

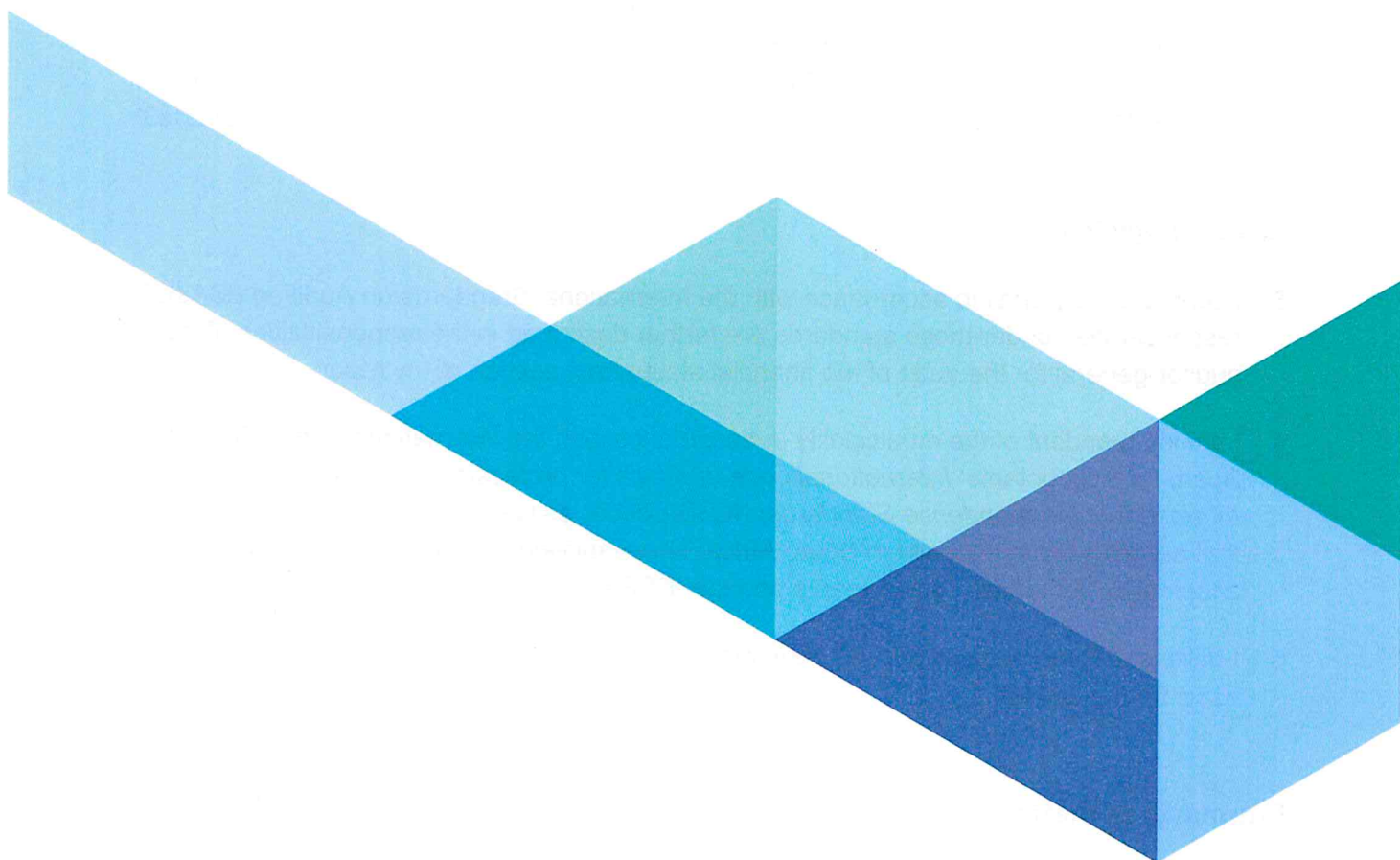


AUDITOR-GENERAL  
SOUTH AFRICA

# AUDIT REPORT

Dannhauser Local Municipality

2023-24



# Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the Council on Dannhauser Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the annual financial statements of the Dannhauser Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, 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 annual financial statements present fairly, in all material respects, the financial position of the Dannhauser Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

### Basis for 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 with respect to these matters.

### Material impairments – Receivables from non-exchange transactions

7. As disclosed in note 4 to the financial statements, the municipality recognised an allowance of R54,00 million (2022-23: R41,91 million) for the impairment of receivables from non-exchange transactions, as the recoverability of these amounts was considered to be doubtful.

### **Material impairments – Receivables from exchange transactions**

8. As disclosed in note 6 to the financial statements, the municipality recognised an allowance of R7,65 million (2022-23: R4,78 million) for the impairment of receivables from exchange transactions, as the recoverability of these amounts was considered to be doubtful.

### **Material underspending of conditional grants and receipts**

9. As disclosed in note 13 to the financial statements, the municipality underspent on its Disaster Relief Grant by R1,64 million. The municipality received the funds in the latter part of the financial year, which contributed to the underspending.

### **Contingencies**

10. As disclosed in note 47 to the financial statements, the municipality is the defendant in two litigation matters. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

### **Other matter**

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

### **Unaudited disclosure notes**

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Responsibilities of the accounting officer for the financial statements**

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP, 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.
14. 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**

- 15. 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.
- 16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

**Report on the audit of the annual performance report**

- 17. 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 indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
- 18. I selected the following material performance indicators related to the basic service delivery key performance area (KPA) presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality’s performance on its primary mandated functions and that are of significant national, community or public interest.

Monitoring the waste removal services provision within the municipal area for the year-ending 30 June 2024
Monitor the implementation of the indigent policy for indigent households earning less than R3 800 per month with free basic services, refuse removal in the year ending 30 June 2024
Assessment and repairs of the municipal testing station phase 2 by 30 June 2024
Completion of construction of 1km Emphongolweni gravel road
Complete the upgrade of the Ramaphosa Access Road in Ward 03 (Phase 1)
Completion of construction of 4,7km Mooi gravel access road
Completion of construction of 2,703km Koppie Allen gravel access road
Completion of construction of 0,4km Nkosibovu gravel and 0,05 Causeway Road
Designs and contract documentation for the 2024-25 urban road rehabilitation undertaken in Ward 02
Provision of the electricity infrastructure to 360 (Wards 3, 4, 8 & 12) households by 30 June 2024
Provision of mast lights in Wards (6, 7, 8, 10 & 13)
The number of indigent households earning less than R3 800 per month with access to free basic services (electricity)
Intervention to the disaster/relief shelters for the year ended 30 June 2024
Facilitate and monitor the implementation of human settlement projects for the year ended 30 June 2024
Initiate project management for the provision of the electricity infrastructure to households of the following Wards (1, 2, 5, 6, 7, 9, 10, 11 & 13) by 30 June 2024

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

20. 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 measures taken to improve performance.

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

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

#### Performance indicators not well-defined

23. Various indicators were not clearly defined during the planning process.

Consequently, the indicators are not useful for measuring and reporting on progress against planned objectives.

Indicator	Target	Detail
Provision of mast lights in Wards (6, 7, 8, 10 & 13)	Provision of mast lights in Wards 6, 7, 8, 10 & 13 by 30 June 2024	The target is not specific (the reported target does not specify how many mast lights were to be provided in each ward), thus the target is not specific and measurable. The indicator is therefore not well defined

Indicator	Target	Detail
The number of indigent households earning less than R3 800 per month with access to free basic services (electricity)	Number of the indigents granted access to electricity in the year ended 30 June 2024	The target is not specific (the reported target does not specify the number of indigents to be provided with electricity), thus the target is not specific and measurable. The indicator is therefore not well defined
Initiate project management for the provision of the electricity infrastructure to households of the following Wards (1, 2, 5, 6, 7, 9, 10, 11 & 13) by 30 June 2024	Houses to be provided with electrification infill (Wards 1, 2, 5, 6, 7, 9, 10, 11 & 13) in the year ending 30 June 2024	The target is not specific (it does not specify the number of houses that will be provided with electricity infill in each ward), the target is therefore not specific and measurable. The indicator is therefore not well defined

### No comparison of actual performance against the prior year's performance

24. A comparison of the actual performance for the year against the prior year's performance was not included in the annual performance report. Consequently, the reported information is not useful for evaluating progress over time and for identifying areas of improvement.

Monitoring the waste removal services provision within the municipal area for the year ending 30 June 2024
Monitor the implementation of the indigent policy for indigent households earning less than R3 800 per month with free basic services, refuse removal in the year ending 30 June 2024
Assessment and repairs of the municipal testing station phase 2 by 30 June 2024
Completion of construction of 1km Emphongolweni gravel road
Complete the upgrade of the Ramaphosa access road in Ward 03 (Phase 1)
Completion of construction of 4,7km Mooi gravel access road
Completion of construction of 2,703km Koppie Allen gravel access road
Completion of construction of 0,4km Nkosibovu gravel and 0,05 Causeway Road
Designs and contract documentation for the 2024-25 Urban Road rehabilitation undertaken in ward 02
Provision of the electricity infrastructure to 360 (Wards 3, 4, 8 & 12) households by 30 June 2024
Provision of mast lights in Wards (6, 7, 8, 10 & 13)
The number of indigent households earning less than R3 800 per month with access to free basic services (electricity)
Intervention to the disaster/relief shelters for the year ended 30 June 2024
Facilitate and monitor the implementation of human settlement projects for the year ended 30 June 2024
Initiate project management for the provision of the electricity infrastructure to households of the following Wards (1, 2, 5, 6, 7, 9, 10, 11 & 13) by 30 June 2024

## Measures taken to improve performance not reported in the annual performance report

### Various indicators

25. Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding the actions to be taken by the accounting officer to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.

Indicator	Target
Initiate project management for the provision of the electricity infrastructure to households of the following Wards (1, 2, 5, 6, 7, 9, 10, 11, 13) by 30 June 2024	houses to be provided with electricity infrastructure (Wards 1, 2, 5, 6, 7, 9, 10, 11 & 13) in the year ending 30 June 2024
Facilitate and monitor the implementation of human settlement projects for the year ended 30 June 2024	4 x progress report of the construction of houses in the year ending 30 June 2024
Monitor the implementation of the indigent policy for indigent households earning less than R3800 per month with free basic services, refuse removal in the year ending 30 June 2024	4 x quarterly report on indigent households earning less than R3 800 per month provided with free refuse removal in the year ending 30 June 2024
Intervention to the disaster/relief shelters for the year ended 30 June 2024	20 x shelters constructed for victims of disaster in the year ending 30 June 2024
Assessment and repairs of the municipal testing station phase 2 by the year ending 30 June 2024	Assessment of completion of the municipal testing station in the year ending 30 June 2024
Completion of construction of 1km Emphongolweni gravel road by 30 June 2024	1km of Emphongolweni gravel/access road completed by 30 June 2024
Completion of construction of 4,7km Mooi gravel access road by 30 June 2024	4,7km of Mooi gravel/access road completed by 30 June 2024
Completion of construction of 2,703km Koppie Allen gravel access road by 30 June 2024	2,703km of Koppie Allen gravel access road completed by 30 June 2024
Completion of construction of 0,4km Nkosibovu gravel and 0,05 Causeway Road by 30 June 2024	Completion of construction of 0,4km Nkosibovu gravel and 0,05 Causeway Road by 30 June 2024 completion construction
Provision of mast lights in Wards (6, 7, 8, 10 & 13)	Provision of mast lights in Wards 6, 7, 8, 10 & 13 by 30 June 2024

## No evidence was provided for targets not achieved

### Various indicators

26. Measures aimed at improving performance against targets were not reported. Therefore, I could not determine if the measures were actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether measures to improve performance were indeed taken.

<b>Indicator</b>	<b>Target</b>	<b>Reported achievement</b>	<b>Reported measure</b>
Facilitate and monitor the implementation of human settlement projects for the year ended 30 June 2024	4 x progress report of the construction of houses in the year ending 30 June 2024	1 x PSC meetings, 1 x technical committee meetings and 1 x housing forum meetings attended for this quarter	Not applicable
Monitor the implementation of the indigent policy for indigent households earning less than R3 800 per month with free basic services, refuse removal in the year ending 30 June 2024	4 x quarterly report on indigent households earning less than R3 800 per month provided with free refuse removal in the year ending 30 June 2024	0 x report on indigent households earning less than R3 800 per month provided with free refuse removal	Not applicable
Intervention to the disaster/relief shelters for the year ended 30 June 2024	20 x shelters constructed for victims of disaster in the year ending 30 June 2024	0 shelters constructed	Not applicable
Assessment and repairs of the municipal testing station phase 2 by the year ending 30 June 2024	Assessment of completion of the municipal testing station in the year ending 30 June 2024	1 x progress report on external service providers for the municipal testing ground	Not applicable
Completion of construction of 1km Emphongolweni gravel road by 30 June 2024	1km of Emphongolweni gravel/access road completed by 30 June 2024	Construction is in progress as per the attached report	Not applicable
Completion of construction of 4,7km Mooi gravel access road by 30 June 2024	4,7km of Mooi gravel/access road completed by 30 June 2024	86% construction of 4,7km Mooi gravel access road, progress report attached	Not applicable
Completion of construction of 2,703km Koppie Allen gravel access road by 30 June 2024	2,703km of Koppie Allen gravel Access Road completed by 30 June 2024	Construction is in progress as per the attached report	Not applicable
Completion of construction of 0,4km Nkosibovu gravel and 0,05 Causeway Road by 30 June 2024	Completion of construction of 0,4km Nkosibovu gravel and 0,05 Causeway Road by 30 June 2024 completion construction	69% Construction of 0,4 km Nkosibovu gravel and 0,05 Causeway Road, progress report attached	Not applicable
Initiate project management for the provision of the electricity infrastructure to households of the following Wards (1, 2, 5, 6, 7, 9, 10, 11, 13) by 30 June 2024	Houses to be provided with electricity infrastructure (Wards 1, 2, 5, 6, 7, 9, 10, 11 & 13) in the year ending 30 June 2024	0 houses provided with electricity infills	Not applicable
Provision of mast lights in Wards (6, 7, 8, 10 & 13)	Provision of mast lights in Wards 6, 7, 8, 10 & 13 by 30 June 2024	0x mast lights were provided in wards (6,7,8,10&13) by 30 June 2024	Not applicable

## Other matters

27. I draw attention to the matters below.

### Achievement of planned targets

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

29. 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.

### Basic service delivery

<i>Targets achieved: 26,66 %</i>		
<i>Budget spent: 100%</i>		
<b>Key indicators not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
Monitor the implementation of the indigent policy for indigent households earning less than R3 800 per month with free basic services, refuse removal in the year ending 30 June 2024	4 x quarterly report on indigent households earning less than R3 800 per month provided with free refuse removal in the year ending 30 June 2024	0 x report on indigent households earning less than R3 800 per month provided with free refuse removal
Intervention to the disaster/relief shelters for the year ended 30 June 2024	20 x shelters constructed for victims of disaster in the year ending 30 June 2024	0 shelters constructed
Facilitate and monitor the implementation of human settlement projects for the year ended 30 June 2024	4 x progress report of the construction of houses in the year ending 30 June 2024	1 x PSC meeting, 1x technical committee meeting and 1x housing forum meeting attended for this quarter.
Assessment and repairs of the municipal testing station phase 2 by the year ending 30 June 2024	Assessment of completion of the municipal testing station in the year ending 30 June 2024	1 x progress report on external service providers for the municipal testing ground
Completion of construction of 1km Emphongolweni gravel road by 30 June 2024	1km of Emphongolweni gravel/access road completed by 30 June 2024	Construction is in progress as per the attached report
Completion of construction of 4,7km Mooi gravel access road by 30 June 2024	4,7km of Mooi gravel/access road completed by 30 June 2024	86% construction of 4,7km Mooi gravel access road, progress report attached
Completion of construction of 2,703km Koppie Allen gravel access road by 30 June 2024	2,703km of Koppie Allen gravel access road completed by 30 June 2024	Construction is in progress as per the attached report
Completion of construction of 0,4km Nkosibovu gravel and 0,05 Causeway Road by 30 June 2024	Completion of construction of 0,4km Nkosibovu gravel and 0,05 Causeway Road by 30 June 2024	69% Construction of 0,4 km Nkosibovu gravel and 0,05 Causeway Road, progress report attached

<p><i>Targets achieved: 26,66 %</i></p> <p><i>Budget spent: 100%</i></p>		
<b>Key indicators not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
Provision of the electricity infrastructure to 360 (Wards 3, 4, 8 & 12) households by 30 June 2024	Number of 360 houses to be provided with electricity infrastructure by 30 June 2024	0 x houses provided with electricity infrastructure
Initiate project management for the provision of the electricity infrastructure to households of the following Wards (1, 2, 5, 6, 7, 9, 10, 11 & 13) by 30 June 2024	houses to be provided with electricity infrastructure (Wards 1, 2, 5, 6, 7, 9, 10, 11 & 13) in the year ending 30 June 2024	0 x houses provided with electricity infills
Provision of mast lights in Wards (6, 7, 8, 10 & 13)	Provision of mast lights in Wards 6, 7, 8, 10 & 13 by 30 June 2024	0x mast lights were provided in Wards (6,7,8,10 &13) by 30 June 2024

### Material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the basic service delivery KPA. Management did not correct all of the misstatements, and I reported material findings in this regard.

### Report on compliance with legislation

31. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
32. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
33. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
34. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Financial statements

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

## Expenditure management

36. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
37. Reasonable steps were not taken to prevent the unauthorised expenditure of R28,82 million (2022-23: R64,65 million), as disclosed in note 54 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by non-cash items that were not budgeted for as well as overspending on various cash items.
38. Reasonable steps were not taken to prevent the irregular expenditure of R26,40 million (2022-23: R4,20 million) as disclosed in note 56 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by the supply chain management processes not being followed.
39. Reasonable steps were not taken to prevent the fruitless and wasteful expenditure as disclosed in note 55 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest and penalties incurred on the late payment of supplier invoices.

## Procurement and contract management

40. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulations 22(1) and 22(2). This non-compliance was identified in the procurement processes for the Panel of Contractors for Roads and Stormwater-related projects.
41. 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. This non-compliance was identified in the procurement processes for the appointment of a panel of electrical contractors for electrical maintenance.

## Human resource management

42. I was unable to obtain sufficient appropriate audit evidence that appropriate systems and procedures to monitor, measure, and evaluate the performance of staff were developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act 32 of 2000.
43. Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the MSA and regulation 7(1) of Municipal Staff Regulations.

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

### **Strategic planning and performance management**

45. The service delivery budget implementation plan for the year under review did not include monthly revenue projections by source of collection and/or the monthly operational and capital expenditure by vote, as required by section 1 of the MFMA.

### **Other information in the annual report**

46. 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 has been specifically reported on in this auditor's report.
47. 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.
48. 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 area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
49. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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**

50. 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.
51. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and material findings on compliance with legislation included in this report
52. Management has not ensured that all data supporting the financial statements and the annual performance report were carefully collated, reviewed and quality-assured to enable credible financial and performance reporting.

53. Leadership and management did not implement effective oversight and adequate monitoring of performance management and compliance with legislation, resulting in material findings on performance reporting and compliance with legislation.

*Auditor-General*

Pietermaritzburg

10 December 2024



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure to the auditor's report**

The annexure includes the following:

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

### **Auditor-general's responsibility for the audit**

#### **Professional judgement and professional scepticism**

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected 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 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 (MFMA)	<p>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)</p> <p>Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f)</p> <p>Sections: 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)</p> <p>Sections: 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), 170, 171(4)(a), 171(4)(b)</p>
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	<p>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)</p> <p>Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i)</p> <p>Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
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 5 of 2023	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 (MSA)	<p>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)</p> <p>Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)</p>
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)

Legislation	Sections or regulations
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), 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: Municipal Staff Regulations	Regulations: 7(1),31
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) 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)

