



NQUTHU LOCAL MUNICIPALITY KZN 242
FINAL OVERSIGHT REPORT - 2023/2024

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1. INTRODUCTION

- 1.1 In terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), each municipality must prepare an Annual Report for each financial year. The purpose of the Annual Report is to:
 - a) To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates.
 - b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
 - c) To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity. The Annual Report 2023/2024 was tabled in the oversight committee on the 18th of March 2024 (Tuesday).
- 1.2 The final step in the reporting process is for Council to consider the Annual Report in the light of the findings contained in an Oversight Report. This is in terms of Section 129 of the MFMA.
- 1.3 The Oversight report is compiled by the Municipal Public Accounts Committee (MPAC) as established by Council.
- 1.4 The MPAC represents a separation of powers between the Executive Committee and the administration and is aimed at enhancing accountability and good governance.
- 1.5 The Oversight Report is prepared using guidelines prepared by the National Treasury as per MFMA Circular 32.
- 1.6 It attempts to address comments and submissions made by the community and stakeholders, as well as the observations and recommendations of the MPAC.

2. BACKGROUND ON THE 2023/2024 ANNUAL REPORT

2.1 Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that; "

- a) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter.
- b) The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

2.2 The purpose of an annual report is to provide a record of activities of the municipality or municipal entity during the financial year to which the report relates.

- (a) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (b) To promote accountability to the local community for the decision made throughout the year by the municipality entity.

2.3 The annual report of the municipality must include-

- a) The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Audited General for audit in terms of section 126 (1).
- b) The Auditor General report in terms of section 126 (3) on those financial statements.
- c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.
- d) The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.

- e) An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges.
- f) An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each source and for each vote in the municipality's approved budget for the relevant financial year.
- g) Any explanation that maybe necessary to clarify issues that in connection with the financial statements.
- h) Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d) (i) Any information as determined by the municipality.
- i) Any recommendations of the municipality's audit committee; and
- j) Any other information as may be prescribed.

2.4 The Annual Report of a municipal entity must include:

- a) The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements.
- b) The Auditor General's audit report in terms of section 126 (3) on those financial statements.
- c) An assessment by the entity's accountable officer of any arrears on those financial statements.
- d) An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality.
- e) Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);
- f) Any information as determined by the entity or its parent municipality.

- g) Any recommendations of the audit committee of the entity or its parent municipality; and
- h) Any other information as may be prescribed.”

2.5 It is against this background that the annual report in respect of the 2023/2024 financial year was submitted to Council on the 27th of March 2025 as per the following process flow;



2.6 Accordingly, notice was given in terms of section 21 of Local Government: Municipal Systems Act, N0. 32 of 2000 read with section 127 of the Local

Government: Municipal Finance Management Act, 56 of 2003 that the Annual Report was open for comments and or inputs by the community and stakeholders by the 25th of February 2025.

- 2.7 The Annual Report was placed at the municipal offices, and the municipal website www.nquthu.gov.za.
- 2.8 **Comments** were received from Internal Auditors and Provincial Department of Corporative Governance and Traditional Affairs.
- 2.9 Internal Auditors had advise that final annual report should also include the following:
 - a) **Mayor's foreword** – should consider municipal vision, key policy development, public participation, future actions including initiatives committed whereby service delivery will be improved over the next few years.
 - b) **Municipal Manager's Overview** – Management to consider amending the Accounting foreword as duplicate from the Mayor's foreword, provide brief comments on improvements made to service delivery and mechanisms or initiatives initiated during the year to improve overall efficiency and effectiveness of municipal activities.
 - c) Provide specific references regarding: the alignment of services to IDP indicators and Council priorities, service delivery performance, financial sustainability as represented by the financial health ratios, audit general outcome and provide details of administrative policies made during the year.
 - d) **Municipal Functions, Population and Environmental overview:** Management to consider a briefly to the contributions made by your municipality to satisfy the basic requirements for: water, sanitation, electricity, refuse, housing, local economic development, roads, storm water drainage and local planning approvals (as applicable)
 - e) Management considers to amend paragraph 1.5 of the report, as most refers to outdated census statistics information e.g. 2011, 2016 and no information for 2022 census report.

- f) **Service Delivery Overview:** Management consider to demonstrates relevant information by using graph, data and focus area should be on water, sanitation, electricity, waste management and road construction.
- g) **Financial Health Overview:** Management considers to demonstrate relevant information by using graph, data and consider a brief introduction on the financial sustainability of the municipality.
- h) Management to consider a brief introduction on the financial sustainability of the municipality, challenges requires rectification and state how such challenges are being addressed. Comment on capital expenditure not provided.
- i) **Organizational Development Overview:** Management to consider an overview of key organizational development issues based on information contained in Chapter 4.
- j) **Political Governance:** Management to consider a brief introduction to nature of governance and the leadership between the four components in the Chapter, Management to consider a brief introduction to political governance at your municipality, particularly the key committees, how the political system works at the top.
- k) State whether there is an Audit Committee attached to your municipality that provides opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee (or some other stated committee) on the Annual Report.
- l) State whether your municipality has established an oversight committee, comprised of non-executive councilors with the specific purpose of providing your council with comments and recommendations on the Annual Report.
- m) Confirm that the oversight committee report will be published separately in accordance with MFMA guidance.

The Provincial Department of Corporative Governance had advised as follows:

- h) **Performance assessment:** The annual report did not contain an assessment of the performance against measurable performance objectives for revenue collection by the accounting officer,

- i) **Financial Viability:** There is no assessment by the accounting officer on any arrears on municipal taxes and services charges
- j) **Audit Response Plan:** The annual report does not contain a response to the audit report on the AFS.
- k) **Noncompliance with NT Circular 63:** The municipality did not comply with NT Circular 63 and attach appendices to the Annual Report

2.10 The MPAC meeting convened on the 18th of March 2025 to discuss Oversight Report for submission to the Council.

3. FUNCTIONS OF THE OVERSIGHT COMMITTEE

The functions of the oversight committee are to:

- a) Undertake a review and analysis of the Annual Report.
- b) Invite, receive, and consider inputs from councilors and portfolio committees, on the Annual Report.
- c) Consider written comments received on the Annual Report from the public consultation process.
- d) Conduct Public Hearing (s) to allow the local community or any organs of state to make representations on the Annual Report.
- e) Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- f) Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor General, organs of state, Council's Audit Committee and councilors.

4. COMPOSITION OF THE MUNICIPAL OVERSIGHT COMMITTEE

Cllr. NM Zungu (Chairperson),

Cllr. GAN Buthelezi, Cllr. TA Dlamini,

Cllr. NJ Khoza, Cllr. SB Simelane,

Cllr. SMC Zikode, Cllr. TM Hadebe

Cllr. MM Sibiyi, Cllr. K. Ngobese

Cllr. SS Langa

5. INPUTS AND COMMENTS FROM THE OVERSIGHT COMMITTEE

- 5.1 **Quality of submitted Annual Financial Statements (AFS)** - The committee noted improvement in the set of AFS submitted for audit. Management is commended for such improvement and they shall continue to improve and reconduct regular reviews on the AFS.
- 5.2 The Accounting Officer must ensure that interim AFS and AFS are prepared and presented in a fair manner in accordance with South African Standards of GRAP, MFMA and DORA.
- 5.3 The Accounting Officer must consider the issue of internal controls very serious and demonstrate sound actions towards giving direction to the affairs of the municipality.
- 5.4 **Regular review of performance information** – Oversight Committee note the outcome on Annual performance information and increase in number of findings on Auditor’s Report issued by Auditor General from Annual Performance Report.
- 5.5 There were three findings in 2023/2024, three findings in 2022/2023 and two findings in 2021/2022 financial year. Management need to take underperformance issue of meeting targets very serious g organizational scorecard.
- 5.6 Management needs to make use of online performance management system to efficiently manage performance information. Quarterly reviews and reporting on performance must be taken serious by management.
- 5.7 **Unauthorized, Irregular, Fruitless and Wasteful expenditure** – The Committee note with concerns the incurred unauthorized expenditure amounting R7 409 187, irregular expenditure of R154 224 619, fruitless and wasteful expenditure amounting to R178 779 financial year.
- 5.8 It is regrettable that Management failed to prevent UIFW expenditure. The Accounting Officer must ensure that UIFW is prevented as much as possible.
- 5.9 **Non-compliance with legislation-** Auditor General has raised number of noncompliance matters with laws and regulations. This gives threat to

governance and management of the municipal affairs. Management needs to come up with turnaround strategy over this.

- 5.10 The Committee notes that Management has been able to develop an action plan to addresses matters raised by Auditor General, further suggests that the plan be monitored.

6. 2023/24 ANNUAL REPORT CHECKLIST FOR CONSIDERATION

INFORMATION REQUIRED IN THE ANNUAL REPORT	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
1. Financial matters – Annual Financial Statements – Section 121(3) of MFMA	Financial report matters were considered	Yes
Section 121 (3) (a). The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	The AFS are to be in the form as required by the applicable accounting standards.	Yes
Sections 121 (3) (a), 121 (4) and 121 (4) (b) of the MFMA	This applies to the AFS of municipal entities which this municipality does not have.	Yes
Section 121 (3) (e) of the MFMA is an assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	Yes
Section 121 (3) (g) of the MFMA talks to particulars of any corrective action taken or to be taken in response to issues raised in the audit report	<p>The conclusion of the annual audit is:</p> <ul style="list-style-type: none"> • unqualified audit opinion • The objective of the municipality was to improve to unqualified audit opinion which was achieved. • Taking into account the audit opinion and the views of the audit committee, council considered the following: <ul style="list-style-type: none"> - To what extent does the report indicate serious financial issues? - To what extent are same issues repeated from previous audits? 	An Audit Action Plan was developed and submitted to Auditor General, KZN COGTA and KZN Treasury.

	<ul style="list-style-type: none"> - Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? - Has a schedule of action been taken and included in the annual report with appropriate due date? 	
Section 121 (3) (f) of the MFMA suggests that an assessment by the municipality's accounting officer of the municipality's performance against the performance objectives for revenue source and for each vote in the approved budget.	The budget of the municipality must contain measurable performance objections for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s 17 (3) (b). the accounting officer must include these objectives in the annual report on performance accordingly. Has the performance met the expectations of council and the community? Have the objectives been met? What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget?	Yes
Section 121 (3) (j) and Section 121 (4) (g) of the MFMA. Recommendations of the Audit Committee in relation to the AFS and audit reports of the municipality and its entities.	Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity? What actions need to be taken in terms of these recommendations? Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	Yes
2. Disclosures – Allocation received and made- Section 123 – 125 of the MFM	Considerations	Yes
Section 123 (1) (a) of the MFMA. Allocations received by and made to the Municipality	<p>The report needs to disclose:</p> <ul style="list-style-type: none"> • Details of allocations received from another organ of state in the national or provincial sphere. 	Yes

	<ul style="list-style-type: none"> • Details of allocations received from a municipal, entity or another municipality. • Details of allocations made to any other organ of state, another municipality or a municipal entity. • Any other allocation made to the municipality under Section 214 (1) (c) of the Constitution. <p>Have these allocations been received and made? Does audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</p> <p>Does the audit report or the audit committee recommend any action?</p>	
<p>Section 123 (1) (c) of the MFMA. Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and the MFMA guidance circular No 11, require that the municipality provide information per allocation received per vote and include.</p> <ul style="list-style-type: none"> - The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects. - Information stating whether the municipality has complied with the 	<p>Yes</p>

	<p>conditions of the grants, allocations in terms of section 214 (1) (c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</p> <ul style="list-style-type: none"> - Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this. This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation. The Auditor General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received. Council should be satisfied that-: - The information has been properly disclosed; - Conditions of allocations have been met; and - That any explanations provided are acceptable. The comments of the Auditor General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information. 	
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Section 125 (1) of the MFMA. Information in relation to outstanding debtors and creditors of the municipality and entities	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities. It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds. Council should be satisfied that:-</p> <ul style="list-style-type: none"> - The information has been properly disclosed; - Conditions of allocations have been met; and - That any explanations provided are acceptable. 	Yes
3. Disclosures in notes to Annual Financial Statements (AFS)	Considerations relating to section 124	Yes
Information relating to benefits paid by the municipality and entity to councilors, directors and officials.	<p>Information on the following items is to be included in the notes to the annual report and AFS;</p> <ul style="list-style-type: none"> - Salaries, allowances and benefits of political office bearers, councilors and boards of directors, whether financial or in kind; - Any arrears owed by individual councilors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of those councilors. 	Yes

	<ul style="list-style-type: none"> - Salaries allowances and benefits of the municipal manager, CEO of municipal entity, CFO and every senior manager. - Contribution for pension and medical aid. - Travel, motor car, accommodation, subsistence and other allowances. - Housing benefits and allowances. - Overtime payments. - Loans and advances, and; - Any other type of benefit or allowance related to staff. - Council should be satisfied that information has been properly disclosed; conditions of allocations have been met; and that any explanations provided are acceptable. <p>The comments of the Auditor General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	
4. Municipal Performance	Considerations	
The annual performance reports of the municipality and entities	Section 46 of the Local Government: Municipal Systems Act requires municipalities to submit a performance report reflecting the performance of	The 2022/24 Annual Performance Report was submitted to the Auditor General with

	<p>the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures take to improve performance. The report must form part of the annual report. Questions that may be considered are-:</p> <ul style="list-style-type: none"> - Has the performance report been included in the annual report? - Have all the performance targets set in the budget, SDBIP, service agreements etc., been included in the report? - Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc.?</p> <ul style="list-style-type: none"> - To what extent has performance achieved targets set by council? - Is the council satisfied with the performance levels achieved? - Is the community satisfied with performance? 	<p>the Annual Financial Statements at the end of August 2024, for auditing purposes.</p> <p>The 2023/24 Annual Performance Report has also been consolidated as part of the 2023/24 draft Annual Report which was submitted to the Council for approval on the 30 January 2025.</p>
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	<ul style="list-style-type: none"> - Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? - What were the outcomes of public consultation and public hearings? - What actions have been taken and planned to improve performance? - Is the council satisfied with actions to improve performance? - Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager? - Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes? - Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective? - To what extent have actions planned for the previous year been carried over to the financial year reported upon? - Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by providing municipal manager and are these satisfactory? Council should comment and draw 	
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	conclusions on information and explanations provided.	
Audit reports on performance.		
	Section 45, Local Government: Municipal Systems Act requires that the Auditor General must audit the result of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the Auditor General been included in action plans to improve performance in the following years?	The Auditor General audited the 2023/24 Annual Performance Report and there were three queries raised by the Auditor General. Annual Financial Statements was also looked at and Auditor General expressed unqualified opinion on them. There were also matters of noncompliance with laws and regulations raised by Auditor General. The Municipality has prepared an action plan which will assist in dealing with the issue raised by the Auditor General so that they don't re-occur at the end of the 2024/2025 financial year
Performance of municipal entities and municipal service providers.	The annual report of the municipality should provide assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered. Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered necessary to be taken by the accounting officer?	The performance of the service providers which were appointed by the municipality during the year under review to provide a specific service was also included as part of the 2023/24 Annual Report.
5. General Information	The following general information is required to be disclosed in the annual report.	

Relevant information on municipal entities.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with entities.	N/A
The uses of any donor funding support	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> - Have the purposes and the management agreements for the funding been properly agreed upon. The funds been used in accordance with agreements? - Have the objectives been achieved? Has the use of funds been effective in improving services to the community? - What actions need to be taken to improve utilization of the funds? 	No funds were received in a form of donations from any organization, but the municipality do collaborate with other departments and private institutions to deliver services to Nquthu community.
Agreements, contracts and projects under Private-Public-Partnerships.	Has the Council had a signed contract or agreement with and private-public partnership program	Assupol Community Trust
Service delivery performance on key services provided.	This may be a high-level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarized. This should cover all services whether provided by the municipality, entities or	Service delivery performance summary which sets out overall performance under the strategic objectives of the municipality has also been included in the 2023/24 Annual Report.

	external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report and or in statistical tables.	
Information on long-term contracts.	Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information correctly supplied.	<ul style="list-style-type: none"> - Ntshidi & Associates – Provision of Internal - Adventure Travelling– Travel agents. - BPG Mass Appraisals – Provision for General valuation, Preparation and updating valuation roll. - Fezile Security – Provision of security services - Sizowakha Security – Provision of security services - Siyjabula Security – Provision of security services - Mobile Telephone networks – Provision, installation and configure PABX system - Kunene Makopo Risk Solutions – Provision of short term of insurance for 12 months - CCG- Provision of HR and payroll system. - The Document Warehouse – Off-site document storage
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals	Nquthu Municipality is using MSCOA compliant financial system as per treasury requirements. The system is reliable and it speeds up the functioning of internal departments however Nquthu municipality is running the system parallel with FMS which is an old system up until we are definitely sure that the users fully understands it.

	should be summarized. Council should comment and draw conclusion on the information provided.	Other projects that Nquthu municipality is undertaking include upgrading of PABX (Switchboard) to minimize telephone usage costs and also implementing of Disaster Recovery Solution and Cloud back-up which will assist us to recover data in case of disasters or data loss.
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.	Yes
6. Other considerations recommended		
Timing of Reports	Was the report tabled in the time prescribed? Has a schedule for consideration of the report been adopted?	Yes
Oversight committee or other mechanism	What mechanisms have been put in place to prepare the oversight report? Has a schedule for its completion and tabling been adopted?	Yes
Payment of performance bonuses to municipal officials.	Refer to Section to Section 57 of Local Government: Municipal Systems Act as amended.	Performance bonuses were paid to: Municipal Manager – 5% of Annual Salary

	<p>Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The bases upon which performance is evaluated for payment of bonuses should be reconciled with municipal performance reported in the annual report.</p> <p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p> <ul style="list-style-type: none"> - If so has a proper evaluation of performance been undertaken? - Was the evaluation approved by council? - Does the performance evaluation align and reconcile with the performance report in the annual report? - If not, what reasons have been advanced for non-reporting of the basis of evaluation in the annual report? - Are payment justified in terms of performance report in the annual report? 	<p>Chief Financial Officer – 5% of Annual Salary</p> <p>Director Corporate and Community Services - 5% of Annual Salary and</p> <p>Director Technical Services – 5% of Annual Salary</p> <p>Performance evaluation for 2023/24 financial has been done but Council has not yet decided on them.</p>
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7. CONCLUSION

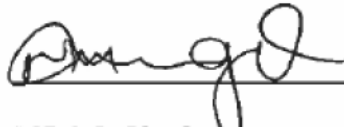
- 7.1 The oversight committee commended the Council and Management on the status 2023/24 audit opinion.
- 7.2 Management needs to maintain and improve on the concerning areas on annual financial statement, APR and stick to reporting timelines to ensure compliance with laws and regulations.
- 7.3 The oversight committee is pleased to note that all components of the Annual Report are included as is required in terms of Section 121 (3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 as follows:
- a) The annual financial statements of the municipality.
 - b) The Auditor General report.
 - c) Report of the Audit Committee.
 - d) The annual performance report of the municipality prepared by the municipality in terms of Section 46 of the Local Government: Municipal Systems Act.
 - e) The Auditor General's audit report in terms of Section 45 (b) of the Local Government: Municipal Systems Act.
 - f) An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges.
 - g) Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports.
 - h) Any explanation that maybe necessary to clarify issues that are in connection with financial statements.
- 7.4 It is pleasing that most of the issues raised in the previous audit opinion on annual financial statement and performance information were attended.
- 7.5 It is imperative, however, that in order to achieve a clean audit goal, an Audit Response Action Plan should be monitored by all relevant governance structures including the Council on quarterly basis.

- 7.6 The Oversight committee would like to thank the Council and Management as well as all officials for tirelessly ensuring progressive service delivery by completing many infrastructural and social development project that improved the lives of the previously disadvantaged communities and maintaining and improving on service delivery standards elsewhere,
- 7.7 A further thanks goes to the Auditor General, the Audit Committee, COGTA, Provincial Treasury and National Treasury for their support and cooperation in completing this annual report oversight process.
- 7.8 The oversight committee strongly believes that Nquthu Local Municipality and its community will realize substantial and tangible benefits if a similar process is consistently followed in the years to come.
- 7.9 The oversight committee is grateful for the opportunity to be of service to Nquthu Local Municipality and its citizens.

8. RESOLUTION AND STATEMENT

- a) That Oversight Report together with the Annual Report for 2023/24 financial year be approved.**
- b) That Oversight Report be made public by the Municipal Manager in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act, 2003**
- c) That the Oversight Report and Annual Report 2023/24, be submitted to the provincial legislature by the Municipal Manager in accordance with section 132 (2) of the Local Government: Municipal Finance Management Act, 2003.**
- d) That the classification, validation and recoverability of unauthorized, irregular and fruitless and wasteful expenditure as reflected in the Annual Financial Statements 2023/24, be determined by the Municipal Public Accounts Committee in terms of section 32 of the Local Government: Municipal Finance Management Act, 2003 and that a report in this regard be submitted to the Municipal Council for consideration.**
- e) That developed AG action plan be noted, and all matters raised by Auditor General be attended to**

Signature



MPAC Chairperson

Cllr. NM Zungu