AUDITOR-GENERAL SOUTH AFRICA

AUDIT REPORT

Amajuba District Municipality

2022-23

Date: 30 November 2023

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Amajuba District Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Amajuba District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, 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 of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Amajuba District Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

Service charges

3. The municipality did not correctly account for revenue from service charges, as required by SA Standards of GRAP 9, *Revenue from exchange transactions*. Some consumers were not billed for services rendered and in other instances, consumers were billed at incorrect amounts. I was unable to determine the full extent of the misstatement of service charges stated at R38,43 million (2021-22: R34,91 million) as disclosed in note 19 to the financial statements as it was impracticable to do so. Additionally, there was an impact on receivables from exchange transactions, the allowance for impairment, the surplus for the period, and on the accumulated surplus.

Contracted services – water tankers

4. During 2021-22, I was unable to obtain sufficient appropriate audit evidence for contracted services rendered due to the status of accounting records. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figure of contracted services relating to water tankers, stated at R8,74 million. My audit opinion on the financial statements for the period ended 2021-22 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the goods and services for the current period.

Cash flow statement

5. Net cash flows from operating activities was not correctly prepared and disclosed as required by SA Standards of GRAP 2, *Cash flow statements.* This was due to errors in determining cash flows from operating activities. I was not able 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 stated at R101,13 million (2021-22: R102,68 million) in note 34 to the financial statements and the cash flow statement.

Context for opinion

6. 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.

7. 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.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Material impairments – Consumer debtors

10. As disclosed in note 11 to the financial statements the municipality recognised an allowance for impairment of R201,43 million (2021-22: R159,67 million) on consumer debtors, as the recoverability of these amounts was considered to be doubtful.

Material underspending of conditional grants

11. As disclosed in note 14 to the financial statements, the municipality underspent on its municipal infrastructure grant by R11,34 million, and its water services infrastructure grant by R7,62 million.

Contingencies

12. The municipality is the defendant in various litigation matters as disclosed in note 36 to the financial statements. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Restatement of corresponding figures

13. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Water distribution losses

14. As disclosed in note 48 to the financial statements, the municipality incurred water distribution losses of R24,34 million (2021-22: R28,00 million), which represents 53% (2021-22: 45%) of total water purchased. This was mainly due to unbilled and unmetered water consumption as a result of the utilisation of auto standpipes and the use of water tanker delivery services to rural areas that do not have water infrastructure.

Other matter

15. I draw attention to the matter below. My opinion is not modified with respect to this matter.

Unaudited disclosure notes

16. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA 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

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA 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.

18. 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

19. 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.

20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

21. In accordance with the Public Audit Act No. 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 against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

22. I selected the following KPA presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a KPA that measures the municipality's performance on its primary mandated functions and that is of significant national, community, or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery	xx to xx	The priorities of the Amajuba District Municipality are embedded strongly in the provision of water and sanitation as it is a Water Service Authority for Emadlangeni and Dannhauser local municipalities respectively. The municipality is also vested in the programmes aimed at the upliftment of the communities within its jurisdiction in partnership with sector departments.

23. I evaluated the reported performance information for the selected KPA 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 of its mandate and objectives.

24. 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
    - 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 is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any measures taken to improve performance.

25. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

26. The material findings on the reported performance information for the selected KPA are as follows:

Basic service delivery

Various indicators

27. Six indicators were included in the approved service delivery and budget implementation plan and integrated development plan but then not clearly defined during planning processes. It was also not determined how the related targets would be measured and what evidence would be needed to support the achievements. Consequently, the information might be less useful for measuring performance.

Indicator
ENGS 2.2 - Progress report indicating the progress achieved in a (%)
ENGS 2.3 - Progress report indicating the progress achieved in a (%)
ENGS 2.4 - Progress report indicating the progress achieved in a (%)
ENGS 2.5 - Progress report indicating the progress achieved in a (%)
ENGS 2.6 - Progress report indicating the progress achieved in a (%)
ENGS 2.8 - Progress report indicating the progress achieved in a (%)

Various indicators

28. Based on audit evidence, the actual achievement for two indicators did not agree to the achievements reported. Consequently, the reported achievements were not reliable for determining if the targets had been achieved or not.

Indicator	Reported achievement
ENGS 2.1 - number of households receiving water at yard connection level	1 554
ENGS 2.7 - number of standpipes installed	180

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

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

Material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the “basic service delivery” KPA. Management did not correct the misstatements and I reported material findings in this regard.

Report on compliance with legislation

32. 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.

33. 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.

34. 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.

35. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Financial statements

36. 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 liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

37. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

38. Reasonable steps were not taken to prevent irregular expenditure amounting to R57,30 million as disclosed in note 44 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by the supply chain management processes not being followed.

39. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R84,17 million, as disclosed in note 42 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the non-cash items (debt impairment, share of losses in associates and depreciation) that were not budgeted for as well as overspending on employee related costs and contracted services.

40. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R3,38 million as disclosed in note 43 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest and penalties incurred on the late payment of supplier invoices.

Revenue management

41. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Human resource management

42. I was unable to obtain sufficient appropriate audit evidence that appropriate systems and procedures to monitor, measure, and evaluate the performance of staff were developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act No. 32 of 2000.

Strategic planning and performance management

43. The service delivery budget implementation plan for the year under review did not include monthly revenue projections by source of collection and/or the monthly operational and capital expenditure by vote, and/or the service delivery targets and performance indicators for each quarter, as required by section 1 of the MFMA.

Procurement and contract management

44. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of Regulations 17(1)(a) and (c) of the Municipal Supply Chain Management Regulations (SCM Regulation). Similar non-compliance was reported in the prior year.

45. Some goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by 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 reported in the prior year.

46. Some contracts were awarded to bidders based on points given for legislative requirements that 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. Similar non-compliance was reported in the prior year.

47. Some contracts were awarded to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM Regulation 29(5)(b). Similar non-compliance was reported in the prior year.

48. Some 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 reported in the prior year.

49. Some contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

50. Some contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11 and/or 2022 Preferential Procurement Regulation 4(4) and 5(4).

51. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

52. Awards were made to providers who were in the service of other state institutions, in contravention of section 112(1)(j) of the MFMA and SCM Regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).

53. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM Regulation 46(2)(e).

Other information in the annual report

54. 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 key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

55. 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.

56. 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 key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

57. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

58. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

59. Management has not adequately implemented certain requirements of the financial reporting framework to ensure that the accounting treatment was implemented as prescribed. Management did not perform adequate monitoring of meter readings to ensure that customers are accurately billed. Furthermore, leadership did not implement effective oversight of

performance reporting and compliance with applicable legislation, which resulted in material findings on usefulness and reliability in the annual performance report as well as compliance with legislation.

60. Records and safe-keeping of files, documents and portfolios of evidence for performance information was not maintained at the desired standards.

Material irregularities

61. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Suspected: Supplier not evaluated for functionality on bid no. T2019/14

62. The accounting officer did not comply with paragraph 5(7) of the Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2017 (PPR), which states that each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in regulation 11.

63. The municipality awarded a contract at an amount of R59,93 million on the 22nd of January 2020 for the Construction of a 20 Ml (mega litres) reinforced concrete reservoir and associated infrastructure at Braakfontein reservoir without evaluating the suppliers for functionality in terms of the required regulations. All payments were disclosed as irregular expenditure in note 48 to the 2020-21 annual financial statements and the non-compliance is likely to result in a material financial loss for the municipality.

64. The accounting officer (AO) was notified of this material irregularity (MI) on 10 February 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity.

65. I referred the suspected MI to the Special Investigating Unit (SIU) on 21 November 2022 for investigation as provided for in section 5(1A) of the PAA. The referral was accepted by the SIU on 1 December 2022 and the investigation is currently in progress.

66. I further recommended that the AO take the following actions to address the MI, which were due to be implemented by 23 April 2023:

    a) The non-compliance should be investigated to determine if any official(s) may have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.

    b) The financial loss should be quantified.

c) All person(s) liable for the losses should be identified and appropriate action should commence to recover the financial loss and the recovery process should not be unduly delayed.

d) Disciplinary proceedings, should commence, without undue delay, against all official(s) who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

e) If a senior manager of the municipality has allegedly committed an act of financial misconduct, the accounting officer must report the allegation to the municipal council, the Provincial Treasury and the National Treasury, as required by Regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

67. On 26 April 2023, the AO provide a response on the actions taken to implement the recommendation. I evaluated the accounting officer's responses and substantiating documentation received. As some of the actions taken to address the material irregularity were still in progress and not yet completed, I granted the accounting officer an additional three months up to 3 October 2023 to implement the recommendations.

68. The response on the further actions taken to implement the recommendations was received 1 October 2023. The accounting officer investigated the MI to identify if any officials should be held liable for the non-compliance and the financial loss suffered.

69. The investigation was completed on 1 June 2023 and concluded that due a lack in substantiating documentation and the role-players involved in this transaction not being in the employ of the municipality anymore, a conclusion could not be reached if any official should be held liable for the non-compliance and resultant financial loss suffered.

70. I concluded that based on the further actions taken the AO has taken appropriate action to implement the recommendations. I will continue to monitor the referral with the SIU and the progress in this regard

Assets not found and written off without investigation

71. The municipality failed to comply with section 63(2)(c) of the MFMA which states that the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed, read with section 63(1)(a) of the MFMA which states that the accounting officer is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

72. The municipality wrote off water-waste infrastructure assets with a carrying value of R3,09 million that could not be found through physical verification, pending an investigation. The municipality did not implement sufficient controls to safeguard assets. The write-off was approved by the council pending an investigation however the assets were written off without the required investigation as disclosed in note 3 to the 2019-2020 annual financial statements.

73. The accounting officer was notified of this material irregularity on 11 February 2022 and was invited to make a written submission on the actions taken. The following actions were taken by the accounting officer:

a) The accounting officer strengthened controls and systems over the management of assets and established an assets management unit within the municipality.

b) The accounting officer further ensured that all write-offs are supported by investigations prior to submission to the council.

c) The accounting officer also investigated the matter which was concluded on 30 June 2022. Through the investigation process the assets were subsequently identified, verified and re-instated in the financial statements. The municipality also appointed an asset manager towards the end of the 2020-2021 financial year and has implemented controls on asset management. This led to the clearing of the prior year's qualification on property plant and equipment

74. The actions taken by the accounting officer have adequately addressed the material irregularity and accordingly, the material irregularity is resolved.

Inadequate project monitoring – Disaster Management Centre

75. The municipality did not comply with section 62(1) (a) of the MFMA which states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically."

76. The municipality commenced construction of the Disaster Management Centre building on 20 June 2017. The construction contract was subsequently terminated due to the poor performance of the contractor. While the construction contract for the building was terminated, the municipality appointed a service provider and commenced with the installation of IT equipment, including purchasing the necessary intangible asset to be used.

77. During the 2019-2020 financial year the amount spent on the intangible asset was impaired and the related expenditure disclosed as fruitless and wasteful expenditure amounting to R2 832 504 in note 45 to the annual financial statements of the municipality. This was because the municipality did not use the intangible asset as the construction of the disaster management centre was not completed, and the period during which the intangible asset could be used had expired. The accounting officer was notified of this material irregularity on 16 February 2022 and was invited to make a written submission on the actions that will be taken to address the matter.

78. The following actions were taken to address the material irregularity:

a) The accounting officer re-advertised the Disaster Management Centre project on 23 February 2022 and subsequently appointed a service provider to complete the project at the remaining contracted price. The accounting officer also reversed the fruitless and wasteful expenditure and capitalised the intangible asset in the financial statements for the year ended 30 June 2022.

b) The Disaster Management Centre's Provisional certificate of occupation was issued to the municipality on 1 November 2023.

c) The accounting officer also planned to reverse the fruitless and wasteful expenditure and the impaired intangible assets in the financial statements by 30 June 2022.

79. The actions taken by the accounting officer have adequately addressed the material irregularity and accordingly, the material irregularity is resolved.

Auditor-General

Pietermaritzburg

30 November 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

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

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 key performance area and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

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.

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

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraphs (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a) & (b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
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), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
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: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 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	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
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), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 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)