Report of the auditor-general to Eastern Cape Provincial Legislature and the council of King Sabata Dalindyebo Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the King Sabata Dalindyebo Local 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 annual financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the King Sabata Dalindyebo Local 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 opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. 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.

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

Material uncertainty relating to going concern.

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

7. I draw attention to note 64 to the financial statements, which indicates that current liabilities exceed current assets, and that the municipality takes more than the required 30 days to pay creditors and more than 60 days to collect its outstanding debtors. These events or conditions disclosed in note 64, together with other matters set forth in the same note,

indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue funding its existing level of operations.

Emphasis of matters

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

Material electricity distribution losses

9. As disclosed in note 56 to the financial statements, material electricity distribution losses of R100,38 million (2021-22: R105,02 million) were incurred, which represents 15,47% (2021:15,87%) of total electricity purchased.

Contingent liabilities

10. As disclosed in note 51 to the financial statements, the municipality is the defendant in several lawsuits. The municipality is opposing the claims, and the ultimate outcome of the matters could not be determined as yet.

Impairment loss

11. As disclosed in notes 3 and 4 to the financial statements, cumulative debt impairments of R414,95 million (2021-22: R403,72 million) and R301,36 million (2021-22: R290,95 million) were made to receivables from exchange and non-exchange transactions respectively.

Restatement of corresponding figures

12. As disclosed in note 61 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.

Other matter

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

Unaudited disclosure notes

14. 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

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

16. 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

17. My objectives are to obtain reasonable assurance about whether 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.

18. 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

19. 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 priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

20. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected development priorities that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Development priorities	Page numbers	Purpose
Basic service delivery and infrastructure development	XX	Support to basic services and infrastructure
Local economic development	XX	Support to small, medium and micro-enterprises (SMMEs)

21. I evaluated the reported performance information for the selected development priorities 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.

22. 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 over- or underachievement of targets or measures taken to improve performance.

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

24. The material findings on the reported performance information for the selected development priorities are as follows:

Basic service delivery and infrastructure development

Number of illegal dump hotspots cleared.

25. Achievement of number of illegal dump hotspots cleared was reported against a target of fourteen (14). However, the audit evidence did not support this achievement. I could not determine the actual achievement.

Various indicators

26. Some supporting evidence was not provided for auditing and where it was provided, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining whether the targets had been achieved.

Indicator .	Target	Reported achievement
No. of customers serviced	10 000	18 510
No. of streets covered for refuse removal in billed Households once per week	537	537
No. of refuse-removal points cleared in peri-urban areas	24	24

Other matters

27. I draw attention to the matters below.

Achievement of planned targets

28. The annual performance report includes information on reported achievements against planned targets and provides, explanations for over- or under achievements, and measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

29. The municipality plays a key role in delivering services to South Africans. The tables that follow 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 / measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic services delivery and infrastructure development

Targets achieved: 78% *Budget spent: 82,95%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
3.3.1.1) No. of kilometres of surfaced streets maintained within KSD urban area	8,7 km	8,62 km
3.3.1.3) No. of kilometres of gravel road re-gravelled within KSD rural and urban area	240 km	86,9 km
3.3.1.4) No. of kilometres of surfaced & gravel roads constructed within KSD rural & urban area	73 km	60 km
3.3.1.4/1) No. of kilometres of gravel roads rehabilitated	30 km	10,5 m

Targets achieved: 78% *Budget spent: 82,95%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
3.3.1.19.No. of houses constructed.	736 houses	159 houses

Local Economic Development

Targets achieved: 67% *Budget spent 14,47%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
3.3.2.1) No. of Agricultural projects and programmes supported	1 Agricultural project and program supported (shearing shed)	Nil
3.3.2.3) No. of SMMEs / Cooperative Development supported	1 SMME / Cooperative Development supported on investment opportunities.	Nil

Material misstatements

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

Report on compliance with legislation

31. 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.

32. 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.

33. 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 for 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.

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

Annual financial statements, annual performance report and annual report

35. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

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

37. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R8,24 million, as disclosed in note 54 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties charged on late payments.

38. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R197,72 million, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on repairs and maintenance, general expenditure and depreciation.

Strategic planning and performance management

39. The performance management system and related controls were inadequate as they did not describe how the performance monitoring, measurement, review, reporting and improvement

processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

40. The accounting officer is responsible for the other information included in the annual report, which includes 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.

41. 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.

42. 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.

43. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

44. 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.

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

46. The accounting officer did not ensure that an effective records management system was in place to reliably account for performance and financial information. Furthermore, internal controls were not designed to ensure that accurate records are kept, nor did they agree to what is disclosed to the financial statements, with the result that some material misstatements and non-compliance with legislation were identified.

Material irregularities

47. 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.

Material irregularities identified during the audit

48. The material irregularities identified are as follows:

Employees paid both the housing and rental allowance.

49. The municipality did not comply with MFMA section 65(2)(1)(a), which states the accounting officer must take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.

50. Double payments of housing allowances and rental allowances amounting to R1,41 million were made to employees from 1 April 2019 to 30 June 2022 without following the approved policy. Payment processes were not effective within the municipality to ensure that only one housing allowance was paid to municipal employees. This resulted in a material financial loss of R1,41 million by 30 June 2022.

51. The accounting officer was notified of the material irregularity on 1 November 2022 and was invited to make a written submission on the actions taken and would be taken to address the matter. The accounting officer responded by investigating the material irregularity, which investigation was concluded on 24 November 2022. The investigation indicated that no one could be held accountable because council had resolved to pay a housing allowance to employees who were not receiving free housing and basic services. This was effective from 1 July 1990 and limited to employees on levels 1 to 5. This was a condition of service of higher grades. The municipality did not develop appropriate systems and procedures to ensure that double payments were prevented once the homeowner's allowance was introduced by South Africa's General Basic Conditions. When an employee received a mortgage bond with a finance institution, the subsidy was automatically paid over and above the housing subsidy.

52. The following actions have been taken to respond to the material irregularity:

- HR policy was amended and approved on 12 December 2019.
- Notification letters were sent to the affected employees on 11 December 2020 notifying them that the double allowance is not acceptable and requesting them to select one allowance that they should continue receiving. Follow-up letters were sent on 21 December 2021 and 12 May 2022.
- The matter was referred to the basic conditions committee for consultation on 27 October 2021
- A service provider was requested to reprogram the payroll system on 2 August 2022 to prevent the employees from receiving double allowances.
- Double payments were stopped in December 2022.

53. The employees have not signed repayments agreements. This hindered the municipality's ability to recover the money as the debt policy does not allow the municipality to deduct money from employee salaries without their consent.

54. The matter was referred to the labour union but the ruling was in favour of employees; therefore, the prospect of recovering the monies from the employees is remote.

55. Based on the considerations above, the actions that were taken were adequate to resolve the material irregularity.

Overpayment of remuneration for councillors

56. The municipality did not comply with MFMA section 65(2)(1)(a), which states that the accounting officer should take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.

57. The municipality did not have adequate controls to ensure that terminated councillors are timeously removed from the payroll system. This led to the councillors being paid a salary in December 2021.

58. The accounting officer was notified of the material irregularity on 7 November 2022 and was invited to make a written submission on the actions taken and would be taken to address the matter. The accounting officer responded by investigating the material irregularity, which investigation was concluded on 10 November 2022. The investigation found that two officials were responsible for the error.

59. The following actions have been taken to respond to the material irregularity:

- Some of the overpaid councillors entered into a payment arrangement with the municipality to pay back the money.
- Municipality requested the bank to reverse the payments on 18 December 2021.
- Disciplinary hearings for the two responsible employees were held on 15 July 2022 and written warnings were issued to them.
- The service provider for the payroll system was contacted on 1 February 2022 and requested that the reporting and approval access in the system be changed so that the capturer is not able to approve.
- Municipality wrote to the Department of Cooperative Government and Traditional Affairs on 4 January 2022 requesting them to deduct the money from the councillors' gratuity.
- Councillors were requested to make payment arrangements and those who did not do so were handed over for debt collection on 21 June 2022.

60. The municipality has been able to recover R554 957 and the balance remaining is R619 257.

61. Some councillors have paid back the overpayment in full, and some have made payment arrangements. The rest of the councillors have been handed over to a debt collector who issued them with final demand summonses.

62. The debt collector has found it difficult to locate some of the councillors as they live in rural areas.

63. The municipality has stated that the cost to recover the outstanding amount will exceed the benefit and hence they intend to request council to write off the remaining balance.

64. Based on the considerations above, the actions that were taken were adequate to resolve the material irregularity.

Penalties and interest paid on late pension contributions.

65. The municipality did not comply with the Pension Funds Act section 3(a)(ii), which states that any contribution to a fund in terms of its rules, whether it be a contribution contemplated in subsection (1), a contribution for the payment of which a member of the fund is responsible personally, or a contribution to be paid on a member's behalf, shall be forwarded directly to the fund in such a manner that the fund receives the contribution by not later than seven days after the end of that month.

66. The municipality did not pay over the employee contributions to the National Fund for Municipal Workers pension fund within seven days after the end of the month they were due, which resulted in the pension fund charging the municipality interest of R1,67 million from 1 April 2019 to 30 June 2022.

67. The accounting officer was notified of the material irregularity on 17 November 2022 and was invited to make a written submission on the actions taken and would be taken to address the matter. The accounting officer responded by investigating the material irregularity, which investigation was concluded on 19 December 2022. The investigation found that there were insufficient funds to make the payment on time. A responsible person was not identified. The investigation further found that there was no breakdown in internal control, and that the unavailability of funds was the main root cause.

68. The following actions have been taken to respond to the material irregularity:

    - A revenue recovery plan was implemented from August 2021.

    - A cash flow committee was established in August 2021 and are responsible for implementing and monitoring the effectiveness of the cash flow management strategy with a view to improving the financial viability of the municipality.

    - A cost containment policy was included in the performance agreements of managers and directors for the 2021-22 financial year.

69. Based on the considerations above, appropriate actions have been taken. The interest incurred due to late payment to the pension fund has halved in the current year compared to the prior year as some payments have been made on time. Based on the considerations above, the actions that were taken were adequate to resolve the material irregularity.

Status of previously reported material irregularities

Interest paid to Eskom due to late payment of invoices

70. The municipality failed to ensure that the payments due to Eskom were made within 30 days of receiving the relevant invoice or statement during the 2019-20 financial year in contravention of section 65(2)(e) of the MFMA. The municipality incurred interest of R4,4 million because of the late payments in the 2019-20 financial year and incurred further interest on late payments of R8.8 million for the 2021-22 financial year, as disclosed in note 54 to the financial statements.

71. The accounting officer was notified of the material irregularity on 26 January 2021 and was invited to make a written submission on the actions taken and would be taken to address the matter. The accounting officer responded by investigating the material irregularity, which investigation was concluded on 31 March 2021. The investigation found that there were insufficient funds to make the payment on time, A responsible person was not identified. The investigation further found that there was no breakdown in internal control, and that the unavailability of funds was the main root cause.

72. The following actions have been taken to respond to the material irregularity:

- The municipality has entered into a payment arrangement with Eskom on 9 March 2021 for the payment of the arrear balance.
- The municipality ring-fenced electricity income to pay only electricity expenses starting from 1 July 2021.
- A revenue recovery plan was implemented from August 2021.
- A cash flow committee was established in August 2021 and are responsible for implementing and monitoring the effectiveness of the cash flow management strategy with a view to improving the financial viability of the municipality.
- A cost containment target was included in the performance agreements of managers and directors for the 2021-22 financial year.

73. Based on the considerations above, appropriate actions have been taken. The municipality has honoured the payment arrangements they made with Eskom on the arrears and was able to pay the invoices within 30 days for nine out of the 12 months. Based on the considerations above, the actions that were taken were adequate to resolve the material irregularity.

Interest and penalties charged by SARS due to late payments

74. The municipality did not pay employee tax deducted from employees over to the South African Revenue Service (SARS) within seven days after the end of the month in which the amount was deducted, for the period April 2020 to June 2020. This was in contravention of section 2(1) of the Fourth Schedule of the Income Tax Act 58 of 1962. The municipality incurred interest and penalties amounting to R4 million as a result of the late payments in the 2019-20 financial year and incurred further interest of R7,3 million and R1,9 million for the

2020-21 and 2021-22 financial years, respectively, as disclosed in note 54 to the financial statements.

75. The accounting officer was notified of the material irregularity on 26 March 2021 and was invited to make a written submission on the actions taken and would be taken to address the matter. The accounting officer responded by investigating the material irregularity, the investigation was concluded on 28 April 2021. The investigation found that there were insufficient funds to make the payment on time. A responsible person was not identified. The investigation further found that there was no breakdown in internal controls, and that the unavailability of funds was the main root cause.

76. The following actions have been taken to resolve the material irregularity:

- The municipality has applied for a remission to have SARS waive the interest and penalties, as confirmed in a letter dated 31 August 2021. This waiver has not yet been granted by SARS.
- A revenue recovery plan was implemented from August 2021.
- A cash flow committee was established in August 2021 and is responsible for implementing and monitoring the effectiveness of the cash flow management strategy with a view to improving the financial viability of the municipality.
- A cost containment policy was included in the performance agreements of managers and directors for the 2021-22 financial year.

77. All employee tax deducted from employees was paid over to SARS within seven days after the end of the month in the current year. Based on the considerations above, the actions that were taken were adequate to resolve the material irregularity.

Other reports

78. I draw attention to the following engagements conducted by various parties. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

79. The Special Investigation Unit (SIU) was investigating matters that arose in previous years, including the costs incurred for the funeral of former president Nelson Mandela. This investigation is still in progress.

80. A forensic investigation into grievances raised by staff members, which extends to an assessment of skills and knowledge and task grade payments made to staff in the previous financial cycle, is still in progress.

81. The South African Police Services (SAPS) investigated allegations of an employee who had submitted a fraudulent claim form to the pension fund. This investigation was finalised internally, and the employees were dismissed.

82. The Department of Transport is investigating alleged fraud at the motor vehicle licensing centre from the previous financial year. This investigation is still in progress.

Auditor General

East London

30 November 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

83. The auditor-general's responsibility for the audit

84. 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 requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 – Paragraph (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), 14(2)(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)

Legislation	Sections or regulations
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) **Parent municipality with ME:** Sections 93B(a), 93B(b) **Parent municipality with shared control of ME:** Sections 93C(a)(iv), 93C(a)(v)
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)