legislation a quarterly update of suspensions and subsequent disciplinary action is sent to the MEC for Local Government.

Thabo Mofutsanyana District Municipality has a disciplinary Board which is an independent advisory body that assist the municipality with the investigation of allegations of financial misconduct and provide recommendations on further steps to be taken regarding disciplinary proceedings, or any other relevant steps to be taken.

4.2 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION

Workforce management is achieved through proper Human Resources processes and procedures, aligned to Section 67 of the Municipal Systems Act, Act 32 of 2000, which ensures compliance with the development and adoption of appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration. This is achieved through the Human Resource Strategy contained in the Municipality’s Integrated Development Plan (IDP) and Staff Establishment Report. Adherence and compliance with applicable legislation and reviewing policies, procedures and processes aimed at regulating the workplace also further assists in workforce management. Thabo Mofutsanyana develops its workforce by facilitating skills programmes aimed at capacitating

4.3 COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

employees. The Skills Development Strategy is aimed at providing development support to employees and coordinating such development through structured learning. Capacity Development is linked to the Annual Workplace Skills Plan (WSP). Training needs identified through the Career Development Plans (CDPs) and found to be a priority for the year were addressed through formal, accredited training.

Thabo Mofutsanyana submitted a Workplace Skills Plan (WSP) and an Annual Training Report (ATR), as required by the Skills Development Act, to the Local Government Sector Education and Training Authority (LGSETA) by 30 April. The WSP/ATR was certified by the LGSETA as having met the eligibility criteria.

Skills Development Budget against Expenditure

Financial Year	Budget	Expenditure	Variance %
2022/2023	R197 500	R108 320 81	45.15%
2023/2024	R162 172	(196 171.71)	(20.97%)
2024/2025	R157 350	(R101 471.21)	(64.49%)

MFMA Compliance to Minimum Competency Regulations

Specific employees whose daily duties involve managing municipal finances are identified and trained on the Minimum Competency Regulations as directed by the National and Provincial Treasury. Most of employees were enrolled for this programme and have their Statement of Results (SORs). The municipality granted 03 Interns an opportunity to be on financial Management programme in the 2024/25 financial year.

Key municipal officials that are occupying critical positions are compliant with the Minimum

Competency Regulations, as required by Section 83 of the Local Government: Municipal Finance Management Act, Act 53 of 2006. The program will continue to be rolled out to ensure that all relevant employees are compliant.

Study Assistance

Thabo Mofutsanyana provides employees with an opportunity to further their studies through a study assistance/bursary scheme. The municipality granted 18 internal bursaries in the 2024/25 financial year.

To keep up with the increased costs of higher education, the allocation per applicant was made according to the bursary policy. This initiative motivates employees to further their studies within their respective vocations/fields so to enable them to perform their duties better and promote staff progression to higher levels within the organization.

The aim of providing professional development support to employees is a strategy to link personal development of staff to a sustainable, well-developed and professionally qualified workforce. A total of 61 employees were given financial assistance to pursue various fields of study that are relevant to their current positions.

Registration with Professional Bodies

To ensure that we have professional and ethical employees, Thabo Mofutsanyana District Municipality encourages its employees to register with professional bodies that are applicable to their various fields and professions. For this reason, the municipality paid annual professional registration fees for Municipal Health officials during this period.

4.4 COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Introduction

Workforce expenditure is controlled and monitored by ensuring all vacancies are budgeted for and the vacancy appears on the organizational structure, prior to filling the position. The confirmation of appointment is confirmed by the Department: Finance Services and approved by the Municipal Manager, prior making an offer of employment, to the recommended candidate. All expenditure is aligned to the salary budget for the specific financial year.

Disclosures of Financial Interests

All councilors, Section 57/56-appointees and officials annually disclose their financial interests in terms of:

- Holding shares and other financial interests.
- Directorships and partnerships (spouse and close family members included);
- Involvement in any remunerated work outside the municipality, with the relevant permission.
- Consultancies and retainerships/sponsorships received for the year under review.
- Gifts and hospitality received from a source other than a family member exceeding the prescribed level.
- Land and property ownership.

- Vehicle(s) owned
- Participation in any election activities.

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 REPORT ON AUDITED ANNUAL FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION 2024/2025

Introduction

The office of the Chief Financial Officer is amongst others, responsible for preparing the financial statements that fairly present the financial position of the municipality in line with Municipal Finance Management Act No. 56 of 2003, section 122 and any other guidelines issued by National Treasury and Accounting Standards Board. Chief Financial Officer is responsible for overseeing a municipality's financial operations and making decisions based on the municipality's financial stability. The duties include monitoring cash flow, meeting with the Accounting Officer to discuss the best practices for municipality finances and coming up with strategic plans to improve the municipality's overall financial health.

Chief Financial Officers are now expected to do far more than to ensure that their municipalities financial transactions are well managed and accurate, they also need to be leaders in financial transformation, business partnering, data analytics, problem solving and more, they must lead and develop the skills of the finance teams that will provide strategic and operational support to the municipality to deliver against its service delivery budget implementation plans.

Thabo Mofutsanyana District Municipality is in this regard, aspiring to lead in local government and thereby ensures that it continues with sustainable service delivery while remaining financially viable. The 2024/2025 financial year results are partly the outcome of learning how to exploit technologies to automate and optimize processes. These paths required value-adding skills- such as the ability to manage technology arrangements.

Key performance areas:

- Administers implementation of Council's financial management policies and procedures.
- Ensures effective Supply Chain Management System.
- Provide timely and relevant financial management reports to all stakeholders.
- Ensures full compliance with Generally Recognized Accounting Practices.
- Ensures compliance with the Municipal Finance Management Act and other legislative provisions.
- Renders support to local municipalities with reference to clean audit as well as revenue enhancement mechanisms.
- Administers implementation of effective processes, support and co-ordination for the compilation of the Integrated Development Plan, Budget and Service Delivery and Budget Implementation Plan.

- Compilation and timely submission of accurate information in accordance with prescribed standards and formats.
- Effective, efficient and economical use of financial and other resources.
- Prevention of unauthorized, irregular and fruitless and wasteful expenditure.
- Strategically engage with auditors and provide appropriate and timely responses to audit queries.

Current year

The office of the Chief Financial Officer strives towards a sustainable relationship with local municipalities, suppliers, and other organs of state by maintaining a high-level service between the municipality and its stakeholders. In doing so, it is required of its staff component to act diligently, professionally, honestly and with integrity when discharging their duties.

The management maintains an active role in projects and administration, facilitating swift decisions and a higher commitment to service delivery.

The office conducts itself in a manner does not compromise compliance with the requirement of the Municipal Finance Act, other laws, regulations and policies by ensuring that provisions of the guidelines are well communicated.

The MFMA prescribes that the competencies of municipal officials assigned to the budget and treasury office must meet the minimum prescribed financial competency levels.

Impact on financial Management, procurement and contract management

Most SDBIP approved projects were not executed, the required competence and skills of those officials not in the SCM unit but involved in SCM processes (e.g. members of bid committees) should also be clearly defined and any gaps addressed.

SCM officials and all other officials involved in SCM processes are informed of, and trained on, the latest developments in SCM, including all legislation, instructions, practice notes and guidance from the National Treasury as well as any other reforms.

The starting point is always an SCM policy that is comprehensive enough to cover all the typical procurement done by the institution but also deals with non-routine matters such as emergency procurement. The policy should be reviewed and updated regularly to ensure that it remains relevant and covers new risks identified.

Automating procurement processes is an effective and proven way of ensuring a consistent and thorough approach in line with the operating procedures. Where automation is not possible, checklists should be developed and applied from the start of the process until the contract is awarded and should be kept as an audit trail.

Technical support should be available to officials if they are unsure or come across complex issues. Reaching out to the treasuries for support before a decision is made is more effective than seeking their support after a poor decision has already been made

Summary of current year achievements

The achievements realised during the financial year 2024/2025 are summarised as follows, but not limited to:

- The department prepared the financial statements in-house in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.
- In its effort to streamline the financial reporting, management of the department provided the Council of the municipality, MAYCO, and Finance Portfolio Committee with more timely, accurate and credible financial information.
- Management continued to strengthen the internal controls and compliance by developing workflow and process checklist which guide the activities of all operational units within the department. Proper management of the system improves the administration of municipal funds and safeguarding of assets, thus preventing elements of non-compliance that would otherwise lead to expenditure being irregular; unauthorised, fruitless and wasteful.
- The municipality achieved unqualified audit reports with matters of emphasis in the 2021/22, 2021/23, 2023/24 and 2024/25 financial periods. The financial statements give insight into a municipality's committed financial obligations and whether the municipality will be able to honour these commitments when they fall due.
- In addition, the financial statements provide crucial information on how the municipality adhered to its budget; the unauthorised, irregular, and fruitless and wasteful expenditure it incurred; and its overall financial position – in other words, whether its operations are financially sustainable

The year ahead

In the coming financial year, it is anticipated that the financial operations, financial status and financial position will be improved. Action plan to improve on Auditor-General findings include, but not limited to:

Web Enabled Audit Action Plan System

The effectiveness of an Audit Action Plan is measured through the successful implementation of timely and appropriate actions, must prevent a recurrence of the audit findings in subsequent audits and translate into an improvement in the audit opinion. The web-enabled audit action plan will serve to address the gaps identified through the audit process in the following ways:

The standardized format ensures that all necessary information is included in the audit action plan.

- An approval process is embedded in the system that incorporates management, the CFO, Internal Audit, Audit Committee, and the Municipal Manager.
- It allows for multiple users to access and work on the audit action plan at the same time.
- It provides for e-mail alerts once sections are completed, and supports efforts of National and Provincial Treasuries to provide support, advice, comments and recommendations.
- In-year and ongoing progress in implementation of the audit action plan can therefore, be monitored in real time by all users through all stages. The progress tracking is done through the audit action plan Dashboards which track the resolution of the number of audit findings and users are able to extract reports on progress to address identified internal control deficiencies.

- Quality assurance is also ensured as internal audit units are required to confirm that the resolution of the findings was adequate, before an action plan status can change to “Complete”.
- The need to report separately to different stakeholders is obviated as treasury officials have access to real time information.

Implementation of the Financial Management Capability Maturity Mode

An enabling tool to assist municipality in assessing the state of development of the internal controls, monitoring financial management capability, and identifying areas of financial weakness. The tool aims to improve municipality financial management capabilities and overall sustainability.

FMCMM assessments, indicated that there were weaknesses in municipal policies, procedures and processes as well as compliance in several areas of financial management. These included Information and Communications Technology, Risk Management, Asset Management, Revenue Management, Supply Chain Management, and sustainable capacity. The development and implementation of action plans to address these weaknesses were slow.

The automated web-enabled FMCMM system will assist municipality to address these weaknesses by implementing actions and routinely executing duties that prevent financial loss, wastage and transgressions, which will lead to significant improvement in financial and performance management

Implementation of the Financial Ratios

The web-enabled system includes a mechanism to capture ratios using pre-audited, audited, restated Annual Financial Statements and projections. The financial ratios and norms cover a wide variety of matters designed to show outcomes or reflect the effectiveness of the financial management systems. The ratios and norms incorporated in the system relate to the following financial aspects and operations of a municipality or municipal entity:

1. Financial Position
2. Financial Performance
3. Budget Implementation

Other measures incorporated

- Consistent training of staff on Generally Recognised Accounting Practice and the Accounting Board updates. The Standards of GRAP were therefore developed to reliably account for the service potential as opposed to the future economic benefits embodied in the entity
- Preparation of half-yearly annual financial statements.
- Consistent training of staff on SCM rules and regulations as well as on contract management.
- Performing assets reconciliation and updating the assets register in the Assets Management System.
- Ensure compliance with laws, regulations, and guidelines.

Internal controls

It is management’s responsibility to maintain a proper system of internal controls, ensuring that the integrity of financial and accounting information reported on, meets the operational requirements, and ensures that the assts of the municipality are safeguarded. To strengthen internal controls, management will continuously ensure that development procedure manuals are properly used to guide operations around segregation of duties.

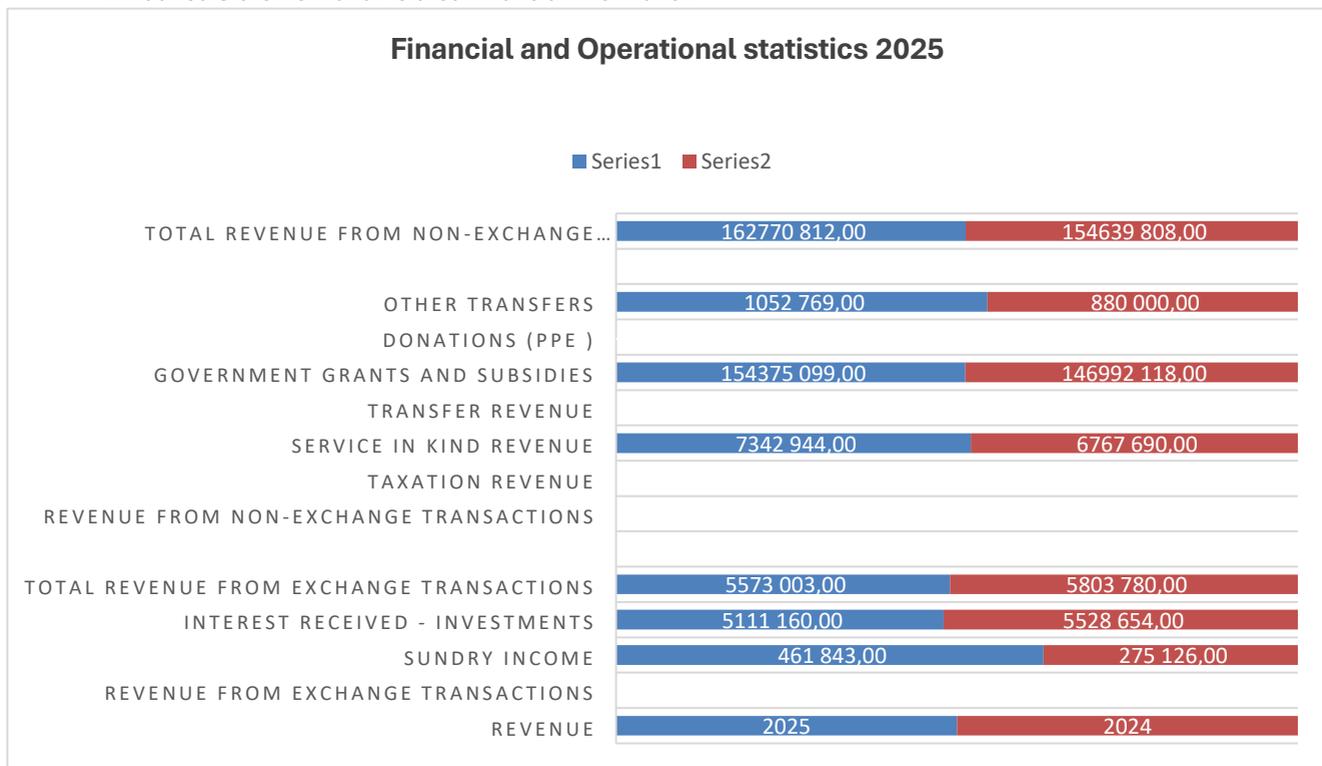
Good internal control is the key to ensuring that municipality deliver on their priorities in an effective, efficient and economical manner as well as produce quality financial statements and performance reports and comply with applicable legislation

Ethical issues

The municipality has a code of conduct for its councillors in terms of the Municipal Structures Act and a code of conduct for its employees in terms of the Municipal Systems Act. The codes are encouraging and discouraging certain behaviours and ensures that councillors and officials conduct themselves that do not compromise the integrity municipality in the face of the communities they are serving.

COMPONENT B: FINANCIAL PERFORMANCE

1.Audited Statement and Related Financial Information



COMPONENT C: CASH FLOW MANAGEMENT

1.1 Financial performance analysis

As disclosed in the Annual Financial Statement under the accounting policies subsection 1.13 and note 43 comparative figures have been restated or reclassified due to prior period errors to conform to changes in presentation in the current year. The restatement was necessitated by the fact that management had to correct issues raised in the prior financial period, hence, a need for retrospective implementation.

1.1.1. Cash and cash equivalents

Council has during the past twelve (12) months maintained a consistent and viable financial position. As a result, the operating bank balances as at financial year 2024/25 was R36 574 879 (showing a decrease of R6 687 547 compared to a closing balance of R43 262 426 at end of the financial previous financial year).

1.1.2 Sundry receivables / debtors

Decrease in receivables from exchange transaction is due to a decrease in investment's balance and furthermore receivables from non-exchange balance also decreased in the year under review due to repayments made on overpayments reported in previous periods. Management continuously assesses individual debtors to establish if there was any likelihood of recovering outstanding debtors so that should there be no success in recovering same, provide for the debt impairment in line with the impairment policy of the municipality. During the current year, impairment provision was still necessary to be catered for.

1.1.3 Operating expenditure and revenue

The total operating expenditure increased from previous year's figure by R7 902 680. and total operating revenue increased from previous year's figure by R8 022 806
A disciplined spending pattern has been well maintained, preventing a situation where the municipality would not be able to pay creditors and defer payments from one financial year to the other, thus casting doubt on its ability to continue as a going concern.

2. Financial status

2.1 Revenue and expenditure overview

In terms of its revenue base Thabo Mofutsanyana District Municipality is currently the second smallest category C municipality within the Free State. Revenue from non-exchange transactions of R162 893 391 in 2024/25 (R154 639 808 in 2023/24), a decrease of 5,3% from the previous year. Thabo Mofutsanyana District Municipality is funded like other district municipalities. Their budget is funded by subsidies from national and provincial government and slightly generate own income through interest-bearing investment portfolios.

Revenue management – Revenue Growth%

	5%
CPI	3.4%
Total Revenue (Previous)	160 443 588
Total Revenue (Current)	168 466 394

Personnel remuneration constitutes a larger proportion of the municipality's expenditure budget. The staff-to-expenditure ratio of Thabo Mofutsanyana District Municipality continues to increase rate from one financial year to the other. Councillors' costs compromise a minor portion of total expenditure.

Assets maintenance is very important although it is often overlooked or ignored, and priority given to less worthy line items. The deferment of maintenance is common practice among municipalities and while it has short-term cash flow benefits, it also carries adverse long-term effects on operating costs which directly and indirectly affect the sustainability of quality service delivery.

Thabo Mofutsanyana District Municipality external maintenance costs comprised of a very low provision due to lack of funds. The ratios have increased from the previous year management remains concerned that allocation for maintenance is still not at the optimum level.

Expenditure Management - Creditors payment period (Trade Creditors)

Municipality is out of acceptable range of paying creditors within 30 days. This is an improvement from 45 days of the previous financial period, this was achieved through strengthening expenditure management controls and staffing of the treasury unit with FMG grant interns.

	33 days
Trade Creditors	-4 946 874
Contracted Services	-5 747 660
Repairs and Maintenance	-1 092 670
General expenses	-47 478 811
Bulk Purchases	-
Capital Credit Purchases	-

Expenditure management - Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure

Municipality has incurred UIFW on the AFS under review of R6 839 671 in 2024/25 financial year, this is an improvement from prior period's UIFW of R10 158 359 in 2023/24 financial year. Municipality has a draft UIFW reduction strategy that will ensure that UIFW is prevented in the upcoming financial periods

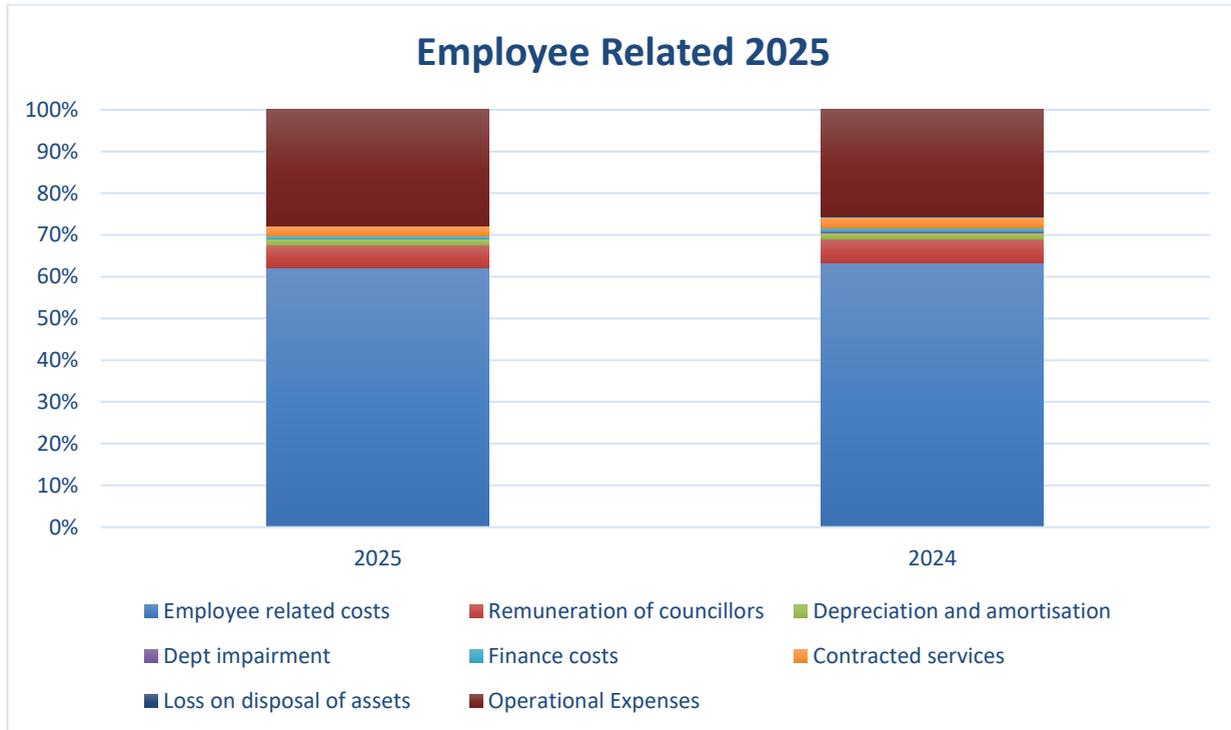
	4%
Irregular, Fruitless and Wasteful and Unauthorised Expenditure	6 839 671
Total Operating Expenditure	176 219 311
Taxation Expense	-

Expenditure management - Remuneration as % of Total Operating Expenditure

The pressure on operating expenditure with specific reference to bulk services is expected to remain over the long-term, this is due to the withdrawal of grants by the National Department of Cooperative Governance and Traditional Affairs

	68%
Employee/personnel related cost	109 568 513
Councillors Remuneration	9 622 719
Total Operating Expenditure	176 219 311
Taxation Expense	-

The operating expenditure of Thabo Mofutsanyana District Municipality for 2024/25 was largely inflexible and required sound budgeting and discipline to keep costs within budget. Strides were made to maintain discipline in the spending patterns so that expenditure by line item was kept within the budget.



The municipality has recorded an operating deficit of R8 946 917 in 2024/25 from an operating surplus of (R 7 300 075 in 2023/24). The operating budget indicated a moderate increase for the next three years.

2.2 Liquidity management

Although the municipality operates an effective financial management system in controlling crucial aspects of cash and cash equivalents, its total assets exceeded its total liabilities by R36 574 879 in 2024/25 (R43 262 426 in 2023/24).

2.3 Capital analysis

The pressure on capital expenditure with specific reference to bulk services is expected to remain over the long-term, this is due to the withdrawal of Municipal Infrastructure Grant by the National Department of Cooperative Governance and Traditional Affairs.

Although the municipality is expected to render bulk services and coordinate functions in terms of Local Government Structure Act Section 84 (Powers and Functions of the district municipalities), it lacks capacity to execute some of the functions due to lack of funding. Council cannot even contribute from its operational income towards capital development in local municipalities within the area. As a result, no expenditure of a capital nature was incurred to assist local municipalities in the 2024/2025 financial year.

Implementation of projects in local municipalities during the year 2024/2025

MUNICIPALITY	PROJECT	EXPENDITURE
Maluti-A-Phofung	None	N/A
Nketoana	None	N/A
Mantsopa	None	N/A
Dihlabeng	None	N/A
Nketoana	None	N/A
Phumelela	None	N/A

3. Conclusion

The municipality’s overall financial management capacity has not improved yet to deal with current demand realities for improved service delivery, to assist local municipalities as well as to fully out legislative mandates imposed on it by the Constitution.

Expression of appreciation

My sincere appreciation to the Executive Mayor, Members of the Mayoral Committee, Councillors, Municipal Manager, Heads of Departments, colleagues, and local representatives in the Office of the Auditor General for supporting us throughout.

I wish to convey a special word of appreciation to the staff in Finance Department for their hard work, dedication and support given.

MD. Mhlahlo AGA (SA)
Chief Financial Officer

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

6.1 Auditor General’s Opinion (2023/2024)

Report of the auditor-general to the Free State Provincial Legislature and the council on the Thabo Mofutsanyana District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thabo Mofutsanyana District Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognized Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Irregular expenditure

7. As disclosed in note 30 to the financial statements, irregular expenditure of RIO 158 359 (2023: R 16 090 700) was incurred, due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is still in the process of being determined.

Unauthorized expenditure

8. As disclosed in note 29 to the financial statements unauthorized expenditure of RI 085 589 (2023: RI 497 133) was incurred, due to overspending of the budget.

Restatement of corresponding figures

9. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material uncertainty relating to claims against the municipality

10. With reference to note 24 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

Material impairment

11. As disclosed in notes 4 and 5 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R3 746 877 (2023: R3 169 146).

Other matters

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of our auditor's report.

Report on the annual performance report

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

19. I selected the following material performance indicators related to basic service delivery presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Development of rural road asset management system — the extent & conditions of the road network & RRAMS system implementation on the 30th June 2024.
- Construction of a culvert bridge in Maluti-A-Phofung (MAP) local municipality on the 30th June 2024.
- Retrofitting of high mast & streetlights with the LED tubes on the 30th June 2024.
- Number of water samples taken on the 30th June 2024.
- Number of water treatment plants inspected on the 30th June 2024.

- Number of food premises inspected on the 30th June 2024.
- Number of milk samples taken on the 30th June 2024.
- Number of food labelling inspections on the 30th June 2024.
- Number of premises inspected under different categories on the 30th June 2024.
- Number of learning institutions inspected (schools and colleges) on the 30th June 2024.
- Number of accommodation establishments (Hotels, BnBs and Guest Houses) inspected on the 30th June 2024.
- Number of old age homes and disability centers inspected on the 30th June 2024.
- Number of police stations and correctional services centers inspected on the 30th June 2024.
- Number of beauty salons and hair salons inspected on the 30th June 2024.
- Number funeral parlors inspected on the 30th June 2024.
- Number of health care risk waste generators inspected on the 30th June 2024.
- Number of reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th June 2024.
- Number of environmental services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th June 2024.
- Procurement of the tools of trade for eight youth SMMEs on the 30th June 2024.

20. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance

22. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

23. I did not identify any material findings on the reported performance information for the selected indicators below:

- Number of reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th June 2024.
 - Retrofitting of high mast & streetlights with the LED tubes on the 30th June 2024.
 - Number of accommodation establishments (Hotels, BnBs and Guest Houses) inspected on the 30th June 2024.
 - Number of environmental services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th June 2024.
24. The material findings on the reported performance information for the selected material indicators are as follows:
Development of rural road asset management system — the extent & conditions of the road network & RRAMS system implementation on the 30 June 2024
25. An achievement of "0% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system (non-achievements) during the period under review" was reported against a target of "100% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system implementation by the 30th of June 2024". I could not determine whether the reported achievement was correct, as the indicator was not well defined, and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.
26. Furthermore, the target in the annual performance report differed from what was committed to in the approved revised planning documents. The reported target was "100% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system implementation by the 30th of June 2024", while the planned target was "POE changed to number of major progress project and RRAMS evaluation report". This change was made without obtaining the required approval, which undermines transparency and accountability.
27. Moreover, the target of "POE changed to number of major progress project and RRAMS evaluation report" does not relate directly to the indicator which measures "development of rural road asset management system - The extend & conditions of the road network & RRAMS system implementation on the 30th June 2024". This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator's achievement.
28. In addition, the target set for this indicator did not express a specific level of performance. No reason for this was provided by the accounting officer. Consequently, the target is not useful for measuring and monitoring progress against the municipality's planned objectives.
29. Additionally, "the specifications submissions will be made earlier than November to accommodate worst case scenario regarding SCM processes" was reported as a measure aimed at improving performance against the target of "100% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system implementation by the 30th of June 2024." However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.
30. Lastly, the approved planning documents included a commitment to "POE changed to number of major progress projects and RRAMS evaluation report". However, an achievement of "0% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system (non-achievements) during the period under review" was reported in the annual performance report. This discrepancy highlights misalignment between

approved plans and operations, while the incorrect reporting undermines transparency and accountability.

Procurement of the tools of trade for eight youth SMMEs on the 30 June 2024.

31. "Youth SMMEs were identified, and those qualified were listed, submissions for Procurement were made by the office of LED", was reported as a measure aimed at improving performance against the target of "procurement of tools of trade for 8 SMME's on 30 June 2024". However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Construction of a culvert bridge in MAP local municipality on the 30th June 2024.

32. The target in the annual performance report differed from what was committed to in the approved revised planning documents. The reported target was "100% completion of culvert bridge, while the planned target was "procurement process time frames". This change was made without obtaining the required approval, which undermines transparency and accountability.
33. In addition, the approved planning documents included a revised commitment, however, it was inconsistent with the achievement of "0% completion of culvert bridge during the period under review" reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.
34. Furthermore, the target had not been clearly defined during the planning process. The target is not specific to what level of outcome is expected to be achieved at the end of the financial year. The type of outcome and method calculation of the procurement time frames is not clear in the target. Consequently, the target is not useful for measuring and reporting on progress against the municipality's planned objectives.
35. Moreover, the revised target does not relate directly to the indicator. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator's achievement.

36. Lastly, the target set for this indicator did not express a specific level of performance. No reason for this was provided by the accounting officer. Consequently, the target is not useful for measuring and monitoring progress against the municipality's planned objectives.

Number of water samples taken on the 30th June 2024.

37. An achievement of 70 water samples across multiple locations was reported against a target of 240 water samples across multiple locations. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.
38. Lastly, "payment of invoices on time and communicate results with stakeholders", was reported as a measure aimed at improving performance against the target of 240 water samples across multiple locations. However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Number of food labelling inspections on the 30th June 2024

39. An achievement of 108 food selling inspections across multiple locations was reported against a target of 408 food selling inspections across multiple locations. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

40. Moreover, the target of 408 food selling inspections across multiple locations does not relate directly to the indicator which measures "number of food labelling inspections on 30 June 2024. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator's achievement.
41. Lastly, "requested national department of health food control unit to provide training", was reported as a measure aimed at improving performance against the target of 408 food selling inspections across multiple locations. However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.
Number of milk samples taken on the 30th of June 2024
42. Measures taken to improve performance against the underachieved target of 204 milk samples across multiple locations were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps and with assessing the effectiveness of strategies to improve future performance against the target.
Various indicators
43. Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.
44. I could also not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicators	Targets	Reported achievements
Number of health care risk waste generators inspected on the 30th of June 2024	48 inspections	60 inspections
	Dihlabeng 12 inspections	15
	Setsoto 8 inspections	14
	Mantsopa 8 inspections	12
	Nketoana 4 inspections	2
	Phumelela 4 inspections	5
	Maluti A Phofung 12 inspections	12
Number of childcare facilities inspected under different categories on the 30 th of June 2024.	240 inspections	349 inspections
	Dihlabeng 60 inspections	64
	Setsoto 48 inspections	60
	Mantsopa 24 inspections	32
	Nketoana 24 inspections	20
	Phumelela 24 inspections	
	Maluti A Phofung 72 inspections	149

Various indicators

45. The targets below do not relate directly to their indicators. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievements do not provide useful information on the achievement of the indicators and the irrelevant targets hinder appropriate planning for the achievement of the indicators.
46. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicators	Targets	Reported achievements
Number of water treatment plants inspected on the 30 th June 2024	22 inspections of water treatment plant were to be inspected as on the 30 th of June 2024	12 inspections
	Dihlabeng 04 inspections	0
	Setsoto 04 inspections	5
	Mantsopa 02 inspections	2
	Nketoana 04 inspections	2
	Phumelela 04 inspections	3
	Matuti A Phofung 04 inspections	0
Number of food premises inspected on the 30 th June 2024	1 080 food inspections were to be inspected as on the 30 th of June 2024	1 321 inspections
	Dihlabeng 300 inspections	313
	Setsoto 180 inspections	266
	Mantsopa 120 inspections	135
	Nketoana 60 inspections	68
	Phumelela 60 inspections	100
	Matuti A Phofung 360 inspections	439

Various indicators

47. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicators	Targets	Reported achievements
Number of learning institutions inspected (schools and colleges) on the 30 th June 2024.	160 inspections	100 inspections
	Dihlabeng 24 inspections	
	Setsoto 24 inspections	26
	Mantsopa 04 inspections	13
	Nketoana 08 inspections	03
	Phumelela 16 inspections	16
	Maluti A Phofung 84 inspections	42
Number of old age homes and disability centers inspected on the 30 th June 2024.	40 inspections	47 inspections
	Dihlabeng 12 inspections	12
	Setsoto 12 inspections	17
	Mantsopa 02 inspections	03
	Nketoana 04 inspections	
	Phumelela 04 inspections	06
	Maluti A Phofung 06 inspections	16
Number of police stations and correctional services centers inspected on the 30 th June 2024.	33 inspections	16 inspections
	Dihlabeng 60 inspections	
	Setsoto 48 inspections	03
	Mantsopa 24 inspections	07
	Nketoana 24 inspections	02
	Phumelela 24 inspections	03
	Maluti A Phofung 72 inspections	01
Number funeral parlors inspected on the 30 th June 2024.	100 inspections	121 inspections
	Dihlabeng 16 inspections	20
	Setsoto 12 inspections	24
	Mantsopa 12 inspections	15
	Nketoana 12 inspections	12
	Phumelela 12 inspections	16

	Maluti A Phofung inspections	36	38
Number of beauty salons and hair salons inspected on the 30 th June 2024.	164 inspections		107 inspections
	Dihlabeng 48 inspections		22
	Setsoto 24 inspections		26
	Mantsopa 12 inspections		11
	Nketoana 24 inspections		13
	Phumelela 24 inspections		27
	Maluti A Phofung inspections	32	08

Other matters

48. I draw attention to the matters below.

Achievement of planned targets

49. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
50. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

<p>Targets achieved: 48%</p> <p>Budget spent: Undeterminable</p> <p>The budget spent is not available as the municipality's actual spending is not aligned with the key performance areas</p>		
Key indicators not achieved	Planned targets	Reported achievements
100% development of rural road asset management system - The extend & conditions of the road network & RRAMS system implementation by the 30 th of June 2024	100% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system implementation by the 30 th of June 2024	0% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system. (Non-achievements) during the period under review.
Construction of a culvert bridge in MAP local municipality by the 30 th of June 2024	100% completion of culvert bridge in MAP local municipality by 30 th of June 2024	0% completion of culvert bridge during the period under review.

Number of reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th of June 2024.	04 quarterly report on waste management activities performed per local municipality on the 30th of June 2024	03 quarterly environmental services reports with specific focus on waste management activities were performed in 3 local municipalities in the district on the 30th of June 2023
Procurement of tools of trade for 8 Youth SMMEs on the 30th of June 2024	Procurement of tools of trade for 8 Youth SMMEs on the 30th of June 2024	No procurement of tools of trade for eight Youth SMMEs during the period under review
Number of beauty salons and hair salons inspected on the 30th June 2024.	164 inspections	107 inspections
	Dihlabeng 48 inspections	22
	Mantsopa 12 inspections	11
	Nketoana 24 inspections	13
	Maluti A Phofung 32 inspections	08
Number of police stations and correctional services centers inspected on the 30th June 2024.	33 inspections	16 inspections
	Dihlabeng 60 inspections	
	Setsoto 48 inspections	03
	Mantsopa 24 inspections	07
	Nketoana 24 inspections	02
	Phumelela 24 inspections	03
	Maluti A Phofung 72 inspections	01
Number of learning institutions inspected (schools and colleges) on the 30th June 2024.	160 inspections	100 Inspections
	Dihlabeng 24 inspections	0
	Nketoana 08 inspections	03
	Maluti A Phofung 84 inspections	42

Number of water treatment plants inspected on the 30th June 2024	22 inspections	12 Inspections
	Dihlabeng 04 inspections	
	Nketoana 04 inspections	2

	Phumelela 04 inspections	3
	Maluti A Phofung 04 inspections	0
Number of accommodation establishments (Hotels, B&Bs and Guest Houses) inspected on the 30th of June 2024.	128 inspections	68 inspections
	Dihlabeng 48 inspections	7
	Nketoana 16 inspections	04
	Phumelela 16 inspections	09
	Maluti A Phofung 24 inspections	10
Number of milk samples taken on the 30th of June 2024.	204 samples	157 samples
	Dihlabeng 48 samples	
	Mantsopa 24 samples	14
	Nketoana 24 samples	20
	Maluti A Phofung 48 samples	28
Number of water samples taken on the 30th of June 2024.	240 Water samples	70 samples
	Dihlabeng 48 samples	10
	Setsoto 72 samples	07
	Mantsopa 24 samples	12
	Nketoana 24 samples	5
	Phumelela 24 samples	11
	Maluti A Phofung 48 samples	25
	408 inspections	108 Inspections

Number of food labelling inspections on the 30th of June 2024.	Dihlabeng 120 inspections	06
	Setsoto 60 inspections	59
	Nketoana 60 inspections	03
	Phumelela 24 inspections	02
	Maluti A Phofung 120 inspections	7
Number of childcare facilities inspected under different categories on the 30th of June 2024.	Nketoana 24 inspections	20
Number of health care risk waste generators inspected on the 30th June 2024	Nketoana 4 Inspections	2

Material misstatements

51. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic services. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

52. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
53. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
54. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
55. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

56. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current

assets, liabilities and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

57. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.

58. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of RIO 158 359 as disclosed in note 30, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure.

The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management regulations.

59. Reasonable steps were not taken to prevent unauthorised expenditure amounting to RI 085 589, as disclosed in note 29 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Assets management

60. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by sections 14(2)(a) and of the MFMA.

Human resource management

61. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act 32 of 2000 (MSA) and regulation 31 of municipal staff regulations.

Utilisation of conditional grants

62. Performance in respect of programmes funded by the expanded public works programme integrated grants for municipalities was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.

Consequence management

63. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

64. Some of the fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Procurement and contract management

65. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

66. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM regulation 19(a).

Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).

67. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

68. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.

69. Some of the quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the preferential procurement policy framework act 5 of 2000 (PPPFA) and its regulations.
70. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section of the MFMA. Similar limitation was also reported in the prior year.
71. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 16(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year.

Strategic planning and performance management

72. The service delivery and budget implementation plan (SDBIP) for the year under review did not include monthly operational expenditure projections by vote, as required by section 1 of the MFMA.
73. The performance management system and related controls were inadequate as established processes for performance planning, monitoring, measurement, review and reporting were not implemented as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

74. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance area (KPA) presented in the annual performance report that have been specifically reported on in this auditor's report.
75. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
76. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
77. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

78. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
79. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and, the material findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

80. Council did not adequately monitor the implementation of action plans to address internal control deficiencies that were raised as part of the prior year audits due to slow response in dealing with audit matters.
81. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting resulting in material misstatements on several selected material indicators.
82. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions, resulting material findings being identified on the annual financial statements as well as the annual performance report. Furthermore, a thorough review of the financial statements was not performed before they were submitted, resulting in material misstatements that had to be corrected.
83. Management did not review and monitor compliance with applicable legislation, resulting in material compliance matters being reported on various compliance subject matters.

Auditor-General

Bloemfontein
30 November 2024



SOUTH AFRICA
Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing
Auditor-general's responsibility for the audit

Professional judgement and professional skepticism

2. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional skepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

3. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.
Compliance with legislation — selected legislative requirements
6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections 1, 11(1), 13(2), 14(1), (2)(a), 14(2)(b), 15, 24(2)(c) ²⁸⁽¹⁾ , Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(b), 29(1), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(32(2), Sections Sections , 65(2)(b), Sections , 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(i) Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 12 117, 122(1), Sections 129(1), 129(3), 133(1) 133(1)(c)(i), 133(1)(c)(ii), ; Sections 171(4)(b) 170, 171
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71 71 71 71 726), 72(b), Regulations 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(3), 6, 7, 12(2), 12(3)

MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 5(1)(a), 6(8)(b), 10(1)
MSA: Municipal Staff Regulations	Regulations 7(1), 31
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(3), 13(b), 13(c), 166, 17(1)(a), 17(1)(b), 196, 21(b), 22(1)(b)(i), 22(2), 29(1)(b), 29(5)(a)(ii), 29(5)(b), 32, 36(1), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii) Regulations 28(1), 29(1), 36(1), 38(1) Regulations 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 266, 26(c), 26(h), 26(i), 29(1), 34(a), 34(b), 386), Sections 41(1), 41(1), 41(1), 42, 43(2), 54A(1)(a), 56(1)(a), Sections 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 7(1), 8, 10(a), 12(1), Regulations 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)

Legislation	Sections or regulations
Directly Accountable to Municipal Managers, 2006	
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)

Division of Revenue Act 5 of 2023	Sections 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11 (1), 11 (2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Audit Report Action Plan (2023/2024)

This component includes the PROGRESS ON REPORT ON ACTION PLAN TO ADDRESS AUDIT QUERIES / MATTERS ARISING FROM THE AUDIT REPORT AND MANAGEMENT REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30 JUNE 2024 AS AT 31 AUGUST 2025, attached as Annexure.

6.2 Auditor General's Opinion (2024/2025)

Report of the auditor-general to the Free State Provincial Legislature and the council on Thabo Mofutsanyana District Municipality

Report on the audit of the financial statements

Opinion

- 1 . I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thabo Mofutsanyana District Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

- 6 . I draw attention to the matters below. My opinion is not modified in respect of these matters.
Close calls relating to going concern
7. Note 26 in the financial statements, deals with the possible effects of the future implications of continuing deterioration in operational results on the municipality's prospects, performance, and cash flows. Management have also described how they plan to deal with these events and circumstances.
Material uncertainty relating to claims against the municipality
8. With reference to note 23 to the financial statements, the municipality is the defendant in various claims.. The municipality is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.
Material impairments
9. As disclosed in notes 4 and 5 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R3 746 877 (2024: R3 746 877).
Irregular expenditure
10. As disclosed in note 29 to the financial statements, irregular expenditure of R6 839 671 was incurred, as proper tender processes were not followed.

Other matters

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.
Unaudited disclosure notes
12. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my auditor's report.

Report on the annual performance report

- 17 a In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following material performance indicators related to basic service delivery presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Implementation of Rural Road Asset Management System - The extent & conditions
 - (measured 939,95 km) of the road network & RRAMS System Implementation by the 30th of June 2025
 - Rehabilitate bridge/roads by the 30th June 2025
 - Number of District Water and sanitation fora to be held by the 30th of June 2025
 - Retrofitting of 340 high masts and 145 streetlights to be by the 30th of June 2025
 - Number of District Energy Fora to be held by the 30th June 2025
 - •Number of water samples taken within Thabo Mofutsanyana taken by the 30th June 2025
 - Number of milk samples taken within Thabo Mofutsanyana by the 30th June 2025
 - Number of inspections conducted on Water Treatment Plants within Thabo Mofutsanyana by the 30th June 2025

- Number of inspections conducted on food premises within Thabo Mofutsanyana by the 30th June 2025..
- Number of inspections conducted on childcare facilities within Thabo Mofutsanyana by 30th June 2025
- Number of inspections conducted on Learning institutions (Schools and Colleges) within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on Accommodation Establishments (Hotels, BnBs and Guest Houses) within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on Old Age Homes and Disability Centers within Thabo Mofutsanyana by the 30 June 2025
- Number of inspections conducted on police stations and correctional services centers within Thabo Mofutsanyana by 30th June 2025
- Number of inspections conducted on Beauty Salons and Hair Salons within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on funeral parlours within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on Health Care Risk Waste generators within Thabo Mofutsanyana by the 30th June 2025

19. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and measures taken to improve performance.

21. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

22. I did not identify any material findings on the reported performance information for the selected indicators:

- Rehabilitate bridge/roads by the 30th June 2025

- Number of District Water and sanitation fora to be held by the 30th of June 2025
- Retrofitting of 340 high masts and 145 streetlights to be by the 30th of June 2025
- Number of District Energy Fora to be held by the 30th June 2025
- Number of milk samples taken within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on Water Treatment Plants within Thabo Mofutsanyana by the 30th June 2025
 - Number of inspections conducted on food premises within Thabo Mofutsanyana by the 30th June 2025.
- Number of inspections conducted on child care facilities within Thabo Mofutsanyana by 30th June 2025
 - Number of inspections conducted on Learning institutions (Schools and Colleges) within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on Accommodation Establishments (Hotels, BnBs and Guest Houses) within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on Old Age Homes and Disability Centers within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on police stations and correctional services centers within Thabo Mofutsanyana by 30th June 2025
- Number of inspections conducted on Beauty Salons and Hair Salons within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on funeral parlours within Thabo Mofutsanyana by the 30th June 2025
- Number of inspections conducted on Health Care Risk Waste generators within Thabo Mofutsanyana by the 30th June 2025

23. The material findings on the reported performance information for the selected material indicators are as follows:

Various indicators

24. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicators	Targets	Reported achievements
Implementation of Rural Road Asset Management System: - The extent & conditions (measure 939.95km) of the road network &	939,95 km Visual Assessments & Conditions of Flexible Pavements	939,95km Visual Assessments & Conditions of Flexible Pavements were completed during the period under review:

RRAMS System Implementation by the 30th of June 2025		MAP = 290.91 Dahl = 238.58 Nket = 105.63 Phum = 80.24 Sets = 146.66 Mants= 77.93
Number of water samples taken within Thabo Mofutsanyana by the 30th June 2025	322 inspections	2 water samples were taken
	Dihlabeng 48 Samples	77
	Setsoto 72 Samples	64
	Mantsopa 24 Samples	28
	Nketoana 24 Samples	20
	Phumelela 24 Samples	29
	Maluti A Phofung 48 Samples	104

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
27. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

KPA 1 — Basic service delivery

Targets achieved: 62%		
Key indicators not achieved	Planned target	Reported achievement

Rehabilitate bridge/roads by the 30th June 2025	Full completion of Mphophoma Bridge on the 30th June 2025	No achievement on then planned target as at 30 June 2025
	22 Inspections of Water Treatment Plant within TMDM	NNTP Inspections were conducted

Number of inspections conducted on Water Treatment Plants within Thabo Mofutsanyana by the 30th June 2025	Dihlabeng 04 inspections	2
	Mantsopa 02 inspections	4
	Nketoana 04 inspections	2
	Phumelela 04 inspections	3
	Maluti A Phofung 04 inspections	
Number of inspections conducted on food premises within Thabo Mofutsanyana by the 30th June 2025	1 824 food inspections	1 650 FP inspections were conducted
	Dihlabeng 384 inspections	279
	Mantsopa 192 inspections	177
	Phumelela 192 inspections	125
	Maluti A Phofung 672 inspections	438
Number of inspections conducted on child care facilities within Thabo Mofutsanyana by 30th June 2025	456 childcare facilities inspections	218 childcare facilities inspections were conducted
	Dihlabeng 96 inspections	38
	Setsoto 72 Inspections	51
	Mantsopa 48 Inspections	24
	Nketoana 24 Inspections	14
	Phumelela 48 Inspections	22
	uti A Phofung 168 Inspections	69

Number of inspections conducted on Learning institutions (Schools and Colleges) within Thabo Mofutsanyana by the 30th June 2025	228 learning institutions Inspections	72 learning institutions inspections were conducted
	Dihlabeng 48 inspections	5
	Setsoto 36 inspections	21
	Mantsopa 24 inspections	5
	Nketoana 12 inspections	6
	Phumelela 24 inspections	14

	Maluti A Phofung 84 Inspections	21
Number of inspections conducted on Accommodation Establishments (Hotels, BnBs and Guest Houses) within Thabo Mofutsanyana by the 30th June 2025	228 Accommodation Establishments inspections	69 Accommodation Establishments inspections were conducted
	Dihlabeng 48 inspections	11
	Setsoto 36 inspections	17
	Mantsopa 24 inspections	13
	Nketoana 12 inspections	6
	Phumelela 24 inspections	9
	Maluti A Phofung 84 Inspections	13
Number of inspections conducted on Old Age Homes and Disability Centers within Thabo Mofutsanyana by the 30th June 2025	40 Old Age Homes and Disability Centres inspections	35 Old Age Homes and Disability Centres inspections were conducted
	Dihlabeng 12 inspections	3
	Setsoto 12 inspections	11
	Nketoana 04 Inspections	1
Number of inspections conducted on police stations and correctional services centers within Thabo	31 Police Stations and Correctional Services Centres inspections	14 Police Stations and Correctional Services Centres inspections were conducted
	Dihlabeng 08 inspections	

Mofutsanyana by 30th June 2025	Setsoto 04 Inspections	2
	Nketoana 05 Inspections	2
	Matuti A Phofung 08 Inspections	3
Number of inspections conducted on Beauty Salons and Hair Salons within Thabo Mofutsanyana by the 30th June 2025	228 Beauty Salons and Hair Salons inspections	96 Beauty Salons and Hair Salons inspections were conducted
	Dihlabeng 48 inspections	16
	Setsoto 36 inspections	32
	Mantsopa 24 inspections	12
	Nketoana 12 inspections	10
	Phumelela 24 inspections	18
	Matuti A Phofung 84 inspections	8
Number of inspections conducted on funeral parlours within Thabo Mofutsanyana by the 30th June 2025	228 funeral parlours inspections	103 funeral parlours inspections were conducted
	Dihlabeng 48 inspections	19
	Setsoto 36 Inspections	22
	Mantsopa 24 Inspections	14
	Nketoana 12 Inspections	5
	Phumelela 24 Inspections	19
	Matuti A Phofung 84 Inspections	24
Number of inspections conducted on Health Care Risk Waste generators within Thabo Mofutsanyana by the 30th June 2025	228 Health Care Risk Waste generators	69 Health Care Risk Waste generators were conducted
	Dihlabeng 48 inspections	9
	Setsoto 36 inspections	13
	Mantsopa 24 inspections	15
	Nketoana 12 inspections	2

	Phumelela 24 inspections	9
	luti A Phofung 84 inspections	21

Material misstatements

28. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic service delivery. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
30. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
31. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

33. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of a disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
Expenditure management
34. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R6 839 671 as disclosed in note 29 to the annual financial statements. The majority of the irregular expenditure was caused by non-compliance with supply chain management (SCM) requirements.
35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R548 087 as disclosed in note 28 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget.
36. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
Utilisation of conditional grants
37. Performance in respect of programmes funded by the financial management grants - integrated grants for municipalities was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.
Human resource management

38. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

Consequence management

39. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
40. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
- 41 . Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- Strategic planning and performance management
42. The service delivery and budget implementation plan (SDBIP) for the year under review did not include monthly operational expenditure projections by vote, as required by section 1 of the MFMA.
43. The performance management system and related controls were inadequate as established processes for performance monitoring and review were not implemented as required by municipal planning and performance management regulation 7(1).
- Procurement and contract management
44. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
45. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
- 46, Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
47. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 1 16(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Governance and oversight

48. The audit committee did not submit an audit report on the review of the performance management system to the council, at least twice during a financial year, as required by regulation 14(4)(a)(iii) on Municipal Planning and Performance Management.

Other information in the annual report

49. The accounting officer is responsible for the other information. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in KPA presented in the annual performance report that have been specifically reported on in this auditor's report.
50. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
51. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

52. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

53. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
54. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, and the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.
55. Due to lack of oversight and adequate reviews of annual financial statements, management did not ensure that the annual financial statements submitted for audit are accurate and disclosures are appropriately presented and described
56. Effective control checklist was not developed and monitored by management to prevent noncompliance in the current year and prior year action plan was not effective to prevent repeat findings relating to non-compliance.
57. Management did not prepare and maintain proper registers relating to the performance information achievement reported in the annual performance report.

Auditor-General

Bloemfontein
30 November 2025



Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:

- The auditor-general's responsibility for the audit
 - The selected legislative requirements for compliance testing
- Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

2. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

3. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation — selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 – paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 – definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), Sections 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 54A(1)(a), 56(1)(a), 57(2)(a), Sections 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)

MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Section 1 – paragraph (a), (b) & (d) of the definition: irregular expenditure,</p> <p>Section 1 – definition: service delivery and budget implementation plan,</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1),</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b),</p> <p>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), Sections 63(2)(a), 63(2)(c), 64(2)(b),</p> <p>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e),</p> <p>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1),</p> <p>Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii),</p> <p>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii),</p> <p>170,</p> <p>Sections 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a),</p> <p>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a),</p> <p>Regulations 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b),</p> <p>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c),</p>

	Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 54A(1)(a), 56(1)(a), 57(2)(a), Sections 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)

Audit Report Action Plan (2024/2025)

This component includes the progress on report on action plan to address audit queries / matters arising from the audit report and management report of the auditor-general for the year ended 30 June 2025, attached as annexure.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries can access services or outputs
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. Activities describe “what we do”
Adequacy indicators	The quantity of input or output relative to the need or demand
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General
Approved Budget	The annual financial statements of a municipality as audited by the Auditor-General and approved by council or a provincial or national executive

Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period
Basic Municipal Service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that area. If not provided it may endanger the public health and safety or the environment
Budget Year	The financial year for which an annual budget is to be approved – means a year ending on 30 June
Cost Indicators	The overall cost or expenditure of producing a specified quantity of outputs
Distribution indicators	The distribution of capacity to deliver services
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed
General Key Performance Indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings

Integrated Development Plan (IDP)	Set out municipal goals and development plans
National Key Performance Areas	<ol style="list-style-type: none"> 1. Service delivery & infrastructure 2. Economic development 3. Municipal transformation and institutional development 4. Financial viability and management 5. Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve"
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key

	Result Area
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered and services rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure
Performance Standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service- level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor
Performance Targets	The level of performance that municipalities and their employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given period
Service Delivery & Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included
Vote	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ol style="list-style-type: none"> 1. <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> 2. <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDICES

Appendix A - Councilors; Committee Allocation and Council Attendance

COUNCILLORS ATTENDANCE TO COUNCIL MEETINGS FROM 01 JULY 2024 TO 30 JUNE 2025

Name of Councillor	31/07/24	31/10/24	12/12/24	30/01/25	Special Council 27/02/ 25	31/03/25	30/04/25	Tabling of Budget 29/05/25	Special Council 30/06/ 25	Total No.
1. T.J MOKOENA (M) <i>SPEAKER</i>	✓	✓	✓	✓	A	✓	✓	✓	✓	8
2. A.C. MSIBI (F) <i>EXECUTIVE MAYOR</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
3. U.L. MAKHALEMA (F) <i>CHIEFWHIP</i>	✓	✓	A	✓	✓	✓	✓	✓	✓	8
4. K S TSIMATSIMA (F)	N/A	✓	X	X	✓	✓	✓	X	✓	5
5. TP. MASITENG (F) <i>MMC CORPORATE SERVICES</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
6. M.J VILAKAZI (F) <i>MMC COMMUNITY SERVICES</i>	✓	✓	A	✓	✓	✓	A	A	✓	6
Name of Councillor	31/07/24	31/10/24	12/12/24	30/01/25	Special Council 27/02/ 25	31/03/25	30/04/25	Tabling of Budget 29/05/25	Special Council 30/06/ 25	Total No.
7. M.S MOSIA (M) <i>MMC FINANCE</i>	✓	✓	✓	✓	✓	✓	A	✓	✓	8
8. A. FUME (F) <i>MMC IDP & PMS</i>	✓	A	✓	✓	✓	A	A	A	✓	5
9. T.J. MOHLAMBI (M)	✓	A	✓	✓	✓	✓	✓	✓	✓	8

MMC INFRASTRUCTURE AND TRANSPORT										
10. ES. CHABELI (F) MPAC CHAIRPERSON	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
11. BAS. CHAPBELL- CLOETE (F)	A	Resigned 30 September 2024								0
11. LM KLEYNHANS (F)	Replaces Cllr Chapbell- Cloete from December 2024		✓	✓	✓	✓	✓	✓	✓	7
12. MD. MARAIS (M)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
13. A. OATES (F)	A	Resigned 30 September 2024								0
13. TA MOTAUNG (F)	Replaces Cllr Oates from April 2025						✓	✓	✓	3
14. VB. MAKHANYA (F)	✓	x	✓	✓	✓	✓	A	A	✓	6
15. J. TWALA (F)	✓	✓	✓	✓	✓	✓	X	✓	✓	8
Name of Councillor	31/07/24	31/10/24	12/12/24	30/01/25	Special Council 27/02/ 25	31/03/25	30/04/25	Tabling of Budget 29/05/25	Special Council 30/06/ 25	Total No.
16. ML. NCHOCHO (F)	✓	✓	A	✓	✓	X	✓	✓	✓	7
17. MB. BOHLALE (F)	✓	✓	A	✓	✓	A	✓	✓	✓	7
18. HD. DLAMINI (M)	X	X	X	A	✓	A	✓	✓	✓	4
19. L MIYA (M)	X	A	✓	A	✓	✓	X	✓	x	4
20. TP. MOTSOANE (F)	X	X	X	X	X	X	X	X	x	0
21. LG. MOKOAKOE	A	A	A	A	Resigned 24 February 2025					4

22. MV. MOLWELWE (M)	A	A	A	✓	X	X	X	A	✓	2
23. SM. MKHWANAZI (F)	X	X	X	X	X	X	X	X	x	0
24. C. KALAMER (M)	✓	A	A	✓	✓	A	✓	✓	✓	6
25. EL. MOHANOE (F)	A	✓	✓	✓	A	A	A	A	x	3
26. PA. MOTHIOA (M)	A	✓	✓	✓	✓	✓	✓	✓	✓	8
27. MJ. MPHAFI (M)	A	✓	✓	✓	✓	✓	✓	✓	✓	8
28. SL. RAKOLOTI (F)	A	A	✓	✓	✓	X	✓	A	✓	5
29. A. NHLAPO (M)	A	A	✓	A	X	X	✓	A	✓	3
30. TJ. MOTAUNG (M)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Name of Councillor	31/07/24	31/10/24	12/12/24	30/01/25	Special Council 27/02/ 25	31/03/25	30/04/25	Tabling of Budget 29/05/25	Special Council 30/06/ 25	Total No.
31. MJ. LEBESA (M)	✓	✓	✓	✓	✓	A	✓	✓	x	7
32. TE MOTLOUNG (M)	A	✓	✓	✓	✓	✓	A	✓	✓	7
Dates	31/07/24	31/10/24	12/12/24	30/01/25	Special Council 27/02/ 25	31/03/25	30/04/25	Tabling of Budget 29/05/25	Special Council 30/06/ 25	Total No.
Total No. Apology	10	8	7	4	2	6	6	7	0	50
Total No. of no apology submitted	4	4	4	3	4	6	5	3	5	38
Total No. Councillors	18	20	21	25	26	20	21	22	27	200

Attendance										
Total Number of Councillors	32									

BELOW ARE THE SYMBOLS USED IN THE REPORT AND THE MEANING THEREOF:

- ✓= SIGNIFY MEETING ATTENDED
- A= SIGNIFY APPLICATION FOR LEAVE OF ABSENCE
- X= SIGNIFY MEETING NOT ATTENDED
- D= SIGNIFY DECEASED
- R= SIGNIFY REPLACE/RESIGNED

COUNCILLORS ATTENDANCE TO SECTION 80 COMMITTEE AND MPAC MEETINGS FROM 01 JULY 2024 TO 30 JUNE 2025

MPAC		13/08/24	18/03/25	04/03/25		Total No. of attendance
NAME OF COUNCILLORS	CHAIRPERSON: MMC SETSHWANA CHABEDI	P	P	P		1
Cllr Tlokotsi Motaung		A	A	X		2
Cllr Hlabathe Dlamini		X	P	X		1
Cllr Eric Motlounq		X	P	P		2
Cllr Moeketsi Lebesa		P	A	P		1
Cllr Lebohang Mokoakoe		P	X	X		1
Cllr Mamorena Bohlale		P	P	X		2
Cllr Cloete Campell		P	X	X		1

COMMUNITY SERVICES		18/11/24					Total No. of attendance
NAME OF COUNCILLORS	CHAIRPERSON: MMC MALEFU VILAKAZI	P					1
Cllr VANGILE MAKHANYA		A					0
Cllr HLABATHE DLAMINI		P					1
Cllr ELAINE MOHANOE		P					1
Cllr LEBOHANG MOKOAKOE		A					0
Cllr MARAIS MARIUS		P					1

FINANCE		19/07/24	20/09/24	11/11/24	28/01/25	08/04/25	Total No. of attendance
NAME OF COUNCILLORS	CHAIRPERSON: MMC TLOKOTSI MOTAUNG	P	P	P	P	A	4
Cllr Mosia Mokuwane		P	P	P	X	P	4
Cllr Bohlathe Mamorena		P	P	P	X	P	4
Cllr Oates Alison		P	P	A	A	A	2
Cllr Kalamer Charl		P	P	P	X	P	4
Cllr Leona Kleynhans		n/a				P	1

CORPORATE SERVICE		25/07/24	09/09/24	20/11/24	19/03/25	09/05/25	Total No. of attendance
NAMES OF COUNCILLORS	CHAIRPERSON: MMC THANDI MASITENG	P	P	P	P		5
Cllr Tshwanelo Motsoane		A	A	A	A	A	0
Cllr Mapule Nchocho		P	P	P	P	P	5
Cllr Eric Motloug		P	P	P	P	P	5
Cllr Seatile Rakoloti		A	A	P	A	A	1

INFASTRUCTURE AND TRANSPORT		15/08/24	17/10/24	14/11/24	07/02/25	Total No. of attendance
NAME OF COUNCILLORS	CHAIRPERSON: MMC Thembinkosi Mahlambe	P	P	P	P	4
Cllr Leona Kleynhans		n/a			P	1
Cllr Mapule Nchocho		P	P	P	P	4
Cllr Jane Twala		P	A	P	A	2
Cllr Shirley Mkhwanazi		A	A	A	P	1
Cllr Azael Nhlapo		P	P	P	P	4
Cllr Eric Motloug		p	P	A	A	2

LED		18/11/24	26/05/25			Total No. of attendance
NAME OF COUNCILLORS	CHAIRPERSON: MMC MALEFU VILAKAZI	P	A			1
Cllr Marius Marais		P	P			2
Cllr Hlabathe Dlamini		P	P			2
Cllr Mapule Nchocho		P	P			2
Cllr Pule Mothijoa		A	P			1
Cllr Mphara Mphafi		P	P			2
Cllr Mosia Mokuwane			P			1

Appendix B - Committee and Committee Purpose

Municipal committees	Purpose of committee
Council	Council – Represented by all elected councillors in the Municipality. It is chaired by the Speaker of Council
Mayoral Committee	Mayoral Committee – It is the committee of the Executive Mayor and Members of the Mayoral Committee. This is done in the System of Delegations, approved by Council. The Mayoral Committee must report all decisions taken to Council. The functions not delegated must then be recommended to the full Council for consideration
Section 80 Committee	Section 80 Committees - established to assist the Executive Mayor and Mayoral Committee. The Executive Mayor appoints the Chairperson and may delegate power to these committees. The Mayoral Committee may vary to cancel any decisions taken by these committees. All Section 80 Committees report to the Mayoral Committee. In TMDM there are 6 Mayoral Committee Members and thus 6 Section 80-Portfolio Committees
Municipal Public Accounts Committee	In assisting the Council with its oversight function a Section 79 Municipal Public Accounts and Oversight Committee (MPAC) was established with specific terms of references
Audit committee	Oversight of financial reporting and disclosure, review of the work of internal audit, the risk management system and Performance management system
Local labor forum	Consultation between the employer and employee bodies on all labor relations and HR issues
Budget steering committee	Assists the Executive Mayor to perform her responsibility in terms of section 53 of MFMA regarding budget processes and related matters
Risk Management Committee	The Risk Management Committee is responsible for independent oversight and appropriate advice on the risk management process, mitigation of key risk exposure and the risks that may have an impact on the District Municipality.
Bid Adjudication Committee	Bid Adjudication Committee is last in the procedure for dealing with bids of the TMDM and is responsible for the final decisions regarding the adjudication of a bid. Proposals regarding the applicable and qualifying bids for each tender get submitted from the Bid Evaluation Committee to the Bid Adjudication Committee, where the adjudication is finalised. The Chairperson of the Bid Adjudication Committee is the Chief Financial Officer,

Appendix C- Thabo Mofutsanyana District Municipality Administrative

THIRD TIER ADMINISTRATIVE STRUCTURE		
DIRECTORATE	UNIT OR DEPARTMENT	MANAGER
Office of the Municipal Manager	Internal Audit	W. Nhlapo
Office of the Municipal Manager	Risk Management	M. Phoofolo
Office of the Municipal Manager	ICT	B. Mdakane
Office of the Municipal Manager	Communications	M. Moshugi
Office of the Municipal Manager	Security	T. Kubheka
Office of the Municipal Manager	IDP and PMS	M. Mokoena
Technical Services	Director	M. Nkomo
Technical Services	Infrastructure	B. Mphahlele
Technical Services	Laboratory	M. Mofubetsoana
Corporate Services	Director	R Mokoena
Corporate Services	Corporate Support	B. Ngwenya
Corporate Services	Human Resources	M. Ngobese
Community Services	Director	P. Mpele
Community Services	Agriculture and Rural Development	L. Moshwaliba
Community Services	Municipal Health Services	S. Nkosi
Community Services	LED	T. Mlotha
Community Services	Emergency Services	J. Mokoena
Finance	Chief Financial Officer	D. Mhlahlo
Finance	Financial Manager	T. Lephoto
Finance	Supply Chain	S. Thamaha
Office of Executive Mayor	Chief of Staff	M. Mbhele

Appendix D-Recommendations of the Audit and Performance & Risk Management Committee

D (1) - Recommendations of the Audit and Performance

1. Foreword by the Chairperson

We are pleased to submit our report to the Council of Thabo Mofutsanyana District Municipality covering the period 01 July 2024 to 23 June 2025. This report gives an account of work performed by the Committee during the period under review.

During this period, the Committee held its nine (9) meetings as follows to discuss matters relating to the Municipality's risk Management, internal controls, governance, financial reports and Auditor-General's report, internal audit and municipal performance reports:-

No	Meeting Number	Date held	Nature/Type of meeting
1.	01-2024/2025	26 July 2024	Ordinary
2	02-2024/2025	28 Aug 2024	Special
3.	03-2024/2025	04 Oct 2024	Special
4.	04-2024/2025	08 Nov 2024	Ordinary
5.	05-2024-2025	26 Nov 2024	Special
6.	06-2024-2025	14 Feb 2025	Ordinary
7.	07-2024-2025	23 May 2025	Ordinary
8.	08-2024-2025	13 June 2025	Special
9	09-2024-2025	23 June 2025	Special

The Committee also reports that it has adopted the Audit Committee Charter as its formal Terms of Reference and has regulated its affairs per this Charter.

The Committee wants to assure Council of its commitment to carry out its responsibilities diligently without fear, favor or any biasness to advance the objectives of the municipality of bringing municipal services to the communities of the local municipalities within its jurisdiction.

My thanks go to members of this Committee for their hard work and dedication during these meetings and for making sure that they are always ready and prepared to engage on matters presented before the Committee for consideration, their contribution is highly valued. Furthermore, the Committee thank municipality's staff for their sterling support to ensure that the Committee perform its functions efficiently and effectively.

I accordingly submit this report on behalf of the Committee to the Council of Thabo Mofutsanyana District Municipality in terms of section 166(2) of the Municipal Finance Management Act and regulation 14(4) of the Local Government Planning and Performance Management Regulations of 2001.

1.2. Introduction

In accordance with section 166(2) of the Municipal Finance Management Act, 56 of 2003, the Audit Committee hereby submits its report to the Council of Thabo Mofutsanyana District Municipality for consideration. This report gives an account of the work performed by the committee during the period 01 July 2024 to 23 June 2025.

The Committee reports that it has discharged its responsibilities as contained in the Audit Committee Charter. The Committee comprises of the following four members and all members are neither employees nor councilors of the municipality.

- Mr. G A Ntsala (Chairperson)
- Ms. M V Ntipe
- Ms. N P Mdaka
- Mr. M K Mojatau

3. Summary of Meetings held by the Committee for Period under Review

The following table depicts a summary of meetings held by the Committee during the period under review.

Meeting Type	Date of Meeting	Purpose of the Meeting - Agenda items discussed during the Audit and Performance Committee meetings.
Ordinary meeting	26 July 2024	<ul style="list-style-type: none"> • Schedule of Audit and Performance Committee meetings for 2024/2025 financial year. • The Audit and Performance Committee Charter 2024/2025, (recommended for approval by Council) • The Internal Audit Charter 2024/2025, • Internal Audit Methodology 2024/2025 • Internal Audit Quality Assurance and Improvement Programme 2024/2025 • Detailed Internal Audit Plans for 2024/2025 financial year, and three-year rolling plan 2024/2025, 2025/2026 and 2026/2027 • Annual Financial Statements preparation process plan 2023/2024. • Risk Management Implementation Plan 2024/2025 • Reviewed Risk Management Committee Charter 2024/2025 • Reviewed Risk Management Policy 2024/2025 • Reviewed Risk Management Strategy 2024/2025 • Reviewed Fraud Risk Management Plan 2024/2025 • Proposed dates of ordinary Risk Management Committee meetings 2024/2025
Ordinary meeting	28 August 2024	<ul style="list-style-type: none"> • Review of the draft annual financial statements for the year ended 30 June 2024 • Review of draft the annual performance report for the year ended 30 June 2024 • Internal Audit report on the Review of Annual Financial Statements 2023/2024
Special meeting	04 October 2024	<ul style="list-style-type: none"> • Discussion of Engagement Letter 2023/2024 with AGSA • Discussion Audit strategy 2023/2024 with AGSA • Discussions of progress on Audit Processes to date with AGSA for the year under reviewed.
Ordinary meeting	08 November 2024	<ul style="list-style-type: none"> • Progress reports on Internal Audit plan Quarter 1 for the financial year 2024/2025 (Quarter 1 Overall Internal Audit reports 2024/2025)

Meeting Type	Date of Meeting	Purpose of the Meeting - Agenda items discussed during the Audit and Performance Committee meetings.
		<ul style="list-style-type: none"> • <i>Risk Management matter: Risk Management Progress for quarter 1 of the financial year 2024/2025.</i> • Quarter 1 Performance results on the SDBIP approved for 2024/2025. • Finance Reports Quarter 1 of 2024/2025 (Section 52(d) of MFMA) • Finance Report: Quarter 1 of 2024/2025 (SCM report) • Non-Financial Performance Report: Quarter 1 of financial year 2024/2025
Special meeting	26 November 2024	<ul style="list-style-type: none"> • Discussion of Draft Auditor’s Report 2023/2024 with AG.
Ordinary meeting	14 February 2025	<ul style="list-style-type: none"> • Progress reports on Internal Audit plan Quarter 2 for the financial year 2024/2025 (AOPO Quarter 1) • <i>Risk Management matter: Risk Management Progress for quarter 2 of the financial year 2024/2025.</i> • Finance Reports Quarter 2 of 2024/2025 (Section 52(d) of MFMA and Mid-year assessment (Section 72 of MFMA 2024/2025) • Finance Report: Quarter 2 of 2024/2025 (SCM report) • Non-Financial Performance Report: Quarter 2 of financial year 2024/2025 and Mid-year assessment-non-financial report 2024/2025 • Draft annual report 2023/2024 • Audit action plan on issues raised by Auditor General for the year ended 30 June 2024
Ordinary meeting	23 May 2025	<ul style="list-style-type: none"> • Progress reports on Internal Audit plan Quarter 3 for the financial year 2024/2025 (Overall Internal report quarter 2 of financial year 2024/2025 and AOPO Quarter 2) • <i>Risk Management matter: Risk Management Progress for quarter 3 of the financial year 2024/2025 (Risk Management report by Chairperson to Municipal Manager for quarter 3 financial year 2024/2025)</i> • Finance Reports Quarter 3 of 2024/2025 (Section 52(d) of MFMA) • Finance Report: Quarter 3 of 2024/2025 (SCM report) • Non-Financial Performance Report: Quarter 3 of financial year 2024/2025 • Progress on audit action plan on issues raised by Auditor General for the year ended 30 June 2024
Special meeting	13 June 2025	<ul style="list-style-type: none"> • Progress on audit action plan on issues raised by Auditor General for the year ended 30 June 2024 (Progress assessed for the period ended 15 June 2025)
Special meeting	23 June 2025	<ul style="list-style-type: none"> • Draft Service Delivery and Budget Implementation Plan 2025/2026- Review and discussion of the DRAFT 2025/26 SDBIP

3. Executive Summary of work Performed by the Committee for Period under Review

The paragraphs below summarize the work performed by the Committee during the period under review. I propose we do not include minutes henceforth.

3.1 INTERNAL AUDIT AND AUDIT COMMITTEE STRATEGIC DOCUMENTS

The Committee reviewed and approved the following strategic documents for the effective functioning of both the Audit and Performance Committee and the Internal Audit Unit to add value to the municipality's operations.

- Schedule of Audit and Performance Committee meetings for 2024/2025 financial year.
- The Audit and Performance Committee Charter 2024/2025, (recommended for approval by Council)
- The Internal Audit Charter 2024/2025,
- Internal Audit Methodology 2024/2025
- Internal Audit Quality Assurance and Improvement Programme 2024/2025
- Detailed Internal Audit Plans for 2024/2025 financial year, and three-year rolling plan 2024/2025, 2025/2026 and 2026/2027

All the above-mentioned documents were approved by the Committee and recommended for final Council approval.

3.2 Risk Management and Risk Management Committee Strategic Documents

The Committee considered the presented reviewed Risk Management strategic documents mentioned below and recommended them for approval and adoption by both the Municipal Manager and Council respectively.

- Risk Management Implementation Plan 2024/2025
- Reviewed Risk Management Committee Charter 2024/2025
- Reviewed Risk Management Policy 2024/2025
- Reviewed Risk Management Strategy 2024/2025
- Reviewed Fraud Risk Management Plan 2024/2025
- Proposed dates of ordinary Risk Management Committee meetings 2024/2025

3.3 Process Plan for The Preparation of the Annual Financial Statements 2023/2024

The Committee considered the process plan on the preparation of the annual financial statements for 2023/2024. The Committee urged management to adhere to submission dates as per the process plan by submitting credible draft annual financial statements and annual performance report to Internal Audit and Audit Committee for reviewing purposes as per the process plan timeframes, as well as to Auditor General for auditing purposes.

3.4 Review of The Draft Annual Financial Statements 2023/2024

The Committee performed a high-level review on the Draft Annual Financial Statements for 2023/2024 as presented before it by Management on 28 August 2024.

During the review of the Draft Annual Financial Statements, the Committee made the following observations and recommendations to management for implementation.

- The Committee recommended that all inputs made by the Committee during discussion should be incorporated into the draft annual financial statements as agreed upon before submission of the Annual Financial Statements to Auditor General on 31 August 2024 as well as the findings of the Internal Audit on their review of the draft Annual Financial Statements.
- The Committee further recommended that, the draft annual financial statements for 2023/2024 that has incorporated both inputs from the Audit Committee and Internal Audit be submitted to the Committee for noting before submitted to Auditor General for auditing.

3.5 Review of the Draft Annual Performance Report 2023/2024

The Committee performed a high-level review on the Draft Annual Performance report for 2023/2024 as presented before it by Management on 28 August 2024.

During the review of the Draft Annual Performance report by the Committee, the Committee made the following observations and recommendations to management for implementation.

- The Committee recommended that all inputs made by the Committee during the discussions should be incorporated into the draft annual performance report as agreed upon before submission made to Auditor General on 31 August 2024 (within legislated timeframe) as well as the findings of the Internal Audit on their review of Draft Annual Performance report.
- The Committee recommended to management that, quality review meeting be held by management for quality checks on the draft annual performance report and to address all shortcomings and concerns raised by the Audit Committee before it is submitted to Auditor General for auditing.
- The Committee further recommended that, final draft annual performance report for 2023/2024 that has incorporated both inputs from the Audit Committee and Internal Audit be submitted to the Committee for noting before submitted to Auditor General for auditing.

3.6 Auditor-General Engagement Letter For 2023/2024

The Committee discussed and noted the 2023/2024 AG Engagement Letter as presented by Auditor-General. The Committee further noted that the Engagement Letter was discussed with the Management Team of the Municipality and signed off before submission to the Committee.

The Committee urged Management to comply with the terms of the engagement letter till the end of audit and where there are challenges during the time of the audit, there must be communication between two parties on how to resolve those challenges and the Audit Committee must be informed well in advance of any unresolved issues/findings that may lead to a dispute.

3.7 Auditor-General Audit Strategy for 2023/2024

The Audit and Performance Committee acknowledged the presentation and contents of the Audit Strategy for 2023/2024 as presented by the Auditor-General and that it also served before Management Committee before submitted to the Audit Committee.

The Audit and Performance Committee had a great concern regarding the audit fees increase of 10% from the previous financial year which was way above the inflation rate of 6%. The Committee further requested AGSA to indicate in paragraph 40 of the Audit Strategy, the breakdown of the factors that influenced the increase in audit fees in addition to 6% of inflation rate.

In response to the concern and the request by the Committee, the AGSA Team indicated that they would escalate both the concern and the request to the Seniors and revert to the Committee and the Municipality with a response.

Also indicate how the matter was finally concluded. whether feedback in the form of the details for the reasons for the increase and whether such was finally accepted by the Committee or not based on the reasons provided by the AGSA Team.

3.8 Discussions of progress on audit process on 04 October 2024 for the year under review.

The Audit and Performance Committee discussed RFIs (Request for Information) issued to date and requested management to submit outstanding RFIs due on time and overdue as a matter of urgency to avoid findings on the limitation of scope on the audit which might impact on the audit opinion.

The Audit and Performance Committee noted the challenges of water and electricity indicated by AGSA which has negative impact on the audit processes and requested management to find a way to resolve those challenges to ensure smooth audit processes. The Committee further appreciated cooperation between management and AGSA under the difficult circumstances.

3.9 Management Letter/Report Draft Auditor's Report 2023/2024

The Committee discussed the draft AG's report 2023/2024. However, the Committee could not discuss the final management report 2023/2024 as management indicated that this report still needed to be finalised with Auditor General.

The Committee urged management to submit all outstanding information and responses for the municipality to maintaining the status quo and not regressing (unqualified audit opinion with matters) and further recommended that management should immediately start with the process of compiling/preparing the Audit Action plan to address issues raised by Auditor General to ensure all findings raised by AGSA are adequately addressed.

The Committee noted, amongst others, the following challenges indicated by AGSA before presentation of the draft Auditor's report 2023/2024:

- Water and Electricity
- Flow of information
- Supporting documentation

The Committee recommended to management that, in future, requested information and responses to audit findings must adhere to indicated timeframes, maintain proper record keeping and strive to

address the issue of water and electricity in the municipality, where necessary the intervention of Council must be solicited.

3.10 Progress on the Internal Audit Plan 2024/2025, Quarter 1, 2 & 3 Overall Internal Audit Reports For 2024/2025

The following internal audit reports were presented before the Audit and Performance Committee for discussion.

- Internal Audit Report on the review of Draft Annual Financial Statements ended 30 June 2024 (Final report issued) (Project no. 12 of 2024/2024)
- Ad-hoc Assignment-Employee verification: Direct Assistance AG (Final report issued) (Project no. 16 of 2024/2025)
- Review of ICT (Final report issued) (Project no. 02 of 2024/2025)
- Review of Risk Management (Final report issued) (Project no. 01 of 2024/2025)
- Auditing of Performance Information Q1 2024/2025 (Final report issued) (Project no. 14 of 2024/2025)
- Municipal Assets (Final report issued) (Project no. 04 of 2024/2025)
- Personnel Administration (Final report issued) (Project no. 10 of 2024/2025)
- Leave administration (draft report issued) (Project no.8 of 2024/2025)
- Auditing of Performance Information Q2 2024/2025 (Final report issued) (Project no. 14 of 2024/2025)
- Municipal grants administration (Final report issued) (Project no.7 of 2024/2025)
- Payroll administration (draft report issued) (Project no.9 of 2024/2025)
- Review of Performance Management (Final report issued) (Project no. 3 of 2024/2025)
- Evaluation of Progress on audit action plan on issues raised by Auditor General for the year ended 30 June 2024 as at 15 June 2025 (Project no. 15 of 2024/2025)
- Fleet administration/management (draft report issued) (Project no.11 of 2024/2025)
- Auditing of Performance Information Q3 2024/2025 (draft report issued) (Project no. 14 of 2024/2025)
- The following audit projects were reported to be at report writing and planning phase respectively by Internal Audit Unit.
- Expenditure Management. (Reporting stage) (Project no. 07 of 2024/2025)
- Review of Supply Chain Management processes. (Reporting stage) (Project no. 05 of 2024/2025)
- Auditing of Performance Information Q4 2024/2025 (planning stage) (Project no. 14 of 2024/2025)

The Committee deliberated and discussed progress on internal audit plan, progress to date, first, second and third quarters overall internal audit reports and requested management to submit requested information and the responses addressing the concerns raised by Internal Audit within the indicated timeframes. The Committee further urged management to address all the reported challenges affecting the effective functioning of the Internal Audit Unit.

3.11 Progress Report on Risk Management Function Quarter 1, 2 & 3 of Financial Year 2024/2025

The Committee after discussions and deliberation on the progress report on risk management for

quarter 3 of 2024/2025 financial year, noted the report to Municipal Manager by Chairperson of Risk Management Committee with the following challenges, amongst others, which were discussed during In-Committee meetings in details that needed proper intervention: -

- Non-sitting of Risk Management Committee meetings as per approved schedule of meetings due to the instability within the Risk Management Unit.
- No proper functioning of risk management unit
- Non-submission of quarterly reports of risk management to the Audit and Performance Committee due the nonproper functioning of the Risk Management Unit.
- The Audit and Performance Committee recommended that the position of Risk Manager must be filled for stability and accountability. The Risk Management Committee must convene according to approved schedule of meetings and the quarterly Risk Management Committee reports be presented to Audit and Performance Committee to allow it to perform its oversight role.

3.12 Quarter 1, 2, and 3 financial reports 2024/2025:

a. MFMA Section 52 (D) Reports

The Committee after deliberations and discussions took note of the MFMA Section 52(d) reports for quarter 1, 2, & 3 of the financial year 2024/2025 and the fact that the reports served before Council within legislated timeframe. Furthermore, the Committee noted and applauded management that the spending is still within the budgeted amounts and the unauthorized expenditure is likely to be avoided.

b. SCM REPORTS

The Committee after the presentation of the reports, took note of the quarterly supply chain management reports for quarter 1, 2, & 3 for 2024/2025, and the fact that the reports served before Council within legislated timeframe.

The Committee proposed to management that the format of the SCM Reports should include details of all procurements made during the quarter, including procurements through quotations and procurement through competitive bidding processes, and the report should also include details of any deviations and reasons for such deviations, to enable the Committee to effectively advise Management, Council and MPAC on matters of Supply Chain Management processes of the Municipality.

3.12.1 Quarter 1, 2, And 3 Non-Financial Performance Reports 2024/2025

The Committee after discussing the reports, took note that the reports served before Council within legislated timeframe and the Committee made the following recommendations to Management.

- The Key Performance Indicators that do not meet SMART (Specific, Measurable, Accuracy, Reliable and Timebound) criteria as indicated on the Quarter 1 & 2 Internal Audit report on predetermined objectives must be corrected during the reviewed SDBIP as recommended then.
- Appropriate audit evidence be made available by management for audit purposes where targets and KPIs are achieved.
- Reasons for deviations and corrective measures be provided by management where target is partially or not achieved.

- Municipal Manager must ensure that all outstanding information and evidence as also raised by Internal Auditor-AOPO for quarter 1, 2 & 3 for financial year 2024/2025 is submitted to ensure preparation of the credible annual performance report 2024/2025.
- Municipal manager must implement consequence management for non-submission of information required to compile the annual performance report.
- management should address all shortcomings identified by both Internal Audit and Audit Committee in this regard.

3.12.2 Mid-Year Assessment Report for the Financial Year 2024/2025

a. Finance Report-MFMA Section 72 Report

The Committee after discussing the report, took note that the report served before Council within legislated timeframe.

b. Non-Financial 2024/25 Mid-Year Performance Report

The Committee after discussing the report, took note that the report served before Council within legislated timeframe.

3.12.3 Draft Annual Report 2023/2024

The Committee after discussion and deliberations noted the contents of draft annual report 2023/2024 was prepared in line with section 121 of MFMA, served before Council within legislated timeframe and thereafter advertised for public comments within indicated timeframe.

The Committee recommended that the draft annual report 2023/2024 must be submitted to MPAC for their oversight role in terms of circular 32 of MFMA to enable the Council to consider annual and oversight report in terms of section 129 of MFMA.

3.13 Progress on Audit Action Plan as at 15 June 2025 on Issues Raised by AGSA

The Committee after deliberations and discussions took note that the municipality had 73 findings identified, and the resolution status of 43 findings were at 100%. There were 22 findings that was between 80%-95% and 8 findings that was between 60%-75% in terms of their resolution statuses.

The Committee recommended that management should work together to ensure all possible material findings raised by Auditor General are addressed before the submission of 2024/25 draft annual financial statements.

3.14 In-Committee Matters Discussed

(a) Fraud Considerations: Alleged Fraud Risk Register 2024/2025

The Committee took note of the Alleged Fraud Incident register and that there are two cases that are still under investigations and urged management to speed up processes to avoid incurring high costs for investigations.

The Committee recommended to management that, the reporting on alleged fraud incidents incurred in the municipality and the progress thereof be discussed In-Committee henceforth due to the nature and sensitivity of the investigations.

(b) Risk Management Challenges

The Committee noted that the Municipal Manager is working on resolving challenges related to Risk Management Unit functionality to ensure that, the Risk Management Committee convene accordingly.

The Municipal Manager further assured the Committee that, the municipality is in the process of appointing Manager Risk after resignation of the former Risk Manager on 31 January 2025.

(c) Internal Audit Report on Payroll Administration for the financial year 2022/2023

The Committee noted the commitment from Municipal Manager to address all the findings related to the Internal Audit Report on payroll and where there are findings related to irregular expenditure, proper processes of submitting such expenditure to MPAC for investigations will be followed.

3.15 Draft Service Delivery and Budget Implementation Plan 2025/2026

The Audit and Performance Audit Committee reviewed the 2025/26 Top layer Draft SDBIP for compliance with the legislative requirements. Our review revealed some gaps and inconsistencies that included amongst others, the partially SMART performance indicators and incomplete quarterly targets and annexures to the Top Layer SDBIP.

The Committee submitted its review findings to management for consideration and incorporation before submitting the 2025/2026 final draft SDBIP to the Executive Mayor for approval.

A detailed report on our review was also submitted to the Executive Mayor which contains structured recommendations to enhance the quality and compliance of the final approved Top Layer SDBIP

4. Audit and Performance Committee Overall Recommendations to Council

In line with the provisions of section 166(2) of the MFMA, the Committee recommends the following to Council for consideration.

4.1 Internal Audit Function

4.1.1 Management should timely submit requested information within indicated timeframe and respond to both internal and external audit findings to ensure that issues raised by auditors are resolved on time.

4.1.2 The Committee further urged management to address all the reported challenges, such as water and electricity, that affecting the effective functioning of the Internal Audit Unit and the entire municipality.

4.2 performance management system

- 4.2.1 The municipality should establish Performance management system that is in line with Chapter 6 of Municipal Systems Act, Act No 32 of 2000 as amended to avoid future qualifications from Auditor General.
- 4.2.2 The municipality must improve on monitoring, evaluation, and reporting of performance results by establishing quality review Committee consisting of Senior Managers of the municipality to perform this function to ensure that performance results are measured efficiently against the approved set targets of the municipality and credible reports and compiled for submission to the Municipal Manager, Audit Committee, the Executive Mayor, and Council.
- 4.2.3 The Committee further recommend that Consequence management should be implemented as a tool to ensure accountability more especially for poor performance and non-submission of required evidence and documents to both internal and external auditors by responsible departments.

4.3 Unauthorized, Irregular, Fruitless and Wasteful Expenditure

- 4.3.1 Council should ensure during oversight responsibilities that register for unauthorized, irregular, fruitless and wasteful expenditure is kept, updated regularly and all UIF&W expenditures are subjected to MFMA Section 32 processes.
- 4.3.2 The Municipality should avoid deviations from SCM processes by ensuring that proper planning is maintained and adhered to avoid the deviations that do not meet the qualifying criteria for a 'deviation' which might result in irregular expenditures.

4.4 Supply Chain Management

- 4.4.1 Supply chain management processes should be strictly followed, in terms of law and regulations, by the municipality in every procurement of goods and/or services Non-compliance should result in the implementation consequence management.
- 4.4.2 The format of the quarterly SCM Reports should include details of all procurements made during the quarter, including procurements through quotations and procurement through competitive bidding processes, and the report should also include details of any deviations and reasons for such deviations, to enable the Committee to effectively advise Management, Council and MPAC on matters of Supply Chain Management for the Municipality.
- 4.4.3 The proper processes of investigating UIF&W (unauthorized, irregular, fruitless and Wasteful) expenditure should be followed by MPAC to provide Council ample time to pronounce itself after investigation and should then be properly disclosed in the annual financial statements to be submitted to AGSA for auditing.

4.5 Action Plan to Address Findings Raised by Auditor General 30 June 2024

- 4.5.1 The Committee recommended that management prepare action plan to address findings raised by Auditor General on a sustainable basis to ensure that the Municipality obtain better and improved audit outcomes.
- 4.5.2 The Committee recommended that progress on implementation of the audit action plan

must be submitted timely to Municipal Manager, evaluated by Internal Audit and reported to relevant Committees of the Council including the Audit and Performance Committee and ultimately be submitted to Council on quarterly basis.

4.6 Risk Management

- 4.6.1 The Committee recommend that management should put more efforts on risk management function to ensure that all key risks are identified during risk assessment process and effective mitigation strategies are developed to enable the municipality to achieve its goals and objectives (Service delivery and Good Governance).
- 4.6.2 The Committee recommended that Risk Management Committee should develop schedule of meetings with dates at least two weeks before the Audit Committee meetings to enable the Chairperson of Risk Management Committee (RMC) enough time to prepare the report and other items that must serve before the Audit Committee. Once the schedule is adopted by the RMC, it should be strictly adhered to.
- 4.6.3 Processes of appointing Manager Risk should be finalised to ensure effective functioning of risk management unit and note should be taken that the contract of the Risk Management Chairperson expired on the 30 June 2025. Proper processes must be followed to ensure the filling of this vacancy with a new appointment or by extension of contract of Risk Management Committee Chairperson as per Risk Management Committee Charter to avoid any vacuum.

5. Conclusion

In conclusion, this Committee assures Council of Thabo Mofutsanyana District Municipality that it remains committed to discharge its responsibilities and duties as outlined under section 166(2) of the Municipal Finance Management Act and regulation 14(4) of the Local Government Municipal Planning and Performance Management Regulations of 2001.

The Committee further states that, it is satisfied that it has adopted appropriate formal terms of reference as its Audit Committee Charter; has and will always regulate its affairs in compliance with this Charter and discharge its responsibilities as contained therein.

This report is duly submitted to Council for consideration and approval.

MR. G A NTSALA

CHAIRPERSON: AUDIT AND PERFORMANCE COMMITTEE

Appendix D (2)- Recommendations of the Risk Management Committee

1. RISK MANAGEMENT

1.1 Introduction

Risk Management forms a critical part of Thabo Mofutsanyana District Municipality strategic management. It is the process whereby the Thabo Mofutsanyana District Municipality both methodically and intuitively addresses the risks attached to the strategic (IDP) and operational (SDBIP) objectives and activities of the Municipality. The goal is to ensure the achievement of strategic and operational objectives. Risk Management is therefore recognized as an integral part of

sound organizational management and is being promoted internationally and in South Africa as good practice applicable to the public and private sectors.

a) Purpose and definition

Section 62(1) (c) (i) and 95 (c) (i) of the MFMA requires the Accounting Officers to ensure that their municipalities and municipal entities have and maintain effective, efficient and transparent systems of risk management. Risk assessment process is conducted to identify what could cause the municipality to deviate from its objective, to determine how likely the risk could occur as well as the consequence could be if it does occur.

Risk management is a systematic and formalized process instituted by management to identify, assess, manage, and monitor risks, consistent with ISO 31000, which defines risk as the effect of uncertainty on objectives.

The Accounting Officer is the ultimate Chief Officer of the Municipality and is accountable for the Municipality’s overall governance of risk.

1.2 Risk Governance

a) Composition

The District Municipality has a Risk Management Committee (RMC) which is made up of Senior Management and the Independent Chairperson. The RMC operates within a Risk Management Charter approved by the Accounting Officer and the Independent Chairperson reports to the Accounting Officer quarterly. The Risk Management Committee is responsible for independent oversight and appropriate advice on the risk management process, mitigation of key risk exposure and the risks that may have an impact on the District Municipality. The Committees role is to guide the development and implementation of Risk Management Framework as well as to review and monitor Risk management process and outputs regularly. Risk Management reports quarterly to all relevant Council structures, namely Audit Committee, Risk Management Committee.

Membership of the Risk Management Committee comprises of:

Member	Status
Mr. LB Mokhantso (Independent Chairperson)	External Member
Mr. RS Mokoena	Director Corporate Service
Mr. MD Mhlahlo	Chief Financial Officer
Mr. LW Moshwaliba	Acting Director Community Service LED and Agriculture
Ms. M Nkomo	Director Infrastructure and Transport

b) Risk Management Reporting

In summary, Risk Management reporting entails the following:

Risk Management Committee reporting	Meeting Date	Audit Committee reporting	Meeting Date
Q4 for 2023-24 Report	No Meeting	Q4 Chairperson report for 2023-24	26 July 2024

Q1 & 2 for 2024-25 Report	No meeting	Chairperson report for non-sitting of RMC	04 October 2024
Q3 for 2024-25 Report	15 April 2025	Q1 & Q2 Chairperson report for 2024-5	14 February 2025
Special RMC meeting in Q4	8 June 2025	Q3 Chairperson report for 2024-25	23 May 2025

c) Key Performance Highlights For 2024-25

Council reviewed and approved the following Risk Management documents:

- Risk Management Policy,
- Fraud Prevention Plan and Policy
- Risk Management Strategy, Noted by Council
- Risk Management Committee Charter, Noted by Council

d) Risk Assessment Process

A rapid risk assessment was conducted throughout the municipality during the 2024/2025 financial year. Consultations were held with departments to review existing risks and identify emerging risks against service delivery objectives.

The following visual representations provide an overview of the residual risk landscape for the 2024/2025 financial year. The diagram below illustrates the overall residual risk distribution for the 2024/2025 financial year:

The municipality identified a total of 65 risks for the 2024/2025 financial year, categorized as follows:

- High Risks: 12%
- Medium Risks: 57%
- Low Risks: 31%

Residual Risk Distribution – 2024/2025 Financial Year

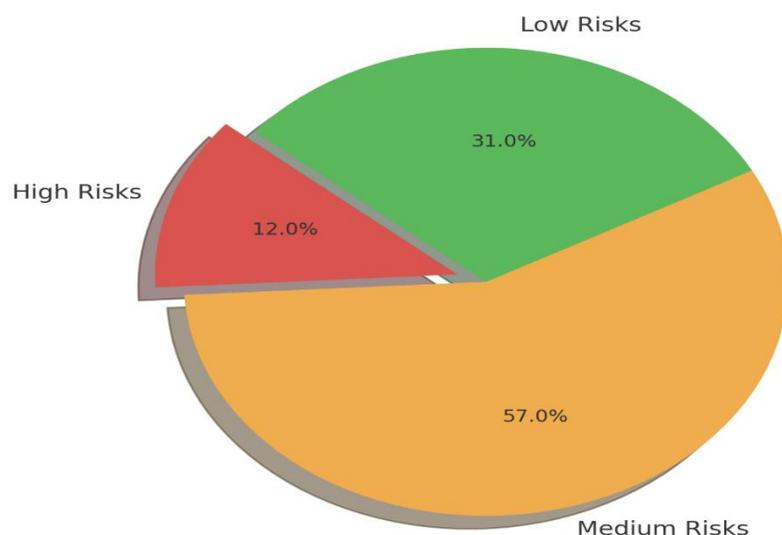


Figure 1: Residual Risk Distribution – 2024/2025

Residual risks per department are illustrated below to show the distribution of High, Medium and Low risks across functions:

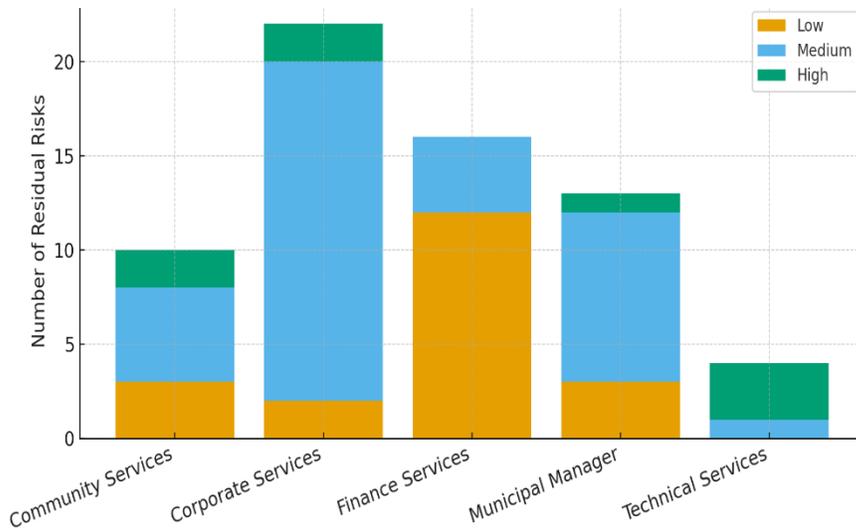


Figure 2: Residual Risks per Department – 2024/2025

Corporate Services recorded the highest number of medium risks, while Technical Services presented the highest number of high risks. Finance Services maintained a favourable risk profile with most low risks.

e) High Residual Risks

The following key high residual risks were identified at the end of the 2024/2025 financial year:

No.	Risk Name	Risk Description	Rating
1.	Fleet Management	Inadequate vehicle inspections lead to unaccounted costs and disputed claims.	High
2.	Infrastructure Projects	Failure to implement projects due to silo planning, budget constraints, and lack of vetting.	High

3.	Laboratory Services	Failure to meet set targets resulting in poor delivery service and reputational risk.	High
4.	Disaster and Fire Services	Insufficient capacity and equipment impacting emergency response.	High
5.	Performance Management	Lack of performance monitoring and cascading agreements to lower levels.	High

1.3 Challenges and Mitigations to Improve

a) Inadequate Risk awareness

While awareness campaigns take place in the form of workshops, risk management is still perceived as bureaucratic exercise hence unable to yield visible results at operations.

Departments are urged to prioritize the implementation of mitigation measures for high residual risks to improve institutional resilience.

The resignation of the Risk Manager in January 2025. The appointment of new Risk Manager has been finalized.

An Interim Risk Management Committee Chairperson was appointed after the term of the current Chairperson ended at the end of June 2025. These appointments will restore leadership stability and improved coordination of risk management activities.

2. FRAUD PREVENTION

The fraud awareness programme initially planned for November 2024 was not implemented and will be conducted during the 2025/2026 financial year. The Fraud Risk Assessment process was in progress at the end of the fourth quarter, with risks identified and awaiting evaluation and response strategies by management.

MR. LB MOKHANTSO
RISK MANAGEMENT CHAIRPERSON

Appendix E- Long term Contracts and Public Private Partnership

Long term contracts (Largest contract entered during 2024/ 2025)

Name of the service provider	Description of service rendered	Start date of contract	Expiry date of the contract	Project Manager	Contract value
OHS HOLDINGS	MSCOA Implementation	13/03/2017	28/02/2027	MD Mhlahlo	Monthly Subscription
VODACOM Pty	Supply Delivery Mobile Communications	31/03/2021	31/03/2023	MD Mhlahlo	Monthly Subscription

Appendix F-Municipal Entity/Service Provider Performance Schedule

Thabo Mofutsanyana district municipality does not have an entity.

Appendix G - Disclosure of Financial Interest

See annual financial statements

Appendix H- Revenue Collection Performance

Not applicable at Thabo Mofutsanyana

Appendix I (i) - Revenue Collection Performance by Vote

See annual financial statements

Appendix I (ii)- Revenue Collection Performance by Source

Not Applicable to TMDM & See annual financial

Appendix J - Conditional Grants Received: Excluding MIG

There were no unspent conditional grants

Appendix K - Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG

Not Applicable to TMDM & See annual financial statements

Appendix L (i) - Capital Expenditure – New Assets Programme

Not applicable. The district municipality's capital expenditure is only linked to assets used for operations.

Appendix L (ii) - Capital Expenditure – Upgrade/Renewal Programme

Although the municipality is expected to render bulk services and coordinate functions in terms of Local Government Structure Act Section 84 (Powers and Functions of the district municipalities), it lacks capacity to execute some of the functions due to lack of funding. Council cannot even contribute from its operational income towards capital development in local municipalities within the area.

Appendix M- Capital Program by Project current year

See annual financial statements

Appendix N - Capital Programme by project by Ward current year

Not applicable

Appendix O- Service Connection Backlogs at Schools and Clinics

Not Applicable at TMDM

Appendix P -Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision

Information not available at TMDM

Appendix R - Declaration of Loans and Grants Made by the Municipality

Thabo Mofutsanyana district has not provided any loans or grants to outside organizations.

Appendix S -Declaration of Returns not Made in due Time under MFMA section 71.

- None

Appendix T National and Provincial Outcome for local government

National and Provincial Outcomes for Local Government		
Outcome /Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	939,95km Visual Assessments & Conditions of Flexible Pavements .	100%
Out: Implementation of Energy Efficiency and Demand Side Management	Retrofitting of 340 high masts and 145 streetlights to be by the 30th of June 20205	100%
Output: Implementation of the Community Work Programme	The programme has created a total of 205 jobs within TMDM of which 140 were adult females & males and 65 youth formed part of the EPWP programme	100%

<p>Output: Administrative and financial capability</p>	<p>The Council is fully operational and is chaired by a full-time Speaker.</p> <p>It has an independent Audit, Performance & Risk Management Committee.</p> <p>A Municipal Public Accounts Committee(MPAC) has been established and is chaired by a member of the official opposition party in Council to enhance the credibility of the oversight function.</p> <p>The Executive Mayor is assisted by Six full-time members of the Mayoral Committee.</p> <p>The administration is headed by the Municipal Manager and Four Heads of Department.</p> <p>There are vacancies in these key designations. There is 100% compliance in respect of the MFMA requirements relating to Section 52(d)-reports, Section 72-Mid-year report, Section 71-monthly reports and other legislated quarterly reports.</p>	
<p><i>* Note: Some of the outputs detailed on this table might have been reported for in other chapters, the information thereof should correspond with previously reported information.</i></p>		

Appendix U - SECTION 46 – ANNUAL PERFORMANCE REPORT (Separate Document)

Appendix V - ANNUAL FINANCIAL STATEMENTS (Separate Document)

Appendix W - ACTION PLAN (Separate Document)