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

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Maluti-A-Phofung Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Payables from exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to a lack of proper record keeping and reconciliation to support the values disclosed in the financial statements. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to payables from exchange transactions stated at R9 320 535 605 (2022: R8 692 969 167) in note 18 to the financial statements.

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to lack of fixed asset register to confirm the values disclosed in the financial statements. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment, stated at R5 420 404 599 (2022: R5 561 502 156) in note 4 to the financial statements.

5. During 2022, the municipality did not record all land and buildings owned by the municipality in the fixed asset register in accordance with Generally Recognised Accounting Practice (GRAP) 17, *Property plant and equipment.* This resulted in property, plant and equipment being understated by R192 386 281. There was also an impact on the deficit for the period and on the accumulated deficit.

Unauthorised expenditure

6. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure due to the lack of accounting records to confirm the values disclosed in the financial statements. 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 R3 858 155 304 (2022: R3 858 155 304) in note 46 to the financial statements. In addition, the municipality did not correctly calculate the value of unauthorised expenditure in the current year between the final budget amounts and actual expenditure for the year from different votes. Furthermore, unauthorised expenditure incurrent during the current financial year were not included in the notes to the financial statements, as required by section 125(2)(d) of Municipal Finance Management Act (MFMA). Consequently, unauthorised expenditure as disclosed in note 46 to the financial statements is understated by R794 422 353.

Contingencies

7. I was unable to obtain sufficient appropriate audit evidence for contingencies due to the lack of supporting documents to confirm the value disclosed in the annual financial statements. I was unable to confirm the contingencies by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingencies disclosed in note 40 to the financial statements. In addition, the municipality did not correctly account for contingencies in accordance with GRAP 19, *Provisions, Contingent liabilities and contingent assets* as the cases which are finalised were incorrectly classified as contingencies. Consequently, contingencies as disclosed in note 40 to the financial statements was overstatement and provisions understated by R3 515 500 525.

Fruitless and wasteful expenditure

8. I was unable to obtain sufficient appropriate audit evidence to confirm fruitless and wasteful expenditure due to the lack of supporting registers to confirm the values disclosed in the financial statements. I was unable to confirm fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to fruitless and wasteful expenditure, stated at R R2 438 507 662 (2022: R2 230 429 350) in note 47 to the financial statements.

Receivables from exchange transaction

9. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions due to the status of the accounting records. In addition, unexplained differences were identified between the receivables schedules and the financial statements. I could not confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivable from exchange transactions stated at R1 497 645 006 (2022: R1 189 821 642) in note 10 to the financial statements.

Irregular expenditure

10. I was unable to obtain sufficient appropriate audit evidence to confirm irregular expenditure due to the lack of supporting registers. 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 R1 081 899 506 (2022: R950 602 108) in note 48 to the financial statements. In addition, the irregular expenditure incurred during the current financial year under audit and the related information on irregular expenditure was not included in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of the supply chain management (SCM) requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.

Government grants and subsidies

11. I was unable to obtain sufficient appropriate audit evidence for government grants and subsidies due to the status of the accounting records. I was unable to confirm government grants and subsidies by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to government grants and subsidies stated at R1 025 729 955 (2022: R907 220 586) in note 27 to the financial statements.

Bulk purchases

12. The municipality did not account for all bulk purchases for electricity in accordance with GRAP 1, *Presentation of financial statements.* This is due to municipality not being able to reliably account all the bulk purchases for water. Consequently, I was unable to determine the full extent of the understatement of bulk purchases as it was impracticable to do so. In addition, some of the expenses relating to bulk purchases for electricity were not included in the financial statements. Consequently bulk purchases and payables were understated by R73 405 039. There was also an impact on the deficit for the period and on the accumulated deficit.

13. During 2022, I was unable to obtain sufficient appropriate audit evidence for bulk purchases due to the status of the accounting records. I was unable to confirm the bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to bulk purchases stated at R867 695 475 in note 34 to the financial statements. In addition, the municipality did not account for bulk purchases in accordance with GRAP 1, *Presentation of financial statements* as some of the expenses relating to bulk purchases were double counted. Consequently bulk purchases and payables was overstated by R22 262 270. There was also an impact on the deficit for the period and on the accumulated deficit.

Vat receivable

14. I was unable to obtain sufficient appropriate audit evidence for Vat receivable due to lack of accounting records to support the values disclosed in the financial statements. I was unable to confirm Vat receivable by alternatives means. Consequently, I was unable to determine

whether any adjustments were necessary to Vat receivable stated at R841 577 956 (2022: R702 110 428) in note 12 to the financial statements.

Investment property

15. I was unable to obtain sufficient appropriate audit evidence for investment property due to lack of investment register to support the values disclosed in the financial statements. I was unable to confirm the investment property by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to investment property, stated at R803 254 844 in note 3 to the financial statements.

16. During 2022, the municipality did not recognise investment properties in accordance with GRAP 16, *Investment property*, as the municipality did not have adequate systems in place due to differences between the relevant supporting records and the fair value of the investment properties. In addition, all items of investment properties were not recorded in the investment property register. Consequently, investment properties as disclosed in note 3 to the financial statements was understated by R85 088 919. There was also an impact on the deficit for the period and on the accumulated deficit.

Employee related costs

17. I was unable to obtain sufficient appropriate audit evidence for employee related costs due to lack of reconciliation, and unexplained differences between the payroll data and general ledger to support the values included in the financial statements. I was unable to confirm t employee related costs by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to employee related costs stated at R566 946 216 (2022: R109 454 548) in note 28 to the financial statements.

Service charges

18. I was unable to obtain sufficient appropriate audit evidence that service charges had been properly accounted for due to the status of the accounting records. I was unable to confirm service charges by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to service charges stated at R494 102 148 (2022: R73 474 143) in note 21 to the financial statements.

Receivables from non-exchange transaction

19. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions due to the status of the accounting records and unexplained differences between the debtors ageing according to the debtors' sub-ledger and the financial statements. I was unable to confirm receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables non-exchange transactions stated at R329 194 737 (2022: R281 128 180) in note 13 to the financial statements.

Related parties

20. The municipality did not disclosed related parties in the financial statements as required by GRAP 20, *Related Party Disclosures.* This resulted in the financial statements being materially misstated. I was unable to determine the full extent of the misstatement as it was impracticable to do so.

21. During 2022, i was unable to obtain sufficient appropriate audit evidence for related parties' disclosures due to the lack of supporting schedules. I was unable to confirm related parties by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to related parties stated at R304 627 728 in note 41 to the financial statements.

Revaluation reserve

22. I was unable to obtain sufficient appropriate audit evidence for the revaluation reserves due to the status of the accounting records. I was unable to confirm the revaluation reserve by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to revaluation reserves stated at R276 825 205 (2022: R276 825 205) to the financial statements were necessary.

Depreciations and amortisation

23. I was unable to obtain sufficient appropriate audit evidence for depreciations and amortisation due to lack of fixed asset register to support the values disclosed in the financial statements. I was unable to confirm the depreciations and amortisation by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to depreciations and amortisation stated at R292 745 716 in note 31 to the financial statements.

Cash and cash equivalent

24. I was unable to obtain sufficient appropriate audit evidence to confirm the cash and cash equivalent due to the lack of supporting information. I was unable to confirm cash and cash equivalent by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to cash and cash equivalent, stated at R147 769 179 in note 14 to the financial statements. In addition, the municipality did not correctly prepare bank reconciliation in accordance with GRAP 1*, Presentation of financial statements*, as differences were identified between the bank reconciliation and the financial statements. Consequently, cash and cash equivalent as disclosed in note 14 to the financial statement was understated by R202 398 515. There was also resultant impact on the accumulated deficit

Operating cost

25. I was unable to obtain sufficient appropriate audit evidence for operating cost due to a lack of proper records. I was unable to confirm operating cost by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to operating cost stated at R108 732 954 (2022: R244 558 827) in note 36 to the financial statements. In addition, the municipality did not correctly account for repairs and maintenance in accordance with GRAP 1, *Presentation of financial statements*. The municipality incorrectly classified transactions which are consumables as repairs and maintenance under operating costs. Consequently, repairs and maintenance was overstated and consumables understated by R27 854 723.

26. During 2022, the municipality did not account for general expenses in accordance with GRAP 1, *Presentation of financial statements*, as finance costs relating to bulk purchases were incorrectly classified as operating cost, and items of property, plant and equipment being incorrectly classified as repairs and maintenance under operating cost. Consequently, operating cost was overstated by R74 239 175, finance costs was understated by R54 371 740 and property, plant and equipment was understated by R19 867 435. There was also an impact on the deficit for the period and on the accumulated deficit.

Transfers and subsidies

27. The municipality did not correctly account for transfers and subsidies in accordance with GRAP 1, *Presentation of financial statements*. These is due to unexplained differences being identified between the amounts transferred as per the supporting evidence and the financial statements. Consequently, transfers and subsidies presented in the financial statements and trade payables was understated by R90 532 863. There was also an impact on the deficit for the period and on the accumulated deficit.

Employee benefit obligation

28. I was unable to obtain sufficient appropriate audit evidence for employee benefit obligation due to lack of accounting records. I was unable to confirm the employee benefit obligation by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to employee benefit obligation stated at R88 065 000 in note 8 to the financial statements.

Provisions

29. I was unable to obtain sufficient appropriate audit evidence for provisions due to lack of accounting records. I was unable to confirm the provisions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to provisions, stated at R58 382 332 in note 17 to the financial statements.

Contracted services

30. I was unable to obtain sufficient appropriate audit evidence for contracted services due to status of accounting records. I was unable to confirm contracted services by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contracted service stated at R56 432 201 (2022: R101 502 627) in note 35 to the financial statements.

Commitments

31. I was unable to obtain sufficient appropriate audit evidence to confirm capital commitments due to the lack of supporting registers. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments, stated at R51 930 855 (2022: R244 582 135) in note 39 to the financial statements.

32. I was unable to obtain sufficient appropriate audit evidence to operational commitments due to the lack of supporting registers. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments, stated at R36 378 865 (2022: R87 506 923) in note 39 to the financial statements.

Property rates

33. I was unable to obtain sufficient appropriate audit evidence for property rates due to lack of reconciliation, and unexplained differences identified due to the market values of properties as per the billing system being different to the property market values as per the valuation roll. I was unable to confirm property rates by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property rates stated at R111 775 896 in note 26 to the financial statements.

34. During 2022, the municipality did not correctly account for property rates in accordance with GRAP 23, *Revenue from non-exchange transactions*. This was due to the market values of properties as per the billing system being different to the property market values as per the valuation roll. Consequently, property rates as disclosed in note 26 to the financial statements and receivables from non-exchange transactions were overstated by R23 602 546. There was also an impact on the deficit for the period and on the accumulated deficit.

Administration

35. I was unable to obtain sufficient appropriate audit evidence for administration due to the status of the accounting records. I was unable to confirm administration by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to administration stated at R33 421 649 in note 30 to the financial statements.

Finance costs

36. The municipality did not correctly calculate to finance costs in accordance with GRAP 1, *Presentation of financial statements*. This is due to unexplained differences identified between the supporting documentation and the amounts disclosed in the financial statements. Consequently, finance costs as disclosed in note 32 to the financial statements was overstated and trade payables understated by R25 540 161. There was also an impact on the deficit for the period and on the accumulated deficit.

Fair value adjustments

37. The municipality did not correctly present fair value adjustments in the statement of financial performance as required by GRAP 1, *Presentation of financial statements*. This resulted in presentation misstatements for financial statements. Consequently, fair value adjustments is misstated by R28 754 781 in the financial statements. There was also an impact on the deficit for the period.

Consumer deposits

38. I was unable to obtain sufficient appropriate audit evidence for consumer deposits due to the status of the accounting records. There were unexplained differences between the

supporting schedules and the financial statements. I was unable to confirm consumer deposits by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to consumer deposits stated at R25 329 794 (2022:R25 581 117) in note 19 to the financial statements.

Cash flow from operating activities

39. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R40 992 850 (2022: R91 402 234) in the financial statements were necessary.

Cash flow from investing activities

40. The municipality did not correctly prepare and disclose the net cash flows from investing activities as required by GRAP 2*, Cash flow statements*. This was due to multiple errors in determining cash flows from investing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from investing activities as stated at R138 574 664 (2022: R200 082 581) in the financial statements were necessary.

Segment reporting

41. The municipality did not make adequate disclosures for segment reporting in the financial statement, as required by GRAP 18*, Segment reporting*. This is due to municipality not being able to identify these segments requiring the disclosure in the financial statement. Consequently, I was unable to determine the full extent of the misstatement as it was impracticable to do so.

Prior period error

42. I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 42 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements. In addition, the municipality did not correctly disclose and present prior period errors note in accordance with GRAP 3*, Accounting policies, estimates and errors*, as the nature of the correction for financial statement items affected were not disclosed under prior period error note and an item which is not an error was also incorrectly disclosed under prior period error note. Furthermore, the municipality did not transfer the effects of restatements to statement of changes in net assets.

Statement of comparison of budgets and actual amounts

43. The municipality did not correctly prepare and disclose the statement of comparison of budget and actual amounts as required GRAP 24, *Presentation of budget information in*

financial statements. This was due to incorrect final budget figures used resulting in multiple errors in the statement of comparison of budget and actual amounts.

Water losses

44. The municipality did not disclose material losses for water in the notes to the financial statements, as required by section 125(2)(d)(i) of the MFMA. This is due to municipality not being able to reliably calculate these losses. Consequently, I was unable to determine the full extent of the understatement of distribution losses as it was impracticable to do so.

Material uncertainty relating to going concern

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

46. Note 44 to the financial statements indicates that the municipality incurred accumulated deficit of R R697 160 901 during the year ended 30 June 2023 and, that the municipality's total liabilities exceed its assets by R448 355 938. In addition, the municipality owed Eskom R7 840 843 288 (2022: R6 754 142 505) and the water board R6 764 345 (2022: R5 392 524) as at 30 June 2023. These events or conditions, along with other matters as set forth in note 44, indicate that a material uncertainty exists that may cast significant doubt on the municipality’s ability to continue as a going concern.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

49. 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 Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (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.

50. 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

51. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

52. 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 the 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.

Report on the audit of the annual performance report

53. 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 key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

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

KPA	Page numbers	Purpose
Basic service delivery and infrastructure	XX	To ensure the provision of services to communities in a sustainable manner.

55. I was engaged to evaluate the KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. An annual performance report prepared using these criteria provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and planned objectives. My objective was to perform procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion

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

Basic service delivery and infrastructure

57. No supporting evidence was provided for auditing to substantiate the reported performance information for the selected KPA. Consequently, I could not audit the usefulness and reliability of this information.

Other matters

58. I draw attention to the matters below.

Achievement of planned targets

59. 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.

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

Basic service delivery and infrastructure

Targets achieved: 50% *Budget spent: 56%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Construction of Sterkfontein Water Treatment Works – Phase 2	100%	0
Installation of water meters	100%	0
% Monontsha: Construction of footbridge	20%	0

Report on compliance with legislation

61. 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.

62. 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.

63. 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.

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

Annual financial statements, performance reports and annual reports

65. 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 identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.

66. Consolidated annual financial statements were not prepared, as required by section 122(2) of the MFMA.

67. The consolidated financial statements were not submitted to the Auditor-General for auditing, within three months after the end of the financial year, as required by section 126(1)(b) of the MFMA.

68. The 2021-22 annual report was not tabled in the municipal council after the end of the financial year, as required by section 127(2) of the MFMA.

Procurement and contract management

69. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as supporting evidence was not submitted. Similar limitation was also reported in the prior year.

70. Some of the goods and services with a transaction value of below R200 000 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.

71. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.

72. Some of the quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations.

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

74. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A).

75. Invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).

76. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5).

77. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).

78. The performance of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

79. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Expenditure management

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

81. Payments were made from the municipality's bank accounts without the approval of the accounting officer, the chief financial officer or a properly authorised official, as required by section 11(1) of the MFMA.

82. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval or authorisation, as required by section 65(2)(a) of the MFMA.

83. Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for disclaimer paragraph. The majority of the disclosed irregular expenditure was caused by not following with supply chain management (SCM) processes.

84. Reasonable steps were not taken to prevent fruitless and wasteful expenditure as required by section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on overdue accounts of Eskom.

85. 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 disclaimer paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending of the budget or exceeding of the vote.

Utilisation of conditional grants

86. I was unable to obtain sufficient appropriate audit evidence that the municipal infrastructure grant (MIG), water services infrastructure grant (WSIG) and integrated national electrification programme (INEP) were spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2022).

87. Performance in respect of programmes funded by the MIG, WSIG and INEP were not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2022).

Consequence management

88. 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.

89. 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 and municipal budget and reporting regulations 75(1).

90. 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 and municipal budget and reporting regulations 75(1).

91. Allegations of financial misconduct against senior managers were not always tabled before council, as required by disciplinary regulations for senior managers 5(2).

92. Allegations of financial misconduct against senior managers were not always investigated, as required by disciplinary regulations for senior managers 5(3) and section 171(4) of MFMA.

Strategic planning and performance management

93. The Integrated Development Plan (IDP) was not drafted considering the integrated development process and proposals submitted to it by the district municipality, as required by section 29(3)(b) of the Municipal System Act (MSA).

94. The Service Delivery Budget & Implementation Plan (SDBIP) for the year under review did not include monthly revenue projections by source of collection, the monthly operational and capital expenditure by vote, the service delivery targets and performance indicators for each quarter, as required by section 1 of the MFMA.

95. Performance targets were not set for each of the key performance indicators for the financial year, as required by section 41(1)(b) of the MSA and municipal planning and performance management regulation 12(1).

96. A mid-year performance assessment was not performed, as required by section 72(1)(a)(ii) of the MFMA.

97. Annual performance objectives and indicators were not established for Maluti-A-Phofung SOC Ltd multi-year business plan, as required by section 93B(a) of the MSA.

98. The performance of Maluti-A-Phofung SOC Ltd was not monitored and reviewed as part of the annual budget process, as required by section 93B(b) of the MSA.

Revenue management

99. An adequate management, accounting and information system which accounts for revenue, debtors and receipt of revenue was not in place, as required by section 64(2)(e) of the MFMA.

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

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

102. Accounts for municipal tax and charges for municipal services or service charges were not prepared on monthly basis, as required by section 64(2)(c) of the MFMA.

103. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

104. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

105. 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.

106. Capital assets were sold transferred that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.

107. 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 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 14(2)(a) and 14(2)(b) of the MFMA.

Human resource management

108. 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.

109. The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Other information in the annual report

110. 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 the selected KPA presented in the annual performance report that have been specifically reported on in this auditor's report.

111. 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.

112. 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 KPAs presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

113. 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

114. 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.

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

116. Council did not appoint an accounting officer and senior management timeously and this resulted in instability in management and lack of effective monitoring and oversight.

117. Management did not prepare accurate and complete financial record and performance information that are supported and evidenced by reliable information due to weak internal controls over processing of transactions and safeguarding of supporting documents.

118. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting, mainly due to weaknesses in the control environment. Controls over daily and monthly processing and reconciling of transactions were either not in place or implemented.

119. Management did not review and monitor compliance with laws and regulations.

Material irregularities

120. 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 the material irregularities reported in the previous year's auditor's report.

Status of previously reported material irregularities

Material irregularities in progress

Pollution of water resource not prevented – Phuthaditjhaba wastewater treatment works

121. The Phuthaditjhaba wastewater treatment works (including its pump stations) has totally collapsed and has not been operational for several years. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the Metsi Matsho River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring, as required by Section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and Section 19(1) of the National Water Act 36 of 1998 (NWA). The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

122. I notified the accounting officer of the material irregularity on 15 March 2022 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken or are in progress to resolve the material irregularity:

- A steering committee was instituted during October 2021 to assist the municipality to alleviate the water supply and sanitation challenges.
- The minister of Water and Sanitation issued a directive in April 2022 to Bloem Water to immediately intervene and execute certain functions relating to the wastewater management of the municipality for a period of three years. In terms of the directive, Bloem Water should execute the following:
  - Refurbish and upgrade wastewater treatment works and water treatment works
  - Manage and supervise operations and maintenance of water and sanitation infrastructure
  - Develop and implement a water services development plan
  - Develop feasibility studies and implement readiness studies for future projects to ensure sustainable water supply and sanitation in all areas of the municipality

- A condition assessment report for the refurbishment of the Phuthaditjhaba waste water treatment works was prepared by the professional service provider appointed by Bloem Water and approved by the Deputy Director General Water and Sanitation Services Management of the Department of Water and Sanitation on 7 June 2023

123. I will follow up on the implementation of the planned actions during my next audit.

Pollution of water resource not prevented – Harrismith wastewater treatment works

124. The Harrismith (Wilge) wastewater treatment works (including its pump stations) has totally collapsed and has not been operational for several years. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Nuwejaarspruit River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

125. I notified the accounting officer of the material irregularity on 11 April 2022 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken or are in progress to resolve the material irregularity:

- A steering committee was instituted during October 2021 to assist the municipality to alleviate the water supply and sanitation challenges.

- The minister of Water and Sanitation issued a directive in April 2022 to Bloem Water to immediately intervene and execute certain functions relating to the wastewater management of the municipality for a period of three years. In terms of the directive, Bloem Water should execute the following:

  - Refurbish and upgrade wastewater treatment works and water treatment works

  - Manage and supervise operations and maintenance of water and sanitation infrastructure

  - Develop and implement a water services development plan

  - Develop feasibility studies and implement readiness studies for future projects to ensure sustainable water supply and sanitation in all areas of the municipality

126. A technical feasibility study dated April 2023 for the upgrade of the Harrismith (Wilge) waste water treatment works was prepared by the professional service provider appointed by Bloem Water.

127. I will follow up on the implementation of the planned actions during my next audit

Pollution of water resource not prevented – Tshiame wastewater treatment works

128. The Tshiame wastewater treatment works (including its pump stations) has totally collapsed and has not been operational for several years. This resulted in continued spilling and

discharge of raw/untreated sewage into the adjacent environment and stream, including the groundwater and Wilge River. The municipality did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

129. I notified the accounting officer of the material irregularity on 11 April 2022 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken or are in progress to resolve the material irregularity:

- A steering committee was instituted during October 2021 to assist the municipality to alleviate the water supply and sanitation challenges.

- The minister of Water and Sanitation issued a directive in April 2022 to Bloem Water to immediately intervene and execute certain functions relating to the wastewater management of the municipality for a period of three years. In terms of the directive, Bloem Water should execute the following:

  - Refurbish and upgrade wastewater treatment works and water treatment works

  - Manage and supervise operations and maintenance of water and sanitation infrastructure

  - Develop and implement a water services development plan

  - Develop feasibility studies and implement readiness studies for future projects to ensure sustainable water supply and sanitation in all areas of the municipality

- A condition assessment report for the refurbishment of the Tshiame waste water treatment works and associated pumpstations was prepared by the professional service provider appointed by Bloem Water and approved by the acting Chief Director Water Services Planning and Information of the Department of Water and Sanitation on 28 February 2023.

130. I will follow up on the implementation of the planned actions during my next audit

Pollution of water resource not prevented – Kestell wastewater treatment works

131. The Kestell wastewater treatment works (including its pump stations) has totally collapsed and has not been operational for several years. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Sandspruit and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

132. I notified the accounting officer of the material irregularity on 13 April 2022 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken or are in progress to resolve the material irregularity:

- A steering committee was instituted during October 2021 to assist the municipality to alleviate the water supply and sanitation challenges.

- The minister of Water and Sanitation issued a directive in April 2022 to Bloem Water to immediately intervene and execute certain functions relating to the wastewater management of the municipality for a period of three years. In terms of the directive, Bloem Water should execute the following:
  - Refurbish and upgrade wastewater treatment works and water treatment works
  - Manage and supervise operations and maintenance of water and sanitation infrastructure
  - Develop and implement a water services development plan
  - Develop feasibility studies and implement readiness studies for future projects to ensure sustainable water supply and sanitation in all areas of the municipality
- A condition assessment report for the refurbishment of the existing Kestell waste water treatment works project and two sewer pump stations was prepared by the professional service provider appointed by Bloem Water and approved by the Free State Provincial Head of the Department of Water and Sanitation on 13 February 2023.
- The scope for the planning, design and construction of a new waste water treatment plant on adjacent municipal land that will cater for future demand of effluent to be discharged was approved by the Free State Provincial Head of the Department of Water and Sanitation on 13 February 2023.

133. I will follow up on the implementation of the planned actions during my next audit.

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

134. In my 2019-20 auditor's report, I reported that the municipality 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, property rates 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.

135. 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 46 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.

136. 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 circumstances identified, 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 municipality's financial affairs 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:

  a) Complete asset register of all of the municipality's infrastructure assets and investment property

  b) Billing information and reconciliations to support revenue from service charges.

  c) Reconciliation of property rates income to the valuation roll

  d) Register and payment vouchers to support payments made from conditional grant funding, including reconciliations.

137. 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 municipality's financial problems, 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:

a) increase the collection of revenue.

b) efficiently manage the available cash of the municipality

c) enter into payment arrangements with major suppliers.

138. 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 be implemented by 7 March 2024 with a progress report after three months.

- 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 continue with the development and 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 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 and investment property;
b) Billing information and reconciliations to support revenue from service charges;
c) Reconciliation of property rates income to the valuation roll; and
d) Register and payment vouchers to support payments made from conditional grant funding, including reconciliations.

- I further recommend that the accounting officer must take 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) Efficiently manage the available resources of the municipality; and
    c) Enter into payment arrangements with major suppliers

Bloemfontein

30 November 2023

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

3. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	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)
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)

Legislation	Sections or regulations
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)