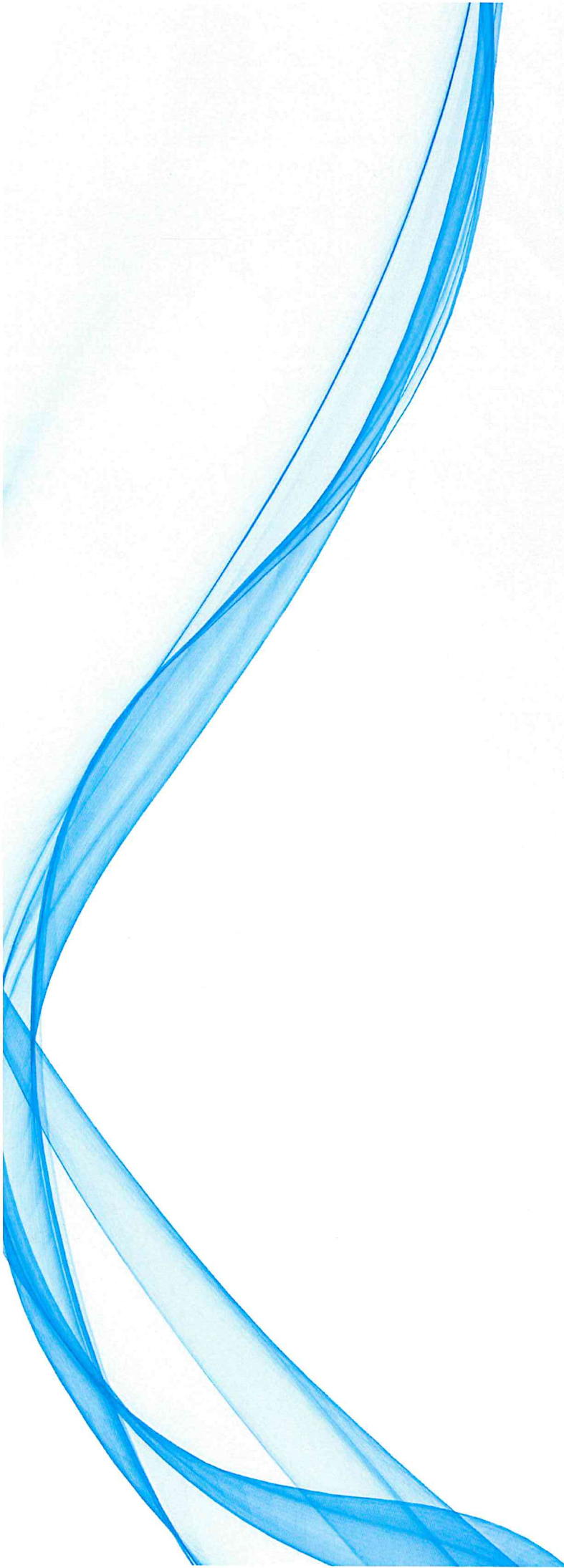




NYANDENI LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2025



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Report of the auditor-general to Eastern Cape Provincial Legislature and Council on Nyandeni local municipality

Report on the audit of the financial statements

Qualified of opinion

1. I have audited the financial statements of the Nyandeni local municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and 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 auditor's report, the financial statements present fairly, in all material respects, the financial position of the Nyandeni local municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (DoRA).

Basis for qualified opinion

Corresponding figures

Capital commitments

3. The municipality did not recognise capital commitments in accordance with GRAP 17, Property, plant and equipment as the commitments values were incorrectly calculated. This was due to the status of accounting records not adequately maintained for the prior year contracts. Consequently, I was unable to confirm whether any adjustment was necessary to the commitment balance of R114,7 million in note 59 to the financial statements. As a result, the closing balance of R117,8 million was also impacted.

Property, plant and Equipment

4. I was unable to obtain sufficient appropriate audit evidence to substantiate property plant and equipment as disclosed in note 10 to the financial statements. An unreconciled difference of R7,3 million was identified between the underlying records and balance of property plant and equipment disclosed in note 10 to the financial statements. The municipality did not have an adequate system of internal control for reconciling transactions to the financial statements. As a result I was unable to obtain the required evidence by alternative means. Consequently, I was unable to confirm whether any adjustment was necessary to the property, plant and equipment of R802,1 million in note 10 to the financial statements. As a result, the closing balance of R885,1 million was also impacted.

Context for opinion

5. 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.
6. 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.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters
9. As disclosed in note 60 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.
10. As disclosed in note 5 to the financial statements, cumulative debt impairments of R51.6 million (2024: R44,5 million) were made to statutory receivables.

Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.
12. 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

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA; 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.
14. 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

15. 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.
16. 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 of the annexure to the auditor's report, forms part of my auditor's report.

Report on the audit of the annual performance report

17. 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 against predetermined objectives for the selected development priority presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following development priority presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected development priority that measure the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic service delivery	XX	To provide access to quality infrastructure and sustainable basic services to the communities within available resources

19. I evaluated the reported performance information for the selected development priority 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.
20. 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 is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance

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

22. The material findings on the reported performance information for the development priority are as follows:

Basic service delivery

BSD02: Number of illegal dumping cleared by 30 June 2025.

23. The approved planning documents included a commitment to clear 10 specific illegal dumping sites by 30 June 2025. However, an achievement of 12 illegal dumping site not originally specified in the planning documents was reported. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability. Furthermore, I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Various indicators

24. Adequate processes had not been established to consistently measure and reliably report on various indicators. Consequently, the municipality would have found it difficult to determine the correct achievements to be reported against the planned targets.

Furthermore, I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement	Detail
Number of households connected into electricity Infrastructure at Bomvana, ward 5 by 30 June 2025	Construct electricity infrastructure for 82 households at Bomvini, ward 5 by 30 June 2025	82 households connected to electricity at Bomvini, ward 5 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
Number of households connected into electricity Infrastructure at Gebane ward 5 by 30 June 2025	Construct electricity infrastructure for 78 households at Gebane ward 5 by 30 June 2025	78 households at Gebane ward 5 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that the supporting evidence provided relates to 2023-24 financial period
Number of households connected into electricity Infrastructure at Mpimbo, ward 25 ward 5 by 30 June 2025	Construct electricity infrastructure for 16 households at Mpimbo, ward 25 ward 5 by 30 June 2025	Constructed electricity infrastructure for 16 households at Mpimbo and 16 households energised	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
Number of households connected into electricity Infrastructure at Mzonyane in ward 25 by 30 June 2025	Construct electricity infrastructure for 55 households at Mzonyane ward 25 by 30 June 2025	55 households at Mzonyane ward 25 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that the supporting evidence provided relates to 2023-24 financial period
Number of households connected into electricity Infrastructure at Mamolweni ward 25 by 30 June 2025	Construct electricity infrastructure for 20 households at Mamolweni	20 households at Mamolweni ward 25 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that

	ward 25 by 30 June 202		differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
Number of households connected into electricity Infrastructure at Lwandile, ward 25 by 30 June 2025	Construct electricity infrastructure for 58 house holds at Lwandile, ward 25 by 30 June 2025	58 households at Lwandile in Ward 25 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
Number of households connected into electricity Infrastructure at Ntshilini ward 26 by 30 June 2025	Construct electricity infrastructure for 40 households at Ntshilini ward 26 by 30 June 2025	40 households at Ntshilini in Ward 26 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that the supporting evidence provided relates to 2023-24 financial period
Number of households connected into electricity Infrastructure at Zinkumbini ward 24 by 30 June 2025	Number of households connected into electricity Infrastructure at Zinkumbini ward 24 by 30 June 2025	137 households at Zinkumbini in Ward 28 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
Number of households connected into electricity Infrastructure at	Construct electricity infrastructure	42 households at Zixambuzi in Ward 26	The indicator is not well defined so that data for reported achievement can be consistently

Zixambuzi ward 26 by 30 June 2025	for 42 households at Zixambuzi ward 26 by 30 June 2025	connected to electricity infrastructure	collected. Further to that differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
Number of households connected into electricity Infrastructure at Sidanda in ward 28 by 30 June 2025	Construct electricity infrastructure for 78 households at Sidanda in ward 28 by 30 June 2025	78 households at Sidanda in ward 28 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that the supporting evidence provided relates to 2023-24 financial period
Number of households connected into electricity Infrastructure at Sizindeni in ward 28 by 30 June 2025	Construct electricity infrastructure for 69 households at Sizindeni in ward 28 by 30 June 2025	69 households at Sizindeni ward 28 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
Number of households connected into electricity Infrastructure at Mankosini in ward 26 by 30 June 2025	Construct electricity infrastructure for 24 households at Mankosini in ward 26 by 30 June 2025	24 households at Mankosini ward 26 connected to electricity infrastructure	The indicator is not well defined so that data for reported achievement can be consistently collected. Further to that differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
Number of households connected into electricity Infrastructure at	Construct electricity infrastructure	Practical completed construction of electricity infrastructure for 24	The indicator is not well defined so that data for reported achievement

Ntsimbini at ward 26 30 June 2025	for 24 households at Ntsimbini in ward 26 by 30 June 2025	households at Ntsimbini in ward 26	can be consistently collected. Further to that differences between reported achievement and evidence provided relates to construction of electricity infrastructure and the list of households connected to electricity infrastructure was not provided therefore cannot verify reported actual achievement
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Various indicators

25. Measures aimed at improving performance against targets were reported. However, I could not determine if the measures were actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Indicator	Target	Reported achievement	Reported measure
Number of waste tons collected from 600 households by 30 June 2025	Collect 1000 tons of waste from 600 households by 30 June 2025	975 tons of waste collected from 600 households	Revise and align the target, to relate to Waste Act (that requires minimisation of waste to the Landfill site). Formalise the waste recyclers before end of quarter 3 of 2025/26 financial Year
Number of kms constructed for Libode internal street phase 2 at ward 7 by 30 June 2025	Construct 8 km of surfaced roads for Libode Internal Street Phase 2 at Ward 7 by 30 June 2025	Zero (0) kilometres constructed for Libode Internal Street Phase - 2 at Ward - 7.	The remaining scope of work has been cessioned to two service providers and the project will be completed in Quarter - 2 of 2025/2026 financial year.
Number of Kilometres Constructed for Ngqeleni Street Surfacing ward 21 by 30 June 2025	Construct 2.84km of Ngqeleni Street Surfacing in ward 21 by 30 June 2025	Zero (0) kilometres constructed for Ngqeleni Street Surfacing in ward 21	The remaining scope of work has been cessioned to two service providers and the project will be completed in Quarter - 2 of 2025/2026 financial year.

Number of kilometres constructed for Bidiza to Sundwana access road at ward 13 by 30 June 2025	Construct 8km for Bidiza to Sundwana access road to concrete block paving in ward 13 by 30 June 2025	Zero (0) kilometres constructed for Bidiza to Sundwana access road at ward 13	The contractor has been instructed to appoint alternative concrete supplier and complete the project in Quarter - 2 of 2025/2026 financial year
Number of kilometres constructed for Mvilo access road and Bridge at ward 20 by 30 June 2025	Construct 11.9km for Mvilo access road and Bridge at ward 20 by 30 June 2025	Zero (0) Kilometres constructed, and the construction of bridge is still in progress	The contractor has been instructed to appoint alternative concrete supplier and complete the project in Quarter - 2 of 2025/2026 financial year
Number of kilometres constructed for Jange access road with Bridge at ward 25 by 30 June 2025	Construct 5.2km for Jange access road with Bridge at ward 25 by 30 June 2025	3.2 kilometres for Jange access road constructed with Bridge at ward 25	the actual scope of work has been completed therefore there is no need for a corrective measure.
Number of kilometres constructed for Ngqeleni Side Walks at ward 21 by 30 June 2025	Construct 5 km of Side Walks at ward 21 (Ngqeleni) by 30 June 2025	Zero kilometres completed for sidewalks at ward 21	The consultant to evaluate the work completed and advertise the remaining work before end of quarter 1 of 2025/26 Financial year
Number of kilometres constructed for Libode Side Walks at ward 07 by 30 June 2025	Construct 5km of Side Walks at ward 7 (Libode) by 30 June 2025	Zero kilometres completed for sidewalks at Libode ward 7	The consultant to evaluate the work completed and advertise the remaining work before end of quarter 1 of 2025/26 Financial year
Constructed Marubeni Public Transport Facility at ward 4 by 30 June 2025	Construct Marubeni Public Transport Facility project at ward 4 by 30 June 2025	Marhubeni Public Transport Facility at ward 4 not completed	Ablutions and roofing of the facility to be completed by the 30th of September 2025.
Number of community hall Constructed at ward 10 by 30 June 2025	Construct 1 (one) community hall at ward 10 by 30 June 2025	One (1) community hall practical constructed at ward 10	Target to be finalised in quarter - two (2) of 2025/2026 financial year.
Number of community hall Constructed at ward 22 by 30 June 2025	Construction of (one) community hall at ward 22 by 30 June 2025	One) 1 community hall practical constructed at ward 22	Target to be finalised in quarter - two (2) of 2025/2026 financial year.

Number of kilometres rehabilitated for Ngxokweni to Mtyu A/R at ward 15 by 30 June 2025	Rehabilitate 4,5 Kilometres for Ngodwana to Mayu A/R From the bridge to Ngodwana at ward 15 by 30 June 2025	Zero (0) kilometres rehabilitated for Ngxokweni to Mtyu access road at ward 15	Intention to terminate issued and another service provider to be appointed in Quarter -2
Number of kilometres rehabilitated for Mdumazulu No.2 A/R at ward 17 by 30 June 2025	Rehabilitate 4,5 Kilometres of Mdumazulu No.2 A/R at ward 17 by 30 June 2025.	Zero (0) kilometres rehabilitated for Mdumazulu No.2 A/R at ward 17.	Intention to terminate issued and another service provider to be appointed in quarter
Number of kilometres rehabilitated for Msuzwaneni Pitoli A/R at ward 28 by 30 June 2025	Rehabilitate of 12,5 Kilometres of Msuzwaneni Pitoli A/R at ward 28 by 30 June 2025.	12,5 kilometres practical Completed for Msuzwaneni Pitoli A/R at ward 28.	Project to be completed by the 30th of September 2025
Number of kilometres rehabilitated for Nomaweni to Tafeni A/R at ward 5 by 30 June 2025	Rehabilitate 6 Kilometres of Nomaweni to Tafeni A/R at ward 5 by 30 June 2025.	Six (6) Kilometres practical rehabilitated for Nomaweni to Tafeni A/R at ward 5.	Target to be finalised in quarter - two (2) of 2025/2026 financial year.
Number of kilometres rehabilitated for Ntsonyini A/R & Bridges at ward 6 by 30 June 2025.	Rehabilitate 6 Kilometres of Ntsonyini A/R & Bridges at ward 6 by 30 June 2025.	Six (6) Kilometres rehabilitated for Ntsonyini A/R & Bridges at ward 6	Project to be completed by the 30th of September 2025
Number of kilometres rehabilitated for Didi to Ntlaza A/R at ward 16 by 30 June 2025.	Rehabilitate 4 Kilometres of Didi to Ntlaza A/R at ward 16 by 30 June 2025.	Four (4) kilometres Completed for rehabilitation of Didi to Ntlaza A/R ward 16	Project to be completed by the 30th of September 2026
Number of kilometres rehabilitated for Sikelweni A/R at ward 18 by 30 June 2025	Rehabilitate 4 Kilometres of Sikelweni A/R at ward 18 by June 2025.	4 kilometres practical Completed for Sikelweni A/R at ward 18	Project to be completed by the 30th of September 2025
Number of kilometres rehabilitated for Phalo to Sizani at ward 23 by 30 June 2025	Rehabilitate 3.5 Kilometres for Phalo to Sizani access road at ward 23 by 30 June 2025	Zero (0) Kilometres of Phalo to Sizane at ward 23 completed.	Service provider to find alternative concrete suppliers and complete the project by the 16th of December 2025.
Number of kilometres rehabilitated for Khalandoda at ward 1 by 30 June 2025	Rehabilitate 5 kilometres of Khalandoda A/R at ward 1 by 30 June 2025	7,5 kilometres practical rehabilitated for Khalandoda A/R at ward 1	Service provider to find and alternative borrow pit in other villages.

Number of kilometres rehabilitated for Manzimahle A/R at ward 32 by 30 June 2025	Rehabilitate 10 Kilometres of Lujizweni No.1 Manzimahle A/R at ward 32 by 30 June 2025.	5 Kilometres practical rehabilitation of Manzimahle A/R at ward 32	Project to be completed by the 30th of September 2025
Number of kilometres rehabilitated for Poulini to Nzwakazi A/R at ward 21 by 30 June 2025	Complete rehabilitation of 5.5 kilometres of Poulin to Nzwakazi A/R at ward 21 by 30 June 2025	5.5 kilometres Completed for rehabilitation of Poulin to Nzwakazi A/R at ward 21	Project to be completed by the 30 of September 2025
Number of kilometres rehabilitated for Phalo to Sizane A/R at ward 23 by 30 June 2025	Complete Rehabilitation of 3.5 kilometres of Phalo to Sizane A/R at ward 23 by 30 June 2025	Zero (0) Kilometres rehabilitated for Phalo to Sizane A/R at ward 13	Targeted to be completed in Quarter - 3 of 2025/2026 financial year.
Number of kilometres rehabilitated for Mamfengwini A/R at ward 08 by 30 June 2025	Complete Rehabilitation of 5 kilometres of Mamfengwini A/R at ward 08 by 30 June 2025	5 Kilometres practical completed for Mamfengwini A/R at ward 08	Project to be completed by the 30 of September 2025
Number of kilometres rehabilitated for Dlukulwana A/R at ward 05 by 30 June 2025	Complete Rehabilitation of 4 kilometres of Dlukulwana A/R at ward 05 by 30 June 2025	4 Kilometres Practical Completed for rehabilitation Dlukulwana A/R at ward 05.	Target to be finalised in quarter - One (1) of 2025/2026 financial year.
Number of kilometres rehabilitated for Njiveni A/R at ward 18 by 30 June 2025	Complete Rehabilitation of 5 kilometres of Njiveni A/R at ward 18 by 30 June 2025	Five (5) Kilometres Completed for rehabilitation of Njiveni A/R at ward 18	The matter of borrow pit is now resolved and the project is progressing
Number of kilometres rehabilitated for Ngojini A/R at ward 06 by 30 June 2025	Number of kilometres rehabilitated for Ngojini A/R at ward 06 by 30 June 2025	4 Kilometres practical Completed for Rehabilitation of Ngojini A/R at ward 06	Target to be completed by the 30th of September 2025
Number of kilometres rehabilitated for Deyi to Noxova A/R at ward 19 by 30 June 2025	Complete Rehabilitation of 4 kilometres of Deyi to Noxova A/R at ward 19 by 30 June 2025	4 Kilometres practical Completed for Rehabilitation of Deyi to Noxova A/R at ward 19	Target to be completed by the 30th of September 2025
Number of kilometres rehabilitated for Notintsila A/R at ward 20 by 30 June 2025	Complete rehabilitation of 4 kilometres of Notintsila A/R at ward 20 by 30 June 2025	Zero (0) kilometres completed for rehabilitation of Notintsila A/R at ward 20	To appoint a new service provider and complete the target in Quarter - 3 of 2025/2026 financial year
Number of kms rehabilitated for	Complete rehabilitation of 6.5km of Magcakini	6. 5 kilometres practical completed for	To terminate the contract and complete

Magcakini Access Road at ward 21 by 30 June 2025	AR ward 21 by 30 June 2025	rehabilitation of Magcakini AR at ward 21	the outstanding snag list using internal machinery
Number of High mast installed by 30 June 2025	Install two (2) High masts at ward 13 Buntingville by 30 June 2025	Zero (0) High mast installed	Project budgeted for 2025/2026 financial year in Quarter - 3
Number of High mast installed by 30 June 2025	Install one High mast at Nyangilizwe (ward 11) by 30 June 2025	Zero (0) High mast installed	Project budgeted for 2025/2026 financial year in Quarter - 3
Number of beneficiaries provided with alternative energy by 30 June 2025. ((Gas Combo 9kg Gas and Two-burner stove)	Provide alternative energy to 1664 household (Gas Combo9kg Gas and Two-burner stove) by June 2025	Zero (00) Households provided with alternative energy	All the six Service providers appointed will deliver to 3200 beneficiaries in quarter One of the 2025/26 financial year.
Number of gas refilled for beneficiaries by 30 June 2025 (9kg Gas)	Refill 3200 gas for 3200 beneficiaries (9kg Gas) by 30 June 2025	Zero (0) gas for the intended beneficiaries	Coordinate 4 Service providers appointed to deliver. In quarter one 832 beneficiaries will be supported and quarter two 832 will be supported all in the next financial year.

Various indicators

26. A comparison of the actual performance for the year against the prior year performance was not included in the annual performance report. Consequently, the reported information is not useful for evaluating progress over time and for identifying areas of improvement.

Indicator	Target
Number of kilometres constructed for Jange access road with Bridge at ward 25 by 30 June 2025	Construct 5.2 kilometres for Jange access road with Bridge at ward 25 by 30 June 2025
Number of community hall Constructed at ward 22 by 30 June 2025	Construction of (one) community hall at ward 22 by 30 June 2025
Number of community hall Constructed at ward 10 by 30 June 2025	Construct 1 (one) community hall at ward 10 by 30 June 2025

Number of kilometres rehabilitated for Manzimahle A/R at ward 32 by 30 June 2025	Complete rehabilitation of 5 kilometres of Manzimahle A/R at ward 32 by 30 June 2025
Number of kms rehabilitated for Mhlahlane A/R at ward 17 by 30 June 2025	Complete rehabilitation of 5 km of Mhlahlane A/R ward 17 AR by 30 June 2025
Number of kms rehabilitated for Buthongweni A/R at ward 24 by 30 June 2025	Complete rehabilitation of 6 km of Buthongweni A/R ward 24 AR by 30 June 2025
Number of kilometres rehabilitated for Mhlakotshane A/R at ward 24 by 30 June 2025	Complete rehabilitation of 3 kilometres for Mhlakotshane A/R at ward 24 by 30 June 2025
Number of Kilometres rehabilitated for Wayisi A/R at ward 29 by 30 June 2025	Complete rehabilitation of 3 kilometres for Wayisi A/R at ward 29 by 30 June 2025

Improved affordability of electricity

27. An achievement of “provided electricity coupons to 599 qualifying households” was reported against a target of “provide electricity coupons to 560 qualifying households by 30 June 2025”. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved

Various indicators

28. Based on the audit evidence, the actual achievement for the following indicators did not agree to the achievements reported. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement	Actual achievement
Number of kilometres rehabilitated for Bantini A/R at ward 21 by 30 June 2025	Rehabilitate 1,5 Kilometres of Bantini A/R at ward 21 by 30 June 2025	1,5 km rehabilitated for Bantini A/R at ward 21	5 km rehabilitated for Bantini A/R at ward 21
Number of kilometres rehabilitated for Coza to Mbhananga A/R at ward 2 by 30 June 2025	Rehabilitate 5 Kilometres of Coza to Mbhananga Access road at ward 2 by 30 June 2025.	Five (5) kilometres rehabilitated for Coza to Mbhananga Access road at ward 2	<u>Construction</u> of 5km gravel road and related storm water drainage system

Number of kilometres rehabilitated for Chophetyeni to Luthubeni A/R at ward 2 by 30 June 2025	Rehabilitate 8,5 Kilometres of Chophetyeni to Luthubeni A/R at ward 2 by 30 June 2025.	8,5 Kilometres rehabilitated for Chophetyeni to Luthubeni A/R at ward 2	Construction of 8,5 km gravel and related storm water drainage system
Number of kilometres rehabilitated for Nomaweni to Tafeni A/R at ward 5 by 30 June 2025	Rehabilitate 6 Kilometres of Nomaweni to Tafeni A/R at ward 5 by 30 June 2025.	Six (6) Kilometres practical rehabilitated for Nomaweni to Tafeni A/R at ward 5.	Construction of 6 km gravel and related storm water drainage system
Number of kilometres rehabilitated for Ntsonyini A/R & Bridges at ward 6 by 30 June 2025.	Rehabilitate 6 Kilometres of Ntsonyini A/R & Bridges at ward 6 by 30 June 2025.	Six (6) Kilometres rehabilitated for Ntsonyini A/R & Bridges at ward 6	Project is currently in progress
Number of kilometres rehabilitated for Zanolhanyo A/R at ward 30 by 30 June 2025.	Rehabilitate 4.1 Kilometres of Clinic to Zanolhanyo A/R at ward 30 by 30 June 2025.	4.1 Kilometres rehabilitated for Clinic to Zanolhanyo A/R at ward 30	Rehabilitation of 5 km gravel and related storm water drainage system

Number of kilometres rehabilitated for Poulini to Nzwakazi A/R at ward 21 by 30 June 2025	Complete rehabilitation of 5.5 kilometres of Poulin to Nzwakazi A/R at ward 21 by 30 June 2025	5.5 kilometres Completed for rehabilitation of Poulin to Nzwakazi A/R at ward 21	Project is currently in progress
Number of kilometres rehabilitated for Buntingville to Mandlovini A/R at ward 13 by 30 June 2025	Complete rehabilitation of 4.5 kilometres of Buntingville to Mandlovini A/R at ward 13 by 30 June 2025	4.5 kilometres rehabilitated for Buntingville to Mandlovini A/R at ward 13	Project is currently in progress
Number of kms rehabilitated for Mpindweni Access Road at ward 32 by 30 June 2025	Complete rehabilitation of 6 kms of Mpindweni AR at ward 32 by 30 June 2025	6 kilometres Completed for rehabilitation of Mpindweni AR at ward 32	Practical complete rehabilitation of 6km gravel road and related
Number of kilometres rehabilitated for Mhlakotshane A/R at ward 24 by 30 June 2025	Complete rehabilitation of 3 kilometres for Mhlakotshane A/R at ward 24 by 30 June 2025	3 kilometres completed for rehabilitation of Mhlakotshane A/R at ward 24	3,5 kilometres Completed for rehabilitation of Mhlakotshane A/R at ward 24

Number of Kilometres rehabilitated for Wayisi A/R at ward 29 by 30 June 2025	Complete rehabilitation of 3 kilometres for Wayisi A/R at ward 29 by 30 June 2025	3 kilometres Completed for rehabilitation of Wayisi A/R at ward 29 by 30 June 2025	No supporting evidence provided
Number of kilometres constructed for Jange access road with Bridge at ward 25 by 30 June 2025	Construct 5.2 kilometres for Jange access road with Bridge at ward 25 by 30 June 2025	3.2 kilometres for Jange access road constructed with Bridge at ward 25	rehabilitation of 3,2km gravel road and related stormwater drainage system
Number of waste tons collected from 600 households by 30 June 2025	Collect 1000 tons of waste from 600 households by 30 June 2025	975 tons of waste collected from 600 households	Revise and align the target, to relate to Waste Act (that requires minimisation of waste to the Landfill site). Formalise the waste recyclers before end of quarter 3 of 2025/26 financial Year
Number of kilometres rehabilitated for Mamfengwini A/R at ward 08 by 30 June 2025	Complete Rehabilitation of 5 kilometres of Mamfengwini A/R at ward 08 by 30 June 2025	5 Kilometres practical completed for Mamfengwini A/R at ward 08	Project to be completed by the 30 of September 2025
Number of kilometres rehabilitated for Ngojini A/R at ward 06 by 30 June 2025	Complete Rehabilitation of 4 kilometres of Ngojini A/R at ward 06 by 30 June 2025	4 Kilometres practical Completed for Rehabilitation of Ngojini A/R at ward 06	Target to be completed by the 30th of September 2025
Number of kms rehabilitated for Magcakini Access Road at ward 21 by 30 June 2025	Complete rehabilitation of 6.5 km of Magcakini AR ward 21 by 30 June 2025	6.5 kilometres practical completed for rehabilitation of Magcakini AR at ward 21	To terminate the contract and complete the outstanding snag list using internal machinery

Other matter

29. I draw attention to the matter below.

Achievement of planned targets

30. 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.

31. The table that follows provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic Service delivery

<i>Targets achieved: 69,5%</i> <i>Budget spent 86%</i>		
Key indicator not achieved	Planned target	Reported achievement
Number of waste tons collected from 600 households by 30 June 2025	Collect 1000 tons of waste from 600 households by 30 June 2025	975 tons of waste collected from 600 households
Number of kms constructed for Libode internal street phase 2 at ward 7 by 30 June 2025	Construct 8 km of surfaced roads for Libode Internal Street Phase 2 at Ward 7 by 30 June 2025	Zero (0) kilometres constructed for Libode Internal Street Phase - 2 at Ward - 7.
Number of Kilometres Constructed for Ngqeleni Street Surfacing ward 21 by 30 June 2025	Construct 2.84km of Ngqeleni Street Surfacing in ward 21 by 30 June 2025	Zero (0) kilometres constructed for Ngqeleni Street Surfacing in ward 21
Number of kilometres constructed for Bidiza to Sundwana access road at ward 13 by 30 June 2025	Construct 8km for Bidiza to Sundwana access road to concrete block paving in ward 13 by 30 June 2025	Zero (0) kilometres constructed for Bidiza to Sundwana access road at ward 13
Number of kilometres constructed for Mvilo access road and Bridge at ward 20 by 30 June 2025	Construct 11.9km for Mvilo access road and Bridge at ward 20 by 30 June 2025	Zero (0) Kilometres constructed, and the construction of bridge is still in progress
Number of kilometres constructed for Jange access road with Bridge at ward 25 by 30 June 2025	Construct 5.2km for Jange access road with Bridge at ward 25 by 30 June 2025	3.2 kilometres for Jange access road constructed with Bridge at ward 25
Number of kilometres constructed for Ngqeleni Side Walks at ward 21 by 30 June 2025	Construct 5 km of Side Walks at ward 21 (Ngqeleni) by 30 June 2025	Zero kilometres completed for sidewalks at ward 21

Targets achieved: 69,5%

Budget spent 86%

Key indicator not achieved	Planned target	Reported achievement
Number of kilometres constructed for Libode Side Walks at ward 07 by 30 June 2025	Construct 5km of Side Walks at ward 7 (Libode) by 30 June 2025	Zero kilometres completed for sidewalks at Libode ward 7
Constructed Marubeni Public Transport Facility at ward 4 by 30 June 2025	Construct Marubeni Public Transport Facility project at ward 4 by 30 June 2025	Marhubeni Public Transport Facility at ward 4 not completed
Number of kms completed for construction of Tholeni Access Road (5,5km) ward 26 by 30 June 2025	Complete construction of Tholeni (5.5km) access road ward 26 by 30 June 2025	5.5 kilometres Practical constructed for Tholeni access road at ward 26
Number of kilometres constructed for Ntshazini to Canzibe ward 23 & 28 by 30 June 2025	Complete Construction of Ntshazini to Canzibe (11.2 km) ward 23 and 28 by 30 June 2025	11,2 km Practical Constructed for Ntshazini to Canzibe at ward 23 and 28
Number of community hall Constructed at ward 10 by 30 June 2025	Construct 1 (one) community hall at ward 10 by 30 June 2025	One (1) community hall practical constructed at ward 10
Number of community hall Constructed at ward 22 by 30 June 2025	Construction of (one) community hall at ward 22 by 30 June 2025	One (1) community hall practical constructed at ward 22
Number of kilometres rehabilitated for Ngxokweni to Mtyu A/R at ward 15 by 30 June 2025	Rehabilitate 4,5 Kilometres for Ngodwana to Mayu A/R From the bridge to Ngodwana at ward 15 by 30 June 2025	Zero (0) kilometres rehabilitated for Ngxokweni to Mtyu access road at ward 15
Number of kilometres rehabilitated for Mdumazulu No.2 A/R at ward 17 by 30 June 2025	Rehabilitate 4,5 Kilometres of Mdumazulu No.2 A/R at ward 17 by 30 June 2025.	Zero (0) kilometres rehabilitated for Mdumazulu No.2 A/R at ward 17.
Number of kilometres rehabilitated for Msuzwaneni Pitoli A/R at ward 28 by 30 June 2025	Rehabilitate of 12,5 Kilometres of Msuzwaneni Pitoli A/R at ward 28 by 30 June 2025.	12,5 kilometres practical Completed for Msuzwaneni Pitoli A/R at ward 28.
Number of kilometres rehabilitated for Lujizweni No.1 Manzimahle A/R at ward 32 by 30 June 2025	Rehabilitate 10 Kilometres of Lujizweni No.1 Manzimahle A/R at ward 32 by 30 June 2025.	Ten (10) kilometres Practical completed for rehabilitation of Lujizweni No.1 Manzimahle A/R at ward 32
Number of kilometres rehabilitated for Nomaweni to Tafeni A/R at ward 5 by 30 June 2025	Rehabilitate 6 Kilometres of Nomaweni to Tafeni A/R at ward 5 by 30 June 2025.	Six (6) Kilometres practical rehabilitated for Nomaweni to Tafeni A/R at ward 5.
Number of kilometres rehabilitated for Ntsonyini A/R & Bridges at ward 6 by 30 June 2025.	Rehabilitate 6 Kilometres of Ntsonyini A/R & Bridges at ward 6 by 30 June 2025.	Six (6) Kilometres rehabilitated for Ntsonyini A/R & Bridges at ward 6

Targets achieved: 69,5%

Budget spent 86%

Key indicator not achieved	Planned target	Reported achievement
Number of kilometres rehabilitated for Didi to Ntlaza A/R at ward 16 by 30 June 2025.	Rehabilitate 4 Kilometres of Didi to Ntlaza A/R at ward 16 by 30 June 2025.	Four (4) kilometres Completed for rehabilitation of Didi to Ntlaza A/R ward 16
Number of kilometres rehabilitated for Sikelweni A/R at ward 18 by 30 June 2025	Rehabilitate 4 Kilometres of Sikelweni A/R at ward 18 by June 2025.	4 kilometres practical Completed for Sikelweni A/R at ward 18
Number of Kilometres Rehabilitated for Xhuthudwele A/R at ward 25 by 30 June 2025	Rehabilitate 5 kilometres of Xhuthudwele A/R at ward 25 by 30 June 2025	Four) kilometres rehabilitated for Xhuthudwele A/R at ward 25
Number of kilometres rehabilitated for Phalo to Sizani at ward 23 by 30 June 2025	Rehabilitate 3.5 Kilometres for Phalo to Sizani access road at ward 23 by 30 June 2025	Zero (0) Kilometres of Phalo to Sizane at ward 23 completed.
Number of kilometres rehabilitated for Khalandoda at ward 1 by 30 June 2025	Rehabilitate 5 kilometres of Khalandoda A/R at ward 1 by 30 June 2025	7,5 kilometres practical rehabilitated for Khalandoda A/R at ward 1
Number of kilometres rehabilitated for Manzimahle A/R at ward 32 by 30 June 2025	Rehabilitate 10 Kilometres of Lujizweni No.1 Manzimahle A/R at ward 32 by 30 June 2025.	5 Kilometres practical rehabilitation of Manzimahle A/R at ward 32
Number of kilometres rehabilitated for Poulini to Nzwakazi A/R at ward 21 by 30 June 2025	Complete rehabilitation of 5.5 kilometres of Poulin to Nzwakazi A/R at ward 21 by 30 June 2025	5.5 kilometres Completed for rehabilitation of Poulin to Nzwakazi A/R at ward 21
Number of kilometres rehabilitated for Phalo to Sizane A/R at ward 23 by 30 June 2025	Complete Rehabilitation of 3.5 kilometres of Phalo to Sizane A/R at ward 23 by 30 June 2025	Zero (0) Kilometres rehabilitated for Phalo to Sizane A/R at ward 13
Number of kilometres rehabilitated for Mamfengwini A/R at ward 08 by 30 June 2025	Complete Rehabilitation of 5 kilometres of Mamfengwini A/R at ward 08 by 30 June 2025	5 Kilometres practical completed for Mamfengwini A/R at ward 08
Number of kilometres rehabilitated for Dlukulwana A/R at ward 05 by 30 June 2025	Complete Rehabilitation of 4 kilometres of Dlukulwana A/R at ward 05 by 30 June 2025	4 Kilometres Practical Completed for rehabilitation Dlukulwana A/R at ward 05.
Number of kilometres rehabilitated for Njiveni A/R at ward 18 by 30 June 2025	Complete Rehabilitation of 5 kilometres of Njiveni A/R at ward 18 by 30 June 2025	Five (5) Kilometres Completed for rehabilitation of Njiveni A/R at ward 18
Number of kilometres rehabilitated for Ngojini A/R at ward 06 by 30 June 2025	Number of kilometres rehabilitated for Ngojini A/R at ward 06 by 30 June 2025	4 Kilometres practical Completed for Rehabilitation of Ngojini A/R at ward 06

<i>Targets achieved: 69,5%</i> <i>Budget spent 86%</i>		
Key indicator not achieved	Planned target	Reported achievement
Number of kilometres rehabilitated for Deyi to Noxova A/R at ward 19 by 30 June 2025	Complete Rehabilitation of 4 kilometres of Deyi to Noxova A/R at ward 19 by 30 June 2025	4 Kilometres practical Completed for Rehabilitation of Deyi to Noxova A/R at ward 19
Number of kilometres rehabilitated for Notintsila A/R at ward 20 by 30 June 2025	Complete rehabilitation of 4 kilometres of Notintsila A/R at ward 20 by 30 June 2025	Zero (0) kilometres completed for rehabilitation of Notintsila A/R at ward 20
Number of kms rehabilitated for Magcakini Access Road at ward 21 by 30 June 2025	Complete rehabilitation of 6.5km of Magcakini AR ward 21 by 30 June 2025	6. 5 kilometres practical completed for rehabilitation of Magcakini AR at ward 21
Number of High mast installed by 30 June 2025	Install two (2) High masts at ward 13 Buntingville by 30 June 2025	Zero (0) High mast installed
Number of High mast installed by 30 June 2025	Install one High mast at Nyangilizwe (ward 11) by 30 June 2025	Zero (0) High mast installed
Upgraded of Street Lights in Libode Town ward 07 by 30 June 2025	Upgrade of 38 Street Lights in Libode Town main street ward 07 by 30 June 2025	Zero (0) Streetlights upgraded in Libode Town
Number of streetlights upgraded in Ngqeleni Town at ward 21 by 30 June 2025	Upgrade of 43 Street Lights Ngqeleni Town main street ward 21 by 30 June 2025	Zero (0) Street lights upgraded in Ngqeleni Town
Number of beneficiaries provided with alternative energy by 30 June 2025. ((Gas Combo 9kg Gas and Two burner stove)	Provide alternative energy to 1664 household (Gas Combo 9kg Gas and Two-burner stove) by June 2025	Zero (0) Households provided with alternative energy
Number of gas refilled for beneficiaries by 30 June 2025 (9kg Gas)	Refill 3200 gas for 3200 beneficiaries (9kg Gas) by 30 June 2025	Zero (0) gas for the intended beneficiaries

Material misstatement

32. 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. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

33. 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.
34. 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.
35. 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.
36. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, Annual performance report, Annual report

37. 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, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements that were subsequently corrected, and 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

38. Reasonable steps were not taken to ensure that payments were made within 30 days as required by section 65(2)(e) of the MFMA.

Asset management

39. Reasonable steps were not taken to ensure that the municipality has and maintains a system of internal control for assets, including an asset register as required by section 63(2)(c) and of the MFMA.

Human resource and governance management

40. Financial interest was not disclosed by the municipal manager and the senior manager within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.

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.

Consequence management

42. Some of the 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

Strategic planning & performance

43. The performance management system and related controls were not maintained or were inadequate as it did not describe how the performance monitoring, measurement, review, reporting and improvement processes should be conducted or organised and managed, as required by municipal planning and performance management regulation 7(1).

Conditional grants

44. Performance in respect of programmes funded by the Municipal Disaster Relief Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023).

Other information in the annual report

45. The accounting officer is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
46. 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.
47. 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 development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
48. 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

49. 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.
50. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
51. Leadership did not adequately implement all necessary disciplines to enable effective oversight on the implementation and monitoring of internal controls to ensure sound financial management, performance management and compliance with legislation.
52. Leadership did not effectively monitor the implementation of corrective actions to address internal control deviations and compliance requirements. There is a lack of effective controls in the municipality over daily processing, reconciling, reviewing, storage, and monitoring of financial and performance information. This resulted in the material findings identified during the audit of the annual financial statements, annual performance report and the audit of compliance with laws and regulations.
53. Leadership did not adequately review the annual planning documents to ensure that there is sufficient and reasonable support for how methods of calculation and verification are derived for individual indicators and targets. This resulted in the multiple material findings during the audit of performance information.

54. Leadership did not effectively implement effective consequence management to enforce accountability for poor performance planning, management, and reporting. This is evidenced by the non-submission of quarterly performance information for internal review, the absence of senior manager performance evaluations during the year, and the lack of an approved and enforceable consequence management policy for the period under audit. This results in repeat contraventions by officials resulting in irregular and fruitless expenditure that result from events similar to prior years.

Auditor General

East London

30 November 2025.



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 development priorities 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 requirement

The selected legislative requirements are as follows:

Selected legislation and regulations	Consolidated firm level requirements
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), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 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), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)

MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 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), 26(5), 27(4)(a)(i)
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), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(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), 7(1), 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)