

“ The City of Heritage ”



OVERSIGHT REPORT ON THE ANNUAL REPORT

2024/2025 FINANCIAL YEAR

MARCH 17, 2026
ULUNDI MUNICIPALITY

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1. INTRODUCTION

The Municipal Finance Management Act 56 of 2003 assigns specific oversight responsibilities to Council in regards to the Annual Report and the preparation of an Oversight Report in conjunction with Circular 11 of the MFMA.

Given the processes required by Council to effectively undertake its oversight role, the establishment of an Oversight Committee of Council would provide the appropriate mechanism in which Council could fulfil its oversight responsibilities.

1.1 PURPOSE OF REPORT

To consider the Annual Report for the 2024/2025 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).

As the Chair of the Municipal Public Accounts Committee, it is with great pleasure that I stand here to present this report, as I am well aware of the work that has been done by the Municipal administration and how this has helped improve Council's oversight role in many areas but more especially service delivery.

2. BACKGROUND

2.1. Legal Requirements

Section 121(1), (2) and (3) of the MFMA determines as follows: 121(1) Every Municipality must for each financial year prepare an Annual Report. The Council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

The purpose of an annual report is:

- To provide a record of the activities of the municipality during the financial year to which the report relates;
- To provide a report on performance against the budget of the municipality for the financial year; and
- To promote accountability to the local community for the decisions made throughout the year by the municipality.

The annual report of a municipality must include:

- (i) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (ii) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (iii) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (iv) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, (Act 32 of 2000);
- (v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) 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 from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (ii) and (iv);
- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (ix) Any information as determined by the municipality;
- (ix) Any recommendation as determined by the municipality; and
- (x) (xi) Any other information as may be prescribed.

In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled; make public the annual report, invite the local Community to submit representations in connection with the annual report and submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(1) of the MFMA, the Council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the Council's comments on the annual report which must include a statement whether-

- The Council has approved the Annual Report with or without reservations;
- Has rejected the Annual Report; or
- Has referred the Annual Report back for revision of those components that can be revised.

3 COMPOSITION OF THE MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)

The Municipal Public Accounts Committee is a committee of Council established under Section 79 of the Municipal Structures Act, 1998.

The members of MPAC are as follows:

Cllr C.K Zungu	(Chairperson)
Cllr F.M Buthelezi	Member
Cllr T Ndlela	Member
Cllr S. Ntshingila	Member
Cllr T.M Zungu	Member

The MPAC analyses and reviews the annual report in detail before tabling the report to Council for consideration.

In terms of the resolution by Council to comply with section 127 (2) the Annual Report was made public:

- The local community was invited through a Public Notice to request public comments through public participation initiatives.
- The intention was for public to submit comments or objections regarding the 2024-2025 Annual Report.
- The printed copies of the Annual Report was placed in three municipal locations being the Ulundi Municipal Library and the Customer Care Office situated in Community Services building
- The annual Report was also publicised on Municipal Website (www.ulundi.gov.za) under Municipal Documents tab hence the public note also directed the members of the Community and interest group on location of report on Municipal Website.
- The publication was from the 28th January 2026 to 23rd of February 2026, however through this period there were no public comments or objections received.
- The Annual Report was submitted to the relevant Provincial Government it was submitted the following
 1. Office of the Auditor General
 2. KZN Provincial Cogta
 3. KZN Provincial Treasury

From the above stakeholders comments were received from KZN Cogta which recommended the improvement on Oversight report. Those recommendations has been implemented in this report.

- There were no further comments from other stakeholders.

At the closing date for public comments on the 23rd of February 2026, no representations had been received.

The MPAC first met on the 21st of January 2026 where the Annual report was reviewed and there were no outstanding matters on the report.

The MPAC then met on the 23rd of March 2026 to review the Final Annual report before it was tabled to Council for approval.

There were no further inputs regarding the annual report from the MPAC, and the committee agreed that the report can be tabled to council once the above was addressed.

The MPAC thus has pleasure in presenting the Oversight Report to Council to consider the following recommendations to allow this report to be forwarded to the relevant Departments and Provincial Legislature:

RECOMMENDATIONS:

1. **THAT** the Oversight Report on the Final Annual Report for 2024/2025 financial Year be approved in terms of Section 129 (1) of the Local Government Municipal Finance Management Act (MFMA Act No. 56 OF 2003);
2. **THAT** Council in terms of Section 121 of the Municipal Finance Management Act No. 56 of 2003 adopts the Ulundi Municipality's Final Annual Report for 2024/2025 without reservations while noting the following matters:-
 - 2.1 **THAT** as reflected on pages 155 - 166 of the Final Annual Report, the Auditor-General of the Republic of South Africa issued an Unqualified opinion having audited the Annual Financial Statements for the year ended on 30 June 2025.
 - 2.2 **THAT** the Action Plan on pages 167 - 169 to address the shortcomings on the internal controls and functions of the Municipality as at 30 June 2025, whose progress will be closely monitored by the Internal Audit Unit, the Audit and Performance Committee, the Municipal Public Accounts Committee and reported to Council quarterly be noted.
3. **THAT** it be noted that the Final Annual Report for the 2024-2025 financial year was advertised for public comments and no comments were received.

4. **THAT** the Oversight Report and the Final Annual Report for 2024-2025 Financial year be submitted to the Provincial Legislature in terms of Section 132(2) of the MFMA.
5. **THAT** the 2024-2025 Oversight Report of Ulundi Municipality be made public in terms of Section 129(3) of the MFMA, and
6. **THAT** the MPAC committee endorses and recommends the approval of the Performance Assessment outcomes as follows:
7. **That** payment of minimum Performance Bonus of 5% of all inclusive packages based on the following assessment percentages allocated to Municipal Manager and Managers direct accountable to the Municipal Manager:
 - 1) Municipal Manager score of 130%= 5%
 - 2) Director: Technical Services score of 130% = 5%
 - 3) Director: Community Services score of 132 = 5%
 - 4) Director: Financial Services score of 130% = 5%
 - 5) Director: Corporate Services score of 130% = 5%
 - 6) Planning and Development score 130 % = 5%
 - 7) Director Protection Services score of 130% =5%

4. **PROCESS**

4.1 **Submission and tabling of the Annual Report to Council**

The Final Annual Report of the Municipality for the 2024/2025 financial year was tabled at a Council Meeting held on the 22nd January 2026 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003. Council resolved the following:

THAT the Annual Report for the Financial Year 2024/2025 be approved.

THAT Council notes the opinion of the Auditor-General which states that in 2024/2025 there was general compliance with the South African Standards of Generally Recognized Accounting Practices, the MFMA and DORA.

THAT the measures to improve on matters as outlined in Chapter 6 of the Annual Report be endorsed and monitored throughout the financial year 2025/2026 by the Audit Committee to ensure mitigation.

THAT the Annual Report for the 2024/2025 financial year be advertised for public comments.

The Council will meet on the 25th of March 2026 to review and approve the Final Annual report.

5. KEY COMMENTS AND RESPONSES

The Municipal Finance Management Act No. 56 of 2003 section 130 (1) (b) state that "for members of the local community or any organs of state to address the council", and Circular No. 32 of the MFMA No. 56 of 2003 also recommends that the summary of key issues raised by the community, Auditor-General and other spheres of government be detailed in the Oversight Report.

In addition the Circular No. 32 of the MFMA proposes that responses to questions raised in written presentation be captured in the Oversight Report.

- Written submissions from Office of the Auditor-General**

Written comments were received from the Auditor-General of South Africa on the Annual Report and were incorporated into the Annual Report.

- Written Comments from Internal Audit**

Comments from Internal Audit were received as follows and they were incorporated

Legislation/ Guidelines	Yes	No	N / A	Page	Comments
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ANNUAL REPORT COMPONENTS						
1	Is there a set of the audited annual financial statements?	s121(3) (a)			n/a	This will be made available when the Audit is finalised
2	Does the annual report contain the audit report on the AFS?	s121(3) (b)				This will be made available when the Audit is finalised

Draft to be included when the final draft is available.
The prior year audit report is attached

3	Does the annual report contain annual performance report in terms of s46 of the MSA?	s121(3) (c)	Yes		46-130	yes	✓ <input type="checkbox"/> <input type="checkbox"/>
4	Does the annual report contain the Auditor-Generals report on the municipalities performance report?	s121(3) (d)	Yes		160-172	The prior year audit reopert is included since the audited has not been started for 2024-2025 FY	✓ <input type="checkbox"/> <input type="checkbox"/>
5	Does the annual report contain an assessment of the performance against measurable performance objectives for revenue collection by the accounting officer.	s12 (3)(f)	Yes		141-159	Chapter 5	✓ <input type="checkbox"/> <input type="checkbox"/>
6	Does the performance report include the current years performance and targets as well as the prior year?	MSA s 46 (1) (a)	Yes		46-130	Chapter 3	✓ <input type="checkbox"/> <input type="checkbox"/>
7	Does the performance report include measures that were taken or are to be taken to improve performance?	MSA s 46 (1) (a)	Yes		46-130	Chapter 3	✓ <input type="checkbox"/> <input type="checkbox"/>
8	Does the performance report contain the development and service delivery priorities and performance targets set for the next financial year.	MSA s 46 (1) (a)	Yes		122-130	Chapter 3	✓ <input type="checkbox"/> <input type="checkbox"/>
9	Is there an assessment by the accounting officer on any arrears on municipal taxes and services charges?	s121(3) (e)	Yes		141-159	Chapter 5	✓ <input type="checkbox"/> <input type="checkbox"/>
10	Does the annual report contain a response to the audit report on the AFS?	s121(3) (g)	Yes		173-188	Audit Action Plan is attached.	✓ <input type="checkbox"/> <input type="checkbox"/>
11	Does the annual report contain the recommendations of the audit committee?	s12 (3)(j)	Yes		229-237	Appendix G	✓ <input type="checkbox"/> <input type="checkbox"/>
12	Does the municipality have sole or effective control of a municipal entity?		n/a			No	
13	If yes to above, is there a set of consolidated annual financial statements	s121(3) (a), s 122 (2)				N/A	
14	HAVE THE FOLLOWING APPENDICES BEEN DISCLOSED?	NT Circ 63					
a.	Councillors, Committee allocation and council attendance		Yes			Appendix A	✓ <input type="checkbox"/> <input type="checkbox"/>
b.	Committee and committee purpose		Yes			Appendix B	✓ <input type="checkbox"/> <input type="checkbox"/>
c.	Third Tier Administrative structures		Yes			Appendix C	✓ <input type="checkbox"/> <input type="checkbox"/>

d.	Functions of municipality/ entity		Yes				Appendix D	✓ []
e.	Ward Reporting		Yes				Appendix E	✓ []
f.	Ward Information		Yes					✓ []
g.	Recommendations of the Municipal Audit Committee		yes				Appendix G	✓ []
h.	Long Term contracts and Public Private Partnerships		Yes				Appendix H	✓ []
i.	Municipal entity/ Service provider Performance schedule		YES				Appendix I	✓ []
j.	Disclosure of financial interest		YES				appendix J	✓ []
k.	Revenue Collection Performance		Yes				Appendix K	✓ []
K(i)	Revenue Collection Performance by Vote		YES				Appendix K (i),(ii)	✓ []
K(ii)	Revenue Collection Performance by Source		YES				Appendix K (i),(ii)	✓ []
l.	Conditional grants received: excluding Municipal Infrastructure Grant		Yes				Appendix L	✓ []
m.	Capital Expenditure - New/ Upgrade/Renewal Programmes: including Municipal Infrastructure Grant		Yes				Appendix M	✓ []
m(i)	Capital Expenditure - New Assets Programme							
m(ii)	Capital Expenditure - Upgrade/Renewal Programme							
n.	Capital Programme by project Current year		Yes				Appendix N	✓ []
o.	Capital Programme by project by ward Current year		Yes				Appendix O	✓ []
p.	Service connection backlogs at Schools and Clinics		Yes				Appendix P	✓ []
q.	Service backlogs experienced by the community where another sphere of government is responsible for service provision		Yes				Appendix Q	✓ []
r.	Declaration of loans and grants made by the municipality		Yes				Appendix R	✓ []
s.	Declaration of returns not made in due time under MFMA s71		Yes				Appendix S	✓ []
t.	National and Provincial Outcomes for Local Government		No				x	

CONCLUSION

The recommendations for improvement by internal audit has been implemented and updated information is included in the final annual report.

- **Written submissions by local community**

The local community had been offered an opportunity to raise views on the Annual Report no enquiries were received from any of the community members.

- **Written submissions from CoGTA**

The Department has analyzed your Annual Report and notes that the following information was not included, as required by Section 121 of the Municipal Finance Management Act (MFMA):

- The annual report does not contain an assessment of the performance against measurable performance objectives for revenue collection by the accounting officer.
- The performance report does not contain the development and service delivery priorities and performance targets set for the next financial year
- There is no assessment by the accounting officer on any arrears on municipal taxes and services charges. Additionally, the municipality met all the requirements by including all the appendices outlined in NT Circular 63 in the Annual Report.

- **Written submissions from KZN Treasury**

No written or verbal comments were received from the Provincial Treasury on the Annual Report.

- **Report of the Audit Committee**

No written or verbal comments were received from the Audit Committee.

6. CONCLUSION

The Municipal Public Accounts Committee considers the content of the 2024/2025 Annual Report and submit the Oversight Report on the 2024/2025 Annual Report and recommends for adoption by Council.

.....**END**.....