**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY**
**ORDINARY COUNCIL MEETING**

**2026.06.04**

**ITEM MPAC- SC (02(b)-2026)**

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# MUNICIPAL PUBLIC ACCOUNTS COMMITTEE’S (MPAC’S) CONSIDERATION OF THE ANNUAL REPORT, INCLUSIVE OF ANNUAL FINANCIAL STATEMENTS (AFS) AND THE AUDITOR GENERAL SOUTH AFRICA’S (AGSA’S) REPORT FOR THE 2024/25 FINANCIAL YEAR

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY**
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## ABBREVIATIONS/ACRONYMS

| | |
|---|---|
| AFS | Annual Financial Statements |
| AGSA | Auditor General of South Africa |
| BAC | Bid Adjudication Committee |
| BEC | Bid Evaluation Committee |
| City | City of Ekurhuleni |
| CIDB | Construction Industry Development Board |
| Circular 63 | National Treasury: MFMA Circular No 63 of 2012 |
| Circular 68 | National Treasury: MFMA Circular No 68 of 2021 |
| Circular 71 | National Treasury: MFMA Circular No 71 of 2012 |
| W&SD | Water and Sanitation Department |
| EHC | Ekurhuleni Housing Company |
| ED | Energy Department |
| ERWAT | East Rand Water Care Company |
| FD | Finance Department |
| GPL | Gauteng Provincial Legislature |
| HOD | Head of Department |
| IA | Internal Audit Department |
| ICT | Information and Communication Technology Department |
| Ltd. | Limited |
| MPAC | Municipal Public Accounts Committee |
| MD | Managing Director |
| MSA | Municipal Structures Act 117 of 1998 |
| MFMA | Municipal Financial Management Act 56 of 2003 |
| Pty | Proprietary Company |
| RED | Real Estate Development |
| SCM(P) | Supply Chain Management (Policy) |
| W& SD | Water and Sanitation Department |
| UIF&W | Unauthorised, Irregular, Fruitless and Wasteful Expenditure |

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY**
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## PURPOSE

To report to Council on Municipal Public Accounts Committee's (MPAC's) consideration of the Annual Report, Inclusive of Annual Financial Statements (AFS) and the Auditor General South Africa's (AGSA's) Report for the 2024/25 financial year.

## EXECUTIVE SUMMARY

The Annual Report, Inclusive of Annual Financial Statements (AFS) for the 2024/25 financial year and the AGSA's Report, is the final draft of the annual report including the AGSA's report after the Unaudited Annual Report was dealt with by the end of December 2024. On 8 April 2026, Council referred this report to the MPAC for consideration and reporting in accordance with Rule 135 of the Standing Orders By-Law,2023.

Public hearings were convened on 17 April 2026. The Committee deliberated on and adopted this MPAC oversight report, including the recommendations to be adopted by the Council, on 14 May 2026. The Committee is gravely concerned by the complete disregard of the invitation to attend the public hearings by the MMC of Real Estate department who did not attend the hearing on 17 April 2026, even though duly invited, a clear violation of Rule 179 of the Standing Orders By-Law, 2023. Such actions impede the oversight work of the Committee and cannot be accepted.

Based on the five (5) standard questions, the Committee interrogated the details of each unauthorised, irregular, fruitless and wasteful (UIF&W) expenditure incident stated in explanatory note 47 of the Annual Financial Statements and the Auditor-General of South Africa (AGSA)'s report. The Committee conducted the interrogation to establish the status of the incidents in terms of accountability, and what corrective measures the affected departments, in collaboration with departments of the City of Ekurhuleni hereinafter referred to as 'the City' have instituted, where applicable. This was done in collaboration with the City Manager's office, Internal Audit (IA) department and the Auditor-General of South Africa (AGSA), who are permanent attendees of the MPAC hearing/meetings.

The Committee notes that there were six (6) UIF&W expenditures incidents involving six (6) departments and zero entities. Of these, five (5) were irregular expenditure of R137 646 810 and one (1) unauthorised expenditure of R397 107 942, thus amounting to a total of R534 754 752 during the financial year under review. This amounts to a ratio of 0.2% in relation to the City's R60 billion operating expenditures. Circular 71 prescribe for 0% UIFW expenditure and that Council must investigate and recover anything more than that.

The below table gives a breakdown of the departments, contravention, amount, as well as classification of whether the expenditure is irregular or fruitless and wasteful expenditure.

| **Department** | **Description** | **Classification** | **Amount (R)** |
|---|---|---|---|
| Energy | Contravention of SCM policy | Irregular | 83 158 156 |
| Water and Sanitation | Contravention of SCM policy | Irregular | 2 997 688 |
| Environmental and Waste Management | Contravention of SCM policy | Irregular | 2 952 565 |
| Real Estate | Contravention of SCM policy | Irregular | 7 348 333 |
| ICT | Contravention of SCM policy | Irregular | 41 190 068 |
| **TOTAL** | | | **137 646 810** |

Unauthorised expenditure is as follows

| **Department** | **Description** | **Classification** | **Amount (R)** |
|---|---|---|---|
| Finance | Excess consumption indigent households | Authorised | 397 107 942 |
| **TOTAL** | | | **397 107 942** |

Of the six (6) UIF&W expenditures identified in Note 47, the Committee found that two (2) incidents related to expenditures of previous year that were referred for investigation to the IA, amounting to R86 155 844. Once the IA has completed the investigation the Committee will deliberate and make sections 32 recommendations to Council.

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Out of the six (6) UIF&W expenditures amounting to R534 754 752 considered, the Committee recommends one (1) authorised expenditure amounting to R397 107 942 to be **WRITTEN OFF.** Two (2) irregular expenditure amounting to R44 143 245 **BE REFERRED** to IA for further investigation. Three (3) irregular expenditures amounting to R93 504 177 **WILL BE DELIBERATED** on and reports will be tabled in Council on completion.

**BACKGROUND**

The Municipal Public Accounts Committee (MPAC) is a standing committee of Council established per section 79A of the Municipal Structures Act (no. 117 of 1998), as amended. As per section 79A (3) (a), the Committee's functions must include the following:

(a) Review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
(b) Review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;
(c) Initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;
(d) Attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a councillor and the municipal manager; and
(e) On its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.

Therefore, the compilation of this oversight report follows sub-section 3 above. In interrogating the identified UIF&W's matters, the Committee posed the following questions to the concerned departments:

1. Comprehensively outline what transpired for the expenditure to be incurred?
2. Is there an investigative report submitted by the Internal Audit (IA) Department to the department? If yes, have the IA recommendations been implemented accordingly? Submit status report.
3. What corrective measures has the department taken since the identification of the expenditure?
4. What measurements has the department put in place to ensure that such an incident does not re-occur in the future?
5. Provide a report on the value for money on the identified expenditure.

After the departments' responses, the Committee deliberated on the course of action to be followed. Amongst the others, the Committee is guided by the Supply Chain Management Policy (SCMP) of the City which seeks to promote fair, equitable, transparent competitive and cost-effective process.

The Committee is also doing its oversight per section 32 (1) and (2) of the MFMA. Section 32 (1) states as follows:

1) Without limiting liability in terms of the common law or other legislation: -

> *a) A political office-bearer of a municipality is liable for unauthorised expenditure if that office bearer knowingly or after having been advised by the accounting officer of the municipality that the expenditure is likely to result in unauthorised expenditure, instructed an official of the municipality to incur the expenditure;*
> *b) The accounting officer is liable for unauthorised expenditure deliberately or negligently incurred by the accounting officer, subject to subsection (3);*
> *c) Any political office bearer or official of a municipality who deliberately or negligently committed, made, or authorised an irregular expenditure, is liable for that expenditure; or*
> *d) Any political office-bearer or official of a municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure*

Circular 68 provides guidelines on how unauthorised, irregular, fruitless and wasteful expenditure should be handled.
Irregular expenditure is defined in section 1 of the MFMA as follows: “irregular expenditure”, in relation to a municipality or municipal entity, means—

> (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
> (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
> (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998);
> (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”.

Fruitless and wasteful expenditure is defined in section 1 of the MFMA as follows: “fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

As per Circular 63, read together with section 127 to 129 of the Municipal Finance Management Act (MFMA) (no. 56 of 2003), the Unaudited Annual Report, Inclusive of Draft Annual Financial Statements, must be submitted to Council within two months after the end of the financial year, i.e., in August, for oversight by Council. After 7 months, i.e., by the end of January of each year, the final Annual Report, together with the AGSA’s report, must be tabled in Council and the MPAC must make its final pronouncement on the financial statements in conclusion of the oversight process of Council, not later than two (2) months after the tabling of the report.

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This is discussed in ITEM MPAC (08(a)-2026), which must be read together with the current report. In addition, the Committee must pronounce itself in accordance with section 32 (2) which states that:
2) A municipality must recover unauthorised, irregular, or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure –

a. *in case of unauthorised expenditure is –*

*i. authorised in an adjustment budget; or*

*ii. certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council; and*

*b) in case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.*

The Committee must notify and recommend to Council on cases it managed to recover expenditure and close cases. The Committee is also expected to recommend to Council to write-off unauthorised, irregular, or fruitless and wasteful expenditure that the City would be unable to recover.

**KEY DELIBERATIONS**

In its deliberations over the report, the Committee focused on note 47: *Unauthorised, Irregular, and Fruitless and Wasteful Expenditure*. On this note, the Committee notes that there was a closing balance of R1 083 092 466 in irregular expenditure, R68 766 931 in fruitless and wasteful expenditure, and R397 107 942 balance for unauthorised expenditure by the end of the 2024/25 financial year. In other words, the group accounts for a total of R1 548 967 339 in UIF&W's Expenditure in the 2024/25 Annual Financial Statements, indicating no movement in the balance as Council has failed to address expenditures relating to prior years, historical UIF&W expenditures.

Regarding the current closing balance of irregular expenditure balance of R1 083 092 466, the Committee notes that there was an opening balance of R1 000 482 361, expenditure identified in the current year of R41 190 068 and historical expenditure of R96 456 742 relating to prior years. The Committee notes that Council only wrote off a total amount of R55 035 705.

Meanwhile, the opening balance in fruitless and wasteful expenditure was R68 766 931 and remains at the closing balance of R68 766 931, with an amount of R407 324 been written off. It is clear that the bulk of the opening balance lies within the historical UIF&W expenditures relating to the prior years. There has been a resistance to addressing these expenditures, hopefully the National Treasury workshop will be of assistance to Council.

The Committee notes the provisions of National Treasury Circular 111, read together with Circular 71, which emphasised the need for municipalities to implement effective measures aimed at reducing irregular expenditure by 75% and eliminating fruitless and wasteful expenditure by 100% during the 2019–2024 Medium Term Strategic Framework period. In response to these directives, the City of Ekurhuleni approved a UIFW Reduction Plan on 28 July 2022, which contributed significantly to a reduction of approximately 99.6% in irregular expenditure.

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However, the Committee notes with concern that progress in addressing historical unauthorised, irregular, fruitless and wasteful expenditure has since stalled due to the recurring tendency of Council to withdraw MPAC reports dealing with historical UIF&W expenditures relating to prior financial years. The withdrawal of these reports has negatively affected the finalisation of oversight processes and undermined the City's efforts to achieve sustainable improvements in financial governance and compliance.

The Committee is concerned that the continued delays in processing and adopting MPAC recommendations weaken accountability mechanisms, create uncertainty regarding the resolution of historical expenditure matters, and contribute to recurring audit findings. The Committee therefore emphasises the importance of ensuring that MPAC reports are processed timeously by Council to enable the implementation of corrective measures, consequence management, and the effective resolution of historical UIF&W expenditure in line with National Treasury directives and the principles of sound financial governance.

The Committee notes that Ekurhuleni Housing Company (EHC) obtained a clean audit opinion which the Committee regards as a commendable achievement and a positive reflection of sound financial management, governance and compliance practices. Although such outcomes remain rare within the broader municipal environment, the Committee expresses the hope that this standard will be sustained and replicated across all municipal entities and departments going forward.

The Committee further notes that East Rand Water Care Company obtained an unqualified audit opinion, reflecting progress in maintaining credible financial reporting and compliance with applicable legislation.

The Committee noted with concern the persistent weaknesses in contract and procurement management identified by the AGSA. The audit findings revealed that certain contracts were awarded based on evaluation criteria and legislative requirements that differed from those contained in the original invitation to bid, resulting in non-compliance with applicable Supply Chain Management regulations and the Preferential Procurement Regulations. Furthermore, the AGSA reported that contract performance was inadequately monitored and that sufficient measures were not in place to ensure effective contract management as required by section 116(2) of the Municipal Finance Management Act. The Committee is concerned that recurring weaknesses in contract oversight continue to expose the City to irregular expenditure, disputes, litigation risks and service delivery inefficiencies.

The Committee further noted significant deficiencies in the system of internal controls and governance within the City. The AGSA reported that the Accounting Officer did not exercise adequate oversight responsibility over financial reporting, compliance with legislation and related internal controls. Effective and appropriate measures were not implemented timeously to prevent and detect material errors in the annual financial statements and instances of non-compliance. In addition, management failed to adequately monitor the implementation of action plans developed to address prior year audit findings, resulting in repeated findings relating to compliance with laws and regulations. The AGSA also identified weaknesses in information technology controls, including failures to prevent unauthorised access to financial systems, which resulted in data manipulation risks. The Committee views these weaknesses as a serious concern as they undermine accountability, transparency and the integrity of the City's financial management environment.

Regarding expenditure management, the majority of the disclosed irregular expenditure resulted from non-compliance with Supply Chain Management regulations and the Preferential Procurement Regulations. The Committee further notes that the recurring nature of these findings indicates inadequate consequence management, insufficient preventative controls and weak monitoring mechanisms within the procurement environment. The Committee therefore emphasises the need for strengthened oversight, improved compliance monitoring, enhanced accountability measures and the full implementation of corrective action plans.

The recurring findings relating to contract management, internal control deficiencies and expenditure management demonstrate significant weaknesses in the implementation of effective consequence management within the City of Ekurhuleni. The Committee is concerned that repeat audit findings and continued non-compliance with the Municipal Finance Management Act, Supply Chain Management regulations and procurement prescripts indicate that officials responsible for financial management and contract oversight are not being held adequately accountable for failures in governance and compliance.

The Committee further notes that the lack of timely disciplinary action, weak implementation of corrective measures, and inadequate monitoring of management action plans contribute to a culture of recurring non-compliance and undermine efforts to improve audit outcomes. In particular, the AGSA findings that management failed to adequately monitor prior year action plans and did not implement sufficient preventative controls suggest that accountability mechanisms are either ineffective or inconsistently applied.

The Committee is of the view that effective consequence management is critical to restoring accountability, strengthening governance, improving audit outcomes and ensuring that public funds are utilised in a lawful, transparent and economical manner.

***Finance Department***

The Finance Department incurred unauthorised expenditure amounting to R397 107 942. The Committee noted that the matter arose primarily from differing accounting treatments between the City's management and the AGSA's regarding the recognition and reporting of indigent support services. The City had, over several financial years, budgeted for indigent support services as revenue foregone, in line with applicable National Treasury circulars and budget principles. Historically, all indigent services were treated as fully subsidised services and reflected accordingly in budget reporting. In the Annual Financial Statements, amounts exceeding the approved budget were disclosed as grants paid to demonstrate that the services were fully subsidised by the City and not considered recoverable debts.

However, during the 2023/24 financial year audit process, the AGSA expressed a differing interpretation and required that costs incurred above the approved budget be recognised as revenue to be collected and subsequently impaired as bad debts. Following engagements between the City, National Treasury and the AGSA technical team in December 2024, an assessment of the accounting treatment was undertaken based on the principle of substance over form. The assessment supported the position that the transactions should appropriately be treated as revenue foregone, considering the following operational realities:

- Billing is performed for control and system purposes only, as no invoices are issued to indigent households as contemplated by mSCOA requirements;
- Accounts are cleared at the end of each billing cycle;
- No disconnection processes are implemented against indigent beneficiaries; and
- No credit control or debt collection measures are instituted, nor are amounts reflected as aged debtors.

Despite concurrence from National Treasury regarding the classification of these transactions as revenue foregone, the AGSA maintained its audit position due to inconsistencies identified within the City's policies at the time. The Committee further noted that the City has since reviewed and aligned its Indigent Support Policy with national policy requirements, and the revised policy was duly approved by Council. Additional budgetary provision was also made available in the 2024/25 financial year to adequately fund indigent support services. Furthermore, consumption exceeding the approved indigent support thresholds will now be recovered in terms of the revised policy framework.

The Committee is satisfied that corrective measures have been implemented and that the revised indigent management policies were assessed during the 2024/25 audit process, with no further audit findings raised. **The Committee recommends that Council write off the unauthorised expenditure amounting to R397 107 942.**

***Information and Communication Technology Department***

The ICT incurred an irregular expenditure amounting to R41 190 068 arose from the implementation of Contract PS ICT 18/2023, specifically Section 7 of the contract, which was awarded to four (4) service providers for the provision of data capturing services as part of the City's digitisation programme. However, the Department subsequently issued Instructions to Perform Work (IPWs) to certain service providers to undertake meter data capturing and meter reading services, which the AGSA found to be outside the clearly defined scope of the original tender.

The AGSA concluded that the wording of the contract was vague and insufficiently specific, thereby preventing fair and competitive bidding, particularly as the scope did not explicitly state that meter reading services would be required. Furthermore, the AGSA noted significant pricing discrepancies amongst bidders and highlighted that the highest-scoring bidder declined to perform the work at the quoted rates because additional operational costs, such as transport and personal protective equipment, had not been factored into the bid pricing. Consequently, the expenditure associated with Section 7 of the contract was classified as irregular expenditure. The Department acknowledged that the vague wording of the contract undermined competitive pricing processes and created uncertainty as to whether the City obtained the services at the lowest possible cost.

The Committee notes that the services were rendered, and the City utilised the meter reading data for billing and revenue collection purposes. The Department further conducted an internal assessment and market analysis which found that the costs incurred were comparable to those paid in the previous financial year, indicating that the pricing was market related. The Department therefore maintained that value for money was achieved in terms of service delivery, efficiency and effectiveness, as meter readings were conducted monthly, and the City derived operational benefit from the services rendered.

Furthermore, although the matter was not formally referred to Internal Audit for investigation, the Department analysed proof of work performed, monthly service reports and billing records to verify that services had indeed been delivered. Corrective measures implemented included the formal cancellation and removal of the affected section of the contract through the Bid Adjudication Committee process, the transfer of the meter reading function to the appropriate business units, and the development of a new contract specification which clearly defines the nature and scope of services to ensure transparency, fair competition and compliance with procurement prescripts in future. The Committee also noted that the original section of the contract has since been cancelled and is no longer operational in its previous form. **Accordingly, the Committee recommends that the matter to IA for further investigation.**

***Energy Department***

The Energy Department accounts for irregular expenditure amounting to R83 158 156 relating to Contract No. A EE-04-2023 for the appointment of electrical engineering firms for the implementation and management of technical audits, repairs and replacement, maintenance of electricity meters, as well as Automated Meter Reading (AMR) revenue management services from the date of award until 30 June 2026. The Committee noted that the expenditure arose from matters identified during the implementation of the contract, which warranted further scrutiny and was subsequently referred to Internal Audit for investigation.

**Accordingly, the Committee resolved that the matter be deferred for further deliberation upon receipt of the completed IA report and section 32 recommendation on the will be tabled before Council.**

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***Water and Sanitation Department***

The Water and Sanitation Department accounts for irregular expenditure amounting to R2 997 688 relating to Contract No. PS-WS 11-2023 for the appointment of service providers to render professional engineering consultancy services for water and sewer new projects, upgrading, renewal and extension projects on an as-and-when-required basis from the date of award until 30 June 2025. The Committee noted that the expenditure arose from an incident previously referred to Internal Audit for further investigation in order to determine the nature and extent of the non-compliance associated with the contract.

**Accordingly, the Committee resolved that the matter be deferred for further deliberation upon receipt of the completed IA report and section 32 recommendation on the will be tabled before Council.**

***Environmental and Waste Management Department***

The Department accounts for one irregular expenditure amounting to R2 952 565 due to the implementation of Contract A EWM 02/2022 for the appointment of service providers for the hiring of specialised waste management vehicles, equipment and support services on an as-and-when-required basis until 30 June 2025.

The expenditure specifically related to the utilisation of services from Impoqo Trading CC, one of the service providers appointed under the contract, for the supply of personnel carrier vehicles, including drivers and assistants, at various waste management depots across the City. The Department indicated that the vehicles were utilised at depots including Germiston, Alberton, Edenvale, Kempton Park, Brakpan, Nigel, Benoni, Springs and Tembisa in order to address operational challenges caused by ageing fleet infrastructure, mechanical breakdowns, limited internal capacity and delays in vehicle repairs.

The Department further stated that the utilisation of the service provider was necessary to ensure continuity of waste collection services and prevent refuse backlogs that could negatively impact public health and environmental conditions.
The Committee noted that the Department maintained that all supply chain management processes were followed during the procurement and award of Contract A EWM 02/2022, including consideration by the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee, with final approval granted by the Accounting Officer. However, the irregular expenditure arose following a court judgment in Case No. 2023-054137, where the validity extension process of the contract was challenged by a service provider. The court found that the extension letter for the validity period had not been issued to one of the bidders, resulting in procedural unfairness. Consequently, the court ruled that the contract be set aside in its entirety and directed the City to finalise a replacement procurement process within seven months. As a result, expenditure incurred under the affected contract was subsequently classified as irregular expenditure.

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The Committee further noted that, despite the procedural irregularity identified through the court process, the services were rendered and operationally utilised by the Department. The Department confirmed that all work performed by Impoqo Trading CC was verified, invoices were assessed prior to payment, and the hired vehicles were used to provide essential waste management services across the City.
**Accordingly, the Committee recommends that the matter to IA for further investigation.**

***Real Estate Department***

The Committee noted with concern the irregular expenditure amounting to R7 348 333, for which the nature and underlying cause of the expenditure remains unclear due to the inadequate information provided to the Committee. The Committee further expressed its dissatisfaction with the failure of the MMC and relevant departmental heads to attend the meeting and account for the expenditure incurred. In addition, the initial written submission provided to the Committee was found to be irrelevant and unresponsive to the standard questions raised by the Committee in relation to the expenditure.

The Acting Accounting Officer, T Kopedi, subsequently withdrew the initial response on the basis that his office would ensure that proper and comprehensive responses are provided. The Committee notes the response that the irregular expenditure is being investigated by the IA and the report is at it completion stage.
**Accordingly, the Committee resolved that the matter be deferred for further deliberation upon receipt of the completed IA report and section 32 recommendation on the will be tabled before Council.**

**LEGAL COMMENTS**

The MPAC is a committee of Council established in terms of Section 79A of the Municipal Structures Act, 117 of 1998, the aforementioned process was also guided by the SALGA/ National Treasury guidelines on the establishment of MPACs. For purposes of guiding the committee in the exercise of its oversight mandate, powers, duties and responsibilities, the municipal council adopted and approved the committee's terms of reference.

Clause 4 of the Terms of Reference states the objectives of the committee as to assist council to ensure that:

The municipality fulfils its constitutional mandate of service delivery to the community and achieves the set objectives;

- The municipality is managed in an efficient, effective and ethical, corruption and fraud free manner; and

- The municipal resources are utilised in an economic manner and are fully accounted for.

Clause 4.2.3.3 of the ToR requires that all reports of the Auditor- General should be submitted to the committee as they become available.

The Standing Orders By-Law, 2023 is also relevant in the operations of MPAC as it relates to, inter alia the composition and conduct of the committee meetings, powers of the committee (Rule 121) and reports to Council (Rule 135). In this case Rule 135 finds application in that it requires the committee to submit the committee report on annual reports within 60 days after referral by Council in terms of Rule 122.

Rule 21(3) of the Standing Orders By-Law, 2023 is integral in that it requires the City Manager, GCFO and HoDs to attend the council/committee meetings at which the Annual Report of the City is discussed, for the sole purposes of responding to any questions as may be raised.

The relevant provisions of the MFMA, its regulations and circulars, MSA and any other relevant piece of legislation stated elsewhere in this report are omitted herein to avoid prolixity, however, same must be read as if specifically incorporated in these legal comments.

The Municipal Finance Management Act and the regulations promulgated in accordance therewith is an integral piece of legislation in the committee execution of its functions, the aforementioned Act has as its object to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for- Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;

The management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings.

Budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government;

a. Borrowing;

b. The handling of financial problems in municipalities;

c. Supply chain management; and

d. Other financial matters.

It is as a result thereof, that this report and its recommendations are supported from a legal perspective.

**PUBLIC PARTICIPATION AND SUBMISSIONS**

The Committee notes that, in the interest of promoting transparency, accountability and public participation, invitations to participate in the public hearings were published through local newspapers, as well as various local community radio stations. These invitations were intended to encourage the community and all relevant stakeholders to make oral and written submissions on matters relating to the Annual Report and unauthorised, irregular, fruitless and wasteful expenditure considered during the hearings.

However, no oral or written submissions were received from members of the community or stakeholders on the matters discussed during the public hearings. The Committee nonetheless remains committed to strengthening public participation processes and encouraging greater civic involvement in municipal oversight and accountability processes going forward.

**RECOMMENDATION**

The Municipal Public Accounts Committee (MPAC), after consideration of the Annual Report, Inclusive of Annual Financial Statements (AFS) for the 2024/25 financial year and the AGSA's Report, is making the following recommendations to Council;

**1.** That annual report on the annual report, inclusive of Annual Financial Statements (AFS) for the 2024/25 financial year and the Auditor General South Africa (AGSA) report**, BE NOTED**.

**2.** **That the** following UIF&W expenditure , as outlined according to the department and brief description be certified to be irrecoverable and **BE WRITTEN OFF** by Council as per section 32 of the MFMA of 2003.

| **No.** | **Amount** | **Department** | **Description** |
|---|---|---|---|
| 1 | R397 107 942 | Finance | Excess consumption- indigent households. |
| **R397 107 942** | | **TOTAL** | |

**3.** That the following UIFW incidents, as outlined according to the department and brief description **BE REFERRED** to the IA department for further investigation.

| **No.** | **Amount** | **Department** | **Description** |
|---|---|---|---|
| 1 | 41 190 680 | ICT | Wording of the contract was vague and insufficiently specific |
| 2 | R2 952 565 | Environmental and Waste Management | Contravention of SCM policy- Bidder awarded tender without alignment to bid specifications. |
| **R44 143 245** | | **TOTAL** | |

**4.** That the following UIFW incidents, as outlined according to the department and brief description, **WILL BE DELIBERATED** on and recommendations sent to Council.

| **No.** | **Amount** | **Department** | **Description** |
|---|---|---|---|
| 1 | R83 158 156 | Energy | Contravention of SCM policy |
| 2 | R2 997 688 | Water and Sanitation | Contravention of SCM policy |
| 3 | R7 348 333 | Real Estate | Contravention of SCM policy- Bidder awarded tender without alignment to bid spec |
| **R93 504 177** | | **TOTAL** | |

**ACKNOWLEDGEMENTS**

The Chairperson of the Municipal Public Accounts Committee wishes to acknowledge and express sincere appreciation for the contribution, dedication and hard work of all Members of MPAC, with special recognition to the MPAC administrative staff for their commitment in ensuring the successful completion of this report.

Appreciation is further extended to the Office of the Accounting Officer, the Internal Audit Department for its assurance support, as well as the Auditor-General of South Africa for its continued oversight and cooperation throughout the process. The Committee also acknowledges the valuable participation and support received from Provincial COGTA and the West Rand District Municipality for attending the public hearings.

Lastly, the Committee extends its gratitude to the residents of the City of Ekurhuleni and various civil society organisations for their continued support, participation and interest in strengthening accountability, transparency and good governance within the City.