City of Johannesburg Council 2026-07-30

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-07-30

COJ LEGISLATURE

2 OVERSIGHT REPORT ON THE 2024/25 ANNUAL REPORT OF THE CITY OF JOHANNESBURG BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

1 STRATEGIC THRUST

A responsive, accountable, efficient, and productive metropolitan government.

2 OBJECTIVE

To submit to Council for approval, in terms of section 129 of the Municipal Finance Management Act (MFMA) of 2003, the oversight report on the 2024/25 integrated annual report of the City of Johannesburg.

3 SUMMARY

- The 2024/25 annual report will be adopted with reservations. This is due to the underperformance of the City and its entities. The underperformance is far-reaching, including repeated material findings by the Auditor-General of South Africa (AGSA), the high incurrence of irregular expenditure and the absence of consequence management.

- There were significant delays in the submission of the Annual Report to the Municipal Public Accounts Committee (MPAC) for oversight. These delays were primarily attributable to the late finalisation of the audit process for the City of Johannesburg Metropolitan Municipality (CJMM) core departments, arising from disputes between the City of Johannesburg and the Office of the Auditor-General of South Africa (AGSA), which took more than five months to resolve. Of particular concern is the regression in the audit outcome of the CJMM core departments, which deteriorated from an unqualified audit opinion in the previous financial year to a qualified audit opinion in the year under review.

- Procurement continues to be a significant contributor to the poor audit outcomes for significant proportion of auditees within the group. This is the result of inadequate implementation of internal controls and poor contract management.

- Although the Disciplinary Board (DC Board) has been appointed and is operational, there has been slow progress in concluding matters referred by Council for investigation. The slow pace at which these investigations are being conducted is delaying the implementation and finalisation of consequence management.

- The Auditor General made many references to ‘reasonable steps were not taken to prevent Irregular, Fruitless and wasteful as well and Unauthorised expenditure and internal controls to prevent them either not present or ineffective.

- Consequence management for poor performance and non-compliance with legislation is inadequately implemented:

    - The root cause is the failure of senior management to hold officials accountable.

4 BACKGROUND

The financial year is the basis for planning, budgeting, and reporting. After the end of the financial year, which is on 30 June, every municipality and municipal entity must prepare an annual report[1]. The annual report provides a municipality with an opportunity to report on service delivery and financial performance of the municipality and its entities. Performance is reported against targets set in the integrated development plan (IDP), business plans and budget. The purpose of the annual report is to:

- Provide a record of the activities of the municipality or entity.
- Provide a report on performance against the budget; and
- Promote accountability to the local community for decisions made.

In terms of section 129(1) of the Municipal Finance Management Act (MFMA), the Annual Report must ordinarily be tabled before Council within seven months after the end of the financial year (by 31 January). Council is then required to consider the Annual Report, adopt an Oversight Report, and table that report within two months after the Annual Report has been tabled (by 31 March). In the City of Johannesburg, Council delegated the responsibility to consider the annual report to the Municipal Public Accounts Committee (MPAC)[2], on 28th May 2026 the Committee was tasked with drafting an oversight report on the annual report. The oversight report will be adopted by Council during the July council meeting. The delays in conducting the Annual Report oversight process were primarily attributable to the late finalisation of the audit process, which resulted from disputes between the City of Johannesburg and the Office of the Auditor-General of South Africa (AGSA). These disputes delayed the completion of the audit and, consequently, the tabling of the Annual Report and the commencement of the oversight process.

[1] In terms of section 121(1) of the MFMA and section 46 of the Municipal Systems Act (MSA), No. 32 of 2000

[2] As envisaged in section 129 of the MFMA and Circular 32 of the MFMA

The oversight report must, as prescribed in section 129(1) of the MFMA, include a statement indicating whether 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.

The annual report of the City covers the Group, which consists of City of Johannesburg Metropolitan Municipality (CJMM) and 13 entities[3]. The annual reports of the 13 entities are included in the consideration process.

5 FINDINGS, OBSERVATIONS AND RESERVATIONS

(1) AUDIT OUTCOME

The parent municipality received a qualified audit opinion during the year under review which is regression from the unqualified audit opinion during the 2023/24 financial year, the matters that resulted to qualification was sundry debtors and general expenses. However, these matters were not material in the group consolidated annual financial statements, which resulted in the unqualified opinion in the group level. This is well short of a clean audit outcome[4] which the City of Johannesburg.

A clean audit outcome means that Auditor-General of South Africa (AGSA) is of the opinion that: (i) the financial statements are likely an accurate representation of the finances of the City; (ii) that the performance reported[5] by the City is likely credible; and (iii) there was compliance with the law. The terms used by the AGSA to describe this is that (i) the financial statements are free from material misstatements, (ii) there were no material findings or misstatements on reported performance and (iii) there were no material findings on non-compliance with legislation.

Year under review

Table 1: Audit outcomes for the City of Johannesburg Metropolitan Municipality

FINDINGS	2022	2023	2024	2025
Audit outcome	Unqualified with findings	Unqualified with findings	Unqualified with findings	Qualified

[3] The thirteen entities are: City Power, Joburg Market, Joburg Theatre, Johannesburg City Parks, and Zoo (JCPZ), Johannesburg Development Agency (JDA), Johannesburg Metropolitan Bus Services (Metrobus), Johannesburg Property Company (JPC), Johannesburg Roads Agency (JRA), Johannesburg Social Housing Company (JOSHCO), Johannesburg Water, Metropolitan Trading Company (MTC), Johannesburg Tourism Company (JTC) and Pikitup.

[4] A clean audit would be an unqualified audit outcome with no material findings.

[5] Only the IDP scorecard is audited.

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Financial statements	Unqualified with findings	Unqualified with findings	Unqualified with findings	Material findings
Reported performance	Material Findings	Material Findings	Material findings	Material findings
Compliance with key legislation	Material non-compliance	Material non-compliance	Material non-compliance	Material non-compliance

Source: Audit reports of the City of Johannesburg Metropolitan Municipality

While of considerable value, audit outcomes are inherently limited. Auditors only test a sample of the figures and transactions provided for audit; an audit is not a comprehensive investigation of all reported information. There remains a risk that the AGSA did not detect misstatements or non-compliance with legislation. Audits do not inspect whether service delivery has taken place, only whether there is sufficient audit evidence to support the claim that there is service delivery. Nevertheless, clean audit outcomes are the gold standard of good governance in the public sector. Material findings by the AGSA must be treated with the utmost seriousness and remedied by management as soon as possible.

(a) MATERIAL FINDING ON ANNUAL FINANCIAL STATEMENTS

Althogh the Annual Financial Statements include various line items that account for all transactions and expenditure incurred by the City during the financial year, the audit conducted by the Auditor-General of South Africa (AGSA) is performed on a sample basis in accordance with auditing standards. Consequently, there is a risk that certain transactions or components of the financial statements may not form part of the audit sample, even where material misstatements exist.
During the audit of the 2024/25 financial year, the AGSA identified material misstatements relating to Sundry Debtors and General Expenses. These misstatements were not corrected during the audit process and consequently resulted in the parent municipality receiving a qualified audit opinion

Sundry Debtors

The basis qualification on sundry debtors was due to The Auditor-General not able to obtain sufficient and appropriate audit evidence to verify the existence, accuracy, valuation, and allocation of sundry debtors due to inadequate supporting documentation and the absence of underlying records. Alternative audit procedures could not be performed to verify the reported balance. Consequently, the Auditor-General was unable to determine whether any adjustments were required to the sundry debtors balance of R948.446 million disclosed in the financial statements.

General Expenses

The basis qualification on General Expenses was due to the Auditor-General finding that general expense transactions relating to the 2023/24 financial year were incorrectly recognised in the 2024/25 financial year, contrary to GRAP 1: Presentation of Financial Statements, which requires transactions to be recognised in the correct reporting period. As a result, general expenses and payables from exchange transactions were overstated by R398.018 million, while the accumulated surplus/deficit was understated by the same amount.

(b) MATERIAL FINDINGS ON REPORTED PERFORMANCE

While annual report includes 55 key performance indicators (KPIs), AGSA audited only 15, marking a decline from the 22 KPIs audited in the previous financial year. These 15 indicators form part of the revised Institutional Service Delivery Budget Implementation Plan for 2024/25 and fall under mayoral priorities 4 and 5.

Material misstatements were identified in four of these indicators due to insufficient audit evidence to verify actual performance. In some cases, the supporting evidence provided by management materially differed from the reported achievements, while in others, the measurement methods were not clearly defined.

Table 2: Audit of priorities of the SDBIP 2024/25

PRIORITY	AUDITED	MATERIAL FINDINGS
Priority 1: Good Governance	*No*	*Not audited*
Priority 2: Financial Sustainability	*No*	*Not audited*
Priority 3: Energy Mix	No	*Not audited*
Priority 4: Sustainable Service Delivery	**Yes**	Material findings
Priority 5: Infrastructure Development & Refurbishment	**Yes**	Material findings
Priority 6: Job Opportunity and Creation	*No*	*Not audited*
Priority 7: Safer City	*No*	*Not audited*
Priority 8: Active and Engaged Citizenry	*No*	*Not audited*
Priority 9: Sustained Economic Growth	*No*	*Not audited*

Priority 10: Green Economy	*No*	*Not audited*
Priority 11: Smart City	*No*	*Not audited*

Source: 2024/25 annual report and audit report

Under Priority 4 and 5 there were 22 indicators and from the sampled KPI`s material findings were identified, auditor general report states that some of the material misstatements reported were not corrected by the management and the auditor could not determine whether the reported achievement on targets were correct as the adequate supporting audit evidence was not provided.

The committee noted that issues appear to be detected primarily during the Audit process rather than through the in year monitoring of the reported Performance information.

Group Strategy, Policy Coordination and Relations (GSPCR) must ensure that supporting evidence is available before the audit begins and that the calculations used to determine reported performance are accurate. Additionally, Group Internal Audit Services (GIAS) must audit the indicators in advance to identify and address issues before the information is submitted to AGSA. During the question-and-answer sessions with the Executive[6] GSPCR indicated that ''key challenges affecting reliable and verifiable performance reporting stem from outdated, fragmented, and non-standardized data management systems across departments and entities. Many operational systems are obsolete, lack automated data validation, and are not integrated with a centralized reporting platform. For example, Metrobus operates on a legacy system that cannot be upgraded, and external maintenance and support are no longer available. Additionally, the absence of a standardized city-wide reporting framework and inconsistent site-level data collection practices further impact data accuracy and audit compliance. The qualified audit opinion indicates that City can`t submit the accurate information to AGSA on some of the reported performance information, of the core service delivery KPI`s, which weakens the oversight arm of the City as the executive can`t account on what the reported as the reported performance information was declared unreliably and useless by AGSA.''

(c) MATERIAL NON-COMPLIANCE WITH LEGISLATION

Municipalities must comply with legislation promulgated by Parliament and the Gauteng Provincial Legislature, and all regulations promulgated under the legislation. During the audit, the AGSA assesses all documentation provided to determine whether there has been compliance with the

[6] See Annexure A for a full list of questions and answers by the Executive.

legislation. The AGSA for the third consecutive year found material non-compliance within the City across all compliance areas. A majority of the material findings were for non-compliance with supply-chain management legislation, which falls under the procurement and contract management compliance area. The repeated findings for each compliance area are deeply concerning. The regression—the increased number of material findings—demonstrates a failure of management's efforts to effect change and a continued failure to hold officials accountable.

Table 3: Material findings on compliance with key legislation by the AGSA

COMPLIANCE AREA	2023	2024	2025
Annual financial statements	Finding	Finding	Finding
Procurement and contract management	Finding	Finding	Finding
Expenditure management	Finding	Finding	Finding
Consequence management	Finding	Finding	Finding

Source: Audit reports of the City of Johannesburg

As there are too many material findings to be addressed in this report, only the most critical findings will be addressed in detail: First, Non- monitoring of the contractors/providers on a monthly basis which was also a concern even in the previous financial years, as this result to service providers getting paid more money than the work that they have completed this finding have been raised by AGSA in the past three financial years. Second, reasonable steps not taken to prevent the Unathorised,Irregular, Fruitless and Wasteful expenditure of R4.7 billion incurred in 2025 financial year across the group.

Table 4: Material findings leading to irregular expenditure

MATERIAL FINDING	2023	2024	2025
Failure to take reasonable steps to ensure that payments to service providers are made within 30 days.	Finding	Finding	Finding
Deviations for impracticality and emergency approved where it was not impractical to invite competitive bids and emergency due to poor planning	Finding	Finding	Finding
Failure of persons in the City to disclose that family members had private or business contract awarded by the City	Finding	Finding	Finding
Contract performance and monitoring measures and methods were not sufficient to ensure effective contract management	Finding	Finding	Finding
Awards made to companies who directors were in	Finding	Finding	Finding

MATERIAL FINDING	2023	2024	2025
service of state institution			
Failure of persons in the City to disclose that family members had private or business contract awarded by the City	Finding	Finding	Finding

Source: Audit reports of the City of Johannesburg

All unauthorised, irregular, or fruitless and wasteful expenditure (UIFW expenditure) must be recovered or regularised. The expenditure must be recovered if an official is found to be liable because he or she acted deliberately or negligently. In the past financial year there have been some strides made on the processing of UIFWE incurred, but the priority should not be on the regularization of UIFWE than to prevent the incurrence.

(d) AUDIT OUTCOMES OF ENTITIES

The City has 13 entities, each subjected to the same audit as CJMM. The audit outcomes of the entities stagnated from the previous financial year with only two entities retaining their clean audit which is Joburg Market and Joburg City Theatres (JCT), and the rest of the entities maintaining their unqualified audit opinions.

The table below presents the audit outcomes of the Municipal-Owned Entities over the past four years.

Table 5: Audit outcome by entity

ENTITY	2022	2023	2024	2025
City Power	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
JCPZ	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
JDA	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
JPC	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Joburg Market	Unqualified with findings	Unqualified with findings	Clean	Clean
Joburg City Theatre	Unqualified with findings	Unqualified with findings	Clean	Clean

ENTITY	2022	2023	2024	2025
JOSHCO	Qualified	Unqualified with findings	Unqualified with findings	Unqualified with findings
JRA	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Johannesburg Water	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Metrobus	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
MTC	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Pikitup	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Johannesburg Tourism Company (JTC	Doormat	Unqualified with findings	Unqualified with findings	Unqualified with findings

Source: Audit reports of the City of Johannesburg

The financial statements of two out of the thirteen entities were free from material misstatements before corrections. However, eleven entities had material misstatements that were only corrected after AGSA highlighted them to management.

A major concern—and a symptom of the systemic absence of good governance across the City—is that, apart from the two entities with clean audits, all eleven remaining entities had material findings related to expenditure management. The Group still has a long way to go in achieving clean audits, as over 80% of the submitted financial statements contained material misstatements that required AGSA's assistance to correct.

Entity CFOs must implement strong internal controls to ensure proper record-keeping of information required for preparing annual financial statements. A significant portion of AGSA's material findings related to financial statements stemmed from poor accounting record-keeping.

The noncompliance with the legislation is the significant contributor to the UIFWE, it is also concerning that significant proportion of irregular expenditure incurred was a result of use of regulation 36 especially impracticability and emergency, during the question-and-answer session executive[6], indicated that the significant proportion of irregular expenditure resulting from regulation 36 was due to the fact that Auditor General held a different view from the city and concluded that these deviations should not be considered as deviations and should be regarded as irregular expenditure, however the committee observed that AGSA is raising them as irregular because.

(e) ROOT CAUSES OF AUDIT FINDINGS

For both the City and its entities, officials are responsible for ensuring the completeness of information submitted for auditing and compliance with legislation. To enable officials to fulfill this duty, the accounting officer must exercise adequate oversight over senior managers, while senior managers must ensure that proper controls are in place and effectively implemented. This should result in strict adherence to legislation, close monitoring of procurement, and timely resolution of AGSA and internal audit findings. Additionally, risks should be identified and mitigated, and consequence management should be enforced when officials act negligently or deliberately engage in misconduct. Unfortunately, for the City and 11 of its 13 entities, this was not the case.

The AGSA identified significant control deficiencies across all entities. Specifically:

- In CJMM and 11 entities, accounting officers failed to exercise adequate oversight.
- In CJMM and 11 entities, senior management lacked the necessary control disciplines.
- In CJMM and all 11 entities, the accounting officer failed to take adequate steps to prevent unauthorized, irregular, fruitless, and wasteful (UIFW) expenditure, as required by legislation.

This last finding is particularly concerning, as the amendment to the Public Audit Act makes it clear that the ultimate responsibility—and liability—for material irregular expenditure lies with the accounting officer. Despite these serious audit findings, senior managers, particularly in CJMM, faced little to no consequences for their failures.

Furthermore, the disciplinary action undertaken appears to be ineffective. This may be due to:

- Prolonged disciplinary processes – Some cases remain unresolved for over six months, and in some instances, implicated officials have been moved from the core administration to entities, further delaying proceedings.

- Officials resigning before disciplinary cases conclude – Once officials resign, disciplinary procedures are halted, despite many of them being liable for UIFW expenditure.

The legislation is clear: officials who negligently or deliberately incur UIFW expenditure are personally liable, and any resulting financial loss must be recovered. However, the City's failure to enforce this accountability further undermines governance and financial discipline.

(f) KEY AUDIT MATTERS AND EMPHASIS OF MATTERS

The audit report includes sections on Key Audit Matters (KAMs) and Emphasis of Matters. While neither affects the audit outcome, both are significant in understanding the City's financial state.

KAMs were introduced to enhance transparency in the audit process by highlighting areas with a high risk of material misstatement or those requiring significant auditor judgment. AGSA identified the City's going concern assessment as a key audit matter due to adverse liquidity indicators, including debt levels, slow debt collection, and delayed creditor payments, which raise substantial doubt about the City's ability to continue as a going concern. The AGSA evaluated management's cash flow forecasts, funding plans, and key assumptions, and accepted the revised going concern disclosure after management amended the financial statements. The matter did not result in a modified audit opinion but was highlighted because it required significant audit attention.

The Auditor-General of South Africa (AGSA) included several Emphasis of Matter paragraphs to draw attention to significant issues affecting the group. AGSA highlighted that the group is involved in various legal claims and lawsuits, the outcomes of which cannot currently be determined, and consequently no provision has been recognised for any potential liabilities arising from these matters. In addition, AGSA noted the write-off of irrecoverable trade and other receivables amounting to R9.48 billion, resulting in a material financial loss during the year. The auditor also drew attention to substantial electricity distribution losses of R5.67 billion, comprising technical losses of R1.71 billion due to energy dissipation during transmission and distribution, and non-technical losses of R3.96 billion, primarily attributable to electricity theft, meter bypassing, illegal meter recalibration, damaged or faulty meters, billing errors, and unmetered customers. Furthermore, AGSA highlighted material water distribution losses of R2.82 billion, consisting of physical losses of R2.03

billion mainly caused by leaks in the water network infrastructure, and commercial losses of R790.1 million resulting from illegal connections, metering inaccuracies, data transfer issues, and billing errors. These matters underscore significant financial and operational risks facing the group; however, they did not result in a modification of the audit opinion.

(2) FINANCIAL PERFORMANCE

During the year under review, the Group recorded a surplus of R1,2 billion, an improvement from the R277 million deficit in the previous year. Revenue increased by 10%, rising from R73 billion in the previous financial year to R81 billion, the expenditure increased by 7% from R74 billion to R81 billion. The City must continue to manage expenditure effectively and improve the revenue collection in order to strengthen the liquidity in the next financial years.

(a) REVENUE

Revenue is derived from three main sources:

- Revenue from rates, which is charged as a percentage of the valuation of the properties.
- Revenue from the rendering of services, which primarily consists of the sale of electricity, water, sewerage & sanitation charges and refuse removal; and
- Revenue from government grants, which includes operating grants such as the Equitable Share Levy and Fuel Tax as well as capital grants such as the Urban Settlements Development Grant.

The collection of revenue is the primary source of funding that the City uses to provide services. While revenue from the sale of electricity, water, refuse removal and sewerage and sanitation increased, it is concerning that the revenue billed will not be collected as the City is struggling to collect revenue, this will negatively impact the city to fund its operations as it mainly rely on the revenue from rates and service charges to fund the operation.

(3) SERVICE DELIVERY PERFORMANCE

The City achieved 60% of its planned SDBIP targets during the year under review. The reported actual performance is derived from the quarterly performance reports of departments and entities measured against the corporate scorecard. In total, the City had fifty-fiveindicators and targets, of which thirty-three were achieved, while twenty-four were not met.

The annual report, along with the reports from the thirteen municipal entities, contains a vast amount of information. However, a significant portion of this information is not subject to verification or audit, making it challenging for the Committee to assess its validity and reliability. The AGSA only audited three of the eleven core priorities, and material misstatements were identified in all audited priorities. This raises concerns about the accuracy of reported performance and highlights the need for stronger internal controls and independent verification mechanisms to enhance the credibility of performance reporting.

(4) CONCERNS

(a) THE ABSENCE OF CONSEQUENCE MANAGEMENT

The Committee remains deeply concerned with the continued lack of effective consequence management in the City. Senior management has not been held accountable for poor performance, particularly in relation to material findings of non-compliance with legislation. This persistent issue has contributed to weak governance and a lack of accountability across various departments and entities.

However, the Committee notes the City Manager's commitment to enforcing consequence management at the senior management level. While this commitment is acknowledged, the Committee will closely monitor its implementation to ensure that tangible actions are taken to address longstanding accountability failures. Effective consequence management is critical to improving governance, financial discipline, and service delivery, and the Committee will continue to engage with the Executive to assess progress in this regard.

(b) THE USE REGULATION 36

The Committee remains highly concerned about the continued misuse of Regulation 36 in the City's procurement processes. While the regulation itself is not illegal, its application must still align with the constitutional and legislative principles of fairness, equity, transparency, competitiveness, and cost-effectiveness, as required by the MFMA. However, the City's reliance on Regulation 36 continues to contribute significantly to irregular expenditure, with AGSA highlighting that a substantial portion of these transactions result from poor planning and ineffective contract management.

The Committee notes with concern that, while there was a material decrease in the use of Regulation 36(1)(a)(v) at the core level in the previous financial year, this trend has not been consistent, as the amount increased again during the year under review. Additionally, the use of

Regulation 36 by municipal entities continues to rise, raising questions about whether the supply chain policies and controls applied at the core level are being effectively implemented across all entities.

The decentralization of supply chain management (SCM) processes within the Group exacerbates non-compliance with legislation, as each department and entity is responsible for its own procurement. The Committee strongly believes that centralizing the supply chain process could help mitigate deficiencies in internal controls and improve compliance.

During the year under review, the improper use of Regulation 36 remains a major contributor to unauthorized, irregular, fruitless, and wasteful expenditure. In engagements with the Executive, management indicated that AGSA's interpretation of impracticability and emergency differed from that of the City, leading to certain deviations being classified as irregular expenditure. While the Committee takes note of this explanation, it remains concerned about the ongoing reliance on deviations and urges the City to strengthen its planning and contract management processes to reduce unnecessary use of Regulation 36.

(c) PROCUREMENT AND PREVENTATIVE CONTROLS

The late former Auditor-General of South Africa, Kimi Makwetu, aptly stated in the Preventative Control Guides (2020:3):

> " *If properly designed and implemented, such [internal] controls will detect most material irregularities that could result in a financial loss. These controls are proactive and are an eloquent expression of the key guards being at their posts at all times. This is relatively cheaper than relying on investigations that will be triggered after money has changed hands in ways that are not credible or transparent. Preventative controls promote transparency, strengthen accountability, and are predictable with known expected outcomes. In essence, preventative controls are an invincible fortress against all possible abuses of the public purse.*"

Despite repeated calls for stronger financial discipline, the City continues to struggle with unauthorized, irregular, and fruitless and wasteful expenditure. During the year under review, irregular expenditure incurred amounted to R3.6 billion, fruitless and wasteful expenditure amounted to R943 million, and unauthorized expenditure reached R9.1 billion. While these figures indicate ongoing financial mismanagement, it is important to acknowledge the progress made in addressing historic UIFWE. Through joint efforts by the MPAC and the boards of municipal entities, over R23 billion was either recovered or regularized during the year under review.

However, despite these efforts, the total balance of UIFWE remains stubbornly high at R13 billion.

The Committee remains committed to expediting investigations into UIFWE, but as the former Auditor-General emphasized, investigations alone will not resolve the issue if preventative controls are not strengthened. The City must urgently enhance its financial oversight mechanisms to curb the continued accumulation of irregular, unauthorized, and fruitless and wasteful expenditure. Strengthening preventative controls is critical to promoting transparency, improving accountability, and ensuring the effective use of public resources. City will did not comply with 2019-24 Medium Term Strategy Framework (MTSF) (MFMA circular 111) because the new instances irregular and fruitless and wasteful are still at unacceptable level.

5 POLICY IMPLICATIONS

This report is in line with the terms of references of the Municipal Public Accounts Committee.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This oversight report is in accordance with section 129(1) of the MFMA.

7 FINANCIAL IMPLICATIONS

The Legislature incurred costs for catering for meetings of Municipal Public Accounts Committee.

8 COMMUNICATIONS IMPLICATIONS

The City Manager, as the accounting officer, must, within seven days of its adoption by Council, make public this oversight report, in terms of section 129 (3) of the MFMA and in accordance with section 21A of the MSA.

The report, once adopted, will also be shared with the Gauteng Department of Cooperative Governance and Traditional Affairs (COGTA) and the Auditor-General of South Africa.

9 OTHER DEPARTMENTS/ BODIES CONSULTED

The various departments and entities of the City were given a chance to respond, through the Office of the City Manager, to questions from the Municipal Public Accounts Committee. The oversight report was informed by these responses.

City of Johannesburg Council 2026-07-30

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-07-30

COJ LEGISLATURE

IT IS RECOMMENDED

1. **That Council approve, with reservations the 2024/25 annual report of the City of Johannesburg, together with the 2024/25 annual reports of the entities of the City of Johannesburg.**

2. **That Council approve the oversight report on the 2024/25 annual reports of the City of Johannesburg and its entities, noting the observations cited in the body and annexures of the report.**

3. **That Council considers the content, approve and adopt recommendations of the Section 79 Portfolio Committees oversight reports as the council resolutions for the purposes of this oversight report, which are attached as annexures A to this oversight report.**

4. **That the City Manager provides training to all the Executive Directors and Finance Directors of all the core departments on the updated MFMA circular 68. Training must be conducted within 30 days of the adoption of this oversight report.**

5. **That the City Manager provide the report on the results of the independent skills audit, required in the Financial turnaround Framework (Pillar 7 personal-expenditure and Staff Establishment Audit) as approved in council on the 24th of June 2026.The report must be submitted to MPAC within 30 days of the adoption of this oversight report.**

6. **That the City Manager conducts a workload and capacity assessment into GRAS and GFIS investigators responsible for UIFWE investigations. The findings and recommendations must be submitted to MPAC within 30 days of the adption of oversight report.**

7. **That the City Manager conduct an independent forensic investigation on the late submissions and/or completion of investigations of UIFWE to Municipal Public Accounts Committee (MPAC) by Group Risk and Assurance Service (GRAS) and Group Forensic Investigation Service (GFIS) Departments. An investigation must be conducted within 30 days of the adoption of this oversight report.**

8. **That the City Manager presents the terms of reference and report on status update of the Audit Oversight and Consequence Management Monitoring Committee. The report and presentation must be submitted to Municipal Public Accounts Committee within 30 days of the adoption of this oversight report.**

9 That Group Corporate and Shared Services (GCSS) submit a report detailing the breakdown of loss on sale of asset that was reported during the 2024/2025 financial year. The report must be submitted to Municipal Public Accounts Committee within 30 days of the adoption of this oversight report.

10 That Group Risk and Assurance Risk (GRAS) and GFIS submit all the pending investigations for all the 2024/2025 financial year Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE). The reports must initially be submitted to Municipal Public Accounts Committee within 30 days of the adoption of this oversight report, after which these reports must be submitted to MPAC monthly.

11 That the City Manager provide the report on the service providers that have been blacklisted and reported to National Treasury from 2024/25 Financial Year to date. The report must be submitted to Municipal Public Accounts Committee within 30 days of the adoption of this oversight report, after which these reports must be submitted to MPAC quarterly.

12 That the City Manager provide a report on all existing and outstanding matters currently under litigation, detailing the amount already spent on each case, the amount in dispute, including the case number, legal firm, date initiated and likelihood of success, with the rationale supporting the case and the anticipated future legal costs until conclusion thereof. The report must be submitted to Municipal Public Accounts Committee within 30 days of the adoption of this oversight report.

13 That the City Manager submits the remedial action reached and all relevant correspondence with the management of Eskom and Telkom regarding the late allocation of City of Johannesburg (COJ) invoices which resulted in the interest charges. The correspondence and remedial action must be submitted to MPAC within 30 days of the adoption of this oversight report.

14 That the City Manager accounts quarterly on the adherence to the resolutions of MPAC as approved in Council.

15 That the management letter from the Auditor General of South Africa (AGSA) pertaining to the 2024/25 financial year audit be submitted to MPAC. The letter must be submitted to MPAC within 07 days of the adoption of this oversight report.

16 That the City Manager ensures that all core departments declare UIFWE to Group Risk and Assurance Services (GRAS) and submit to MPAC details of such declarations monthly.

17 That the City Manager submits quarterly to MPAC Group Strategic supply chain management operational status report, Group Strategic Supply Chain Management Deviation and Ratification reports that were considered and approved by the Accounting Officer and Group Strategic Supply Chain Management Acquisition status report reflecting bids considered and approved by accounting officer.

18 That the accounting officer, in accordance with section 21A of the Municipal Systems Act and section 129(3) of the Municipal Finance Management Act, make public this oversight report within seven days of its adoption by Council.

19 That the accounting officer, in accordance with section 129(3)(b) of the Municipal Finance Management Act, submit this oversight report to the MEC of Cooperative Governance and Traditional Affairs (COGTA), the Gauteng Provincial Treasury and Auditor-General of South Africa within seven days of its adoption by Council.

20 That the accounting officer, in accordance with section 132(1)(b) of the Municipal Finance Management Act, submit this oversight report to the Gauteng Provincial Legislature within seven days of its adoption by Council.

(COJ LEGISLATURE)
(T Mabogo)
(Cell. 083 702 8292)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

Annexure A

SECTION 79 PORTFOLIO COMMITTEE OVERSIGHT REPORTS ON THE 2024/2025 ANNUAL REPORT OF DEPARTMENTS AND MUNICIPAL ENTITIES

Annexure A.1

OVERSIGHT REPORT OF THE SECTION 79 CORPORATE AND SHARED SERVICES COMMITTEE ON THE 2024/25 ANNUAL REPORT

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : CORPORATE AND SHARED SERVICES COMMITTEE 2026-06-02

COJ LEGISLATURE

1 OVERSIGHT REPORT OF THE SECTION 79 CORPORATE AND SHARED SERVICES COMMITTEE ON THE 2024/25 ANNUAL REPORT

1 STRATEGIC THRUST

Good Governance.

2 OBJECTIVE

The purpose of the report is to provide an assessment of the Auditor General's report in terms of the performance of Group Corporate and Shared Services for the 2024/2025 financial year.

3 INTRODUCTION AND BACKGROUND

Section 129 of the Municipal Finance Management Act (MFMA) requires that a municipal council considers the annual report of the municipality. In the City of Johannesburg, Council has mandated the Municipal Public Accounts Committee (MPAC), through the terms of reference of MPAC, to consider the annual report of the City and to develop an oversight report on the annual report.

MPAC requests the support of the Section 79 portfolio committees in its efforts to exercise effective oversight on the reported performance of the City of Johannesburg Metropolitan Municipality and its entities. The Section 79 portfolio committees perform oversight over their respective portfolios.

4 PROCESS

The relevant sections of the 2024/25 annual reports, including that of the City of Johannesburg Group and its entities, have been referred to the relevant Section 79 portfolio committees.

In the Section 79 Committee meeting, the Committees assess issues raised in the report of the Auditor General, as well as oversight concerns of the Committee emanating from the integrated annual report and the Executive's in-year reporting.

5 FINDINGS

Report of the Auditor General raises the following findings:

(1) Poor record keeping: There were inadequate supporting documentation and records were unavailable to determine the existence or accuracy of valuation and allocation of sundry debtors. As a result the AG could not determine whether any adjustments were necessary on the debtor's balance of R948, 446m.

Senior management also could not provide relevant information to support financial statements and the performance report that were submitted for audit in time.

The matter of poor record keeping is a repeat finding and has its roots in the delayed implementation of the EDMS, which is fully dependent on GICT. The Committee has raised this matter in its third quarter oversight report for the current financial year, where it is requesting a progress update of the work of the project steering committee on this project.

Material irregularities are indicated in the following areas:

(1) The non-utilisation of the Metro Centre building, as well as the non-refurbishment of the Park Chambers building. The evaluation of the AG's response was not concluded, therefore detail on the material irregularity will be reported in the annual report of the 2025/2026 financial year. The state of repairs and maintenance of the City's infrastructure in line with the Occupational Health and Safety Act continues to be a great concern for this Committee. The annual report indicates that there was only 4% expenditure on repairs and maintenance, against the annual target of 8% expenditure.

The status of previously reported material irregularities:

(1) Payments made for airtime and data loaded on SIM cards not utilised – An investigation was launched in September 2022 to determine officials responsible, and it was finalized in July 2023. The conclusion of the investigation was that there was a financial loss of R3,5m. In April 2024, MPAC recommended to Council that the financial loss be recovered from the service provider, and Council approved. A letter of demand was issued to the service provider, who denied any responsibility. The Accounting Officer therefore decided that the most cost-effective route was to halt the processing of all invoices due to the service provider, to offset the losses. The invoices amounted to R4,3m.

Furthermore, an independent service provider was appointed in August 2024 to investigate if there were elements of financial misconduct. The outcome of the investigation confirmed the financial misconduct and recommended a full investigation to determine appropriate consequence management. The outcome and recommendations from the preliminary investigation will be referred to Council for resolution, authorizing the disciplinary board to conduct an investigation into the conduct of the relevant officials.

This Committee will be following up on the matter of consequence management on implicated officials in in-year reporting.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : CORPORATE AND SHARED SERVICES COMMITTEE 2026-06-02

COJ LEGISLATURE

Recommendations and Advisories by Independent Group Advisory Committees:

1. To improve the organizational Workplace Skills Plan with a view to improve staff training on critical skills that are required in the workplace. The Committee also made this observation in its assessment of the fourth quarter performance report for GCSS for the last financial year and has recommended that this department provides a presentation on the organisation's workplace skills plan, to illustrate the alignment of planned training with the current needs of the organization. The annual report states that the Training and Development Policy is due for review, and that provides opportunity to strengthen this alignment.

   The Committee has made a very similar observation, and is awaiting a presentation from the Executive that explains the alignment of training programs on the Workplace Skills Plan with the current needs of the organization.

2. The City Manager should undertake the Institutional Review to assess whether the City's organizational structure is fit for purpose and aligned with the service delivery demands. There was progress on this program from the end of 2024/2025, whereby a Transaction Advisor was appointed. Governance structures were set up and change management sessions held across the 21 departments. This amounted to 45% implementation. In 2025/2025 there was implementation of the High-Level Design, which was interrupted by the non-payment of the Transaction Advisor. The third quarter performance report of GCSS indicates that the service provider has still not been paid, which has resulted in the halting of their services. The adjustment OPEX budget was also revised downward by R45m, which is an indication of interruption in of this project for the financial year. The Executive has explained that they are implementing activities that they have the capacity to implement, which is mainly a pilot on role alignment of employee skills and competencies with the departmental strategies. This work will contribute to the first phase of the Institutional Review. However, the targets for the 2025/2026 financial year will not be achieved.

3. Management should review the Competency and Talent Management Framework, and prioritise the filling of critical senior management vacancies to improve organizational performance. This is also an echo of the Committee's perpetual concern about the vacancy rate at senior and top management that far exceeds the 10% threshold. In the third quarter, the vacancy rate at senior management was 13.5%, and at top management it was 17.1%. Some of the challenges that the Executive have indicated are delays in vetting processes by GFIS, the revision of job descriptions, and grading.

4. GCSS finalizing the biometric roll out would support audit compliance and strengthen organizational accountability.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : CORPORATE AND SHARED SERVICES COMMITTEE 2026-06-02

COJ LEGISLATURE

RECOMMENDATIONS TO MPAC:

1. That GICT expedites the implementation of the DRMS, and provides regular progress reports, starting from August 2026.
2. That Council expedites the filling of top management vacancies, by 2026.
3. That there is speedy resolution of the outstanding payment to the Transaction Advisor, by August 2026.

IT IS RECOMMENDED

That the Committee consider the relevant sections of the 2024/25 annual report of the City of Johannesburg Group and its entities.

(COJ LEGISLATURE)
(tc)

Annexure A.2

OVERSIGHT REPORT OF THE DEVELOPMENT PLANNING SECTION 79 COMMITTEE ON THE 2024/25 ANNUAL REPORTS OF THE DEPARTMENT OF DEVELOPMENT PLANNING AND JOHANNESBURG DEVELOPMENT AGENCY (JDA)

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : DEVELOPMENT PLANNING COMMITTEE 2026-06-10

COJ LEGISLATURE

2 OVERSIGHT REPORT OF THE DEVELOPMENT PLANNING SECTION 79 COMMITTEE ON THE 2024/25 ANNUAL REPORTS OF THE DEPARTMENT OF DEVELOPMENT PLANNING AND JOHANNESBURG DEVELOPMENT AGENCY (JDA)

1 STRATEGIC THRUST

Good governance.

2 OBJECTIVE

The purpose of the report is to present the oversight report of the Section 79 Development Planning Committee on the 2024/25 Annual Report of the Department of Development Planning and the Johannesburg Development Agency (JDA).

3 BACKGROUND

The Municipal Public Accounts Committee (MPAC) is required to exercise its oversight and scrutiny responsibilities as mandated by the Municipal Finance Management Act (MFMA) 56 of 2003 Section 129. MPAC exercises oversight on the financial performance of the City of Joburg. As a result, MPAC requires the support of the other Section 79 Committees to exercise effective oversight on the performance reporting of the Annual Report on their respective Departments and Entities. Section 79 Committees are expected to submit their observations and concerns to MPAC on the reviewed Annual Report for the consolidation of an oversight report on the Annual Report. These observations and concerns will be presented by the chairperson of the Committee to MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS

This section highlights the key observations noted by the Development Planning Section 79 Committee from the 2024/25 annual reports of the Department of Development Planning and the Johannesburg Development Agency (JDA). Specific reference is made to observations on overall performance and key challenges and concerns raised by the Auditor General (AG).

DEPARTMENT OF DEVELOPMENT PLANNING

The Development Planning Department's primary focus is on strategic urban planning, development management and the provision of spatial information to support decision-making within the City of Johannesburg. The department's performance is assessed through the implementation of catalytic projects and strategic development programmes, as well as its achievement of key performance indicators (KPIs) and targets outlined in the approved Service Delivery and Budget Implementation Plan (SDBIP) and departmental scorecard. These measures provide an indication of the department's effectiveness in guiding sustainable urban growth, facilitating development and advancing the City's long-term spatial and economic development objectives.

The Capex budget for the 2024/25 financial year was comprised of the External Financing Fund (EFF) (i.e., loans), the national/provincial grants and Capital Replacement Reserve (CRR. By year-end, expenditure of the capital budget was reported at R91.17 million (99%) against the adjusted annual budget of R92.11 million. The Committee commends the Department for its strong capital expenditure performance and near complete utilization of the allocated budget. However, the Committee remains concerned about the recurring work stoppages and implementation delays experienced on several key capital projects (such as New Turffontein Clinic and the Brixton Social Cluster), as well as certain multi-year projects such as the Jabulani Precinct Upgrades. These challenges have resulted in budget adjustments and negatively affected the timely delivery of planned infrastructure and service delivery outcomes.

Following the removal of 1 KPI from the 2024/25 Service Delivery and Budget Implementation Plan (SDBIP) during the mid-year adjustment process, the Department had a total of 15 applicable key performance indicators (KPIs) for the financial year. By the end of the year, the department managed to achieve all 15 (100%) of the applicable KPIs. This reflects sustained improvement in aggregate performance and builds on the strong performance recorded in the previous financial year, when 92.5% of the applicable KPIs were achieved. The achievement highlights the Department's commitment to meeting its strategic objectives and delivering on its planned targets.

Key performance highlights noted by the Committee are outlined below:

- Advances made regarding the enforcement of built environment and town planning laws towards achieving a Safer City:
  - The Department trained Planning Law Enforcement Officers on Section 56 notices and Section 54 summons.
  - The Department trained Building Inspectors on issuing correct Section 56 notices, citations for prosecution at Municipal Courts.
  - 502 built environment contravention notices and 323 planning law enforcement contravention notices were issued across the city.
  - 1,099 non-complying properties were referred for rate penalties
  - 27 outreach programmes were conducted to educate communities and reduce lawlessness.
  - 186 illegal structures were demolished due to non-compliance with municipal provisions.
- Service level standards were 100% achieved throughout the financial year.
- A total of 9188 Inclusionary Housing units and 1364 TOD units were processed.

- Noted progress towards digitization and becoming a Smart City included:
  - The eventual appointment of a GIS Software & Support Service provider to provide GIS support for three years.
  - The finalization of the Integrated Spatial Data Portal (ISDP), including a Spatial Plan Management System (SPMS).
- The following interventions were undertaken under the Deprivation Areas programme:
  - The Urban Development Frameworks for Zandspruit, Kliptown and Ivory Park were approved by Council.

The Committee noted the following recurring concerns that were raised during in-year oversight reporting:

- The delays in the implementation of projects because of an insufficient budget and the City's cashflow issues.
- The insufficient locomotive allowance and security risks that are limiting the work of the building inspectors.
- The lack of budget to fill critical vacancies has negatively affected operations within the Department.
- The poor storage space for DP records and archives within the deteriorating Metro Centre building.
- The lack of litigation budget required to institute legal action against properties that are not compliant.
- The failure to conduct and conclude the outdoor advertising audit.
- The delays in the finalization of the Outdoor Advertising Bylaw review process.

JOHANNESBURG DEVELOPMENT AGENCY (JDA)

The JDA has a funding model which is highly dependent on the capital projects it implements for client departments. As such, Capex spending is a key measure of the entity's performance. Expenditure of the Capex budget by the end of the financial year amounted to R1.2 billion (108%) against the annual adjusted budget of R1.1 billion. This indicates an improvement in performance compared to the previous financial year, when the entity spent R885 million (91%) of the annual budget of R976.4 million.

The JDA's overall performance can also be assessed against the targets and deliverables contained in its approved Business Plan. By the end of the financial year, the JDA had achieved 20 (91%) of the 22 applicable KPIs, while 2 (9%) KPIs were not achieved. This represents a significant improvement in aggregate performance compared to the previous financial year, when the entity achieved only 89% of its applicable KPIs. The noted improvement demonstrates strengthened organizational performance, better project implementation capacity and improved alignment between planned targets and actual delivery.

The Committee remains concerned that the JDA continues to be affected by the City's financial challenges, which have negatively affected the entity's operations, service delivery and financial position. It is important for Group Treasury to revisit the cash allocation model and to adhere to the allocation framework which requires that grant-funded projects are prioritized.

Key performance highlights noted by the oversight Committee during the year include:

- The targeted expenditure on BBBEE companies as a share of total expenditure was exceeded. The overall BBBEE share of expenditure was R1 088 888 110 (103%) by the end of the year.
- A total of 563 EPWP opportunities were created by the end of the year.
- The target to spend 30% of SMME expenditure as a share of total expenditure was exceeded to total 38% spend. The SMME share of JDA's operating and capital expenditure was R401 978 440.30 by the end of the year.
- Six projects reached contract award stage by the end of the year.
- Twelve projects reached practical completion during the reviewed period.
- Six concept designs and three detailed designs were conducted.

The following persistent concerns from in-year oversight reporting were noted by the Committee:

- The cashflow issues led to issues such as protests, suspension of works, extensive project delays and inability to pay invoices within 30 days.
- Several contractors suspended sites because the contractors had not been paid for several months, resulting in projects being placed on hold.
- Delays in the confirmation of budgets by client departments and the late conclusion of SLAs hindered the timely commencement of procurement processes and the appointment of contractors.
- The mid-year budget adjustments and fluctuations in capital project allocations exacerbated operational challenges and affected project planning and delivery.
- The JDA's current funding model remains vulnerable and continues to constrain the organisation's operational effectiveness. There is a need for greater funding certainty and improved financial coordination across the City.

Auditor-General Findings

The JDA received an unqualified audit opinion from the Auditor-General (AG) for the sixth consecutive year. This means that the financial statements were found to present fairly and comply with the applicable financial reporting framework. The AG, however, noted that the financial statements ultimately received an unqualified opinion after management corrected material misstatements identified during the audit process.

Attention was drawn to the following issues:

- The financial statements submitted for audit were not fully compliant with section 122(1) of the MFMA. Material misstatements were identified in VAT receivable, deferred tax, debt impairment, taxation, cash flow statement, commitments, awards made to persons whose close family members are employed by the state, irregular expenditure and principal-agent disclosures.
    - These errors were subsequently corrected by management during the audit process
- The AG audited selected performance indicators under the "*Accelerated Public Infrastructure Delivery Programme*" and "*Strategic Economic Node Delivery Programme*". No material findings were identified regarding the usefulness and reliability of the reported performance information.
- The AG reported irregular expenditure amounting to approximately **R502.9 million**, largely resulting from expenditure incurred in excess of the approved budget. This constitutes non-compliance with section 95(d) of the MFMA.
- Fruitless and wasteful expenditure amounting to **R247 338** was incurred, mainly due to interest and penalties.
- The AG highlighted ongoing legal claims against the JDA. The outcome of these matters could not be determined and no provision was made in the financial statements.
- The AG identified weaknesses in governance and oversight, including:
    - The Accounting Officer did not exercise adequate oversight over compliance controls.
    - Senior management did not adequately monitor compliance with laws and regulations.
    - Management did not implement sufficient controls over the preparation and review of financial statements.
    - These weaknesses contributed to material misstatements and compliance failures.

While the JDA achieved an unqualified audit opinion, the AG's report indicates that this outcome was achieved only after significant corrections were made during the audit process. The audit therefore points to weaknesses in financial reporting, budget management and compliance controls.

At the same time, the JDA should be commended for maintaining an unqualified audit opinion and for achieving clean performance information results, with no material findings on the reliability of reported performance achievements.

5 POLICY IMPLICATIONS

This report is in line with reporting protocol of the City.

COJ LEGISLATURE

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in line with the reporting protocol of the City.

7 FINANCIAL IMPLICATIONS

No financial implications are associated with this report.

8 COMMUNICATIONS IMPLICATIONS

None.

IT IS RECOMMENDED

1 That the Committee notes and approves the observations cited in this report and incorporates them in the consolidated oversight report on the City's 2024/25 Annual Report.

2 That the JDA provides the Committee a report on the mitigation measures to prevent future material misstatements in financial statements, by July 2026.

3 That the JDA provides the Committee a detailed report on the causes and consequences of the R502.9 million irregular expenditure, by July 2026.

4 That the JDA reports to the Committee on the proposed budget controls that will be implemented to ensure prevent future overspending, by July 2026.

5 That the JDA reports to the Committee on the proposed measures to strengthen management review and oversight over compliance controls, by July 2026.

6 That JDA furnishes the Committee with a detailed report on the status and the potential financial implications of ongoing legal claims against the JDA, by July 2026.

(COJ LEGISLATURE)
(Ms. Ayabulela Ngcaku)
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Annexure A.3

OVERSIGHT REPORT OF THE ECONOMIC DEVELOPMENT SECTION 79 COMMITTEE ON THE CITY OF JOHANNESBURG INTEGRATED ANNUAL REPORTS, COVERING ECONOMIC DEVELOPMENT DEPARTMENT, JOHANNESBURG TOURISM COMPANY, JOHANNESBURG MARKET AND JOHANNESBURG PROPOERTY COMPANY FOR THE PERIOD 2024/25

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2026-06-12

COJ LEGISLATURE

3 OVERSIGHT REPORT OF THE ECONOMIC DEVELOPMENT SECTION 79 COMMITTEE ON THE CITY OF JOHANNESBURG INTEGRATED ANNUAL REPORTS, COVERING ECONOMIC DEVELOPMENT DEPARTMENT, JOHANNESBURG TOURISM COMPANY, JOHANNESBURG MARKET AND JOHANNESBURG PROPOERTY COMPANY FOR THE PERIOD 2024/25

1 STRATEGIC THRUST

Sustainable Economic Growth, Job Opportunities and Creation.

2 OBJECTIVE

The purpose of this report is to table the oversight report of the Section 79 Economic Development Committee on the 2024/25 Annual Report of the Department of Economic Development (DED) and its Entities.

3 BACKGROUND

In terms of Section 41 of the Municipal Systems Act 32 of 2000, a municipality must, as prescribed by its performance management system, ensure regular reporting to Council, political structures, political office bearers, municipal staff, public and other appropriate organs of state.

Accordingly, as guided by the performance management systems of the City, DED develops a Departmental Service Delivery and Budget Implementation Plan (SDBIP) that outlines its response to the priority programmes of the City contained in the Integrated Development Plan (IDP) and aligned to the strategic priorities and service delivery agenda of the Government of Local Unit (GLU).

4 SUMMARY

In compliance with the applicable legislation requirements, the Section 79 Economic Development committee is required to comment and provide oversight on the performance and progress made by the Department of Economic Development against the approved SDBIP and comment on the AG’s findings and findings for the financial period concerned.

5 PERFORMANCE ASSESSMENT OF ECONOMIC DEVELOPMENT AND ENTITIES COVERING 2025/26 FINANCIAL PERIOD.

The section covers the committee performance analyses of the department and entities for the 2024/25 financial period. The report utilises as the source and point of departure the Auditor’s General report containing findings and outcomes for the 2024/25 financial period, then followed by the analysis of entities.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2026-06-12

COJ LEGISLATURE

5.1 COMMITTEE OVERSIGHT ASSESSMENT REPORT ON THE ANNUAL PERFORMANCE REPORT OF THE ECONOMIC DEPARTMENT, FOR THE 2025/2026 FINANCIAL YEAR.

Audit opinions outcome

The focus on good corporate governance and activism of the shareholder has assisted the City in obtaining unqualified audit opinions over the past seven financial years.

Entity	2020/21	2021/22	2022/23	2023/24	2024/25
JPC	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
JM	Unqualified	Unqualified	Clean audit	Clean Audit	Clean Audit
JTC	N/A	N/A	Unqualified	Unqualified	Unqualified

Source: own, 2026

ECONOMIC DEVELOPMENT DEPARTMENT: Unqualified Audit Opinion (2024/25)

The committee notes that the city remains South Africa's primary economic hub, with a projected GDP growth of 2.26% (2023 to 2028), the Gauteng economy is dominated by the following, investment attraction amounting to R26.8 billion, Tourism totalling R4.5 visitors and SMME support exceeding targets by 112%. Finance contributes 34.7% of the Gross Value Added (GVA) making it the dominant sector, of concern to the committee is that the service is led by high skill economy which in return excludes low skilled workers, weak growth in manufacturing and construction limits job creation.

Economic development contributed to the City's overall SDBIP performance of 59%, a decline from 73% the previous financial period.

Despite the decline, core economic development KPIs (economic growth, job creation, green economy) were fully achieved (100%).

The City exceeded targets in investment promotion and enterprise support, indicating strong facilitation of economic activity. The committee noted that investment attraction exceeded target, actual is R26.8 billion against a target of R19.5 billion. In addition, 14, 824 SMMEs were supported during the financial period. Opportunity Centres, a total of 13,617 users were served (!0,522 women, 7,157 youth and 388 persons with disabilities).

Unemployment

The committee noted that the unemployment is sitting at 32.5%, and youth unemployment is 47%. The committee requests that the department ensure the inclusivity in terms of economy growth as there is mismatch of skills. The economy demands high skilled labour and majority of residents in Johannesburg may lack those skills. The committee supports growth with development which is lacking in Johannesburg.

The City significantly exceeded targets in job creation and skills development, especially for youth employability. The committee noted that under the job creation the department created 15,724 EPWP work opportunities, under the skills pipeline development, 488 art5isan/technical trainees against the target of 200 were provided opportunities, 368 youth trained in infrastructure related work, 594 employees trained and 99 TVET interns and 594 youth placements.

SMME and Informal Sector

The committee noted that there has been 16, 000 SMMEs supported broken down into women, youth and persons with disabilities however of concern is that there is no evidence of long-term business survival, job sustainability and scaling into larger enterprises.

Financial Sustainability

Under the financial sustainability the committee noted that the UIFW expenditure is sitting at R 13.3billion which is very high. Repairs and maintenance amounted only 4% against a target of 8%. This is concerning especially noting the high unemployment the economy is faced with. Liquidity and solvency are below the norm.

Governance and Institutional Failures

The committee noted that for the financial period concerned there are 527 audit findings and out of those findings 139 a repeated issue. Persistent weaknesses are found under the following, procurement, contract management and financial controls.

Labour and Human Capital constraints

Under the labour and human capital constraints the committee noted that the vacancy at top management is sitting at 29% and skills development spending is underutilized by 50%. Of concern is the high cost of inefficiency compromising if sick leave totaling R560 million.

Strategic Risk for Economic Development includes but is not limited to the following: High unemployment is sitting at 32.5% overall and youth compromise of 46.97%. Financial and procurement weaknesses, infrastructure decay/ageing infrastructure, vandalism and theft, service delivery disruptions, f and environmental stress. These risks are interlinked and they create a cycle, weak governance, low investment, poor service, poverty and unemployment. **Recommendations**: the following are to be considered in ensuring the programmes and objectives of the departments are achieved and unemployment is also reduced. Fix infrastructure and increase maintenance to at least 8%. Improve governance through developing and implementation of consequence management. Enhance skills alignment, link education management with the programmes of the city.

5.2 COMMITTEE OVERSIGHT ASSESSMENT REPORT ON THE ANNUAL PERFORMANCE REPORT OF THE JOHANNESBURG PROPERTY COMPANY, FOR THE 2025/2026 FINANCIAL YEAR.

The committee noted that under financial period the company attracted R5.5 billion investment and created a total of 1,019 jobs. In addition, a total of 386 SMMEs were supported under the period concerned. These are positive development which align to the economic development goals

Financial Stability: (Unqualified Audit Opinion)

The committee noted that revenue equals R1.15 billion which is 98.5% of the budget. Surplus generated amounted to R115 million.

The committee noted as reported by the Auditor General that the capital expenditure amounting to R8.6 billion (111% of the adjusted approved budget of R7.5 billion / original budget of R7.7 billion). The reported overspending is driven primarily by the implementation of GRAP 13 (Leases), which requires an entity to recognise an asset and a corresponding liability where a lease meets the requirements of a finance lease. The overspend is therefore an accounting treatment of leases rather than additional cash expenditure, as lease costs are budgeted under rentals/leases on the operational side of the income statement.

Governance and Compliance: the committee commended the company for resolving 100% of the audit findings. However, a concern is with the UIFW and procurement challenges.

Weaknesses and Performance Gaps: the committee expresses its concern regarding the company achieving 59% out of its KPIs. This means that the company is underperforming institutionally, even though some of outputs are strong.

Weak Financial Sustainability Indicators: the financial sustainability is sitting at 50% and key issues consist of poor cash coverage, low repairs and maintenance and weak revenue collection.

High Vacancy Rate: the company vacancy rate is sitting at 29%, this is high and indicates poor asset utilization and possible urban decline in other nodes

Procurement and Project Delays: the committee noted that major constraints imminent from the following, slow approvals, procurement bottlenecks and budget constraints.
Infrastructure and Assets Management Risks: the following needs to be considered asset register weaknesses, maintenance backlogs and ageing infrastructure.

Revenue collection weaknesses: the committee noted that the debtor's collection is 63 days. This impacts cash flow and sustainability.

Persistent Governance Risks: the following occur from time to time, UIFW across City, procurement irregularities and failure to implement consequence management.

5.3 COMMITTEE OVERSIGHT ASSESSMENT REPORT ON THE ANNUAL PERFORMANCE REPORT OF THE JOHANNESBURG TOURISM COMPANY, FOR THE 2025/2026 FINANCIAL YEAR.

The Johannesburg Tourism Company is responsible for the following, promoting Johannesburg as a tourism and investment destination, driving visitors' arrivals and tourism spending and supporting events, conferences (MICE) and tourism marketing.

Key Performance:

The committee noted that during the financial period 4.5 million tourists/visitors were recorded, which exceeded the target. This shows strong recovery and growth in tourism sector.

Economic Impact:

The committee noted that the company recorded R183.8 million economic impact from MICE events. This is made up of conferences, exhibitions and business tourism. Contribution is made up to the broader development, hospitality sector, retail and services and informal economy. Tourism acts as a multiplier sector benefiting and contributing to multiple value chains which is critical for job creation, especially low and semi-skilled employment.
The Tourism performance is affected by issues of safety, infrastructure reliability, that is water and electricity and urban cleanliness.

5.3 COMMITTEE OVERSIGHT ASSESSMENT REPORT ON THE ANNUAL PERFORMANCE REPORT OF THE JOHANNESBURG MARKET, FOR THE 2025/2026 FINANCIAL YEAR.

The committee notes that Joburg Market is the largest fresh produce in the whole of Africa, supporting food security, trade and agricultural value chains. Its mandate goes beyond profit, it supports food distribution, informal and formal traders that is SMMEs and agricultural producers.

Overall Performance:

The committee noted that the market ended the financial year with a turnover of R11.7 billion and it maintains a national market share of 47.5%. This can be attributed to its dominance in fresh produce economy. The market is one of best performing municipal entities in revenue terms.

Contribution to Economic Development:

The committee noted that the market supports SMMEs in terms of farmers, traders and distributors and informal econo0my participation. It acts as a bridge between rural producers and urban markets. In addition, it plays an important role in value chain integration and inclusive economy participation.

Clean Governance performance:

It is also noted by the committee that the market has been maintaining a clean audit, this is huge strength since it demonstrates strong internal controls and effective financial management.

Weaknesses observed:

Underutilization: the market does not focus much on regional and global connections. There is a need to expand the market regional and globally.

Infrastructure Constraints: the market is faced with ageing infrastructure and potential issues include cold storage capacity, maintenance backlogs.

6 POLICY IMPLICATIONS

The report is in line with the GDS 2040, IDP 2025/26 and departmental Service Delivery and Budget Implementation Plan (SDBIP) 2025/26.

7 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The report is compliant with the provisions of the Local Government: Municipal Systems Act 32 of 2000 (as amended), and the pertinent Regulations issued in terms thereof.

8 FINANCIAL IMPLICATIONS

All projects/activities that have financial implication have been provided for in the approved departmental budget for 2025/26.

9 COMMUNICATIONS IMPLICATIONS

None.

10 OTHER BODIES/DEPARTMENTS CONSULTED

None.

IT IS RECOMMENDED

1 **That the MPAC note the comments and observations cited in the body of the report and incorporate them in the consolidated oversight report on the City's 2024/25 Annual Report.**

2 **That the Department and its Entities address issues leading to governance and institutional failures such as total resolution of audit findings, underspending of CAPEX, delay of project deliveries, corruption risks and financial controls, in the next financial period.**

3 **That the Department and its Entities address matters of labour and human constraints such as vacancy rates, skills shortage and capacity gaps, in the next financial period.**

4 **That the City address the challenges of safety, and infrastructure decay by increasing repairs and maintenance to 8% expenditure, in the next financial period.**

(COJ LEGISLATURE)

Annexure A.4

OVERSIGHT REPORT OF THE ENVIRONMENT AND INFRASTRUCTURE SERVICES SECTION 79 COMMITTEE ON THE 2024/25 INTEGRATED ANNUAL REPORTS OF THE ENVIRONMENT AND INFRASTRUCTURE SERVICES DEPARTMENT, CITY POWER, JOHANNESBURG WATER AND PIKITUP JOHANNESBURG

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : ENVIRONMENT AND INFRASTRUCTURE SERVICE COMMITTEE 2026-06-12

COJ LEGISLATURE

4 OVERSIGHT REPORT OF THE ENVIRONMENT AND INFRASTRUCTURE SERVICES SECTION 79 COMMITTEE ON THE 2024/25 INTEGRATED ANNUAL REPORTS OF THE ENVIRONMENT AND INFRASTRUCTURE SERVICES DEPARTMENT, CITY POWER, JOHANNESBURG WATER AND PIKITUP JOHANNESBURG

1 STRATEGIC THRUST

A responsive, accountable, effective, Effective and Productive Metropolitan government.

2 OBJECTIVE

The purpose of this oversight report is to table the report of the Environment and Infrastructure Service (EIS) Section 79 Committee of the 2024/25 Annual Reports of the Environment and Infrastructure Service Department (EISD) and the portfolio's municipal entities, namely the City Power Johannesburg (CP), Johannesburg Water (JW), and Pikitup Johannesburg (Pikitup).

3 BACKGROUND

The Municipal Public Accounts Committee (MPAC) is required to exercise its oversight and scrutiny responsibilities as mandated by Section 129 of the Municipal Finance Management Act (MFMA) 56 of 2003. Per the MFMA, the City's 2024/25 Integrated Annual Report was tabled at a Council meeting on 28 May 2026 and then referred to the MPAC for oversight. MPAC exercises oversight on the financial performance of the City of Johannesburg. As a result, MPAC requires the support of the other Section 79 Committees to exercise effective oversight of the performance reporting of the Annual Report for their respective Departments and Entities. Section 79 Committees are expected to submit their observations and concerns to MPAC regarding the reviewed Annual Report to consolidate an oversight report.

The following are observations and concerns of the Section 79 Environment and Infrastructure Service Committee to be tabled and presented, on behalf of the Committee, to MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS

The Section 79 Environment and Infrastructure Service Committee noted the following summary of concerns and observations regarding the 2024/25 Annual Reports of the Environment and Infrastructure Service Department (EISD) and Entities, namely City Power Johannesburg (CP), Johannesburg Water (JW), and Pikitup Johannesburg (Pikitup).

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COJ LEGISLATURE

(1) ENVIRONMENT AND INFRASTRUCTURE SERVICES DEPARTMENT (EISD)

The EISD's mandate in the City is to ensure that all activities of state organs do not harm the environment in accordance with national legislation. This includes protecting the City's biodiversity, managing waste, regulating air quality, and managing natural water resources. The Committee noted the following financial and non-financial performance of the EISD for 2024/25.

Waste Diversion:

- 2,630,100 tons of total waste generated
- 711,628 tons diverted (27.1% diversion rate)

Biodigester Project (Robinson Deep):

- 50-ton pilot project EPC and Civil Works contractors finalised
- Construction delayed to FY 2025-26

Waste-to-Energy:

- Public notification process completed
- Ready to proceed to the RFP phase
- Uses mass burn technology

The EISD also achieved the following:

- By the end of June 2025, a total of 121 waste permits were issued to waste companies
- A total of 258 short-term job opportunities were created across the Jukskei and Klip catchments as part of the river clean-up campaign aimed at rehabilitating watercourses.
- A total of 116 borehole applications were processed, with increasing stakeholder engagement and guidance provided on licensing and compliance.
- Screened 222 CAPEX projects and 89 projects that required Environmental Authorisation and/or Water Use Licence applications.
- Together with Joburg Water, the Naledi sanitation rollout provided 645 households with sewer infrastructure, ablution blocks, inclusive community engagement, end-user education, and suitable sanitation technologies.
- The Committee is concerned that only 16.67% of operational Air Quality Stations (1 out of 6) reported sufficient data for the 2024/25 FY.
- Another concern was the Landfill Gas to Energy (LFG): Underperforming: Only 17% GHG reduction achieved vs. 28% target (39% shortfall), 5,000 MWh electricity generated across Robinson Deep, Marie Louise, and Goudkoppies sites

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COJ LEGISLATURE

The Committee noted on the **Climate Action Implementation (CAI) Programme**: C40 technical support continued until December 2025

- Mixed progress on climate integration: Only 10 departments/entities fully complied with business plan guidelines.
  Garden waste composting business case finalised; consultant appointed April 2025.
- Energy access study commissioned for informal settlements (Amarasta View, Vlakfontein, Shalazile, Vukani microgrids)
- The Committee welcomes the appointment of the service provider to rehabilitate the Kya Sands Closed Landfill and reduce illegal waste dumping. The Committee encourages the department to ensure that the reported 11% (R1.6 m) underperformance against the YTD budget of R15m is addressed.

Key Financial Performance of EISD in 2024/25 FY:

- Revenue overperformance - Total operational revenue reached 162% of the adjusted budget (R17,830k actual versus R11,013k budget).
- Strong expenditure control - Total Operational Expenditure is at 95% of the budget (R157,824k actual compared to R165,257k adjusted budget).
- Employee costs slightly under budget - 92% achievement (R107,821k vs R116,641k budgeted)
- Depreciation exceeded budget - 102% of budget spent on depreciation and asset impairment (R13,896k vs R13,525k)
- Contracted services underspent - 94% of budget utilised (R11,360k vs R12,138k)
- Significant loss on asset disposal - R5,680k loss with 0% budget provision, indicating unplanned asset write-offs
- Costing internal charges under budget - 84% achievement (R15,154k vs R18,072k budget)
- Capital projects delayed - Waste Management project (R15m) showed only 11% spend with R1.6m underperformance; implementation continuing into next year
- Air quality equipment procurement successful - R10m project achieved 95% spend with 22 analysers procured and 15 taken for repairs

The Committee commended the EISD for its robust financial performance in 2024/25, with revenue surpassing targets by 62% and expenses remaining at 95% of the budget. The Department effectively managed operational costs, particularly employee expenses and contracted services.

However, there was an R5.68m loss from asset disposals and delays in waste management infrastructure projects. The acquisition of air quality monitoring equipment indicates progress, but execution of capital projects requires improvement to prevent budget rollover.

(2) CITY POWER (CP)

CP's strategic objective is to create value for its customers and maintain continuous service, while also delivering shareholder value via higher profits and cash flow. The entity seeks to become more aware of governance, risk management, and compliance, ultimately succeeding through its human capital.

The Committee remains deeply concerned that City Power is operationally functional on routine metrics but **financially insolvent and operationally unsustainable**. The entity reports a negative net asset position of R4.433 billion, with a R15.581 billion overdraft dependency, raising material going-concern doubts.

The core challenge stems from two linked failures: (1) chronic capital underinvestment, creating a R40 billion infrastructure backlog that drives network deterioration and poor service delivery, and (2) structural liquidity constraints arising from non-paying City-related party debt, failed consumer collections, and uncontrolled liability growth.

Additionally, revenue relies solely on tariff hikes rather than on volume or collections; costs rise due to electricity, interest, and inflation, while customers stop paying. This triggers a vicious cycle: deteriorating infrastructure leads to customer non-payment, causing revenue to plummet, which in turn results in a lack of capital and further deterioration of infrastructure.

The Committee noted a commendable Operational Performance Achievements:

- KPI achievement: 77.78%
- Customer service resolution: 98% (target 95%)
- Electrification: 3,522 households (110% of target)
- SMME support: 261 companies (104% of target)
- Public lighting: 1,218 new lights (174% of target)
- Job creation: 803 jobs via EPWP
- CO_2 reduction: 43,560 tons

Audit Matters:

- Resolved 96% internal audit findings
- Resolved 112% of AGSA audit findings
- AGSA opinion: Unqualified

Shortfalls:

- Electricity losses: 29.85% vs 28% target
- Maintenance execution: 82.35% (17.65% gap threatens network reliability)
- Mini-substation sufficiency unclear for future demand

Critical Financial Challenges

Negative Net Assets & Solvency Risk:

- Negative net assets: R4.433 billion (variance R978m unfavourable)
- Accumulated deficit: R4.546 billion (variance R7.978 billion unfavourable)
- **Going-concern questions raised**

Liquidity Deepening Challenge:

- Bank overdraft: R15.581 billion (65% above R9.426 billion budget)
- Peak overdraft: R16.490 billion (November 2024)
- Overdraft frozen at elevated levels throughout the year
- Reliance on unsustainable City shareholder loans

Bulk purchases from Eskom and Kelvin

- exceeded budget by R3.219bn due to higher tariffs, increased units, and load shedding suspension; Council did not approve City Power's adjustment, worsening the variance.

Repairs & Maintenance

- R308m below budget, maintenance delayed; contractor non-payment caused hesitancy, further suppressing spending.

The Committee reminded CP that underspending against a backdrop of infrastructure failure is not a saving; it is deferred deterioration.

Debt impairment exceeded budget by R354m

- The Committee emphasised that recurring collection rates below the 97.24% target require increased bad-debt provisions.
- This aligns with AGSA's report, which identified an R8.55bn impairment balance in consumer debtors, accounting for 74% of the total consumer debt portfolio.

Total capital expenditure(CAPEX) was:

- R1.639bn, R107m above the R1.533bn budget and 18.38% higher than R1.385bn spent in 2023/24.

The Committee emphasised that overspending on a capital budget, in the context of a R15.58bn net overdraft, raises serious fiscal sustainability concerns.

Additionally,

- Refurbishment of Bulk Infrastructure is the largest capital category at 20.32%, reflecting the extent of network deterioration requiring remediation rather than growth investment

Revenue & Receivables Failure:

- Exchange transaction receivables: R3.462 billion (89% over budget)
- Consumer receivables: R2.851 billion (R737m above budget due to poor collections)
- City failed to transfer consumer collections – critical cash flow impact
- Non-payment from the City on housing development & post-retirement benefits

Liabilities Out of Control:

- Total liabilities: R32.524 billion (64% above R19.820 billion budget)
- Current payables: R9.790 billion (R3.627 billion over budget)
- Deferred Eskom disputed invoices: R2.321 billion (payment discipline failure)

Infrastructure and Network Risk
Capital Investment Deficiency:

- Infrastructure backlog: R40 billion
- Only reactive maintenance is possible
- Network deterioration is accelerating, and system instability is growing

Electricity Losses

- Total distribution losses amounted to R5.67bn (2025) vs R4.93bn (2024), a R737.9m year-on-year deterioration, with a combined loss rate of 30% of bulk purchases, unchanged from the prior year despite multiple reported interventions.
- Technical losses remained at 9% (R1.71bn vs R1.49bn), with the percentage stable but the rand value rising by R223.8m. This increase reflects growth in network volume despite an unchanged infrastructure base.
- Non-technical losses remain at 21% (R3.96bn vs R3.45bn), with the percentage unchanged while the rand value increased by R514.0m, indicating that interventions are not keeping pace with rising losses in absolute terms.
- The 30% loss rate is entrenched, with no year-on-year improvement, revealing the mitigation programme to be insufficient in both scale and impact.

- Revenue leakage of R5.67bn poses a significant risk to financial sustainability, directly compromising City Power's capacity to cover bulk electricity procurement costs and capital investment commitments.

The Committee reiterated that the ongoing cycle of infrastructure and liquidity issues begins with underfunded infrastructure, which causes network deterioration. This leads to subpar service, customer non-payment, revenue decline, and a lack of investment, all of which further exacerbate the cycle.

The following are some of the points raised by the Auditor General of South Africa (AGSA):

- The going concern: *a material uncertainty has been flagged* due to a net loss of R3.17 billion; total liabilities exceed total assets by R4.43 billion; AGSA expressed significant doubt regarding City Power's ability to continue as a going concern.
- Material impairment: consumer debtors' impairment allowance is R8.55bn (74%), up from R7.54bn (75%) in 2023/24; annual contribution R1.01bn.
- Material electricity losses total R5.15bn (27% of bulk purchases), down from R4.93bn (30%) in 2023/24. Technical losses are R1.71bn, with non-technical losses caused by theft, illegal connections, and meter tampering.
- Payments not made within 30 days as required by MFMA s99(2)(b), a recurring compliance failure.
- Irregular expenditure: R4.35bn, reasonable steps not taken to prevent, contravening MFMA s95(d).
- Fruitless and wasteful expenditure: R719.5m, majority attributable to interest on late Eskom payments; reasonable steps not taken to prevent, contravening MFMA s95(d).
- Expenditure incurred in excess of the approved adjustments budget, contravention of MFMA s87(8).
- SCM non-compliance: contracts awarded on points differing from those stipulated in bid invitations, contravening SCM Regulations 21(b) and 28(1)(a)(i) and Preferential Procurement Regulations.
- The accounting officer failed to exercise adequate oversight of internal controls relating to legislative compliance, resulting in material non-compliance.
- Senior management failed to ensure adequate monitoring controls to prevent non-compliance with laws and regulations.
- Inadequate management controls over compliance
- Hopefield substation: Material irregularity from inadequate maintenance; risk of material unrecovered loss
- GFIS fraud investigation: Allegations of fraud, procurement irregularities, and financial misconduct (outcome expected after 30 June 2025)
- Material misstatements in the annual performance report
- Pending litigation with uncertain outcomes; no liability provisions made
- Non-compliance disclosure breaches (MFMA s125)

(3) JOHANNESBURG WATER (JW)

The entity's strategic objective is to deliver accessible, reliable, and sustainable water and sanitation services through modern infrastructure and customer-focused operations, while promoting environmental stewardship and economic growth. JW aims to achieve financial stability by converting consumers into paying customers, leveraging technology to improve efficiency, and building a high-performing team. These initiatives are designed to create a resilient urban water system that drives job creation, supports SMME growth, and meets stakeholder needs. Ultimately, the strategy positions Johannesburg Water as an effective, financially stable utility that underpins a liveable, low-carbon urban environment for all residents.

The Committee noted that JW

- received an **unqualified (clean) audit opinion** issued on the financial statements as at 30 June 2025, statements present fairly in all material respects in accordance with GRAP and the MFMA.

The unqualified opinion is notably qualified by three Emphasis of Matter items and several material findings related to performance reporting and legislative compliance. Therefore, the headline opinion should not be viewed in isolation.

The Committee deemed necessary to inform the Council and MPAC of the magnitude of the infrastructure renewal backlog JW is faced with:

- Total renewal backlog: **R26.61 billion** in assets with remaining useful life of 0-2 years or due for upgrade
- This represents an immediate or imminent infrastructure failure risk across all service lines
- Backlog composition shows systemic ageing in water and wastewater infrastructure.

Breakdown by Category:

- Water mains replacement: R2.7 billion (10.1% of backlog)
- Sewer mains replacement: R2.9 billion (10.9% of backlog)
- Water and sewer capacity upgrading: R13.7 billion (51.5% of backlog) – largest component
- WWTW capacity upgrading and equipment replacement: R7.3 billion (27.4% of backlog)

It is concerning that over half of the backlog (R13.7 billion) relates to capacity upgrades, indicating that the entity is not merely ageing but is constrained in its ability to expand services. This directly explains 86% shortfall in household water connections to informal settlements (174 vs 1,250 target). Service delivery targets cannot be achieved without major capacity investment; performance failures are partly explained by infrastructure constraints

Furthermore,

- The R2.7 billion water mains replacement backlog indicates extensive ageing pipe infrastructure that is vulnerable to catastrophic failure.
- Aligns directly with AGSA findings of 32.94% water loss rate (R2.822 billion annual loss), driven by leaks on the aged water network
- Deteriorating water mains, directly responsible for frequent water pipe bursts, are identified as a material irregularity

The Committee noted the following **Service-Delivery Achievements & Milestones 2024/25**

- Water Distribution: 1.7 billion litres daily to CoJ households, complying with SA National Standards 241
- Sanitation Services: 14,116 chemical toilets provided and serviced (twice weekly average)
- Emergency Response: 23,521 water bursts restored within 48 hours (70.35% achievement rate)
- Sewer Management: 50,038 blockages cleared within 24 hours (90.89% achievement)
- Infrastructure Access: 174 and 1,796 households gained basic water and sewer system access, respectively
- Water Transport: 1,288 million litres delivered to informal settlement tanks during 2024/25
- Per Capita Consumption: 244.69 litres per person daily
- Pipe Infrastructure: 328 water and 328 sewer pipe bursts per 100 km; 20.451 km water pipes and 14.741 km sewer pipes replaced
- Sewer Blockages: 464.21 blockages per 100 km of infrastructure
- Maintenance: 178,320 VIP services desludged (monthly average)

However, the Committee noted that Joburg Water's wastewater treatment plant (WWTW) **compliance rate dropped substantially to <u>70.9% in 2024/25, compared to 76.10%</u>** the previous year.

Financial Performance 2024/25 FY

The Committee noted the following:

- Total Assets rose 10.19% from R22.643bn to R24.950bn, mainly due to a 16.96% increase in current assets (R8.447bn to R9.879bn), driven by higher cash and cash equivalents.
- Non-current assets increased 6.16% from R14.197bn to R15.071bn, mainly due to the capital budget.

However, many of these assets are still classified as work in progress (WIP) or under construction and have not yet been capitalised, resulting in an understated productive asset base.

- Total liabilities increased by 5.48% (from R8.841bn to R9.326bn): current liabilities rose 5.91%, mainly due to higher trade payables to group companies; non-current liabilities grew 4.56%, driven by increased shareholder loans.
- Net assets increased by 13.20% (R13.802bn to R15.625bn), indicating a positive trend in equity.
- Repairs and Maintenance costs of R1.694 billion exceeded the R1.612 billion budget. The annualised ratio of 11.24% surpasses the National Treasury benchmark of 8%, showing positive compliance.

However, the Committee reiterated that high WIP balances suggest delays in asset capitalisation. The 2025/26 capital budget has been increased to R1.7 billion.

- Non-revenue water **(NRW) plateaued at 44.79%,** highlighting ongoing efficiency challenges
- Operating costs remained well-controlled at only 0.78% increase despite inflationary pressures, indicating disciplined expense management
- Revenue increased by 5.98% to R18.072bn (2023/24: R17.053bn); water sales remain the primary contributor at R10.374bn; sanitation revenue of R7.610bn is the main driver of the realised surplus.
- Bulk Purchases increased marginally by 1.85% to R8.566bn, reflecting Water Demand Management (WDM) benefits — inventory was underspent as a result.
- Gross Margin improved 9.99% to R9.506bn, a positive operational efficiency signal.
- Operating Costs were largely contained, increasing only 0.78%.
- Finance Costs rose 17.02% to R276.2m, consistent with increased shareholder loan balances.
- Debt Impairment increased by 12.61% to R4.935bn, the most significant expenditure risk, driven by continued customer defaults; this remains the primary contributor to over-expenditure and directly undermines revenue realisation.
- Net Profit improved substantially by 65.27% to R1.822bn (2023/24: R1.103bn).
- The annual collection rate of 74.84% slightly exceeds the budgeted 74.80%, but remains inadequate, with NRW steady at 44.79%, and ongoing losses from non-revenue water and weak collection efforts undermine financial stability.

Cash Flow Summary (June 2024 vs June 2025)

- Operating cash receipts increased 5.68% to R13.558bn; however, net cash from operating activities declined 7.00% to R1.138bn, indicating cost pressures are absorbing revenue gains.
- Financing outflows dropped 52.35% to –R82.5m, indicating lower debt servicing or loan drawdowns.

- Closing cash balance was R4.045bn (2023/24: R2.811bn), a 43.9% increase, boosted by a R595m grant and CoJMM cash-sweeping; petty cash was R31.8m.

The Committee pointed out that the sweeping arrangement transfers all cash daily to the CoJMM Treasury, creating operational dependency and limiting Joburg Water's autonomy in liquidity management.

Capital Programme Performance

- The capital budget was adjusted from R1.221bn to R1.291bn at mid-year; actual expenditure was R1.312bn, achieving 101.64% against the 95% target, a notable improvement over prior years.
- Quarter-by-quarter trajectory (2024/25): Q1 at 18%, rising to 37% mid-year, reaching 54% in Q3, and ending with 101.64% in Q4, indicating significant front-loading risk and a concentration of delivery towards the end.
- In contrast, 2023/24 ended at 99.32%, indicating that the trend of late-year spending reduction is structural.

Below is main categories of CAPEX

- Corporate Requirements (Budget R117.2m; Actual R254.5m — 117% over): issues with fleet-lease cost capitalization, Security Automation contract failures, and weaknesses in IT procurement, governance, and control.
- Water Demand Management (R156m budget; R161.7m actual): Cosmo City STS meter installation sped up despite community resistance, showing positive progress.
- Operations & Maintenance (budget R178.1m; spent R165.1m, underspent): leaking reservoir program delayed by late contract award; water tanker procurement partly successful.
- Upgrading & Renewal (R240m budget; R171.7m actual, R68.2m underspent): pipe replacement delayed by late payments causing work suspension; water panel objections hindered final allocation.
- New Infrastructure: R286.6m budget, R233.2m spent, R53.4m underspent. Brixton Reservoir and Erand Tower projects delayed by cash-flow issues and late contractor payments.
- The Marginalized Areas Program, with a budget of R102.1m and spending R124.3m, exceeded its budget. It serves Crosby and Poortjie-Marikana informal settlements, with sewer replacement at Stretford progressing well, showing progress in equitable service delivery.
- The Bulk Wastewater Works, with a budget of R199.7 million and an actual spend of R193.6 million, saw progress at the Northern WWTW. However, the Van Wyk pump station and BK IRP projects have been postponed to 2025/26.
- Planning & Engineering (R11.5m budget; R8.2m actual — underspent): professional services investigations for pipeline projects.

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COJ LEGISLATURE

Concerning **Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE)**[1] **2024/25,**

JW accumulated UIFWE balance of R1.65 billion.

UIFWE Status as at 30 June 2025

Items Under Investigation / Pending Board Submission:

- Irregular expenditure of R604.4 million across seven years (2017/18-2023/24) highlights ongoing procurement and compliance issues.
- Irregular expenditure of R121.34 million in 2022/23 due to over-budget basic services.
- Irregular expenditure - R103.2 million: motivation reports to be submitted to the Board during 2025/26 for write-off consideration.
- Fruitless expenditure of R8.3 million: interest from cash-flow issues on six matters; motivation reports due to the Board in 2025/26.
- Fraudulent salary payment of R90,000 has led to consequence management, the sole active accountability action in the UIFWE register.

Items Certified Irrecoverable and Approved by Board for Write-Off:

- Irregular expenditure of R982 million covers debt impairment in 2023/24, deemed irrecoverable, and approved for write-off per Regulation 75(2)(a) of the Municipal Budget and Reporting Regulations and MFMA Circular 68.

Committee Observations

The accumulated UIFWE balance of R1.65 billion represents a multi-year governance failure spanning at least seven financial years; the scale and duration of the backlog indicate that investigation and consequence management processes have been chronically under-resourced or insufficiently prioritised.

Government Debt

The Committee has a duty to inform the Council and MPAC about the government debt. Recovering the funds owed to JW will significantly help in reducing its infrastructure backlog, which exceeds R20 billion. For the period under review, the overall outstanding debt improved by

- 12.6% to R403.258 million.
- However, critical collection challenges persist, with 83.2% of outstanding debt (R335.883 million) more than 90 days overdue.

[1] Refer to Tables 70, 71, 72 & 73 for details on fruitless, wasteful,& irregular expenditure (pages 168-173)

- Government departments account for R316.167 million, with the Departments of Education (R104.575m), Infrastructure (R44.793m), and Housing (R36.152m) as the largest delinquent debtors.
- Parastatals owe R145.431 million, with Transnet (R49.629m), Eskom (R36.480m), and Prasa (R18.068m) accounting for the majority.

The Committee noted with concern the alarming

- A 450% increase in the Department of Health's debt (from R18.821m to R103.600m) warrants urgent investigation.

Current collection rates of 13-17% indicate systemic cash-flow challenges affecting the entity's liquidity.

The Committee noted that the entity maintains strong governance and risk management and monitors 17 strategic risks through a comprehensive register, with quarterly reports to oversight bodies, demonstrating a commitment to continuous improvement and a clean audit opinion.

The AGSA raised the following:

- Material impairment allowance on consumer receivables of **R32.587 billion**, indicating severe revenue collection failure

Emphasis of Matter

- Consumer receivables impairment: Material losses of R32.587bn incurred as allowance for impairment on consumer receivables (Note 9), representing the accumulated irrecoverable debt burden and the single greatest threat to Joburg Water's long-term financial sustainability.
- Material water losses:
- Total water losses amount to R2.822bn (2023/24: R2.901bn), or 32.94% of water purchased (2023/24: 34.49%). This shows a slight improvement but still indicates systemic infrastructure failure.
    - Physical losses: R2.031bn attributable to leaks on the water network infrastructure.
    - Commercial losses: R790.1m attributable to illegal connections, metering failures, and data transfer errors.
- Contingent liabilities: Joburg Water is a defendant in various legal claims; ultimate outcomes cannot be determined, and no provision has been made in the financial statements, creating unquantified fiscal risk.

Compliance Challenges

- Failure to ensure money owed by the entity is paid within 30 days as required by MFMA s99(2)(b)

- Irregular expenditure of **R272.47 million** incurred (majority from budget overruns) in violation of MFMA s95(d),
- Expenditure incurred in excess of approved/adjusted budgets in contravention of MFMA s87(8)
- Systemic payables management failure affecting supplier relationships and cash flow
- Lack of expenditure controls permits budget overruns
- The AGSA identified **preventable material misstatements** in the annual performance report for the water/sanitation delivery and customer satisfaction strategic goals; management did not correct all misstatements, and the material findings were formally reported.

The AGSA selected a few strategic goals for their audit: water and sanitation service delivery, environmental conservation, and enhancing customer and stakeholder satisfaction. The findings were

Deliver Water and Sanitation Services (Targets achieved: 71%)

- Additional households with basic water access in informal settlements: target 1,250; achieved only 174, an 86% shortfall, impacting Constitutional service duties.
- Sewer blockages per 100km: target 460; achieved 464.21, slightly missed, indicating network decline.

Environmental Conservation and Sustainability (Targets achieved: 33%)

- Final effluent compliance at all WWTW: target 79%; achieved 70.9%, showing ongoing non-compliance with discharge standards.
- WWTW plant spillages: target 1,540; actual 1,659, 119 above target, indicating ongoing illegal discharge risk.

Customer and Stakeholder Satisfaction (Targets achieved: 33%)

- Water bursts restored within 48 hours: target 85%; achieved 70.35%, 14.65 points short, affecting service reliability.
- Sewer blockages cleared within 24 hours: target 92%; achieved 90.89%, just below target.
- AGSA noted it could not verify the accuracy of reported achievements due to insufficient supporting evidence for audit purposes; as a result, the reported figures might be overstated or understated.

AGSA identified three material legislative compliance findings:

- Section 99(2)(b) MFMA: Payment within 30 days: reasonable steps were not taken to ensure timely payments. Creditors, including contractors, were not paid promptly, resulting in fruitless expenditure and project delays.

- Section 95(d) MFMA: No reasonable steps were taken to prevent irregular expenditure of R272.470 million (Note 41), mostly due to overspending on the approved budget.
- Section 87(8) of the MFMA: Expenditure exceeded the approved or adjustments budget, violating the MFMA, confirming the R475.750m overspend noted in Table 71 of the financial statements.

Material Irregularity 1: Water Infrastructure Not Proactively Maintained (NEW)

- AGSA identified that assets were not proactively maintained as required by MFMA Section 96(1)(a), resulting in frequent waterpipe bursts and likely material financial loss from increased reactive repair costs.

Material Irregularity 2 - Goudkoppies WWTW Pollution (*Previously reported*)

- Goudkoppies WWTW has been non-operational for years due to a lack of maintenance, resulting in untreated effluent flowing into Harington Spruit, a tributary of the Klip River, thereby polluting groundwater and surface water.

Other Reports:

- The Group Forensic and Investigation Services was examining allegations of potential fraud, procurement irregularities, and financial misconduct at Joburg Water across multiple financial years, including 2024/25. By the end of the year, the outcomes were at different stages.

(4) PIKITUP

Pikitup's strategic focus is on waste prevention and minimisation, as well as on a community-driven approach to waste management. Pikitup achieved **79% of its 19 SDBIP targets in 2024/25**, demonstrating strong performance while still needing improvements in some areas.

The Committee noted that Pikitup received an **unqualified audit opinion from the AGSA** issued on the financial statements as at 30 June 2025, statements present fairly in all material respects in accordance with GRAP and the MFMA

The Committee also noted the following:

- 100% service standard compliance (6 out of 6 standards met), demonstrating operational competence
- The distribution of 40 new cage trucks is increasing collection productivity and geographic coverage
- Management of 1,691,489 tonnes of waste disposed of and removal of 36,705 tonnes of illegally dumped waste
- Processing of 233,066 tonnes through garden sites, indicating diversified waste processing capabilities

Educational & Community Awareness

- Education of 42,151 learners from 161 schools on waste management
- Training of 1,752 community members and 1,934 Urban Rangers/EPWP workers in environmental awareness, recycling, and upcycling

Social Impact & Employment

- Execution of 52 accelerated service programmes with the Community Relations Unit
- Creation of 6,651 job opportunities through the EPWP programme
- Alignment of public employment initiatives with the City's broader socio-economic goals and community unemployment reduction

Infrastructure Development

- Delivery of 29,743 bins, reducing spillage, animal scatter, and improving street cleanliness
- Infrastructure investment directly reduces operational inefficiencies and crew collection time

Financial Performance and Position

Revenue

- Total revenue reached R4,739.26m, exceeding the R4,474m budget by R265m (5.9%), mainly from higher service charges (R2,944.74m) and government grants/subsidies (R1,360.09m).
- Interest income of R153.95m contributed to the exchange revenue base; levies of R276.91m performed marginally above the prior year (R239.43m).
- Revenue outperformance was attributed to ongoing initiatives to ensure all domestic properties are correctly billed.

Expenditure

- Total expenditure of R4,884.09m exceeded the R4,474m budget by R410m (9.2%), with the two primary drivers being:
  - Debt impairment provisions (R596.03m), increasing due to deteriorating debtor payment rates; and
  - Fleet costs (R1,473.93m vs. R1,273.48m prior year), chronic over-expenditure reflecting ageing fleet, high maintenance demand, and inadequate replacement cycles.
- Employee-related costs of R1,823.59m represent the largest single expenditure line, up from R1,603.76m in 2023/24 (+13.7% YoY).
- Finance costs of R154.38m reflect the ongoing debt service burden, particularly shareholder loan obligations.

Deficit

- The entity recorded a deficit of R144.83m for 2024/25, reversing the R206.06m surplus of 2023/24, a YoY swing of R350.89m, representing a significant deterioration in operating performance.

Statement of Financial Position

- Total assets: R6,495.10m (2024: R5,118.42m), growth largely attributable to increased non-current assets (PPE: R1,059.60m; inter-company receivables: R1,089.69m) and a substantial rise in payables from exchange transactions (R2,089.34m).
- Total liabilities: R6,789.40m (2024: R5,267.89m), liabilities exceed assets, resulting in a net liability position of R294.30m (2024: R149.47m), a deterioration of R144.83m consistent with the in-year deficit.
- Current liabilities of R4,554.13m against current assets of R4,182.82m indicate a negative working capital position, raising short-term liquidity risk.
- Cash and cash equivalents declined sharply to R1.38m (2024: R16.33m), with net operating cash inflow of R172.25m offset by capital expenditure outflows and shareholder loan repayments.

Accumulation of losses: R337.3m deficit that is worsening over the years

The Committee further noted the following regarding the **Capital Programme**

- The 2024/25 adjusted CAPEX budget was **R225,694m**; actual expenditure (invoices received) reached **R174,438m, 77% utilisation**, leaving an unspent balance of R51.26m.
- Major underspending noted on Marie Louise Landfill (R16.83m available of R24.70m), Robinson Deep Landfill (R5.19m available of R48.00m), and Goudkoppies Landfill (R4.59m available of R30.00m), all critical infrastructure compliance projects.
- The approved medium-term CAPEX programme increases substantially: R309.65m (2025/26) to R414.60m (2026/27) and R490.92m (2027/28), driven by rising landfill compliance needs and investments in the Integrated Waste Management Facility (IWMF).

Structural Financial Concerns

- The net liability position has **doubled compared to last year** (R149m to R294m), showing an increasing deterioration in the balance sheet.
- Accumulated deficit stands at **R337.30m** (2024: R192.47m), representing a structural erosion of the entity's equity base.
- Shareholder loan obligations of R1,182.71m (non-current) constitute a material contingent liability for the CoJMM.

- The combination of worsening debtor impairments, fleet cost overruns, and declining cash reserves reflects **compounding financial fragility** rather than isolated variances

Concerning Overtime Costs

The Committee raised concerns that Pikitup management has not tackled the escalating overtime costs, despite their repeated reminders during quarterly meetings.

This is clear in the following:

- Pikitup spent R220,017,077.55 on overtime in 2024/25, a substantial expense that raises questions about operational efficiency and staffing levels.
- Selby and Marlboro depots amount to R111,175,354.57, which is 50.5% of total overtime costs, highlighting a significant inefficiency that requires targeted action.
- Overtime costs are a financial liability that directly affect municipal budgets and the sustainability of service delivery.

The Committee is concerned that overtime has become institutionalised as an informal salary augmentation mechanism rather than an operational necessity, indicating weak financial controls and management oversight

Audit Findings

- Internal audit findings: During 2024/25, 159 internal audit findings from the prior year were followed up on, with 94% resolved and 6% remaining unresolved.
- AGSA audit findings: 94% of issues from 2023/24 and 2022/23 were resolved; 6% remain unresolved. Internal Audit continues to engage with management to address these.

Fruitless and Wasteful Expenditure

- Opening balance: R18,748,133 (restated prior year: R4,036,861). This significant upward restatement indicates material corrections to prior period figures.
- Current year additions: R12,319,700 in new fruitless and wasteful expenditure identified during 2024/25.
- Prior period additions: R3,657,116 identified retrospectively, confirming that prior-year reporting understated the liability.
- Written off: R1,265,544 was written off during the year.
- Closing balance: R33,495,510, showing a YoY rise of R14,747,377 (+78.9%), driven by new entries and restatements from previous periods.

The consistent accumulation without meaningful recovery or consequence management indicates systemic control failures rather than isolated incidents.

Irregular Expenditure

- Opening balance: R1,080,024,851 (prior year restated: R1,348,719,426), the scale of the opening balance alone constitutes a governance emergency, representing over R1 billion in non-compliant expenditure carried forward.
- Current-year additions, non-compliance totals: R166,060,306 (2024: R145,024,082), up R21,036,224 (+14.5%), indicating worsening procurement and supply chain compliance.
- Current-year overspending of R409,907,924 (2024: R13,993,706) represents an extraordinary YoY increase of R395,914,218, driving irregular expenditure in 2024/25 and requiring urgent explanation.
- Written off: R1,025,181,747 (2024: R427,712,363)- **The Committee stressed that large-scale write-offs in both years conceal rather than address fundamental control failures; without proper consequence management, such write-offs do not serve as effective remediation.**
- Closing balance: R630,811,334, lower than the opening balance due to write-offs, but new additions of R575,968,230 in a year show irregular expenditure is rising.
- The R409.91m budget overspending indicates poor management, unauthorised approvals, or both, and must be broken down by programme and responsibility centre.

Structural Concern

- The classification of a R409.91 million budget overspend, a 28-fold increase on the previous year's R13.99 million, stands out as the most concerning IFWE development. This indicates a fundamental failure in either budgetary authority or expenditure controls, or both.
- The pattern of large annual write-offs without corresponding consequence management outcomes constitutes a compliance-laundering cycle: balances are cleared on paper while root causes and responsible officials remain unaddressed.
- Taken together with the R144.83m operating deficit, the R294.30m net liability position, and declining cash reserves, the IFWE position reinforces a picture of compounding financial and governance deterioration.

The AGSA raised the following concerns:

The Committee highlighted that, despite an unqualified audit opinion being issued, the emphasis of matter paragraphs, together with findings of material irregularities and non-compliance, are a serious concern that must be addressed by the entity

Emphasis of Matter

- Material loss, non-exchange receivables (Note 12): **R253,467,121** written off as irrecoverable, indicating systemic failure to collect levies and transfers.
- Material loss, exchange receivables (Note 13): **R5,087,603,947** in irrecoverable exchange receivables, showing severe debtor impairment due to ongoing billing, collection, and credit control failures.
- Going concern risk (Note 44): The AGSA highlighted ongoing declines in financial sustainability, operational performance, prospects, and cash flows, indicating doubt about Pikitup's ability to continue as a going concern.
- The combined irrecoverable receivables of **R5,341,071,068** across both categories constitute the most significant single governance and financial risk highlighted in the 2024/25 Annual Report.

Material Non-Compliance: Expenditure Management

- s99(2)(b) MFMA: 30-day payments: Did not take reasonable steps to ensure creditors were paid within 30 days, violating basic supply chain and cash flow management obligations.
- s95(d) MFMA: prevented irregular expenditure: No reasonable steps were taken to prevent R657,473,755 in irregular costs, mostly from spending beyond the approved budget, as confirmed by AGSA.
- s87(8) MFMA: budget overspending: Expenditure exceeded the approved adjustments budget, constituting unauthorised expenditure and showing a lack of effective budget controls.

Predetermined Objectives: Material Performance Indicators

- The AGSA selected four material indicators for audit (*Percentage of known informal settlements receiving basic removal services, Cleanliness levels city-wide, Percentage of households with basic refuse removal services or better, and Refuse collection service rendered to all households*), all aligned with Pikitup's primary mandate.
- AGSA's choice of these indicators highlights concerns about the reliability and completeness of Pikitup's performance reports for its primary service-delivery responsibilities.

Material Irregularity: Poor Management of the Marie Louise Landfill Site

- First reported to the accounting officer on 31 January 2024; remains unresolved as at the 2024/25 audit.
- Non-compliance confirmed with: s16(1) National Environmental Management Waste Act 59 of 2008; s28(1) National Environmental Management Act 107 of 1998; and s19(1) National Water Act 36 of 1998.

- Specific failures: inadequate water runoff control, leachate mismanagement, overloaded ponds, and damaged pond lining — constituting an active environmental and public health hazard.
- The AGSA confirmed that the non-compliance is likely to cause substantial harm to communities at and adjacent to the landfill site.
- Accounting officer's response is inadequate:
- No official was held accountable; the justification was a lack of funding, not a review of conduct.
- No investigation performed.
- Boundary wall construction was appointed for November 2024 but was incomplete by July 2025 due to a funding shortfall; the committed completion date is January 2026.
- Leachate dam rehabilitation deferred until after the boundary wall is completed.

5 FURTHER COMMITTEE OBSERVATION

The Committee noted with concern that three primary service providers received unqualified audit opinions in their recent audits. However, these clean audits mask serious ongoing issues with compliance frameworks and performance reports. These deficiencies have lasted for

- 13 years at City Power and Johannesburg Water,
- and for 10 years at Pikitup.

To the Committee, this indicated deep-seated systemic governance issues rather than isolated problems.

The Committee emphasised that unqualified audit opinions do not constitute clearance for governance complacency. Persistent material findings on system controls, data validation, and compliance reporting, spanning a decade or more across three entities, indicate structural governance gaps that require management action beyond incremental process refinement.The 30 August 2026 deadline provides a clear timeline for substantive remediation planning and resource commitment.

The Committee will monitor progress closely and the corrective action plans that demonstrate institutional commitment to enhancing system-level controls.

6 POLICY IMPLICATIONS

None.

7 LEGAL AND CONSTITUTIONAL IMPLICATION

None.

8 FINANCIAL IMPLICATIONS

None.

9 COMMUNICATION IMPLICATIONS

That report will be tabled at the Section 79 Environment and Infrastructure Services Committee and referred to the Municipal Public Accounts Committee (MPAC).

10 OTHER DEPARTMENT CONSULTED

None.

IT IS RECOMMENDED

1. **That MPAC note the observations cited in this report and incorporate them into the consolidated oversight report on the City's 2024/25 Integrated Annual Report.**

2. **That Johannesburg Water should submit a report to the Committee on the Contractor (Performance Challenge) review process, emphasising lessons learned, especially on problematic contracts, by 30 August 2026.**

3. **That Johannesburg Water provide a detailed reconciliation of all assets classified as work-in-progress or under construction, including projected capitalisation timelines and reasons for delays to the Committee by 30 August 2026.**

4. **That Johannesburg Water should conduct a comprehensive analysis of the 264% increase in emergency deviations (from R92m to R334m) to identify systemic root causes. The report must be submitted to the Committee by 30 August 2026.**

5. **That Johannesburg Water should submit a three-year forward maintenance and capital plan outlining actions to reduce reliance on emergency procurement. This report must be delivered to the Committee by August 30, 2026.**

6. **That Johannesburg Water must report on the 117% over-expenditure in the Corporate Requirements category, including procurement failures for the Security Automation contract and IT Software and Data Servers, and the remedial actions taken. This is due to the Committee by 30 August 2026.**

7. **That Johannesburg Water provide a detailed reconciliation of all assets classified as work-in-progress or under construction, including projected capitalisation timelines and reasons for delays, due by 30 August 2026**

8. **That Johannesburg Water is to provide a report on the R32.587bn consumer receivables impairment, including the debt age analysis, write-off policy, and a credible revenue protection and debt recovery strategy for 2025/26, due by 30 August 2026.**

9. **That Johannesburg Water is to provide a report on the root causes of the informal settlement household water access shortfall (174 vs 1,250 target) and a revised delivery plan for 2025/26 with quarterly milestones, due to the Committee by 30 August 2026.**

10. **That Johannesburg Water provide a report on the evidentiary basis for all reported performance achievements flagged by AGSA as unverifiable, and confirm the steps taken to strengthen the performance information management system to ensure adequate supporting evidence is maintained. This is due to the Committee by 30 August 2026.**

11. **That Johannesburg Water provide a full UIFWE register as at 30 June 2025, itemising each matter by financial year of incurrence, amount, investigation status and projected resolution date. This is due to the Committee by 30 September 2026.**

12. **That Johannesburg Water should provide a report explaining why consequence management has not been initiated regarding the R121.34 million in basic service over-budget irregular expenditure incurred in 2022/23. The report is due to the Committee by 30 August 2026.**

13. **That City Power submit a Distribution Losses Reduction Plan with binding annual percentage targets for technical and non-technical losses, intervention milestones, and named accountability designations. The report is due to the Committee by 30 August 2026.**

14. **That City Power must provide a report on the AMI rollout progress, including the number of meters installed to date, the remaining backlog, and the projected full-coverage completion date. The report must be submitted to the Committee by 30 August 2026.**

15. **That City Power provide a report on the stand-by-stand audit programme, including the percentage completion against the CoJ General Valuation Roll, the number of illegal connections removed, and the associated rand value of revenue recovered. The report must be submitted to the Committee by 30 August 2026.**

16. **That City Power provide a report quantifying the number of unmetered customers, estimated associated revenue leakage, and a time-bound remediation plan. The report must be submitted to the Committee by 30 August 2026**

17. That City Power submit a Going Concern Mitigation Plan to the Committee by 30 August 2026.

18. That City Power provide a report on all irregular expenditure of R4.35bn, including root cause analysis, disciplinary actions taken, and a prevention plan. The report must be submitted to the Committee by 30 August 2026.

19. That City Power is required to provide a report on R719.5m of fruitless and wasteful expenditure, including recovery steps, to be submitted to the Committee by 30 August 2026.

20. That City Power provide a report on the status of the Hopefield Substation material irregularity. Due to the Committee by 30 August 2026.

21. That City Power is to provide a report on the outcome of the GFIS investigation once concluded, and the consequence management actions taken. The report is due to the Committee by 30 August 2026.

22. That Pikitup provide a detailed Debt Impairment Management Report identifying the payment-level interventions in place, and measurable recovery targets. This is due to the Committee by 30 August 2026.

23. That Pikitup present a Fleet Cost Containment and Replacement Strategy to the Committee to address chronic fleet cost overruns. This is due to the Committee by 30 August 2026.

24. That Pikitup submit a full UIFWE Consequence Management Register to the Committee, covering all current and prior-period cases across irregular, fruitless and wasteful expenditure categories, detailing investigation status and amounts recovered or under recovery. This is due to the Committee by 30 August 2026

25. That Pikitup provide a report on its Supply Chain Management Remediation Plan to address persistent procurement non-compliance. This must be submitted to the Committee by 30 August 2026

26. That Pikitup submit a Debtors Recovery and Credit Control Strategy addressing the R5 341 071 068 as an irrecoverable receivable, collection interventions, and billing correction measures. This is due to the Committee by 30 August 2026.

27. That Pikitup provide a Going Concern Remediation Plan, as referenced in Note 44, that sets out specific measures to restore financial sustainability. This is due to the Committee by 30 August 2026.

28. That Pikitup should submit a report detailing the consequences management actions taken in response to all instances of s87(8) MFMA budget overspending identified by the AGSA, including the controls put in place to prevent future occurrences. This report is due to the Committee by 30 August 2026.

COJ LEGISLATURE

29. That Pikitup provides a detailed Marie Louise Landfill Site Remediation Status Report, including the full environmental compliance status. This must be submitted to the Committee by 30 August 2026.

30. That Pikitup provide evidence of consequence management proceedings in respect of the Marie Louise material irregularity, given that the irregularity has persisted for over 18 months since AGSA notification. This is due to the Committee by 30 August 2026.

31. That City Power, Johannesburg Water and Pikitup provide a report on the specific internal control (deficiencies) remediation plans in response to AGSA's internal control deficiency findings, corrective actions, and implementation timelines, due by 30 August 2026.

32. That the Boards of Directors of City Power, Johannesburg Water and Pikitup submit a report on the steps taken to recover all Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure, in accordance with Section 32(3) of the MFMA, to the Committee by 30 August 2026

(COJ LEGISLATURE)
(M Molopyane)
(Tel. (011) 407-7301)
(tc)

Annexure A.5

OVERSIGHT REPORT OF THE SECTION 79 FINANCE COMMITTEE ON THE 2024/25 ANNUAL REPORT OF THE GROUP FINANCE DEPARTMENT AND GROUP INFORMATION AND COMMUNICATION TECHNOLOGY DEPARTMENT

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : FINANCE COMMITTEE 2026-06-09

COJ LEGISLATURE

5 OVERSIGHT REPORT OF THE SECTION 79 FINANCE COMMITTEE ON THE 2024/25 ANNUAL REPORT OF THE GROUP FINANCE DEPARTMENT AND GROUP INFORMATION AND COMMUNICATION TECHNOLOGY DEPARTMENT

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVE

The purpose of this report is to table the oversight report of the Section 79 Finance Committee on the 2024/25 Annual Report of the Group Finance Department and Group Information and Communication Technology Department.

3 BACKGROUND

The Municipal Public Accounts Committee (MPAC) is required to exercise its oversight and scrutiny responsibilities as mandated by the Municipal Finance Management Act (MFMA) 56 of 2003 Section 129. In accordance with the MFMA, the 2024/25 Annual Report of the City was tabled at a Council meeting in May 2026 and the report was then referred to the MPAC for oversight. The Annual Report was tabled three months later than usual due to issues that needed to be resolved with the Auditor General before being finalised, hence delaying the oversight process.

The MPAC exercises oversight on the financial performance of the City of Joburg. As a result, the MPAC requires the support of the other Section 79 Committees to exercise effective oversight on the performance reporting of the Annual Report on their respective Departments and Entities. Section 79 Committees are expected to submit their observations and concerns to the MPAC on the reviewed Annual Report for the consolidation of an oversight report on the Annual Report. The observations contained in this report are intended to assist MPAC in compiling a consolidated Oversight Report on the 2024/25 Annual Report and to support Council in exercising effective oversight over the financial affairs and governance of the City of Johannesburg.

4 COMMITTEE OBSERVATIONS AND CONCERNS

The Section 79 Finance Committee noted the following concerns and observations on the 2024/25 Annual Report of the Group Finance Department and Group Information and Communication Technology Department. As mentioned last year, and noted with concern again this year, the Annual report fails to provide information on the achievement/non-achievement of the service standards of the Group Finance Department which has a bearing on revenue generation.

4.1 GROUP FINANCE DEPARTMENT

The City received an **unqualified audit opinion** and reported a Group surplus of R1.64 billion compared to the surplus of R225.7 million in the previous financial year. While this represents an improvement in the financial position of the City, several structural financial risks remain evident. The City continues to face challenges relating to debt collection, rising debt impairment, increasing finance costs, growth in borrowings and continued pressure on service charge revenue. These matters have consistently been raised through quarterly oversight processes and require sustained management intervention.

The City's total revenue increased to approximately R81.1 billion during the period and revenue was driven primarily by growth in property rates, service charges, government grants and fuel levy revenue. Despite the positive overall result, expenditure continued to increase at a significant rate, particularly in relation to bulk purchases, employee costs, finance charges and debt impairment.

A major concern remains the continued growth in consumer debtors and debt impairment. Debt impairment increased to approximately R9.48 billion, exceeding budget by R2.14 billion. The Committee notes that debt impairment remains one of the largest expenditure items and continues to erode the City's operating position.

The City also experienced significant increases in finance costs arising from additional borrowing facilities obtained during the financial year. Interest charges relating to a R2.5 billion short-term facility from DBSA and a R670 million facility from Standard Bank contributed to finance costs exceeding budget by R908 million.

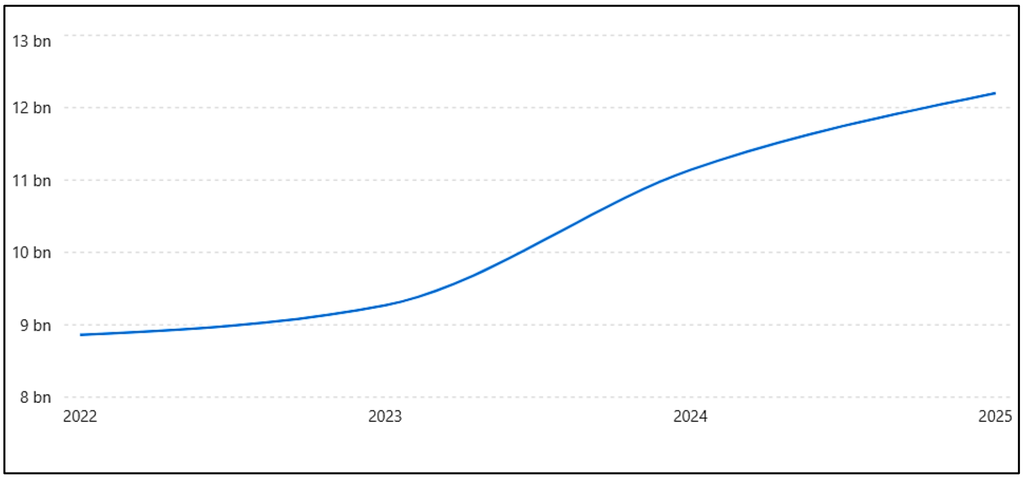
a) REVENUE

The City generated total revenue of approximately R81.1 billion during the financial year. Property rates continued to perform strongly and exceeded budget by R361 million. Government grants and subsidies were close to budgeted levels. Fines and penalties exceeded budget substantially as a result of enhanced law enforcement operations undertaken by Johannesburg Metropolitan Police Department.

However, service charge revenue remained a concern. Revenue from services underperformed by approximately R2.55 billion against budget. This was attributed to the fact that electricity units sold declined and the volume of water billed to customers was also lower than projected. The Committee remains concerned that the City's traditional revenue model continues to rely heavily on electricity consumption, while consumers increasingly adopt alternative energy solutions and implement energy efficiency measures. This trend presents a long-term risk to revenue sustainability and requires the City to explore alternative revenue generation mechanisms. The graph below shows how consumer debt has increased consistently over four years, suggesting that revenue billed is not being converted into cash at a sustainable rate.

Figure 1:Consumer Debtors Trend

Outstanding consumer debt over the period



Investment revenue was slightly higher than budgeted, reaching R1.08 billion, against a budgeted R740 million. Government grants and subsidies (operational transfers) were R8.2 billion, falling R189.5 million short of the budgeted R8.4 billion. Rental income from facilities and equipment was only R345.1 million, compared to a budget of R438.3 million. The revenue from fines exceeded the budget, R414.5 million was collected against a budget of R169.9 million. There was an increase in Other own revenue by R1.5 billion, from an out of court settlement amount received from a service provider, including credit write-backs from rates credit balances on dormant accounts that have been inactive for more than three years.

The City of Johannesburg recorded non-technical electricity losses of R3.9 billion (21%) in the financial year, up from R3.4 billion in the previous year. These losses stem mainly from electricity theft, illegal meter bypassing, billing errors, and faulty metering systems. The water losses (commercial and physical) recorded during the period amounted to R2.8 billion.

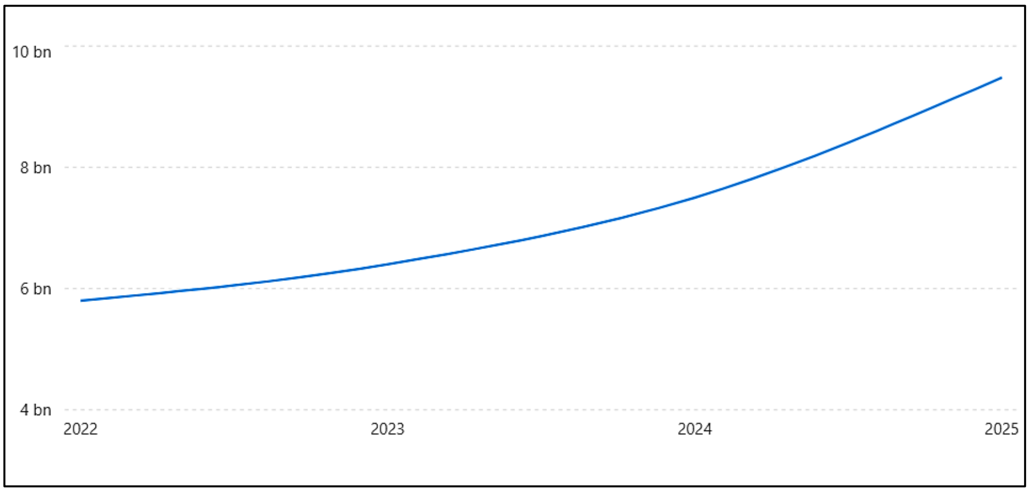
b) EXPENDITURE

Total expenditure amounted to approximately R79.9 billion and exceeded budget by R4.52 billion. The overspending was primarily driven by debt impairment, finance costs and bulk purchases.

Employee costs increased to R20.73 billion and remain one of the largest expenditure categories. **Debt impairment** increased to R9.48 billion, representing **129% of the approved budget.** This trend continues to demonstrate weaknesses in revenue collection and debt recovery processes.

Figure 2: Debt Impairment Trend

Growth in provision for doubtful debts



Finance charges increased to R3.42 billion, significantly exceeding budget **due to additional borrowing undertaken** during the financial year. The Committee notes with concern that increasing finance costs reduce the resources available for infrastructure maintenance and service delivery programmes.

Bulk purchases exceeded budget by R3.34 billion. This reflects the ongoing impact of rising electricity input costs and demonstrates the growing pressure being placed on the City's operating budget by utility-related expenditure.

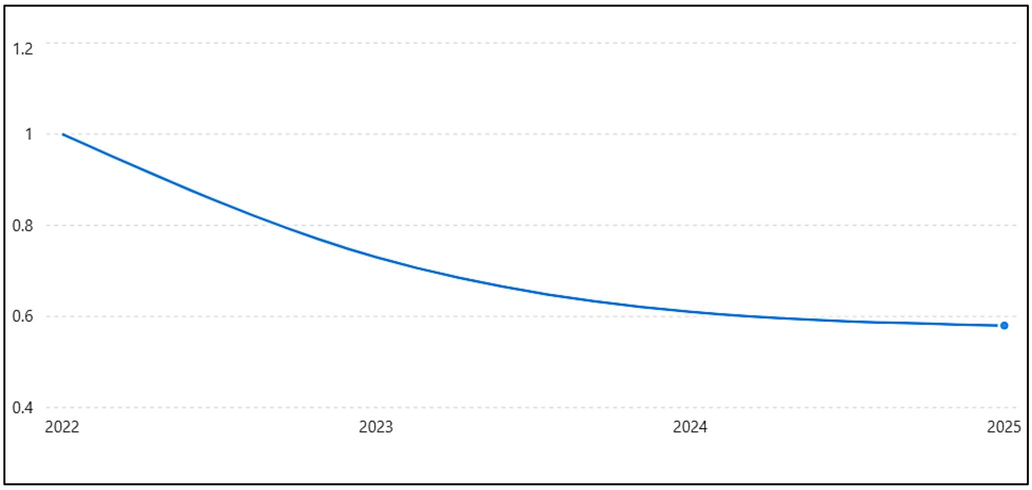
The Committee further notes the continued increase in trade creditors and emphasizes the need to ensure compliance with the MFMA requirement to settle valid creditor invoices within 30 days.

c) FINANCIAL SUSTAINABILITY

Although the City reported a surplus and improved cash balances, a number of financial sustainability indicators remain a concern.

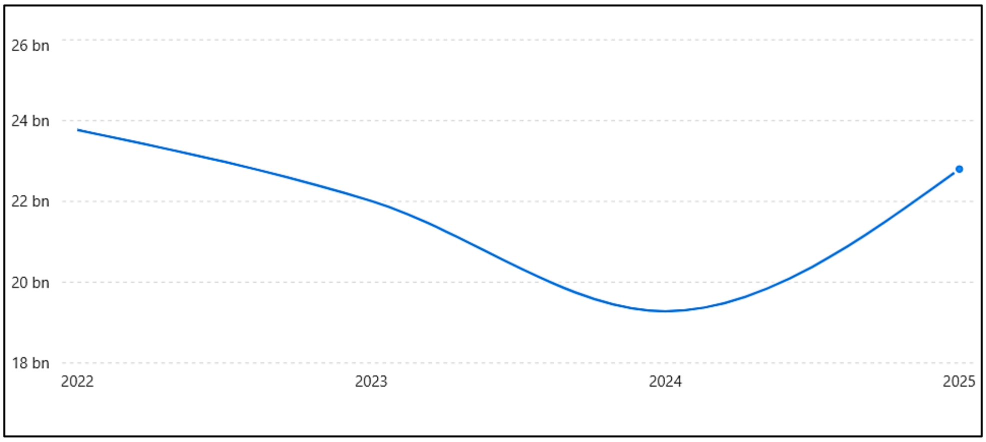
The City's cash and cash equivalents improved from R2.17 billion to R3.97 billion, reflecting an improvement in liquidity compared to the previous financial year. However, this improvement was achieved in part through increased borrowing. The Committee remains concerned about the City's reliance on debt funding to support operational requirements and capital investment programmes.

Figure 3: Cash Coverage Ratio Trend
Number of months the City can cover operating expenditure from available cash reserves



Borrowings increased significantly during the financial year, resulting in higher finance costs and placing additional pressure on future operating budgets. The growth in consumer debtors and debt impairment further indicates that the City continues to experience challenges converting billed revenue into cash collections.

Figure 4: Borrowings Trend
Illustrating the reduction in debt between 2022 and 2024 and the increase during 2024/25.



The Committee remains concerned about the long-term sustainability of the current financial position if debtor growth and borrowing continue to increase.

As per the MFMA Circular No 71 and National Treasury, the Department should strive to meet ratio targets to ensure financial sustainability of the municipality. The department was below the norm for four of the eight ratios.

Ratio	**NT Target**	**2022**	**2023**	**2024**	**2025**	**Assessment**
Debt (Total Borrowings) / Revenue	<45%	39%	35%	34%	29%	✓ Improving
Repairs & Maintenance as % of PPE	8%	5%	4%	5%	**4%**	Below target
Cash/Cost Coverage	1-3 Months	1.0 Month	0.73 Months	<1 Month	**17.4 Days (0.58 Months)**	Critical
Current Ratio	1.5 - 2:1	0.90	0.80	0.61	**0.73**	Below target
Net Operating Surplus Margin	>0%	2%	-2%	-2%	1%	✓ Improved
Remuneration as % of Operating Expenditure	25-40%	26%	27%	26%	26%	✓ Within norm
Interest Expense as % of Operating Expenditure	<8%	4%	4%	4%	4%	✓ Within norm
Solvency Ratio	>2:1	2.30	23	2.10	**1.97**	Deteriorated

The City's liquidity position remained critical when compared to the last financial year, evident in the decline of the current ratio and a cash coverage ratio of less than one month to a mere 17.4 days.

d) CAPITAL EXPENDITURE

The Committee notes that capital expenditure performance exceeded the budget during the 2024/25 financial year, with actual expenditure amounting to approximately R8.6 billion against an adjusted budget of R7.5 billion. However, the **continued weak service delivery environment**

suggests that increased capital expenditure is not translating into infrastructure functionality, pointing to possible implementation inefficiencies and project delays. For the year ending June 2025, unspent conditional grants amounted to R256 million compared to R485 million in the previous year.

In terms of repairs and maintenance, the related ratio of Repairs and Maintenance as a percentage of Property, Plant and Equipment and Investment Property, has declined to 4% and is below the National Treasury target of 8%. The insufficient maintenance of existing assets will continue to contribute to infrastructure deterioration, increased service disruptions and higher future replacement costs as well as the abuse of supply chain policies/regulations for emergency repairs. The committee has repeatedly raised the matter during quarterly performance reviews.

e) SUPPLY CHAIN MANAGEMENT

Irregular expenditure in the year under review amounted **R3,6 billion.** The City of Johannesburg's **fruitless and wasteful expenditure increased significantly to R938.5 million** compared to R325, 7 million in the last year. Although the closing balance decreased from R734.8 million to R317.2 million, this reduction is primarily attributable to significant write-offs rather than improved financial discipline. The growing trend of fruitless and wasteful expenditure highlights inefficiencies in financial oversight, payment processes, contract management, and consequence enforcement. The City's **unauthorised expenditure increased from R8.98 billion in 2024 to R9,1 billion.**

The following are some points raised by the Auditor General:

- As disclosed in note 39 to the consolidated and separate financial statements financial statements, irrecoverable trade and other receivables were written off during the year, resulting in material loss of R9 480 429 000.
- Reasonable steps were not taken to ensure that money owed by the group was always paid within 30 days, as required by section 65(2)(e) of the MFMA.
- An adequate management, accounting and information system that accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
- An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.
- Some goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by supply chain management (SCM) regulation 19(a). Deviations were approved by the

accounting officer, even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.

- Performance in respect of programmes funded by the Public Transport Network Grant, Programme and Project Preparation Support Grant, Infrastructure Skills Development Grant, Local Government Financial Management Grant and Informal Settlements Upgrading Partnership was not evaluated within two months after the end of the financial year, as required by section 12(5) of Dora.
- Senior management did not adequately ensure that the consolidated and separate financial statements and performance report prepared were accurate and complete and agreed to supporting schedules, as numerous misstatements were identified on the consolidated and separate financial statements and performance report submitted for audit. Daily and monthly control activities that support accurate and reliable reporting, such as reconciliations, were generally lacking.

4.2 GROUP INFORMATION TECHNOLOGY AND COMMUNICATION DEPARTMENT

The Committee notes with concern deficiencies in the performance reporting of the Group Information and Communication Technology (GICT) Department. Several approved performance indicators were either not reported on or were reported without sufficient information to enable a proper assessment of achievement against approved targets. The absence of complete and measurable performance information undermines transparency, limits effective oversight and weakens accountability for the City's Smart City initiatives.

1. NON-FINANCIAL PERFORMANCE

The Department only reported on one of the approved indicators. In particular, the indicator relating to the percentage of monthly users accessing the City's public Wi-Fi network. The Department did not disclose the actual performance achieved against the target. In the report there were also errors in the City Manager’s overview that relates to the WiFi network. The City Manager's Overview states:

> *"A total of 419TB of data was consumed on the MTC public Wi-Fi network, with an estimated cost saving of R33.1 billion for residents based on a commercial data rate of R79 per GB."*

The amount of saving reported is wrong as shown:

419 TB × 1,024 = 429,056 GB
429,056 GB × R79/GB = R33.9 million — **not R33.1 billion**

With regards to the mSCOA project, the Department only reported that there was a successful migration from SAP 4.7 to ECC6. Further to that no information was provided to indicate the achievement in terms of National Treasury targets.

2. FINANCIAL PERFORMANCE

The operating expenditure incurred by the Department for the financial year was reported as R1.15 billion. In terms of the Departments capital budget, the Department was allocated R630.7 million for 7 projects as per the budget book, The Annual report only provided information on one project that was completed, that is the SAP Software upgrade. The Department failed to include progress made on all other capital projects.

STAKEHOLDER OBSERVATIONS
Following the tabling of the Annual Report in Council on the 29th May 2026, there had been growing concern from various stakeholders on the state of the City of Johannesburg's financial position and long term sustainability.

The Committee notes that the Annual Report was presented in Parliament to the Standing Committee on Public Accounts (Scopa) on the 2nd June 2026 by the Auditor General, where members referred to the results as "deeply concerning" and "alarming". The Committee further notes public commentary from business and civil society, in particular Business Unity South Africa, indicating that the failure of the City of Johannesburg poses a systemic risk to the entire economy,

5 POLICY IMPLICATIONS

None.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

None.

7 FINANCIAL IMPLICATIONS

None.

8 COMMUNICATION IMPLICATIONS

The report will be tabled in the Finance Section 79 Committee and referred to the Municipal Public Accounts Committee.

9 OTHER DEPARTMENTS/BODIES CONSULTED

None.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : FINANCE COMMITTEE 2026-06-09

COJ LEGISLATURE

IT IS RECOMMENDED

1 That MPAC note the observations cited in this report, and incorporate them in the consolidated oversight report on the City's 2024/25 Annual Report.

2 That the Group Finance Department submit a detailed Revenue Recovery and Debt Collection Plan to the Section 79 Finance Committee, including quarterly targets for reducing consumer debtors, debt impairment and outstanding municipal debt. The report must be submitted to the Section 79 Finance Committee by August 2026.

3 That the Group Information Communication and Technology Department submit a report to the Section 79 Finance Committee on the total actual capital spending for all projects budgeted for in the 2024/25 financial year against the budgeted expenditure. The report must be submitted to the Section 79 Finance Committee by August 2026.

4 That Group Information Communication and Technology Department submit a report to the Section 79 Finance Committee on what measures have been instituted to ensure compliance with National Treasury's requirements for mSOCA to avoid funding being withheld from the City of Johannesburg due to non-compliance. The report must be submitted to the Section 79 Finance Committee by August 2026.

5 That the Group Finance Department submit the adjustment budget annually to the Section 79 Finance Committee for comments prior to Council approval. The report must be submitted to the Section 79 Finance Committee by November 2026.

(COJ LEGISLATURE)
(A Bhaga)
(tc)

Annexure A.6

OVERSIGHT REPORT OF THE HEALTH AND SOCIAL DEVELOPMENT SECTION 79 COMMITTEE FOR ON THE ANALYSIS OF THE 2024/2025 ANNUAL REPORT OF CITY OF JOHANNESBURG

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : HEALTH AND SOCIAL DEVELOPMENT COMMITTEE 2026-06-10

COJ LEGISLATURE

6 OVERSIGHT REPORT OF THE HEALTH AND SOCIAL DEVELOPMENT SECTION 79 COMMITTEE FOR ON THE ANALYSIS OF THE 2024/2025 ANNUAL REPORT OF CITY OF JOHANNESBURG

1. STRATEGIC THRUST

Good governance.

2. OBJECTIVES

In terms of section 121 (1) of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Municipal Systems Act 32 of 200 (MSA), every Municipality must prepare an Annual Report for each financial year. The Annual Report of the City of Johannesburg for the 2024/2025 financial year has been developed and audited by the Auditor General. It will be considered by the MPAC Committee. This is an opportunity for the S79 Health and Social Development Committee to assess the Annual Report and the comments of the Auditor General, in the process gauging these against the Committee's oversight issues in the same financial year.

3. PURPOSE OF THE REPORT

This report focuses on the performance of the City of Johannesburg Health and Social Development Departments concerning its SDBIP projections for the 2024/2025 financial year.

HIGHLIGHTS FOR THE 2024/2025 ANNUAL REPORT

(1) OBSERVATIONS ON SPECIFIC NON-FINANCIAL PERFORMANCE

Health Department

Department of Health is responsible for the provision of primary health care services in the CoJ through its network of 75 fixed clinics, 1 satellite, 10 mobile clinics and municipal health services (environmental health services) offered as a legislative obligation conferred to the Council in terms of the National Health Act 61 of 2003. These municipal health services are water quality monitoring, food control, waste management, health surveillance of premises, surveillance, and prevention of communicable diseases, excluding immunization. These services are aspects of human health that are determined by physical, chemical biological, social and psycho-social factors in the environment. The department of Health ensures that the physical structures of the clinics are managed well so that service delivery continues. The city’s facilities are periodically assessed for compliance with the Ideal Core Standards to prepare for the implementation of the National Health Insurance. The following are highlights for the Department of Health that were noted by the committee in the 2024/2025 financial year:

- The committee has noted the highlighted achievements that have been reported on the indicators such as HIV and TB, Immunizations and provision of PPE at COJ health facilities. The committee further commends the department on the reported achievements and encourages the department to continue ensuring that more efforts are made to offer delivery service. However, the committee remains of concern on the fact that a significant number of clients were constantly reported as lost to follow up due to several reasons provided by the department.
- The committee commends the department on successful completion in building and officially opening of the Naledi Clinic. However, the committee remain concerned on some of the challenges that were caused by the service provider – that has remained unresolved.
- The committee has noted the acknowledgement that the rebasing of budget has forced the department to implement strict cost containment measures. This concerns the committee because the health department is subject to scrutiny because delivery service has been affected. The committee commends the department for ensuring that there is continuous mobile service delivery in areas where there are no fixed facilities to ensure accessibility of basic services. The committee has noted the SLA with JPC to utilize their panel of contractors – hoping to see some progress on refurbishments, upgrading of health facilities, minor upgrades and other maintenances issues such as reticulated backup system at hotspots clinics. The committee has noted the improvements made by Jozi Ihlomile program in creating jobs in the City of Johannesburg. Also, progress observed was made in creating safer cities - health facilities were assessed by the office of the health standards for regulatory compliance.

Social Development

The department of Social Development builds resilient communities by creating enabling environment for the poor households to access services and to provide opportunities that enable the poor to transcend poverty. The following are some of the performance highlights that were reported in the 2024/2025 financial year:

- The committee has noted the detailed reporting on the performance of the ESP program with concern – the annual target on the number of indigent households benefitted from free basic services was not achieved. The committee has observed that in the financial year under review, the Auditor General (AG) has highlighted that the reported achievement could not be determined – there was no adequate supporting evidence provided to support the auditing of the reported achievement for the number of indigent households benefitted from free basic services of 83 325 against the annual target of 100 000. The committee members will be making a follow-up on the recommendations that were made by the AG to the accounting officer. In strengthening the oversight role, the committee will be monitoring the implementation of the actions that were suggested by the AG.

- The committee welcomes the reporting with concern of the reported annual approved ESP online registrations progress and the reported challenges thereof. On observations, the number of ESP online applications throughout the financial years was either just below or above 250, while the number of approved ESP online registration ranged between 90 and 150. The number of declined ESP registration remained significant throughout the financial year, as the reported figures ranged between 80 - 150. This remains of concern to the committee as the reporting from the department constantly highlighted challenges that were affecting progress.
- The committee commends the department on the achievements of targets on their targeted beneficiary programs for senior citizens, youth, PWDs, women and homelessness. Also noted are achievements of annual targets on programmes such, skills development, NGO capacitation, substance abuse, GBV & Fand LGBTQIA. These were achieved through the implementation of various interventions that benefited people of the city.

(2) KEY CHALLENGES RAISED BY THE COMMITTEE

- The committee has noted with concern the Extend Social Package challenges that were experienced during the financial year as they affected service delivery. To strengthen the committee's oversight function, committee members will be making a follow-up on the recommendations made by the AG to the accounting officer.
- The departments continued to report constraints in managing human resource problems that were perceived to have an impact on service delivery. Through observation, the number of vacancies available remains a concern to the committee throughout the financial year and this needs to be managed as it has implications for delivery service. The vacancies observed for the Health and Social Development departments have been reported to be at 4.2% and 6.6% respectively in the entire organization as compared to 7.8% and 6% respectively that were reported in the previous financial year.
- The reported expenditure on repairs and maintenance by the Social Development and Health departments was concerning because throughout the financial year challenges such as delays in appointing the implementing agency, delays in paying invoices and managing operational issues within facilities were reported by the departments.

- Also, concerning to the committee were challenges with JDA as the implementing agency for capex projects – main challenges were reported stoppages on construction project that were mainly attributable to lack of finances by the city, to an extent that service providers were paid late.
- Other common oversight issues that affecting service delivery for the departments that were noted were as follows: network challenges, shortages of work resources (stationary), ineffective supply chain processes, infrastructure vandalism, delays in city owned land allocation. These issues need urgent intervention from the committee members because of their effect on services delivery for both departments.

(3) CONCERNS THAT ARE RAISED BY THE AUDITOR GENERAL (AG)

There was a concern that was raised by the Auditor General on the Department of Social Development, regarding the performance achievement reported in the 2024/2025 Annual Report that was reported by Social Development on the Extended Social Package (ESP). According to the reported AG reporting and findings – due to lack of accurate and complete records – there was insufficient appropriate audit evidence to support the reported achievement for the number of indigent households benefitted from free basic services of 83 325 against the annual target of 100 000. The AG has suggested mitigating strategies for the department of social development and the committee will be monitoring and requesting status update on the implementation of the AG recommendations.

(4) COMMITTEE PROPOSALS IF ANY

There are no proposals raised by the committee.

4. POLICY IMPLICATIONS

None.

5. LEGAL AND CONSTITUTIONAL IMPLICATIONS

None.

FINANCIAL IMPLICATIONS

None.

6. COMMUNICATION IMPLICATIONS

None.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : HEALTH AND SOCIAL DEVELOPMENT COMMITTEE 2026-06-10

COJ LEGISLATURE

7. OTHER DEPARTMENTS/BODIES CONSULTED

None.

IT IS RECOMMENDED

That the observations and inputs of the Section 79 Health and Social Development on the City of Johannesburg Integrated Annual Report for 2024/2025 are included in the Oversight Report of the Municipal Public Accounts (MPAC) Committee on the audited Annual Reports of the City of Johannesburg Metropolitan Municipality for the 2024/2025 financial year.

(COJ LEGISLATURE)
(B Fana)
(Tel. (011) 407-6305)
(tc)

Annexure A.7

OVERSIGHT REPORT OF THE SECTION 79 HUMAN SETTLEMENTS COMMITTEE ON THE ANNUAL REPORT OF THE CITY OF JOHANNESBURG AND THE JOHANNESBURG SOCIAL HOUSING COMPANY (JOSHCO)

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : HUMAN SETTLEMENTS COMMITTEE 2026-06-12

COJ LEGISLATURE

7 OVERSIGHT REPORT OF THE SECTION 79 HUMAN SETTLEMENTS COMMITTEE ON THE ANNUAL REPORT OF THE CITY OF JOHANNESBURG AND THE JOHANNESBURG SOCIAL HOUSING COMPANY (JOSHCO)

1 STRATEGIC THRUST

A responsive, accountable, efficient, and productive metropolitan government.

2 OBJECTIVE

The objective is to present the oversight findings of the Section 79 Housing Committee on the 2024/25 Annual Report of the City of Johannesburg and the Johannesburg Social Housing Company (JOSHCO).

3 BACKGROUND

In terms of Section 121(1) of the MFMA and Section 46 of the Municipal Systems Act (MSA), No. 32 of 2000, every municipality and municipal entity must prepare, for each financial year, an annual report. Section 121(1) of the MFMA stipulates that 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 its entities. Based on the above, Council is vested with the responsibility to oversee the performance over the executive of the municipality. Council delegates some of its oversight responsibilities to council committees that have been established within Section 79 of the MSA.

The Annual Report provides the City with the opportunity to report on the financial and non-financial performance of the City and all its entities. Performance of the City is reported performance against targets set in the integrated development plan (IDP), business plans and other supporting planning documents. The purpose of the annual report is to:

- Provide a record of the activities of the municipality or entity;
- Provide a report on performance (i.e., service delivery) against the budget.
- Provide information that supports the revenue and expenditure decisions made; and
- Promote accountability to the local community for decisions made.

The Council of the City of Johannesburg Metropolitan Municipality has delegated the responsibility of the oversight role to the Municipal Public Accounts Committee (MPAC) envisaged in Section 129 of the MFMA and Circular 32 of the MFMA. MPAC, in this role, is assisted by the portfolio Section 79 committees, including the Section 79 Human Settlements Committee. This report of the Section 79 Human Settlements Committee contains the oversight observations over the sections of the 2024/25

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : HUMAN SETTLEMENTS COMMITTEE 2026-06-12

COJ LEGISLATURE

Annual Report of the City of Johannesburg that relate to the Department of Human Settlements and the 2024/25 Annual Report of the JOSHCO. This oversight report completes the accountability by maintaining the separation of powers to promote of effective governance and accountability.

COMMITTEE OBSERVATIONS/ FINDINGS

DEPARTMENT OF HUMAN SETTLEMENTS

In considering the Annual Report, the Committee focussed its oversight observations on performance issues related to the Department of Human Settlements. The non-financial performance of the Department is addressed on pages 98 – 111, and 436 – 449 in the consolidated Annual Report. Below are the most pertinent performance issues against predetermined objectives that were identified:

- Notable achievements of the Department of Human Settlements is the launch of the Southern Farms Mega City Project, a 10-year initiative to deliver 43,000 housing units in Region G. The department reports that 1881 title deeds have been issued against an annual target of 1500. The Informal Settlements Policy went out for public participation and the department held a city-wide engagement with various stakeholders to address land invasions.

- The department did not meet its target to construct 2010 mixed housing units, only 431 were constructed. Human Settlements did not also achieve their target to provide 2000 informal settlement households with electricity and reports that only 1059 informal settlement households were electrified. No serviced sites were developed. It is worth noting that the department also reported completing 556 social housing units via JOSHCO as part of its contribution to the City's target, this is disclosed under JOSHCO's performance (section 3.6) but contributes to the human settlement's outcome.

- In the 2024/25 financial year the department completed key projects such as the refurbishment of 13 buildings in Region B; provision of water and sanitation in Driezek and other areas. Further, the department completed the electrification of Shalazile Informal Settlement, 269 households using micro-grid. 264 units have been completed in Riverside Mixed Development Project.

- There are major bulk projects which are in progress and are nearing completion. The Goudrand Ext project is reported at 50.33% overall complete and 455 BNG units at 98%. The scope of work includes bulk and internal infrastructure, water tower and substation. Kya sands electrification is at design phase. A contractor for Helen Joseph Hostel has been appointed for water and sewer reticulation. Trans Relocation (Marlboro & Viola) project is reported at 75-85% progress with 172 and 432 modular units respectively. The Cosmo City (Malibongwe Ridge) is at practical completion with electrification of 486 RDP houses and backyard units. Elias Motsoaledi' gravel road upgrade is reported at 90% complete. The formalization of multiple settlements is at various stages with JOSHCO, City Power, and HAD appointed as implementing agents.

- Service delivery standards (SLS) performance shows that the SLS target to respond to eviction matters (TEA reports) within 7 days was achieved. The SLS target to register title deeds within 21 days from lodgment was achieved. The target to issue title deeds within 6 months, the department reported 81% against a target of 100%. Non-performance was due to ongoing beneficiary disputes, non-collection of tile deeds and community ownership issues.

- The department reported a revenue of 47% above budget of R179.9 million vs. R122. Million due to the higher grant receipts/internal recoveries. The total expenditure more than doubled the adjusted budget driven by a massive increase in other expenditure. The report does not itemize this. Repairs and maintenance spent only 51% of the adjusted budget R14.7 million out of the R29 million indicating underinvestment in the upkeep of existing housing stock. The net operating deficit of R1.089 billion is nearly double the budget deficit, reflecting poor cost control.

- The AGSA findings related to Human Settlements qualified the annual performance report for the strategic priorities of sustainable service delivery and infrastructure development and refurbishment. Several human settlements related indicators were found to be unreliable or not achieved. The AGSA found material misstatement on the reporting of number of mixed housing units constructed. no supporting evidence was provided for the number of serviced sites developed. No hostels, and flats were rehabilitated. Number of new households in informal settlements provided with electricity was not achieved due to environmental authorization. Further, the AGSA noted that the department together with JOSHCO was unable to complete planned hostel and flat refurbishments due to insufficient budget, non-performance of consultants, and slow procurement processes. The AGSA also reported the performance in respect of the informal settlements upgrading partnership grant was not evaluated within two months after year-end, as required by the Division of Revenue Act.

JOHANNESBURG SOCIAL HOUSING COMPANY

- JOSHCO's financial performance in the 2024/25 TY shows persistent deficit and net liability position. The entity recorded a deficit of R525.2 million, its financial position remains critical. The report shows the accumulated deficit has grown to R2.035 billion, and total liabilities (R3.302 billion) exceed total assets (R1.267 billion) by the same amount, resulting in a net liability position. Further, annual financial statements show that the entity id dependent on continued funding from grants, the City. The persistent and growing deficit poses a material risk to the entity's long-term viability.

- The revenue performance of the entity shows that the total revenue for the year was R431.9 million, exceeding the budget of R400.6 million by 7.8%. this was driven by higher than budgeted rental income and interest charged on overdue accounts. Rental income was R174.4 million, which is 14% above the budget. This was attributed to efficient tenet allocation using the JOSHCO App and high occupancy in new projects. Income from management fees was R27.5 million which is significantly below the budget of R67.8 million. The report cites the reason as the entity implementing fewer special projects for City departments due to long outstanding debts not being settled timeously by the City. The overall rental collection rate was 77% excluding referral stock. This is 3% below the target of 80%. JOSHCO funded projects achieved a lower rate of 71% and commercial spaces achieved a high collection rate of 99%. City referral stock collection rate was dismal 39% due to tenants withholding payment under the expectation of taking over ownership. The entity has since transferred this stock back to the City effective 31 July 2025.

- The total expenditure was R916.1 million which is 128.7% over the budget of R400.6 million. This massive overspending is the primary driver of the entity's deficit. The committee note with serious concern the following major expenditure items that vastly exceed their budgets: a staggering 12,45% over budget, this is due to interest incurred on the entity's bank overdraft, which is a direct result of severe cashflow shortages caused by the City's delayed payments to JOSHCO for work done on its behalf. The report shows that the entity spent R80.4 million on security, 3,660% over budget. R145.0 million was spent on utilities which was 347% over budget, attributed to the slow rollout of a prepaid vending system and general costs increases. The debt impairment is reported at R137.5 million, which was over budget and a direct consequence of the poor rental collection rate. Repairs and maintenance reported at 71% over budget (R122.8 million), driven by high levels of unplanned, reactive maintenance on aging and dilapidated buildings. Employee costs of R235.9 million were 7% over budget due to salary adjustments and Expanded Public Works Programme (EPWP) expenditure.

- Current ration and solvency ratio were below their targets of 1:1, recorded at 0.37:1 and 0.38:1 respectively. This indicates the entity is technically insolvent and does not have sufficient current assets to cover its short-term liabilities. The entity's cost coverage ratio is 767 days meaning it cannot generate enough cash from operations to cover its monthly fixed costs, indicating severe liquidity crisis. Only 49% of valid invoices were paid within the mandatory 30 days period against a target of 100%. This is attributed to the City's Treasury limiting funds allocated to entities. The financial findings highlight a structural imbalance between the entity's revenue and its operating expenditure. This threatens the City's policy objectives of providing sustainable, affordable rental housing and requires urgent policy intervention regarding the funding model for municipal entities.

- JOSCHO spent 100% of its approved CAPEX budget totalling R270.5 million. The committee commends the entity for fully utilising its capital budget t deliver housing units. The entity successfully completed 556 new units, achieving its annual target, and contributed to the City's housing backlog reduction.

- The entity received an unqualified opinion for the 2024/25 financial year. The AGSA drew attention t two critical issues that highlight severe financial distress: firstly, restatement of corresponding figure, in the previous financial year (2023/2024) financial statements were restated due to errors identified in the current year. This indicates ongoing issues with the accuracy and reliability of historical financial reporting. Secondly, material impairment of receivables, in this regard the allowance for impairment of trade receivables was R509.7 million which represents 95% of total trade receivables. This means the entity does not expect to collect the vast majority of what is owed, primarily from tenant rentals and related party debts. This is a direct consequence of low 77% collection rate reported in the integrated annual report.

- AGSA material findings on compliance with legislation found breaches of the MFMA and other regulations. These included money owed by JOSHCO was not always paid within 30 days; reasonable steps were not taken to prevent irregular expenditure amounting to R855.1 million; reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R322,200; Expenditure was incurred more than the approved or adjusted budget and financial statements submitted for audit were not fully prepared in all material respects.

- Regarding irregular and fruitless expenditure, the opening balance of irregular expenditure was R422.668 with a further R151,003 identified relating to prior periods. The closing balance of irregular expenditure is R833,219. Fruitless and wasteful expenditure amounted to R704,134 primarily due to budget overspending. JOSHCO achieved 99% compliance with applicable laws and regulations, exceeding its target of 98%. Non-compliance persists with the Protection of Personal Information Act (POPIA) and the Municipal Finance Management Act (MFMA) due to cashflow challenges.

- The entity is involved in several pending litigations with potential liabilities running into millions of rands. Notable cases include a civil claim of R6.5 million related to a property sale agreement and damages claim of ar13.9 million from a consultant. Legal fees continue to amount, with over R5.8 million spent on evictions and rental recovery cases alone.

5 POLICY IMPLICATIONS

This report is in line with reporting protocol of the City.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in line with the reporting protocol of the City.

7 FINANCIAL IMPLICATIONS

No financial implications are associated with this report.

8 COMMUNICATIONS IMPLICATIONS

None.

IT IS RECOMMENDED

1 That the Municipal Public Accounts Committee (MPAC) note the inputs of the Section 79 Human Settlements Committee on the Integrated Annual Report and the Johannesburg Social Housing Company (JOSHCO) for inclusion in the oversight report on the annual report for the 2024/25 financial year.

2 That the Department of Human Settlements provides the Section 79 Human Settlements Committee with a detailed turnaround plan for mixed housing, service sites, and hostels refurbishment with quarterly milestones, by July 2026.

3 That the Department of Human Settlements provides a report to the Section 79 Human Settlements Committee on the R299 million overspend on "other expenditure detailing on what was spent and why no budget control was in place, by July 2026.

4 That JOSHCO provides a report to the Section 79 Human Settlements Committee detailing their financial recovery strategy to reduce the accumulated deficit and improve liquidity, by July 2026.

5 That JOSHCO provides a report to the Section 79 Human Settlements Committee proposing a payment plan to resolve the intra-City debt, by July 2026.

6 That JOSHCO provides a report to the Section 79 Human Settlements Committee with a strategy to contain security, utilities and finance costs, by July 2026.

(COJ LEGISLATURE)
(M Phakathi)

Annexure A.8

OVERSIGHT REPORT OF THE SECTION 79 OVERSIGHT COMMITTEE ON GOVERNANCE OF THE GOVERNANCE CLUSTER, PART OF THE CITY'S 2024/25 ANNUAL REPORT

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2026-06-09

COJ LEGISLATURE

8 OVERSIGHT REPORT OF THE SECTION 79 OVERSIGHT COMMITTEE ON GOVERNANCE OF THE GOVERNANCE CLUSTER, PART OF THE CITY'S 2024/25 ANNUAL REPORT

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVE

This report is a submission of the oversight findings of the Section 79 Oversight Committee on Governance on the reported performance of the Office of the City Manager in the City's 2024/25 Annual Report.

3 BACKGROUND

The City of Johannesburg 2024/25 Annual Report was tabled at the Council meeting held on 27 May 2026, in compliance with section 127(2) of the Municipal Finance Management Act 56 of 2003. Section 129 of the MFMA 56 of 2003 further stipulates that oversight must be conducted on the Annual Report. Subsequently, Council resolved that the Annual Report be referred to the Municipal Public Account Committee (MPAC) for oversight. The MPAC guides the overall oversight activity on the Annual Report.

MPAC deals mainly with the financials whiles other Section 79 Committees contribute to the oversight of the Annual Report by exercising effective oversight on service delivery performance on their respective portfolios. The MPAC later consolidate all inputs from respective Section 79 Committees to finalise an overall oversight report on the analysis of the City of Johannesburg (CoJ) performance for the particular financial year.

The Section 79 Oversight Committee on Governance conducted an oversight on the Office of the City Manager part of the 2024/25 Annual Report. Based on the deliberations, an oversight report of the Committee on the Annual Report was developed to be submitted to the MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS

The Section 79 Oversight Committee on Governance noted the following summary of the concerns and observations on the 2024/25 Annual Reports.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2026-06-09

COJ LEGISLATURE

(1) PERFORMANCE OVERVIEW

- The City of Johannesburg received an unqualified audit opinion with materials findings for 2024/25 at a Group level.
- Committee observed that the City maintained the established three independent Group Advisory Committees; namely the Group Audit Committee (GAC); Group Performance Audit Committee (GPAC) and the Group Risk Governance Committee ("GRGC") which were established in accordance with corporate governance principles and the requirements of the Municipal Finance Management Act (MFMA) section 62 and section 166; as well as the Group Performance Audit Committee ("GPAC") which was established in terms of the Municipal Systems Act and its Regulations.
- The GAC collectively provides the required layer of independent assurance to the administration, the Mayoral Committee and Council on those matters covered by the Municipal Finance Management Act (MFMA); the Municipal Systems Act (MSA) and King Code on Good Corporate Governance.
- The oversight, assurance and advisory responsibilities of each Committee have been outlined in their respective Terms of Reference which are reviewed annually and are approved by the Mayoral Committee and Council.
- The GAC liaise and advise the City Manager on related matters; and the reports of the three Committees are tabled on a quarterly basis to the Mayoral Committee and MPAC.
- The GAC responsibilities are outlined in MFMA section 166 and are as follows: Internal Financial Controls; Internal Audit; Risk Management; Accounting Policies; Adequacy, reliability and accuracy of financial reporting and information; Performance management and performance evaluation; Effective governance; and Compliance with MFMA, DORA and other key legislation.
- The City ensured the stability of the 12 Entity Boards and 3 Group Advisory Committees in 2024/25 by appointing experienced members and retaining some to ensure that strategic direction and institutional memory remain uninterrupted.
- The municipality upholds the principles of a well governed administrative system according to the principles of King IV on Good Corporate Governance.
- Committee note that five (05) by-laws were approved by Council, either for public participation or for promulgation

(2) CONCERN RAISED BY AGROUP ADVISORY COMMITTEE OF COJ:

- Group Financial Performance:
  - Revenue Management Challenges: Effectiveness of War Room action plans and Turnaround strategies implemented to date, and Project Lokisa aimed at improving revenue management and cash management.
  - Management of Debtors' balances: The Debtors' balances have been increasing year on year which in turn has resulted in debt impairment exceeding budget.
  - Declining cash coverage ratio: The consolidated cash and cash equivalent balance was positive at year-end at approximately R4 billion. However, there is concern with regards the increasing overdrafts of some of the Municipal Entities in particular City Power.

- Financial Reporting.
  - Competence Challenges: Financial management and Financial Reporting competencies, skills and capacity in the City core departments and municipal entities.
  - Going Concern of municipal entities, challenges with revenue collections, cash flow management.
  - The material misstatements that were identified by the AGSA during the year-end regularity audit, and management had to make the necessary adjustments to the AFS;

- Group Service Delivery Performance Information
  - Basis of qualification of performance information by the AGSA: The issues of the reliability of performance information to support reported performance levels.
  - SDBIP Performance targets: Service delivery regression in terms of targets achieved, compounded by the experiences of the community of the Johannesburg metropolitan area.
  - Water and Electricity Losses: The continued water and electricity losses pose a significant challenge, the underlying causes and the associated impact on service delivery as well as the City's finances.
  - Underspending on Grant funding and the impact on the City's infrastructure.
  - The observations of the AGSA that actual budget spending cannot be reliably matched to the performance targets and the reported levels of actual performance.

- Consequence Management.
  - AGSA Repeat findings: The number of repeat findings raised by the AGSA year on year, while there is no evidence of accountability measures being put in place.

- ❖ Increasing UIFWe balances: The significant increase in unauthorized expenditure which is mainly attributable to the overspending on bulk purchases by City Power and Joburg Water

- ➢ Governance Practices
  - ❖ The AGSA highlighted the internal control weaknesses identified during the year end audit, relating to both the financial reporting and performance information reporting.
  - ❖ The three Group Advisory Committees considered the submission by Management of the remedial action plans that seek to respond to the key control deficiencies and have been included in the FY2024/25 COJ Integrated Annual Report. The GACs advised that there should be clear and detailed plans to address the underlying causes, in addition to the explanations provided regarding the weaknesses identified.

(3) CONCERNS RAISED BY THE AUDITOR GENERAL (AG)

AG Report on the audit of predetermined objectives (AOPO):

- ➢ Unqualified audit opinion with material findings.
- ➢ AG audit findings report on compliance with legislation are as follows:

  - ❖ AG audit findings on expenditure management:
    - ➢ Reasonable steps were not taken to prevent irregular expenditure of R2.3 billion disclosed in note 52 to the separate annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with regulation 36.
    - ➢ Reasonable steps were not taken to prevent unauthorised expenditure of R2.3 billion as disclosed in note 49 to the separate annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on key votes.
    - ➢ Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFM.
    - ➢ Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R42.1 million as disclosed in note 48 to the separate annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties.

- AG audit findings on procurement and contract management:
  - Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). The accounting officer approved deviations even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year

- AG audit finding on consequence management:
  - Some irregular expenditure incurred by the group was not investigated to determine if any person is liable for it, as required by section 32(2)(b) of the MFMA.
  - Some fruitless and wasteful expenditure incurred by the group was not investigated to determine if any person is liable for it, as required by section 32(2)(b) of the MFMA.

- AG audit findings on utilization of conditional grants:
  - Performance in respect of programmes funded by the Public Transport Network Grant, Programme and Project Preparation Support Grant, Infrastructure Skills Development Grant, Local Government Financial Management Grant and Informal Settlements Upgrading Partnership was not evaluated within two months after the financial year end, as required by section 12(5) of Dora.

- AG audit findings on internal control deficiencies are as follows:
  - The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion in the separate financial statements, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
  - The accounting officer did not exercise adequate oversight responsibility over financial reporting and compliance with legislation, as well as the related internal controls. Effective and appropriate measures were not implemented timeously to prevent and detect material errors in the submitted consolidated and separate financial statements and annual performance report, and to prevent and detect non-compliance with legislation.

- AG audit findings on material irregularities are as follows:
  - ***Park Chambers building not refurbished-*** I identified material irregularity during the audit and notified the accounting officer thereof, as required by material irregularity regulation 3(2). By the date of this auditor's report, the evaluation of the accounting officer's response had not yet been concluded. Accordingly, this material irregularity will be reported in detail in the next year's auditor's report.
  - ***Metro Centre building not utilized-*** I identified a material irregularity during the audit and notified the accounting officer thereof, as required by material irregularity regulation 3(2). By the date of this auditor's report, the evaluation of the accounting officer's response had not yet been concluded. Accordingly, this material irregularity will be reported in detail in the next year's auditor's report.
  - ***Bus rapid transit stations not utilized-*** a service provider was appointed in June 2015 as the main contractor for the bus rapid transit stations (BRT) sections 8 and 15, which consist of 17 stations, of which 12 reached practical completion (99%) between March 2019 and May 2022, three are still in progress and one, being the Johannesburg Art Gallery, was completed in October 2017. The accounting officer has not taken appropriate steps to ensure that the Johannesburg Art Gallery station is in use.

- The misuse of the material public resources could have been avoided with proper management of assets, as required by section 63(1)(a) of the MFMA.

5 CONCLUSIONS

- The reviewed report acknowledged that for 2024/25 financial year, the City of Johannesburg received an unqualified audit opinion with materials findings on audit of predetermined objectives (AOPO) and compliance with legislation for 2024/25 at a Group level.
- The Committee notes that reasonable steps were not taken to prevent irregular expenditure of R2.3 billion disclosed in note 52 to the separate annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with regulation 36.
- The Committee note that reasonable steps were not taken to prevent unauthorised expenditure of R2.3 billion as disclosed in note 49 to the separate annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on key votes.

- The committee note that the money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFM.
- Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). The accounting officer approved deviations even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.
- Some irregular expenditure incurred by the group was not investigated to determine if any person is liable for it, as required by section 32(2)(b) of the MFMA.

6 POLICY IMPLICATIONS

None.

7 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The Report complies with the requirements of Section 129 of the MFMA.

8 FINANCIAL IMPLICATIONS

None.

9 COMMUNICATIONS IMPLICATIONS

None.

10 OTHER DEPARTMENTS/ BODIES CONSULTED

None.

IT IS RECOMMENDED

1 That MPAC note the observations cited in this report and incorporate them in the consolidated oversight report on the city's 2024/25 Annual Report.

2 That MPAC investigate unauthorized incurred expenses by the municipality that were not investigated to determine if any person is liable for the expenditure, as required by Section 32(2)(a) of the MFMA.

3 That MPAC investigate the irregular expenditure and fruitless and wasteful expenditure incurred by the municipality that was not investigated to determine if any person is liable for the expenditure, as required by Section 32(2)(b) of the MFMA.

4 That the Sec 79 Committee on Governance engage with the accounting officer in addressing the repeat findings raised by AG, which could have been prevented if reasonable steps were taken that led to unauthorized, irregular, fruitless, and wasteful expenditure (UIFWe). The accounting officer must submit a detailed audit plan from Internal Audit on how audits will be conducted during the year, and UIFWEs findings picked up during auditing processes must be sent to MPAC for processing before AGSA audits; the report must be submitted within 30 days after approval of this report by Council.

5 That the accounting officer engage with the Sec. 79 Committee on Governance and Finance in addressing the ongoing concern of increased overdraft by City Power affecting the cash coverage ratio in the city of Joburg. The accounting officer must provide a report within 30 days after the approval of the report by the council.

6 That the accounting officer engage with the Sec. 79 committee on Governance and Finance in addressing the repeat findings from the AG, specifically the contravention of SCM Regulation 36(1) due to deviations from the approved SCM policy. The accounting officer must provide a report within 60 days after approval of this report by the council.

7 That the accounting officer engage with the Sec 79 committee on Governance and Finance in addressing the AGSA findings on the contravention of section 12(5) of DORA regarding the utilization of conditional grants. The accounting officer must provide a report within 30 days after approval of this report by the council.

8 That the accounting officer engage with the Sec. 79 committee on governance in addressing audit findings raised by the AGSA on internal control deficiencies: "The accounting officer did not exercise adequate oversight responsibility over financial reporting and compliance with legislation, as well as the related internal controls. The accounting officer must provide a report on reviews of internal controls implemented by executives to ensure compliance with legislation across the city within 60 days after approval of this report by the council.

9 That the accounting officer engage with the Sec. 79 committee on Governance in addressing the audit findings raised by AGSA of material irregularities on the following matters: The Park Chambers building has not been refurbished; the Metro Centre building is not being utilized, and the bus rapid transit stations are also not being utilized. The accounting officer must provide a report within 30 days after approval of this report by the council

(COJ LEGISLATURE)
(Doctor Mpondo)
(Tel. (011) 407-7301)
(tc)

Annexure A.9

OVERSIGHT REPORT OF THE SECTION 79 COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH DISABILITIES ON THE CITY'S 2024/25 INTERGRATED ANNUAL REPORT

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : OVERSIGHT COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH DISABILITIES 2026-06-05

COJ LEGISLATURE

9 OVERSIGHT REPORT OF THE SECTION 79 COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH DISABILITIES ON THE CITY'S 2024/25 INTERGRATED ANNUAL REPORT

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 INTRODUCTION

The analysis of the City of Johannesburg (CoJ) Integrated Annual Report is a critical exercise in promoting accountability, transparency, and good governance within local government. The Annual Report serves as the City's primary instrument for reporting on financial performance, service delivery, governance practices, and organizational development for the 2024/25 financial year.

3 OBJECTIVE

This report provides an analysis of the City of Johannesburg (CoJ) 2024/25 Integrated Annual Report, with specific focus on:

- Gender
- Youth
- Persons with Disabilities (PWDs)

The analysis further evaluates:

- Employment Equity (EE) issues
- The extent to which the report accommodates and advances inclusion for these groups

The rationale for analysing the report is grounded in the following key objectives:

3.1 Enhancing Accountability

The Annual Report provides a detailed account of how public resources were utilised. Analysing it ensures that:

- The City is held accountable for its commitments outlined in the IDP and SDBIP
- Performance results correspond with budget allocations and strategic priorities

3.2 Promoting Transparency

Analysis enables stakeholders (including the public, oversight bodies, and researchers) to:

- Evaluate whether the City is operating transparently
- Identify governance gaps, inefficiencies, and risks

3.3 Assessing Service Delivery Performance

The report details progress in areas such as:

- Infrastructure, water, sanitation, and housing
- Economic development and job creation

Analysing this information helps determine whether:

- Service delivery targets are met
- Communities, especially vulnerable groups, benefit

4 METHODOLOGY

The analysis is based on a review of:

- Governance frameworks
- Human Capital Management policies
- Employment Equity programmes

5 INSTITUTIONAL FRAMEWORK FOR INCLUSION

The report demonstrates that CoJ has established institutional mechanisms to address inclusion:

5.1 Governance Structures

- The GEYODI Committee (Gender, Youth and Persons with Disabilities) oversees transformation and inclusion
- Integration of inclusion within governance and administrative systems

5.2 Policy Frameworks

The City has adopted:

- Employment Equity Plan (2024–2026)
- Disability Management Policy
- Anti-harassment and gender equality policies

6 OBSERVATIONS BY THE COMMITTEE

EMPLOYMENT EQUITY ANALYSIS

6.1 Policy and Legislative Compliance

The report reflects compliance with South African EE requirements through:

- EE planning and reporting
- Workforce demographic tracking
- Recruitment strategies targeting underrepresented groups

6.2 Workforce Representation

Key findings include:

- Persons with disabilities representation: approximately 0.85%–2% (target: 2%)
- Women underrepresented in senior management
- Youth underrepresented in permanent roles

6.3 Key Employment Equity Challenges

- High vacancy rates (up to 56%)
- Limited transformation in leadership levels
- Slow progress in disability inclusion
- Weak alignment between EE targets and performance outcomes

6.4 Assessment

- Strong policy compliance
- Weak transformational outcomes
- EE remains largely administrative rather than strategi

7. GENDER ANALYSIS

7.1 Policy Measures

The City promotes gender inclusion through:

- Gender mainstreaming in HR policies
- GBV and awareness programmes
- Women’s empowerment initiatives

7.2 Representation

- Women participate across workforce levels
- However:
  - Underrepresented in senior and executive roles

7.2.1. Women in higher positions (City-wide – core administration)

- Senior management (Level 3–4)
  - Total senior managers: 539
  - Women: 182
  - Men: 357

It is worth noting that 182 women in senior management

Top management (Level 1–2: MM & Directors)

- Total: 16
- Women: 3

3 women in top/executive positions

Combined “higher positions” (core City)

- Women (senior + top):

182 + 3 = 185 women

7.3 Key Issues

- Lack of clear leadership targets for women
- Limited reporting on:
  - Pay equity
  - Career progression

7.4 Assessment

- Strong policy recognition
- Weak leadership transformation
- Insufficient gender outcome indicators

8. YOUTH ANALYSIS

8.1 Context

- Youth unemployment in Johannesburg is significantly high (46.97%)

8.2 Youth Development Programmes

Key interventions include:

- Internships (594 beneficiaries)
- Bursaries (400 beneficiaries)
- Skills training (7,005 individuals)
- EPWP job opportunities
- Support to SMMEs and entrepreneurship

8.3 Key Issues

- Most opportunities are:
  - Short-term (EPWP, internships)
- Limited transition into:
  - Full-time employment
  - Skilled or managerial roles

8.4 Assessment

- Strong focus on skills development
- Weak long-term employment outcomes
- Youth inclusion is programme-based rather than structural

9. PERSONS WITH DISABILITIES (PWDs) ANALYSIS

Employees with disabilities (City-wide – core administration)

Core City administration

- Employees with disabilities: 169
- Total staff: 19,864
- Representation: 0.85%
- The numbers above are the **most reliable city-wide totals**, but they **cover the core administration**, not every municipal entity combined.
- The report shows **additional disability numbers in entities**, for example:
  - City Power: 50
  - JRA: 27
  - Metrobus: 5
  - JOSHCO: 4

- Joburg Market: 6
- JPC: 8
- MTC: 3
- City Parks & Zoo: 15
- Others (small numbers)

These indicate that the **true city-wide disability total is higher than 169** but the report does not provide a clean consolidated total across all entities. Disability inclusion is below target (0.85% vs 2% target for public sector)

9.1 Policy Framework

- Disability Management Policy
- Disability Recruitment Strategy (2023–2026)
- 2% representation target

9.2 Inclusion Measures

- Reasonable accommodation
- Awareness campaigns
- Partnerships with disability organisations

9.3 Key Issues

- Representation remains low
- Limited progression opportunities
- Insufficient workplace integration

9.4 Assessment

- Clear policy direction
- Minimal practical inclusion
- Focus remains on compliance

10. ACCOMMODATION OF GENDER, YOUTH AND PWDS IN THE REPORT

10.1 Strengths

The report demonstrates accommodation through:

- Governance oversight (GEYODI)
- Policies and frameworks
- Targeted development programmes
- Monitoring and reporting systems

10.2 Weaknesses

However, the report shows:

1. Limited Transformational Impact
   - Inclusion is compliance-oriented
2. Weak Leadership Representation
   - Women, youth and PWDs underrepresented in decision-making roles
3. Poor Integration into Economic Outcomes
   - Youth programmes not linked to sustainable employment
4. Inadequate Reporting
   - Limited measurable indicators on:
     - Promotion rates
     - Pay equity
     - Workplace accessibility

10. OVERALL FINDINGS

Area	Assessment
Policy Framework	Strong
Governance	Adequate
Employment Equity	Moderate (compliance-based)
Gender Inclusion	Moderate
Youth Development	Strong but short-term
Disability Inclusion	Weak
Transformation Outcomes	Limited

11 CONCLUSION

The City of Johannesburg's 2024/25 Integrated Annual Report:

- Adequately recognises and accommodates Gender, Youth and PWD issues at policy level
- Falls short in achieving substantive Employment Equity transformation

While frameworks, policies, and programmes exist, the report indicates that:

- Inclusion is largely compliance-driven
- Representation gaps persist
- There is limited evidence of long-term socio-economic impact

12 POLICY IMPLICATIONS

None.

13 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The Report complies with the requirements of Section 129 of the MFMA.

14 FINANCIAL IMPLICATIONS

None.

15 COMMUNICATIONS IMPLICATIONS

None.

16 OTHER DEPARTMENTS/ BODIES CONSULTED

None.

IT IS RECOMMENDED

1 That the Council approve the Oversight report of the GEYODI Committee on the Annual Report of the City for the period 2024/25 noting the observations cited in the body of the report.

2 That MPAC approve the Oversight report of the GEYODI Committee on the Annual Report of the City for the period 2024/25 noting the observations cited in the body of the report.

3 That the City Manager strengthens Employment Equity compliance by ensuring that in the Financial Year 2025/26 all the Executives have a KPI on Employment Equity in their Score Cards.

4 That the City Manager play an oversight role in ensuring that the Departments enhance leadership diversity by increasing representation of women, youth and PWDs in senior roles in the new Financial Year 20225/26.

5 That the Executives of the Departments recommend to Council that youth employment pathways such as internships and EPWP be converted into permanent opportunities in the Financial Year 2025/26.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : OVERSIGHT COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH DISABILITIES 2026-06-05

COJ LEGISLATURE

6 That the City Manager holds the Executives accountable in making sure that they strengthen disability inclusion by enforcing accessibility and workplace adjustments in 2025/26 Financial Year.

(COJ LEGISLATURE)
(Kebitsamang Mtunzi: GEYODI Researcher)

Annexure A.10

OVERSIGHT REPORT OF THE SECTION 79 PUBLIC SAFETY COMMITTEE ON THE 2023/2024 ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE DEPARTMENT OF PUBLIC SAFETY FOR THE PERIOD JULY 2024 TO JUNE 2025

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : PUBLIC SAFETY COMMITTEE 2025-06-12

COJ LEGISLATURE

10 OVERSIGHT REPORT OF THE SECTION 79 PUBLIC SAFETY COMMITTEE ON THE 2023/2024 ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE DEPARTMENT OF PUBLIC SAFETY FOR THE PERIOD JULY 2024 TO JUNE 2025

1 STRATEGIC THRUST

A responsive, accountable, efficient and productive metropolitan government.

2 BACKGROUND

The Annual Report for the City of Johannesburg Metropolitan Municipality in respect of the 2024/2025 financial year was tabled before Council in Jne2026. This tabling of the Annual Report in Council was done in compliance with the provisions of section 127(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (the MFMA). Section 129 of the MFMA further stipulates that oversight must be conducted on the Annual Report. Subsequently, Council resolved that the Annual Report be referred to the Municipal Public Accounts Committee (MPAC) for oversight. The MPAC guides the overall oversight activities of the legislative arm of Council on the Annual Report.

In the main, MPAC deals with the financial affairs of the City whilst other Section 79 Committees of Council conduct portfolio-specific oversight on the Annual Report. It is the responsibility of MPAC to consolidate all inputs from various Section 79 Committees into a comprehensive Oversight Report on the City's performance for a particular financial year.

The Public Safety Oversight Committee performed its oversight functions on the Annual Report 2024/2025 as it relates to the Department of Public Safety. Based on its deliberations, the Committee developed an Oversight Report on the Annual Report to be submitted to MPAC for the consolidation referred to hereinabove.

3 OBJECTIVES

In terms of Section 79(1) of the Local Government: Municipal Structures Act 117 of 1998, Section 79 Portfolio Committees are responsible for the performance of oversight functions on the Executive. In other words, Section 79 Committees are primarily established by law to hold the Executive to account.

In order to ensure the effective and efficient performance of its functions and the exercise of its powers, the Council of the City of Johannesburg Metropolitan Municipality (hereinafter referred to as "Council") has delegated its oversight responsibilities on the Department of Public Safety to the Section 79 Public Safety Committee (the Committee).

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : PUBLIC SAFETY COMMITTEE 2025-06-12

COJ LEGISLATURE

As a Committee of Council provided for in Rule 113(1) (a) of the Standing Rules and Orders of Council, 2016 (the Standing Rules), the oversight process is a way through which Council ensures that the Department delivers on its public safety mandate to the residents of the City. According to Rule 119(5) of the Standing Rules, read with Rule 127, the Committee is mandated to conduct oversight on reports that the Executive submits to the legislature in terms of Rule 35 of the Standing Rules. The main objective of this analysis report is to present the Committee's analysis of the Annual Report of the Department for the 2024/2025 financial year (July 2024 to June 2025).

4 MANDATE OF THE DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety in the City is mandated to make a contribution towards a safe and secure City by addressing safety risks and implementing safety interventions across the metropolitan area. The City's strategic objectives in relation to public safety include, though not limited to, increasing the level of compliance with by-laws and traffic regulations as well as building the capacity of all communities to deal with possible disasters and to sufficiently respond to major public safety or emergency incidents.

The Department comprises of the following divisions:

- Johannesburg Metro Police Department (JMPD);
- Licensing Department;
- Emergency Management Services (EMS); and,
- Disaster Management.

5 OVERSIGHT PROCESS FOLLOWED (METHODOLOGY)

The analysis of the Annual Report 2024/2025 is based on a comprehensive assessment of the report against the segment of the City's Service Delivery and Budget Implementation Plan (SDBIP) for the 2024/2025 financial year relevant to the Department of Public Safety. The oversight process primarily involved a perusal of the performance reports for the four quarters of the financial year 2024/2025. The Committee interacted with the administrative leadership of the Department to source or obtain additional information and/or documents where necessary. The document was shared with Councilors of Public Safety Committee to solicit the views, opinions, and comments of Committee members on the Department's annual performance for the period under review. In the end, the Committee was able to analyse the Department's annual performance for the 2024/2025 financial year and to arrive at the conclusions contained herein.

6 ANALYSIS OF DEPARTMENT'S ANNUAL PERFORMANCE 2024/2025

The Committee's analysis of the Annual Report 2024/2025 can be summarized as follows:

6.1 Johannesburg Metropolitan Police Department

In ensuring safer city, the Department has strengthened crime prevention across the City by making more than 6700 arrests for offences including irresponsible and careless driving, immigration violations, violent crimes and firearm related offences. The Committee has noted the Department's recovered 465 stolen or, hijacked vehicles ,85 firearms, more than 20 dangerous weapons and more than 700 rounds of ammunition. The Committee noted that the Department has dismantled drug trafficking operation in Orange Farm with seven arrests and seizure of firearms.

Through traffic enforcement, the Department has stopped more than 103 000 vehicles and searched for more than 84000 vehicles. The Department recorded over 1.6 million speed related violations and issued 91004 AARTO for traffic offences. The Department also impounded 1199 vehicles and discontinued 755 unsafe vehicles and taxis. The Department also attended 2399 incidents and recorded a total of 104 fatalities.

The Department supported the audit of more than 2176 properties to enforce compliance and demolished 137 unauthorized brick and mortar structures. To reduce unlawful trading the Department confiscated more than 8631 perishable goods and 6060 non- perishable goods. The Department has limited resources to cover high crime hotspot areas. The other challenge is experienced by the Department is non-functional traffic lights due to power outrages and vandalism.

6.2 Licensing Services

The Department recorded a significant spike in collection revenue. The Department collected R1 598 238 603.40 against the target of R1 340 000 000.00. The Department receives 20% of the income generated. The Committee noted that the licensing centers are still struggling to remove touters, and they still experience poor network because of power outages and cable theft. The Department has not implemented the resolution taken by the committee in 2023 that all the staff in licensing center must wear uniform. There is a decline in revenue and customer service delivery satisfaction being impacted due to the centers not operating over weekend.

6.3 Emergency Management Services

There has been a reduction in number of fire incidents as compared to financial 2023/2024. The committee has noted that Department has achieved the target of the buildings inspected, target was 6260 and achieved a total of 7609. A total of 2332 flammable substances installations were inspected against the target of 2025. This represents an overachievement of the yearly target by 5277(226%). Also, the committee has noted that KPI in relation to liquor outlets and places of entertainment inspected. The target was 850 against the yearly target of 1578. The Department has managed to dispatch 80% of calls within 3 minutes. The shortage of fire engines remains a challenge.

6.4 Disaster Management

The Department has established a tactical disaster risk management committee, chaired by the City manager. The disaster risk management advisory forum was relaunched. A total of 121 micro ward-based risk assessment has been conducted across the City. The Department lacks functional disaster management centre.

6.5 Findings / Remarks of Auditor General

The Department contributed to sundry debtors, the contract with Marce projects it was on deviation on month to month contract for six months.
The Department is one of the biggest contributors to irregular and wasteful expenditure.

6.6 Oversight concerns from in year oversight reporting

The Committee noted that the Department is not consistent in its performance reporting. Inconsistency in reporting makes it difficult to track progress or to hold the department accountable. The Department gave only a summary of the achievements it recorded during the financial year, not the service delivery issues that it is supposed to report on.

7 POLICY IMPLICATIONS

This Oversight Report on the Department’s Annual Report for the 2024/2025 financial year is submitted in line with the approved 2024/2025 SDBIP and in keeping with the dictates of section 129(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

8 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The Oversight Report is in compliance with section 129(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) sections 151(2) and 152(1)(a) of the Constitution of the Republic of South Africa, 1996.

9 FINANCIAL IMPLICATIONS

The programmes have been budgeted for in terms 2024/2025 approved SDBIP.

10 COMMUNICATION IMPLICATIONS

This Oversight Report on the Annual Report 2024/2025 will be submitted to MPAC in compliance with the relevant Council Resolution. A consolidated Oversight Report shall be submitted to Council by MPAC.

IT IS RECOMMENDED

1 **That the Committee note the Oversight Report on the Annual Report 2024/2025 as it relates to the Department of Public Safety, taking into account the observations made or referred to herein.**

2 **That the City Manager makes sure that the Public Safety fills critical operational vacancies within three months after the approval of this report by Council.**

3 **That the City Manager gives the Public Safety Department enough budget to prevent overspending within 30 days after this report approval by council.**

4 **That the Public Safey Department develops a comprehensive workforce retention strategy within two months after this report has been approved by Council.**

5 **That the Public Safety Department strengthens by-law enforcement capacity within three months after the approval of this report by Council**

6 **That City Manager makes sure that procurement within Public Safety Department is managed to make sure that contracts that are expiring within 6 months, the procurement process start.**

(COJ LEGISLATURE)
(Tandisizwe Sidubulekana)

Annexure A.11

OVERSIGHT REPORT OF THE TRANSPORT SECTION 79 COMMITTEE ON THE 2024/25 ANNUAL REPORTS OF THE TRANSPORT DEPARTMENT, METROBUS, JOHANNESBURG ROAD AGENCY (JRA) AND METROPOLITAN TECH COMPANY (MTC)

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : TRANSPORT COMMITTEE 2026-06-17

COJ LEGISLATURE

11 OVERSIGHT REPORT OF THE TRANSPORT SECTION 79 COMMITTEE ON THE 2024/25 ANNUAL REPORTS OF THE TRANSPORT DEPARTMENT, METROBUS, JOHANNESBURG ROAD AGENCY (JRA) AND METROPOLITAN TECH COMPANY (MTC)

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVES

The purpose of this report is to table the oversight report of the Transport Section 79 Committee on the 2024/25 Annual Reports of the Transport Department and its municipal entities, namely the Johannesburg Roads Agency (JRA), Metropolitan Tech Company (MTC) and Metrobus.

3 BACKGROUND

The Municipal Public Accounts Committee (MPAC) is required to exercise its oversight and scrutiny responsibilities as mandated by the Municipal Finance Management Act (MFMA) 56 of 2003 Section 129. In accordance with the MFMA, 2024/25.

MPAC exercises oversight on the financial performance of the City of Joburg. As a result, MPAC requires the support of the other Section 79 Committees to exercise effective oversight on the performance reporting of the Annual Report on their respective Departments and Entities. Section 79 Committees are expected to submit their observations and concerns to MPAC on the reviewed Annual Report for the consolidation of an oversight report on the Annual Report. These observations and concerns will be presented by the chairperson of the Committee to MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS

This section highlights the key observations and concerns noted by the Transport Section 79 Committee from the 2024/25 Annual Reports of the Transport Department, Metrobus and the Johannesburg Roads Agency (JRA). Specific reference is made to observations on overall performance, key challenges and concerns raised by the Auditor General (AG).

DEPARTMENT OF TRANSPORT

The Transport Department's delivery agenda for the 2024/2025 period included 16 key performance indicators (KPIs). The 2024/25 delivery agenda’s main focus on continuation and completion of projects and programs started in the previous financial years. The Transport Department facilitated a capacitation program at the Wits School of Governance for minibus taxi operators, focusing on business and conflict management skills. Training covered areas such as corporate governance, financial and project management, stakeholder relations, economics, marketing, and conflict resolution.

The committee notes with concern that the Transport Department has received an unqualified audit. Some of the findings highlighted by the Auditor General of South Africa include:

- **AG Report on the audit of annual performance report**:

  - The Auditor-General identified material findings regarding the usefulness, reliability, and misstatements in the reported performance information on customer service, stakeholder engagement, and communication. The AG reviewed three (3) programmes (i.e., entity scorecard, SDBIP and circular 88 indicators) with accumulative of seven (7) key performance indicators, including the percentage of unsurfaced roads graded, number of potholes reported per 10km of municipal road network, percentage of municipal road lanes which has been resurfaced and resealed, number of gravel roads upgraded to surface roads, number of kilometres of storm water drains converted to underground system, percentage of vacant post filled within three (3) months and quarterly salary bill of suspended officials which measure the municipal entity’s performance in fulfilling its mandate.
  - The Committee noted that the Auditor-General was unable to verify whether the reported achievements under sustainable service delivery programme for the average number of Rea Vaya passenger trips per (target: 42 500; achieved: 19 972) were correct as adequate supporting evidence was not supported for auding, resulting in material findings.
  - The Committee noted with concern the Auditor-General’s finding that several Bus Rapid Transit (BRT) stations remained unused despite significant investment in their construction. A service provider was appointed in June 2015 as the main contractor for BRT Sections 8 and 15, comprising 17 stations. Of these, 12 stations reached practical completion (99%) between March 2019 and May 2022, three stations remained under construction, and the Johannesburg Art Gallery station was completed in October 2017. However, the Auditor-General found that the accounting officer had not taken appropriate steps to ensure that the Johannesburg Art Gallery station was operational and utilized, resulting in completed infrastructure remaining idle and not delivering the intended public transport benefits.

COJ LEGISLATURE

- The Committee expressed concern that the Auditor-General identified a misuse of material public resources arising from the failure to manage and utilize assets effectively. The finding indicates non-compliance with section 63(1)(a) of the MFMA, which requires the accounting officer to ensure the effective, efficient, economical, and transparent management of the municipality's assets.
- Nevertheless, the accounting officer has taken corrective measures to address the misuse of material public resources. These measures included engaging with the taxi industry, resulting in agreements being concluded on 27 June 2023 to facilitate the commencement of bus operations and mitigate potential route conflicts. In addition, an alternative bus supply arrangement was secured, and preparatory work for the bus reconfiguration programme was completed, leading to the reconfiguration and delivery of 48 buses to the Phase 1C(a) Bus Operating Company in February 2026. Furthermore, a Bus Operating Company was appointed on 26 May 2025 to support the operationalization of Phase 1C(a). The accounting officer also procured and implemented an Automated Fare Collection (AFC) system, which has been operational on Phases 1A and 1B since July 2025. The AFC system for Phase 1C(a) was fully tested and became operational in October 2025, thereby strengthening the readiness of the BRT system for full implementation.
- The Committee noted the progress made by the accounting officer in advancing the implementation of the Bus Rapid Transit (BRT) programme. Significant milestones achieved include the ongoing construction of the Sandton and Gandhi Square BRT stations, which were approximately 77% and 69% complete, respectively. Progress was also recorded on the Selby Depot (Phase 2C), which had reached approximately 80% completion, with final completion anticipated in May 2026. Furthermore, the reconfiguration of the remaining 20 buses is still pending due to outstanding supplier payments, although completion is expected during 2026. The accounting officer also continued to engage with the Gauteng Provincial Regulatory Entity (PRE) regarding the application for an operational license for Phase 1C(a), which remains a critical requirement for the commencement of services.

JOHANNESBURG ROADS AGENCY (JRA)

The Transport Department's delivery agenda for the 2024/2025 period included 31 key performance indicators (KPIs). The entity's performance is primarily measured based on key capital expenditure indicators including on upgrading of road infrastructure, rehabilitation, and reconstruction programme, resurfacing and bridges programme.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : TRANSPORT COMMITTEE 2026-06-17

COJ LEGISLATURE

The committee notes with concern that the JRA has received an unqualified audit. Some of the findings highlighted by the auditor general include:

- **AG Report on the audit compliance with legislation**
  - The AG during the year under review highlighted that the financial statement including financial performance and cash flow of JRA were fairly presented as of 30th June 2024 in accordance with South African Standards of generally Recognised Accounting Practice (GRAP), MFMA Act 56 of 2003 and Companies Act 71 of 2008.

- **AG Report on the audit of annual performance report:**

  - The Auditor-General identified material findings regarding the usefulness, reliability, and misstatements in the reported performance information on customer service, stakeholder engagement, and communication. The AG reviewed three (3) programmes (i.e., entity scorecard, SDBIP and circular 88 indicators) with accumulative of seven (7) key performance indicators, including the percentage of unsurfaced roads graded, number of potholes reported per 10km of municipal road network, percentage of municipal road lanes which has been resurfaced and resealed, number of gravel roads upgraded to surface roads, number of kilometres of storm water drains converted to underground system, percentage of vacant post filled within three (3) months and quarterly salary bill of suspended officials which measure the municipal entity's performance in fulfilling its mandate.
  - The committee expressed concern that the Auditor-General was unable to verify the reported achievements due to a lack of adequate supporting evidence for the selected programmes, making it uncertain whether the actual performance was accurately reported and whether the targets were truly met. As a result, the AG identified material misstatements in the reported performance information for sustainable service delivery and infrastructure development and refurbishment in the annual performance report submitted for auditing.
  - The Committee noted that the Auditor-General was unable to verify the reported achievements under circular 88 indicators programme for the percentage of unsurfaced roads graded (target: 50%; achieved: 55.78%), number of potholes reported per 10km of municipal network (target: 74; achieved: 34), and the percentage of municipal road lanes which has been resurfaced and resealed (target: 4.5%; achieved: 6.58%).
  - The committee noted with concern with findings revealed by Auditor-General that the JRA reported achievement on key delivery indicators that were not achieved against the set targets. The Auditor-General was unable to verify the reported achievement of 26.31% against a target of 1% for the percentage of vacant posts filled within three

months, as well as the reported expenditure of R16.7 million against a target of less than or equal to R12 million for the quarterly salary bill of suspended officials.

- The committee expressed concern that the Auditor-General was unable to verify the reliability of the reported achievement instead of not achieved under SDBIP were 0.75 km reported achievement in number of kilometres of open storm water drains converted to underground system, compared to the planned target of 1.5 km and 7.98 km reported achievement in number of kilometers of gravel roads upgraded and surfaced against the planned target of 12.5 km.
- The Committee noted with concern that management did not correct all identified misstatements, which resulted in the Auditor-General reporting material findings in this regard.

AG Report on the audit compliance with legislation

The material findings on compliance with specific matter in key legislation are as follow:

AG report on annual financial statement:

- The AG audit report find that the JRA financial statements received an unqualified audit option due to material misstatement of disclosure items and cash flow statement and financial statement JRA submitted for auditing were not properly prepared in accordance with requirements of section 122(1) of the MFMA.

Expenditure management:

- As require by section 95(d) of the MFMA, the AG highlighted that the accounting officer did not take reasonable steps to ensure that irregular expenditure of R101.1 million due to non-compliance with SCM regulation was prevented.
- The Committee noted with concern the misstatement of irregular expenditure identified by the Auditor-General. The finding revealed that the Johannesburg Roads Agency (JRA) overspent its approved budget, and the resulting overspending was not disclosed as irregular expenditure incurred during the financial year, which was understated by R25.3 million.
- The Committee noted with concern the Auditor-General's finding that management failed to take reasonable steps to prevent fruitless and wasteful expenditure amounting to R1.9 million, as required by section 95(d) of the MFMA.
- The Committee expressed concern that irregular expenditure amounting to R76 135 069 was incorrectly classified and disclosed in the annual financial statements. The Auditor-General found that the

description of the expenditure did not accurately reflect its nature, and management was required to update the disclosure in accordance with the detailed irregular expenditure records.

- The committee expressed concern that the municipal entity did not pay its outstanding payments within 30 days during the 2024/25 fiscal year, as required by Section 99(2)(b) of the MFMA.

Procurement and contract management:

- The Committee expressed concern over the Auditor-General's finding that bidders were unfairly disqualified during the procurement process. The Auditor-General noted that a bidder had met all mandatory compliance requirements stipulated in Phase 1, Stage 2 of the approved bid specifications, including registration with the Department of Labour as an electrical contractor, the required CIDB grading, and the employment of a qualified wireman. Despite meeting these requirements, the bidder was not evaluated further on functionality, price, and preference points. As the bidder was excluded from subsequent evaluation stages, the Auditor-General could not determine whether the bidder would have qualified for award consideration. Consequently, the evaluation process was found to be inconsistent with section 112 of the MFMA, resulting in a process that was neither fair nor transparent.
- The Committee expressed concern over the failure to implement adequate monitoring controls and procedures during the evaluation of bids in accordance with the Preferential Procurement Regulations (PPR). The Auditor-General found that Shonisani Rambau Construction achieved the highest evaluation score for Item 3 (Micro Surfacing Equipment) but was not awarded the contract. Instead, the contract was awarded to Actophambili, which submitted a bid of R13.34 million compared to Shonisani Rambau Construction's bid of R1.19 million. Although the evaluation report cited a "potential risk" as the basis for awarding the contract to the second-highest scoring bidder, the criteria used to assess this risk were not included in the bid documents. Consequently, the evaluation process was not conducted in a fair, transparent, and competitive manner. The Auditor-General further noted that the award constituted irregular expenditure due to non-compliance with procurement requirements. However, a review of commitment records and payment reports confirmed that no payments had been made under the contract as of 30 June 2023.
- The committee expressed concern over the AGSA's findings on procurement irregularities within the entity, where a compliant bidder meeting all mandatory requirements was unfairly disqualified from further evaluation, violating Section 112 of the MFMA and compromising fairness and transparency in the process.

AG findings on the other information

- The AG did not receive the other information (i.e., annual report which includes the director's report, the audit committee 's report and the company secretary's certificate) from the accounting offer prior to the date of compiling auditor's report as required by the Companies Act.

AG audit findings on the Internal control deficiencies

- The findings of the AG revealed that the accounting officer inadequately exercise oversight responsibility by ensuring that adequate monitoring and review controls in relation to compliance with legislation, performance reporting and financial reporting are accurate and completed.
- The AG report highlight that senior management did not implement sufficient controls for the preparation of valid, accurate and complete annual performance report that is supported by reliable supporting information.

METROBUS

The Annual Report for metrobus for 2024/25 indicates a slightly decrease in performance when compared to previous financial year. During the 2024/25 financial year, the entity will focus its efforts on the attainment of Vision 2025 which has envisioned outcomes related to the implementation of a new operating model, the programmed fleet procurement for Metrobus. Performance levels during the period under review indicate that the entity continues to experience numerous challenges in relation to financial sustainability. The entity's performance during the period under review was measured based on a total of twenty-two (22) key performance indicators.

The committee notes with concern that the Metrobus has received an unqualified audit. Some of the findings highlighted by the Auditor General of South Africa include:

AG Report on the audit of annual performance report:

- The Auditor-General identified material findings regarding the usefulness, reliability, and misstatements in the reported performance information on customer service, stakeholder engagement, and communication. The AG reviewed seven (7) key performance indicators, including the percentage of planned trips completed, the average number of Metrobus passenger trips per working day, blameworthy accident rate per 100 000 bus kilometers operated, percentage of service disruptions communicated, percentage of complaints resolved within timelines specified in the customer charter, percentage of customer satisfaction and percentage of achievement of service standard, which measure the municipal entity's performance in fulfilling its mandate.

- The committee noted with concern that the Auditor-General reported material findings relating to the percentage achievement of service standards. The performance indicator did not clearly define the methodology used for data collection, rendering it not to be measurable. Furthermore, the target reported in the Annual Performance Report (85%) differed from the approved target of 100% contained in the original annual performance report. This amendment was implemented without obtaining the required approval, thereby compromising transparency, accountability, and the integrity of performance reporting.
- The Committee noted that the Auditor-General was unable to verify the reported achievements for the average number of Metrobus passenger trips per working day (target: 26,000; achieved: 22,188), the percentage of complaints resolved within the prescribed timeline (target: 100%; achieved: 29%), and the percentage achievement of service standards (target: 85%; achieved: 80%). This was due to the lack of adequate supporting evidence to substantiate the reported performance and enable the Auditor-General to determine whether the targets were achieved.
- The committee expressed concern that the Auditor-General was unable to verify the reported achievements due to a lack of adequate supporting evidence, making it uncertain whether the actual performance was accurately reported and whether the targets were truly met. As a result, the AG identified material misstatements in the annual performance report submitted for auditing.

AG Report on the audit compliance with legislation

The material findings on compliance with specific matter in key legislation are as follow:

AG report on annual financial statement:

- In compliance with Section 122(1) of the MFMA, the financial statements submitted for auditing contained material misstatements in liabilities, disclosures, and cash flows. These were corrected as identified by auditors, leading to an unqualified audit opinion.

Expenditure management:

- The Auditor-General revealed that the entity incurred irregular expenditure and that money owed by JRA was not consistently paid within 30 days, as required by Section 99(2)(b) of the MFMA.

- The committee expressed concern that no reasonable steps were taken to prevent irregular expenditure amounting to R108.5 million, as revealed by the Auditor-General's findings. This expenditure resulted from a contravention of Section 95(d) of the MFMA.
- The committee expressed concern that the municipal entity did not pay its outstanding payments within 30 days during the 2024/25 fiscal year, as required by Section 99(2)(b) of the MFMA.

AG audit report findings on other information:

- As required by the Companies Act, the Auditor-General reported that certain other information forming part of the annual report, including the directors' report, audit committee report, and company secretary's certificate, had not been received by the date of the audit report. Consequently, the Auditor-General was unable to consider this information in assessing whether it was materially consistent with the audited financial statements and knowledge obtained during the audit.

AG audit findings on internal control deficiencies:

- Inadequate exercise by accounting officer on oversight responsibility over internal controls that resulted in non-compliance with key legislation and material findings relating to annual performance report and annual financial statement.
- Material findings were identified in the annual performance report due to senior management's failure to adequately implement internal controls to ensure that performance report was valid, accurate, complete, and supported by reliable evidence.
- The Auditor-General identified deficiencies in the implementation of information technology controls within the Qmerit and FMS systems, particularly relating to user access management, security management, and change management. These controls increase the risk of unauthorized access, data integrity issues, and ineffective system governance.

AG audit findings on other reports:

The Auditor-General noted that the City of Johannesburg Group Forensic Investigation Services was investigating allegations relating to fraud, supply chain management irregularities, human resource matters, procurement irregularities, and financial misconduct involving the entity. These investigations pertained to matters identified in both previous and current financial years and were ongoing at the reporting date, with outcomes expected after 30 June 2025.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : TRANSPORT COMMITTEE 2026-06-17

COJ LEGISLATURE

METROPOLITAN TECH COMPANY

The Metropolitan Trading Company focuses on four priority program areas: financial sustainability, smart city and safer city initiatives, socio-economic development, and day-to-day operations. The 2024/25 delivery agenda's main focus will be the continuation and completion of projects and programs started in the previous financial years. For the 2024/2025 period, the MTC set a delivery agenda consisting of 11 performance indicators (KPIs).

The committee notes with concern that the Metropolitan Tech Company has received an unqualified audit. Some of the findings highlighted by the auditor general include:

- **AG Report on the audit of annual performance report:**

  - The Auditor-General identified material findings regarding the usefulness, reliability, and misstatements in the reported performance information on customer service, stakeholder engagement, and communication. The AG reviewed four (4) key performance indicators that are of significant national, community or public interest, network link availability, number of CCTV cameras connected to the video-management system of the Integrated Intelligence Operation Centre, percentage of CoJ and entity CAPEX project completed in the financial year, and number of connections utilizing the CoJ Free WIFI services which measure the municipal entity's performance in fulfilling its mandate.
  - The Committee noted that the Auditor-General was unable to verify the reported achievements for network link availability (target: 99%; achieved: 90), percentage of CoJ and entity CAPEX project completed in the financial year (target: 100%; achieved: 88.88%), and the percentage achievement of service standards (target: 85%; achieved: 80%). This was due to the lack of adequate supporting evidence to substantiate the reported performance and enable the Auditor-General to determine whether the targets were achieved.
  - The committee expressed concern that the entity failed to provide sufficient audit evidence for Smart and Safer City, preventing the Auditor-General from verifying the reported achievements. This raised uncertainty about the accuracy of the actual performance and whether the targets were truly met. As a result, the Auditor-General identified material misstatements for smart and safer city indicators.
  - The Committee expressed concern that management failed to correct all material misstatements identified in the Annual Performance Report prior to its submission for audit, resulting in material audit findings being raised on performance reporting.

COJ LEGISLATURE

- **AG Report on the audit compliance with legislation**

The material findings on compliance with specific matter in key legislation are as follow:

AG report on annual financial statement:

- In compliance with Section 122(1) of the MFMA, the annual financial statements were submitted for auditing. However, the statements were not fully prepared in all material respects and contained material misstatements relating to current assets, expenditure, and disclosure items. These misstatements were subsequently identified and corrected during the audit process, resulting in the entity receiving an unqualified audit opinion.

Expenditure management:

- The committee noted with concern the Auditor-General's findings that no reasonable steps were taken to prevent irregular expenditure of R122.1 million, which resulted from overspending of approved budget as required by Section 95(d) of the MFMA.
- The committee noted with concern the Auditor-General's findings that no reasonable steps were taken to prevent fruitless and wasteful expenditure of R175.2 million, in contravention of Section 95(d) of the MFMA. This was due to interest incurred from the non-payment of a shareholder loan.
- The committee expressed concern that the municipal entity failed to settle its outstanding payments within 30 days during the 2024/25 fiscal year, violating Section 99(2)(b) of the MFMA.

- **AG audit report findings on other information:**

- As required by the Company Act, the auditor highlighted that other information (i.e., annual report which includes the directors' report, audit committee's report and the company secretary's certificate) were not received prior to the date of auditing.

- **AG audit findings on internal control deficiencies:**

- The Auditor-General reported that the Accounting Officer did not adequately exercise oversight responsibilities by ensuring that senior management was held accountable for the effective implementation of internal controls relating to financial management, performance management, and expenditure management. This contributed to instances of non-compliance with key legislation and resulted in material findings on both the Annual Performance Report and the Annual Financial Statements.

- The Auditor-General's findings revealed that senior management did not adequately implement action plans to prevent the recurrence of material findings relating to the Annual Performance Report and compliance with applicable laws and regulations. In addition, effective internal controls were not sufficiently implemented to ensure that the financial statements submitted for audit were free from material misstatements.

5 POLICY IMPLICATIONS

Refer to the main audit report

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

Refer to the main audit report

7 FINANCIAL IMPLICATIONS

Refer to the main audit report

8 COMMUNICATION IMPLICATIONS

Refer to the main audit report

9 OTHER DEPARTMENTS/BODIES CONSULTED

None.

IT IS RECOMMENDED

1 That MPAC notes the observation cited in this report and incorporates them in the consolidated oversight report of the City's 2024/25 Annual Report.

2 That the Executive Director provides the Section 79 Committee with a comprehensive report indicating the reasons for the delay in the operationalization of the Johannesburg Art Gallery BRT Station. The report must outline the anticipated date on which the station will become operational, considering that construction was completed in October 2017. The report must be served at the August meeting.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : TRANSPORT COMMITTEE 2026-06-17

COJ LEGISLATURE

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3 That the Executive Director submit a report by August to the Committee outlining the status of the 12 BRT stations that reached practical completion (99%) between March 2019 and May 2022 and have remained non-operational for up to six years since completion. The report to include the reasons for the delays, outstanding works, and clear timelines for their commissioning and operationalization. The accounting officer must provide a report within 30 days after the approval by council.

4 That the Executive Director provide the Section 79 Transport Committee with a report on the completion of the Sandton and Gandhi Square BRT stations, the Selby Depot (Phase 2C), the reconfiguration of the remaining 20 buses, and the acquisition of the operational license for Phase 1C(a). The reports should include key milestones achieved, challenges encountered, and revised timelines. The Executive Director must provide the report within 60 days after the approval by Council.

5 That the MPAC investigates the reported expenditure of R16.7 million incurred for the quarterly salary bill of suspended JRA officials against the target of less than or equal to R12 million. The report must reach the committee within 30 days after the Council approval.

6 That the MPAC investigates the findings of the AG regarding irregular expenditure incurred by the JRA, Metrobus and MTC. The report must reach the committee within 60 days after the Council approval.

7 That the MPAC investigate the procurement irregularities identified by the AG relating to the evaluation and award of bids, including the awarding of a contract to a lower-ranked bidder (Actophambili) based on undisclosed risk assessment criteria, and the disqualification of a compliant bidder that met all mandatory requirements (Shonisani Rambau Construction). The report must reach the committee within 60 days after the Council approval.

(COJ LEGISLATURE)
(Dr TS Mawasha: Researcher)
(Tel. (011) 407-7395)
(tc)

Annexure A.12

OVERSIGHT REPORT OF THE SECTION 79 COMMUNITY DEVELOPMENT COMMITTEE ON THE ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE DEPARTMENT OF COMMUNITY DEVELOPMENT, JOBURG CITY THEATRES AND JOBURG CITY PARKS AND ZOO FOR THE 2024/ 2025 FINANCIAL YEAR

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : COMMUNITY DEVELOPMENT COMMITTEE 2026-06-15

COJ LEGISLATURE

12 OVERSIGHT REPORT OF THE SECTION 79 COMMUNITY DEVELOPMENT COMMITTEE ON THE ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE DEPARTMENT OF COMMUNITY DEVELOPMENT, JOBURG CITY THEATRES AND JOBURG CITY PARKS AND ZOO FOR THE 2024/ 2025 FINANCIAL YEAR

1 STRATEGIC THRUSTS

Good Governance

2 OBJECTIVES AND BACKGROUND

The service delivery outputs achievements during the first three quarters set the tone for overall performance of the department and entities in terms of their achievement of annual targets. The level of performance on key areas such as spending and reaching targets have a direct impact on important project milestones. However, when there is underspending and non-achievement of targets, the effect is not only felt during that particular financial year, it may create backlogs into the incoming financial years.

Therefore, achieving targets in each financial year allows for better project implementation and improved planning for the next financial year. Following this, it is the duty of the Section 79 Committees to oversee whether the departments and municipal-owned entities (MOEs) have achieved the targets on key performance areas in a consistent manner throughout all quarters of the financial year.

Section 79 Committees are mandated with the responsibility of ensuring that departments and their entities are spending their budgets equitably and that expenditure correlates with the level of delivery on respective programmes or projects. For Section 79 Committees to function optimally, there is a need for them to exercise both practical oversight and analytical scrutiny over the performance reports of the Executive. One of the key functions of Section 79 Committees is to generate quarterly and annual oversight reports on the performance (both financial and non-financial) of Departments and MOEs. In addition, the oversight report includes comments and recommendations raised by the Committee on level of delivery on projects, the sum of expenditure, compliance with EE and BEE policy and overall management of the human capital environment within a specific sector. This particular report is aimed at exercising oversight over the annual performance of the Department of Community Development, Joburg City Theatres as well as Joburg City Parks during the 2024/25 financial year. The report provides an analytical assessment of the performance of the department and its two entities.

COJ LEGISLATURE

3 OVERSIGHT PROCESS

This report focuses on the performance of Community Development Department's entities in relation to their business plan projections for the 2024/25 financial year. It also assesses progress towards achieving the Growth and Development Strategy 2040 outcomes. In order to draw founded conclusions, the following documents were consulted:

- CITY OF JOHANNESBURG INTERGRATED ANNUAL REPORT 2024/2025
- JOHANNESBURG CITY PARKS AND ZOO INTERGRATED ANNUAL REPORT 2024/25 FINANCIAL YEAR
- JOBURG CITY THEATRES (JCT) 2024/25 ANNUAL REPORT
- AGSA Audit Report for Johannesburg City Parks

These documents served as a base in performing an assessment of reported performance against expenditure and service delivery targets of Community Development's Department and its entities.

4 ANALYSIS OF PERFORMANCE

DEPARTMENT OF COMMUNITY DEVELOPMENT

Performance overview

This performance and budget assessment represents the departmental performance of the 2025/26 financial year. The department performance was measured and focused mainly on the delivery of the SDBIP as approved in its 2025/26 Business Plan.

Therefore, the focus of this oversight report is be based on the department approved SDBIP for 2025/26 financial year. The Department demonstrates excellent programme delivery, governance compliance, and community reach, but faces serious challenges in revenue collection and timely invoice payments. Overall performance in terms of KPIs remained strong throughout the financial year with average performance at above 90%.

Furthermore, the performance on priority areas are categorised according to the department directorates and City's priorities.

CITY PRIORITY - CREATE A CITY THAT RESPONDS TO THE NEEDS OF CITIZENS, CUSTOMERS, STAKEHOLDERS AND BUSINESSES

A more detailed response to this city's priority; the department decided responds to this priority through programs such as Sports, Library and Arts, Culture & Heritage directorates. Below is a discussion on performance of these directorates as per the set targets on the approved departmental SDBIP for 2025/26 Financial Year.

COJ LEGISLATURE

Arts, Culture & Heritage (ACH)

The target of implementing 16 arts and culture programmes was achieved, 25 was reported. The target of implementing 16 museum programmes was achieved, 20 was reported. The target of implementing 7 heritage programmes was achieved 9 were reported. The target of signing 12 partnership agreements with stakeholders at Libraries, Sport and Recreation and Arts, Culture and Heritage was achieved, 24 were reported. ACH delivered a very strong programme performance throughout financial year, with success across arts, heritage, museums, and social cohesion, while also improving cultural participation and preserving heritage assets.

Sport and Recreation

Sport and Recreation continued to promote equitable access to sport and physical wellness, with increased access to facilities and programmes compared with the same period in the previous year. The target of 250 000 participants in swimming pools was exceeded, 406 311 was reported. The target of implementing 16 lifestyle programme was exceeded, 33 were reported. The target of implementing 5 priority sporting codes was achieved. Therefore, throughout the financial year the Sport and Recreation delivered a high-impact, particularly in mass participation, community wellness, and competitive sports development.

Library and Information Services (LIS)

Digital transformation programmes performed strongly, with five digital programmes implemented across libraries. The target of 2, 5 million individuals accessing libraries, Arts and Culture and Sports and recreation centres was exceeded, 7.1 million was reported. The target of Libraries to conduct 12 social cohesion programs was exceed 28 was reported. The overall assessment indicates that LIS delivered a strong annual performance, combining digital inclusion, high public usage, and effective community programming.

FINANCIAL PERFORMANCE

Below is the gist of the overall financial performance by the department. The breakdown will demonstrate financial performance of OPEX and CAPEX.

OPEX Expenditure

The Department's financial management was generally strong, with total operating expenditure at 90%. The actual annual operating expenditure is R1,223, 281 against the target of R1,359,520. However, the total revenue generated was (R69, 276) below the targeted R80 525. The employee related costs shows that 95% budget, i.e. R675 million was spent which is R640 million recorded. Notably the budget for repairs and maintenance was spent up to 98%; which means the R79, 753 was spent against the target of R81, 153. The financial performance achieved 90% suggests that operational spending was on track and sufficient to support programme delivery during this financial year.

CAPEX Expenditure

- The Capital expenditure throughout the financial year has been R98, 7 million. The department has consistently under performed on this KPI to an extent that in Q3; it reported a concerning picture of only spending R9,8 million against the budget of R98,7 million. The reason for underperformance was 'submitted invoices were still awaiting processing and payment'.

The reported CAPEX performance on the annual report seem to exceed the initial budget of the items, below are examples:

- Centre of Excellence (JCL): annual report indicates that R44 million was spent. However, throughout financial year this was reported to have a budget R28 million. To be sure in Q3, the remaining budget was R4.4 million after paying invoices worth R23, 5million (excluding VAT).
- Integrated Library System: annual report indicates that R18 million spent. Presumably against the initial budget of R10 million which was reported throughout financial year.
- Kaalfontein MPC: annual report indicates that R17 million was spent. However, the initial budget was R5 million. For instance, in Q3 the overall budget was reported to have been exceeded by 104.19% which is R5,2 million.
- Johannesburg Art Gallery: annual report indicates R1 million was spent transporting art. The budget is R40 million. In Q3 R16, 3 million was spent.
- Matholesville MPC: annual report indicates that the budget was R21, 4 million – whereas throughout the year, the budget was R7.9 million, in Q3 R2,8 million was spent.
- Cosmo City Swimming pool: annual report indicates that it has R11,8 million. However, the budget of R6.7 million has been reported throughout financial year.

The overall concern from the Committee remains on the unspent CAPEX budget and implications thereof, this is further exacerbated by inconsistent report on budget of each of these items.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2026-06-18
COJ : COMMUNITY DEVELOPMENT COMMITTEE 2026-06-15

COJ LEGISLATURE

MUNICIPAL OWNED ENTITIES (MOEs)

The department has two (2) MOEs namely, Johannesburg City Parks and Zoo (JCPZ) and Joburg City Theatre (JCT). Below is the breakdown of performance assessment for both MOEs. Notably, of the two department's entities, only Joburg City Theatres (JCT) received a clean audit a third clean audit in consecutive financial years. Meanwhile Johannesburg City Parks and Zoos (JCPZ) has received an unqualified audit, a consistent finding from past financial years.

JOBURG CITY THEATRES

Overview

The mandate of JCT is to build a City, characterized by social inclusivity and enhanced social cohesion through strategic management of public spheres, such as three city theatres so as to build social cohesion, increase positive social contact and combat social problems. The core business of the JCT is "to enrich the souls of the citizens of Johannesburg by presenting a world class center of excellence that seeks new ways of being relevant – by presenting diverse programmes that address all communities through music, theatre, poetry, dance and other preforming arts disciplines".

Key Performance Analysis

This assessment reflects the performance targets which Joburg City Theaters (JCT) achieved in the 2025/26 financial year. JCT continues to align its core business objectives to the GDS Outcomes and Priority Implementation Plans set by the City of Johannesburg Metropolitan Municipality (CoJ) as the sole shareholder, which is determined by the service delivery objectives in the company scorecard as per the approved Business Plan for 2025/26 financial year. JCT has continued to endeavor throughout the financial year in its efforts to make theatre accessible and appealing to all sections of the City's population.

Overall Performance Summary

Overall performance scorecard: 96% achievement, wherein 29 of 30 KPIs achieved.

- Audience reach: 187,985 attendees vs 175,000 target
- Arts programmes: 39 delivered vs 35 target
- Youth participation: 598 youth vs 550 target
- Partnerships: 26 achieved vs 25 target
- Diverse high-quality productions (local + international)
- Strong youth development and school outreach
- Increased community accessibility (mobile theatre, discounted tickets, outreach)
- School setwork programme: 6 achieved, target 4. slightly underachieved
- Digital engagement (podcast rollout delays)

FINANCIAL PERFORMANCE

Below is the gist of the overall financial performance by Joburg City Theatres. The breakdown will demonstrate financial performance of OPEX and CAPEX. JCT recorded revenue of R327.39 million for the year under review, with a net surplus of R3.09 million.

OPEX Expenditure

The actual annual operating expenditure is R323, 1million against the budget of R323,9 million. The employee related costs shows overspending by 30% where R154,3 million was spent against R118, 9 million budget. The overspending on employee related cost was due to PFA payments made to eligible employees, which were implemented in August and backdated to 1 July 2024. Irregular expenditure of R10.21 million was identified during the year. This includes R4.96 million incurred under the CoJ's centralised fleet services contract, which was declared irregular at Group level, as well as additional non-compliance relating to contract management, deviations, and quotation processes.

CAPEX Expenditure

JCT achieved its target by fully utilising 100% of its capital expenditure (Capex) allocation. Key revenue insights;

- Rental of facilities and equipment: R8,4 million vs target R5,1 million
- Hospitality and Catering services: R60 million vs R72 million target.
- Interest from investments: R7.1 million vs R5,1 million target.
- Ticketing services: R1,6 million vs R1,3 million target.
- In-house stage productions: R11,1 million vs R9,30 million target.

JOHANNESBURG CITY PARKS AND ZOO (JCPZ)

Performance Overview

Johannesburg City Parks and Zoo (JCPZ) is mandated to manage the City's cemeteries, parks and designated open space as well as to ensure that its environmental conservation function is carried out, which includes the maintenance of all street and park trees within the City's boarders, the Zoo with the preservation and management of biodiversity through direct conservation action, education, research and recreation.

Key Performance Analysis

Financial Performance

In the year under review 2024-25 FY, the JCPZ spent 105% of the allocated budget resulting in a deficit of R79.5 million (deficit of R29.3 million in the previous financial year).

The overspending of R64.7 million is broken down by line items:

- Security overspent by R84 million
- Legal fees overspent by R4.8 million.
- Electricity overspent by R5.4 million.
- Water expenditure of R1.6 million
- Repairs and maintenance overspent by R1.5 million.
- Debt impairment of R15.2 million
- Finance costs of R4.5 million

In the current financial year, the entity set to achieve the following finance strategic priorities:

- Target 80% spending on repairs and maintenance – Achieved 97% actual spending.
- Target at least 95% spending on operational budget – Achieved 105% actual spending.
- Target at least 95% capital expenditure against the budget – Not Achieved 67% actual spending.
- The entity maintained the unqualified audit opinion with 13 findings compared to the 2023-24 financial year which had 21.

Overall Assessment

JCPZ has delivered excellent service delivery and KPI performance. It has strong environmental and community impact. It has controlled expenditure and good liquidity and it effectively responses on maintenance. However, issues such as poor capital project implementation, cashflow and contractor payment constraints, procurement inefficiencies, and Maintenance backlog risk exist.

External Audit Findings (AGSA)

- Audit Opinion: JCPZ received an unqualified audit opinion with findings for 2023/24 and 2024/25. This means the financial statements are fairly present ed, but there are material findings that need attention.
- Number and Nature of Findings:
    - 13 findings in 2023/24: 2 on annual financial statements, 6 on predeter mined objectives, 5 on compliance with legislation.

  - 11 of 13 findings resolved by June 2025. The remaining 2 relate to irre gular expenditure and affected the audit opinion.
- Irregular Expenditure:
  - R140.5 million in irregular expenditure as of June 2025 (up from R84. 6 million in 2024).
  - Main causes: non-compliance with supply chain prescripts, over-expenditure on budget, and issues with fleet contracts awarded by th e City of Johannesburg without competitive bidding.
  - Consequence management is underway for unresolved cases.
- Fruitless and Wasteful Expenditure:
  - R281,000 in 2025 (mainly interest on late payments and a previously r eversed SARS penalty).
  - The Telkom interest matter is under internal audit investigation.
- Supplier Payment Delays:
  - Only 84% of invoices paid within 30 days (target: 95%), due to cash fl ow challenges at the shareholder (CJMM).

Internal Audit Findings

- Volume and Resolution:
  - 83 internal audit issues identified in 2024-25 (30 carried over, 53 new).
  - 66 resolved, 17 open at year-end (94% closure rate for findings older than 60 days).
- Audit Plan Execution:
  - 37 planned audits and 12 ad-hoc audits completed (132% of plan).
- Recurring Issues:
  - Some findings relate to procurement, supply chain management, and compliance with internal controls.

Compliance and Control Environment

- Improvements:
  - Internal controls have improved, especially in financial and performan ce reporting.
  - Combined Assurance Forum established to coordinate assurance activ ities.
- Ongoing Risks:
  - Some control deficiencies persist, especially in supply chain manage ment and consequence management for irregular expenditure.
  - Management stability is expected to further improve controls.

Investigations and Consequence Management

- Irregular, Fruitless, and Wasteful Expenditure:
  - All cases are investigated as per MFMA requirements.
  - Board has written off some irregular expenditure and recommended c onsequence management for others.

- Awaiting guidance from the shareholder (CJMM) on certain fleet contr act matters.
- Fraud and Corruption:
  - Zero tolerance policy in place, with an independent tipoff line and a fr aud risk register.
  - Ongoing investigations by Group Forensic and Investigation Services (GFIS).

JCPZ has made significant progress in resolving audit concerns, with most findings ad dressed and internal controls strengthened. However, persistent issues with irregular expenditure, supply chain management, and supplier payment delays require ongoing attention.

5 POLICY IMPLICATIONS

This report is in line with Standing Rule 135 (1) that Quarterly Oversight Reports (be submitted) within thirty (30) days after referral by the Programming Committee.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

- The Standing Rule and Orders of Council, in Rule No. 127, subsection (1), provides that all Quarterly Oversight Reports must be submitted within thirty (30) days after referral by the Programming Committee.

- Act No.32 of 2000 Municipal Systems Act, in Section 41, provides that a Municipal must, in terms of its performance management system establish a system of regular reporting to Council, other than political structures.
-

7 FINANCIAL IMPLICATIONS

There were no financial implications in the production of this report.

8 COMMUNICATION IMPLICATIONS

This report will be tabled at the S79 Community Development Committee and Council.

IT IS RECOMMENDED

1 That the Committee approves the Annual Performance Assessment Reports of the Department of Community's Entities: The Johannesburg City Theatres and the Johannesburg City Parks and Zoo for 2024/2025 financial year.

2 That the department submits a report on CAPEX budget and expenditure, listing monies that are spent per project vs budget. To detail the amount of funds that are not spent and what happens to them.

COJ LEGISLATURE

3 That JCPZ provides a detailed report on the audit findings that were highlighted by AGSA and steps that have been taken thus far to address them.

4 That JCPZ provide an update on investigations on UIFWs that were concluded in June 2026.

5 That JCPZ provides a report on consequence management activity related to UIFW throughout this term.

(COJ LEGISLATURE)
(K Mdakane)
(Tel. (011) 407-7463/ 0834585855

Annexure B

THE S79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE QUESTIONS ON THE 2024/25 ANNUAL REPORT OF THE CITY OF JOHANNESBURG TO THE EXECUTIVE FOR THE WRITTEN RESPONSE.

THE RESPONSES CAN BE MADE AVAILABLE ON REQUEST FROM THE COMMITTEE SECRETARIAT.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: QUESTIONS TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT

ANNUAL REPORT MEETING DATES

DATES	AGENDA	QUESTIONS NO
15 JULY 2026	Consideration of responses to questions on Note 45 and 47	01 - 02
17 JULY 2026	Consideration of responses to questions on Note 46 and MI`s	03 - 04

Questions to Executive

1. Note 45 (Fruitless and wasteful Expenditure) in the Core Annual Financial Statements lists The Fruitless and Wasteful Expenditure identified in the prior year of R5.2 million and the ones identified during the year under review to the total value of R36.8 million.

   Details of fruitless and wasteful expenditure for current year are as follows

Department	Amount R` 000
Transport	4
Community Development	58
Human Settlement	171
Group Corporate Shared Services	20
Social Development	2
Public Safety	2
Group Finance	21
Health	44
Office of Mayor	36 529
TOTAL	**36 851**

   Details of fruitless and wasteful expenditure for prior year was as follows

Department	Amount R` 000
Office of Mayor	5 297
TOTAL	**5 297**

   a. For each of the expenditure above Please provide a detailed breakdown of the circumstances that led to the incurrence of the Fruitless and Wasteful Expenditure, including the root causes, dates of occurrence, officials involved, and the sequence of events.
   b. Was the expenditure identified and classified as Fruitless and Wasteful Expenditure by the Department, Internal Audit, or the Auditor-General of South Africa (AGSA)? Please provide supporting documentation.
   c. Was the matter investigated? If so:
      - Who conducted the investigation?
      - When was the investigation concluded?
      - What were the findings and recommendations?
      - Please submit the full investigation report and any supporting evidence.
   d. Have all recommendations arising from investigations, audits, or consequence management processes been implemented? If not, please provide reasons for the delays and indicate the expected completion dates
   e. Did the investigation determine whether any person is liable for the loss incurred by the Municipality? If so:
      - What amount is recoverable?
      - What steps have been taken to recover the loss?

- What is the status of the recovery process?

f. What consequence management actions were instituted following the identification of the Fruitless and Wasteful expenditure, including disciplinary, civil, criminal, or other corrective measures? Please provide the status and outcomes of such actions.

g. Outline the internal controls, monitoring mechanisms or management action implemented to prevent the recurrence of similar incidents?

2. Note 47 (Unauthorized Expenditure) in the Core Annual Financial Statements lists the Unauthorised Expenditure incurred during the year under review of R2.3 billion.

Details of each expenditure were listed as follows

Department	Amount R` 000
Group Corporate Shared Services	19 488
Human Settlement	707 823
Public Safety	370 302
Group Finance	1 278 437
Total	**2 376 050**

a. For each expenditure please comprehensively explain the circumstances that resulted in the unauthorised expenditure, including the factors that contributed to budget overspending and whether the expenditure could reasonably have been foreseen and prevented.
b. Did the Department conduct an assessment or investigation to determine whether the unauthorised expenditure resulted from negligence, inadequate planning, ineffective budget monitoring or any other avoidable cause? If so, please provide the findings and supporting documentation.
c. Were any officials responsible for budget management, expenditure control, or financial oversight found to have contributed to the unauthorised expenditure? If so, what corrective, disciplinary, or consequence management actions were taken?
d. Outline the measures that the department implemented during the financial year to monitor expenditure against the approved budget, and at what stage was the risk of overspending identified? Please explain why the measures in place did not prevent the unauthorised expenditure.
e. Was the unauthorised expenditure subjected to any investigation, assessment, or review to determine the causes of the overspending, the officials involved, and whether there was any negligence, misconduct, or non-compliance with applicable legislation, policies, or procedures? If so, please submit the investigation report, findings, and recommendations, and indicate the status of implementation of such recommendations. If not, please provide reasons why no investigation was conducted.
f. What consequence management actions were instituted following the identification of the Unauthorised expenditure, including disciplinary, civil, criminal, or other corrective measures? Please provide the status and outcomes of such actions.

3. Note 46 (Irregular Expenditure) in the Core Annual Financial Statements lists The Irregular Expenditure identified in the prior year of R376 million and the ones identified during the year under review to the total value of R1.9 billion.

   Details of each expenditure for the current year were listed as follows:

Department	**Amount R` 000**
Community Development	8 008
Group Corporate Shared Services	405 947
Group Finance	314 621
Group Information Communication Technology and Infrrastructure Management	109 939
Office of Mayor	684 286
Public Safety	221 600
Transport	241 054
Economic Development	1 912
GFIS	5 968
TOTAL	**1 993 335**

   Details of Irregular expenditure for prior year were as follows

Department	**Amount R` 000**
Group Finance	376 095
TOTAL	**376 095**

   a. Please comprehensively explain the circumstances that resulted in the irregular expenditure, including the applicable legislative, regulation, policy, circular or supply chain management provisions that were contravened.
   b. Was the irregular expenditure identified by the Department, Internal Audit, or AGSA? Please indicate when and by whom the irregular expenditure was detected and provide supporting documentation.
   c. Was the irregular expenditure investigated to determine the root cause of the non-compliance, the officials involved, and whether the irregularity resulted from negligence, misconduct, inadequate oversight, or deliberate actions? If so, please submit the investigation report and supporting documentation. If not, provide reasons why no investigation was conducted.
   d. Did the investigation establish whether the Municipality received the goods, services, or benefits for which the expenditure was incurred, and whether value for money was achieved? Please provide evidence supporting the conclusion reached.
   e. Did the investigation identify any financial loss, prejudice, or potential harm suffered by the Municipality as a result of the irregular expenditure? If so, please quantify the loss and provide supporting details.

f. Were any officials, service providers, or other parties found to be responsible for the irregular expenditure? If so, indicate whether their actions were determined to be negligent, reckless, intentional, or in contravention of applicable legislation, policies, or delegated authority.
g. What steps have been taken by the Executive Director and the Department to recover any losses incurred by the Municipality from the responsible officials, service providers, or any other liable parties? Please provide the status of such recovery efforts.
h. What consequence management actions were instituted following the identification of the irregular expenditure, including disciplinary, civil, criminal, or other corrective measures? Please provide the status and outcomes of such actions.
i. Have all recommendations arising from investigations, audits, or consequence management processes been implemented? If not, please provide reasons for the delays and indicate the expected completion dates.
j. Please outline the corrective measures, internal controls, monitoring mechanisms, and governance interventions that have been implemented by the Department to prevent the recurrence of similar irregular expenditure in the future, and how is management monitoring the effectiveness of these controls?

PLEASE NOTE

Departments are requested to provide their responses in a comprehensive report format and to furnish as much relevant information and supporting documentation as possible in relation to each UIFWE matter. The information submitted should adequately address the questions raised and provide sufficient detail to enable the Municipal Public Accounts Committee (MPAC) to make an informed determination on whether the expenditure should be regularised, recovered from the responsible party, or referred for further investigation.

Furthermore, where the amount disclosed in the Annual Financial Statements (AFS) relates to multiple contracts, transactions, or incidents, the Department is requested to submit a separate report for each contract, transaction, or incident. This will assist the Committee in assessing each matter on its own merits and ensuring that appropriate recommendations are made to Council.

Executive Directors and Finance Directors from the respective Departments are also requested to attend the MPAC meeting at which the reports will be considered. Their attendance will assist the Committee in obtaining clarity on the information submitted, responding to questions from Members.

4. Material Irregularities

The Auditor-General of South Africa (AGSA), in the 2024/25 Audit Report, indicated that the following Material Irregularities (MIs) remain active:

a. Park Chambers Building not refurbished.
b. Metro Centre Building not utilised; and
c. Bus Rapid Transit (BRT) Stations not utilised.

Can the City Manager provide a comprehensive status report on each of the above Material Irregularities, including:

a. The actions taken to date to address the findings raised by AGSA;
b. Financial losses, and measures implemented to recover such losses;
c. Challenges affecting the resolution of the Material Irregularities;
d. Clear timelines for the full resolution and closure of each Material Irregularity.

Annexure C

THE S79 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE REQUEST FOR PUBLIC INPUTS ON 2024/25 ANNUAL REPORT OF THE CITY OF JOHANNESBURG.

NOTICE OF REQUEST FOR WRITTEN PUBLIC COMMENTS

REQUEST FOR WRITTEN PUBLIC COMMENTS ON THE CITY OF JOHANNESBURG ANNUAL REPORT FOR THE 2024/25 FINANCIAL YEAR

In terms of Section 127 of the Municipal Finance Management Act (MFMA) 56 of 2003, the City of Johannesburg's Annual Report for the 2024/25 financial year was tabled before the ordinary Council meeting on Thursday, 25 May 2026. The council has referred the 2024/25 Annual Report to the Municipal Public Accounts Committee (MPAC) for formal consideration. It is now available for public comment.

In terms of Section 127(5) of the MFMA, members of the public and interested organisations are invited to make written submissions on the 2024/25 Annual Report of the City and its Municipal Owned Entities. The public and interested parties have 30 days to submit written comments.

All submissions should reach the Committee within 30 days from the publication date of this notice, by close of business at 16:00 on Monday, 03 July 2026. Written submissions on the 2024/25 Annual Report of the City can be emailed to: johnmb@joburg.org.za or thingam@joburg.org.za. Members of the public who wish to address the MPAC must submit requests and written statements by 03 July 2026; please email requests to johnmb@joburg.org.za or thingam@joburg.org.za.

NB: Council will consider the Oversight Report of MPAC and debate the Annual Report 2024/25 of the City at the ordinary meeting of Council to be announced in the first quarter of 2026-27.

Copies of the report can also be obtained through the City's website, www.joburg.org.za or will be available for viewing at the regional offices of the Ward Governance Unit

REGION	ADDRESS	TELEPHONE
A	No. 230 15th Road, Randjespark, Midrand	071 862 3422 Sandile Ntutha
B	35 Symons Road, ACA Krans, Auckland Park	083 798 1277 Bontle Motsepe
C	100 Christiaan de Wet Road, Civic Centre: Florida Park, Roodepoort	083 375 2719 Pinkie Tladi
D1	No. 1 Koma Road, Jabulani Civic Centre	082 385 4909 Ruben Bosiu
D2	Power Park Sports Centre, House No. 19, Corner Nicholas and Chris Hani Road, Orlando East.	082 857 2619 Nonhlanhla Sithole
E	137 Daisy Street (corner of Daisy and Grayston Street) Sandton, 2196	083 257 4514 Lethabo Mashiloane
F	CJ Cronje Building, 80 Loveday Street, Johannesburg	0754416750 Pertunia Mathebula
G	K43 Road, Corobrick Building, Lenasia Southeast Office, Lenasia	083 763 0235 Lijeng Mbuli

Issued by Andile Gobinca, Secretary to Council, City of Joburg, 5th Floor, Forum 1, Braam Park, 33 Hoofd Street, Braamfontein, Johannesburg, 2037

On behalf of Councillor Sepetlele Raseruthe, the Chairperson of the Section 79 MPAC for the City of Johannesburg Metropolitan Council, Metro Centre, 158 Civic Boulevard, Braamfontein, Johannesburg

CITY OF JOHANNESBURG
METROPOLITAN MUNICIPALITY
COUNCIL LEGISLATURE

Joburg
a world class African city

Joburg
a world class african city

CITY OF JOHANNESBURG
METROPOLITAN MUNICIPALITY
COUNCIL LEGISLATURE

Algemene kennisgewings

STAD JOHANNESBURG

PUBLISHEDTEXT **03 JUN. 2026**

VERSOEK VIR GESKREWE OPENBARE KOMMENTAAR OOR DIE STAD JOHANNESBURG SE JAARVERSLAG VIR DIE 2024/25 BOEKJAAR

Ingevolge artikel 127 van die Wet op Munsipale Finansbestuur (MFMA) 56 van 2003 was die Stad Johannesburg se jaarverslag vir die 2024/25 boekjaar op Donderdag 25 Mei 2026 by die gewone raadsvergadering ter tafel gelê. Die raad het die 2024/25 jaarverslag verwys na die komitee vir munispale openbarerekeninge (MPAC) vir formele oorweging en dit is nou beskikbaar vir openbare kommentaar.

Ingevolge artikel 127(5) van die MFMA, word lede van die publiek en belangstellende organisasies uitgenooi om geskrewe voorleggings oor die 2024/25 jaarverslag van die stad en sy munisipale entiteite te maak binne 30 dae te maak.

Alle voorleggings moet voor 16:00 op Maandag 03 Julie 2026 deur die komitee ontvang word.

Alle geskrewe voorleggings op die 2024/25 boekjaar van die stad kan met e-pos gestuur word na:

johnmb@joburg.org.za of thingam@joburg.org.za.

Lede van die publiek wat die MPAC wil toespreek moet sodanige versoeke en geskrewe kommentaar voor 03 Julie 2026 indien. Versoek asseblief e-posversoeke by johnmb@joburg.org.za of thingam@joburg.org.za.

Let wel: Die raad sal die oorsigverslag van MPAC oorweeg en die 2024/25 jaarverslag debatteer by die stad se gewone raadsvergadering wat in die eerste kwartaal van 2026/27 aangekondig sal word.

Afskrifte van die verslag kan ook op die stad se webwerf by www.joburg.org.za verkry word of sal beskikbaar wees vir besigtiging by die streekkantore van die wyksbestuureenheid.

STREEK	ADRES	TELEFOONNR.
A	230 15de weg 230, Randjespark, Midrand	071 862 3422 Sandile Ntutha
B	Symonsweg 35, ACA Krans, Auckland Park	083 798 1277 Bontle Motsepe
C	Christiaan de Wetweg 100, Burgersentrum: Florida Park, Roodepoort	083 375 2719 Pinkie Tladi
D1	Komaweg 1, Jabulani Burgersentrum	082 385 4909 Ruben Bosiu
D2	Power Park Sportsentrum, huisnr. 19, h.v Nicholas en Chris Hani-weg, Orlando-Oos.	082 857 2619 Nonhlanhla Sithole
E	Daisystraat 137 (h.v Daisy en Graystonstraat) Sandton, 2196	083 257 4514 Lethabo Mashiloane
F	CJ Cronje-gebou, Lovedaystraat 80, Johannesburg	0754416750 Pertunia Mathebula

G	K43-weg, Corobrick-gebou, Lenasia South-Weskantoor, Lenasia	083 763 0235 Lijeng Mbuli

Uitgereik deur Andile Gobinca, Raadsekretaris, Stad Johannesburg,

5de vloer, Forum 1, Braam Park, Hoofdstraat 33, Braamfontein, Johannesburg, 2037

Namens rdl. Sepetlele Raseruthe, voorsitter van die artikel 79 MPAC vir die Stad Johannesburg Metropolitaanse Raad

Metropolitan-sentrum, Civic Boulevard 158,

Braamfontein, Johannesburg

Kennisgewing besonderhede

NAAM
STAD JOHANNESBURG

STAD JOHANNESBURG

Top 5 stories

1. Gauteng Hawks boss Ebrahim Kadwa's cellphone matter struck off the roll
2. Two armed suspects dead, one injured in shoot-out with KZN cops
3. Gauteng government defends Amapanyaza programme amid criticism
4. Bafana Bafana visa drama: McKenzie thanks US Embassy, says 'fault entirely on our side'
5. Fuel-saving Changan Deepal S05 REEV almost here

Watch online

Safa administrative failures behind Bafana Bafana visa snag

No red letter day yet as Sapo staff cite unpaid pensions

Marizka Coetzer

DIRE STRAITS. Retrenched post office employees protest yesterday outside the department of communications and digital technologies in Pretoria over unpaid pensions. Picture: Michel Bega

Retrenched and voluntary service provider SA Post Office (Sapo) workers picketed outside the department of communications and digital technologies yesterday.

Jacky Maja, who was retrenched in 2024, said she was still unemployed and that former minister Solly Malatsi promised them Takealot jobs, but nothing has been forthcoming.

"We approached the department, which promised us they would pay us [our pensions] as soon as the government pays them. Then, when they received money from the Treasury, they still didn't pay us," she added.

"It's affecting us and our families. Since we were retrenched in April 2024 up until now, we haven't received our pension funds.

"They deducted the pension fund contributions from our salaries every month. Now we are retrenched, they don't want to pay out our pensions.

"Now they tell us they have come to an agreement with the unions, and will only pay us 18 cents for every R1.

"The union didn't even engage with us. We haven't heard from the union since we were retrenched, but now they sign agreements on our behalf. We are disappointed in the union," she added.

Maja said the Special Investigating Unit must intervene and investigate the post office.

Another retrenched worker, Jackson Khoza, said: "It's our money and we were never consulted. One day, we were just told we were going to be retrenched. We didn't even get a statement to show for it.

"We just want our money. We don't want to come back here again," he added.

Albert Kwsha, who has been working at the post office since 1999, said: "They introduced a volunteer service package where we took our pension money to buy bakkies to drive for the company.

"They said the company was under financial constraints so we took our money and bought bakkies."

Kwsha said after they were retrenched, the post office outsourced drivers and left them unemployed and stuck with vehicle instalments.

"I am 56 years old. Where am I going to work and how will I support my children?

"That money owed to us is more than R100 000. They deducted about R1 050 per month and never paid it over. Where is that money now?" he said.

The Communication Workers Union did not respond to questions.

Switching off load reduction

Energy constraints must end to facilitate economic growth, says president.

Eric Mthobeli Naki

With the economy on the mend, the country is working to bring load reduction to an end, says President Cyril Ramaphosa, delivering the Presidency's budget in parliament yesterday.

For close to two decades, load shedding was one of the largest constraints to economic growth and social development.

Ramaphosa cited growth and creating jobs as his priorities. "The macroeconomic environment has improved, tax collection revenues remain strong, public finances are in better shape and national debt has stabilised," he said.

But he highlighted the impact of the Gulf war on the world and the country's economy. "These developments are likely in the immediate term to slow economic growth and hamper our efforts to create jobs."

He touched on last week's ratings agency Moody's report that lifted SA's rating outlook from stable to positive, coming six months after S&P lifted SA's credit rating for the first time in two decades.

He said the sixth SA Investment Conference secured investment pledges in excess of R890 billion, with a substantial portion from domestic investors.

"When local investors show confidence in the prospects of the economy, international investors follow suit."

The president welcomed the establishment of the portfolio committee on the Presidency, the first to be dedicated to overseeing the performance of the Presidency since 1994.

The Presidency ensures the efforts of departments, provinces, municipalities and social partners are coordinated and directed towards developmental objectives.

He also announced a plan to invest R1 trillion in "the largest infrastructure build in South Africa's history". This entailed building and refurbishing roads, dams, schools, hospitals and clinics, as well as energy, logistics and transport infrastructure over the next three years.

The focus placed on Transnet supported by the national logistics crisis committee has resulted in performance improvement in railways and ports that has eased long-standing bottlenecks across mining, agriculture and manufacturing.

Between January and March, agriculture recorded an 11% increase in export earnings compared to last year. "SA is now the world's largest exporter of citrus by volume. Access to productive land is essential to increase agricultural output, create jobs and lift people out of poverty."

Land Reform and Rural Development Minister Mzwanele Nyhontso will outline the programme to convert agricultural leases to title deeds. – *ericn@citizen.co.za*

Annexure D

MINUTES OF MEETINGS FOR CONSIDERATION OF 2024/2025 OVERSIGHT ON THE ANNUAL REPORT

Annexure D1

MINUTES OF THE 40TH ORDINARY MEETING HELD ON 5 JUNE 2026

MINUTES OF THE 40TH ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD AT 3RD FLOOR AUDITORIUM, FORUM 1, BRAAMPARK, ON FRIDAY, 5 JUNE 2026, AT 10:00.

PRESENT

COUNCILLORS

Raseruthe, S H (EFF) (Chairperson)
Xulu, P (ActionSA)
Modukanene, L C (ActionSA)
Maila, S M (DA)
Suddaby, J (DA)
Lefutso, L (ANC)
Lobi, M (ANC)
Mmbengwa, M N (ANC)
Mazibuko, N (ANC)
Mosehla, J (EFF)
Gwamanda, K (AL JAMA-AH)

ALTERNATES

Abdool, F (UIM)
Nkonyeni, S P (ActionSA)
Sindani, P (ANC)

OFFICIALS

F Brink, City Manager
T Moraka, Group Chief Financial Officer
K Semenya, Director : Office of the City Manager
S Nxumalo, Group Head : GRAS
M Kona, Group Head : Group Governance
A Mochela, Group Head : GICT
N Mahanjana, Acting Group Head : GFIS
S Nodu, Acting Executive Head : Office of the City Manager
T Mmbara, Director : Monitoring and Evaluation
I Ramdas, Executive Head : Core Accounting
P Mathonsi, Audit Manager : AGSA
T Moloi, Senior Manager : AGSA
M Mavundla, Deputy Business Unit Leader : AGSA
S Leso, Director, GAC
M Sibande, Director : GFIS
P Ramara, Deputy Director : UIFW : GRAS
P Maubane : Deputy Director : GRAS
N Mbatha, Deputy Director: GRAS
P Ntsengwane, Assistant Director : GFIS
P Rafferty, Director : Speaker's Office
L Mbedzi, Assistant Director : Legislature
T Tseki, Legal Advisor : Legislature
T Mabogo, Committee Researcher : Legislature
T Mosito, Acting Committee Coordinator : Legislature

1 WELCOME

The Chairperson welcomed all Committee members at the meeting. The meeting was preceded by an In-Committee meeting which started at 10:00 am. At 13:00 pm, Officials joined the Committee meeting, and the Chairperson welcomed all present.

The Legal Advisor in terms of Rule 7 (1) of the Standing Rules and Orders of Council, 2016 indicated that the precincts of Council is the area of land and every building or part of a building under the Legislature's control. She further indicated that in a case where Council or Committees convene beyond the seat of Council, these Rules shall apply as if the premises where Council or Committees are meeting were within the precincts of Council in terms of Rule 7 (2) of the Standing Rules and Orders of Council, 2016.

She thereafter declared the venue where the members were attending the Committee meeting as the formal venue of the meeting.

2 LEAVE OF ABSENCE

1 Applications for leave of absence were received from the following Councillors:

Councillor Ramafikeng, D J	:	*ill-Health*
Councillor Mashala, K	:	*Private Business*
Councillor Nhlapo, C P	:	*ill-Health*
Councillor Mhlari, T M	:	*ill-Health*
Councillor Shawe, Z	:	*Private Business*
Councillor Da Gama, V	:	*Private Business*
Councillor Cherry, J	:	*Private Business*
Councillor Santana, C G	:	*Private Business*

2 The Councillor conversion for the duration of the meeting:

Mashala, K	:	*Nkonyeni, S P*
Ramafikeng, D J	:	*Sindani, P*

RESOLVED

1. That the leave of absence be granted to Councillors; Ramafikeng, D J, Mashala K, Nhlapo C P, Mhlari T, Shawe Z, Da Gama V, Cherry J, and Santana C.
3. That the request for the conversion of Councillors to full members for the duration of the meeting be granted as per the Standing Rules and Orders of Council: Rule 115(3).

3 CONFIRMATION OF MINUTES

DEFERRED

4 MATTERS ARISING FROM THE MINUTES

DEFERRED

5 PRESENTATIONS

Mr T Moloi, Senior Manager from the Auditor-General of South Africa briefed the Municipal Public Accounts Committee on the 2024-25 audit outcome for the City of Johannesburg Metropolitan Municipality.

The Committee members were given an opportunity to comment and pose clarity seeking questions.

I N D E X

ITEM NUMBER

IN-COMMITTEE ITEM

GROUP RISK AND ASSURANCE SERVICES

6 REPORTS

Item 1 GUIDELINES FOR THE CONSIDERATION OF THE 2024/25 ANNUAL REPORT OF THE CITY

NOTED

That the Committee considers the relevant sections of the 2024/25 Annual Report contained in the agenda that has been distributed to all Councillors for the Council meeting of Thursday, 28 May 2026.

(COJ LEGISLATURE)

Item 2 GRAS GROUP COMPLIANCE ADVISORY AND ASSURANCE SERVICES Q3 REPORT FY2025/26 ON THE DECLARATIONS OF UNAUTHORISED IRREGULAR FRUITLESS AND WASTEFUL EXPENDITURE (UIFWe)

NOTED

1 That the COJ Departments and MEs provide and implement adequate and effective action plans and preventative controls to address the identified areas of non-compliance to meet the applicable legislative requirements.

2 That the Municipal Public Accounts Committee (MPAC) notes this report.

(GROUP RISK AND ASSURANCE SERVICES)

Item 3 REPORT TO SEEK APPROVAL OF THE UPDATED STRATEGY FOR THE PREVENTION AND REDUCTION OF UNAUTHORISED IRREGULAR FRUITLESS AND WASTEFUL EXPENDITURE (UIFWe) THAT IS ALIGNED TO THE NATIONAL TREASURY CIRCULAR 111

NOTED

(GROUP RISK AND ASSURANCE SERVICES)
(Sinaye Nxumalo)

Item 4 GROUP STRATEGIC SUPPLY CHAIN MANAGEMENT DEVIATION AND RATIFICATION REPORTS THAT WERE CONSIDERED AND APPROVED BY THE ACCOUNTING OFFICER FOR THE PERIOD JULY 2024 TO SEPTEMBER 2024

NOTED

(GROUP FINANCE)
(Ms N Deliwe)
(Tel. 011 021 3350)

Item 5 GROUP STRATEGIC SUPPLY CHAIN MANAGEMENT EAC DEVIATION AND RATIFICATION REPORTS THAT WERE CONSIDERED AND APPROVED BY THE ACCOUNTING OFFICER FOR THE PERIOD OCTOBER 2024 TO DECEMBER 2024

NOTED

1 That the contents of the report and the information contained in Annexure A be noted in compliance with Regulation 36(2) of the Municipal Supply Chain Management Regulations.

2 That the deviation contained in Annexure A be included as a note to the Annual Financial Statements in compliance with Regulation 36(2).

(GROUP FINANCE)
(Ms. N Deliwe)
(Tel: 011- 407 6350)

Item 6 GROUP STRATEGIC SUPPLY CHAIN MANAGEMENT DEVIATION AND RATIFICATION REPORTS THAT WERE CONSIDERED AND APPROVED BY THE ACCOUNTING OFFICER FOR THE PERIOD 1 JANUARY TO 31 MARCH 2025

NOTED

1 That the contents of the report and the information contained in Annexures A, B and C be noted in compliance with Regulation 36(2) of the Municipal Supply Chain Management Regulations.

2 That the deviations on Annexure A be included as notes to the Annual Financial Statements, in compliance with Regulation 36(2).

(GROUP FINANCE)
(Ms. N Deliwe)
(nokuzolad@joburg.org.za)
(Tel: 011- 407 6350)

Item 7 GROUP STRATEGIC SUPPLY CHAIN MANAGEMENT DEVIATION AND RATIFICATION REPORTS THAT WERE CONSIDERED AND APPROVED BY THE ACCOUNTING OFFICER FOR THE PERIOD FOR THE PERIOD APRIL 2025 TO JUNE 2025

NOTED

1 That the contents of the report and the information contained in Annexure A be noted in compliance with Regulation 36(2) of the Municipal Supply Chain Management Regulations.

2 That the deviation contained in Annexure A be included as a note to the Annual Financial Statements in compliance with Regulation 36(2).

(GROUP FINANCE)
(Ms. N Deliwe)
(nokuzolad@joburg.org.za)
(Tel: 011- 407 6350)

Item 8 DEVIATION AND RATIFICATION REPORTS THAT WERE CONSIDERED AND APPROVED BY THE ACCOUNTING OFFICER FOR THE PERIOD JULY 2025 TO SEPTEMBER 2025

NOTED

1 That the contents of the report and the information contained in Annexure A be noted in compliance with Regulation 36(2) of the Municipal Supply Chain Management Regulations.

2 That the deviation contained in Annexure A be included as a note to the Annual Financial Statements in compliance with Regulation 36(2).

(GROUP FINANCE)
(Nokuzola Deliwe)
(Ops Manager : Commitees)
(nokuzolad@joburg.org.za)
(Tel. (011) 407 6350)

Item 9 GROUP STRATEGIC SUPPLY CHAIN MANAGEMENT DEVIATION AND RATIFICATION REPORTS THAT WERE CONSIDERED AND APPROVED BY THE ACCOUNTING OFFICER FOR THE PERIOD FOR THE PERIOD OCTOBER 2025 TO DECEMBER 2025

NOTED

1 That the contents of the report and the information contained in Annexure A be noted in compliance with Regulation 36(2) of the Municipal Supply Chain Management Regulations.

2 That the deviation contained in Annexure A be included as a note to the Annual Financial Statements in compliance with Regulation 36(2).

(GROUP FINANCE)
(Nokuzola Deliwe)
(Ops Manager: Commitees)
(nokuzolad@joburg.org.za)
(Tel. (011) 407 6350)

Item 10 ITEM NUMBER 12 - RESPONSE TO MPAC MATTERS ARISING : THAT THE OFFICE OF THE CITY MANAGER TOGETHER WITH GRAS AND GROUP GOVERNANCE, SUBMIT THE FOLLOWING DOCUMENTS ON PROCESSING OF UIFWE BY ALL ENTITIES.

1) BOARD RESOLUTIONS.
2) SUMMARY OF INVESTIGATION REPORTS WITH RELEVANT ANNEXURES.
3) REMEDIAL ACTION REPORT.
4) INTERNAL AUDIT MANAGEMENT REPORT SUBMITTED TO MOES DIRECTORS.
5) THE ACKNOWLEDGEMENT OF THE ASSIGNED ROLES AND RESPONSIBILITIES OF THE DIRECTORS IN TERMS OF THE MFMA AND COMPANIES ACT SECTION 76.

NOTED

(MUNICIPAL ENTITIES)
(Samantha Pather)
(Unit Head: Shareholder Services, Group Governance)
(Tel +27 81 747 4148)

IN-COMMITTEE ITEM

Item 11 REPORT ON THE OUTCOME OF AN INVESTIGATION OF IRREGULAR EXPENDITURE INCURRED BY GROUP INFORMATION COMMUNICATION TECHNOLOGY AND INFORMATION MANAGEMENT (GICTIM) 2016/17-2021/22 FINANCIAL YEARS- EOH

The Committee agreed to defer the report to Municipal Public Accounts Committee meeting to be held on 22 June 2026.

DEFERRED

(GROUP RISK & ASSURANCE SERVICES)
(GROUP INTERNAL AUDIT SERVICES)
(Phuti Ramara)

7 ANNOUNCEMENTS

The Chairperson announced that the Committee will convene Extra-Ordinary Committee meetings on 17 and 18 June 2026.

8 CLOSURE

The Chairperson thanked members for their attendance.

THE MEETING ADJOURNED AT 17H30

…………………………………..	………………………
CHAIRPERSON	DATE

Annexure D2

MINUTES OF THE 41ST ORDINARY MEETING HELD 17 JUNE 2026

MINUTES OF THE 41ST ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD AT 3RD FLOOR AUDITORIUM, FORUM 1, BRAAMPARK, ON WEDNESDAY, 17 JUNE 2026, AT 10:00.

PRESENT

COUNCILLORS

Raseruthe, S H (EFF) (Chairperson)
Mashala, K (ActionSA)
Modukanene, L C (ActionSA)
Shawe, Z (DA)
Maila, S M (DA)
Suddaby, J (DA)
Lefutso, L (ANC)
Lobi, M (ANC)
Mmbengwa, M N (ANC)
Mazibuko, N (ANC)
Mosehla, J (EFF)
Cherry, J (PA)

ALTERNATES

Abdool, F (UIM)
Santana, C (DA)

BY INVITATION

SPEAKER OF COUNCIL: Arnolds, M S

OFFICIALS

F Brink, City Manager
T Moraka, Group Chief Financial Officer
K Semenya, Director : Office of the City Manager
S Nxumalo, Group Head : GRAS
M Kona, Group Head : Group Governance
N Mahanjana, Acting Group Head : GFIS
S Nodu, Acting Executive Head : Office of the City Manager
M Sibande, Director : GFIS
P Ramara, Deputy Director : UIFW : GRAS
P Maubane : Deputy Director : GRAS
L Semoko, Office of the GCFO
C Wurayayi, Group Head : Group Accounting
S Panther, Unit Head : Group Governance
N Motshele, Group Legal and Contracts
P Rafferty, Advisor : Office of the Speaker
L Mbedzi, Assistant Director : Legislature
T Tseki, Legal Advisor : Legislature
T Mabogo, Committee Researcher : Legislature
T Mosito, Acting Committee Coordinator : Legislature

1 WELCOME

The Chairperson welcomed all present at the meeting.

The Legal Advisor in terms of Rule 7 (1) of the Standing Rules and Orders of Council, 2016 indicated that the precincts of Council is the area of land and every building or part of a building under the Legislature's control. She further indicated that in a case where Council or Committees convene beyond the seat of Council, these Rules shall apply as if the premises where Council or Committees are meeting were within the precincts of Council in terms of Rule 7 (2) of the Standing Rules and Orders of Council, 2016.

She thereafter declared the venue where the members were attending the Committee meeting as the formal venue of the meeting.

2 LEAVE OF ABSENCE

1 Applications for leave of absence were received from the following Councillors:

Councillor Ramafikeng, D J	:	*ill-Health*
Councillor Xulu, P	:	*Private Business*
Councillor Nhlapo, C P	:	*ill-Health*
Councillor Gwamanda, K	:	*Private Business*
Councillor Mhlari, T M	:	*ill-Health*
Councillor Sindani, P	:	*Council Business*
Councillor Nkonyeni, S P	:	*Private Business*
Councillor Da Gama, V	:	*Private Business*

2 The Councillor conversion for the duration of the meeting:

Da Gama, V	:	*Santana, C*
Gwamanda, K	:	*Abdool, F*

RESOLVED

1. That the leave of absence be granted to Councillors; Ramafikeng, D J, Xulu, P Nhlapo C P, Gwamanda K, Mhlari T, Sindani, P, Nkonyeni, S P and Da Gama, V
3. That the request for the conversion of Councillors to full members for the duration of the meeting be granted as per the Standing Rules and Orders of Council: Rule 115(3).

3 CONFIRMATION OF MINUTES

(41st Extra-Ordinary Meeting held on 17 April 2026)
(38th Ordinary Meeting held on 23 April 2026)
(39th Ordinary Meeting held on 8 May 2026)

DEFFERED

4 MATTERS ARISING FROM THE MINUTES

DEFFERED

5 RESOLUTION TRACKING

DEFFERED

6 PRESENTATIONS

1. Presentation on the 2024/2025 City of Johannesburg Integrated Annual Report by the City Manager.

   The Office of the City Manager presented the 2024/2025 City of Johannesburg Integrated Annual Report.

   The Municipal Public Accounts Committee mentioned that questions would be drafted by the Committee and sent to the Executive for responses.

7 ANNOUNCEMENTS

The Chairperson announced that the Committee will convene an Extra-Ordinary Meeting on 18 June 2026.

8 CLOSURE

The Chairperson thanked members for their attendance.

THE MEETING ADJOURNED AT 14H30

……………………………………….. ………………………
CHAIRPERSON DATE

Annexure D3

MINUTES OF THE 42ND EXTRA-ORDINARY MEETING HELD ON 18 JUNE 2026

MINUTES OF THE 42ND EXTRA-ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD AT 3RD FLOOR AUDITORIUM BRAAMPARK, ON THURSDAY, 18 JUNE 2026, AT 10:00.

PRESENT

COUNCILLORS

Raseruthe, S H (EFF) (Chairperson)
Xulu, P (ActionSA)
Mashala, K (ActionSA)
Modukanene, L C (ActionSA)
Shawe, Z (DA)
Maila, S M (DA)
Suddaby, J (DA)
Lefutso, L (ANC)
Lobi, M (ANC)
Mmbengwa, M N (ANC)
Mazibuko, N (ANC)
Mosehla, J (EFF)
Cherry, J (PA)

ALTERNATES

Abdool, F (UIM)
Nkonyeni, S P (ActionSA)

BY INVITATION : SECTION 79 COMMITTEE CHAIRPERSONS

Marema, A : Chair of Chairpersons
Raphadu, T : Chairperson (CSS Committee)
Kaldine, K : Chairperson (Development Planning Committee)
Mhlongo, T : Chairperson (EDC Committee)
Ngoepe, C : Chairperson (EISD Committee)
Cook, M : Chairperson (Finance Committee)
Ntoele, L : Acting Chairperson (Health Committee)
Mpolobosho, M:Chairperson (Human Settlement Committee)
Magwentshu, L : Chairperson (Governance Committee)
Zigebe, Y : Chairperson (GEYODI Committee)
Makhuba, N : Chairperson (Public Safety Committee)
Makome, J : Chairperson (CD Committee)

OFFICIALS

L Mbedzi, Assistant Director : Legislature
T Tseki, Legal Advisor : Legislature
T Mabogo, Committee Researcher : Legislature
T Mosito, Acting Committee Coordinator : Legislature
N Motshele, Legal Advisor : Legislature
J Steyn, Deputy Director : Research Unit : Legislature
V Nkambule, Senior Researcher : Legislature
T Marokwane, Senior Researcher : Legislature
K Mtunzi, Senior Researcher : Legislature

T Sidubulekana, Committee Researcher : Legislature
T Mawasha, Committee Researcher : Legislature
D Mpondo, Committee Researcher : Legislature
A Ngcaku, Committee Researcher : Legislature
A Bhaga, Committee Researcher : Legislature
N Phakathi, Committee Researcher : Legislature
M Molopyane, Committee Researcher : Legislature
K Mdakane, Committee Researcher : Legislature
P Bongwe, Deputy Director : Chair of Chairpersons Office
L Mgoma, Communications : Chair of Chairpersons Office
S Mogase, Chairperson : Group Audit Committee (GAC)
G Zabala, Chairperson : Group Performance Audit Committee
R Greeff, Chairperson : Group Risk Government Committee

1 WELCOME

The Chairperson welcomed all present at the meeting.

The Legal Advisor in terms of Rule 7 (1) of the Standing Rules and Orders of Council, 2016 indicated that the precincts of Council is the area of land and every building or part of a building under the Legislature's control. She further indicated that in a case where Council or Committees convene beyond the seat of Council, these Rules shall apply as if the premises where Council or Committees are meeting were within the precincts of Council in terms of Rule 7 (2) of the Standing Rules and Orders of Council, 2016.

She thereafter declared the venue where the members were attending the Committee meeting as the formal venue of the meeting.

2 LEAVE OF ABSENCE

1 Applications for leave of absence were received from the following Councillors:

Councillor Ramafikeng, D J	*:*	*ill-Health*
Councillor Nhlapo, C P	*:*	*ill-Health*
Councillor Gwamanda, K	*:*	*Private Business*
Councillor Mhlari, T M	*:*	*ill-Health*
Councillor Sindani, P	*:*	*Private Business*
Councillor Santana, C G	*:*	*Private Business*
Councillor Da Gama, V M	*:*	*Private Business*

RESOLVED

1. That the leave of absence be granted to Councillors; Ramafikeng, D J, Nhlapo, C Gwamanda K, Mhlari T, Sindani, P , Santana C and Da Gama, V M.

3 PRESENTATIONS

Combined Joint GACs Report on the COJ 2024/2025 Integrated Annual Report

Mr S Mogase, Chairperson of Group Audit Committee (GAC), Mr G Zabala, Chairperson of Group Performance Audit Committee (GPAC) and Ms Greeff, Chairperson of Group Risk Government Committee (GRGC) jointly presented the GACs Report on the COJ 2024/2025 Integrated Annual Report

NOTED

I N D E X

4 REPORTS

Item 1 OVERSIGHT REPORT OF THE SECTION 79
CORPORATE AND SHARED SERVICES
COMMITTEE ON THE 2024/25 ANNUAL REPORT

Chairperson T Raphadu of the Corporate and Shared Services Committee presented an assessment of the 2024/2025 annual report.

- *CSS Committee gave an overall Committee assessment on record keeping that was an inadequate documentation in terms of records available, to determine sundry debtors. There were some glaring omissions when AG requests documents.*
- *In the second quarter, R3,4 million that was allocated for the electronic management system, was shifted to a project of the Office automation Project.*
- *The evaluation of the AG report was not concluded, and therefore, the irregularity of the materials will be indicated in the annual report of 2025/2026.*
- *The Committee indicated that the annual report indicates 4% expenditure on repairs and maintenance against the target of 80%.*
- *The payments loaded to the SIM cards are not utilised and the loses is amounting to R4,5 million.*
- *The City Manager needs to undertake an institutional review to assess if the organizational structure is fit for the purpose and aligned with the demand of service delivery. The last organizational change was conducted in 2010.*
- *CSS Committee recommended that GICT should expedite the implementation process of the digital record management system and provide regular progress reports to the Committee.*
- *CSS Committee recommended that there should be filing of top management positions.*
- *CSS Committee recommended that there should be a speedy payment to the transactional advisor.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that the issues that the Auditor General (AG) raised in terms of non-documentation are worrisome. It indicated that it would write questions and direct them to the department to find out their plan going forward.*
- *The Committee indicated that, according to the AG reports, the number of employees working in the Finance department that understands the MFMA is about half of the employees, and that is in accordance with the number of the UIFWs in the City of Joburg.*

Chair of Chairs Comments:

- *The Chair of chairpersons gave an input based on the CSS report and indicated that there have been repeated findings on the lack of document* *submissions to the AG. He further mentioned that the Committee should insist on asking for the documents from the department.*

Discussions:

- *In response, Chairperson Raphadu indicated that it is very disappointing when they continually ask for the reports from the officials, and they do not adhere to what the Committee requests.*
- *He mentioned that the Committee has been requesting the department to provide training for the employees, but it looks like it falls on deaf ears.*
- *He highlighted that the Committee embarked on a joint oversight to metro centre and later submitted the recommendations; however, there has not been an implementation.*
- *He further mentioned to the Committee that there would not be any records to be submitted to the AG since they are all over the place in the metro centre building.*

RESOLVED

That the Committee consider the relevant sections of the 2024/25 annual report.

(COJ LEGISLATURE)

Item 2 OVERSIGHT REPORT OF THE DEVELOPMENT PLANNING SECTION 79 COMMITTEE ON THE 2024/25 ANNUAL REPORTS OF THE DEPARTMENT OF DEVELOPMENT PLANNING AND JOHANNESBURG DEVELOPMENT AGENCY (JDA)

Chairperson K Juwairiya of the Development Planning Committee presented an assessment of the 2024/2025 annual report.

- *Chairperson K Juwairiya gave an overall overview of the performance of the Development Planning department as it was able to achieve 99% on capital expenditure.*
- *She indicated that on the performance overview of the department, it achieved several targets and there are concerns about the service providers not being paid, which created protests on projects.*
- *She indicated that Development Planning received an unqualified audit from the Auditor General.*
- *The fruitless and wasteful expenditure amounted to R247 million, mainly due to the interest and late penalties.*
- *There are outgoing legal claims against JDA, and the outcomes could not be determined.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised concerns about the buildings that are not complying with the bylaws of the city.*
- *The Committee suggested that the current irregular expenditure that is found in these departments should be submitted immediately.*
- *The Committee enquired about the timelines of the projects to be completed.*

Discussions:

- *In response, Chairperson K Juwairiya suggested that there should be a joint Committee meeting with Economic Development Committee to tackle the issue of buildings with Johannesburg Property Company (JPC).*
- *She informed the Committee that JDA implements all the projects within the City of Johannesburg and highlighted that if Housing Department has a project that is working on, JDA will be part of the project.*
- *In response to the practical completion, She highlighted that it means the project is near the end stage, that is, where they do something called "snack list", rounding up the project into completion.*

RESOLVED

1 That the Committee notes and approves the observations cited in this report and incorporates them in the consolidated oversight report on the City's 2024/25 Annual Report.

2 That the JDA provides the Committee a report on the mitigation measures to prevent future material misstatements in financial statements, by July 2026.

3 That the JDA provides the Committee a detailed report on the causes and consequences of the R502.9 million irregular expenditure, by July 2026.

4 That the JDA reports to the Committee on the proposed budget controls that will be implemented to ensure prevent future overspending, by July 2026.

5 That the JDA reports to the Committee on the proposed measures to strengthen management review and oversight over compliance controls, by July 2026.

6 That JDA furnishes the Committee with a detailed report on the status and the potential financial implications of ongoing legal claims against the JDA, by July 2026.

(COJ LEGISLATURE)
(Ms. Ayabulela Ngcaku)
(Tel. (011) 407-7395)

Item 3 OVERSIGHT REPORT OF THE ECONOMIC DEVELOPMENT SECTION 79 COMMITTEE ON THE CITY OF JOHANNESBURG INTEGRATED ANNUAL REPORTS, COVERING ECONOMIC DEVELOPMENT DEPARTMENT, JOHANNESBURG TOURISM COMPANY, JOHANNESBURG MARKET AND JOHANNESBURG PROPOERTY COMPANY FOR THE PERIOD 2024/25

Chairperson T Mhlongo of the Economic Development Committee presented the assessment of the 2024/2025 annual report.

- *Chairperson T Mhlongo gave an overview of Johannesburg Property Company (JPC) which received an unqualified audit report, while the Joburg Market received a clean audit for 2 consecutive annual reports.*
- *He mentioned that Joburg market has become a backbone of the City as it is always bringing good revenue to the City of Joburg.*
- *He indicated that the Economic Development Department has contributed to the core economic growth and that the KPI's were fully achieved at 100%, such as economic growth and job creation.*
- *He indicated that the unemployment rate is at the 32%, while the youth unemployment rate is at 47%. The UIFWs are sitting at 13,3 Billion which is ridiculously high.*
- *He highlighted that the resistance weaknesses are found under the Procurement, contract management, and financial contracts. The skills development spending is underutilised, which is a concern to the Committee.*
- *He raised concerns about high sick leave requests, which cost the City R560 Million, and further raised concerns over infrastructure damages, which affect the services within the City.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee suggested that there should be a recommendation that addresses repeated audit findings and the procurement challenges.*
- *The Committee raised a concern regarding UIFWs in the Department and Entities. It further raised a concern regarding the JITI rank that is not utilized and asked about the plan around the JITI.*
- *The Committee suggested that there should be a recommendation regarding the vacant buildings and an investigation as to why they are vacant.*

Discussions:

- *In response, Chairperson T Mhlongo indicated that JITI falls under the Transport department.*
- *The Chairperson indicated that not every abandoned building is under JPC because some are from the Gauteng department.*
- *The Chairperson indicated that a clean audit is only for JM not for other entities.*

RESOLVED

1 That the MPAC note the comments and observations cited in the body of the report and incorporate them in the consolidated oversight report on the City's 2024/25 Annual Report.

2 That the Department and its Entities address issues leading to governance and institutional failures such as total resolution of audit findings, underspending of CAPEX, delay of project deliveries, corruption risks and financial controls, in the next financial period.

3 That the Department and its Entities address matters of labour and human constraints such as vacancy rates, skills shortage and capacity gaps, in the next financial period.

4 That the City address the challenges of safety, and infrastructure decay by increasing repairs and maintenance to 8% expenditure, in the next financial period.

(COJ LEGISLATURE)

Item 4 OVERSIGHT REPORT OF THE ENVIRONMENT AND INFRASTRUCTURE SERVICES SECTION 79 COMMITTEE ON THE 2024/25 INTEGRATED ANNUAL REPORTS OF THE ENVIRONMENT AND INFRASTRUCTURE SERVICES DEPARTMENT, CITY POWER, JOHANNESBURG WATER AND PIKITUP JOHANNESBURG

Chairperson C Ngoepe of the Environment and Infrastructure Service Department Committee presented an assessment of the 2024/2025 annual report.

- *Chairperson C Ngoepe gave an overall review of EISD, which mainly focuses on service delivery, such as Joburg Water, City Power, and Pikitup.*
- *She indicated that City Power lost electricity through theft, meter tampering, and bypassing the meter box.*
- *She mentioned that the monies that are owed by the entities are not paid on time, and that plays a role in service providers not being paid on time.*
- *She emphasized that the EISD Committee is worried about the Auditor-General's report regarding the status of the City of Johannesburg as Joburg Water has a serious issue of water leakages, and that is one of the major water loss factors within the City.*
- *She indicated that these three entities are struggling to collect revenue and further indicated that there was an internal audit that was conducted for all those entities.*
- *She mentioned that the EISD Committee suggested that PIKIUP should use EPWP for cleaning up the CITY. However, the response was that they do not have enough budget to employ EPWP workers.*

- *She mentioned that the EISD Committee requested clarity as to how many water tanker trucks are owned by Joburg Water and that the Committee is still waiting for feedback regarding water tanker trucks.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Municipal Public Accounts Committee mentioned that one of the SCOPA resolutions was that City Power, Joburg Water, and Pikitup Entities need to come back and account due to the serious impact they have on service delivery.*
- *MPAC raised concerns that they have never seen any internal audit reports of these entities and further raised a concern that the CEOs of these entities earn more than the City Manager, however, they are the worst-performing entities within the City.*
- *The Committee indicated that the due date of the outlined recommendations from EISD Committee is too late, as the end of August, Councilors will be preparing for the elections campaign.*
- *The Committee requested that one of the recommendations should consider recovering wasteful expenditure money.*

Discussions:

- *In response, the Chairperson of EISD Committee indicated that Joburg Water receives water through Rand Water, and that water is wasted through the leaking infrastructure pipes.*
- *She mentioned that the challenges of PIKITUP are caused by the insufficient budget to cover the operations.*
- *She indicated that, unfortunately, the officials need to be given 60 days to respond to the recommendations.*
- *It was further indicated that Joburg Water owns 22 water tanks and is waiting for 20 to be delivered.*

Chair of Chairs Comments:

- *The Chair of Chairs suggested that City Power should do a benchmarking exercise with ESKOM and find solutions to turnaround the performance of the entity.*

RESOLVED

1. That MPAC notes the observations cited in this report and incorporates them into the consolidated oversight report on the City's 2024/25 Integrated Annual Report.

2. That Johannesburg Water should submit a report to the Committee on the Contractor (Performance Challenge) review process, emphasising lessons learned, especially on problematic contracts, by 30 August 2026.

3. That Johannesburg Water provide a detailed reconciliation of all assets classified as work-in-progress or under construction, including projected capitalisation timelines and reasons for delays to the Committee by 30 August 2026.
4. That Johannesburg Water should conduct a comprehensive analysis of the 264% increase in emergency deviations (from R92m to R334m) to identify systemic root causes. The report must be submitted to the Committee by 30 August 2026.

5. That Johannesburg Water should submit a three-year forward maintenance and capital plan outlining actions to reduce reliance on emergency procurement. This report must be delivered to the Committee by August 30, 2026.

6. That Johannesburg Water must report on the 117% over-expenditure in the Corporate Requirements category, including procurement failures for the Security Automation contract and IT Software and Data Servers, and the remedial actions taken. This is due to the Committee by 30 August 2026.

7. That Johannesburg Water provide a detailed reconciliation of all assets classified as work-in-progress or under construction, including projected capitalisation timelines and reasons for delays, due by 30 August 2026

8. That Johannesburg Water is to provide a report on the R32.587bn consumer receivables impairment, including the debt age analysis, write-off policy, and a credible revenue protection and debt recovery strategy for 2025/26, due by 30 August 2026.

9. That Johannesburg Water is to provide a report on the root causes of the informal settlement household water access shortfall (174 vs 1,250 target) and a revised delivery plan for 2025/26 with quarterly milestones, due to the Committee by 30 August 2026.

10. That Johannesburg Water provide a report on the evidentiary basis for all reported performance achievements flagged by AGSA as unverifiable, and confirm the steps taken to strengthen the performance information management system to ensure adequate supporting evidence is maintained. This is due to the Committee by 30 August 2026.

11. That Johannesburg Water provide a full UIFWE register as at 30 June 2025, itemising each matter by financial year of incurrence, amount, investigation status and projected resolution date. This is due to the Committee by 30 September 2026.

12. That Johannesburg Water should provide a report explaining why consequence management has not been initiated regarding the R121.34 million in basic service over-budget irregular expenditure incurred in 2022/23. The report is due to the Committee by 30 August 2026.

13. That City Power submit a Distribution Losses Reduction Plan with binding annual percentage targets for technical and non-technical losses, intervention

milestones, and named accountability designations. The report is due to the Committee by 30 August 2026.

14. That City Power must provide a report on the AMI rollout progress, including the number of meters installed to date, the remaining backlog, and the projected full-coverage completion date. The report must be submitted to the Committee by 30 August 2026.

15. That City Power provide a report on the stand-by-stand audit programme, including the percentage completion against the CoJ General Valuation Roll, the number of illegal connections removed, and the associated rand value of revenue recovered. The report must be submitted to the Committee by 30 August 2026.

16. That City Power provide a report quantifying the number of unmetered customers, estimated associated revenue leakage, and a time-bound remediation plan. The report must be submitted to the Committee by 30 August 2026

17. That City Power submit a Going Concern Mitigation Plan to the Committee by 30 August 2026.

18. That City Power provide a report on all irregular expenditure of R4.35bn, including root cause analysis, disciplinary actions taken, and a prevention plan. The report must be submitted to the Committee by 30 August 2026.

19. That City Power is required to provide a report on R719.5m of fruitless and wasteful expenditure, including recovery steps, to be submitted to the Committee by 30 August 2026.

20. That City Power provide a report on the status of the Hopefield Substation material irregularity. Due to the Committee by 30 August 2026.

21. That City Power is to provide a report on the outcome of the GFIS investigation once concluded, and the consequence management actions taken. The report is due to the Committee by 30 August 2026.

22. That Pikitup provide a detailed Debt Impairment Management Report identifying the payment-level interventions in place, and measurable recovery targets. This is due to the Committee by 30 August 2026.

23. That Pikitup present a Fleet Cost Containment and Replacement Strategy to the Committee to address chronic fleet cost overruns. This is due to the Committee by 30 August 2026.

24. That Pikitup submit a full UIFWE Consequence Management Register to the Committee, covering all current and prior-period cases across irregular, fruitless and wasteful expenditure categories, detailing investigation status and amounts recovered or under recovery. This is due to the Committee by 30 August 2026

25. That Pikitup provide a report on its Supply Chain Management Remediation Plan to address persistent procurement non-compliance. This must be submitted to the Committee by 30 August 2026
26. That Pikitup submit a Debtors Recovery and Credit Control Strategy addressing the R5 341 071 068 as an irrecoverable receivable, collection interventions, and billing correction measures. This is due to the Committee by 30 August 2026.

27. That Pikitup provide a Going Concern Remediation Plan, as referenced in Note 44, that sets out specific measures to restore financial sustainability. This is due to the Committee by 30 August 2026.

28. That Pikitup should submit a report detailing the consequences management actions taken in response to all instances of s87(8) MFMA budget overspending identified by the AGSA, including the controls put in place to prevent future occurrences. This report is due to the Committee by 30 August 2026.
29. That Pikitup provides a detailed Marie Louise Landfill Site Remediation Status Report, including the full environmental compliance status. This must be submitted to the Committee by 30 August 2026.

30. That Pikitup provide evidence of consequence management proceedings in respect of the Marie Louise material irregularity, given that the irregularity has persisted for over 18 months since AGSA notification. This is due to the Committee by 30 August 2026.

31. That City Power, Johannesburg Water and Pikitup provide a report on the specific internal control (deficiencies) remediation plans in response to AGSA's internal control deficiency findings, corrective actions, and implementation timelines, due by 30 August 2026.

(COJ LEGISLATURE)
(M Molopyane)
(Tel. (011) 407-7301)

Item 5 OVERSIGHT REPORT OF THE SECTION 79 FINANCE COMMITTEE ON THE 2024/25 ANNUAL REPORT OF THE GROUP FINANCE DEPARTMENT AND GROUP INFORMATION AND COMMUNICATION TECHNOLOGY DEPARTMENT

RESOLVED

1 That MPAC note the observations cited in this report, and incorporate them in the consolidated oversight report on the City’s 2024/25 Annual Report.

2 That the Group Finance Department submit a detailed Revenue Recovery and Debt Collection Plan to the Section 79 Finance Committee, including quarterly targets for reducing consumer debtors, debt impairment and outstanding

municipal debt. The report must be submitted to the Section 79 Finance Committee by August 2026.

3 That the Group Information Communication and Technology Department submit a report to the Section 79 Finance Committee on the total actual capital spending for all projects budgeted for in the 2024/25 financial year against the budgeted expenditure. The report must be submitted to the Section 79 Finance Committee by August 2026.

4 That Group Information Communication and Technology Department submit a report to the Section 79 Finance Committee on what measures have been instituted to ensure compliance with National Treasury’s requirements for mSOCA to avoid funding being withheld from the City of Johannesburg due to non-compliance. The report must be submitted to the Section 79 Finance Committee by August 2026.

5 That the Group Finance Department submit the adjustment budget annually to the Section 79 Finance Committee for comments prior to Council approval. The report must be submitted to the Section 79 Finance Committee by November 2026.

(COJ LEGISLATURE)
(A Bhaga)

Item 6 OVERSIGHT REPORT OF THE HEALTH AND SOCIAL DEVELOPMENT SECTION 79 COMMITTEE FOR THE ANALYSIS OF THE 2024/2025 ANNUAL REPORT OF CITY OF JOHANNESBURG

Acting Chairperson of Health and Social Development gave an overview of the annual report of 2024/2025.

- *The Acting Chairperson of Section 79 Health Committee acknowledged the department's achievements on the key indicators’ performance in programs, such as HIV, TB, and Immunisation.*
- *She mentioned that the Committee raised concerns that a significant number of patients were lost as follow-ups and noted the service level agreement with JPC for the health department to utilize their property.*
- *She mentioned that the HSD Committee noted a detailed report on the ESP program and that the Auditor General found the lack of appropriate audit documents, such as insufficient indigent.*
- *She indicated that the number of unoccupied vacancies remained a concern and that during the oversight, the Committee discovered major challenges such as network challenges, shortage of resources, ineffective supply chain processes, infrastructure vandalism, and delayed on the allocation of the City's land which require urgent intervention.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *MPAC enquired about the termination of the USA funding and asked how it has impacted the Department of Health.*
- *MPAC raised concerns with the findings of the Auditor General and further stated that the target of ESP was not met, which the Auditor General also raised a concern.*

Discussions:

- *In response, the Acting Chairperson of HSD Committee indicated that an oversight was conducted, and the department was requested to provide a report on issues that were raised.*
- *She further mentioned that the recommendations were submitted to the department and would be monitored if they are implemented.*

Chair of Chairs commented as follows

- *Chair of chairs suggested that the HSD Committee should monitor if the department is implementing the recommendations of the AG.*
- *He raised a concern that the City cannot have a department that is not cooperating with other departments in the future. The highlighted that HSD Committee should reprimand that behavior, because it brings the City of Joburg into disrepute.*

RESOLVED

1. That the observations and inputs of the Section 79 Health and Social Development on the City of Johannesburg Integrated Annual Report for 2024/2025 are included in the Oversight Report of the Municipal Public Accounts (MPAC) Committee on the audited Annual Reports of the City of Johannesburg Metropolitan Municipality for the 2024/2025 financial year.

(COJ LEGISLATURE)
(B Fana)
(Tel. (011) 407-6305)

Item 7 OVERSIGHT REPORT OF THE SECTION 79 HUMAN SETTLEMENTS COMMITTEE ON THE ANNUAL REPORT OF THE CITY OF JOHANNESBURG AND THE JOHANNESBURG SOCIAL HOUSING COMPANY (JOSHCO)

Chairperson Mpolobosho of the Human Settlement Committee gave an overview of the annual report of 2024/2025.

- *Chairperson Mpolobosho of Human Settlement gave a summary of the annual report, indicating that a huge hindrance to JOSHCO is not having an appointed Managing Director.*
- *He mentioned that the Human Settlement Committee raised a concern that JOSHCO wants to write off an amount of R36 million.*
- *He indicated that the budget of utilities was over by 33,3% due to non-collection from the rental units and that the maintenance budget is currently over by 71%.*
- *The Human Settlement Committee indicated that the department received an unqualified audit assessment and that there is a deficiency of internal control processes.*
- *The Committee indicated that there is an amount of R855.1 million, which is mainly from budget overspending.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *MPAC requested that the recommendations be clearly stated in the report that was shared and indicated that they would be submitting a lot of questions specifically to JOSHCO.*
- *The Committee raised a concern that there were zero refurbishments of the hostels, but there was a R855.1million that was overspent.*
- *The Committee raised a concern that the report that was shared by the office of the City Manager does not tally with what the Committee is hearing in this presentation.*
- *The Committee asked a clarity-seeking question regarding the MBV as well as the De La Rosa buildings, which tenants are no longer paying rent, and there are currently criminal activities taking place in those buildings.*

Discussions:

- *In response, the Human Settlement Chairperson indicated that they would include the recommendations to the report.*
- *It was indicated to MPAC that JOSHCO is struggling to collect the amount of R36 million to be written off since they cannot collect it.*

RESOLVED

1. That the Municipal Public Accounts Committee (MPAC) note the inputs of the Section 79 Human Settlements Committee on the Integrated Annual Report and the Johannesburg Social Housing Company (JOSHCO) for inclusion in the oversight report on the annual report for the 2024/25 financial year.

(COJ LEGISLATURE)
(M Phakathi)

Item 8 OVERSIGHT REPORT OF THE SECTION 79 OVERSIGHT COMMITTEE ON GOVERNANCE OF THE GOVERNANCE CLUSTER, PART OF THE CITY'S 2024/25 ANNUAL REPORT

Chairperson Magwentshu of the Governance Committee gave an overview of the annual report for 2024/2025

- *Chairperson Magwentshu gave a summary of the annual report and indicated that the issue of revenue collection within the City, it is a thorn as it puts the City of Johannesburg in a serious position regarding its financial stability.*
- *He further mentioned that the issue of water leakages calls for serious concern as it puts the City of Johannesburg under serious financial constraints.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *MPAC indicated that one of the governance recommendations was for MPAC to do an investigation, but the investigation is not within MPAC's jurisdiction.*
- *MPAC suggested that there should be investigations directed to the disciplinary board.*

Chair of Chairs

- *The Chair of Chairs raised a concern that when the Legislature request to do a benchmark with other municipalities, the Executive always says there is no money, however, they are always granted that opportunity.*
- *The Chair of Chairs suggested that there should be amendments to the law of the Legislature that will look into the S79 Committees, given their separate budget.*

Discussions:

- *In response, Chairperson Magwentshu emphasised that MPAC is given the right to an investigation, according to the MPAC terms of reference.*

RESOLVED

1 That MPAC note the observations cited in this report and incorporate them in the consolidated oversight report on the city's 2024/25 Annual Report.

2 That MPAC investigate unauthorized incurred expenses by the municipality that were not investigated to determine if any person is liable for the expenditure, as required by Section 32(2)(a) of the MFMA.

3 That MPAC investigate the irregular expenditure and fruitless and wasteful expenditure incurred by the municipality that was not investigated to determine if any person is liable for the expenditure, as required by Section 32(2)(b) of the MFMA.

4 That the Sec 79 Committee on Governance engage with the accounting officer in addressing the repeat findings raised by AG, which could have been prevented if reasonable steps were taken that led to unauthorized, irregular, fruitless, and wasteful expenditure (UIFWe). The accounting officer must submit a detailed audit plan from Internal Audit on how audits will be conducted during the year, and UIFWEs findings picked up during auditing processes must be sent to MPAC for processing before AGSA audits; the report must be submitted within 30 days after approval of this report by Council.

5 That the accounting officer engage with the Sec. 79 Committee on Governance and Finance in addressing the ongoing concern of increased overdraft by City Power affecting the cash coverage ratio in the city of Joburg. The accounting officer must provide a report within 30 days after the approval of the report by the council.

6 That the accounting officer engage with the Sec. 79 Committee on Governance and Finance in addressing the repeat findings from the AG, specifically the contravention of SCM Regulation 36(1) due to deviations from the approved SCM policy. The accounting officer must provide a report within 60 days after approval of this report by the council.

7 That the accounting officer engage with the Sec 79 Committee on Governance and Finance in addressing the AGSA findings on the contravention of section 12(5) of DORA regarding the utilization of conditional grants. The accounting officer must provide a report within 30 days after approval of this report by the council.

8 That the accounting officer engage with the Sec. 79 Committee on governance in addressing audit findings raised by the AGSA on internal control deficiencies: "The accounting officer did not exercise adequate oversight responsibility over financial reporting and compliance with legislation, as well as the related internal controls. The accounting officer must provide a report on reviews of internal controls implemented by executives to ensure compliance with legislation across the city within 60 days after approval of this report by the council.

9 That the accounting officer engage with the Sec. 79 Committee on Governance in addressing the audit findings raised by AGSA of material irregularities on the following matters: The Park Chambers building has not been refurbished; the Metro Centre building is not being utilized, and the bus rapid transit stations are also not being utilized. The accounting officer must provide a report within 30 days after approval of this report by the council

(COJ LEGISLATURE)
(Doctor Mpondo)
(Tel. (011) 407-7301)

Item 9 OVERSIGHT REPORT OF THE SECTION 79 COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH DISABILITIES ON THE CITY'S 2024/25 INTEGRATED ANNUAL REPORT

Chairperson Zigebe of the GEYODI Committee gave an overview of the annual report for 2024/2025

- *Chairperson Zigebe gave a summary as to what exactly the GEYODI Committee focuses on within the City of Johannesburg, which is the number of people hired who have disabilities, women, and youth.*
- *He indicated that the City of Johannesburg needs to always monitor itself to ensure it keeps up with the required standards.*
- *He mentioned that the progress towards transformation remains uneven. There are still high employment equity rates.*
- *He indicated that while there are many women employed, there is still a low number of women who are in senior positions.*
- *Women, youth, and people with disabilities remain underrepresented in leadership positions and the youth employment is only provided for short-term contracts.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *MPAC indicated that the Chairperson was reading the recommendations that are different from the ones that were submitted to the Committee.*
- *The Committee asked a clarity-seeking question as to how many women and persons with disabilities, who are the CEO of the entities as well as the Heads of Departments.*

Discussions:

- *In response, Chairperson Zigebe indicated that the notes he was presenting were an expansion of the report, but they will share the notes.*
- *He informed the meeting that in senior management, there are no women or people with disabilities who are in those positions.*
- *It was indicated that the MMC's do not even attempt to attend the GEYODI Committee.*

RESOLVED

1 That the Committee note the 2024/25 Comprehensive Annual Report of the City of Joburg.

2 That the Committee approves the Oversight report of the GEYODI Committee on the Annual Report of the City for the period 2024/25 noting the observations cited in the body of the report.

3 That the City strengthens Employment Equity outcomes by introducing measurable transformation targets

4 That the City enhance leadership diversity by increasing representation of women, youth and PWDs in senior roles

5 That the City improves youth employment pathways by converting internships and EPWP into permanent opportunities

6 That the City strengthens disability inclusion by enforcing accessibility and workplace adjustments

7 That the City improve monitoring and reporting by including outcome-based indicators (promotion, pay equity, retention)

(COJ LEGISLATURE)
(Kebitsamang Mtunzi: GEYODI Researcher)

Item 10 OVERSIGHT REPORT OF THE SECTION 79 PUBLIC SAFETY COMMITTEE ON THE 2023/2024 ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE DEPARTMENT OF PUBLIC SAFETY FOR THE PERIOD JULY 2024 TO JUNE 2025

Chairperson Makhubu of the Public Safety Committee gave an overview of the annual report for 2024/2025

- *Chairperson Makhubu gave a summary of the annual report and indicated that the department comprises of JMPD, Licensing Unit, Emergency Management Services Unit, and disaster management services.*
- *She highlighted the performance of JMPD, and stated that JMPD has recovered hijacked vehicles, firearms, and ammunition. They have issued more than 1000 AARTOs for traffic offenses and have also demolished unauthorised structures.*
- *She indicated that there has been a reduction in fire emergencies as compared to the prior annual year and that the AG finding was qualified, and it negatively contributed due to sundry debtors as some of these transactions are dated as back as 2011.*
- *She indicated that the areas that require improvement include filling of critical vacancies, financial management, and fleet management.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *MPAC requested that the recommendations include the timelines to track the implementation.*
- *MPAC enquired about the confiscated firearms from the public asked what the Department does with them after they have been confiscated.*
- *The Committee raised a concern with the acting arrangements in the department.*

RESOLVED

1 That the Committee note the Oversight Report on the Annual Report 2024/2025 as it relates to the Department of Public Safety, taking into account the observations made or referred to herein.

2 That the Department fills critical operational vacancies.

3 That the Department must strengthen financial controls to prevent overspending.

4 That the Department develops a comprehensive workforce retention strategy.

(COJ LEGISLATURE)
(Tandisizwe Sidubulekana)

Item 11 OVERSIGHT REPORT OF THE TRANSPORT SECTION 79 COMMITTEE ON THE 2024/25 ANNUAL REPORTS OF THE TRANSPORT DEPARTMENT, METROBUS, JOHANNESBURG ROAD AGENCY (JRA) AND METROPOLITAN TECH COMPANY (MTC)

RESOLVED

1 That MPAC notes the observation cited in this report and incorporates them in the consolidated oversight report of the City’s 2024/25 Annual Report.

2 That the Committee recommends that the Transport Department improve governance and accountability by ensuring reliable, evidence-based performance reporting and addressing audit findings related to asset management and compliance. It should speed up the operationalization of completed BRT infrastructure through better coordination with stakeholders, resolve procurement and payment delays affecting projects, and strengthen monitoring systems to ensure effective use of public resources and prevent recurring audit issues.

3 That the Committee recommends that the Johannesburg Roads Agency strengthen governance, internal controls, and compliance with legislation to ensure accurate financial and performance reporting. It should address procurement irregularities, prevent irregular and wasteful expenditure, improve oversight of bid evaluations, and ensure timely payments to creditors. The agency must also ensure that reported performance information is reliable and properly supported by evidence.

4 That the Committee recommends that Metrobus strengthen its internal controls, governance, financial management, performance reporting, and IT controls to address all Auditor-General findings, ensure compliance with the MFMA, prevent irregular expenditure, and improve accountability. Management should provide regular progress reports on the implementation of corrective actions and the resolution of outstanding audit and forensic investigation matters.

5 That the Committee recommends that MTC strengthen its internal controls, financial and performance management systems, and implement corrective measures to address all Auditor-General findings. Management should provide regular progress reports to ensure compliance with the MFMA, improve accountability, and prevent the recurrence of audit findings.

(COJ LEGISLATURE)
(Dr TS Mawasha: Researcher)
(Tel. (011) 407-7395)

Item 12 OVERSIGHT REPORT OF THE SECTION 79 COMMUNITY DEVELOPMENT COMMITTEE ON THE ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE DEPARTMENT OF COMMUNITY DEVELOPMENT, JOBURG CITY THEATRES AND JOBURG CITY PARKS AND ZOO FOR THE 2024/ 2025 FINANCIAL YEAR

Chairperson J Mokome of the Community Development Committee gave an overview of the annual report for 2024/2025

- *Chairperson J Mokome gave a summary of the annual report and emphasized that the Department of Community Development has had 4 MMC's within the space of 42 months.*
- *He mentioned that there was a fruitless and wasteful expenditure of R281 million.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *MPAC suggested that the Community Development Committee should report to GFIS and submit to MPAC all the UIFWs of JPCZ, as well as Joburg Theatre.*
- *MPAC requested that the recommendation should also include a quarterly report that will have self-declared UIFWs, which the National Treasury is requesting.*
- *The MPAC requested clarity on the R4,8 million in legal fees.*

Discussions:

- *In response, it was indicated to the Committee that GFIS does not do investigations into the entities but the department, hence the report requested will never be received.*
- *In response, it was indicated that the R4,8 million involves insurance-related issues which date back as far as 2013.*

RESOLVED

1 That the Committee approves the Annual Performance Assessment Reports of the Department of Community Development Entities: The Johannesburg City Theatres and the Johannesburg City Parks and Zoo for 2024/2025 financial year.

2 That the department submits a report on CAPEX budget and expenditure, listing monies that are spent per project vs budget. To detail the amount of funds that are not spent and what happens to them.

3 That JCPZ provides a detailed report on the audit findings that were highlighted by AGSA and steps that have been taken thus far to address them.

4 That JCPZ provide an update on investigations on UIFWs that were concluded in June 2026.

5 That JCPZ provides a report on consequence management activity related to UIFW throughout this term.

(COJ LEGISLATURE)
(K Mdakane)
(Tel. (011) 407-7463/ 0834585855)

5 ANNOUNCEMENTS

The Chairperson announced that the Committee will convene an Extra-Ordinary Committee meeting on 22 June 2026.

6 CLOSURE

The Chairperson thanked members for their attendance.

THE MEETING ADJOURNED AT 19H30

……………………………………….. ………………………
CHAIRPERSON DATE

Annexure D4

MINUTES OF THE 43RD EXTRA-ORDINARY MEETING HELD ON 22 JUNE 2026

MINUTES OF THE 43RD EXTRA-ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD AT 4TH FLOOR AUDITORIUM, FORUM 1, BRAAMPARK, ON MONDAY, 22 JUNE 2026, AT 10:00.

PRESENT

COUNCILLORS

Raseruthe, S H (EFF) (Chairperson)
Da Gama, V M (DA)
Maila, S M (DA)
Suddaby, J (DA)
Lefutso, L (ANC)
Lobi, M (ANC)
Mmbengwa, M N (ANC)
Mazibuko, N (ANC)
Mosehla, J (EFF)

ALTERNATES

Abdool, F (UIM)
Nkonyeni, S P (ActionSA)
Sindani, P (ANC)

BY INVITATION

SPEAKER OF COUNCIL : Arnolds, M S

OFFICIALS

F Brink, City Manager
T Moraka, Group Chief Financial Officer
K Semenya, Director : Office of the City Manager
S Nxumalo, Group Head : GRAS
N Mahanjana, Acting Group Head : GFIS
S Nodu, Acting Executive Head : Office of the City Manager
M Sibande, Director : GFIS
P Ramara, Deputy Director : UIFW : GRAS
N Mbatha, Deputy Director: GRAS
V Francke, Investigator : GRAS
P Steyn, Deputy Director : GRAS
T Mjonondwane, Assistant Director : GFIS
P Ntsengwane, Assistant Director : GFIS
P Rafferty, Director : Speaker's Office
L Mbedzi, Assistant Director : Legislature
T Tseki, Legal Advisor : Legislature
T Mabogo, Committee Researcher : Legislature
T Mosito, Acting Committee Coordinator : Legislature

1 WELCOME

The Chairperson welcomed all present at the meeting.

The Legal Advisor in terms of Rule 7 (1) of the Standing Rules and Orders of Council, 2016 indicated that the precincts of Council is the area of land and every building or part of a building under the Legislature's control. She further indicated that in a case where Council or Committees convene beyond the seat of Council, these Rules shall apply as if the premises where Council or Committees are meeting were within the precincts of Council in terms of Rule 7 (2) of the Standing Rules and Orders of Council, 2016.

She thereafter declared the venue where the members were attending the Committee meeting as the formal venue of the meeting.

2 LEAVE OF ABSENCE

1 Applications for leave of absence were received from the following Councillors:

Councillor Ramafikeng, D J	*:*	*ill-Health*
Councillor Mashala, K	*:*	*Private Business*
Councillor Nhlapo, C P	*:*	*ill-Health*
Councillor Gwamanda, K	*:*	*Private Business*
Councillor Mhlari, T M	*:*	*ill-Health*
Councillor Shawe, Z	*:*	*Private Business*
Councillor Xulu, P	*:*	*Private Business*
Councillor Cherry, J	*:*	*Private Business*
Councillor Santana, C G	*:*	*Private Business*
Councillor Modukanene, L C	*:*	*Private Business*

2 The Councillor conversion for the duration of the meeting:

Modukanene, L	*:*	*Nkonyeni, S P*
Gwamanda, K	*:*	*Abdool, F*
Ramafikeng, D J	*:*	*Sindani, P*

RESOLVED

1. That the leave of absence be granted to Councillors; Ramafikeng, D J, Mashala K, Nhlapo C P, Gwamanda K, Mhlari T, Shawe Z, Xulu P, Cherry J, Santana C and Modukanene, L C.
3. That the request for the conversion of Councillors to full members for the duration of the meeting be granted as per the Standing Rules and Orders of Council: Rule 115(3).

3 CONFIRMATION OF MINUTES

(41st Extra-Ordinary Meeting held on 17 April 2026)
(38th Ordinary Meeting held on 23 April 2026)
(39th Ordinary Meeting held on 8 May 2026)

Minutes of the 41st Extra-Ordinary Meeting held on 17 April 2026, Minutes of the 38th Ordinary Meeting held on 23 April 2026 and Minutes of the 39th Ordinary Meeting held on 8 May 2026 were considered for adoption.

RESOLVED

That the Minutes of the 41st Extra-Ordinary Meeting held on 17 April 2026, Minutes of the 38th Ordinary Meeting held on 23 April 2026 and Minutes of the 39th Ordinary Meeting held on 8 May 2026, be taken as read and be confirmed.

4 PRESENTATIONS

None.

I N D E X

5 REPORTS

Item 1 IN-COMMITTEE: REPORT ON THE OUTCOME OF AN INVESTIGATION OF IRREGULAR EXPENDITURE INCURRED BY GROUP INFORMATION COMMUNICATION TECHNOLOGY AND INFORMATION MANAGEMENT (GICTIM) 2016/17-2021/22 FINANCIAL YEAR- EOH

The Committee agreed on Mr P Ramara from Group Risk and Assurance Services (GRAS) to present Item 1, Item 2 and Item 3 concurrently. The Committee requested ample time to thoroughly read the reports as the reports were only received on the day of the meeting. It was further agreed that an extra-ordinary Committee meeting will be scheduled to consider the reports.

DEFERRED

Item 2 IRREGULAR EXPENDITURE INCURRED BY GROUP LEGAL AND CONTRACT DEPARTMENT DURING 2021/22 FINANCIAL YEAR PANEL OF ATTORNEYS

DEFERRED

Item 3 IRREGULAR EXPENDITURE INCURRED BY GROUP CORPORATE AND SHARED SERVICES DEPARTMENT DURING 2018/19 - 2023/24 FINANCIAL YEARS AVIS AND AFRIRENT

DEFERRED

6 ANNOUNCEMENTS

The Chairperson announced that the Committee will convene an Extra-Ordinary Committee meeting on 2 July 2026 to draft the questions to the Executive for the annual report process.

7 CLOSURE

The Chairperson thanked members for their attendance.

THE MEETING ADJOURNED AT 17H00

………………………………… ………………………
CHAIRPERSON DATE

Annexure D5

MINUTES OF THE 44TH EXTRA-ORDINARY MEETING HELD ON 2 JULY 2026

MINUTES OF THE 44TH EXTRA-ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD AT 15TH FLOOR BOARDROOM, 66 JORISSEN PLACE BUILDING, BRAAMFONTEIN, ON TUESDAY, 2 JULY 2026, AT 10:00.

PRESENT

COUNCILLORS

Raseruthe, S H (EFF) (Chairperson)
Modukanene, L C (ActionSA)
Shawe, Z (DA)
Maila, S M (DA)
Suddaby, J (DA)
Lefutso, L (ANC)
Lobi, M (ANC)
Nofemela, N (ANC)
Mazibuko, N (ANC)
Mosehla, J (EFF)
Cherry, J (PA)

ALTERNATES

Sindani, P (ANC)
Ngwenya, F N (ANC)

OFFICIALS

T Tseki, Legal Advisor : Legislature
T Mabogo, Committee Researcher : Legislature
L Mbedzi, Assistant Director : Legislature
T Mosito, Acting Committee Coordinator : Legislature

1 WELCOME

The Chairperson welcomed all present at the meeting.

The Legal Advisor in terms of Rule 7 (1) of the Standing Rules and Orders of Council, 2016 indicated that the precincts of Council is the area of land and every building or part of a building under the Legislature's control. She further indicated that in a case where Council or Committees convene beyond the seat of Council, these Rules shall apply as if the premises where Council or Committees are meeting were within the precincts of Council in terms of Rule 7 (2) of the Standing Rules and Orders of Council, 2016.

She thereafter declared the venue where the members were attending the Committee meeting as the formal venue of the meeting.

2 LEAVE OF ABSENCE

1 Applications for leave of absence were received from the following Councillors:

Councillor Radebe, T T	*:*	*Private Business*
Councillor Nhlapo, C P	*:*	*ill-Health*
Councillor Gwamanda, K	*:*	*Private Business*
Councillor Abdool, F	*:*	*Private Business*
Councillor Xulu, P	*:*	*Private Business*
Councillor Santana, C G	*:*	*Private Business*
Councillor Da Gama, V M	*:*	*Private Business*
Councillor Mashala, K	*:*	*Private Business*
Councillor Nkonyeni, S P	*:*	*Private Business*

RESOLVED

1. That the leave of absence be granted to Councillors; Radebe, T T, Nhlapo, C Gwamanda K, Abdool, F, Xulu, P, Santana C, Da Gama, V M, Mashala, K and Councillor Nkonyeni, S P.

3 PRESENTATIONS

The Committee drafted the following questions to the Accounting Officer for the 2024/25 Annual Report.

Questions to Executive

1. Note 45 (Fruitless and wasteful Expenditure) in the Core Annual Financial Statements lists The Fruitless and Wasteful Expenditure identified in the prior year of R5.2 million and the ones identified during the year under review to the total value of R36.8 million.

Details of fruitless and wasteful expenditure for current year are as follows

Department	Amount R`000
Transport	4
Community Development	58
Human Settlement	171
Group Corporate Shared Services	20
Social Development	2
Public Safety	2
Group Finance	21
Health	44
Office of Mayor	36 529
TOTAL	**36 851**

Details of fruitless and wasteful expenditure for prior year was as follows

Department	Amount R`000
Office of Mayor	5 297
TOTAL	**5 297**

a. *For each of the expenditure above Please provide a detailed breakdown of the circumstances that led to the incurrence of the Fruitless and Wasteful Expenditure, including the root causes, dates of occurrence, officials involved, and the sequence of events.*
b. *Was the expenditure identified and classified as Fruitless and Wasteful Expenditure by the Department, Internal Audit, or the Auditor-General of South Africa (AGSA)? Please provide supporting documentation.*
c. *Was the matter investigated? If so:*
   - *Who conducted the investigation?*
   - *When was the investigation concluded?*
   - *What were the findings and recommendations?*
   - *Please submit the full investigation report and any supporting evidence.*
d. *Have all recommendations arising from investigations, audits, or consequence management processes been implemented? If not, please provide reasons for the delays and indicate the expected completion dates*
e. *Did the investigation determine whether any person is liable for the loss incurred by the Municipality? If so:*
   - *What amount is recoverable?*
   - *What steps have been taken to recover the loss?*

- ➢ *What is the status of the recovery process?*

f. *What consequence management actions were instituted following the identification of the Fruitless and Wasteful expenditure, including disciplinary, civil, criminal, or other corrective measures? Please provide the status and outcomes of such actions.*

g. *Outline the internal controls, monitoring mechanisms or management action implemented to prevent the recurrence of similar incidents?*

2. Note 47 (Unauthorized Expenditure) in the Core Annual Financial Statements lists the Unauthorised Expenditure incurred during the year under review of R2.3 billion.

Details of each expenditure were listed as follows

Department	**Amount R`000**
Group Corporate Shared Services	19 488
Human Settlement	707 823
Public Safety	370 302
Group Finance	1 278 437
Total	**2 376 050**

a. *For each expenditure please comprehensively explain the circumstances that resulted in the unauthorised expenditure, including the factors that contributed to budget overspending and whether the expenditure could reasonably have been foreseen and prevented.*

b. *Did the Department conduct an assessment or investigation to determine whether the unauthorised expenditure resulted from negligence, inadequate planning, ineffective budget monitoring or any other avoidable cause? If so, please provide the findings and supporting documentation.*

c. *Were any officials responsible for budget management, expenditure control, or financial oversight found to have contributed to the unauthorised expenditure? If so, what corrective, disciplinary, or consequence management actions were taken?*

d. *Outline the measures that the department implemented during the financial year to monitor expenditure against the approved budget, and at what stage was the risk of overspending identified? Please explain why the measures in place did not prevent the unauthorised expenditure.*

e. *Was the unauthorised expenditure subjected to any investigation, assessment, or review to determine the causes of the overspending, the officials involved, and whether there was any negligence, misconduct, or non-compliance with applicable legislation, policies, or procedures? If so, please submit the investigation report, findings, and recommendations, and indicate the status of implementation of such* *recommendations. If not, please provide reasons why no investigation was conducted.*

f. *What consequence management actions were instituted following the identification of the Unauthorised expenditure, including disciplinary, civil, criminal, or other corrective measures? Please provide the status and outcomes of such actions.*

3. Note 46 (Irregular Expenditure) in the Core Annual Financial Statements lists The Irregular Expenditure identified in the prior year of R376 million and the ones identified during the year under review to the total value of R1.9 billion.

Details of each expenditure for the current year were listed as follows:

Department	**Amount R`000**
Community Development	8 008
Group Corporate Shared Services	405 947
Group Finance	314 621
Group Information Communication Technology and Infrastructure Management	109 939
Office of Mayor	684 286
Public Safety	221 600
Transport	241 054
Economic Development	1 912
GFIS	5 968
TOTAL	**1 993 335**

Details of Irregular expenditure for prior year were as follows

Department	**Amount R`000**
Group Finance	376 095
TOTAL	**376 095**

a. *Please comprehensively explain the circumstances that resulted in the irregular expenditure, including the applicable legislative, regulation, policy, circular or supply chain management provisions that were contravened.*

b. *Was the irregular expenditure identified by the Department, Internal Audit, or AGSA? Please indicate when and by whom the irregular expenditure was detected and provide supporting documentation.*

c. *Was the irregular expenditure investigated to determine the root cause of the non-compliance, the officials involved, and whether the irregularity resulted from negligence, misconduct, inadequate oversight, or deliberate actions? If so, please submit the investigation report and supporting documentation. If not, provide reasons why no investigation was conducted.*

d. *Did the investigation establish whether the Municipality received the goods, services, or benefits for which the expenditure was incurred, and whether* *value for money was achieved? Please provide evidence supporting the conclusion reached.*

e. *Did the investigation identify any financial loss, prejudice, or potential harm suffered by the Municipality as a result of the irregular expenditure? If so, please quantify the loss and provide supporting details.*

f. *Were any officials, service providers, or other parties found to be responsible for the irregular expenditure? If so, indicate whether their actions were determined to be negligent, reckless, intentional, or in contravention of applicable legislation, policies, or delegated authority.*

g. *What steps have been taken by the Executive Director and the Department to recover any losses incurred by the Municipality from the responsible officials, service providers, or any other liable parties? Please provide the status of such recovery efforts.*

h. *What consequence management actions were instituted following the identification of the irregular expenditure, including disciplinary, civil, criminal, or other corrective measures? Please provide the status and outcomes of such actions.*

i. *Have all recommendations arising from investigations, audits, or consequence management processes been implemented? If not, please provide reasons for the delays and indicate the expected completion dates.*

j. *Please outline the corrective measures, internal controls, monitoring mechanisms, and governance interventions that have been implemented by the Department to prevent the recurrence of similar irregular expenditure in the future, and how is management monitoring the effectiveness of these controls?*

Departments were requested to provide their responses in a comprehensive report format and to furnish as much relevant information and supporting documentation as possible in relation to each UIFWE matter. The information submitted would adequately address the questions raised and provide sufficient detail to enable the Municipal Public Accounts Committee (MPAC) to make an informed determination on whether the expenditure should be regularised, recovered from the responsible party, or referred for further investigation.

Furthermore, where the amount disclosed in the Annual Financial Statements (AFS) relates to multiple contracts, transactions, or incidents, the Departments were requested to submit a separate report for each contract, transaction, or incident. This would assist the Committee in assessing each matter on its own merits and ensuring that appropriate recommendations are made to Council.

4. Material Irregularities

The Auditor-General of South Africa (AGSA), in the 2024/25 Audit Report, indicated that the following Material Irregularities (MIs) remain active:

a. *Park Chambers Building not refurbished.*
b. *Metro Centre Building not utilised; and*
c. *Bus Rapid Transit (BRT) Stations not utilised.*

Can the City Manager provide a comprehensive status report on each of the above Material Irregularities, including:

a. *The actions taken to date to address the findings raised by AGSA;*
b. *Financial losses, and measures implemented to recover such losses;*
c. *Challenges affecting the resolution of the Material Irregularities;*
d. *Clear timelines for the full resolution and closure of each Material Irregularity.*

4 ANNOUNCEMENTS

The Chairperson announced that the Committee will convene Extra-Ordinary Committee meetings on 14, 15 and 17 July 2026 to consider the responses from the Executive.

5 CLOSURE

The Chairperson thanked members for their attendance.

THE MEETING ADJOURNED AT 15:15

……………………………………….. ………………………
CHAIRPERSON DATE

Annexure D6

MINUTES OF THE 45TH EXTRA-ORDINARY MEETING HELD ON 14 JULY 2026

MINUTES OF THE 45TH EXTRA-ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD AT 3RD FLOOR AUDITORIUM, FORUM 1, BRAAMPARK, BRAAMFONTEIN, ON TUESDAY, 14 JULY 2026, AT 10:00.

PRESENT

COUNCILLORS

Raseruthe, S H (EFF) (Chairperson)
Xulu, P (ActionSA)
Modukanene, L C (ActionSA)
Shawe, Z (DA)
Da Gama, V (DA)
Maila, S M (DA)
Suddaby, J (DA)
Lefutso, L (ANC)
Lobi, M (ANC)
Mazibuko, N (ANC)
Mosehla, J (EFF)
Cherry, J (PA)

ALTERNATES

Nkonyeni, S P (ActionSA)
Santana, C (DA)
Sindani, P (ANC)

OFFICIALS

T Tseki, Legal Advisor : Legislature
T Mabogo, Committee Researcher : Legislature
L Mbedzi, Assistant Director : Legislature
T Mosito, Acting Committee Coordinator : Legislature

1 WELCOME

The Chairperson welcomed all present at the meeting.

The Legal Advisor in terms of Rule 7 (1) of the Standing Rules and Orders of Council, 2016 indicated that the precincts of Council is the area of land and every building or part of a building under the Legislature's control. She further indicated that in a case where Council or Committees convene beyond the seat of Council, these Rules shall apply as if the premises where Council or Committees are meeting were within the precincts of Council in terms of Rule 7 (2) of the Standing Rules and Orders of Council, 2016.

She thereafter declared the venue where the members were attending the Committee meeting as the formal venue of the meeting.

2 LEAVE OF ABSENCE

1 Applications for leave of absence were received from the following Councillors:

Councillor Radebe, T T	*:*	*Private Business*
Councillor Nhlapo, C P	*:*	*Private Business*
Councillor Gwamanda, K	*:*	*Private Business*
Councillor Mashala, K	*:*	*Private Business*
Councillor Ngwenya, F N	*:*	*Private Business*
Councillor Abdool, F	*:*	*Private Business*
Councillor Nofemela, N	*:*	*Private Business*

2 The Councillor conversion for the duration of the meeting:

Mashala, K	*:*	*Nkonyeni, S P*
Radebe, T T	*:*	*Sindani, P*

RESOLVED

1. That the leave of absence be granted to Councillors; Radebe, T T, Nhlapo, C Gwamanda K, Mashala, K, Ngwenya, F N, Abdool, F and Nofemela, N.
2. That the request for the conversion of Councillors to full members for the duration of the meeting be granted as per the Standing Rules and Orders of Council: Rule 115(3).

3 PRESENTATIONS

The Committee Researcher, Mr T Mabogo presented the notes to the Agenda Items to the Committee members in the In-Committee meeting. The Committee members were given an opportunity to comment and pose clarity seeking questions in preparation for the Committee meetings scheduled for 15 and 17 July 2026.

I N D E X

4 REPORTS

Item 1 MPAC : QUESTIONS TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT – FINDING 45 (Fruitless and Wasteful Expenditure)

DEFERRED

(Transport)
(Jeff Ngcobo/ Edward Mosenyi / Brendan Petersen)

Item 2 REPORT ON FRUITLESS AND WASTEFUL EXPENDITURE INCURRED FOR 24/25 FINANCIAL YEAR

DEFERRED

(SOCIAL DEVELOPMENT)
(Precious Molemohi)
(Cell: 067 702 2888)

Item 3 REPORT ON QUESTION(S) RAISED BY MPAC ON THE 2024/2025 CITY'S CORE ANNUAL FINANCIAL STATEMENTS REPORT: HEALTH DEPARTMENT QUESTION 1, NOTE 45: FRUITLESS AND WASTEFUL EXPENDITURE INCURRED OF R30 160.27 INTEREST INCURRED ON LATE PAYMENTS TO ESKOM BY MERCHANT PAYMENTS, GROUP FINANCE

DEFERRED

(GROUP RISK AND ASSURANCE SERVICE
(Director Finance)
(Dr Edgar Adams)
(Cell. 083 287 5322)

Item 4 REPORT ON QUESTION(S) RAISED BY MPAC ON THE 2024/2025 CITY'S CORE ANNUAL FINANCIAL STATEMENTS REPORT: HEALTH DEPARTMENT QUESTION 1, NOTE 45: FRUITLESS AND WASTEFUL EXPENDITURE INCURRED OF R14 339,00 INTEREST INCURRED ON LATE PAYMENTS TO TELKOM BY MERCHANT PAYMENTS, GROUP FINANCE

DEFERRED

(GROUP RISK AND ASSURANCE SERVICES)
(Director Finance)
(Dr Edgar Adams)
(Cell. 083 287 5322)

Item 5 RESPONSE TO QUESTION 3: IRREGULAR EXPENDITURE ECONOMIC DEVELOPMENT DEPARTMENT PROCUREMENT OF SAMSUNG GALAXY TAB – MOAGI TECHNOLOGIES AMOUNT: R14,948.51 (VAT INCLUSIVE)

DEFERRED

(ECONOMIC DEVELOPMENT)
(Lucky Mapheto)
(Deputy Director: Finance)

Item 6 NOTE 46: IRREGULAR EXPENDITURE IN THE CORE ANNUAL FINANCIAL STATEMENTS IDENTIFIED IN THE PRIOR YEAR

DEFERRED

(GROUP FORENSIC AND INVESTIGATION SERVICES)
(Samukelisiwe Dlamini)
(Acting Director : Strategic Management Support Services)

Item 7 MPAC: QUESTIONS TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT – FINDING 46 (Irregular Expenditure)

DEFERRED

(TRANSPORT)
(Jeff Ngcobo/ Edward Mosenyi / Brendan Petersen)

Item 8 QUESTION 46: EMPLOYEE COST: CONCURRENCE BY MEC OF COGTA NOT OBTAINED FOR EXTENDED ACTING PERIOD EXCEEDING THREE (3) MONTHS

DEFERRED

(GROUP CORPORATE AND SHARED SERVICES)
(Group Human Capital Management)

(Director: Field and Transactional Services)
(Moogsyn Jones)
(Cell: 0837023735)

Item 9 REPORT ON QUESTION(S) RAISED BY MPAC ON THE 2024/2025 CITY'S ANNUAL REPORT: QUESTION 4: MATERIAL IRREGULARITIES

DEFERRED

(GROUP RISK AND ASSURANCE SERVICES)
(GROUP INTERNAL AUDIT SERVICES)
(Phuti Ramara)
(Cell. 083 628 3576)

Item 10 NOTE 46: IRREGULAR EXPENDITURE IN THE CORE ANNUAL FINANCIAL STATEMENTS IDENTIFIED IN THE PRIOR YEAR

DEFERRED

(GROUP RISK AND ASSURANCE SERVICES)
(Deputy Director: Administration (GRAS))
(Nolwazi Moloi)
(Cell : 0822933861)

Item 11 NOTE 46: IRREGULAR EXPENDITURE IN THE CORE ANNUAL FINANCIAL STATEMENTS IDENTIFIED IN THE PRIOR YEAR.

DEFERRED

(GROUP STRATEGY, POLICY COORDINATION AND RELATIONS)
(Director: Strategy coordination and Management Support (GSPCR))
(Agnes Monyela)
(Cell: 0832837935)

Item 12 MPAC: GCSS RESPONSE(S) TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT ON THE INCURRED UNAUTHORISED EXPENDITURE

DEFERRED

(GROUP CORPORATE AND SHARED SERVICES)
(ACTING: DEPUTY DIRECTOR: FINANCE)
(Athol Zaayman)

Item 13 MPAC: PUBLIC SAFETY RESPONSE(S) TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT ON THE INCURRED UNAUTHORISED EXPENDITURE

DEFERRED

(PUBLIC SAFETY)
(P Jaca)

Item 14 QUESTION 3. NOTE 47 (IRREGULAR EXPENDITURE) IN THE CORE ANNUAL FINANCIAL STATEMENTS LISTS THE IRREGULAR EXPENDITURE IDENTIFIED IN THE PRIOR YEAR AMOUNT OF: R180 172 539,43

DEFERRED

(PUBLIC SAFETY)
(P Jaca)

Item 15 QUESTION 1. NOTE 45 (FRUITLESS AND WASTEFUL EXPENDITURE) IN THE CORE ANNUAL FINANCIAL STATEMENTS LISTS THE FRUITLESS AND WASTEFUL EXPENDITURE IDENTIFIED IN THE PRIOR YEAR AMOUNT OF: R2 392.

DEFERRED

(PUBLIC SAFETY)
(P Jaca)

Item 16 QUESTION RAISED BY MPAC ON THE 2024/2025 CITY'S ANNUAL REPORT: QUESTION 1: FRUITLESS AND WASTEFUL EXPENDITURE - TELKOM

DEFERRED

(COMMUNITY DEVELOPMENT)
(Malibongwe Nxumalo)
(Cell. 081 403 8449)
(Finance Director)

Item 17 REPORT ON THE QUESTION RAISED BY MPAC ON THE 2024/2025 CITY'S ANNUAL REPORT: QUESTION 1: FRUITLESS AND WASTEFUL EXPENDITURE - ESKOM

DEFERRED

(COMMUNITY DEVELOPMENT)
(Malibongwe Nxumalo)
(Cell. 081 403 8449)
(Finance Director)

Item 18 REPORT ON THE QUESTION RAISED BY MPAC ON THE 2024/2025 CITY'S ANNUAL REPORT: QUESTION 3: IRREGULAR EXPENDITURE – BOOKS PANEL

DEFERRED

(COMMUNITY DEVELOPMENT)
(Malibongwe Nxumalo)
(Cell. 081 403 8449)
(Finance Director)

5 ANNOUNCEMENTS

The Chairperson announced that the Committee will convene an Extra-Ordinary Committee Meeting on 15 July 2026.

6 CLOSURE

The Chairperson thanked members for their attendance.

THE MEETING ADJOURNED AT 15H00

……………………………………… ………………………
CHAIRPERSON DATE

Annexure D7

MINUTES OF THE 46TH EXTRA-ORDINARY MEETING HELD ON 15 JULY 2026

MINUTES OF THE 46TH EXTRA-ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD AT 3RD FLOOR AUDITORIUM, FORUM 1, BRAAMPARK, BRAAMFONTEIN, ON WEDNESDAY, 15 JULY 2026, AT 10:00.

PRESENT

COUNCILLORS

Raseruthe, S H (EFF) (Chairperson)
Xulu, P (ActionSA)
Modukanene, L C (ActionSA)
Shawe, Z (DA)
Maila, S M (DA)
Suddaby, J (DA)
Lefutso, L (ANC)
Lobi, M (ANC)
Nofemela, N (ANC)
Mazibuko, N (ANC)
Mosehla, J (EFF)
Cherry, J (PA)

ALTERNATES

Nkonyeni, S P (ActionSA)
Santana, C (DA)
Sindani, P (ANC)

OFFICIALS

F Brink, City Manager
T Moraka, Group Chief Financial Officer
K Semenya, Director : Office of the City Manager
S Nxumalo, Group Head : GRAS
M Kona, Group Head : Group Governance
A Mochela, Group Head : GICT
J Arends, Director : GICT
N Mahanjana, Acting Group Head : GFIS
S Nodu, Acting Executive Head : Office of the City Manager
M Masha, Executive Director : Economic Development Department
L Mapheto, Deputy Director Finance, Economic Development Department
S Mnukwa, Executive Director : Community Development
M Nxumalo, Director Finance : Community Development
L Maboza, Executive Director : Transport Department
J Ngcobo, Executive Head : Transport Department
H Ntamehlo, Acting Executive Director : Health Department
E Adams, Director Finance : Health Department
P Molemohi, Unit Head Finance : Social Development
P Jaca, Acting Head of Department : Public Safety
T Mntambo, Director Finance : Public Safety
M Sibande, Director : GFIS
P Ramara, Deputy Director : UIFW : GRAS
P Maubane : Deputy Director : GRAS
N Moloi, Deputy Director: GRAS

M Jones, Director : GCSS
G Ruiters, Acting Director Finance : GCSS
E Mokwatedi, Director Finance
L Mbedzi, Assistant Director : Legislature
T Tseki, Legal Advisor : Legislature
T Mabogo, Committee Researcher : Legislature
T Mosito, Acting Committee Coordinator : Legislature

1 WELCOME

The Chairperson welcomed all present at the meeting.

The Legal Advisor in terms of Rule 7 (1) of the Standing Rules and Orders of Council, 2016 indicated that the precincts of Council is the area of land and every building or part of a building under the Legislature's control. She further indicated that in a case where Council or Committees convene beyond the seat of Council, these Rules shall apply as if the premises where Council or Committees are meeting were within the precincts of Council in terms of Rule 7 (2) of the Standing Rules and Orders of Council, 2016.

She thereafter declared the venue where the members were attending the Committee meeting as the formal venue of the meeting.

2 LEAVE OF ABSENCE

1 Applications for leave of absence were received from the following Councillors:

Councillor Radebe, T T	:	*Private Business*
Councillor Nhlapo, C P	:	*Private Business*
Councillor Gwamanda, K	:	*Private Business*
Councillor Mashala, K	:	*Private Business*
Councillor Ngwenya, F N	:	*Private Business*
Councillor Abdool, F	:	*Private Business*
Councillor Da Gama, V M	:	*Private Business*

2 The Councillor conversion for the duration of the meeting:

Mashala, K	:	*Nkonyeni, S P*
Da Gama, V M	:	*Santana, C*
Radebe, T T	:	*Sindani, P*

RESOLVED

1. That the leave of absence be granted to Councillors; Radebe, T T, Nhlapo, C Gwamanda K, Mashala, K, Ngwenya, F N, Abdool, F and Da Gama, V M.
2. That the request for the conversion of Councillors to full members for the duration of the meeting be granted as per the Standing Rules and Orders of Council: Rule 115(3).

3 PRESENTATIONS

None.

I N D E X

4 REPORTS

Item 1 MPAC : QUESTIONS TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT – FINDING 45 (Fruitless and Wasteful Expenditure)

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that the department failed to respond to the questions that were submitted by the Committee.*
- *The Committee raised a concern as to why Eskom is charging the department an interest if the department paid Eskom on time and enquired about the official that authorised the payment.*
- *It emphasised that according to the communication between the department and Eskom, it shows that there was an engagement, and the Committee would like to get clarity as to who was communicating with Eskom.*
- *The Committee raised a concern that there was no reasonable care that was exercised, should the department of transport had communicated with the Group CFO earlier about the matter, they would have known how to solve this issue with Eskom.*
- *The Committee indicated that the organs of States should be able to communicate with each other in resolving the issues.*
- *It emphasised that Chapter 3 of the Constitution deals with the cooperative government on section 41 subsection 1 which says, "all spheres of government with all organs of must cooperate with one another in mutual trust and good faith by fostering friendly relations in assisting and informing one another, of and consulting one another of common interest".*
- *The Committee raised a concern that it does not show anywhere in the report that the executive manager raised this issue with the City Manager, because the City Manager was going to assist to communicate with Eskom.*
- *It further indicated that according to section 77, subsection 2 of the MSA says "the top management must assist the accounting officer in managing and coordinating the financial administration of the municipality". The Committee raised an issue that these senior managers are contravening the act, and they must be charged, and it is the Committee's responsibility to recover any fruitless and wasteful expenditure.*

Discussions:

- *In response, it was indicated to the Committee that the system that the department is utilising is different to the one that is used by Eskom. It was further indicated to the Committee that the Director of Finance authorised the payment.*
- *In addition, the GCFO suggested that the transport department must send the spreadsheet that will indicate the number of invoices that are paid to Eskom, together with the invoices of other departments.*

- *It was indicated to the Committee that the department has engaged Eskom disputing the interest but there was no response from Eskom which is a challenge for the department.*
- *The department indicated that they exercised a reasonable care to avoid the fruitless and wasteful expenditure, however Eskom was not cooperative at all.*
- *The GCFO informed the Committee that the Department of Transport has several invoices hence the spreadsheet would assist, so moving forward they will have to use the spreadsheet.*

The Committee recommended a full investigation of the fruitless and wasteful expenditure and that there must be strengthening of the internal processes. It further recommended training of people who are authorising invoice payment.

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(TRANSPORT)
(Jeff Ngcobo/ Edward Mosenyi / Brendan Petersen)

Item 2 REPORT ON FRUITLESS AND WASTEFUL EXPENDITURE INCURRED FOR 24/25 FINANCIAL YEAR

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee asked if there was no other system which can be utilised outside the SAP system, while the SAP system was being upgraded.*
- *It raised a concern that the system was upgraded in December/ January, however, there was also an interest charged in the month of February and March.*
- *It further raised a concern that the matter was reported to GRAS in March 2025, but it was never submitted to the Committee and asked why it took long to reach MPAC.*

Discussions:

- *In response, it was indicated to the Committee that there was an engagement with Standard Bank, notifying them that there was going to be a SAP upgrade, but Standard Bank was uncomfortable to do the manual payment process, flagging that there might be fraud.*
- *It was further indicated that the financial statement was declared.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

That fruitless and wasteful expenditure amounting to R1 525,73 for Social Development be written off as this expenditure was not incurred through negligence of any employee.

(SOCIAL DEVELOPMENT)
(Precious Molemohi)
(Cell: 067 702 2888)

Item 3 REPORT ON QUESTION(S) RAISED BY MPAC ON THE 2024/2025 CITY'S CORE ANNUAL FINANCIAL STATEMENTS REPORT: HEALTH DEPARTMENT QUESTION 1, NOTE 45: FRUITLESS AND WASTEFUL EXPENDITURE INCURRED OF R30 160.27 INTEREST INCURRED ON LATE PAYMENTS TO ESKOM BY MERCHANT PAYMENTS, GROUP FINANCE

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that the department was evasive in responding to the questions raised by the Committee. It asked why the Health Department was answering the questions whereas it was GRAS that wrote the report.*
- *It further asked why interest was paid to Eskom whereas they paid on time.*

Discussions:

- *In response, it was indicated to the Committee that the report that was considered by the Committee was an incorrect report. The correct report was submitted late to the Office of the City Manager.*

Office of the City Manager

- *It was indicated to the Committee that the Department of Health submitted the correct report way after the due date.*

The City Manager requested the Committee to withdraw the report and informed the Committee that consequence management will be conducted against the Officials involved.

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

WITHDRAWN

(GROUP RISK AND ASSURANCE SERVICE)
(Director Finance)
(Dr Edgar Adams)
(Cell. 083 287 5322)

Item 4 REPORT ON QUESTION(S) RAISED BY MPAC ON THE 2024/2025 CITY'S CORE ANNUAL FINANCIAL STATEMENTS REPORT: HEALTH DEPARTMENT QUESTION 1, NOTE 45: FRUITLESS AND WASTEFUL EXPENDITURE INCURRED OF R14 339,00 INTEREST INCURRED ON LATE PAYMENTS TO TELKOM BY MERCHANT PAYMENTS, GROUP FINANCE

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(GROUP RISK AND ASSURANCE SERVICES)
(Director Finance)
(Dr Edgar Adams)
(Cell. 083 287 5322)

Item 5 RESPONSE TO QUESTION 3: IRREGULAR EXPENDITURE ECONOMIC DEVELOPMENT DEPARTMENT PROCUREMENT OF SAMSUNG GALAXY TAB – MOAGI TECHNOLOGIES AMOUNT: R14,948.51 (VAT INCLUSIVE)

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern as to why was the report not submitted to the Auditor General in advance and stated that there was no information shared with the Auditor General.*
- *It raised concerns that there were no annexures attached with the report.*
- *The Committee indicated that if there is a dispute, the City should engage the National Treasury as MPAC cannot decide based on "AG made a mistake".*
- *It raised a concern and stated that MPAC always have to go looking for information as this report was never shared with MPAC.*

Discussions:

- *In response, it was indicated to the Committee that the annexures were included in another report and there was a discrepancy in the report.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

WITHDRAWN

(ECONOMIC DEVELOPMENT)
(Lucky Mapheto)
(Deputy Director: Finance)

Item 6 NOTE 46: IRREGULAR EXPENDITURE IN THE CORE ANNUAL FINANCIAL STATEMENTS IDENTIFIED IN THE PRIOR YEAR

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee indicated that the department did attempt to answer the questions, however, not to the Committee's satisfaction. It stated that the senior management should elaborate further regarding the R10 000.*
- *The Committee asked if there was no official that monitored the expiring of the leases and further asked who was responsible for the deviation and the new lease procurement.*
- *The Committee indicated that they had already recommended for consequence management which is not mentioned in this report.*

Discussions:

- *In response, it was indicated to the Committee that there was a shortfall on the amounts that were incurred. The amount that was incurred was R5 968 141.*
- *The Committee was informed that the matter was investigated by GFIS, and the report was tabled before Council, however there is still an ongoing investigation with GRAS in respect of the recoverability of the amount from the person responsible. With regards to controls and consequence management, the contract itself was not managed at GFIS but managed by JPC.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee indicated that according to the annexures there is a contradiction.*

Discussions:

- *In response, the Committee was informed that the appointment of the service provider was done before the conclusion of the tender processes.*

- *It was indicated that JPC will have to come back and clarify on the issue of internal controls.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(GROUP FORENSIC AND INVESTIGATION SERVICES)
(Samukelisiwe Dlamini)
(Acting Director: Strategic Management Support Services)

Item 7 MPAC: QUESTIONS TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT – FINDING 46 (Irregular Expenditure)

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that even though the services were rendered, it does not mean that there was no financial loss.*
- *The Committee asked for clarity seeking question as to whether the irregular expenditure was identified by the internal audit or by the Auditor General.*

Discissions:

- *In response, it was indicated to the Committee that the irregular expenditure was identified by the internal audit. It was further indicated that there was no financial loss, as the services were rendered.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee suggested that the City manager must arrange training for the senior managers to take them through the "the Mbambisa case" so that they can understand that "services was rendered" does not mean that you must incur an irregular expenditure.*

Discussions:

- *In response, the Committee was informed that the report is currently under investigation.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that the department should have indicated in their report that the matter was under the disciplinary unit and they should have attached annexures.*

The Committee recommended training of circular 68 so that they understand the decision of financial loss.

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(TRANSPORT)
(Jeff Ngcobo/ Edward Mosenyi / Brendan Petersen)

Item 8 QUESTION 46: EMPLOYEE COST: CONCURRENCE BY MEC OF COGTA NOT OBTAINED FOR EXTENDED ACTING PERIOD EXCEEDING THREE (3) MONTHS

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a clarity seeking question that since the department admitted that officials were made to continue acting without the concurrence from the MEC, what were the reasons of not complying.*

Discussions:

- *In response, it was indicated to the Committee that according to the amendment, MFMA stipulates as to who qualifies to receive an acting allowance. The value of acting allowance is determined by taking a person's salary standard package against the minimum of section 56 position and the difference becomes payable. Some officials are already at the high paying salary and that person does not qualify to get an acting allowance.*
- *The Committee was informed that there are 21 section 56 positions within the municipality and currently there are 3 vacant positions that need to be filled. Last year they were many positions that were vacant and there was a need for a consistence continuation and the MEC was not responding.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(GROUP CORPORATE AND SHARED SERVICES)
(Group Human Capital Management)
(Director: Field and Transactional Services)
(Moogsyn Jones)
(Cell: 0837023735)

Item 9 REPORT ON QUESTION(S) RAISED BY
MPAC ON THE 2024/2025 CITY'S ANNUAL
REPORT: QUESTION 4: MATERIAL IRREGULARITIES

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern regarding how the report was structured due to the disagreement with the Auditor General. The Committee indicated that it agrees with the AG that there was financial loss incurred.*
- *The Committee raised a concern that Park Chambers was bought since 2016 and it is still sealed and that is financial loss, the BRT station that is not utilised is a financial loss. The security guards have been guarding empty buildings and that is the financial loss also.*
- *The Committee enquired about the terms of the funding and asked if it is a loan or a grant funding and the implications of accepting the funding.*

Discussions:

- *In response, the Committee was informed that these projects are managed by the entities. The Committee was further informed that it is a grant funding, and it is with JOSHCO.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(GROUP RISK AND ASSURANCE SERVICES)
(GROUP INTERNAL AUDIT SERVICES)
(Phuti Ramara)
(Cell. 083 628 3576)

Item 10 NOTE 46: IRREGULAR EXPENDITURE IN
THE CORE ANNUAL FINANCIAL STATEMENTS
IDENTIFIED IN THE PRIOR YEAR

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern with the discrepancies in the report and requested GRAS to further investigate as to who was responsible for this report.*

Discussions:

- *In response, the Committee was informed that according to the investigations there were no indications in terms of the recoverability that was conducted. It was indicated that there was no sufficient evidence that* *was shared by the JPC and would further request JPC for a detailed report in terms of consequence management that was undertaken.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

1. That MPAC notes the response provided by GRAS for Note 46: Irregular Expenditure in the core annual financial statements identified in the prior year (Office of Mayor).

2. That the MPAC notes that the Department utilised the offices and therefore there was no associated financial prejudice to the City.

(GROUP RISK AND ASSURANCE SERVICES)
(Deputy Director: Administration (GRAS))
(Nolwazi Moloi)
(Cell : 0822933861)

Item 11 NOTE 46: IRREGULAR EXPENDITURE IN THE CORE ANNUAL FINANCIAL STATEMENTS IDENTIFIED IN THE PRIOR YEAR.

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

That MPAC notes the response provided by GSPCR for Note 46: Irregular Expenditure in the Core Annual Financial Statements identified in the prior year (Office of Mayor).

(GROUP STRATEGY, POLICY COORDINATION AND RELATIONS)
(Director: Strategy coordination and Management Support (GSPCR))
(Agnes Monyela)
(Cell: 0832837935)

Item 12 MPAC: GCSS RESPONSE(S) TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT ON THE INCURRED UNAUTHORISED EXPENDITURE

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that the budgeting processes were flouted by department and asked if there were mitigating measures in place to ensure that the same mistakes are not repeated.*
- *The Committee indicated that there was no proper budget planning because the department should know how many staff members are going to retire and they should budget for such.*

Discussions:

- *In response, the Committee was informed that there was no financial allocation for the retirement hence it is unbudgeted.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

DEFERRED

(GROUP CORPORATE AND SHARED SERVICES)
(ACTING: DEPUTY DIRECTOR: FINANCE)
(Athol Zaayman)

Item 13 MPAC: PUBLIC SAFETY RESPONSE(S) TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT ON THE INCURRED UNAUTHORISED EXPENDITURE

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern with the discrepancies in the report and further sought clarity on the systems that are being used by the department.*

Discussions:

- *In response, the Committee was informed that there was a discrepancy because the report was supposed to address the irregular expenditure.*
- *It was indicated to the Committee that the department is busy engaging with the unions to discuss the systems that will assist in limiting expenditure. The Committee was further informed that the employees do not report to work during the working hours, however report to work at weekends to incur overtime.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(PUBLIC SAFETY)
(P Jaca)

Item 14 QUESTION 3. NOTE 47 (IRREGULAR EXPENDITURE) IN THE CORE ANNUAL FINANCIAL STATEMENTS LISTS THE IRREGULAR EXPENDITURE IDENTIFIED IN THE PRIOR YEAR AMOUNT OF: R180 172 539,43

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(PUBLIC SAFETY)
(P Jaca)

Item 15 QUESTION 1. NOTE 45 (FRUITLESS AND WASTEFUL EXPENDITURE) IN THE CORE ANNUAL FINANCIAL STATEMENTS LISTS THE FRUITLESS AND WASTEFUL EXPENDITURE IDENTIFIED IN THE PRIOR YEAR AMOUNT OF: R2 392.

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that the department could not pick up this discrepancy by Eskom early, however identified it eight months later. It raised a concern that the Department of Public Safety is a culprit of incurring unauthorized expenditures and that the ongoing challenge at the Department has to be addressed as soon as possible.*

Discussions:

- *In response, it was indicated to the Committee that there was ongoing engagement with Eskom. It was further indicated that the department pays on time, however Eskom allocates the payments later.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(PUBLIC SAFETY)
(P Jaca)

Item 16 QUESTION RAISED BY MPAC ON THE 2024/2025 CITY'S ANNUAL REPORT: QUESTION 1: FRUITLESS AND WASTEFUL EXPENDITURE – TELKOM

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that the department paid interest that was not supposed to be paid. It enquired about the official responsible and asked why it was discovered after the effect.*
- *The Committee commended that the matter was taken to GRAS for full investigation and asked when the matter would be finalised and submitted to MPAC.*

Discussions:

- *In response, the Committee was informed that the department manages their UIFWs monthly and would provide feedback to the Committee in terms of the timelines of the investigations.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(COMMUNITY DEVELOPMENT)
(Malibongwe Nxumalo)
(Cell. 081 403 8449)
(Finance Director)

Item 17 REPORT ON THE QUESTION RAISED BY MPAC ON THE 2024/2025 CITY'S ANNUAL REPORT: QUESTION 1: FRUITLESS AND WASTEFUL EXPENDITURE – ESKOM

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised concern that the report was incomplete as it did not include annexures for cross-reference purposes. Also, the report was just confusing as there were discrepancies in the report.*
- *The Committee suggested that whenever there is fruitless and wasteful expenditure, it must be followed with the process of recovering.*

Discussions:

- *In response, it was indicated that the City Manager will undertake on the issue of recovering.*

The Committee requested the report to be resubmitted responding to the questions raised by the Committee.

NOTED

(COMMUNITY DEVELOPMENT)
(Malibongwe Nxumalo)

(Cell. 081 403 8449)
(Finance Director)

Item 18 REPORT ON THE QUESTION RAISED BY MPAC ON THE 2024/2025 CITY'S ANNUAL REPORT: QUESTION 3: IRREGULAR EXPENDITURE – BOOKS PANEL

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee acknowledge that there is an ongoing investigation on the report and requested GRAS to indicate the status of investigations.*
- *The Committee indicated that there is no appointment letter attached of the appointed investigator. The Committee gave credit to the fact that this is the only report that responded to the questions.*
- *The Committee raised an issue of record keeping within the department.*

Discussions:

- *In response, it was indicated that this tender was a three-year panel tender, and that the department is responsible for managing it.*
- *The department indicated that since the report is still under the investigations, they cannot interfere with the investigations.*

NOTED

(COMMUNITY DEVELOPMENT)
(Malibongwe Nxumalo)
(Cell. 081 403 8449)
(Finance Director)

5 ANNOUNCEMENTS

The Chairperson announced that the Committee will convene an Extra-Ordinary Committee meeting on 17 July 2026.

6 CLOSURE

The Chairperson thanked members for their attendance.

THE MEETING ADJOURNED AT 19H00

……………………………………… ………………………
CHAIRPERSON DATE 17H15

Annexure D8

MINUTES OF THE 47TH EXTRA-ORDINARY MEETING HELD ON 17 JULY 2026

MINUTES OF THE 47TH EXTRA-ORDINARY MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD AT 3RD FLOOR AUDITORIUM, FORUM 1, BRAAMPARK, BRAAMFONTEIN, ON FRIDAY, 17 JULY 2026, AT 10:00.

PRESENT

COUNCILLORS

Raseruthe, S H (EFF) (Chairperson)
Xulu, P (ActionSA)
Modukanene, L C (ActionSA)
Shawe, Z (DA)
Maila, S M (DA)
Suddaby, J (DA)
Lobi, M (ANC)
Radebe, T T (ANC)
Mazibuko, N (ANC)
Cherry, J (PA)

ALTERNATES

Nkonyeni, S P (ActionSA)
Santana, C (DA)
Sindani, P (ANC)

OFFICIALS

F Brink, City Manager
T Moraka, Group Chief Financial Officer
K Semenya, Director : Office of the City Manager
S Nxumalo, Group Head : GRAS
A Mochela, Group Head : GICT
J Arends, Director : GICT
N Mahanjana, Acting Group Head : GFIS
S Nodu, Acting Executive Head : Office of the City Manager
M Ruda, Executive Head : GCSS
M Jones, Director : GCSS
G Ruiters, Acting Director Finance : GCSS
N Sithole, Director : GCSS
M Nemaangani, Deputy Director : GCSS
L Semoko, Executive Manager : Group Finance
E Mabena, Acting Director : Group Finance
L Kamfer, HR Manager
M Sibande, Director : GFIS
P Ramara, Deputy Director : UIFW : GRAS
P Maubane : Deputy Director : GRAS
S Makhanya, Deputy Director: GRAS
L Mbedzi, Assistant Director : Legislature
T Tseki, Legal Advisor : Legislature
T Mabogo, Committee Researcher : Legislature
T Mosito, Acting Committee Coordinator : Legislature

1 WELCOME

The Chairperson welcomed all Committee members at the meeting. The meeting was preceded by an In-Committee meeting which started at 10:00 am. At 13:00 pm, Officials joined the Committee meeting, and the Chairperson welcomed all present.

The Legal Advisor in terms of Rule 7 (1) of the Standing Rules and Orders of Council, 2016 indicated that the precincts of Council is the area of land and every building or part of a building under the Legislature's control. She further indicated that in a case where Council or Committees convene beyond the seat of Council, these Rules shall apply as if the premises where Council or Committees are meeting were within the precincts of Council in terms of Rule 7 (2) of the Standing Rules and Orders of Council, 2016.

She thereafter declared the venue where the members were attending the Committee meeting as the formal venue of the meeting.

2 LEAVE OF ABSENCE

1 Applications for leave of absence were received from the following Councillors:

Councillor Da Gama, V	:	*Private Business*
Councillor Mashala, K	:	*ill-Health*
Councillor Nhlapo, C P	:	*ill-Health*
Councillor Gwamanda, K	:	*Private Business*
Councillor Abdool, F	:	*ill-Health*
Councillor Ngwenya, F N	:	*Private Business*
Councillor Mosehla, J	:	*Private Business*
Councillor Nofemela, J	:	*Private Business*
Councillor Lefutso, L	:	*Private Business*

2 The Councillor conversion for the duration of the meeting:

Mashala, K	:	*Nkonyeni, S P*
Da Gama, V	:	*Santana, C*

RESOLVED

1. That the leave of absence be granted to Councillors; Da Gama, V, Mashala K, Nhlapo C P, Gwamanda K, Abdool, F, Ngwenya, F N , Mosehla, J, Nofemela, J and Lefutso, L.
3. That the request for the conversion of Councillors to full members for the duration of the meeting be granted as per the Standing Rules and Orders of Council: Rule 115(3).

3 PRESENTATIONS

None.

I N D E X

4 REPORTS

Item 1 GROUP FINANCE DEPARTMENT RESPONSE TO MPAC QUESTIONS TO THE ACCOUNTING OFFICE: NOTE 45 - ESKOM AND TELKOM FRUITFUL AND WASTEFUL EXPENDITURE 2024/25 ANNUAL REPORT

The Committee agreed to consider Items 1-7 and Item 15 concurrently.

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee expressed its disappointment and dissatisfaction regarding the quality of the reports provided by Group Finance Department.*
- *It stated that there were a lot of discrepancies in the reports and that no annexures were attached to support what is written in the reports.*
- *The Committee asserted that it is lazy reporting by the Group Finance Department and further raised a concern with the risk management of the Department relating to the system upgrade. It mentioned that whenever there is a system upgrade in an organisation, there must be a backup system in place to ensure that the services are not interrupted.*
- *It raised a concern with the interest paid to Eskom and Telkom by the department on late payment of invoices due to SAP system upgrade between December and January.*

Discussions:

- *The Group Finance Department noted the concerns and comments of the Committee.*
- *In response, it was indicated to the Committee that as part of communications, there were formal engagements with businesses and the public regarding the system upgrade.*
- *It was indicated to the Committee that sometimes to assume that everything can be mitigated with a backup plan, it's not entirely correct because there are associated costs of that backup plan.*
- *It was highlighted to the Committee that when the backup plan is unnecessary, it becomes a fruitless and wasteful expenditure, and the City has experienced that situation. The City had a network at one of the National Governments departments which was highly available and had a four-factor multiplication. The network never went down and the Auditor General at some point indicated it was unnecessary.*
- *It was indicated to the Committee that the City Manager and GCFO committed that they will liaise with Telkom and Eskom management to resolve the issue around interest charges due to late allocation of COJ invoices by entities.*
- *Regarding the fruitless and wasteful expenditure, it was indicated that the total amount was about R20,941. However as requested, the full details will be provided to the Committee.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

The Committee agreed that the report should go back to the Department and that the resubmission report should respond to all the questions asked by the Committee including the supporting annexures to the report.

- *The Committee requested to be provided with a detailed report of how the entire City was impacted by the SAP upgrade, detailing how it affected the residents of the city and the suppliers.*
- *It further requested a detailed report of all the suppliers that were not paid in the 30 days period which interest has been charged or will be charged due to the non-payment as at end of June 2026, because some suppliers have waited for a year or longer for their invoices to be paid.*

WITHDRAWN

(GROUP FINANCE)
(Mr Elias Mabena)
(Acting Director)

Item 2 GROUP FINANCE DEPARTMENT
RESPONSE TO MPAC QUESTIONS TO
THE ACCOUNTING OFFICE: IRREGULAR
EXPENDITURE (INTERNET FILING PTY LTD)
2024/25 ANNUAL REPORT

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that the bidder was awarded the contract on 01 September 2023, however the Contract was only signed by the CoJ 2 months after the award (2 November 2023). It was further noted that the contract does not stipulate dispute resolution mechanism as required my MFMA Section 116(1)(a)(ii) which poses a risk to the City should the performance of the service provider be monitored.*
- *It mentioned that the report did not comprehensively describe the sequence of events and does not have enough information for committee to make an informed decision as the total value of irregular in question is R42 million.*
- *It raised a concern that there were internal control deficiencies where there was no exercise of sufficient oversight regarding effecting contract management.*
- *The Committee indicated that there were no consequence management for the responsible Official.*

The Committee agreed that the report should go back to the Department and that the resubmission report should respond to all the questions asked by the Committee including the supporting annexures to the report.

Discussion:

The Department confirmed that the contract was signed after two months and will provide more details on the report to be resubmitted.

WITHDRAWN

(GROUP FINANCE)
(Mr Elias Mabena)
(Acting Director)

Item 3 GROUP FINANCE DEPARTMENT RESPONSE TO MPAC QUESTIONS TO THE ACCOUNTING OFFICE: IRREGULAR EXPENDITURE (ATTCOL PANEL) 2024/25 ANNUAL REPORT

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee noted that the irregular expenditure was due to unfair allocation of the debt book of normal and special projects to panel members. However, it stated that the report only states unfair allocation and did not elaborate and provide sufficient information on sequence of events that resulted in the irregular expenditure.*
- *The Committee indicated that the report refers to the commission report which is not attached to the report and mentioned that the resubmission report should include all the Annexures for this item, including the proper details of the allocations.*
- *It further requested the department to provide details on circumstances that led to occurrences of UIFW, the root causes, dates of occurrences, the official(s) involved and sequence of events leading to the occurrences. Including the details of any investigations that may have occurred and the recommendations that came out from the investigations.*

WITHDRAWN

(GROUP FINANCE)
(Mr Elias Mabena)
(Acting Director)

Item 4 GROUP FINANCE DEPARTMENT RESPONSE TO MPAC QUESTIONS TO THE ACCOUNTING OFFICE: NOTE 46 - IRREGULAR EXPENDITURE (THE CITIZEN) 2024/25 ANNUAL REPORT

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee noted with concern that the irregularity relates to 2015/16 F/Y where the award was made to a company (The Citizen) with a director related to a City employee and did not declare in contravention of SCM regulation 44.*
- *The Committee highlighted that the matter is still under investigation from GRAS and asked why the matter is still under investigation to date from 2016.*
- *It further enquired why the City was paying the newspaper R800 000.*
- *The Committee highlighted that the report referred to the annexure A that is not attached and requested that the resubmission report should include all the relevant annexures to the item.*

WITHDRAWN

(GROUP FINANCE)
(Mr Elias Mabena)
(Acting Director)

Item 5 GROUP FINANCE DEPARTMENT RESPONSE TO MPAC QUESTIONS TO THE ACCOUNTING OFFICE: NOTE 45 - ESKOM AND TELKOM FRUITFUL AND WASTEFUL EXPENDITURE 2024/25 ANNUAL REPORT

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee asserted that the item was a duplicate of Item 01 and that the Item should be removed from the resubmission list.*

WITHDRAWN

(GROUP FINANCE)
(Mr Elias Mabena)
(Acting Director)

Item 6 GROUP FINANCE DEPARTMENT RESPONSE TO MPAC QUESTIONS TO THE ACCOUNTING OFFICE: IRREGULAR EXPENDITURE (TWALA INCORPORATED) 2024/25 ANNUAL REPORT

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee noted that the department did not pay the service provider as Twala Incorporated has not done work for Group Finance in the 2023/24 and 2024/25 financial years.*
- *It mentioned that any disputes or reconciliation of AFS and register must be done before reports are submitted to MPAC.*
- *The Committee indicated that the resubmission report should include all the relevant annexures to the item.*

WITHDRAWN

(GROUP FINANCE)
(Mr Elias Mabena)
(Acting Director)

Item 7 GROUP FINANCE DEPARTMENT RESPONSE TO MPAC QUESTIONS TO THE ACCOUNTING OFFICE: NOTE 47 - IRREGULAR EXPENDITURE (NGOQOMOLA REVENUE SERVICES) 2024/25 ANNUAL REPORT

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee noted that the service provider was part of ATCOL panel and was removed due to non-performance.*
- *The Committee asked why the R1.3 million was paid if the service provider was removed due to non-performance*
- *The Committee mentioned that the communication between Group Finance and the Auditor General should be presented to support the comments, including the communication between the City and all its suppliers' requesting lenience because of the SAP upgrade.*
- *The Committee mentioned that the GCFO should ensure that quality assurance is done on the Group Finance reports before being submitted to MPAC and signed off by the GCFO.*
- *The Committee indicated that the resubmission report should include all the relevant annexures to the item.*

WITHDRAWN

(GROUP FINANCE)
(Mr Elias Mabena)
(Acting Director)

Item 8 MPAC: GCSS RESPONSE(S) TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT ON THE INCURRED FRUITLESS AND WASTEFUL EXPENDITURE

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee noted that the expenditure was due to interest paid to Telkom by the department on late payment of invoices and the amount disclosed is R9 million. The late payments were due to SAP system upgrade between December and January.*
- *The Committee requested to be provided with the full paper trail of when the invoices were submitted to merchant payments against when the payments were actually made to determine if the SAP upgrade process is the cause of the late payments.*
- *The Committee sought clarity on the investigations and asked when GRAS was going to conclude the investigations and further enquired about the efforts made to recover the interests.*

Group Corporate and Shared Services Department requested to withdraw Item 8, Item 9 and Item 13 from the agenda in order to adequately respond the questions raised by the Committee.

The Municipal Public Accounts Committee acceded to the request of the Department.

WITHDRAWN

(GROUP CORPORATE AND SHARES SERVICES)
(Mboniseni Nemaangani)
(Designation: Deputy Director: Administration)

Item 9 MPAC: GCSS RESPONSE(S) TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT ON THE INCURRED IRREGULAR EXPENDITURE

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee noted that the irregularity was due to procurement through SCM regulation 36(a) (ii) which relates to award made to sole service providers.*
- *However, the report did not state why the use of regulation 36(a) (ii) resulted in irregular expenditure.*
- *The report further states that the matter was referred to GRAS in 2022, and the Committee enquired if the matter was still under investigation, and the turnaround time of completing investigation by GRAS.*

- *The Committee recommended that all the amounts attributed to unfinished investigations be added to the Committee's tracking document or register so that they can be easily monitored and traced.*

WITHDRAWN

(GROUP CORPORATE AND SHARED SERVICES)
(Palabadi Maluleke)
(Deputy Director: COID)

Item 10 MANAGEMENT REPORT ON IRREGULAR EXPENDITURE SIZWE AFRICA IT GROUP (PTY) LTD

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern with the specific issues identified by Auditor General South Africa (AGSA) stating that:*

  - *The bidder failed to submit resource information in the prescribed format;*
  - *Certified copies of qualifications and certifications for proposed resources were not provided in all instances; and*
  - *Many of the resources evaluated during the procurement process were either not employed by Sizwe Africa IT Group or were different from the resources ultimately deployed on the contract.*

- *The Committee mentioned that based on these findings, AGSA concluded that the bidder should have been disqualified during the functionality evaluation stage. Consequently, the expenditure incurred under the contract was required to be disclosed as irregular expenditure.*
- *The Committee asked why the contract was not terminated and mentioned that the money should have been recovered instead of written off.*

Discussions:

- *In terms of terminating the contract, it was indicated to the Committee that the contract is guided by the prescripts of the contract and unfortunately the irregularity of the internal process cannot nullify the contract.*
- *It was highlighted to the Committee that the City has been in situations where contracts were terminated, however, ended paying for those contracts which resulted in fruitless and wasteful expenditures because termination of a contract is a legal issue.*
- *In terms of recovery, it was indicated to the Committee that the City cannot profit unduly as the municipality received the goods, services or benefits for which the expenditure was incurred and no financial loss, prejudice or potential harm was identified.*

- *It was further indicated to the Committee that the City is engaging the Auditor General these matters.*

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern that no consequence management action was recommended.*
- *The Committee indicated that it cannot verify the information as there are no annexures attached to the report.*
- *It requested the resubmission report to include all the annexures to support the position of GCIT.*

WITHDRAWN

(GROUP ICT & IM)
(Aubrey Mochela)
(Group Communication and Technology)

Item 11 MANAGEMENT REPORT ON IRREGULAR EXPENDITURE MUTODO PROPERTIES (PTY) LTD RFP:15/2023FY/JPC - OFFICE ACCOMMODATION LEASE

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee raised a concern with the irregular expenditure that was due to rental invoices that included the server room amount which was not part of the signed lease agreement. The total irregular amount relating to server room portion of rental is R110 000.*
- *The Committee expressed its disappointment and dissatisfaction regarding this irregular expenditure and stated that this omission was done deliberately.*
- *The Committee referred to Section 32(2) of the Municipal Finance Management Act (MFMA) which states that a municipality should recover any unauthorized, irregular, or fruitless and wasteful expenditure from the responsible person, unless that money is written off by the Council as irrecoverable after an investigation.*
- *The Committee enquired about the progress of the investigation and stated that the matter should be referred to the disciplinary board.*

Discussions:

- *In response, it was indicated to the Committee that the contract was done by JPC. Therefore, Group ICT was consuming a service that came from JPC.*
- *In terms of the investigation, it was indicated to the Committee that an investigation was instituted so that the outcome of the investigation can then be used in the disciplinary process, and where an individual is responsible, the necessary discipline will be taken against that person who is responsible for it.*

- *In response to the progress of the investigation, GRAS indicated that the matter is still new, as the audit was a bit delayed. GRAS only received the report around April 2026, however it is part of the queue of the next schedule.*
- *GRAS confirmed that the matter has not yet been to the Disciplinary Board as they still need to engage the contract owner, who is JPC on the process and the landlord who is Mutodo in this case. So, it will be after that consultations and engagements with JPC, where a determination will be made regarding the referral to the board.*

NOTED

(GROUP ICT & IM)
(Aubrey Mochela)
(Group Communication and Technology)

Item 12 MANAGEMENT REPORT ON IRREGULAR EXPENDITURE SIGNATURE-HOSI JOINT VENTURE SERVICE REQUEST SR9191199 / SITA RFB1183

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee noted that the AGSA identified irregular expenditure because the successful bidder's B-BBEE certificate was dated 31 July 2024 and referenced the procurement number before the RFQ date (2 August 2024) reflected in the audit documentation, raising concerns about the integrity of the procurement process.*
- *The Committee enquired if the City have a team in the Office of the City Manager that specifically focuses on dealing with the findings from the Auditor General because a City of the size of Johannesburg which is bigger than some of the countries in the Southern region needs a dedicated team that focuses on the findings of the Auditor General, as there would be thousands of matters that the AG raises with the City.*

Discussions:

- *In response, it was indicated to the Committee that the challenge the department had was related to the passing of a supply chain person who was responsible for this contract. The Department had to then find other means of getting the information which it was provided and clarified the matter. However, the AG had taken a position to say there was fraud because they did not understand what was taking place, and they compared the contract to a normal supply chain process when it was a SITA process.*
- *The Department engaged them and even went for a dispute session with them several times with a number of sessions, without being successful.*

- *In response to a dedicated team, it was indicated to the Committee that a structure called Audit Oversight and Consequence Management Monitoring Committee has been established that sits on a weekly basis and have the terms of reference which is chaired by Tebogo Modiba.*
- *The committee is in the main looking at a meeting on a weekly basis to monitor high-risk departments, verification of supporting documents, strengthening reconciliations, enforcement of expenditure cut-off controls, aging analysis of data, implementation of departmental action plans, and escalation of persistent non-compliance. Over and above that, all these matters, as and when they come from this committee, they are then subjected to that structure.*

NOTED

(GROUP ICT & IM)
(Aubrey Mochela)
(Group Communication and Technology)

Item 13 MPAC: GCSS RESPONSE(S) TO THE ACCOUNTING OFFICER FOR THE 2024/25 ANNUAL REPORT ON THE INCURRED IRREGULAR EXPENDITURE

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee noted that the expenditure was declared irregular because mobile communication services continued to be provided by the outgoing service provider, MTN, during the transition to Telkom, without a signed Service Level Agreement (SLA), resulting in non-compliance with SCM requirements. MTN refused to sign SLA for six weeks during the transition period for porting of sim cards to Telkom for the period of six weeks because it believed that their contract with the City was still valid.*
- *The Committee highlighted that the amount on the GCSS reports seem to be incorrectly captured as this reports states amount of R4 billion in paragraph 2.*
- *The Committee mentioned that the report does not indicate any consequence management done and whether the challenge was resolved or not.*
- *It mentioned that there was lack of information in the report and indicated that GRAS need to inform the Committee of when the investigation will be concluded.*
- *The Committee indicated that it has requested the Accounting Officer to commission an independent investigation in the delay in concluding the investigations and providing the reports to the Municipal Public Account Committee. The Committee requested a progress report on the delay in concluding the investigations and getting the matters to MPAC.*

WITHDRAWN

(GROUP CORPORATE AND SHARED SERVICES)
(Mboniseni Nemaangani)
(Deputy Director: Administration)

Item 14 REPORT ON QUESTIONS RAISED BY MPAC ON THE 2024/2025 CITY'S ANNUAL REPORT: RELATING TO UIFW

Committee members were given an opportunity to comment and pose clarity-seeking questions:

- *The Committee indicated that the report states the amounts of fruitless, Irregular and unauthorized in one report, the committee requested the submission of each component of the UIFWE to be separated by type of expenditure and/or by service provider, the department must resubmit this report with each component of expenditure and/or service provider separately on each report.*

WITHDRAWN

(HUMAN SETTLEMENTS)
(Sekati Mangena)
(Director: Finance)

Item 15 GROUP FINANCE DEPARTMENT RESPONSE TO MPAC QUESTIONS TO THE ACCOUNTING OFFICE: NOTE 47 – POST AUDIT DIFFERENCE UNAUTHORISED EXPENDITURE 2024/25 ANNUAL REPORT

WITHDRAWN

(GROUP FINANCE)
(Mr Elias Mabena)
(Acting Director Finance)
(ElliasM@joburg.org.za)

Item 16 NOTE 46: IRREGULAR EXPENDITURE IN THE CORE ANNUAL FINANCIAL STATEMENTS IDENTIFIED IN THE PRIOR YEAR – AON SA (PTY) LIMITED

The Committee agreed to consider Item 16 and Item 17 Concurrently

- *The Committee commended GRAS for responding to all the questions raised by MPAC and asserted that all the other Departments should use the GRAS reports as reference in compiling the resubmission reports to MPAC.*
- *The Committee enquired about the investigations that are in progress.*

Discussions:

In response, it was indicated to the Committee that the reports would be ready for consideration by the Committee at the meeting scheduled for 12 August 2026.

NOTED

That MPAC notes the response provided by GRAS for Note 46: Irregular Expenditure in the core annual financial statements identified in the prior year.

(GROUP RISK & ASSURANCE SERVICES)
(Sipho Makhanya)
(Deputy Director)

Item 17 NOTE 46: IRREGULAR EXPENDITURE IN THE CORE ANNUAL FINANCIAL STATEMENTS IDENTIFIED IN THE PRIOR YEAR – AFRICAN DAWN RISK SOLUTION (PTY) LIMITED

NOTED

That MPAC notes the response provided by GRAS for Note 46: Irregular Expenditure in the core annual financial statements identified in the prior year.

(GROUP RISK & ASSURANCE SERVICES)
(Sipho Makhanya)
(Deputy Director)

5 ANNOUNCEMENTS

The Chairperson announced that the Committee will convene an extra-Ordinary meeting on 24 July 2026.

6 CLOSURE

The Chairperson thanked members for their attendance.

THE MEETING ADJOURNED AT 19H30

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CHAIRPERSON DATE