

Report of the auditor-general to the Free State Provincial Legislature and the council on Fezile Dabi District Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Fezile Dabi District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Fezile Dabi District Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

General expenses

3. I was unable to obtain sufficient appropriate audit evidence for expenditure relating to travel and subsistence allowance included in general expenses, as the municipality did not have adequate systems in place to account for these expenses. I was unable to confirm the travel and subsistence allowance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to travel and subsistence allowance, stated at R1 821 503 in note 23 to the financial statements.
4. During 2023, I was unable to obtain sufficient appropriate audit evidence that general expenses had been properly accounted, due to the non-submission of information in support of these expenses. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the general expenses, stated at R26 914 280 in note 23 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the general expenses for the current period.

Employee related costs

5. The municipality did not account for the employee-related costs in accordance with GRAP 1, *Presentation of financial statements*. Acting allowances for ordinary employees were not accounted for in accordance with the policy and the upper limits for some of the senior

managers were exceeded. Consequently, employee-related costs were overstated and receivables from exchange transactions understated by R2 512 526. This also had an impact on the surplus for the period.

Contingencies

6. I was unable to obtain sufficient appropriate audit evidence that contingencies had been properly accounted for due to the status of the accounting records. I could not confirm contingencies by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent liabilities stated at R20 366 828 (2023: R18 961 268) in note 27 to the financial statements.

Net cash flows from operating activities

7. The municipality did not correctly prepare and disclose net cash flows from operating activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was unable to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from operating activities as stated at R28 548 904 (2023: R21 434 311) in the financial statements and cash generated from operations stated at R28 584 904 in note 24 to the financial statements.

Statement of comparison of budget and actual amounts

8. The municipality did not correctly prepare and disclose the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of budget information in financial statements*. This was due to the final budget amounts disclosed not agreeing to the municipality's final approved budget. Consequently, I was unable to determine the full extent of the errors in the statement of comparison of budget and actual amounts, as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for the budget differences disclosed in note 38 to the financial statements. I was unable to confirm these budget differences by alternative means. Consequently, I have not included the omitted information in this auditor's report as it was impracticable to do so.

Total expenditure

9. Total expenditure was materially misstated due to the cumulative effect of the individual immaterial uncorrected misstatements. Contracted services stated at R5 001 427 was overstated by R692 388. There was an impact on the surplus for the period and on the accumulated surplus.
10. In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm total expenditure by alternative means due to sufficient appropriate audit evidence was not submitted for inventory consumed stated at R2 433 205. Consequently, I was unable to determine any further adjustments were necessary to total expenditure.

Context for opinion

11. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
12. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
13. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

14. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

15. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Irregular expenditure

16. As disclosed in note 35 to the financial statements, irregular expenditure of R30 921 595 (2023: R27 486 832) was incurred, mainly due to employee-related costs that contravened legislation. In addition, the full extent of the irregular expenditure is in the process of being determined.

Unauthorised expenditure

17. As disclosed in note 33 to the financial statements, unauthorised expenditure of R6 569 167 (2023: R5 487 646) was incurred, due to overspending of the budget.

Other matter

18. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

19. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the MFMA and

Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

21. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

22. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of our auditor's report.

Report on the annual report

24. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
25. I selected the following material performance indicators related to basic service delivery and infrastructure development presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- A focused roads conditions assessment initiated and completed on internal rural road networks in the district in line with rural roads asset management system (RRAMS) grant conditions and a final report prepared and submitted to the provincial and national department of transport by 30 June 2024.
 - Four quarterly inspections performed at moderate to low risk premises in various areas across Mafube Local Municipality by 30 June 2024.
 - Four quarterly municipal health services reports indicating services rendered in various towns across the four local municipalities in the district prepared by 30 June 2024.

- Four quarterly air quality management and waste management reports indicating work done in various towns across the four local municipalities in the district prepared by 30 June 2024.
- Four quarterly environmental management reports indicating work done in various areas across the four local municipalities in the district prepared by 30 June 2024.
- Four quarterly disaster management reports indicating work done in various towns across the four local municipalities in the district prepared by 30 June 2024.
- Four HIV/AIDS awareness campaigns held or supported in the district targeting youth, men, women schools, correctional centres and private sector institutions by 30 June 2024.
- Four EPWP progress reports indicating created full-time equivalent and work opportunities as per the protocol agreement.
- Implementation of the energy efficiency demand side management programme (EEDSM) in the district in line with EEDSM grant conditions and a final report prepared and submitted to the national department of minerals, resources and energy by 30 June 2024

26. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

27. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

28. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

29. The material findings on the reported performance information for the selected material indicators are as follows:

2.4a) Four quarterly municipal health services reports indicating services rendered in various towns across the four local municipalities in the district prepared by 30 June 2024.

30. I did not audit the indicator and its target of prepare four quarterly municipal health services reports indicating work done in various towns across the four local municipalities in the district by 30 June 2024, as they were not approved during planning and included in the service delivery budget implementation plan (SDBIP). The reported performance information is not consistent with the commitments made during planning and, as a result, it holds little value for the accountability process.

Various indicators

31. The indicators in the annual performance report differed from those committed to in the approved SDBIP. These changes were made without obtaining the required approval, which undermines transparency and accountability.

Approved indicator	Approved target	Reported indicator	Reported target
2.1) A focused roads conditions assessment initiated and completed on internal rural road networks in the district in line with rural roads asset management system (RRAMS) grant conditions and a final report prepared and submitted to the provincial and national department of transport by 30 June 2024.	Complete a focused roads conditions assessment on internal rural road networks in the district in line with rural roads asset management system (RRAMS) grant conditions and a final report prepared and submitted to the provincial and national department of transport by 30 June 2023.	2.1) A focused roads conditions assessment completed on 2 052 km road networks in the district in line with rural roads asset management system (RRAMS) grant conditions and a final report prepared and submitted to the provincial and national departments of roads by 30 June 2024.	Complete a focused roads conditions assessment on internal rural road networks in the district in line with rural roads asset management system (RRAMS) grant conditions and a final report prepared and submitted to the provincial and national department of transport by 30 June 2024.
2.7a) Four (4) EPWP progress reports indicating created fulltime equivalent (FTE's) and work opportunities (WO) as per the protocol agreement	Provide four EPWP progress reports indicating created fulltime equivalent (FTE's) and work opportunities (WO) as per the protocol agreement: infrastructure = 11 W/O, 4 FTE Environment = 63 W/O, 18 FTE Total = 74 W/O, 22 FTE	2.7a) Four (4) EPWP progress reports indicating created fulltime equivalent (FTE's) and work opportunities (WO) as per the protocol agreement	Provide four EPWP progress reports indicating created fulltime equivalent (FTEs) and work opportunities (WO) as per the protocol agreement

Various indicators

32. I did not audit some of the indicators and their targets, as they were not approved during planning and included in the SDBIP. The reported performance information is not consistent with the commitments made during planning and, as a result, it holds little value for the accountability process.

Indicator	Target
2.4b) Four quarterly air quality management and waste management reports indicating work done in various towns across the four local municipalities in the district prepared by 30 June 2024.	Prepare four quarterly air quality management and waste management reports indicating work done in various towns across the four local municipalities in the district prepared by 30 June 2024.
2.7b) Implementation of the energy efficiency demand side management programme (EEDSM) in the district in line with energy efficiency and demand side management (EEDSM) grant conditions and a final report prepared and submitted to the national department of minerals, resources and energy by 30 June 2024	An energy saving of 237 834 kWh for the year through the retrofitting of 724 streetlights in the district in line with energy efficiency and demand Side (EEDSM) grant conditions and a final report prepared and submitted to the national department of minerals, resources and energy by 30 June 2024

Other matters

33. I draw attention to the matters below.

Achievement of planned targets

34. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

35. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual report on page xx.

Basic service delivery and infrastructure development

<p><i>Targets achieved: 50%</i></p> <p><i>Budget spent: Undeterminable</i></p> <p><i>The budget spent is not available as the municipality's actual spending is not aligned with their key performance areas</i></p>		
Key indicator not achieved	Planned target	Reported achievement
Four HIV/AIDS awareness campaigns held or supported in the district targeting youth, men,	Four HIV/AIDS awareness campaigns held or supported in the district targeting youth, men,	Two HIV/AIDS awareness campaigns held or supported in the district targeting youth, men, women schools,

women schools, correctional centers and private sector institutions by 30 June 2024.	women schools, correctional centres and private sector institutions by 30 June 2024.	correctional centres and private
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Material misstatements

36. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management did not correct the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

37. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
38. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
39. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
40. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

41. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

42. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
43. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.

44. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R30 961 595, as disclosed in note 35, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations.
45. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R6 569 167, as disclosed in note 33 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Consequence management

46. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
47. Authorisation of unauthorised expenditure amounting to R6 569 167 was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.
48. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
49. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
50. Fruitless and wasteful expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

Human resource management

51. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal System Act 32 of 2000 (MSA).

Procurement and contract management

52. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c).
53. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
54. 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). Similar non-compliance was also reported in the prior year.
55. A contract was awarded to a bidder based on points given for legislative requirements that were not stipulated/differed from those stipulated in the original invitation for bidding, in

contravention of SCM regulations 21(b) and 28(1)(a)(i) and the preferential procurement regulations. This non-compliance was identified in the procurement processes for the RRAMS project.

56. Some of the contracts were awarded to bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
57. Sufficient appropriate audit evidence could not be obtained that contract were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
58. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5. Similar non-compliance was also reported in the prior year.
59. Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM regulation 44.

Other information in the annual report

60. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance area (KPA) presented in the annual performance report that have been specifically reported on in this auditor's report.
61. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
62. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
63. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

64. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

65. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.
66. Management did not prepare regular, accurate and complete financial and performance reports that were supported by reliable information, as the financial statements contained numerous misstatements.
67. Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.
68. Management did not review and monitor compliance with applicable laws and regulations.
69. Management did not in all instances implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
70. The internal audit unit did not adequately review and verify the information reported in the annual financial statements and performance report submitted for auditing. This resulted in various matters needing to be adjusted and corrected during the audit process, which could have been prevented.
71. Management did not develop and monitor the implementation of action plans to address internal control deficiencies.

Material irregularities

72. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

73. The material irregularities identified are as follows:

Payment for information and communication technology equipment not received

74. The municipality entered into a service level agreement with a service provider, during June 2021, to supply, install and configure a video conferencing system, thermal screening and UVC lights solution, including maintenance and support for a period of 36 months, at a cost of R7 297 900. During December 2021, the service provider submitted an invoice dated 14 December 2021, claiming an amount of R1 273 850 (excl. VAT) relating to the extension of the scope of the project. This invoice was paid by the municipality on 15 December 2021 by the municipality.
75. The audit team subsequently performed site visits, however there were no additional equipment installed as stated in the invoice dated 14 December 2021. It was furthermore identified that the internal control checklist included on the sundry payment voucher, which was attached to the invoice, was not completed. This checklist require confirmation that goods/services recommended for payment have been received in good order. The officials who

consequently approved and process the payment for the extension of the scope of the project did not take reasonable steps within their respective areas of responsibility to ensure that the system of internal controls is carried out diligently, as required by section 78(1)(a) of the MFMA. The irregularity is likely to result in a financial loss of R1 273 850 to the municipality if the amount is not recovered from the service provider. The likely financial loss was disclosed as part of the fruitless and wasteful expenditure in the prior year and is included in the opening balance disclosed in note 34 to the financial statements.

76. I notified the accounting officer of the material irregularity on 20 February 2024 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter. In response, the municipality entered into a secondment agreement with the Special Investigating Unit (SIU) during April 2024 whereby officials from the SIU are seconded to the municipality for the period 1 May 2024 to 31 October 2024. The agreement was subsequently extended to 31 January 2025. The secondees will be responsible for the performance of the following functions:

- Conduct an investigation into allegations of fruitless and wasteful expenditure incurred by the municipality through the appointment of the service provider;
- Consolidated information for the municipality which can be used as a basis to approach the SIU for a proclaimed investigation;
- Assist the municipality in implementing consequence management, i.e. disciplinary proceedings;
- Refer any serious criminal offences to the Directorate for Priority Crimes Investigations or the South African Police Services; and
- Assist in initiating civil recovery.

77. I will follow-up on the implementation of the planned actions and actions in progress during my next audit.

Auditor - General

Bloemfontein

30 November 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:
 - The auditor-general's responsibility for the audit
 - The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

2. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

3. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
 - conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), Sections 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), Sections 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), Sections 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c). 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Division of Revenue Act 5 of 2023	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Legislation	Sections or regulations
Municipal Systems Act 32 of 2000	<p>Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii),</p> <p>Sections 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42,</p> <p>Sections 43(2), 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b),</p> <p>Sections 67(1)(d), 74(1), 96(b)</p>
MSA: Municipal Planning and Performance Management Regulations, 2001	<p>Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a),</p> <p>Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)</p>
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 31