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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Mafube 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 the 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 Mafube Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

Service charges

3. I was unable to obtain sufficient appropriate audit evidence for the sale of water included in service charges in note 22 to the financial statements, as the actual meter readings for several months were not available, and reliable estimates were not provided. I was unable to confirm the revenue from the sale of water included in service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to revenue from the sale of water included in service charges stated at R46 691 214 in note 22 to the financial statements.

4. During 2022, I was unable to obtain sufficient appropriate audit evidence for the sale of water included in service charges in note 22 to the financial statements, as a number of consumers were not billed, and some consumers were only billed for certain months. I was unable to confirm the revenue for sale of water by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to revenue from sale of water stated at R31 934 665 in note 22 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2022 was modified accordingly. My opinion on the current year's financial statements was also modified because of the possible effect of this matter on the comparability of the revenue from sale of water for the current period.

Receivables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions, due to the non-submission of information in support of these receivables. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions stated at R32 143 071 (2022: R32 678 482) in note 7 to the financial statements.

Property, plant and equipment

6. The municipality did not calculate the impairment loss and impairment loss reversals for property, plant and equipment in accordance with GRAP 21, *Impairment of non-cash generating assets.* This was due to differences identified in the assumptions and inputs of the municipality's impairment calculations. Consequently, I was unable to determine the impact on the net carrying amount of property, plant and equipment stated at R1 162 626 669 (2022: R1 160 862 443) in note 14 to the financial statements, as it was impracticable to do so.

Net cash flows from operating activities

7. The municipality did not correctly prepare and disclose the net cash flows from operating activities in accordance with 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 were necessary to the cash flows from operating activities as stated at R7 189 049 (2022: R1 995 717) in the financial statements.

Context for opinion

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

9. 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.

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

Material uncertainty relating to going concern

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

12. Note 47 to the financial statements indicates that the municipality's current liabilities exceeded its current assets by R1 003 808 183 as at 30 June 2023. The municipality had deducted pension and pay as you earn from employee's salaries but were unable to pay over R213 705 897 (2022: R175 471 587) and R1 040 082 (2022: R28 481 121) of these amounts deducted to the relevant third parties, as disclosed in note 17. In addition, the municipality owed Eskom Holdings SOC R48 586 073 (2022: R48 398 875), Rural Free State R47 476 483 (2022: R46 255 915) and Department of Water and Sanitation R514 395 040 (2022: R457 588 874) as at 30 June 2023, which was long overdue. These events or conditions, along with the other matters set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Underspending of conditional grants

14. As disclosed in note 19 to the financial statements, the municipality materially underspent the conditional grants by R20 511 292 (2022: R19 458 649) due to the municipality not properly monitoring the usage of grant funding.

Material impairments

15. As disclosed in note 9 to the financial statements, consumer debtors were impaired by R493 478 797 (2022: R329 244 849). An additional amount of R501 435 542 (2022: R515 037 295) was proposed for write-off and waiting for council approval.

Unauthorised expenditure

16. As disclosed in note 50 to the financial statements, the municipality incurred unauthorised expenditure of R364 548 948 (2022: R254 742 839) due to overspending of the budget.

Irregular expenditure

17. As disclosed in note 52 to the financial statements, the municipality incurred irregular expenditure of R28 900 416 (2022: R73 163 769) due to non-compliance with supply chain management (SCM) requirements.

Fruitless and wasteful expenditure

18. As disclosed in note 51 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R60 629 608 (2022: R55 642 692) due to interest on the late payment of suppliers.

Material losses

19. As disclosed in note 53 to the financial statements, material water distribution losses of R23 508 305 (2022: R18 178 162) were incurred by the municipality mainly due to defective meters, losses on the water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.

Material uncertainty relating to claims against the municipality

20. With reference to note 42 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

Restatement of corresponding figures

21. As disclosed in notes 44 and 45 to the financial statements, the corresponding figures for 30 June 2022 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Other matter

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

Unaudited disclosure notes

23. 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

24. 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.

25. 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

26. 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.

27. 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 our auditor's report.

Report on the audit of the annual performance report

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

29. I selected the following KPA presented in the annual 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	x –x	Broaden access and improve quality of municipal services

30. I was engaged to evaluate the reported performance information for the selected KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. 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.

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

Basic service delivery

32. 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 matter

33. I draw attention to the matter below.

Achievement of planned targets

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

Report on the audit of compliance with legislation

Introduction and scope

35. 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.

36. 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.

37. 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.

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

Annual financial statements and annual report

39. 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 current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

40. The annual financial statements were not submitted to the auditor-general, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

41. The council failed to adopt an oversight report containing the council's comments on the 2021-22 annual report, as required by section 129(1) of the MFMA.

Strategic planning and performance

42. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.

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

Procurement and contract management

44. 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 SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

45. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

46. Some of the quotations were accepted from bidders whose tax matters had not been declared by Sars to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.

47. The preference point system was not applied in the procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000.

48. Invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).

49. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

50. The performance of 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.

Expenditure management

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

52. Reasonable steps were not taken to prevent irregular expenditure amounting to R28 900 416 as disclosed in note 52 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM regulations.

53. Reasonable steps were not taken to prevent fruitless and wasteful expenditure to R60 629 608 as disclosed in note 51 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 on overdue accounts.

54. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R364 548 948, as disclosed in note 50 to the annual financial statements, in contravention of

section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget.

Utilisation of conditional grants

55. The municipal infrastructure grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.

56. The water services infrastructure grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.

57. The integrated national electrification programme (municipal) grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.

Consequence management

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

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

60. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Revenue management

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

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

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

Asset management

64. 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.

Human resource management

65. 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 Municipal Systems Act 32 of 2000 (MSA).

66. Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the MSA.

67. I was unable to obtain sufficient appropriate audit evidence that municipal manager and senior managers signed performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Other information

68. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include in the financial statements, the auditor's report and the selected KPA presented in the annual performance report that have been specifically reported in the auditor's report.

69. My opinion on the financial statements, the report on the annual performance report and the report on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

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

71. 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

72. I considered internal control relevant to my audit of the financial statements, annual performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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

74. Leadership did not monitor and enforce the implementation of the corrective measures included in the audit action plan and prevent the re-occurrence of material findings reported in the audit report. These measures were to address the weaknesses of the financial and performance reporting as well as procurement, contract management and the prevention of unauthorised, irregular and fruitless and wasteful expenditure.

75. Management did not implement effective controls to ensure standard operating procedures are developed for the planned and reported performance indicators and targets.

76. Management did not effectively monitor the compliance with applicable legislation as instances of non-compliance reported in the previous year recurred. The audit committee and council did not improve the oversight and governance of the control environment.

77. Management did not implement effective internal control processes to manage the daily and monthly processing and reconciling of transactions. Effective record keeping was not implemented to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting. This resulted in material limitation misstatements being identified in the financial statements and the annual performance report.

Material irregularities

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

Material irregularities identified during the audit

79. The material irregularities identified are as follows:

Annual financial statements not submitted for auditing (2022-23)

80. The annual financial statements for the year ending 30 June 2023 were not submitted to the auditor-general for auditing within two months after the end of the financial year (31 August 2023), as required by section 126(1)(a) of the MFMA. The non-submission of the annual financial statements for auditing, and the subsequent non-tabling of the annual report, is likely to result in substantial harm to the municipality, as there is a lack of accountability and transparency for the fiscal and financial affairs of the municipality. This is due to the legislative processes that follow after the submission of the annual financial statements relating to the financial year ending 30 June 2023 being delayed or not implemented.

81. The accounting officer was notified of this material irregularity on 25 October 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer submitted the annual financial statements for auditing on 25 March 2024.

82. Therefore, the material irregularity has been resolved.

Status of previously reported material irregularities

Pension fund contributions not paid over to pension funds in time

83. Section 13A(3)(a)(ii) of the Pension Funds Act 24 of 1956, requires the municipality as employer to pay over the contributions relating to the members of the fund within seven days after the end of the month for which such a contribution is payable. The municipality did not make payments to the Municipal Workers Retirement Fund (MWRF) and the South African Local Authorities (SALA) pension fund within seven days after the end of the month during which the contributions became payable. The late payments resulted in interest being charged by the MWRF and the SALA pension fund.

84. As at 30 June 2022, the total outstanding contributions payable to MWRF, including accumulated interest, was R72 782 999. The municipality owed outstanding contributions of R49 315 819 and accumulated interest of R49 315 819 to the SALA pension fund. The interest incurred is likely to result in a material financial loss for the municipality due to the liability to pay MWRF and SALA.

85. The accounting officer was notified of this material irregularity on 3 October 2022 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity. I notified the accounting officer on 5 December 2024 of the following recommendations, which should by implemented by 5 July 2025, with a progress report after three months:

a) Appropriate actions should be taken to commence with the implementation of the revenue enhancement turnaround strategies and financial plan of the municipality to enable the municipality to pay the pension fund contributions over to the relevant pension fund, as required by 13A(3)(a)(ii) of the Pension Fund Act. The plan should describe the anticipated timeframe and milestones to be achieved and include as a minimum, strategies to:

- Increase revenue;
- Increase the collection of revenue.
- Efficiently manage the available resources of the municipality through cost containment measures and proper budget management.

b) Negotiate reasonable payment agreements with the pension funds to settle the arrear contributions not remitted with interest.

86. I will follow-up on the implementation of the recommendations after the due date.

Full and proper records not kept (2017-18) – infrastructure assets and bulk purchases of water

87. In my 2019-20 auditor's report, I reported that the municipality did not take reasonable steps in the 2017-18 financial year to ensure that full and proper records were kept of infrastructure assets and bulk purchases of water, 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.

88. 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 42 to the 2017-18 financial statements and paragraph 33 in the 2017-18 audit report. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

89. The accounting officer was notified of this material irregularity on 11 June 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken to resolve the material irregularity:

- The municipality has been placed under provincial intervention in terms of section 139(5)(a) and (c) of the Constitution of the Republic of South Africa with the purpose to impose and ensure implementation of a financial recovery plan aimed at securing the municipality's ability to meet its obligations to provide basic services and to meet its financial commitments. An administrator was appointed on 10 June 2022 until 31 October 2024.

- The municipal council adopted revenue enhancement strategy on 11 November 2019 and a financial recovery plan on 5 September 2023.
- Two senior officials were subjected to a disciplinary process due to maladministration issues identified during previous audits and have subsequently been dismissed.
- The municipality has addressed some of the shortcomings with regard to the availability of financial records, and the audit outcome for the 2018-19 financial year, as per audit report signed on 30 September 2021, improved from a disclaimer of opinion to a qualified opinion. The qualified opinion was maintained in the 2019-20 audit report, signed on 15 December 2021; in the 2020-21 audit report signed on 16 September 2022 and in this auditor's report for 2021-22. The actions taken to address the limitation of scope included the following:

- the fixed asset register was updated through asset verifications and reconciled to the general ledger and financial statements. In 2020-21, the electricity fixed asset register was also updated and reconciled to the general ledger and financial statements
- the reconciliation of bulk water purchases as well as the invoices and statements were provided for audit purposes.

90. Therefore, the material irregularity has been resolved.

Bloemfontein

xx December 2024

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)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)