



INGQUZA HILL LOCAL MUNICIPALITY

OVERSIGHT REPORT ON THE DRAFT ANNUAL REPORT FOR THE 2024-2025 FINANCIAL YEAR

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1. FOREWORD BY CHAIRPERSON OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

It gives me a great pleasure on behalf of Ingquza Hill Municipal Public Accounts Committee (MPAC) to present the Oversight Report on the contents of the Annual report for the 2024/2025 Financial Year. MPAC derives its obligations in terms of what is contained in the Local Government Municipal Structures Act No 117 of 1998, in particular Section 79A of the Local Government Municipal Structures Amendment Act No. 3 of 2021 and the Municipal Finance Management Act, No 56 of 2003.

The Committee has a task of reviewing the Annual Report as required by law, much attention has been paid on the following documents but not limited to: -

- Draft Annual Report 2024/2025 Financial Year,
- Financial Information,
- The Audit Report, and
- Received and considered municipality's Audit Committee views and comments on the Annual Financial Statements (AFS) and the Annual Performance Report (APR).

2. PURPOSE OF THE REPORT

The purpose of this report is to present comments to Council on the draft Annual Report for the 2024/2025 Financial Year as was referred to the Municipal Public Accounts Committee by the Council meeting of the 30 January 2026 and make appropriate recommendations for Council adoption.

The Annual Report is part of the municipality's governance effort to account to stakeholders and residents of our area of jurisdiction, as mandated by the Local Government: Municipal Finance Management Act (MFMA) of 2003 and the Local Government: Municipal Systems Act (MSA) of 2000.

3. INTRODUCTION

The Annual Report is one of the key instruments of transparent governance and accountability. It is a post financial year document which provides an overview process of financial and non-financial performance in respect of the previous financial year.

The 2024/2025 Draft Annual Report was presented to Council on 30 January 2025 and Council referred it to the Municipal Public Accounts Committee (MPAC) for review. MPAC assessed the contents of the Draft Annual Report and made recommendations in its Oversight Report to the Council for consideration.

The Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA), and National Treasury Circulars provide guidance in the drafting of the Annual Report. The 2024/2025 Annual Report consists of the following components: -

- The 2024/2025 Annual Performance Report, as required in terms of Section 46 of the Municipal Systems Act (MSA).
- The 2024/2025 Audited Annual Financial Statements.
- The 2024/2025 Auditor-General's Audit Report on the financial statements and programme performance in terms of Section 126 (3) of the MFMA and 45 (b) of the MSA respectively.
- The 2024/2025 Audit Committee's Report.

4. LEGISLATIVE BACKGROUND

The preparation of the 2024/2025 Oversight Report is in accordance with Section 129 (1) of the Municipal Financial Management Act (2003), which requires a Municipal Council to consider the Annual Report and refer the Annual Report to an Oversight Committee.

The Oversight Committee, MPAC is required to prepare an Oversight Report containing comments and recommendations. The Council must at the adoption stage of the Oversight Report state whether it (the Council) has approved the Annual Report with or without reservations; has rejected the Annual Report; or has referred the Annual Report back for revision of those components that can be revised.

Circular No. 32 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 further recommends that Council should consider the establishment of an Oversight Committee under Sections 33 and 79 of the Local Government: Municipal Structures Act (1998). The Circular states that this Committee and, if needed, sub-committees, could be responsible for the detailed analysis and review of the Annual Report and subsequent drafting of an Oversight Report that may be taken to full Council for discussion and consideration.

Such committee, according to this Circular, may receive and review representations made by the public and seek inputs from other Councilors, Council Standing and Portfolio Committees as may be necessary. MPAC is exercise its responsibility guided by the following legislative framework; -

- Constitution of the Republic of South Africa, Act 108 of 1996,
- Local Government Municipal Systems Act, No. 32 of 2000,
- Local Government Municipal Systems Act, No. 117 of 1998,
- Local Government Municipal Structures Amendment Act, No. 3 of 2021,
- Municipal Finance Management Act, No 56 of 2003,
- Approved Municipal Delegation of Authority 2025,
- IHLM Standing Rules and Orders of Council 2025,
- IHLM MPAC Terms of Reference 2022, and
- Council Approved IHLM Municipal By-Laws
- Council Approved IHLM Municipal Policies 2025.

5. COMPOSITION OF COMMITTEE

The Municipal Public Accounts Committee (MPAC) is the Committee of Council established in terms of Section 79 of the Local Government: Municipal Structures Act, No. 117 of 1998. The Committee's function is to exercise oversight over the functions of the Executive Committee, on behalf of the Council and directly report to the Council.

The Municipal Finance Management Act, in Section 129 (1) stipulates that the Council of a municipality must consider the annual report of a municipality and any entity under the municipality sole or shared control, and by no later than two months from the date on which the annual report was tabled in Council in terms of Section 127 and adopt an Oversight report containing Councils' comments on the annual report. The MFMA Circular No. 32 (Municipal Finance Management Act, No. 56 of 2003) states that the MPAC should be made up of only non-executive Councilors. It further provides that municipal officials cannot serve as members but instead as administrative support. All meetings of MPAC are open to the public, and timely notice of meetings are given to enable representations to be made.

The Committee is composed of eleven (10) members from different political parties as reflected in the Council.

Table 1. MPAC Members

NAME & SURNAME	POLITICAL PARTY
1. Cllr Z. Noncokwana – Chairperson	ANC
2. Cllr B. Nokhele (Whip)	ANC
3. Cllr T. Ndzumo	ANC
4. Cllr N. Mngqinelwa	ANC
5. Cllr Z. Mtsotso	EFF
6. Cllr Z. Bambusiba	ANC
7. Cllr N. Zathi	ANC
8. Chief L. Dinwayo	TRADITIONAL LEADER
9. Cllr F. Nomgca	ANC
10. Cllr N. Somzana	DA

6. FUNCTIONS OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE IN RELATION TO THE ANNUAL REPORT

This Committee is responsible to perform the following functions; -

- Reviews Financial Statements, audit reports, performance reports and annual reports,
- Considers comments received on the annual report from public consultations processes,
- Conducts public hearings to allow local communities or any organs of the state to make representation on the annual report,
- Considers Audit Committee views and comments on the Annual Financial Statements and Performance Report and prepares an Oversight Report for submission to the Council.

7. PROCESS FOLLOWED IN ASSESSING THE DRAFT 2024/2025 DRAFT ANNUAL REPORT: -

On the 02 & 03 February 2026, MPAC sat a Committee meeting to review the Draft Annual Report for the 2024/ 2025 Financial Year and its contents, upon reviewal, the Committee embarked on site visits to verify projects reported in the Draft Annual Report on the 12 & 13 February 2026.

The Committee then wrote to departments requesting further clarities on issues identified during the site visits and some that were either not clear or additional information needed. Members of the Executive Committee were then invited to a Joint Sitting Meeting between MPAC and the Executive Committee. The meeting was only honoured by Good Governance and Public Participation Portfolio Head, Cllr N. Jamjam. MPAC sincerely appreciate the commitment that is always shown by Cllr Jamjam which is a good example of a Public Representative.

On the Wednesday, 18 March 2026, as part of intensifying public participation of citizens of Ingquza, all municipal stakeholders and beneficiaries of projects implemented (during 2024/2025 Financial Year) were invited and provided with transport to attend the MPAC Public Hearings which was held at Bonginkosi Nongoma Community Hall where they (stakeholders) interacted with the Draft Annual Report. The aim and objective of this MPAC Public Hearings was to afford stakeholders to comment and express their opinion in what is contained in the Report with the aim of improving accountability and transparency.

8. MATTERS OF FURTHER CLARITY TO DEPARTMENTS

Table 4: CLARITIES SUBMITTED PER DEPARTMENT

DEPARTMENT	NO OF ISSUES	ANSWERED	NOT ANSWERED
1. Technical Services	13	7	6
2. Budget and Treasury Office	15	15	N/A
3. Planning and Development	07	07	N/A
4. Good Governance and Public Participation	7	7	N/A
5. Social Services	05	05	N/A
6. Corporate Services	5	5	N/A

9. MPAC SITE VISIT REPORT

Based on the review of the Annual report, the Committee decided on key Service Delivery areas or projects that were to be visited to further substantiate certain matters on the report. This part of verification is essential in the work that the Committee does on the review of performance targets against the actual performance reported. This is done to conform their completeness. Detailed Site Visits Report:

- **REHABILITATION OF RHOLE ACCESS ROAD IN WARD 23**

On the 2023/2024 Oversight report on the Annual report, MPAC had recommended that the department must go and fix all the snags highlighted on this project and that recommendation has not been implemented by the department. Most Pipes are still not fitted and those that have been fitted, are not done properly causing eroded.



- **MAVALELENI ACCESS ROAD (PART OF 13KM)**

There was a part of the construction that was left only bladed by the Contractor; it was one of the MPAC recommendations in the Oversight Report on the Annual Report 2023/2024 Financial Year that Service Provider (Contractor) must be sent back to finalise the construction as per the scope of work that was paid for. During the MPAC Site visit for the Draft Annual Report for 2024/2025 Financial Year, the Committee was pleased to observe that its recommendation in relation to the project was fully implemented.



- **COMPLETION OF ACCESS TRACK TO THE VIEWING DECK AT WARD 23 BY MARCH 2025**

PAVING

VIEWING-DECK

(VANDALISED)





During MPAC Site Visit on the 2024/2025 Draft Annual Report, the members were accompanied by the Planning and Development Official, who informed members that there has been work done in terms of renovation and restoring this site (i.e. the paving on the access track) but it has been destroyed again by the big cars that drive on it. The Committee as noted that there was no evidence to suggest that work was done to restore the access track as the paving is still broken, some parts paving has sunk and covered by sand. Members were concerned amongst other things that not fencing this site is also a contributing factor to its bad condition.

- **WARD 02 REHABILITATION / MAINTENANCE ACCESS ROAD**

The Committee admire the work done in the maintenance of the Ngcengce Access Road. This is a good example of work done.



- **WARD 16 SPORTSFIELD**

MPAC members found no workers on site and was told that the Contractor left site in October 2025. MPAC was told that some few workers came to the Site on the 10 February 2026 for trench digging and left for good. Members further interacted with the members of Project Steering Committee (PSC), who informed them that the Contractor stopped working, informed them that it was due to lack of funds as they were told by the Contractor. Major issue raised during interaction was that PSC pointed out that there is no supervision and communication from the municipality. One member even claimed that 2025, they came to the municipality to raise their concerns and frustrations but they was not attended to.



▪ **CONSTRUCTION OF MAVALELENI SPORTIFIED PHASE 2 AT WARD 02**

Mavaleleni Multi-Purpose Sport Field in Ward 02 is not continuing, material is still packed as it was in May 2025 as the Contract left the site.



▪ **CONSTRUCTION OF MTSWAYAZAFE TO MADLELWENI ACCESS ROAD AT WARD 20**

MPAC recommended that the Council should instruct the Contractor to return to site as the work is not finished in particular with regards to drainage. Also MPAC had learnt that this Access Road was constructed

without an approved EIA and DEDEAT early warnings and attempts to stop the project which this can expose the municipality to a huge financial fine.



▪ **CONSTRUCTION OF MTSHAYIZAFE BRIDGE**

In this project, the Committee is of the view that there is no value for money.



▪ **RENOVATION OF LUSIKISIKI OLD MUNICIPAL OFFICES**

Reported at 100% for the 2024/2025 Annual Report for Financial Year. MPAC noted that no change from the previous year's site visit, as such none of MPAC recommendations to Council to fix this project have been

implemented. The roof is still leaking when it is raining, ceiling and fracture boards are broken and falling. Unfortunately, the work done in this project is not worth the amount of money spent.



▪ **CONSTRUCTION OF NQAQHUME ACCESS ROAD AT WARD 16**

The committee recommended that the Contractor must returned to site for the drainage pipe next to Frank store.



▪ **PROVISION OF INPUTS TO 10 MAIZE PRODUCERS WITHIN MUNICIPAL WARDS LUSIKISIKI AND FLAGSTAFF BY DECEMBER 2025**

(a) Mr Pandwa – MASITHEMBANE COOPORATION

They have 64 hectors of Land ploughed.

They received seedlings, fertiliser, round up, they were happy with inputs received.



(b) MASILIME BAZALWANE - MRS NOGUDA

▪ MPAC visited this Co-op to verify inputs received and saw their produce sugar beans, which they are now selling. They also received potatoes, fertiliser, lime, springbok, and cornbot. They expressed their gratitude to the municipality assistance.





(c) SIYAZAMA CO OPERATION -MR DAMANE - NGOBOZANE

- This is Co - op received 6 Fertilisers, 6x Lan ,15 bags Imbewu, Mealies
- They have ploughed 54 Hectors.





(d) BONGANAM CO - OP IN WARD 08 - PHUMLA DUTSHWA

• This co-op received 10 bags of Potato Feed, 100 X White and red Chicken 8 X Pigs (six of those pigs are pregnant). The Co - op is now selling eggs at R5 each. She says she received everything she asked for, she is now asking for chicken and pig feed.





- **REHABILITATION OF WARD 22 ACCESS ROAD**

Members are satisfied with this road, exceptionally done.





- **COMPLETION OF FLAGSTAFF TOWN HALL (PHASE 2) WITH FLOOR SIZE 2500M2 IN WARD 06 AT FLAGSTAFF TOWN BY 30 SEPTEMBER 2025**

MPAC visited this project and found the roof (Ceiling) Leaking.



- **CONSTRUCTION OF ANIMAL POUND IN FLAGSTAFF (WARD 06) AND CONSTRUCTION OF ANIMAL POUND IN LUSIKISIKI (WARD 15) BY 30 JUNE 2026**

Fencing of the Flagstaff Pound Project completed, and good work had been observed by the Committee.



- **REHABILITATION OF WARD 30 ACCESS ROAD**

No Pipes in this road to drain water

Contractor is still on site



- **CONSTRUCTION OF 2,4KM BISI ACCESS ROAD AND BRIDGE**

The road is not complete, the Ward Councillor mentioned that project was stopped by Environmental department, Blanding was done for only 2 km, He also mentioned that there were 07 dish drains that were to be installed as per the scope of works, this project was never completed. The other part this access road is slab of which it is not in a good shape, its cracking, needs attention.



- **CONSTRUCTION OF 0,11HA MULTI - PURPOSE SPORTS FIELD AT JIKINDABA VILLAGE IN WARD 26 BY END JUNE 2025**

Phase 1 Ward 26 Sportsground almost completed.

Phase 2, soccer pitch delayed, was supposed to have started in January 2026.



- **MANTAINANCE OF WARD 26 ACCESS ROAD**

Ward 26 Access Road done.

There are areas where heaps of stones left not layered along most parts of the road.



- **FENCING OF AGRICULTURAL PROJECTS – MAGAYA CO-OPERATION IN WARD 32**

MPAC previously visited this project and found it vandalised because of a land dispute between the family that claims ownership and Mr Magaya. Developments are that Mr Magaya has secured a court order and a protection order against the family and was able to make use of the land and has planted Maize.

- **FENCING OF LUSIKISIKI FARMER AGRICULTURAL PROJECTS**

Pondoland Fencing complete.



- **FENCING FOR FLAGSTAFF FARMERS IN (WARD 09)**

Fencing complete. This good example going forward.



- **WARD 25 MDENI ACCESS ROAD**

MPAC's recommendation for the municipality to go and fix this road has not been implemented. No Change since the previous year's visit.

- No drains to redirect water.



- **HIGH MAST IN WARD 27**

High mast energised but three globes need to be replaced.

- **INSTALLATION OF ELECTRICITY INFRASTRUCTURE IN 150 H/H, KWA-DIKI AT WARD 17**



- **HIGH MAST KWA - KANANA AT WARD 17**

High mast was installed but still waiting for energising, installation is complete as per the report.

- **REHABILITATION OF 30M2 SURFACED ROADS (POTHOLE PATCHING) IN WARD 19 BY END MARCH 2025**

Noted from the Excel garage side towards Plaza.

- **REHABILITATION OF 30M2 OF SURFACED ROAD (POTHOLE PATCHING IN WARD 06**

The project is not at 100% as per the report, Contractor was on site on the day of the visit.



- **ELECTRIFICATION OF 133H/H IN WARD 18**

There are still households with no electricity, some connection was done, and they bought electricity once after the box never captured the tokens. Electrification of 133h/h in ward 188 Fama, Ntongwana and Vabetsho:

- **GOSO HIGH MAST IN WARD 22**

High mast is in good working condition.



- **REHABILITATION OF 160KM ACCESS ROADS FOR ALL 32 WARDS (AT 53%)**

MPAC notes with concern that the key performance indicator (KPI) for the Rehabilitation of 160 km Access Roads for All 32 Wards achieved only 53% against a 100% target in the 2024/2025 Service Delivery and Budget Implementation Plan (SDBIP) / Annual Performance Report. This represents a significant variance of 47% (approximately 75.2 km short of the planned target).

This underachievement is a critical service-delivery shortfall because access roads are a basic municipal function (under the Annual Report – Basic Service Delivery and Infrastructure Development) that directly affects mobility, economic activity, access to services (health, education, markets), and safety in all 32 wards. It contributes to the overall institutional performance (reported at 77% in the draft Annual Report) and highlights persistent challenges in infrastructure backlogs.

- **INSTALLATION OF ELECTRICITY INFRASTRUCTURE IN 47 H/H IN WARD 04 AND 05
MHLOPHEKAZI, NOZAYI AND BHISANA**

Electrification is done in most of the household's but still awaiting to be energised.



9. BASIC SERVICE DELIVERY

Targets Not Achieved

(a) BASIC SERVICE & INFRASTRUCTURE

Key Indicators not Achieved 89%	Planned Target	Reported Achievement
<ul style="list-style-type: none"> Completion of Re gravelling of 10 km Ndzaka to Mbhadango via Giniswayo Access road in Ward 11 by June 2025 	100%	68%
<ul style="list-style-type: none"> Completion of 6km Surfacing of Lusikisiki Internal Streets-Phase 3 in ward 15 at Lusikisiki Town by end of June 2025 	60%	55%
<ul style="list-style-type: none"> Completion of Construction of Zone 5 2ha Sportsfield Phase 1 at Malangeni Village in Ward 16 by the end of June 2025 	100%	30%
<ul style="list-style-type: none"> Completion of Construction of Lusikisiki Town Hall (Phase 2) with 2500m2 floor size in Ward 19 at Lusikisiki Town by the end of June 2025 	75%	30%
<ul style="list-style-type: none"> Completion of Construction of 2500m2 Flagstaff Town Hall (Phase 2) at Flagstaff Town in Ward 06 by the end of June 2025 	100%	94%
<ul style="list-style-type: none"> Completion of Installation of Electricity Infrastructure in 133 h/h in Ward 18 at Fama, Vabetscho and Ntongwana by the end of June 2025 	100%	82%
<ul style="list-style-type: none"> Completion of 24 m long bridge in Ngonyameni to Maqanyeni in Ward 11 by June 2025 	10%	0%

(b) PLANNING & LOCAL ECONOMIC DEVELOPMENT

Key Indicators not Achieved 69%	Planned Target	Reported Achievement
Number of agricultural projects metres to be fenced (Wards 2,8,12 & 21 & 32) Ingwe Farm by the end of June 2025	2	1

Number of Boreholes Constructed in Ward 20 and 26 by the end of June 2025	2	1
No of Boreholes to rehabilitated in Ward 28 by the end of March 2025	1	0
Number of Fishing cooperatives to be supported with cold storage in Ward 23 (Cutwini Village) by the end of June 2025	1	0
Completion of a feasibility study and business plan for Tourism around Hombe Dam in Ward 20 by the end of June 2025	100%	0%
Number of Local Enterprises supported with tools of trade by the end of June 2025	12	0
Number of Business Licencing software procured by the end of June 2025	1	0

Table 3:

10. PUBLIC PARTICIPATION PROCESS

MECHANISM TO PROMOTE PUBLIC PARTICIPATION	STATUS	COMMENTS
Invitation to public to submit comments on the Annual Report	Done	The Public was invited through various channels 18 March 2026 to submit comments on the Draft 2024/2025 Annual Report in Bonginkosi Nongoma Community Hall
Members of the public in all meetings of Council's Oversight Committee are accessible to members of the public including Annual Report	Done	The MPAC adopted Roadmap was advertised on 14 March 2025 inviting the public to its scheduled meetings, where the Draft 2024/2025 Annual Report was finalized.
Representatives of the Audit	Done	Auditor-General's representatives invited to the

Committee and Auditor-General are invited to meetings of Council that will consider Annual Report.		MPAC meetings convened to consider Annual Report.
Annual Report printed and distributed to Municipal Offices for access by local communities.	Done	Copies of these reports lie open for inspection at all municipal libraries and customer care centers and were also published on the municipal website (www.ihlm.gov.za)

11. THE FOLLOWING STAKEHOLDERS WERE INVITED: -

- Traditional Leaders,
- Ward Councillors,
- Hawkers Association
- Transport Associations
- Members of the Executive Committee,
- Ward Committees,
- Community Development Workers (CDWs),
- Business Forum,
- Council of Churches,
- Rate payers,
- Youth Organisations,
- Sport Federation,
- Beneficiaries of projects,
- Communities from all 32 Wards of Ingquza Hill,
- Government Departments,
- State Owned Companies and Entities

WARD	2024/2025 ANNUAL REPORT COMMENT	GENERAL SERVICE DELIVERY COMMENT	REFERENCE
Ward 29 (Mphumazi Village)	<p>Mr Melikhaya Marhoboshe wanted to know why the Municipality was offering bursaries to its employees versus the low number of bursaries being offered to qualifying indigent students, stating that it seems that the Municipality is developing these officials for pension.</p> <p>Clarity was requested in relation to the 10 km's of Giniswayo Regravelling whether it was unfinished or finished as it appears under both headings on the document presented.</p> <p>He also mentioned that he was uncomfortable with the fact that the presenter seemed to be distancing himself from the report, as if he is from a different Municipality</p>		<p>This comment was responding to the issue of 30 Bursaries that are being offered to employees by Corporate Services</p> <p>Regravelling of 10 km's Giniswayo Access road</p> <p>Issue is the Executive Committee report versus MPAC playing an Oversight role by presenting 2024/2025 Annual report</p>
Ward 7	<p>Ellias Bhomela says Bisi Access road is reported to have been completed on the report and he is disputing that, surely MPAC has visited this project to verify what has been reported. Mayor came to hand over the Contractor on the inception of this project and work started, before the Contractor (Joel) could finish he was instructed to stop working as there were environmental issues that were picked up, so, there is no road done there, he only managed to do blading. He says he has requested aa letter from the Municipality that will instruct him to go back to site to resume his work.</p>		Bisi Access Road

Ward 12	Ms Sisanda Ncekani says they do not know any road named Qhamangweni Access they are only aware of the bridge.	Electrification forward 12, this project was approved by the mayor, and it is not included on this presentation. The Municipality is requested to intervene in the issue of houses that were demolished by a contractor and only managed to build a few leaving people homeless	This Comment relates to the Electrification of Ward 12
Ward 02	Siphokazi Nokhele wanted clarity in the issue of Mavaleleni Sportsfield as she knows that this was handed over by the mayor, but the report says it is under construction.	No mention of ward 02 Electrification. Issue of 15 Households in Kalane Village that are still without electricity. Ntlembeni Access road in ward 02 was last maintained when Former Cllr Jiba was still a ward Councillor	This Comment was in relation to the Construction of 0,23 Multi-Purpose Sportsfield Mavaleleni Phase 2
Ward 16	PSC Chairperson is alarmed that that the report says the Sportsfield is on progress as there is no work happening there right and months on end pass by without any work happening there, she has gone several times to the Municipality to complain to no avail and she ends up struggling to report back to the Community.		Construction of Zone 5 2ha Sports Field Phase 1 at Malangeni Village.
Ward 20	Ms Mtsikwa Nonzuzo says she can confirm the electrification of 77 houses in this ward, they are in good order.		

	<p>Mtshayazafe to Madlelweni Access road is not complete, they reported to Cllr Vava and were informed that they have also tried calling the service provider in question, He is not taking their calls as well.</p> <p>There is no bridge in this ward as reported.</p> <p>The Borehole last had water some 16 years ago.</p> <p>High mast is there but has not been energised yet</p>		
Ward 18		Mzukisi Nkomonye wanted to know more about the agricultural project in the ward as it assists people from other wards.	
Ward 19	Mhlwazi Magingqi confirms Ward 19 Community Hall was done, Pothole Patching done, Pre School assisted with learning Material and the High Mast was done.	<p>Electrification of houses in this ward must be fast tracked.</p> <p>Metre boxes were fitted five months ago.</p>	
Ward 10	More clarity was requested in terms of grass cutting in sports fields that was done as part of assistance provided in federations (criteria and how their ward can participate)	Community Member wanted to know how many preschools per financial year does the Municipality assist?	
Ward 32	<p>Mast not Fully Functional</p> <p>Proposal is that Bursaries being offered by Corporate Services to students must be increased from 4 to 32 targeting the most disadvantaged children.</p> <p>In relation to the maintenance in wards they are requesting that the Municipality</p>	<p>There are houses that have not had electricity for the past five years in this ward.</p> <p>They need assistance with running water as</p>	<p>High Mast in ward 32</p> <p>Bursaries offered</p>

	<p>considers increasing the 5km's allocation per ward to 10 km's</p> <p>Cllr Vatsha is aware that there are indeed houses that have not had electricity for 4 years in this ward.</p>	<p>there is no running water currently.</p> <p>The ward is requesting for road maintenance as all of their roads have been damaged by the recent rains</p>	
Ward 22	Confirmation of a High Mast in ward 22 but most globes are not working		
Ward 06		Clarity is needed in terms of Hawker Assistance in both Towns; the report is silent	
Ward 09	<p>Confirms the High Mast in Ndukudeni Village but it is not fully functional and was reported to the Municipality and Technicians came to assess it and promised to come back to fix and have not been back yet since last year.</p> <p>Balasi access road, there is a shortage of material, and it was never finished (next to United Church)</p>		
Ward 26		The Community of ward 26 want to know what happened to the Mayors Cup?	
Ward 15	As part of the grass cutting done by the Municipality in Sportsfield for federations, this ward is requesting for grass cutting in Joe Slovo Field	Request to be assisted with a preschool that has no permanent structure in the ward (Maqhekeza Pre School)	
Ward 24		The transformer that was installed in 2020 was left unfinished and	

		has not been working, how did the happy letter get signed?	
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(i) **Focus Area 1: Organizational Score Card: Annual Performance Report of 2024/2025 Financial Year**

Table 5: Organizational Score Card for 2024/2025 Financial Year

KPA	Total KPI's	Achieved	Not achieved	Outstanding Performance	Significantly Above expectation 101-133%	Fully Effective 100%	Not Fully Effective 70-99%	Unacceptable Performance 069%	% Achieved
Technical Services	51	42	9						82
Corporate Services	18	15	3						83
Planning and Development	26	18	8						69
Budget and Treasury	12	9	3						75
Municipal Managers Officer	23	18	5						78
Community Services	29	20	9						67
Total	159	122	37						77

(ii) **SUMMARY OF THE MUNICIPAL PERFORMANCE MANAGEMENT**

This section presents the overall performance of the Municipality against its targets as set in the 2024/25 Service Delivery and Budget Implementation plan (SDBIP). As presented in Table 1, the Municipality had 159 targets, the total number of targets achieved was 122 and not achieved were 37; the percentage achieved for the current financial year is 77%.

12. AUDIT REPORT BY THE AUDITOR-GENERAL

IHLM AUDIT REPORT

Ingquza Hill Municipality has received a Qualified audit opinion for the year under review. MPAC has studied the audit report for the year ended 30 June 2025 as presented by the Auditor General (AGSA) in line with the requirements of Section 131 and noted that this opinion indicates stagnation for the municipality as it also achieved the same audit outcome for the year 2023/2024 as well as the two previous years before that namely 2022/2023, 2023/ 2024, & 2024/2025 Financial years respectively.

12.1. AUDITOR GENERAL RECOMMENDATIONS TO COUNCIL

- Management should establish a formal process for reviewing and reconciling depreciation for all assets on a quarterly basis with changes in useful lives of all assets documented.
- Management should further develop an impairment methodology that is in line with GRAP 21. Management should ensure that the requirements of GRAP 3 and GRAP 21 are appropriately applied to ensure that the impairment methodology is consistent on all assets.
- The fixed asset register should be reviewed on a quarterly basis to identify inconsistencies and errors which must be addressed timeously. Management should ensure that all existing and newly acquired assets are recorded in the Fixed Asset Register with unique identifiers, as well as relevant asset details (e.g. category, location, and condition). Conduct a full reconciliation of physical assets with the register to ensure accuracy.
- Management should perform a detailed review of fully depreciated assets to assess their remaining useful life. This should include evaluating whether the asset is still in use, if it still provides economic value, and if any adjustments to its useful life or residual value are necessary.
- Management should also ensure that any changes to the useful life of assets are documented and communicated in the financial statements, in line with the municipality's accounting policies and reporting requirements as per GRAP 3.
- Management should implement stronger internal controls over the recording of depreciation, including reviewing depreciation calculations and journal entries before they are posted to the financial records. This could involve additional signoffs or approval workflows to prevent errors.
- Management should ensure that the fixed asset register is reviewed monthly, to assess whether the remaining useful life per assets are correctly calculated and any errors on the register are identified and preventative measures are put in place.

12.2. REPEAT FINDINGS

- (a) Auditor General has stated that there has been a slight regression on the significant Internal Control deficiency reported in the previous year more especially to records management for Infrastructure and procurement and Contract Management.
- (b) The quality of the submitted information was not always adequate for audit purposes. The instability in management due to a couple of acting positions within the key directorates also had an impact on the accountability and enforcement of key controls. We also noted that the Municipality prioritized the filling of these key positions during the 2024/25 financial year.
- (c) Daily, weekly and monthly controls were not always implemented as errors that could have been detected or prevented with the implementation of such controls were identified during the audit
- (d) Audit action plan was not adequately implemented in order to ensure that internal control deficiencies identified by both the internal and external auditors are adequately dealt with resulting to repeat findings being raised in the current year.
- (e) The annual financial statements and the annual performance report were not adequately reviewed by management before submission to those charged with governance. Some of the discrepancies identified on the annual financial statements were caused by reliance to the consultants in order to prepare the underlying information to the financial statements and this was more evident during the audit of the Property, Plant and Equipment.
- (f) The Property, Plant and Equipment (PPE) and Expenditure findings are mostly repeat findings which were identified by the auditors in the past. For PPE, management is still relying on the assets module in calculating the depreciations and accumulated depreciation and the errors on the system were not identified on time.

12.3. NON-COMPLIANCE WITH LEGISLATION

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE REPORTS AND ANNUAL REPORTS

The Annual 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 non-current assets, current assets, liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted annual financial statements were subsequently corrected.

It must be noted that supporting records that could not be provided resulted in the annual financial statements receiving a Qualified Audit Opinion.

12.4. ASSET MANAGEMENT

An effective Internal system of Internal Control for assets was not in place as required by Section 63 (2)(c) of the MFMA.

12.5. STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

The performance management system and related controls were inadequate as it did not describe how the performance planning, measurement, review and reporting processes should be managed as required by the municipal planning and performance management regulation 7(1).

12.6. PROCUREMENT & CONTRACT MANAGEMENT

Sufficient evidence could not be obtained that the performance of contractors /providers was monitored monthly as required by Section 116(2) of the MFMA. Similar limitation also reported in the previous year. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for Councillors issued in terms of the Municipal Systems Act and the code of conduct for staff members issued in terms of the Municipal Systems Act

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 116(2) (c) (ii) of the MFMA.

12.7. INTERNAL CONTROL DEFICIENCIES

- Daily, weekly and monthly controls were not always implemented as errors that could have been detected or prevented with the implementation of such controls were identified during the audit by Management.
- The quality of the submitted information was not always adequate for audit purposes. The instability in management due to a couple of acting positions within the key directorates also had an impact on the accountability and enforcement of key controls.
- Management did not ensure that the financial statements are sufficiently supported by reliable and credible information as financial statements supporting schedules were not submitted, contained errors and omissions which resulted into material findings raised on the submitted financial statements. In addition, there seems to be a lack of timely reviews of information used in preparation of the financial statements.
- Management did not adequately implement recommendations of the Audit Committee and Internal Audit unit which impacted on the effectiveness of these governance structures which resulted in repeat audit findings by the auditors.

13. IMPLEMENTATION OF THE AUDIT ACTION PLAN

Audit action plan was not adequately implemented to ensure that internal control deficiencies identified by both the internal and external auditors are adequately dealt with, resulting to repeat findings being raised in the current year. Supporting documents not received led to recurring findings. The accounting officer should further allocate responsibilities to managers to track the implementation of all resolutions and activities in the audit action plan. All managers who fail to discharge these duties should be called to account.

14. SUPPLY CHAIN MANAGEMENT

14.1. FRUITLESS & WASTEFUL EXPENDITURE

There is fruitless and Wasteful Expenditure of R1 460 246.39 rands that was identified by both MPAC and Audit Committee during the Investigation relating to the Material Irregularity as referred to by Council. This was then classified as Fruitless as it was money already paid to Max Prof as part of the existing contract for contingencies and related expenditures. Max Prof was appointed to provide VAT recovery services for the Municipality. MPAC is in the last stages of finalizing this report and be submitted to Council for processing.

13. MATERIAL IRREGULARITY

The Auditor-General South Africa (AGSA) issued a Material Irregularity (MI) to the Ingquza Hill Local Municipality, dated 22 March 2023, relating to inefficient or uneconomic use of Value Added Tax (VAT) consultant, in terms of which the Municipality appointed Maximum Profit Recovery (Pty) Ltd, hereafter referred to as "MaxProf", as consultants in February 2021 to provide services for VAT returns and recoveries.

The material irregularity was presented to council by the accounting officer then council referred the matter to the municipal disciplinary board for further investigation. The municipal disciplinary board investigated the matter and made recommendations to the Council. The Council was not satisfied with the recommendations from the disciplinary board and then requested the Municipal Public Accounts Committee (MPAC) together with the Audit Committee to conduct a further investigation on the Material Irregularity raised by the AGSA.

MPAC and the Audit Committee investigated the Material Irregularity and provided a report to Council on 17 September 2024 and the report did not find any ground to believe that there was non-compliance with the actions taken by management and there was no irregular and material irregularity that they have identified from the report and have instructed the accounting officer to implement the recommendations detailed on the report. The report was submitted to the AGSA office on 18 October 2024, and a further submission was made on the 22 July 2025 to provide more information on the material irregularity that was raised.

The Municipality made a written submission on 18 October 2024 & 22 July 2025 and the Auditor General considered the representations made and the substantiating documents provided and A.G decided not to pursue this matter further as a material irregularity.

14. SERVICE DELIVERY CHALLENGES

- (a) The Committee raises concern in relation to repeat findings by the Auditor General, some of these issues had been identified previously by the MPAC.
- (b) The Auditor General in his report has highlighted in line 34 that there is no evidence that the performance of contractors /providers was monitored by the Municipality monthly as required by Section 116(2) of the MFMA, this is quite concerning for the committee as this was also reported in the previous year. The harsh reality is that the effects of this are felt by the people of Ingquza a at large as this usually leads to compromised service delivery, unexplainable delays in projects and often projects being abandoned halfway.
- (c) MPAC had made a recommendation to Council, proposing that a public meeting to close off projects as part of increasing accountability and public participation, wherein a happy letter must be signed by a Councillor in the presence of a community must be mandatory as a proof that indeed a project has been completed. To this end, this has not been affected and the MPAC continues to receive complaints about projects that have not been finished , yet the happy letter was signed. (see *Public Comments on the Draft Annual report 18/03/2026*)
- (d) MPAC remains concerned about the Construction of Mtshayazafe Bridge reported on the draft Annual report for the 2024/2025 FY, as highlighted on the site visit report.
- (e) Management taking too long to terminate service providers that have abandoned projects or not performing as expected is a serious going concern for MPAC that seeks to undermine the strides that the Municipality is trying to make in terms of proving reliable quality services to the people of Ingquza.
- (f) MPAC Members are concerned if the members of the Executive Committee have fully comprehended the impact of not attending these Joint sitting meetings as they miss out on an opportunity to engage and clarify issues before they make it to the Oversight report that cannot be changed once submitted to Council.

15. CHALLENGES

This Section deals with Challenges that MPAC faced whilst dealing with the reviewal of the Annual Report.

15.1. Departments are not always cooperating nor responding to questions or `information requested from them, within the stipulated timeframes this causes a lot of disruption causing the committee not to adhere to the planned schedule.

15.2. On the 12th of March 2026, the Committee extended an invitation to all Portfolio heads to a Joint sitting Meeting between MPAC & The Executive Committee, only one Councillor arrived, Good Governance Portfolio Head, this meeting was aimed at getting more clarities on the responses received from departments as well as issues identified during site visits to enable members to produce a reliable and credible oversight report. Some members neglected to send apologies for not attending the Joint sitting.

15.3. Responses given by some HOD's, and Portfolio heads are not satisfactory during these hearings due to the elements of being evasive and defensive and they do not address matters that were raised by the Committee.

15.4. MPAC is concerned that this committee is not given the respect and space it deserves as council committee to fully discharge on its mandate. Due dates, invitations to meetings, requests for information are not honored by both the Management team and the Executive committee, this conduct seeks to paralyze the committee and makes it harder to achieve its tasks as envisaged.

15.5. There are projects that are regarded as being implemented for the entire financial year which some do not get achieved. In this regard, the municipality must make quarterly assessment so that if they are not going to be achieved they can be removed/adjusted from the SDBIP during mid-term adjustment.

15.6 The Committee has noted that there are projects that get done but never report in quarterly or annual report, for example maintenance of Gxelesha Access Road and maintenance of Nkululekweni Access Roads

15.7 The Committee has noted that members of the public are not called to witness the handover of projects in particular in the LED Section as such the Committee is of the view that like the practice on infrastructural related projects, there must be a handover where community members are invited to witness.

15.8 The Committee is worried that there is no move to Blacklist Service Providers that acting in bad faith while people are waiting for service delivery.

15.9 The Committee is very concerned by the huge workload that is categorized as unplanned maintenance. It is the view of the Committee that this must be stopped immediately as there are no proper reporting relating to it.

15. 10 The Committee is very concerned by the use of consultants in many projects which bring no value for money judging by many variation orders that get requested as a result of poor planning. In the light of the use of consultants in almost all projects by Engineering and Technical Services Department while there is enough workforce, the Committee is of the view that an enquiry looking into expertise and fitness of the current workforce with clear terms of references must be conducted as can save more resources which can be channeled towards service delivery projects.

19. FINANCIAL IMPLICATIONS

All the Financial Implications or costs relating to the review of this report have been budgeted for under MPAC Operational Budget.

16. RECOMMENDATIONS

Having fully considered Ingquza Hill Local Municipality's 2024/2025 Draft Annual Report, the Municipal Public

Accounts Committee resolves to recommend to Council as follows: -

17.1. That the Project Management Policy must be amended on the next policy review to include that it must be made mandatory to convene a community meeting at the end of a project where a happy letter will be written by the Ward Councillor before all stakeholders as this will address issues public participation as well as completeness.

17.2. That the Public Participation Policy must also be reviewed and aligned with the Project Management Policy in line with accountability and transparency purposes.

17.3. That the Accounting Officer should ensure that there are drastic measures in place to deal with managers and directors who failed to implement recommendations from the oversight bodies for improved audit outcomes if the Municipality is to change its audit Outcomes.

17.4. That the Accounting Officer provides the necessary support to the Internal Audit Unit by ensuring that all their recommendations are accepted and Implemented by Management.

17.5. That the Accounting Officer and the Mayor must develop a Turnaround Plan to deal with repeat findings in the Audit Action Plan that have not been resolved as yet to be presented in the next Council meeting, the issue of these repeat findings cannot be treated as business as usual.

17.6. That Council pays close attention to the advice given by the Audit Committee in relation to performance and financial information to Council.

17.7. That Council does not invest any more funds for future work in relation to the Construction of the Access track in ward 23 as that project is open to continuous vandalism and neglect as there is no controlled access to it and no security personnel. Any further cash injection would be a waste of taxpayers' money (see site visit report 2026).

17.8 In the light of the use of consultants in almost all projects (which had resulted in many variation orders) by Engineering and Technical Services Department while there is enough workforce, the Committee is of the view that an enquiry looking into expertise and fitness of the current workforce with clear terms of references must be conducted as can save more resources which can be channeled towards service delivery projects.

17.9 The Committee recommending to the Council that the issue of variation orders must be subjected into an investigation as this trend is continuing with no consequence management on those found not done properly their work.

MPAC has reviewed and analyzed the 2024/2025 Draft Annual Report, Received, and considered the audit committees views and the comments and views from the auditor general on the annual financial statements and the performance report and considered the inputs and having received clarities from management and is taking all views into consideration.

1. MPAC then recommends that Council, having fully considered the IHLM Draft Annual Report for the

2024/2025 Financial Year, adopts this Oversight Report with comments and recommendations without reservations.

2. That the Oversight Report be made public in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.
3. That the Oversight Report for the 2024/2025 Financial Year be submitted to the Provincial Legislature in accordance with Section 132 (2) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

Prepared by:



**Cllr Z. Noncokwana
MPAC Chairperson**

31 March 2026

