REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA

For the year ended 30 June 2022

Mthonjaneni Municipality

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on Mthonjaneni Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mthonjaneni Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mthonjaneni Municiaplity as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP),the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No. 9 of 2021) (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 auditor-general's responsibilities 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.

Material impairment – Receivables from non-exchange and exchange transactions

7. As disclosed in note 4 to the financial statements, receivables from non-exchange transactions were impaired by a total amount of R9,19 million (2020-2021: R8,41 million) as the recoverability of these amounts were doubtful.

8. As disclosed in note 6 to the financial statements, receivables from exchange transactions were impaired by a total amount of R5,07 million (2020-2021: R4,69 million) as the recoverability of these amounts were doubtful.

Material losses: Electricity

9. As disclosed in note 52 to the financial statements, the material electricity losses of R2,18 million (2020-2021: R1,68 million) was incurred, which represents 10,13% (2020-2021: 8,67%) of total electricity purchased. The electricity distribution losses are mainly due to ageing infrastructure, technical losses and illegal connections.

Other matter

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

Unaudited disclosure notes

11. 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

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards on 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.

13. 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.

Auditor-general's responsibilities for the audit of the financial statements

14. 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.

15. 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 annual performance report

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.

18. I performed the procedures in accordance with the Auditor-General of South Africa (AGSA) audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.

19. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance indicators and related targets were

measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. I selected the following material performance indicators contained in the basic service delivery and infrastructure development key performance area presented in the municipality's annual performance report for the year ended 30 June 2022 set out on pages xx to xx . I selected the indicators that measure the municipality's performance on its primary mandated functions and which are of significant national, community or public interest.

Performance indicators
Ensure 20 MVA Substation P-1 Bulk supply upgrade in ward 2 by 30 June 2022 (multiyear project ending 30 June 2023)
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 35 new connections to households in Nqekwane area ward 1, for the first time by 30 June 2022(multiyear project ending June 2023)
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 50 new connections to households in Njomelwane area ward 3, for the first time by 30 June 2022(multiyear project ending June 2023)
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 61 new connections to households in Kataza area ward 4, for the first time by 30 June 2022(multiyear project ending June 2023)
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 100 new connections to households in Umhlathuze area ward 5, for the first time by 30 June 2022(multiyear project ending June 2023)
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 25 new connections to households in Dubeni area ward 6, for the first time by 30 June 2022(multiyear project ending June 2023)
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 85 new connections to households in Inkisa area ward 08, for the first time by 30 June 2022(multiyear project ending June 2023)
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 42 new connections to households in Ntombokazi area ward 12, for the first time by 30 June 2022(multiyear project ending June 2023)
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 72 new connections to households in Sangoyana area ward 13, for the first time by 30 June 2022(multiyear project ending June 2023)
Prepare and submit 11 reports annually for electricity meter auditing to Manco,portfolio,exco and council by 30 June 2022
Provide affordable Services to Indigent Community by ensuring that 2000 households have access to Free basic electricity services in terms of the Indigent Policy by 30 June 2022
Ensure provision of electricity connections on 1777 Households around Melmoth town and Thubalethu area (ward 3 and ward 2) excluding Eskom area of supply , by 30 June 2022

Performance indicators
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 608 new connections to households in Thubalethu Township for the first time by 30 June 2022

22. The material findings on the usefulness and reliability of the reported performance information of the selected material performance indicators are reported in paragraphs 23 to 28 of this report.

23. The achievements were reported in the annual performance report for the indicators tabulated below. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate evidence. This was due to the lack of accurate and complete records.

Indicator description	Target	Reported achievement
Ensure 20 MVA Substation F-1 Bulk supply upgrade in Ward 2 by 30 June 2022 (Multiyear project ending 30 June 2023)	20 MVA Bulk supply completed by 30 June 2022 (multiyear)	20MVA Bulk Supply was not completed
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 35 new connections to households in Nqekwane area ward 1, for the first time by 30 June 2022(multiyear project ending June 2023)	35 connections completed at Nqekwane in ward 1 by 30 June 2022 (multiyear)	22 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 50 new connections to households in Njomelwane area ward 3, for the first time by 30 June 2022(multiyear project ending June 2023)	50 connections completed at Njomelwane in Ward 3, by 30 June 2022(multiyear)	25 Connections energised
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 61 new connections to households in Kataza area ward 4, for the first time by 30 June 2022(multiyear project ending June 2023)	61 connections at Kataza in Ward 4, completed by 30 June 2022(multiyear).	25 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 100 new connections to households in Umhlathuze area ward 5, for the first time by 30 June 2022(multiyear project ending June 2023)	100 connections completed at Umhlathuze in Ward 5 by 30 June 2022(multiyear)	20 Connections energised
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 25 new connections to households in Dubeni area ward 6, for the first time by 30 June 2022(multiyear project ending June 2023)	25 connections completed at Dubeni in Ward 6,by 30 June 2022(multiyear).	20 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 85 new connections to households in Inkisa area ward 08 for the first time by 30 June 2022(multiyear project ending June 2023)	85 connections at Inkisa in ward 8, completed by 30 June 2022(multiyear)	25 Connections energised

Ensure the eradication of electrification backlogs in Mthonjaneni by providing 42 new connections to households in Ntombokazi area ward 12, for the first time by 30 June 2022(multiyear project ending June 2023)	42 connections completed at Ntombokazi in ward 12, by 30 June 2022(multiyear).	25 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 72 new connections to households in Sangoyana area ward 13, for the first time by 30 June 2022(multiyear project ending June 2023)	72 connections completed at Sangoyana in Ward 13, by 30 June 2022(multiyear)	25 Connections energised
Ensure provision of electricity connections on 1777 Households around Melmoth town and thubalethu area (Ward 3 and ward2) excluding Eskom area of supply , by 30 June 2022	1777 households provided with electricity by 30June 2022	Provided electricity to 1777 households

24. I was unable to obtain sufficient appropriate evidence to support the measures taken to improve performance against targets as reported in the annual performance report for the indicators tabulated below. This was due to limitations placed on the scope of my work.

Indicator description	Target	Reported achievement
Ensure 20 MVA Substation P-1 Bulk supply upgrade in Ward 2 by 30 June 2022 (Multiyear project ending 30 June 2023)	20 MVA Bulk supply completed by 30 June 2022 (multiyear)	20MVA Bulk Supply was not completed
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 35 new connections to households in Nqekwane area ward 1, for the first time by 30 June 2022(multiyear project ending June 2023)	35 connections completed at Nqekwane in ward 1 by 30 June 2022 (multiyear)	22 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 50 new connections to households in Njomelwane area ward 3, for the first time by 30 June 2022(multiyear project ending June 2023)	50 connections completed at Njomelwane in Ward 3, by 30 June 2022(multiyear)	25 Connections energised
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 61 new connections to households in Kataza area ward 4, for the first time by 30 June 2022(multiyear project ending June 2023)	61 connections at Kataza in Ward 4, completed by 30 June 2022(multiyear).	25 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 100 new connections to households in Umhlathuze area ward 5, for the first time by 30 June 2022(multiyear project ending June 2023)	100 connections completed at Umhlathuze in Ward 5 by 30 June 2022(multiyear)	20 Connections energised
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 25 new connections to households in Dubeni area ward 6, for the first time by 30 June 2022(multiyear project ending June 2023)	25 connections completed at Dubeni in Ward 6,by 30 June 2022(multiyear).	20 Connections energised.

Indicator description	Target	Reported achievement
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 85 new connections to households in Inkisa area ward 08, for the first time by 30 June 2022(multiyear project ending June 2023)	85 connections at Inkisa in ward 8, completed by 30 June 2022(multiyear)	25 Connections energised
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 42 new connections to households in Ntombokazi area ward 12, for the first time by 30 June 2022(multiyear project ending June 2023)	42 connections completed at Ntombokazi in ward 12, by 30 June 2022(multiyear).	25 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 72 new connections to households in Sangoyana area ward 13, for the first time by 30 June 2022(multiyear project ending June 2023)	72 connections completed at Sangoyana in Ward 13, by 30 June 2022(multiyear)	25 Connections energised
Prepare and submit 11 reports annually for electricity meter auditing to Manco,portfolio,exco and council by 30 June 2022.	Submit 11 electricity meter audit reports annually to MANCO by 30 June 2022	3 reports submitted to Manco, exco and council

25. A comparison between the performance of the year under review and previous year was not included in the annual performance report for the below listed indicators.

Indicator description	Target	Reported achievement
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 35 new connections to households in Nqekwane area ward 1, for the first time by 30 June 2022(multiyear project ending June 2023)	35 connections completed at Nqekwane in ward 1 by 30 June 2022 (multiyear)	22 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 50 new connections to households in Njomelwane area ward 3, for the first time by 30 June 2022(multiyear project ending June 2023)	50 connections completed at Njomelwane in Ward 3, by 30 June 2022(multiyear).	25 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 61 new connections to households in Kataza area ward 4, for the first time by 30 June 2022(multiyear project ending June 2023)	61 connections at Kataza in Ward 4, completed by 30 June 2022(multiyear)	25 Connections energised
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 100 new connections to households in Umhlathuze area ward 5, for the first time by 30 June 2022(multiyear project ending June 2023)	100 connections completed at Umhlathuze in Ward 5 by 30 June 2022(multiyear).	20 Connections energised.

Indicator description	Target	Reported achievement
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 25 new connections to households in Dubeni area ward 6, for the first time by 30 June 2022(multiyear project ending June 2023)	25 connections completed at Dubeni in Ward 6,by 30 June 2022(multiyear).	20 Connections energised
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 85 new connections to households in Inkisa area ward 08, for the first time by 30 June 2022(multiyear project ending June 2023)	85 connections at Inkisa in ward 8, completed by 30 June 2022(multiyear).	25 Connections energised.
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 42 new connections to households in Ntombokazi area ward 12, for the first time by 30 June 2022(multiyear project ending June 2023)	42 connections completed at Ntombokazi in ward 12, by 30 June 2022(multiyear).	25 Connections energised
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 72 new connections to households in Sangoyana area ward 13, for the first time by 30 June 2022(multiyear project ending June 2023)	72 connections completed at Sangoyana in Ward 13, by 30 June 2022(multiyear).	25 Connections energised.
Prepare and submit 11 reports annually for electricity meter auditing to Manco,portfolio,exco and council by 30 June 2022	Submit 11 electricity meter audit reports annually to MANCO by 30 June 2022	3 reports submitted to Manco, exco and council

26. I was unable to obtain sufficient appropriate evidence for the achievements against targets in the annual performance report , due to the lack of accurate and complete records. The planned targets for the listed indicators were not specific in clearly identifying the nature and required level of performance and also not measurable. Achievement of 3 reports submitted to Manco, portfolio, exco and council was reported against the indicator and its planned target of submit 11 electricity meter audit reports annually to MANCO by 30 June 2022 that are unrelated to the planned indicator and its predetermined measurement processes.

Indicator description	Target	Indicator description
Prepare and submit 11 reports annually for electricity meter auditing to Manco,portfolio,exco and council by 30 June 2022	Submit 11 electricity meter audit reports annually to MANCO by 30 June 2022	3 reports submitted to Manco, exco and council

27. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate evidence. This was due to the lack of accurate and complete records. The planned target of 2000 for this indicator did not also specify the period or deadline for delivery.

Indicator description	Target	Reported achievement
Provide affordable Services to Indigent Community by ensuring that 2000 households have access to Free basic electricity services in terms of the Indigent Policy by 30 June 2022	2000	2000

28. The planned and approved indicator per the service delivery and budget implementation plan was not included and reported upon in the annual performance report for the indicator below.

Indicator description	Target	Indicator description
Ensure the eradication of electrification backlogs in Mthonjaneni by providing 608 new connections to households in Thubalethu Township for the first time by 30 June 2022	Indicator in initial SDBIP but not revised and APR	

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

30. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 to 28 of this report.

Adjustment of material misstatements

31. I identified material misstatements in the annual performance report submitted. These material misstatements were on the reported performance information of KPA 2: basic service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the are reported in the tables above.

Report on compliance with legislation

32. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's 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.

33. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

34. 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 adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are included in the annexure to this auditor's report.

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

Financial statements

36. The financial statements submitted for auditing were not fully 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/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Consequence management

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

38. Irregular 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.

39. 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.

Expenditure management

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

41. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R235 466, as disclosed in note 50 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by non-compliance with section 65(2)(e) of the MFMA.

Procurement and contract management

42. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

43. Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17.

Revenue management

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

Strategic planning and performance management

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

Other information

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

47. My opinion on the financial statements and material findings on the reported performance information and 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.

48. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the material indicators in the scoped-in programme 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 report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I are 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, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and compliance with legislation included in this report.

51. Critical internal controls that were necessary to ensure accurate and transparent reporting were not designed and implemented to prevent, detect and correct areas vulnerable to misstatement and error. In this regard, adequate records management, key reconciliations, supervisory reviews coupled with independent oversight and assurance were lacking. The tolerance for non-compliance breakdowns was high due to inadequate risk management, policy and procedure deviations as well as the lack of understanding of critical legislative requirements.

Auditor General

Pietermaritzburg

30 November 2022

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 compliance requirements for compliance testing

Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs and the AGSA audit methodology, 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 performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

2. 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 by the accounting officer
   - conclude on the appropriateness of the accounting officer's 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 Mthonjaneni 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

3. 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.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to 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

5. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Section 1 (a), (b) & (d) of the definition: irregular expenditure Section 1 Definition of SDBIP Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15 Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2) Sections 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) Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii) Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e) Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e) Sections 72(1)(a)(ii); 95(a); 112(l)(iii); 112(1)(j) Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2) Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i) Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a) Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)
LG: MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
LG: MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
LG: MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
LG: MFMA: Municipal supply chain management (SCM) regulations, 2017	Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i) Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a) Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e) Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b) Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1) Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i) Regulations 38(1)(g)(ii); 38(1)(g)(iii) Regualtions 43; 44; 46(2)(e); 46(2)(f)
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); 29(1)(b)(ii) Sections 29(3)(b); 34(a); 34(b); 38(a) Sections 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2); Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d); 74(1) Sections 93B(a); 93B(b); 93C(a)(iv); 93C(a)(v); 96(b)
LG: 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

Legislation	Sections or regulations
	Regulations 9(1)(a); 10(a); 12(1); 15(1)(a)(i); 15(1)(a)(ii)
LG: 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)
LG: MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
LG: MSA: Disciplinary Regulations for Senior Managers, 2011	Reg 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (DoRA)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2011	Regulations 4(1); 4(3); 4(4); 4(5) Regulations 5(1); 5(2); 5(3); 5(5) Regualtions 6(1); 6(2); 6(3); 6(4); 6(5) Regulations 7(1); 10; 11(2); 11(4); 11(5); 11(8)
Preferential Procurement regulations (PPR), 2017	Regulations 5(1); 5(3); 5(6); 5(7) Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8) Regualtions 7(1); 7(2); 7(3); 7(5); 7(6); 7(8) Regulations 8(2); 8(5); 9(1); 10(1); 10(2);11(1)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	PRECCA 34(1)