Report of the auditor-general to the Free State Provincial Legislature and the council on the Tokologo Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Tokologo 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, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Tokologo Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not review the useful lives of property, plant and equipment at each reporting date in accordance with GRAP 17, *Property, plant and equipment*. As a result, property, plant and equipment with a gross carrying amount of Rxxx, had a zero net carrying amount while still being in use. I was unable to determine the impact on the net carrying amount of property, plant and equipment as it was impracticable to do so. Additionally, there was an impact on the operating deficit for the period and the accumulated surplus.

4. I was unable to obtain sufficient appropriate audit evidence that additions/capital expenditure included in the reconciliation of work-in-progress 2025 was properly accounted for due to the non-submission of information in support of the work-in-progress additions/capital expenditure. I was unable to determine the additions/capital expenditure included in the reconciliation of work-in-progress 2025 by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to additions/capital expenditure included in the reconciliation of work-in-progress 2025, stated at R615 398 580 (2024: R589 264 257) in note 12 to the financial statements.

5. The municipality did not recognise property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment* as land owned by private individuals was recorded in the asset register. Consequently, this resulted in land and accumulated surplus being overstated

by R11 991 809 (2024: R15 857 460). Additionally, there was an impact on the surplus for the period and accumulated surplus.

6. The municipality did not recognise depreciation included in the reconciliation of property, plant and equipment – 2025 in property, plant and equipment in note 13 to the financial statements in accordance with GRAP 17, *Property, plant and equipment*. There were differences between the recalculated depreciation and the depreciation recorded in the asset register. Consequently, this resulted in depreciation included in the reconciliation of property, plant and equipment – 2025 being understated by R4 204 347 (2024: R10 479 119). Additionally, there was an impact on the surplus for the period and accumulated surplus.

7. During 2024, The municipality did not recognise property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment* as there were reconciling differences identified in the asset register impacting the opening balances relating to the infrastructure assets. Consequently, this resulted in property, plant and equipment being understated by R6 373 839. Additionally, buildings identified on the asset register could not be verified. Consequently, this resulted in property plant and equipment being overstated by R2 546 725. Furthermore, the municipality did not record all the infrastructure assets in its asset register. Consequently, this resulted in infrastructure and accumulated surplus being understated by R30 447 892

8. During 2024, The municipality did not account for additions/capital expenditure included in the reconciliation of work-in-progress 2024 in property, plant and equipment in note 13 to the financial statements in accordance with GRAP 17, *Property, plant and equipment*, as the capital expenditure was not recorded in the financial statements. I was unable to determine the full extent of the understatement of additions/capital expenditure included in the reconciliation of work-in-progress 2024 stated at R589 264 257 in note 13 to the financial statements as it was impracticable to do so.

Investment property

9. The municipality did not recognise investment property in accordance with GRAP 16, Investment property, as the municipality incorrectly recorded properties that they did not own. Consequently, investment property was overstated by R32 973 954 (2024: R19 503 089). Additionally, there was an impact on the surplus for the year and accumulated surplus.

Payables from exchange transactions

10. The municipality did not account for retentions and trade payables in accordance with GRAP 1, Presentation of Financial Statements as municipality did not record all the transactions. This resulted in an understatement of trade payables by R25 401 576 (2024: R34 605 689) and an understatement of retentions by R40 403 762. Additionally, there was an impact on the surplus/deficit for the period and the accumulated surplus. I was unable to determine the full extent of the understatement of payables from exchange transactions. In Additionally, Differences were identified between supplier statements and trade payables listings, consequently this resulted in trade payables being overstated by R5 904 654.

11. I was also unable to obtain sufficient appropriate audit evidence that trade payables, salary control, retentions and payments received in advance-debtors with credit balance were

properly accounted for due to the non-submission of information. I was unable to determine the Salary control, retentions and payments received in advance-debtors with credit balance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the trade payables from exchange transactions stated at R 603 819 503 in note 16 to the financial statements.

12. During 2024, The municipality did not account for salary control accounts included in payables from exchange transactions in accordance with GRAP 1, *Presentation of Financial Statements* as the municipality did not record all the transactions in the salary control account. Consequently, salary control accounts and accrued leave were understated by R4 966 560 and R54 409. Additionally, there was an impact on the surplus for the period and accumulated surplus. In addition, the municipality did not record all the retentions in the accounting records. I was unable to determine the full extent of the understatement of payables from exchange transactions. I was unable to determine payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to payables from exchange transactions, stated at R479 575 688 (2023: 419 530 876) in note 17 to the financial statements.

Government grants and subsidies

13. The municipality did not record government grants and subsidies in accordance with GRAP 23, *Revenue from non-exchange transactions* as government grants and subsidies were recorded in the incorrect accounting period. Consequently, government grants and subsidies were overstated by R50 103 952, and unspent conditional grants were understated by R50 103 952.Additionally, differences were identified between the grant register and the financial statements. Consequently, government grants and subsidies and statutory receivables were overstated by R7 698 810.

14. During 2024, I was unable to obtain sufficient appropriate audit evidence that government grants and subsidies were properly accounted for nor spent for their intended purpose due to the non-submission of information in support of these grants and subsidies. I was unable to determine the government grants and subsidies by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the government grants and subsidies stated at R 314 698 594 in note 29 to the financial statements. Additionally, the municipality did not recognise government grants and subsidies in accordance with GRAP 23, *Revenue from non-exchange transactions* due to differences identified between the grant register, general ledger, and the confirmation memos. Consequently, government grants and subsidies included in note 29 to the financial statements and the government grants receivable in note 9 to the financial statements were understated by R30 312 834. Additionally there was an impact on the unspent conditional grants and receipts, surplus for the period, and accumulated surplus. (Iss.139,150)

Unspent conditional grants and receipts

15. During 2024, I was unable to obtain sufficient appropriate audit evidence that unspent conditional grants and receipts had been properly accounted for due to the non-submission of information in support of these grants and receipts. I was unable to determine unspent conditional grants and receipts by alternative means. Consequently, I was unable to

determine whether any adjustments were necessary to unspent conditional grants and receipts, stated at
R6 960 255 in note 20 to the financial statements.

General expenses

16. I was unable to obtain sufficient appropriate audit evidence that general expenses had been properly accounted for as the municipality did not have adequate systems in place to account for these expenses and confirm that goods and services were received by the municipality at the correct quantity, quality and price. I was unable to confirm general expenses by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to general expenses stated at R67 946 941 (2024: R100 090 323) in note 37 to the financial statements.

17. The municipality did not record general expenses in accordance with GRAP 1, *Presentation of financial statements* as general expenses were recorded in the incorrect accounting period. Consequently, general expenses and payables from exchange transactions were overstated by R6 267 051.

Bulk purchases

18. The municipality did not record bulk purchases in accordance with GRAP 1, *Presentation of financial statements* as bulk purchases recorded in an incorrect accounting period. Consequently, general expenses and payables from exchange transactions were overstated by R5 111 493. Additionally, a payment arrangement and purchase of property, plant and equipment were incorrectly recorded as bulk purchases. Consequently, bulk purchases were overstated by R10 265 350 and payables from exchange transactions were overstated by R9 562 377 and property, plant and equipment were understated by R702 973.

Fair value adjustment

19. I was unable to obtain sufficient appropriate audit evidence that the fair value adjustment was properly accounted due to the non-submission of information in support of the adjustments made. I was unable to determine the fair value adjustment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the fair value adjustment stated at R3 942 872 in note 42 to the financial statements.

Service charges

20. I was unable to obtain sufficient appropriate audit evidence that service charges had been properly accounted for due to the non-submission of information in support of these transactions. I was unable to determine service charges by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to service charges stated at R58 050 810 (2024: R52 462 686) in note 21 to the financial statements.

21. The municipality did not recognise service charges in accordance with GRAP 9, *Revenue from exchange transactions.* The properties on the system were not all billed for service charges, incorrect tariffs were used to bill the customers and there were differences between the general ledger and the financial statements. Consequently, service charges and consumer receivables from exchange transactions were understated by R10 520 571.

22. During 2024, the municipality did not recognise service charges in accordance with GRAP 9, *Revenue from exchange transactions.* Differences were identified between the billing reports relating to the sale of electricity and the general ledger. The municipality also did not implement adequate systems as incorrect tariffs were used to bill sewage and sanitation, sale of water and not all properties were billed for refuse removal and sewerage and sanitation. Consequently, service charges and consumer receivable from exchange transactions were understated by R4 674 424. Additionally, there was an impact on the surplus for the period and the accumulated surplus.

Consumer receivables from exchange transactions

23. The municipality did not recognise consumer receivables from exchange transactions in accordance with GRAP 104, *Financial instruments*. This was due to properties being identified on the valuation roll that were not recorded in the debtor age analysis. I was unable to determine the full extent of the understatement of gross consumer receivables from exchange transaction balances, stated at R536 171 335 (2024: 457 328 638) in note 8 to the financial statements, and service charges, stated at R65 041 446 (2024: 52 462 686) in note 21 to the financial statements, as it was impracticable to do so. Additionally, there was also an impact on the deficit for the year and accumulated surplus. Additionally, the debt impairment schedule did not include the rationale for classification of debtors impaired and as a result we were unable to verify whether the methodology was appropriately applied. I was unable to confirm debt impairment by alternative means. Consequently, I was unable to determine whether any adjustments were to consumer receivables and debt impairment disclosed stated at R536 171 335 and R523 665 609 respectively in note 8 to the financial statements.

Prior period errors

24. The municipality did not disclose all the prior period errors in accordance with GRAP 3, *Accounting* policies*, estimates and errors.* The nature and the amount of the correction for some of the financial statement items affected, and the amount of the correction at the beginning of the earliest previous financial period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 46 to the financial statements, as the supporting information was not provided. I was unable to confirm prior period errors by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in note 46 to the financial statements.

Commitments

25. I was also unable to obtain sufficient appropriate audit evidence that commitments were properly accounted for due to the non-submission of information. I was unable to determine the commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the commitments stated at R130 406 656 in note 43 to the financial statements.

26. The municipality did not account for commitments in accordance with GRAP 17, *Property, plant and* equipment, as commitments included in the work-in-progress and contract register were not recorded in the financial statements. I was unable to determine the full extent of the

understatement of commitments, stated at R130 406 656 in note 43 to the financial statements. Additionally, differences were identified between the amount disclosed in the financial statements and the commitments schedule. Consequently, commitments were overstated by R43 369 632.

Change in estimate

27. The municipality did not disclose all the change in estimates in accordance with GRAP 3, *Accounting* policies*, estimates and errors* as the municipality did not have a disclosure of the change in estimates in their financial statements. I was unable to confirm the change in estimate by alternative means.

Segment information

28. The municipality did not disclose the segment information in accordance with GRAP18, *Segment Reporting* as there the municipality did not disclose the accounting policy, the narration referred to Gauteng and there was no reconciliation of segments to the annual Financial Statements.I was unable to confirm the segment information by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the segment information note 56 to the financial statements.

Irregular expenditure

29. The municipality did not disclose all instances of irregular expenditure incurred in the notes to the financial statements as required by section 125(2)(d) of the MFMA. The municipality made payments in contravention of the supply chain management (SCM) requirements, which were not disclosed. I was unable to determine the full extent of the understatement to irregular expenditure as it was impracticable to do so.

30. During 2024, I was unable to obtain sufficient appropriate audit evidence for irregular expenditure, due to the non-submission of supporting information in support of this disclosure. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure, stated at R265 571 693 in note 53 to the financial statements.

VAT receivables

31. I was unable to obtain sufficient appropriate audit evidence for the VAT receivables due to the unexplained differences identified between the VAT reconciliation and the amount disclosed in the financial statements. I was unable to confirm the VAT receivables by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the VAT receivables stated at R48 275 714 in note 7 to the financial statements.

Unauthorised expenditure

32. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure, due to the non-submission of information in support of the disclosure. I was unable to confirm unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to unauthorised expenditure, stated at R6 178 974

(2024: 6 178 974) in note 51 to the financial statements. Additionally, the municipality did not record all the identified unauthorised expenditure in the annual financial statements. Consequently, unauthorised expenditure was understated by R14 853 572.

Additional disclosures in terms of MFMA

33. The municipality did not disclose distribution losses in terms of the MFMA in accordance with section 125(2)(d)(i) of the MFMA as the municipality did not include the distribution losses disclosure in the annual financial statement. Consequently, the MFMA additional disclosure was understated. Additionally, differences were identified between VAT disclosed in the financial statements and the recalculated amount. Consequently, VAT was understated by R45 513 656.

34. During 2024,I was unable to obtain sufficient appropriate audit evidence for distribution losses included in additional disclosure in terms of the MFMA due to the status of the accounting records. I was unable to confirm the distribution losses by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to distribution losses, stated at R16 954 347in note 56 to the financial statements.In addition, the municipality did not disclose auditors remuneration included in additional disclosure in terms of the MFMA in accordance with section 125(2)(d)(i) of the MFMA as the municipality incorrectly classified other expenditure as auditors remuneration. Consequently, auditor remuneration was overstated by R13 162 226.

Total revenue

35. Total revenue was materially misstated by R3 393 622 due to the cumulative effect of individually immaterial uncorrected misstatements for the following items:

- Interest received (trading) stated at R42 387 505 for was overstated by R 314 835
- Property rates stated at R24 272 298 for the corresponding figure was overstated by R3 078 787

Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Total expenditure

36. Total expenditure for the corresponding figures was materially misstated by R5 034 267 due to the cumulative effect of individually immaterial uncorrected misstatements for the following items:

- Contracted services stated at R6 463 225 for the corresponding figure was understated by R2 763 733
- Bulk purchases stated at R36 550 407 for the corresponding figure was understated by R2 220 509
- Remuneration of councillors stated at R6 703 017 for the corresponding figure was understated by R50 025

Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Context for opinion

37. 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.

38. 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.

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

Emphasis of matters

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

Restatement of corresponding figures

41. As disclosed in note 46 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, and for the year ended, 30 June 2025.

Close calls relating to going concern

42. Note 49 in the financial statements, deals with the possible effects of the future implications of continuing deterioration in operational results on the municipality's prospects, performance, and cash flows. Management have also described how they plan to deal with these events and circumstances.

Fruitless and wasteful expenditure

43. As disclosed in note 52 to the financial statements, irregular expenditure of R 37 130 145 was incurred, as a proper tender process was not followed.

Material uncertainty relating to claims against the municipality

44. With reference to note 44 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

47. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited this/ these schedule(s) and, accordingly, I do not express an opinion on it/ them

Responsibilities of the accounting officer for the financial statements

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

49. 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

50. 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.

51. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report. This description, which is located at page xx, forms part of my auditor’s report.

Report on the annual performance report

52. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

53. I selected the following material performance indicators related to basic service delivery presented in the annual performance report for the year ended 30 June 2025. I selected

those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of households with access to water
- Percentage of households with access to water services
- Number of leakages attended
- Status of blue drop and water samples tested
- Percentage of budget spend on water services
- Number of household provided with minimum standard of sanitation
- Status of oxidation ponds
- Number of drain and sewer blockages
- Percentage of budget spend on sanitation
- Approved energy plan
- No of street light repaired and faulty meter
- k/m of roads paved
- Number of street gravelled and pedestrian walking built
- Status of Integrated Waste Management plan (IWMP)
- Status of landfill sites
- Number of sport facilities upgraded
- Number of parks upgraded
- Approved disaster strategies

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

55. 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

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

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

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

Various indicators

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

Indicators	Targets	Reported achievements
Percentage of households with access to water services	100% households with access to water services within their sites by 30th June 2025	Achieved
Number of leakages attended	100% households with access to water services within their sites by 30th June 2025	Achieved Complaints register is submitted and 2 water leakages has been reported
Status of blue drop and water samples tested	Submission of water samples for testing by 30th June 2025	Not achieved
Percentage of budget spend on water services	100% budget expenditure on water services by 30th June 2025	Not achieved
Status of oxidation ponds	Maintenance of 3 municipal oxidation ponds by June 2025	Not achieved
Number of drain and sewer blockages	Attend drain and sewer blockages in Hertzogville, Boshof and Dealsville by 30th June 2025	Achieved 16 drain and sewer leakages reported and attended
Number of households provided with minimum	9831 **household** provided with minimum standard of sanitation by 30th June 2025	Achieved

standard of sanitation		
Percentage of budget spend on sanitation	100% budget expenditure on sanitation by 30th June 2025	Not achieved
Approved energy plan	Develop and approved energy master plan June 30th 2025	Not achieved
No of streetlight repaired and faulty meters	Develop operations and maintenance plan for Streetlights and faulty electrical meters by 30th June 2025	Not achieved
k/m of roads paved	Develop road operations and maintenance plan by 30th June 2025	Not achieved
Number of street gravelled and pedestrian walking built	Develop road operations and maintenance plan 30th June 2025	Not achieved
Status of Integrated Waste Management plan (IWMP)	Reviewed integrated Waste Management Plan by 30th June 2025	Not achieved
Status of landfill sites	Registration of Sites by 30th June 2025	Not achieved
Number of sport facilities upgraded	Upgrading of one Sports facility in Hertzogville by 30th June 2025	Not achieved
Number of parks upgraded	Upgrading of one park in Hertzogville by 30th June 2025	Not achieved
Approved disaster strategies	Develop disaster Management strategies by 30th June 2025	Not achieved

Various indicators

59. I could not determine whether the reported achievement was correct, as the indicator was not well defined and I could not verify the methods and processes used to measure the achievements . Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.(F1)

Indicators	Targets	Reported achievements
Number of leakages attended	Attended water leakages in Hertzogville, Boshof and Dealesville by 30th June 2025	Achieved
Number of drain and sewer blockages	Attend drain and sewer blockages in Hertzogville, Boshof and Dealsville by 30th June 2025	Achieved
Approved energy plan	Develop and approved energy master plan June 30th 2025	Not achieved
Status of Integrated Waste Management plan (IWMP)	Reviewed integrated Waste Management Plan by 30th June 2025	Not achieved

Various indicators

60. Various indicators were not clearly defined during the planning process. Consequently, the indicators are not useful for measuring and reporting on progress against planned objectives. (F2)

Indicators	Targets	Detail
Approved energy plan	Develop and approved energy master plan June 30th 2025	The indicator target year (2025) and the definition's reference year (2024) don't align with the reporting period.
k/m of roads paved	Develop road operations and maintenance plan by 30th June 2025	The indicator target year (2025) and the definition's reference year (2024) don't align with the reporting period.
Number of street gravelled and pedestrian walking built	Develop road operations and maintenance plan 30th June 2025	The indicator target year (2025) and the definition's reference year (2024) don't align with the reporting period.
Status of Integrated Waste Management plan (IWMP)	Reviewed integrated Waste Management Plan by 30th June 2025	The indicator target year (2025) and the definition's reference year (2024) don't align with the reporting period.
Approved disaster strategies	Development disaster Management strategies by 30th June 2025	The indicator target year (2025) and the definition's reference year (2024) don't align with the reporting period.
Status of blue drop and water samples tested	Submission of water samples for testing by 30th June 2025	The nature and required level of performance of the target is not clearly identifiable.
Number of drain and sewer blockages	Attend drain and sewer blockages in Hertzogville, Boshof and Dealsville by 30th June 2025	The nature and required level of performance of the target is not clearly identifiable.

Various indicators

61. The targets below do not relate directly to their indicators. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievements do not provide useful information on the achievement of the indicators and the irrelevant targets hinder appropriate planning for the achievement of the indicators. (G3)

Indicators	Targets
K/m of roads paved	Develop road operations and maintenance plan by 30th June 2025
Number of streetlight repaired and faulty meters	Develop operations and maintenance plan for Streetlights and faulty electrical meters by 30th June 2025
Approved disaster strategies	Development disaster Management strategies by 30th June 2025

Various indicators

62. 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 for all the indicators listed below : (I4)

- Number of households with access to water
- Percentage of households with access to water services
- Number of leakages attended
- Status of blue drop and water samples tested
- Percentage of budget spend on water services
- Number of household provided with minimum standard of sanitation
- Status of oxidation ponds
- Number of drain and sewer blockages
- Percentage of budget spend on sanitation
- Approved energy plan
- No of street light repaired and faulty meter
- k/m of roads paved
- Number of street gravelled and pedestrian walking built
- Status of Integrated Waste Management plan (IWMP)
- Status of landfill sites
- Number of sport facilities upgraded
- Number of parks upgraded
- Approved disaster strategies

63. Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by management to address performance gaps and to assess the effectiveness of strategies to improve future performance against targets.(I5)

Indicators	Targets
Percentage of budget spend on water services	100% budget expenditure on water services by 30th June 2025
Percentage of budget spend on sanitation	100% budget expenditure on sanitation by 30th June 2025
Approved energy plan	Develop and approved energy master plan June 30th 2025
No of streetlight repaired and faulty meters	Develop operations and maintenance plan for Streetlights and faulty electrical meters by 30th June 2025
k/m of roads paved	Develop road operations and maintenance plan by 30th June 2025

Number of street gravelled and pedestrian walking built	Develop road operations and maintenance plan 30th June 2025
Status of Integrated Waste Management plan (IWMP)	Reviewed integrated Waste Management Plan by 30th June 2025
Status of landfill sites	Registration of Sites by 30th June 2025
Number of sport facilities upgraded	Upgrading of one Sports facility in Hertzogville by 30th June 2025
Number of parks upgraded	Upgrading of one park in Hertzogville by 30th June 2025
Approved disaster strategies	Develop disaster Management strategies by 30th June 2025

64. Measures aimed at improving performance against targets were reported. However, I could not determine if the measures were 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. (I9)

Indicators	**Targets**	**Reported achievements**	**Reported measure**
Status of blue drop and water samples tested	Submission of water samples for testing by 30th June 2025	Not achieved	Ensure submission of water samples for testing on a quarterly basis
Status of oxidation ponds	Maintenance of 3 municipal oxidation ponds by June 2025	Not achieved	Completion of the project for upgrading of municipal oxidation ponds

Other matters

65. I draw attention to the matters below.

Achievement of planned targets

66. 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.

67. The table that follows provides information on the achievement of planned targets and lists the key [service delivery indicators that were not achieved as reported in the annual performance report. Some measures taken to improve performance are included in the annual performance report on pages 7 to 17.

Municipal basic service and infrastructure development

Targets achieved: 17%

Budget spent: Undetermined/unknown *The budget spent is not available as the municipality's actual spending is not aligned with the their key performance areas.*		
Key [service delivery] indicator not achieved	**Planned target**	**Reported achievement**
Status of blue drop and water samples tested	Submission of water samples for testing by 30th June 2025	Not achieved
Percentage of budget spend on water services	100% budget expenditure on water services by 30th June 2025	Not achieved
Status of oxidation ponds	Maintenance of 3 municipal oxidation ponds by June 2025	Not achieved
Percentage of budget spend on sanitation	100% budget expenditure on sanitation by 30th June 2025	Not achieved
Approved energy plan	Develop and approved energy master plan June 30th 2025	Not achieved
No of streetlight repaired and faulty meters	Develop operations and maintenance plan for Streetlights and faulty electrical meters by 30th June 2025	Not achieved
k/m of roads paved	Develop road operations and maintenance plan by 30th June 2025	Not achieved
Number of street gravelled and pedestrian walking built	Develop road operations and maintenance plan 30th June 2025	Not achieved
Status of Integrated Waste Management plan (IWMP)	Reviewed integrated Waste Management Plan by 30th June 2025	Not achieved
Status of landfill sites	Registration of Sites by 30th June 2025	Not achieved
Number of sport facilities upgraded	Upgrading of one Sports facility in Hertzogville by 30th June 2025	Not achieved
Number of parks upgraded	Upgrading of one park in Hertzogville by 30th June 2025	Not achieved
Approved disaster strategies	Develop disaster Management strategies by 30th June 2025	Not achieved

Material misstatements

68. I identified preventable 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

69. 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.

70. 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.

71. 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.

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

Annual financial statements

73. 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, liabilities, and disclosure items identified by the auditors in the submitted financial statements 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

74. Reasonable steps were taken to ensure that money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

75. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by the non-compliance with the supply chain management regulations.

76. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R37 130 145, as disclosed in note 52 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.

77. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by grants not use for their intended purposes.

Assets management

78. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

79. Capital assets were sold permanently disposed of that were needed to provide the minimum level of basic municipal services, in contravention of section [14(1) / 90(1)] of the MFMA.

80. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and/or considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section(s) 14(2)(a) and 14(2)(b) of the MFMA.

Revenue management

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

82. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Consequences management

83. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

84. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA .

85. 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

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

Conditional grants

87. I was unable to obtain sufficient appropriate audit evidence that the Regional Bulk Infrastructure Grant was spent for its intended purposes in accordance with the grant Schedule concerned and/or the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 24 of 2024).

88. I was unable to obtain sufficient appropriate audit evidence that the Water Services Infrastructure Grant was spent for its intended purposes in accordance with the grant Schedule concerned and/or the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 24 of 2024).

89. I was unable to obtain sufficient appropriate audit evidence that the Municipal Infrastructure Grant was spent for its intended purposes in accordance with the grant Schedule concerned and/or the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 24 of 2024).

90. Performance in respect of programmes funded by the Regional Bulk Infrastructure 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 24 of 2024).

91. Performance in respect of programmes funded by the Water Services Infrastructure 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 24 of 2024).

92. Performance in respect of programmes funded by the Municipal Infrastructure 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 24 of 2024).

Procurement and contract management

93. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

94. Sufficient appropriate audit evidence could not be obtained that goods and services within the prescribed transaction value for competitive bids were procured by inviting competitive bids, as required by SCM Regulations 19(a) [and 36(1)]. Similar non-compliance was also reported in the prior year.

Governance and oversight

95. The Internal Audit unit did not advise the accounting officer and/or did not report to the audit committee on the implementation of the internal audit plan on matters relating to internal controls, as required by section 165(2)(b)(ii) of the MFMA.

96. The Internal Audit unit did not advise the accounting officer and/or did not report to the audit committee on the implementation of the internal audit plan on matters relating to risk management, as required by section 165(2)(b)(iv) of the MFMA.

97. The Internal Audit unit did not advise the accounting officer and/or did not report to the audit committee on the implementation of the internal audit plan on matters relating to performance management, as required by section 165(2)(b)(v) of the MFMA.

98. The Internal Audit unit did not advise the accounting officer and/or did not report to the audit committee on the implementation of the internal audit plan on matters relating to compliance with MFMA, DoRA, and any other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

99. The internal audit plan did not include the assessment of the auditee's reliability of performance measurement in measuring performance against key performance indicators, as required by regulation 14(1)(b)(iii) on Municipal Planning and Performance Management.

100. The Internal Audit unit did not audit the results of performance measurements, as required by MSA 45(a).

101. The internal audit unit did not submit quarterly reports on the audits of performance measurements of the auditee to the municipal manager and the performance audit committee, as required by regulation 14(1)(c)(ii) on Municipal Planning and Performance Management.

102. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the auditee, its efficiency and effectiveness and its overall level of compliance with the relevant applicable legislation , as required by section 166(2)(b) of the MFMA.

103. The audit committee did not advise the council, mayor and accounting officer on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

104. The performance audit committee did not submit an audit report on the review of the performance management system to the council, at least twice during a financial year, as required by regulation 14(4)(a)(iii) on Municipal Planning and Performance Management.

105. The performance audit committee did not review the quarterly reports submitted by the internal auditors on the audits of performance measurement as required by regulation 14(4)(a)(i) on Municipal Planning and Performance Management.

Human resource management

106. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

107. The staff member(s) did not enter into a performance agreement within the prescribed period, as required by regulation 35(1) of the Municipal Staff Regulations.

Other information in the annual report

108. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in KPA presented in the annual performance report that have been specifically reported on in this auditor's report.

109. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.

110. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

111. 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

112. 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.

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

114. Management's lack of adequate procedures to monitor and enforce the implementation of the corrective measures included in the audit action plan to address internal control weaknesses relating to the financial statements, performance reporting as well as compliance with the applicable laws and regulations.

115. Management's lack of adequate review processes relating to financial statements and performance report as material misstatements were not detected and corrected before submission as there was inadequate time allocated to the financial statements preparation process.

116. Management's failure to implement an adequate record keeping system resulted in material findings on supporting records that could not be submitted to support the financial statements and annual performance report.

Material irregularities

117. 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.

118. The material irregularities identified are as follows

Status of previously reported material irregularities

Full and proper records not kept (2018-19) – infrastructure assets, services charges and conditional grants

119. In my 2019-20 auditor's report, I reported that the accounting officer did not take reasonable steps in the 2018-19 financial year to ensure that full and proper records were kept of infrastructure assets, service charges and conditional grants, as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimed audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

120. The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to the material uncertainty regarding its ability to continue operations, as disclosed in note 50 to the 2018-19 financial statements. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

121. The accounting officer was notified of this material irregularity on 11 June 2021. The accounting officer could not provide sufficient and appropriate evidence of the actions that have been taken in response to being notified of the material irregularity, as the planned actions to address the poor record keeping and financial problems were not adequate. I recommended that the accounting officer should take the following actions to address the material irregularity, which should have been implemented by 14 April 2022:

- The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and enhancing control weaknesses.
- Based on the reasons and circumstance, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept, in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:
  - (i) Complete asset register of all of the municipality's infrastructure assets, including work-in-progress, as well as payment certificates to support assets purchased
  - (ii) Meter-reading records for revenue from service charges
  - (iii) Register and payment vouchers to support payments made from conditional grant funding, including reconciliations

122. I further recommended that the accounting officer should have taken appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by

14 July 2022. The plan should describe the anticipated timeframe and milestones to be achieved and include as a minimum strategies to:

- increase the collection of revenue
- optimise costs in respect of bulk purchases
- efficiently manage the available cash of the municipality
- enter payment arrangements with major suppliers.

123. The accounting officer has not adequately implemented the above recommendations. I notified the accounting officer on 7 August 2023 of the following remedial actions to address the material irregularity, which must have been implemented by 7 March 2024 with a progress report after three months:

124. The non-compliance with section 62(1)(b) of the MFMA must be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.

- Based on the reasons and circumstances, appropriate action must be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan must include anticipated timeframes and address the following key areas as a minimum:

  (a) Complete asset register of all of the municipality's infrastructure assets, including work-in-progress, as well as payment certificates to support assets purchased;

  (b) Meter reading records for revenue from service charges; and

  (c) Register and payment vouchers to support payments made from conditional grant funding, including reconciliations; and

- I further recommend that the accounting officer must have taken appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA. The plan must describe the anticipated timeframe and milestones to be achieved and include as a minimum strategies to:

  (a) Increase the collection of revenue;

  (b) Optimise costs in respect of bulk purchases;

  (c) Efficiently manage the available resources of the municipality; and

  (d) Enter into payment arrangements with major suppliers.

125. A response with regard to the implementation of the remedial actions was received on 8 March 2024, however supporting documentation for each of the actions stated in the response was not provided. I have decided to request in terms of regulation 11(2) of the Material Irregularity Regulations, intervention from the following role-players and oversight structures in the accountability ecosystem to assist and support, as far as is necessary, the accounting officer with the implementation of the remedial action and to address the material irregularity appropriately:

- Member of the Executive Council: Finance;
- Member of the Executive Council: Cooperative Governance and Traditional Affairs;
- Executive Mayor;
- Speaker of Council; and
- Member of the Mayoral Committee: Finance.

126. In addition to requesting intervention from the above role players, I have requested the following role players in the accountability ecosystem to exercise oversight by supporting and assisting, as far as is necessary, the accounting officer with the implementation of the remedial action and addressing the material irregularity appropriately:

- Premier of the province;
- Chairperson of the Municipal Public Accounts Committee; and
- Chairperson of the Audit Committee

127. This action was taken to address the ongoing issues and ensure corrective measures were implemented to resolve the material irregularity. The role players were requested to submit a progress report on the interventions implemented to the Office of the Premier by 30 September 2024 and the Office of the Premier had to submit a report to me on all the interventions implemented by relevant role players by 31 October 2024.

128. Delays were noted in the progress report being provided and I followed up with the Office of the Premier in February 2025 on the outstanding progress report.

129. To date, the Office of the Premier has not submitted the required progress report. However, we have noted through engagements between the Office of the Premier and the AGSA that there are various interventions in progress by the relevant role players.

130. I will follow up on the effectiveness of these interventions, which will inform my determination on the further action to take.

Other reports

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

132. During 2017-18, the accounting officer requested that the Free State Provincial Treasury and the Free State Department of Co-operative Governance and Traditional Affairs consider an investigation in terms of section 106 of the MSA for possible maladministration and fraud as a result of the alleged theft of certain tender and payment documentation. The investigation was still in progress at the date of this auditor's report. A case was also opened at the South African Police Service and was still being investigated at the date of this auditor's report.

133. The president of South Africa has signed a proclamation on 11 December 2023 that the special investigations unit investigates the allegations relating to serious maladministration in connection with the affairs of the municipalities, improper or unlawful conduct by employees of the municipalities; unlawful expenditure of public money; unlawful or improper conduct by any person, which has caused or may cause serious harm to the interests of the public. The investigation was still in progress at the date of this auditor's report.

Bloemfontein

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 material performance indicators 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

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), Sections 29(1), 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), 63(2)(a), 63(2)(c), Sections 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), Sections 65(2)(e), 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, 171(4)(a), Sections 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), Regulations 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)
MSA: Municipal Staff Regulations	Regulations 7(1), 31
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), Regulations 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), Regulations 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), Sections 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 54A(1)(a),56(1)(a), Sections 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)
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), Regulations 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)
Division of Revenue Act 5 of 2023	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
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), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)