

LEPELLE-NKUMPI LOCAL MUNICIPALITY

INTERNAL MEMO

TO: COUNCIL

FROM : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

SUBJECT: ADOPTION OF THE 2024/2025 ANNUAL OVERSIGHT REPORT

DATE: 26 MARCH 2026

1. PURPOSE

The purpose of this memorandum is to submit the 2024/2025 Annual Oversight Report of the Lepelle-Nkumpi Local Municipality to Council for consideration and adoption, in line with applicable legislative and governance prescripts.

2. LEGISLATIVE AND POLICY FRAMEWORK

The Annual Oversight Report is prepared and tabled in accordance with the following legislative provisions:

- Section 129 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), which requires Council to consider the Annual Report of the municipality and adopt an Oversight Report.
- Section 79 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), which provides for the establishment and functioning of oversight committees such as MPAC.
- Municipal Systems Act, 2000 (Act No. 32 of 2000), relating to performance management, accountability, and transparency.
- MFMA Circulars and National Treasury Guidelines on the preparation and adoption of municipal oversight reports.

3. BACKGROUND

The Municipal Public Accounts Committee (MPAC) is established as a Section 79 committee of Council with the mandate to strengthen oversight, accountability, and good governance within the municipality.

In fulfilment of this mandate, MPAC has considered the 2024/2025 Annual Report of the municipality, which includes, among others:

- The annual financial statements
- The Auditor-General of South Africa (AGSA) audit report
- Performance information against the approved Service Delivery and Budget Implementation Plan (SDBIP)
- Governance, compliance, and service delivery matters

The Committee conducted its assessment through the review of documentation, engagements with management, and consideration of relevant audit outcomes and performance trends.

4. SUMMARY OF THE OVERSIGHT PROCESS

In compiling the 2024/2025 Annual Oversight Report, MPAC undertook the following:

- Reviewed the 2024/2025 Annual Report and supporting documentation;
- Considered the Auditor-General's findings and management responses;
- Assessed financial performance, service delivery outcomes, and governance controls;
- Identified key risks, challenges, and areas requiring corrective action; and
- Formulated findings and recommendations aimed at improving financial management, service delivery, and institutional performance.

The Oversight Report reflects MPAC's independent assessment of the municipality's performance for the 2024/2025 financial year.

5. KEY OUTCOMES OF THE OVERSIGHT REPORT

The Annual Oversight Report highlights, inter alia:

- The municipality's overall financial and non-financial performance for the 2024/2025 financial year;
- Key governance and compliance matters arising from the AGSA audit;
- Challenges relating to revenue management, expenditure patterns, supply chain management, and project implementation;
- The status of service delivery and infrastructure projects; and

- Specific recommendations to address identified weaknesses and improve accountability and performance.

6. RECOMMENDATIONS

It is recommended that Council:

1. Considers and adopts the 2024/2025 Annual Oversight Report of Lepelle-Nkumpi Local Municipality in terms of Section 129 of the MFMA; and
2. Directs the Accounting Officer to develop and implement an action plan to address the findings and recommendations contained in the Oversight Report, and to report progress to Council and MPAC on a quarterly basis.

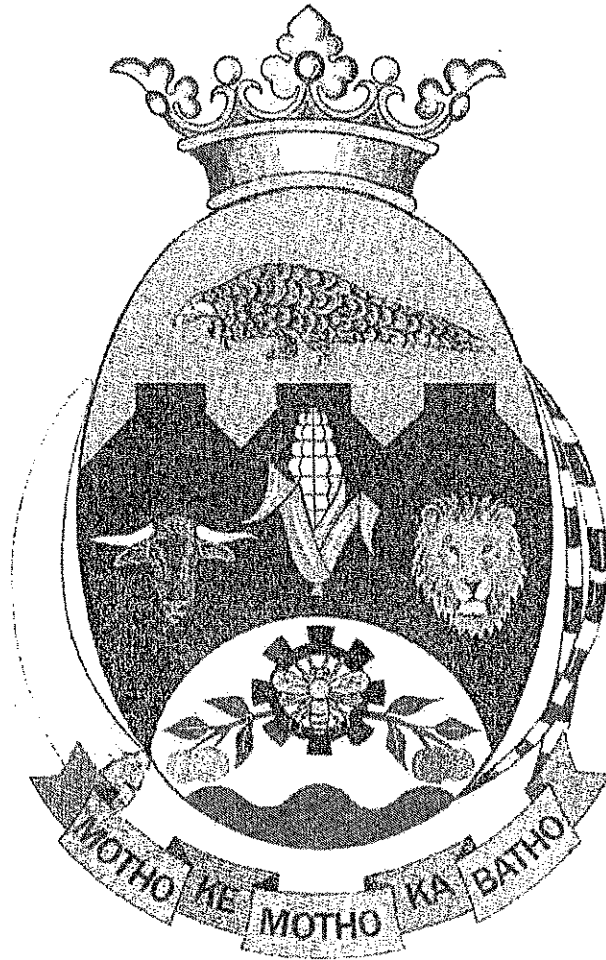


C. R. MOLLOMI
CHAIRPERSON: MPAC

26/02/2025

DATE

LEPELLE NKUMPI LOCAL MUNICIPALITY



2024/2025 ANNUAL OVERSIGHT REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

1: INTRODUCTION

Section 129(1) of the Municipal Finance Management Act (MFMA) 56 of 2003 states that council of a municipality must consider the report of the municipality and of any municipal entity, under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council –

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

The Municipal Public Accounts Committee (MPAC) was able to comply with section 129(1) of the Municipal Finance Management Act 56 of 2003 in terms of tabling its oversight report by no later than two months from the date on which the annual report was tabled in the council in terms of section 127.

The draft annual report was tabled before council on the 31 January 2026. The analysis and review of the annual report is based on the provisions of the National Treasury guidelines as contained in circular 32 of 2005 and the process of public consultations and hearings which took place on 13 March 2026 and 20 March 2026 respectively. No written community representations were received from the Office of the Acting Municipal Manager nor the Speaker on the AR except for inputs from members of the community on public participation meeting.

MPAC is composed of the following members and role players:

- Cllr. Mollo MI Chairperson

- Cllr. Mareme MA Member

- Cllr. Makhafola SJ Member

- Cllr. Hlongoane HM Member

2. Contents of the Annual Report

The AR tabled by the Mayor included the following components of the AR as provided for under section 121(3) of the MFMA / Circular no. 63 of the MFMA:

- The annual financial statements of the municipality.
- The Audit report of the Auditor –General in terms of both Section 126(3) of the MFMA and Section 45(b) of the MSA.
- The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act; and
- An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17(3)(b) MFMA for revenue collection from each revenue source and each vote in the municipality's approved budget for relevant financial year.
- An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges.
- Particulars of any corrective actions taken or to be taken in response to issues raised in the audit reports in term of section 121(3)(b) and (d)MFMA.
- Explanations to clarify issues on financial statements.
- Recommendations of the Audit Committee.

3. The Format of the Annual Report

In terms of Circular no. 63, the AR should adopt the following format:

- Chapter 1: Mayor's foreword and Executive summary
- Chapter 2: Governance
- Chapter 3: Service delivery performance
- Chapter 4: Organisational development performance
- Chapter 5: Financial performance
- Chapter 6: Auditor General's findings
- Appendices

Findings on the Format of the AR:

Governance

Chapter 2 of the Annual Report, under component A paragraph 3, it was indicated that "For the year ended 30 June 2024, the municipality had a total of sixty councillors", instead it was supposed to be the year ended 30 June 2025.

- ❖ The committee found that municipal documents reviewed during the oversight process were not subjected to adequate quality assurance, as evidenced by inconsistencies, omissions, and errors across several reports, which undermines accuracy, credibility and compliance of official municipal records.

Organizational Development Performance

In terms of the Skills Development Act, our municipality is required to annually submit a Workplace Skills Development as well as the annual training report to LGSETA. This report reflects how the skills budget was utilised for the organization to be eligible for discretionary grants from the LGSETA to further develop the staff.

- ❖ The committee noted significant under-expenditure on skills development, where R1 282 500.20 was allocated but only R183 000.00 was spent, resulting in the non-implementation of planned training initiatives.

Auditor General's findings

Annual Financial Statements

As disclosed in note 13 of the financial statements, the municipality materially unspent the Municipal Infrastructure Grant (MIG) with R9 306 082.

- ❖ The Committee found that the municipality materially underspent the Municipal Infrastructure Grant (MIG) by an amount of R9 306 082, as reflected in the financial statements. This significant under-expenditure indicates delays in the implementation of planned infrastructure projects and reflects ineffective utilization of conditional grant funding intended to support service delivery and capital development.
- ❖ The failure to fully utilize 100% of the Municipal Infrastructure Grant (MIG) results in communities not receiving the intended service delivery.

Expenditure Management

Reasonable steps were not taken to prevent irregular expenditure amounting to R43 487 808 as disclosed in note 48 to the annual financial statements, as required by section 62(1)(d) of the MFMA. Most of the irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations.

- ❖ The Committee noted that the municipality failed to implement adequate measures to prevent irregular expenditure totaling R43 487 808, predominantly resulting from breaches of Supply Chain Management regulations as reflected in Note 48 of the annual financial statements.

Internal Control Deficiencies

Internal controls for monitoring compliance with legislation were ineffective as it did not detect and prevent instances of non-compliance.

- ❖ The Committee noted that senior management's oversight was insufficient, as significant errors in the financial statements and annual performance report went unnoticed due to weaknesses in the municipality's internal control processes.

4. RESPONSIBILITY OF THE ACCOUNTING OFFICER (AO)

Section 127(5) of the MFMA states that immediately after the AR is tabled in the council in terms of section 127(2), the AO must in accordance with section 21A of the Municipal Systems Act (MSA) –

- (i) Make public the AR.
- (ii) Invite the local community to submit representations in connection with the AR; and
- (iii) Submit the AR to the AG, the relevant Provincial Treasury and the Provincial Department responsible for local government in the province.

The AO has complied with the provisions of section 127(5) of the MFMA in that the AR was placed on the municipal website and advertised for submission of representations on the AR.

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5. METHODOLOGY

MPAC executed the following processes during consideration of the AR with a view of arriving at a determination consistent with the provision of section 129(1) (a)(b) or (c)MFMA

- Perusal and analysis of the AR.
- Formulation of questions for written responses by management.
- Request for inputs and comments in response to the advertisement of the AR.
- Request and noting of inputs and comments from community members.
- Projects visits.
- Consideration of written responses by senior management.
- Formulation of questions for oral response at public hearing.
- Consideration of oral responses by Executive Committee.
- Sessions with officials and sister departments who are support structures to the committee throughout.
- Drafting and adoption of oversight report.

6. FINANCIAL MATTERS

6.1 Annual financial statements (AFS) 2024/2025

The AFS for the municipality for the financial year 2024/2025 has been submitted to the AG on time on the 31 August 2025 as required by the legislation. The AO complied with the provisions of section 126(1)(a) of the MFMA in that the AFS of the municipality were prepared and submitted to the AG within two months after the end of the financial year 2024/2025.

6.1.1 Internal Controls

The above material misstatements were the result of internal control deficiencies in financial record keeping, financial statement preparation and other related matters.

- ❖ Senior management failed to exercise adequate oversight, resulting in material misstatements in the annual financial statements and annual performance report that were not detected by the municipality's internal control systems.
- ❖ Internal controls for monitoring compliance with legislation were ineffective, as they failed to detect and prevent instances of non-compliance.

- ❖ Although the municipality developed and monitored action plans to address prior-year external audit findings, the plans were inadequate as they failed to sufficiently address the significant compliance-with-legislation findings reported in the current period.

6.2 Financial Management and Performance

6.2.1 Financial Assessment and Compliance

Auditor General conducted a high-level assessment of the financial position and key financial ratios of the municipality to highlight to management those issues that may require corrective action to maintain financial stability.

Auditor-General concluded that the financial health of the municipality is concerning which is the same as the previous year.

The AO need to pay attention on the following to improve the financial health of the municipality:

- ❖ Revenue Management because debtors' collection period is high.
- ❖ Asset maintenance and renewal spending be increased to ensure that service delivery base is not eroded.

MPAC is concerned that:

- The redundant assets, especially the fleet is not auctioned, and this could have generated income that would supplement the procurement of yellow fleet and / or waste collection vehicles which is a challenge the municipality is facing now.

6.2.2 Financial Management – Non-compliance

Auditor-General identified non-compliance with legislation and other local government requirements on financial management as follows:

- ❖ AO failed to take reasonable steps to prevent irregular expenditure amounting to R43 487 808 as disclosed in note 48 of the Annual Financial Statements (AFS 2024/2025) as required by Section 62(1) (d) of the MFMA.
- ❖ Measures to combat the abuse of the Supply Chain Management (SCM) system were not implemented in accordance with the requirements of SCM Regulation 38(1). As a result, some contracts were awarded to service providers who had previously abused the municipality's SCM processes.

- ❖ Unauthorised expenditure incurred due to the municipality overspending its budget was not investigated to determine whether any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

Amounts disclosed Opening balance (prior year): R294,269,974

Unauthorized expenditure identified from prior year: R322,542

Unauthorized expenditure incurred in 2024/25: R0

Amounts authorized during the year: (R294,269,974)

Closing balance (30 June 2025): R322,542

6.2.3 Grant Management

Auditor-General identified material underspending in conditional grants whereby the MIG was underspend by R9 306 082.

MPAC is concerned that this pose a negative effect on service delivery because the communities are deprived their rights of access to provision of services.

6.3 Performance Planning, Management and Reporting

6.3.1 Service Delivery Performance

Basic service delivery and infrastructure development

The table below provide information on the achievement of planned targets and list of key service delivery 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.

<i>Targets achieved: 34%</i>		
<i>Budget spent: 27.3%</i>		
Key indicators not achieved	Planned target	Reported achievement
Tec 01: Number of additional households connected to electricity grid in Montantanyane Village by June 2025.	150	0

Tec 02: Number of additional households connected to electricity grid in Makweng ga-Tjale Village by June 2025	200	0
Tec 03: Number of additional households connected to electricity in Matjatji Village by June 2025	100	0
Tec 04: Number of additional households connected to the grid in Matjatji Village by June 2025.	150	0
Tec 05: Number of additional households connected to electricity grid in Mapatjakeng Village by June 2025	39	0
Tec 06: Number of additional households connected to electricity grid in Jackiland Village by June 2025	1000	0
Tec 07: Number of additional households connected to electricity grid in Jackiland Village by June 2025	750	0
Tec 08: Number of additional households connected to electricity grid in Legwareng Village by June 2025	50	0
Tec 09: Number of additional households connected to electricity grid in Seruleng Village by June 2025	50	0
Tec 10: Number of additional households connected to electricity grid in Sekurwaneng Village by June 2025	50	0
Tec 12: Number of retrofitting existing high mast lights upgraded at Lebowakgomo township by June 2025	25 retrofitting	13 retrofitting
Tec 13: Number of solar high mast lights erected at Lebowakgomo Zone A, B, F, BA, H, P, R, S, Q by June 2025	16	0
Tec 14: Erection of solar high mast at Sedimothole, Mogoto, Maileng, Sehlabeng, Matitii, Sekiming, Ga-Mokgoba, Ramonwane and Malemati by June 2025	9	0
Tec 16: Number of bridges constructed at Mangwakwa/ Mailane village by June 2025	1	0
Tec 18: Number of kilometres of roads constructed from gravel to tar and storm water control system at Khureng (Asphalt) by June 2025	6Km	0
Tec 19: Number of kilometres of internal road and road and storm water control system constructed at Mathibela village (Asphalt) by June	3Km	0
Tec 20: Number of Kilometres of storm of water control system constructed at Ga-Rakgoatha Village by June 2025	5Km	0
Tec 22: Number of Kilometres of internal street constructed at Lebowakgomo zone S (Asphalt) by June 2025	2 Km	0
Tec 23: Number of Kilometres of internal roads constructed at Lebowakgomo zone A (Concrete Paving Blocks/ Asphalt) by June 2025	4 Km	0
Tec 24: Number of Kilometres of internal road upgraded from gravel (Asphalt) at Mamaolo Village (Taxi rank to Legwareng) by June 2025	1.78 Km	0
Tec 26: Number of Kilometres of internal streets constructed from gravel to tar (asphalt) with storm	3.5 Km	0

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water control systems at Phalakwane village by June 2025		
Tec 27: Number of Kilometres of internal streets constructed from gravel to paving block at Mphahlele Traditional Authority by June 2025	1	0
Tec 28: Number of kilometres of internal streets constructed from gravel to paving block at Moletlane Traditional Authority by June 2025	1	0
Tec 29: Number of kilometres of internal streets constructed from gravel to paving block at Seloane Traditional Authority by June 2025	1	0
Tec 30: Number of kilometres of internal streets constructed from gravel to paving block at Mafefe Traditional Authority by June 2025	1	0
Tec 31: Number of kilometres of internal streets constructed from gravel to paving block at Ledwaba Traditional Authority by June 2025	1	0
Tec 33: Number of kilometres of internal streets constructed from gravel to paving block at Mathabatha Traditional Authority by June 2025	1	0
Tec 41: Number of recreational facilities developed at Serobaneng Village by June 2025	1	0
Tec 42: Number of existing vehicle testing station upgraded to grade A at Lebowakgomo Zone A by June 2025	1	0
Tec 43: Number of Municipal offices constructed at Lebowakgomo Civic by June 2025	1	0
Tec 48: Number of recreational facilities developed at Makushaneng Village by June 2025	1	0
Tec 49: Number of recreational facilities developed at Seruleng Village by June 2025	1	0
Tec 50: Number of Thusong Centre developed at Magatle village by June 2025	1	0
Tec 51: Number of recreational facilities developed at Lesetsi Village by June 2025	1	0
Tec 52: Number of buildings and facilities maintained by June 2025	5 Buildings maintained and 7 Facilities	2 Buildings maintained
Tec 53: Number of cemeteries maintained by June 2025 at (Ledwaba Cemetery and Lebowakgomo Cemetery)	2	1
Com 01: Number of areas provided with weekly waste collection services at Zone A, BA, B, C (MEC Res), IA (Habakuk), R, P, Q, F and S by June 2025	10	0
Com 11: Number of parks maintained by June 2025	5	0

- ❖ The municipality failed to achieve the planned basic service delivery and infrastructure projects for the 2024/25 financial year, as evidenced by the low performance rate of 34%, underspending of 27.3% of the allocated budget, and the non-achievement or partial achievement of the majority of key service delivery targets, with several critical projects recording zero delivery against approved plans.

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6.3.1.1 Internal Controls

The Auditor-General found that senior management did not adequately oversee municipal operations, as the financial statements and the annual performance report contained material misstatements that were not detected by the municipality's internal control system.

Internal controls for monitoring compliance with legislation were ineffective, as they failed to detect and prevent instances of non-compliance.

The municipality developed and monitored plans to address prior-year external audit findings; however, these plans did not adequately resolve the significant compliance-related findings included in the audit report.

6.3.1.2 Achievement of Planned Targets

Auditor-General identified non-achievement of key service delivery indicators whereby only 34% was achieved.

The above is a result of significant vacancy rate the municipality is experiencing on both top management and key operational positions whereby it is difficult to maintain internal controls and thereby resulted in internal control deficiencies which lead to poor performance because the set targets are not met.

This is also confirmed by material underspending on conditional grants whereby MIG was underspent by R9 306 082

6.4 Use of Consultants

The spending on consultants by the municipality has decreased from R4 608 191 to R3 612 024, to support the current year financial and performance management and reporting processes.

The Municipal Public Accounts Committee (MPAC) noted with concern that the municipality continues to rely significantly on external consultants for financial-related functions, incurring R4 608 191 in 2024 and R3 612 024 in 2025 in consulting fees as reflected under Contracted Services in the Annual Financial Statements. Despite this escalating expenditure, the municipality did not provide a clear breakdown indicating the portion specifically attributable to the preparation of the Annual Financial Statements, raising questions about

cost-effectiveness, value for money, and compliance with MFMA requirements for internal capacity building.

6.5 Governance and Coordinating Ministries

The effectiveness of the Financial Misconduct Board (FMB) of Lepelle Nkumpi Municipality remains limited, as evidenced by repeated financial management weaknesses, recurring irregular and unauthorized expenditure, and the absence of timely investigations into financial misconduct cases. Although the MFMA requires the Board to ensure that allegations of financial misconduct are investigated promptly and that appropriate disciplinary or corrective actions are taken, the consistent escalation of irregular expenditure and lack of visible consequence management indicates that the Board is not fully achieving its mandate. The slow pace of investigations, insufficient follow-through on recommendations, and inadequate reporting to oversight structures such as MPAC further undermine accountability and weaken the municipality's internal control environment. Strengthening the capacity, independence, and responsiveness of the FMB is therefore critical to improving financial governance and promoting a culture of compliance and consequence management within the municipality.

6.6 Procurement and Contract Management

AG identified that the municipality failed to implement adequate measures to prevent, detect, and address abuse of the Supply Chain Management (SCM) system as required by SCM Regulation 38(1). As a result, certain contracts were awarded to service providers who had previously abused or manipulated the municipality's SCM processes, indicating weaknesses in supplier vetting, compliance monitoring, and consequence management within the SCM environment. This non-compliance exposes the municipality to continued procurement risks and undermines the integrity and fairness of the SCM system.

The municipality awarded contracts to service providers who failed to disclose relationships on MBD4 forms, resulting in irregular expenditure of R15 507 905, indicating abuse of the SCM system and material non-compliance with procurement regulations

6.7 Consequence Management

Auditor-General identified material non-compliance with legislation in terms of consequence management. Legislation require us to investigate incurring unauthorised, irregular and fruitless and wasteful expenditure, possible abuse of supply chain management system, allegations on financial misconduct and take disciplinary action where possible.

The unauthorised expenditure of R322 542 respectively 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.

Auditor-General further identified that because of internal control deficiency, management did not ensure investigation of irregular, fruitless and wasteful expenditure and take disciplinary steps against officials who made or permitted the act.

6.8 Control Environment

6.8.1 Accountability Ecosystem

AG identified the strengths and weaknesses in the contributions to the ecosystem by leadership, management and the governance structures of the municipality. Namely:

(i) **The accounting officer and senior management**

The municipality has a high vacancy rate in senior management, and this resulted in instability and a constant change in senior positions in the municipality resulting in poor financial and performance reporting. Key vacancies must be filled timeously to ensure stability. The tone at the top must display the willingness to create an environment of delivering and achieving on the vision of the municipality.

(ii) **Audit Committee**

The audit committee is an independent body to the accounting officer and management on matters relating to internal financial control and internal audits, risk management, accounting policies, adequacy, reliability and accuracy of financial reporting and information, performance management and effective governance

The audit committee has performed its duties as governed by the audit committee charter, which requires the audit committee to establish an effective internal audit function, have regular engagements with internal and external audit and engage with the council on the municipality's performance amongst other duties. We observed that although the audit committee reviewed the annual financial statements before they were submitted, misstatements were still identified by the

external auditors, which indicates that management did not consider corrective measure potentially proposed by the audit committee

Findings:

Performance Assessments of Executive Managers

- ❖ The Council requested that the Audit and Performance Audit Committee should also report progress on the individual performance assessments of the Executive Managers of the Municipality. The performance assessments of the Executive Managers were not yet conducted.
- ❖ The Audit Committee resolutions report highlighted that the overall progress of 98% implemented and 2% which consisted of 29 resolutions remaining unresolved cumulatively from 2022/2023 to the 2025/2026 financial years
- ❖ The Performance Audit Committee resolutions highlighted that the overall progress is 91% implemented and 8% which consisted of 8 resolutions remaining unresolved cumulatively from 2023/2024 to the 2025/2026 financial years

Recommendations:

- ❖ Recommended that the Acting Municipal Manager should ensure that the long outstanding performance assessments of the Executive Managers are conducted.
- ❖ The remaining outstanding resolutions should be attended to and addressed. The Accounting Officer should ensure that all outstanding resolutions from the financial year 022/2023 and 2023/2024 should be closed off by the end of the second quarter

7 Analysis of the Auditor General's Report

7.1 The recurrence of misstatements is due to inadequate review of AFS, but this could be curbed by:

- (a) Development and application of proper and informed remedial action to address the findings.
- (b) The Mayor submitting the quarterly financial statements to council in a way to make corrections in time before preparation of financial statements for audit.
- (c) To resuscitate the Audit Steering Committee to assist in monitoring the audit remedial action plan.
- (d) AFS be submitted to all the relevant stakeholders for review in time before submission for audit.

7.2 For the 2024/2025 financial year, Lepelle-Nkumpi Municipality continues to experience internal control deficiencies that impact both financial management and compliance processes. The AFS shows significant indicators of strain in internal controls, including **unauthorized expenditure of R322,542** remaining uninvestigated as required by Section 32 of the MFMA , high levels of **irregular expenditure amounting to R26,565,300** after write-offs, and persistent **fruitless and wasteful expenditure totaling R9,136,453** . Contracted services continue to increase, with the municipality spending **R9,280,216 on consulting and professional fees** in 2025 (up from R8,268,365 in 2024), signaling ongoing capacity gaps in key operational functions. The municipality also continues to carry a **substantial impairment on receivables of over R655 331 214**, reflecting weaknesses in revenue management and debt collection processes. Although the municipality's cash position remains strong, with **R828 719 427 in cash and cash equivalents**, the financial health is undermined by internal control lapses and compliance failures. Overall, the status indicates that while the municipality has potential—evidenced by its historical ability to achieve unqualified audit opinions—significant improvements in internal controls, staffing of critical posts, and governance practices are still urgently required in order to stabilize performance and sustain future audit improvements.

7.3 Low level achievements in terms of basic service delivery and infrastructure is 18% caused by underspending on grants allocated to cater for the community. This impose negative effect to the communities and is also contrary to Batho Pele Principles which says every citizen has a right to access the services they are entitled to, and in this case they are denied.

7.4 Lack of regular updates to sister departments on the financial statements delay early discovery of any misstatements and action to address them.

8 Conclusion

Strengthening collaboration and alignment between municipal departments and sister departments is essential for enhancing service delivery. Promoting a culture of inclusivity and shared responsibility among officials will improve interpersonal relations,

accountability, and commitment, ensuring that all stakeholders prioritise the interests of the municipality and its communities.

The vision and mission of Lepelle-Nkumpi Local Municipality represent the foundation of organisational achievement. It is therefore crucial that the Accounting Officer ensures all employees clearly understand and embrace these guiding principles, as they provide direction for strategic planning and operational activities. When responsibilities and expectations are clearly communicated, officials are better positioned to carry out their duties effectively and achieve the municipality's set objectives.

9 Recommendations

9.1 That Council adopt the 2024/2025 MPAC Oversight Report on the Annual Report.

9.2 That Council adopt the 2024/2025 Annual Report .

9.3 That all the recommendations of AG must be implemented.

9.4 That the Accounting Officer must ensure preparation of regular, accurate and complete financial statements that are supported and evidenced by accurate and reliable underlying financial records.

9.5 That the AO establish and enforce a formal quality assurance process for all official documents, including mandatory internal reviews, standardized templates, and managerial sign-off procedures, to ensure accuracy, completeness, consistency, and full compliance with legislative and policy requirements.

9.6 The municipality should urgently strengthen project planning, procurement, and oversight processes to ensure that allocated budgets are effectively converted into completed infrastructure and basic service delivery projects, with clear accountability and consequence management for non-performance.

9.7 That the AO strengthens planning and monitoring of the Skills Development budget by ensuring timely procurement, enforcing departmental compliance with training plans, and implementing strict oversight mechanisms so that allocated funds are fully utilized to achieve intended capacity-building outcomes.

9.8 That the AO strengthen its planning, procurement, and project management processes to ensure timely implementation of MIG-funded infrastructure projects, with strict monitoring mechanisms in place to achieve 100% utilization of the annual MIG allocation in line with grant conditions and service delivery priorities.

9.9 That the AO strengthens municipality's internal controls and oversight over Supply Chain Management processes by enforcing strict compliance with SCM regulations, conducting regular compliance reviews, and implementing effective consequence management measures to prevent the recurrence of irregular expenditure and ensure adherence to legislative requirements.

9.10 That the AO strengthens oversight over financial and performance reporting by implementing rigorous internal control reviews, enforcing quality-assurance checks before submission, and ensuring that all reports undergo independent verification to prevent material errors and enhance the credibility and reliability of municipal information.

9.11 The AO should conduct a prompt and thorough investigation into the unauthorized expenditure, in line with section 32(2)(a) of the MFMA, to determine whether any official is liable and to ensure appropriate corrective action is taken.

9.12 That the Accounting Officer urgently implement measures to reduce reliance on consultants by strengthening internal financial capacity, ensuring skills transfer from current consultants, and providing MPAC with a detailed annual breakdown of consultant expenditure specifically related to AFS preparation to enhance accountability and oversight **Within 30 days.**

9.13 The AO should strengthen the effectiveness of the Financial Misconduct Board by ensuring that allegations of financial misconduct are investigated promptly, that disciplinary actions are consistently enforced, and that the Board provides regular, detailed reports to MPAC and Council. The Accounting Officer should also ensure that Board members receive the necessary training, that cases are processed within set timeframes, and that consequence management is applied without delay to improve accountability and reinforce a culture of compliance.

9.14 The AO should enforce full compliance with SCM Regulation 38(1) by strengthening supplier vetting processes and implementing firm consequence management measures to prevent awarding contracts to providers who have abused the municipality's SCM system.

9.15 The AO must fully comply with Section 32(2)(a) of the MFMA by promptly investigating the unauthorized expenditure amounting to R322,542 to determine liability and implement appropriate consequence management while ensuring stronger budget monitoring controls to prevent recurrence.

9.16 MPAC recommends that management investigate the R322,542 unauthorized expenditure in line with Section 32 of the MFMA and enforce consequence management. The municipality should strengthen internal controls, address SCM non-compliance, and fill critical vacancies to reduce recurring irregular and fruitless expenditure as well as dependency on consultants

9.17 Management must strictly enforce SCM Regulation 38(1) by disqualifying any bidder who fails to disclose relationships on MBD4 forms and implement consequence management against officials responsible, to prevent recurrence of irregular expenditure such as the R15 507 905 identified

9.18 The municipality should strengthen its action plans by clearly addressing significant compliance-with-legislation findings, assigning accountable senior management ownership, implementing effective monitoring controls, and regularly reviewing progress to ensure timely correction and sustainable resolution of audit issues.

REPORT ON THE IMPLEMENTATION OF CAPITAL PROJECTS

PROJECT NO. 1

Project Name	CONSTRUCTION OF 5KM STORMWATER CONTROL SYSTEM AT GA RAKGOATHA		Project Number	LNM0063/2020/21	
Project Budget	R 19 558 435.00		Expenditure To Date	R 19 044 273.83 97.37%	
Consultant	PHEKISO CONSULTING		Contractor	EMOLE GROUP	
Award Date	12/12/2024	Start Date	12/12/2024	Completion Date	26/06/2025
Scope of Work	<p>Professional Services (As per ECSA Guidelines):</p> <ul style="list-style-type: none"> • Stage 1: Inception • Stage 2: Concept and Viability • Stage 3: Design Development • Stage 4: Documentation (Including BoQ) • Stage 5: Contract Administration and Inspection • Stage 6: Close-Out (including unbundling of assets as per GRAP) <p>Construction Activities:</p> <ul style="list-style-type: none"> ○ Site establishment ○ Setting out ○ Removal of existing v-drains ○ Pipe excavations ○ Ongoing ○ Pipe laying ○ Ongoing ○ Construction of manholes ○ Construction of KIs ○ Construction of road 				

423

	<ul style="list-style-type: none"> o drifts and v drains o Miscellaneous activities and finishing 					
Status Quo	Construction					
Challenges encountered	<ul style="list-style-type: none"> o Contractor experiencing hard rock during excavations o Contractor encountering a water line while excavating as there are no as-built drawings o Request for extension of time (under review) 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	8	9	2	6	1	26

Findings

- The project experienced operational challenges due to hard rock and unidentified underground water lines caused by the lack of as-built drawings.
- A request for extension of time (EOT) was submitted and remained under review, creating uncertainty around completion timelines despite expenditure of 97.37%.

Recommendations

- The municipality should ensure availability of as-built drawings and conduct thorough site investigations prior to construction.
- Outstanding EOT requests should be reviewed and finalised timeously to prevent delays in project close-out.

PROJECT NO.2

Project Name	Lesetsi Recreational Facility	Project Number	LNM 0049/2023/24
Project Budget	R10 000 000.00	Expenditure To Date	R 7 361 545.75 73.62%

424

Consultant	AES Consulting JV Capotex Construction(Turnkey)		Contractor	AES Consulting JV Capotex Construction(Turnkey)	
Award Date	26/07/2024	Start Date	12/08/2024	Completion Date	06/26/2025
Scope of Work	Professional Services (As per ECSA Guidelines): <ul style="list-style-type: none"> • Stage 1: Inception • Stage 2: Concept and Viability • Stage 3: Design Development • Stage 4: Documentation (including BoQ) • Stage 5: Contract Administration and Inspection • Stage 6: Close-Out (including unbundling of assets as per GRAP) Construction Activities: <ul style="list-style-type: none"> • Site Preparation: • Levelling of site (6.15ha) • Site clearance (6.15ha) • Infrastructure Development: • Perimeter Fence: • Concrete palisade, 2.1m high, 1km length, including one 6m steel gate • Water Reticulation: • Drilling and equipping of borehole with storage tank • Sewer Reticulation: • Inclusive of septic tank • Recreational Facilities: • Outdoor gym equipment • Family park • Area for indigenous games 				

	<ul style="list-style-type: none"> • Soccer Field: • Artificial grass, 100m x 64m playing area, with all equipment (VO submitted) – Kikuyu grass • Combination Court: Netball and volleyball • Lighting and Utilities: 1x 30m high mast light with 8 LED lights (minimum 500w) with daylight switch. (VO submitted) – Solar high mast • Ablution Facility: 8m x 4m, face brick outside walls, plastered inside, complete with plumbing for water, sewer, and electricity, Painting of the inside of the abluion • Drilling, equipping, and testing of borehole with a 10,000-litre water tank, (VO submitted) – 20kL • Fabricated steel tank stands, and pressure pump • Supply and installation of uPVC pipes with fittings and valve for water connection to the building • Installation and connection of water sewerage system (French drain and/or Septic tank) • Supply and installation of electricity supply to the entire building, including electrical work (cabling and tubing), and ESKOM connection with transformer <p>Structural Components:</p> <ul style="list-style-type: none"> • Reinforced concrete spread footing foundation • Reinforced concrete columns • Fabrication of roof steel trusses 					
Status Quo	Terminated					
Challenges encountered	<ul style="list-style-type: none"> • Local land dispute(resolved) • Final design determination(resolved) • The project formed part of the 2024/2025 financial year budget. Consequently, no payments could be processed in the new financial year due to the closure of the previous financial period. • The project was terminated due to poor progress on site and abandonment of the site by the contractor. 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL

426

	N/A	N/A	N/A	N/A	N/A	N/A
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Findings

- Depth of the trench too deep
- Stone pitch not constructed on the trench
- Water entering through the door to inside of the ablution facilities
- PMU to request service providers to measure the costs of the remaining work.
- The project was terminated due to poor contractor performance and site abandonment.
- Labourers remained on site without payment, and no invoices were processed after July 2025.
- Key infrastructure components, including indigenous facilities, family park, and disabled-friendly ablutions, were incomplete or defective.

Recommendations

- The municipality should enforce contract termination clauses and pursue recovery where contractor abandonment occurs.
- Outstanding labour payments must be urgently resolved, and a re-procurement process should be initiated to complete remaining works.
- PMU should quantify outstanding work and appoint a competent contractor to complete defects.

Project No. 03

Project Name	Development of Recreational Facility Makushwaneng Ward 02	Project Number	LNM 0049/2023/24
Project Budget	R11 000 000.0	Expenditure To Date	R 4 487 565.31(41%) <ul style="list-style-type: none"> • R 2 161 467.46 – professional fees • R 2 326 097.85 – contractor
Consultant	Superior Quality Engineering and Technologies 8 JV	Contractor	Superior Quality Engineering and Technologies 8 JV

427

	Downlow Construction & Projects 32 turnkey			Downlow Construction & Projects 32 turnkey	
Award Date	31/07/2024	Start Date	14/08/2024	Completion Date	14/02/2025
				Revised completion date	03/07/2025
Scope of Work	Professional Services (As per ECOSA Guidelines): <ul style="list-style-type: none"> • Stage 1: Inception • Stage 2: Concept and Viability • Stage 3: Design Development • Stage 4: Documentation (including BoQ) • Stage 5: Contract Administration and Inspection • Stage 6: Close-Out (including unbundling of assets as per GRAP) Construction Activities: <ul style="list-style-type: none"> • Site Preparation: • Levelling of site (6.15ha) • Site clearance (6.15ha) • Infrastructure Development: • Perimeter Fence: • Concrete palisade, 2.1m high, 1km length, including one 6m steel gate • Water Reticulation: • Drilling and equipping of borehole with storage tank • Sewer Reticulation: • Inclusive of septic tank • Recreational Facilities: • Outdoor gym equipment • Family park 				

	<ul style="list-style-type: none"> • Area for indigenous games • Soccer Field: • Artificial grass, 100m x 64m playing area, with all equipment • Combination Court: Netball and volleyball • Lighting and Utilities: 1x 30m high mast light with 8 LED lights (minimum 500w) with daylight switch • Ablution Facility: 8m x 4m, face brick outside walls, plastered inside, complete with plumbing for water, sewer, and electricity, Painting of the inside of the abluion • Drilling, equipping, and testing of borehole with a 10,000-litre water tank, • Fabricated steel tank stands, and pressure pump • Supply and installation of uPVC pipes with fittings and valve for water connection to the building • Installation and connection of water sewerage system (French drain and/or Septic tank) • Supply and installation of electricity supply to the entire building, including electrical work (cabling and tubing), and ESKOM connection with transformer <p>Structural Components:</p> <ul style="list-style-type: none"> • Reinforced concrete spread footing foundation • Reinforced concrete columns • Fabrication of roof steel trusses 					
Status Quo	Terminated					
Challenges encountered	<ul style="list-style-type: none"> • The project was terminated by mutual agreement between the Employer and the Contractor. • The contractor submitted a price, which was subsequently negotiated and agreed upon. However, the scope of work remained unchanged, and as a result, the project could not be completed within the allocated budget. • The project formed part of the 2024/2025 financial year budget. Consequently, no payments could be processed in the new financial year due to the closure of the previous financial period. 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL

429

	8	6	6	1	1	22
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Findings

- The project was terminated by mutual agreement due to budget constraints and inability to complete the scope within the allocated budget.
- MPAC was prevented from conducting oversight due to interference by ward councillor, Headman / Mantona and PSC members.

Recommendations

- The municipality should ensure proper cost planning and scope alignment before project approval.
- Interference with oversight processes should be formally reported, and governance protocols enforced to protect oversight committees.
- That the matter be reported to the Ethics Committee and the Office of the Speaker.
- The Office of the Speaker and the Mayor report the matter to Zebediela-Ndebele Traditional Authority.

PROJECT NO.4

Project Name	Development of Recreational Facility Seruleng Ward 02		Project Number	LNM 0049/2023/24	
Project Budget	R10 000 000.00		Expenditure To Date	Fees: R2,12,636.55 Contractor: R5,394,872.38 R 7 518 507.94 (75.19%)	
Consultant	Superior Quality Engineering and Technologies 8 JV Wilsand trading and Projects turnkey		Contractor	Superior Quality Engineering and Technologies 8 JV Wilsand trading and Projects turnkey	
Award Date	31/07/2024	Start Date	14/08/2024	Completion Date	27/06/2025

<p>Scope of Work</p>	<p>Professional Services (As per ECSCA Guidelines):</p> <ul style="list-style-type: none"> • Stage 1: Inception • Stage 2: Concept and Viability • Stage 3: Design Development • Stage 4: Documentation (including BoQ) • Stage 5: Contract Administration and Inspection • Stage 6: Close-Out (including unbundling of assets as per GRAP) <p>Construction Activities:</p> <ul style="list-style-type: none"> • Site Preparation: • Levelling of site (6.15ha) • Site clearance (6.15ha) • Infrastructure Development: • Perimeter Fence: • Concrete palisade, 2.1m high, 1km length, including one 6m steel gate • Water Reticulation: • Drilling and equipping of borehole with storage tank • Sewer Reticulation: • Inclusive of septic tank • Recreational Facilities: • Outdoor gym equipment • Family park • Area for indigenous games • Soccer Field: Artificial grass, 100m x 64m playing area, with all equipment • Combination Court: Netball and volleyball • Lighting and Utilities: 1x 30m high mast light with 8 LED lights (minimum 500w) with daylight switch (VO Submitted)
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	<ul style="list-style-type: none"> • Ablution Facility: 8m x 4m, face brick outside walls, plastered inside, complete with plumbing for water, sewer, and electricity, Painting of the inside of the ablution • Drilling, equipping, and testing of borehole with a 10,000-litre water tank, • Fabricated steel tank stands, and pressure pump • Supply and installation of uPVC pipes with fittings and valve for water connection to the building • Installation and connection of water sewerage system (French drain and/or Septic tank) • Supply and installation of electricity supply to the entire building, including electrical work (cabling and tubing), and ESKOM connection with transformer <p>Structural Components:</p> <ul style="list-style-type: none"> • Reinforced concrete spread footing foundation • Reinforced concrete columns • Fabrication of roof steel trusses 					
Status Quo	Construction					
Challenges encountered	<ul style="list-style-type: none"> • The project was terminated by mutual agreement between the Employer and the Contractor. • The contractor submitted a price, which was subsequently negotiated and agreed upon. However, the scope of work remained unchanged, and as a result, the project could not be completed within the allocated budget. • The project formed part of the 2024/2025 financial year budget. Consequently, no payments could be processed in the new financial year due to the closure of the previous financial period. 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	3	6	3	3	1	16

Findings

- The contractor was terminated, leaving critical infrastructure incomplete or defective.

432

- Several installations were improperly executed, including palisade fencing, sewer pipes, main gate, borehole connection, and combo court facilities.

Recommendations

- A technical audit should be conducted to assess defective works.
- The municipality should appoint a replacement contractor to rectify defects and complete outstanding infrastructure.
- Enhanced site supervision and quality control must be enforced.

PROJECT NO.5

Project Name	UPGRADING OF MAMAOLO TO MAMPIKI ROAD 1.78KM INTERNAL ROAD TO TAR WITH STORMWATER CONTROL (TAXI RANK TO LEGWARENG) WARD 22 MULTI YEARS		Project Number	LNM0063/2020/21	
Project Budget	Appointed: R 19 989 883.96 Fees: R 3 414 742.16 Total: R 23 404 626.12		Expenditure To Date	Contractor: R 14 516 674.67 (72.62%) Fees: R 2 987 044.64 (87.47%) Total: R 17 503 719.31 (74.79%)	
Consultant	Maranje Consulting		Contractor	Malerate Construction	
Award Date	01/04/2025	Start Date	01/04/2025	Completion Date	30/01/2026 (EOT no.3 is still under consultant's review)

Scope of Work	Professional Services (As per ECSA Guidelines): <ul style="list-style-type: none"> • Stage 1: Inception • Stage 2: Concept and Viability • Stage 3: Design Development • Stage 4: Documentation (including BoQ) • Stage 5: Contract Administration and Inspection • Stage 6: Close-Out (including unbundling of assets as per GRAP) Construction Activities: <ul style="list-style-type: none"> ○ Site Establishment ○ Accommodation of Traffic ○ Setting out ○ Exposing of Existing services ○ MASS EARTHWORKS ○ Excavation ○ Roadbed ○ Installation of Storm water ○ Pavement layers ○ Surfacing ○ Concrete works 					
Status Quo	Construction					
Challenges encountered	<ul style="list-style-type: none"> ○ EOT no.3 is still under consultant's review .(note) ○ Residents are not willing to relocate their fences for the v-drain to pass.(ongoing) 					
Job creation:	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	3	2	5	5		15

Findings

- Residents not willing to relocate their fences for the v-drains to pass.
- Training for labourers conducted at the verge of the contract.
- There were 3 injuries and medical assessments conducted by MEDLAB.
- Re-design of stormwater system control.
- Fences destroyed by TLB at two houses next to taxi rank.
- Term of contract expired in 30 January 2026.

434

- Completion certificates for sub-contractors not done.
- The project is behind schedule due to community resistance, design changes, and pending EOT approvals.
- Stormwater re-design and unresolved community issues affected progress.

Recommendations

- Provision for training of labourers be conducted at the start of the project.
- The municipality should strengthen community engagement to resolve displacement and access issues.
- EOT applications must be processed without delay.
- Contractors should submit recovery plans to accelerate completion.
- The contractor must fix the fences destroyed by TLB within 30 days.

PROJECT NO.6

Project Name	CONSTRUCTION OF 4KM OF LEBOWAKGOMO ZONE A INTERNAL ROADS WARD 18	Project Number	LNLM0033/2024/25
Project Budget	Consultant: R 8 128 895.71 Contractor: R 53 940 495.49 R 62 069 391.23 (Consultant and contractor)	Expenditure To Date	Consultant: R 6 851 434.62 Percentage: 84.28% Contractor: R 20 583 775.26 Percentage: 38.16% R 27 435 209.88 44.20% (Consultant and contractor)
Consultant	SMV Civil Engineers	Contractor	Ditlou Suppliers & Services

435

Award Date	02/04/2025	Start Date	02/04/2025	Completion Date	17/03/2026	
Scope of Work	Professional Services (As per ECSA Guidelines): <ul style="list-style-type: none"> • Stage 1: Inception • Stage 2: Concept and Viability • Stage 3: Design Development • Stage 4: Documentation (including BoQ) • Stage 5: Contract Administration and Inspection • Stage 6: Close-Out (including unbundling of assets as per GRAP) Construction Activities: <ul style="list-style-type: none"> ○ Site establishment ○ Construction of road culverts ○ Clearing and Grubbing ○ Pitching and protection against erosion ○ Accommodation of traffic ○ Construction of edge beam ○ Construction of concrete lining for open drain ○ 80mm Segmented block paving ○ Box Cutting (Mass Earthworks) & Roadbed Prep ○ Construction of a 100D diameter storm water network to discharge storm-water at the identified road crossing culvert ○ Ancillary works ○ Construction of pavement layers as per design drawing ○ Kerbing ○ Construction of paved speed humps ○ Road Marking ○ Road signs 					
Status Quo	Construction					
Challenges encountered	<ul style="list-style-type: none"> ○ Slow progress due to cashflow challenges. ○ Ongoing encountering of existing services. 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	3	7	4	4	1	19

Findings

- Ongoing encountering of existing services e.g electrical cables.

- Slow progress due to cash flow challenges which is caused by the municipality.
- Payment certificates submitted on 11 December 2025 and payments not effected for the past 3 months.
- One laborer who is still awaiting medical assessment report from the doctor but receiving monthly salary while at home.
- EOT submitted but there was no response.
- Slow progress was caused by contractor cash-flow problems linked to unpaid certificates.
- Occupational health and safety concerns were identified, including lack of PPE and incomplete medical assessments.
- Training activities could not proceed due to lack of materials.

Recommendations

- Verified payment certificates should be settled timeously to stabilise contractor performance.
- Immediate enforcement of health and safety compliance is required.
- Training plans should be aligned with material availability and construction schedules.
- Contractor

PROJECT NO.7

Project Name	PLANNING, DESIGN AND MONITORING FOR UPGRADING OF 3.5KM OF ROAD AT PHALAKWANE VILLAGE FROM GRAVEL TO TAR WITH STORMWATER CONTROL SYSTEM (6.4KM) WARD 23	Project Number	LNM 015/2024/25
Project Budget	Contractor: R 33 050 064.29 Fees: R 7 583 281.9 Total: R 40 633 346.28	Expenditure To Date	Contractor: R 23 586 270.64 (71.37%) Fees: R 6 914 969.54 (91.19%) Total: R 30 501 240.18 (75.06%)
Consultant	MAPCO Consulting	Contractor	Ditlou Suppliers & Services

437

Award Date	28/11/2024	Start Date	03/12/2024	Completion Date	03/12/2025 (Awaiting for submission of EOT)	
Scope of Work	<p>3.5km long road construction:</p> <ul style="list-style-type: none"> • Possible relocation and/or lowering of services • Bulk excavation up to the road bed level depending on the effort required to excavate, • Breaking up hard rock to required depths, • Removal of unsuitable material, • Pavement layers assessment and design thereof -this will be informed by geotechnical investigations. • Construction/ upgrading of stormwater management, • Incorporation of general stormwater management, • Design and installation of asphalt • Installation of road signage, and • Road markings, 					
Status Quo	Construction					
Challenges encountered	<ul style="list-style-type: none"> • Pending intersection design approval by SANRAL. • Awaiting for the submission of the EOT or recommendation of the engineer as per the contract 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	4	7	7	2	2	22

Findings

- Pending intersection approval from SANRAL for connection of road to R37.
- Construction of speed humps not done.
- Flow of water at the bridge to be fixed when speed humps are constructed.
- V-drains could not be constructed at certain roads intersection as per the initial design.

438

- Stone pitching constructed at certain road intersections for water control.
- EOT submitted on 03 December 2025.
- Project delays were caused by pending SANRAL approvals and changing requirements.
- Some stormwater and traffic calming components were not constructed as designed.

Recommendations

- The municipality should formally engage SANRAL to expedite approvals.
- Approved design changes should be documented and implemented to prevent further delays.
- EOT submissions must be processed in line with contract provisions.
- Construction of stormwater and traffic calming components should be done as per specification / scope of work.

PROJECT NO.8

PHASE 1

Project Name	CONSTRUCTION OF STORMWATER CONTROL SYSTEM AND UPGRADING OF INTERNAL ROAD - MATHIBELA 3KM (WARD 8)		Project Number	LNM0013/2024/25	
Project Budget	Contractor: R19 476 737.99 Consultant: R 5 331 636.95 Total: R 24 808 374.94		Expenditure To Date	Expenditure contractor R 16 931 875.90(86.93%) Consultant: R 5 091 636.95(95.50%)	
Consultant	Big Pun Consulting Engineers		Contractor	Malerate Construction	
Award Date	05/12/2024	Start Date	06/01/2025	Completion Date	31/07/2025
				Revised date	16/01/2026 – EOT 2 still under review with the consultant

429

Scope of Work	<p>Professional Services (As per ECSA Guidelines):</p> <ul style="list-style-type: none"> • Stage 1: Inception • Stage 2: Concept and Viability • Stage 3: Design Development • Stage 4: Documentation (including BoQ) • Stage 5: Contract Administration and Inspection • Stage 6: Close-Out (including unbundling of assets as per GRAP) <p>Construction Activities:</p> <ul style="list-style-type: none"> ○ Site establishment ○ Construction of road culverts ○ Clearing and Grubbing ○ Pitching and protection against erosion ○ Construction of a 100D 1050mm diameter stormwater network to discharge storm water at the identified road crossing culvert for 120m ○ Accommodation of traffic ○ Construction of edge beam ○ Construction of concrete lining for open drain ○ 80mm Segmented block paving ○ Box Cutting (Mass Earthworks) & Roadbed Prep ○ Construction of a 100D diameter storm water network to discharge storm-water at the identified road crossing culvert ○ Ancillary works ○ Construction of pavement layers as per design drawing ○ Kerbing ○ Construction of paved speed humps ○ Road Marking ○ Road signs ○ Construction of 1250mx1m gravel shoulders ○ Bulk water pipeline 					
Status Quo	Construction					
Challenges encountered	<ul style="list-style-type: none"> ○ SANRAL wayleave approval pending for intersection ○ SANRAL stormwater management recently approved ○ Community unrest by Ga-Rakgoatha extension ○ Project on the second EOT(Still under review) 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	4	6	3	1	1	15

440

Findings

- Second EOT still under review.
- Residents drive on layer works.
- Eskom ceasing the construction of new 200mm pipeline under powerline.
- Community unrest by Rakgwatha extension.
- High expenditure does not correspond with actual construction progress.
- Delays were driven by SANRAL wayleave approvals, community unrest, and multiple EOT requests.
- Kilometers of road constructed does not tally with the scope of work.

Recommendations

- Intergovernmental coordination with SANRAL must be prioritized.
- Community unrest should be addressed through stakeholder forums.
- Progress monitoring should be intensified to ensure value for money.

PHASE 2

Project Name	CONSTRUCTION OF STORMWATER CONTROL SYSTEM AND UPGRADING OF 3KM INTERNAL ROAD AT MATHIBELA WARD 8 PHASE 2		Project Number	LNM0013/2024/25	
Project Budget	Appointed: R 19 897 106.88		Expenditure To Date	R 14 343 743.81(10.81%)	
Consultant	Big Pun Consulting Engineers		Contractor	Malerate Construction	
Award Date	15/05/2025	Start Date	15/05/2025	Completion Date	30/10/2025
Scope of Work	Professional Services (As per ECSA Guidelines): <ul style="list-style-type: none"> • Stage 1: Inception • Stage 2: Concept and Viability 				

	<ul style="list-style-type: none"> • Stage 3: Design Development • Stage 4: Documentation (including BoQ) • Stage 5: Contract Administration and Inspection • Stage 6: Close-Out (including unbundling of assets as per GRAP) <p>Construction Activities:</p> <p>Construction of 750m long, 6m wide surfaced road and storm water control</p> <ul style="list-style-type: none"> • Site establishment • Clearing and Grubbing • Accommodation of traffic • Ancillary works • Construction of stormwater management systems • Construction of access bridge box culverts • Construction of road crossing box culverts • Construction of 750m pavement layers as per design drawings • Surfacing of 750m road with 30mm continuously graded asphalt • Construction of gravel shoulder • Construction stormwater network to discharge stormwater at the identified water stream • Construction of road edge beam • Road Marking • Road signs 					
Status Quo	Construction					
Challenges encountered	<ul style="list-style-type: none"> ○ Inclement Weather (force majeure) ○ Removal/disturbance of survey profiles with tape ups 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	2	5	7	2	1	16

Findings

- Similar challenges to Phase 1 persisted, including weather disruptions and site control issues.
- Progress remained limited despite substantial expenditure.

Recommendations

442

- Lessons from Phase 1 should be applied to Phase 2 implementation.
- Improved site controls and weather-related contingency planning should be introduced.

PROJECT NO 08

Project Name	Electrification of 100 Household in Matjatji Village (Turnkey Project)		Project Number	LNM078/2023/24	
Project Budget	R 1 899 949.20		Expenditure To Date	R 1 622 413.82	
Consultant	Raulisa Consulting		Contractor	TM Consortium	
Award Date	24/05/2024	Start Date	01/10/2024	Completion Date	28/02/2025 Ext of time due to rainfall
Scope of Work	<p>Electrification of 100 Household in Matjatji Village with the following scope:</p> <ul style="list-style-type: none"> • Site Establishment = 100% • Pegging out the works (MV and LV) = 100% <ul style="list-style-type: none"> • Digging Holes (MV) = 100% • Digging Holes (LV) = 100% • Plant Poles (MV) = 100% • Plant Poles (LV) = 100% • MV Structures and MV Stays = 100% • LV Structures and LV Stays = 100% <ul style="list-style-type: none"> • Service boxes = 100% • MV Stringing = 100% • LV Stringing = 100% • Transformer Installation = 100% • Installation of Earthing (MV and LV) = 100% 				

	<ul style="list-style-type: none"> • House Connections-Base = 80% • House Connections-Meter & Airdack = 0% • Digging and Install 5m Poles = 50% • Testing and Commissioning = 0% 					
Status Quo	95% Completed					
Challenges	<ul style="list-style-type: none"> • Delay on the process from Eskom to energize due to the snag list that submit to the Service provider as per attached. 					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	06	0	0	01	01	08

Findings

- Although the project was 95% complete, energization was delayed due to lack of coordination with Eskom.
- Theft of materials was reported on site.

Recommendations

- The municipality should facilitate structured engagement between the contractor and Eskom to finalize energization.
- Improved site security measures should be implemented to prevent theft.

PROJECT NO 09

Project Name	Electrification of 150 Household in Matjatji Village (Turnkey Project)		Project Number	LNM001/2021/22	
Project Budget	R 4 567 320.48		Expenditure To Date	R 3 600 979.44	
Consultant	Simolola Engineering Services JV		Contractor	Eemirates Construction	
Award Date	23/06/2022	Start Date	01/07/2025	Completion Date	13/02/2026

Scope of Work	<p>Electrification of 150 Household in Matjatji Village with the following scope:</p> <p>Site Establishment = 01 (100%) Pegging out the works (MV and LV)</p> <p>Digging Holes (MV) = (100%) Digging Holes (LV) = (100%) Plant Poles (MV) = (100%) Plant Poles (LV) = (100%) MV Structures and MV Stays = (100%) LV Structures and LV Stays = (100%) Service boxes = (100%) MV Stringing = (100%) LV Stringing = (100%) Transformer Installation = 04 (100%) Installation of Earthing (MV and LV) = (100%) House Connections-Base = 150 (0%) House Connections-Meter & Airdack = 150 (0%) Digging and Install 5m Poles = (20%) Testing and Commissioning = (0%)</p>					
Status Quo	90% Completed					
Challenges	<p>Projects stopped on the 05th June 2023 due to community of Matjatji are dissatisfied that the Ward Councillor start the project on the new stands instead of the old stands, due to the increases of the prices of materials after two years since the projects stopped, the Service Provider should escalate the prices by R1 905 337.17 that is approved by Councillor through the Council Resolution.</p> <p>Re-established the site in August 2025, unexpected and prolonged rainfall throughout December 2025 and January 2026 the service provider applies the Extension of time for 38 days without cost to completed the works, then the EOT is approved by Accounting Officer until the 23 March 2026.</p>					
Job creation	Adult Male	Adult Female	Young Male	Young Female	Disable	TOTAL
	04	02	0	01	0	07

945

Findings

- Community disputes halted the project, leading to cost escalations and delays.
- Energization is pending compliance with Eskom requirements.

Recommendations

- Community disputes should be resolved through mediation before project commencement.
- Eskom compliance requirements must be addressed early to avoid prolonged delays.
- Cost escalations should be formally approved and monitored.



Cllr. Molo M.I.

Chairperson of MPAC

26/03/2026
Date