AUDITOR-GENERAL
SOUTH AFRICA

AUDIT REPORT

Msunduzi Local Municipality

30 June 2025

Report of the auditor-general to the KwaZulu-Natal Legislature and the council on Msunduzi Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Msunduzi Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements including, a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Msunduzi Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (DoRA).

Basis for opinion

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

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code), as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 73 and 74 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.

Material impairment – consumer debtors

8. As disclosed in note 7 to the financial statements, the municipality recognised a provision for impairment amounting to R6,18 billion (2023-24: R5,08 billion) on consumer debtors as the recoverability of these amounts was doubtful.

Material impairment – statutory receivables

9. As disclosed in note 6 to the financial statements, the municipality recognised a provision for impairment amounting to R1,74 billion (2023-24: R1,47 billion) on statutory receivables as the recoverability of these amounts was doubtful.

Material impairment – other debtors

10. As disclosed in note 5 to the financial statements, the municipality recognised a provision for impairment amounting to R115,97 million (2023-24: R115,25 million) on receivables from exchange transactions as the recoverability of these amounts was doubtful.

Material losses

11. As disclosed in note 68 to the financial statements, the municipality incurred material electricity losses of R715,04 million (2023-24: R500,96 million) which represents 23% (2023-24: 19%) of total electricity purchased. This was mainly due to illegal connections, infrastructure vandalism, metering inaccuracies, unmetered energy as well as ageing infrastructure that results in increased power dissipation during transmission and distribution on lines, cables and transformers in the system and overloading.

12. As disclosed in note 68 to the financial statements, the municipality incurred material water losses of R166,78 million (2023-24: R153,87 million) which represents 20% (2023-24: 22%) of total water purchased. This was mainly due to ageing water infrastructure and more frequent burst pipes.

Significant uncertainties

13. As disclosed in note 81 to the financial statements, various legal claims were lodged against the municipality. The ultimate outcome could not be determined and no provision for any liability that may result was made in the financial statements.

Delayed capital projects

14. As disclosed in note 14 to the financial statements, capital projects totalling R124,74 million (2023-24: R101,21 million) are taking a significantly longer period than expected to complete due to various reasons as described in the note.

Going concern

15. As disclosed in note 79 to the financial statements, the municipality has prepared the financial statements on a going concern basis, although there are adverse financial ratios. There is a financial recovery plan in place.

Other matters

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

Unaudited supplementary schedules

17. The supplementary information set out on pages xx to xx do not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Unaudited disclosure notes

18. 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

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

20. 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

21. 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 it 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.

22. 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 on page xx of the annexure to the auditor's report, forms part of my auditor's report.

Report on the audit of the annual performance report

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

24. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected the key performance area that measures the municipality's performance on its primary mandated functions, and that are of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery	XX	To provide quality water and sanitation, uninterrupted, adequate energy supply and regular waste removal for all neighbourhoods, communities and centres of business. To become a city with sufficient and well-maintained road, rail and other physical infrastructure serving all residents, whether they use public or private transport modes. It has layers of diverse transport networks interconnecting at centres and internal urban hubs.
Cross cutting	XX	The prime responsibility is to promote comprehensive and sustainable development within the specified areas. The key interventions indicate a multifaceted approach to address various challenges and improve the overall well-being of communities.

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

26. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable, so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be

delivered and by when, the required level of performance, as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any measures taken to improve performance.

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

28. I did not identify any material findings on the reported performance information for the basic service delivery and cross cutting key performance areas.

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

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

31. The table that follows 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 reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages xx to xx.

Targets for key indicators not achieved – Basic service delivery

Targets achieved: 57.89%

Budget spent: 88%

Key service delivery indicator not achieved	Planned target	Reported achievement
Number of VIP Toilets installed	2925	2923
Number of Reservoirs Constructed	1	0
Number KM of sewer pipelines installed	2.33km	2.267km
Percentage of mainline bursts repaired	60%	7%
Percentage of sewer blockages resolved	60%	10.91%

Number of Square meters of pedestrian walkways maintained	2000m²	1700m²
Number of community halls constructed	3	0
Number of sport complexes constructed	1	0
Number of swimming pools maintained	1	0
Number of sports grounds maintained	6	2
Percentage of construction of New England Road Landfill Site achieved	100%	99.94%
Number of non-households receiving refuse removal services	5100	4765
No. of wards receiving grass cutting services	30	17
Number of Street lights maintained	15000	11153
Number of High Mast Lights erected	15	0
Number of meters of MV Al Cable completed	8420m	3450m

Material misstatements

32. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic service delivery. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

33. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

34. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

35. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Expenditure management

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

38. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R114,06 million (2023-24: R25,52 million), as disclosed in note 67 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 charged on late payments.

Consequence management

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

Procurement and contract management

40. Bid specifications for one of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM Regulation 27(2)(a).

41. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

42. One of the construction contracts was awarded to a contractor that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A).

43. One of the contracts was extended or modified without the approval of a properly delegated official, in contravention of SCM Regulation 5.

44. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Other information in the annual report

45. 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 key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

48. I have nothing to report in this regard.

Internal control deficiencies

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

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

51. There was instability in the position of accounting officer during the year, which may have contributed to the slow response by senior management in their implementation of the audit action plan to address material non-compliance findings. As a result, there was no dedicated monitoring and supervision at senior management level on key parts of the plan relating to compliance with legislation.

Material irregularities

52. 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.

Status of previously reported material irregularities

Municipal resources not used economically

53. The accounting officer did not ensure compliance with section 62(1)(a) of the MFMA which states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure: that the resources of the municipality are used effectively, efficiently and economically."

54. The contract for the Copesville reservoir was awarded to the contractor on 3 February 2020 at a total contract value of R54,51 million (excl. contingencies and escalations). The project was set to commence on 11 May 2020 and finish on 25 November 2021 (18 months). However, due to delays caused by poor planning and project management, the project period was extended by 22 months. This resulted in additional costs incurred by the municipality while there was no change in the scope of work carried out. Total payments made to the contractor as of September 2023 amounted to R84,35 million and R10,10 million was paid to the consultant. The project was not complete (95%) at this date.

55. The non-compliance has resulted in a material financial loss of R8,42 million. Based on the information submitted, there are indicators that further losses may have been incurred by the Msunduzi Municipality as there are amounts that have been paid exceeding the original award value to the contractor and the project is not yet complete. The full extent of the financial losses still needs to be determined by the accounting officer as part of addressing the material irregularity.

56. The accounting officer was notified of the material irregularity on 31 January 2024 and invited to make a written submission on the actions taken, or to be taken, to address the matter.

57. The following are the actions taken and planned to address the material irregularity:

- The Project Management Office (PMO) holds weekly meetings with project managers to monitor project progress and address operational challenges.
- The Capital Expenditure Committee meets every Friday to oversee spending on grant-funded and council-funded projects.
- The PMO's oversight capacity has been strengthened through the appointment of a Senior Manager and the allocation of dedicated PMO project managers to each department, who engage with their respective units on a weekly or bi-weekly basis.
- The PMO provides regular updates to business units on business plan balances and required submissions, improving planning processes and reducing delays in expenditure.
- A revised organisational structure centralising all grant-funded projects under the PMO became effective on 1 July 2024, and the Municipality is finalising the remaining steps to fully implement this structure.
- The matter was referred to the Special Investigating Unit (SIU), which, following consideration by the case assessment committee, recommended that the Municipality undertake an internal investigation.
- The Municipality is drafting the terms of reference and progressing with the process to appoint a forensic investigation officer.
- The project associated with the material irregularity was completed on 30 September 2024.

58. I will follow-up on the implementation of the actions being taken during my next audit.

Payment of scarce skills allowance without proper identification of employees eligible for the allowance

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

60. The accounting officer has been paying scarce skills allowance to certain employees without any supporting evidence to prove that the employees receiving the allowance were eligible for the allowance. There is still no approved policy specifically addressing who is eligible for the scarce skills allowance and the allowance continued to be paid without re-applications by employees and approval thereof.

61. The municipal council took a resolution to stop scarce skills allowance payments until corrective steps were taken, however, these were reinstated during the 2023-24 financial year without prior approval. Proposed steps taken in terms of facilitating recovery and approval processes of scarce skills allowances have not been undertaken by the accounting officer. Furthermore, the accounting officer did not facilitate the approval of the policy and the related scarce skills allowances.

62. The non-compliance has resulted in a likely material financial loss of R5,99 million in the financial year ended 30 June 2024 and is likely to result in further material financial losses for the Msunduzi Municipality. Based on the information submitted, further losses are expected to be incurred by the municipality as the scarce skills allowances are still being paid. The full extent of the financial losses still needs to be determined by the accounting officer as part of addressing the material irregularity.

63. The accounting officer was notified of the material irregularity on 28 November 2024 and invited to make a written submission on the actions taken, or to be taken, to address the matter.

64. The following are the actions taken and planned to address the material irregularity:

   - A Standard Operating Procedure (SOP) for the adjudication and approval of scarce skills allowances was developed and approved by the Compensation Management Committee. The SOP was subsequently noted by Council on 8 October 2024 and is intended to guide the objective and consistent application of scarce skills allowances going forward.

   - The current position remains that scarce skills allowances have not been paid. The only notable development since the previous reporting period is the submission of a class action by affected employees to the South African Local Government Bargaining Council.

   - The forensic investigation into the matter has been finalised and the report was submitted to Council.

   - The approved SOP has not yet been implemented, as it remains under consideration by the Local Labour Forum.

65. I will follow-up on the implementation of the actions being taken during my next audit.

Loss of prepaid electricity revenue

66. The accounting officer failed to comply with section 78(1)(a) of the MFMA which states that each senior manager of a municipality and each official of a municipality exercising financial

management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the system of financial management and internal control established for the municipality is carried out diligently.

67. Prepaid electricity consumers who are on prepaid meters did not purchase electricity during the year and management did not interrupt or stop this practice because the prescribed internal audit process was not conducted to timeously identify tampered and bypassed meters. The non-compliance has resulted in a likely financial loss for the Msunduzi Municipality.

68. The accounting officer was notified of the material irregularity on 1 February 2023 and invited to make a written submission on the actions taken, or to be taken, to address the matter.

69. The following are the actions taken and planned to address the material irregularity:

- New vending stations have been opened at the Bombay Civic Centre (Northdale area), as well as in KwaMpumuza and Sweetwaters, improving accessibility for consumers.
- A total of 798 Large Power User (LPU) metering installations have been audited during the 2024-25 financial year, and 91 Data Concentrator Units (DCUs) have been installed to enhance monitoring of domestic and small-power users.
- Verification of customer accounts and the splitting of medium-voltage (MV) circuits to facilitate isolation and load reduction remain in progress.
- The Municipality has implemented a formal disconnection process in line with applicable bylaws to address tampered or non-compliant meters, and a procedure to eliminate meter bypassing during standby operations has been developed and implemented.
- Efforts are ongoing to strengthen operational and monitoring capacity, including plans to install statistical meters at all intake primary substations to accurately measure electricity losses, to fully fund and implement the meter audit project, and to deploy an Advanced Metering Infrastructure (AMI) system for remote monitoring of municipal meters.
- Additional planned measures include reinstating vending systems and filling high-vacancy critical positions, including within the audit section, with interviews scheduled.
- The investigation into the loss of prepaid electricity revenue has been completed and submitted to Council.

70. I will follow-up on the implementation of the actions being taken during my next audit.

Failure to recover revenue from the sale of timber

71. The municipality failed to collect revenue from a service provider as per the agreement between the service provider and the municipality for the disposal of timber. This resulted in non-compliance with section 64(2) (a) of the MFMA and is likely to result in a material financial loss for the Msunduzi Municipality.

72. The accounting officer was notified of the material irregularity on 3 May 2021 and invited to make a written submission on the actions taken, or to be taken, to address the matter.

73. I notified the accounting officer of the following recommendations which should be implemented by 31 May 2026:

- The accounting officer must, within a period of six (6) months from the date of notification, implement the following recommendations with a progress report after three (3) months:
- The non-compliance should be investigated to determine the root causes and if any official might have committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.
- Effective and appropriate steps should be taken to actively monitor and support the litigation process by, at a minimum maintaining engagement with legal representatives and ensuring compliance with court filing requirements.
- Appropriate action should be taken to address the root causes identified by the investigation that led to non-compliance for the purpose of implementing internal controls to ensure that the municipality has effective revenue collection systems, as required by section 64(2)(a) of the MFMA.
- Disciplinary proceedings should commence, without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
- If a senior manager of the municipality has allegedly committed an act of financial misconduct, the accounting officer must report the allegation to the municipal council, the Provincial Treasury and the National Treasury as required by Regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Failure to implement credit control and debt collection policy – consumer debtors

74. The municipality failed to comply with section 62(1) (f) (iii) of the MFMA which states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and implements a credit control and debt collection policy referred to in section 96(b) of the Municipal Systems Act 32 of 2000.

75. The municipality failed to take reasonable steps to implement their credit control and debt collection policy as the municipality did not disconnect nor restrict services or make arrangements for the recovery of the debt owed to the municipality by consumer debtors.

76. This has resulted in a significant amount of consumer debtors being included in the debtors' book of the municipality with the amounts due not being recovered. Accordingly, the municipality wrote-off some of the consumer debtors as bad debts as disclosed in note 42 of

the 2020-21 annual financial statements. The municipality continues to provide unrestricted services to these consumers.

77. The non-compliance has resulted in a material financial loss for the Msunduzi Municipality in the form of the bad debts written-off. The municipality is likely to incur further losses as services continue to be provided to debtors with long outstanding balances without reasonable steps being taken to implement the credit control and debt collection policy of the municipality.

78. The accounting officer was notified of the material irregularity on 10 November 2022 and invited to make a written submission on the actions taken, or to be taken, to address the matter.

79. I notified the accounting officer of the following recommendations which should be implemented by 31 May 2026:

- The accounting officer must, within a period of six (6) months from the date of notification, implement the following recommendations with a progress report after three (3) months:
- Appropriate action should be taken to conclude the on-going investigation, without undue delay, to identify the official(s) responsible for the failure to implement the credit control and debt collection policy (consumer debtors)
- Disciplinary proceedings should commence, without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
- If a senior manager of the municipality has allegedly committed an act of financial misconduct, the accounting officer must report the allegation to the municipal council, the Provincial Treasury and the National Treasury as required by Regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Other reports

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

81. The municipality's investigative unit performed investigations relating to allegations of financial misconduct, fraud, corruption, theft, recruitment mismanagement and supply chain management irregularities covering the period 2021 to 2025. Some of these investigations were in progress as at 30 June 2025. The accounting officer is currently assessing the outcomes and recommendations for those cases that have been finalised.

Auditor - General.

Pietermaritzburg

30 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b) Parent municipality with ME: Sections: 93B(a), 93B(b) Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)

Legislation	Sections or regulations
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)