

Report of the auditor-general to Limpopo Provincial Legislature and Council on Thabazimbi Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Thabazimbi 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 information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report. I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. The municipality did not assess at each reporting date, impairment on projects halted and taking significant period to complete in accordance with Standards of Generally Recognised Accounting Practice (GRAP) 21, Impairment of non-cash generating assets. As a result, the recoverable amount of assets was not estimated, I was unable to determine the impact on the gross carrying amount of property, plant and equipment stated at, R807 774 319 (2023: R811 732 992) in the financial statements. In addition, the carrying value of projects halted and taking significantly longer period to complete than expected and their reasons for halting and delaying the projects were not disclosed as required by GRAP 17, property, plant and equipment. Projects with a gross carrying amount of R8 401 123 had been halted and taking significantly longer period to complete than expected were not disclosed separately in the financial statements
4. Adequate systems were not in place to record assets in accordance with GRAP 17, *Property plant and equipment*. Movable assets were not recorded in the current and previous years. I was unable to determine the full extent of the understatement of movable assets stated at R 6 978 621 (2023: R9 397 986) to the financial statements as it was impracticable to do so.

Inventory

5. I was unable to obtain sufficient appropriate audit evidence for inventories due to the differences between the financial statements and the underlying accounting records. I was unable to confirm inventories by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to inventories stated at R11 877 466 in the financial statements. Additionally, there was an impact on the inventory consumed, inventory loss and

material losses on water, stated at R25 473 846, R35 929 234 and R13 227 536 in note 51, 55 and 38 respectively to the financial statements.

Cash and cash equivalents

6. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents, as the reconciling items in the accounting records could not be supported. I could not confirm the reconciling items by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to cash and cash equivalents stated at R8 905 936 in the financial statements.

Input VAT accrual

7. I was unable to obtain sufficient appropriate audit evidence for input VAT accrual due to the differences between the financial statements and the underlying records. I was unable to confirm input VAT accrual by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to input VAT accrual stated at R227 658 475 in the financial statements.

Trade and other receivables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for trade and other receivables from exchange transactions due to the unexplained differences between the financial statements and the underlying records. I was unable to audit trade and other receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to trade and other receivables from exchange transactions at R82 075 149 in note 7 to the financial statements.
9. The municipality did not account for receivables from exchange transactions in accordance with GRAP 104, *Financial instruments*. Prepaid electricity sold by a third party vending entity and not paid over to the municipality was not recorded as a receivable. Consequently, receivables relating to service charges – electricity is understated by R12 333 261 and revenue from exchange transactions - service charges is understated by the same amount, this has a resulting impact on accumulated surplus and deficit for the current period.

Trade and other receivables from non-exchange transactions

10. I was unable to obtain sufficient appropriate audit evidence for property rates debtors due to the unexplained differences between the financial statements and the underlying records. I was unable to confirm property rates by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property rates debtors stated at R32 460 982 in note 8 to the financial statements.

Trade and other payables from exchange transactions

11. I was unable to obtain sufficient appropriate audit evidence for trade payables due to the unexplained differences between the financial statements and the underlying records. I was unable to confirm trade payables by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to trade payables stated at R542 401 249 in note 14 to the financial statements.

12. I was unable to obtain sufficient appropriate audit evidence for advance payments from exchange transactions, due to the status of the accounting records and non-submission of information in support of these payables. I was unable to confirm advance payments from exchange transaction by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to advance payments stated at R27 253 807 in note 14 to the financial statements.
13. I was unable to obtain sufficient appropriate audit evidence for retention from exchange transactions, due to the status of the accounting records and non-submission of information in support of these payables. I was unable to confirm retention from exchange transaction by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to retention stated at R17 488 640 in note 14 to the financial statements.
14. Some outstanding amounts meeting the definition of a liability were not recognised in accordance with GRAP 1, *Presentation of financial statements*. Transactions relating to goods and services received but not yet paid at year-end were not accounted for in the accounting records, which resulted in trade payables being understated by R17 866 543 and expenditure understated by the same amount. Additionally, this has a resultant impact on accumulated deficit for the year.

Expenditure

15. I was unable to obtain sufficient appropriate audit evidence for operational costs due to the unexplained differences between the financial statements and the underlying records. I was unable to confirm operational costs by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to operational costs stated at R25 134 202 in the financial statements.
16. I was unable to obtain sufficient appropriate audit evidence for bulk purchases due to the status of the accounting records and non-submission of information. I could not confirm the bulk purchases by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to bulk purchases stated at R92 486 586 in note 30 and disclosure on material losses in note 38.1 to the financial statements.
17. I was unable to obtain sufficient appropriate audit evidence for contracted services due to the status of the accounting records and non-submission of information. I could not confirm the contracted services by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to contracted services stated at R88 278 755 in the financial statements.
18. I was unable to obtain sufficient appropriate audit evidence for finance costs due to the status of the accounting records and non-submission of information. I could not confirm the finance costs by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to finance costs stated at R22 178 138 in the financial statements.
19. Adequate systems were not in place to record expenditure in accordance with GRAP 1, *Presentation of financial statements*. I identified bulk purchases and contracted services expenditures not accounted for in the underlying accounting records. Consequently, I was unable to determine the full extent of the understatement of bulk purchases and contracted services stated at R92 486 586 and R88 278 755 in note 30 and 31 to the financial statements respectively, as it was impracticable to do so.

20. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amounts for operational cost - commission expenses in the financial statements. As described in operational cost in note 32 and prior period errors and reclassifications in note 37, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the operational cost-commission expense corresponding figure stated at R11 334 586 in note 32 and note 37 to the financial statements. My opinion on the current year financial statements is modified because of the effect of this matter on the comparability of the operational cost-commission expense for the current year.
21. Inventory consumed expenditure was not correctly accounted for as the municipality used the purchase of water invoices to record the expenditure. Consequently, inventory consumed expenditure is overstated by R16 302 646 and inventories is understated by the same amount, this has a resultant impact on accumulated surplus and deficit for the current period.

Revenue from exchange transactions

22. I was unable to obtain sufficient appropriate audit evidence for service charges, due to the unexplained differences between the financial statements and the underlying records. I was unable to confirm revenue from service charges by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to service charges stated at R160 693 206 in the financial statements. Additionally, there was an impact on the material losses on electricity and water stated at R920 882 and R13 227 536 respectively in note 38 to the financial statements.
23. During 2023, I reported that service charges for revenue was not recognised in accordance with GRAP 9, *Revenue from exchange transactions*. Properties were identified for which service charges were not billed and recorded. I was unable to determine the full extent of the understatement of service charges stated at R152 313 503 in note 20 to the financial statements, and related receivables from exchange transactions stated at R53 845 968 in note 7 to the financial statements, as it was impracticable to do so. My opinion on the current year financial statements is also modified because of the effect of this matter on the comparability of service charges for the current period.
24. Total revenue from exchange transaction was materially misstated by R6 978 676 due to the cumulative effect of individually immaterial uncorrected misstatement in the following items:
- Other operational revenue stated at R1 363 075 in note 23 to the financial statements was misstated by R1 099 415.
 - Interest income stated at R44 722 313 in note 24 to the financial statements was misstated by R2 922 821.
25. In addition, I was unable to obtain sufficient appropriate audit evidence for licences and permits of R5 155 269 as disclosed in note 22 to the financial statements. Consequently, I was unable to determine whether any further adjustment was necessary to total revenue from exchange transactions.

Revenue from non- exchange transactions

26. Property rates were not calculated in accordance with GRAP 23, *Revenue from non-exchange transactions*. Incorrect property values were used to calculate property rates. Consequently, property rates were overstated by R9 151 445 (2023: R9 318 734) and the related receivables were overstated by the same amount. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.
27. The municipality is a participant in a National municipal debt relief arrangement with ESKOM. The municipality did not correctly account for revenue in accordance with GRAP 23, *Revenue from non-exchange transactions* and GRAP 1, *Presentation of financial statements*. In terms of the arrangement, the total debt amount of R225 178 939 as at 31 March 2023, is expected to be paid over a period of three years, free of interest and penalties. However, the municipality did not reclassify the payable from exchange transaction to municipal debt relief liability and did not account for the revenue interest element in terms of GRAP 23. Consequently, revenue from non-exchange transactions is understated by R43 337 984, municipal debt relief liability is understated by R181 840 954 and payables from exchange transactions is overstated by R8 225 178 939. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.
28. The municipality did not recognise all revenue in accordance with GRAP 23, *Revenue from non-exchange transactions*. Not all properties within the municipal jurisdiction were billed for property rates. Consequently, property rates revenue was understated by R77 782 712 and property rates debtors was understated by the same amount. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.
29. The municipality did not recognise service in-kind in accordance with GRAP 23, *Revenue from non-exchange transactions*. Maintenance of various roads were conducted by a state owned company on behalf of the municipality. Consequently, service in-kind is understated by R18 292 820 and property, plant and equipment is understated by the same amount. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Cash flow statement

30. Net cash flows from operating activities

Net cash flows from operating activities was not correctly prepared and disclosed as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R49 380 887 in the financial statements were necessary.

31. Net cash flows from investing activities

Net cash flows from investing activities was not correctly prepared and disclosed as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from investing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from investing activities as stated at (R42 664 174) in the financial statements were necessary.

In addition, municipality did not disclose the reconciliation of the surplus or deficit with the net cash flow from operating activities in the notes to the financial statements.

Statement of comparison of budget and actual amount

32. The municipality did not disclose an explanation for all material differences between the budget and actual amount as required by GRAP 24, *Presentation of budget information in financial statements*. Additionally, explanations in note 39 in the financial statement is not consistent with material differences between the budget and actual amount. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Related party disclosure

33. Remuneration of key management personnel was not disclosed in accordance with GRAP 20, *Related-party disclosures*. The remuneration of key management personnel should disclose the remuneration of management per person and in aggregate, for each class of management, in the following categories: fees for services as a member of management, basic salary, bonuses and performance related payments, other short-term employee benefits, post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care, termination benefits, other long-term benefits, and any other benefits received. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Irregular expenditure

34. The irregular expenditure incurred during the current financial year under audit and related information on irregular expenditure was not included in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.

35. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to the unexplained differences between the financial statements and the underlying records. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure stated at R455 997 247 in note 36.1 to the financial statements.

Unauthorised expenditure

36. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure due to the unexplained differences between the financial statements and the underlying records. I was unable to confirm unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to unauthorised expenditure stated at R688 026 794 in note 36.2 to the financial statements.

Commitments

37. I was unable to obtain sufficient appropriate audit evidence for commitments due to the status of the accounting records and non-submission of information in support of these commitments. I was unable to confirm commitments by alternative means. Consequently, I was unable to

determine whether any adjustments were necessary to commitments stated at R67 667 320 in note 34 to the financial statements.

38. The municipality did not correctly account for capital commitment as required by GRAP 17, *Property plant and equipment*. Total expenditure incurred for the year in relation to the contracts was inaccurately accounted for when determining the capital commitment balance at year end resulting in an understatement of capital commitment balance. Consequently, capital commitments disclosed in note 34 to the financial statements are understated by R14 236 774.

Contingent liabilities

39. I was unable to obtain sufficient appropriate audit evidence for contingent liabilities as the financial statements were presented for audit purposes without accurate and complete underlying accounting records. I was unable to confirm contingent liabilities by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent liabilities stated at R49 840 940 (2023: R53 064 288) in note 50 to the financial statements.

Material losses

40. I was unable to obtain sufficient appropriate audit evidence for material losses – electricity and water due to the status of record keeping. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to material losses electricity and water stated at R920 882 and R13 227 536 in note 38 to the financial statements.
41. I was unable to obtain sufficient appropriate audit evidence for prior year material losses – water restatement. I could not confirm this by alternative means. Consequently, I was unable to determine whether further adjustment were necessary to the corresponding figure of material losses – water stated at R2 560 014 in note 38 to the financial statement. My opinion on the current year financial statement is modified because of the effect of this matter on the comparability of the material losses – water for the current year.

Going concern

42. The municipality did not correctly prepare and disclosure the going concern note 44 as required by standard of GRAP 1, *presentation of financial statements*. The Municipality did not disclose some of the material uncertainties related to events or conditions that may cast significant doubt upon the municipality's ability to continue as a going concern.

Segment reporting

43. The municipality did not disclose segment reporting as required by GRAP 18, *Segment reporting*. The municipality did not disclose information to enable users of its financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Principal agent arrangement

44. The municipality did not disclose principal agent arrangement as required by GRAP 109, *accounting by principals agents*. Key terms and conditions of the agreement entered with various service providers relating to licences and permit and electricity vending were not disclosed in the financial statements. The municipality has the following arrangements:

- The municipality is acting as a principal for the sale of electricity by third party entities.
- The municipality is acting as an agent for collection of licences and permits

I have not included the omitted information in this auditor's report as it was impracticable to do so.

Changes in accounting estimate disclosure

45. The municipality did not disclose the changes in accounting estimate as required by GRAP 3, *Accounting policies, changes in accounting estimates and errors*. The nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods were not disclosed. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Events after reporting date

46. The municipality did not disclose events after reporting date as required by GRAP 14, *Events after the reporting date*. Significant events after year end relating to the High Court judgement was concluded on the charging of tariffs which stipulate a non-compliance relating to the non-submission of the cost of supply study for electricity application and the municipality being placed under administration. The matter results in a non-adjusting event after the reporting period which the municipality did not disclose. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Risk management

47. Risk management was not accurately disclosed as required by GRAP 104, financial instruments. This was due to errors in risk management and financial instruments disclosed in note 43 to the financial statement as a result of the following:

- Prior year consumer deposits were understated by R4 795 679
- Trade and other creditors were understated by R193 082 788
- Trade and other creditors stated at R429 286 184 (2023: R176 878 214) is inclusive of the retention amount which was separately disclosed in the risk management note amounting to R 17 488 640 (2023: 14 346 939)
- Non-current portion of trade and other payables and trade and other receivables from non-exchange transactions were not disclosed as financial instruments stated at R201 900 900 (2023: R152 160 974) and R37 336 155 (2023: R48 534 270) respectively.

Emphasis of matter

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

Restatement of corresponding figures

49. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended 30 June 2024.

Other matter

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

Unaudited disclosure notes

51. In terms of section 125(2)(e) of the Municipal Finance Management Act 56 of 2003 (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

52. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standard of GRAP and the requirements of MFMA and the Division of Revenue Act 5 of 2023 (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.

53. 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

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

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

56. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx forms part of our auditor's report.

Report on the annual performance report

57. 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 information against predetermined objectives for the selected material

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

58. I selected the following material performance indicators related to KPA 2: Basic service delivery and infrastructure 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.

- Number of illegal dumps removed by set date
- Number of kilometers of bus route constructed in Skierlik by set date
- Number of kilometres of internal streets paved in Rooiberg by set date
- Percentage of transfer station constructed in Northam by set date
- Number of VIP toilets in Rooiberg,Skierlik.Meriting Phase 1 constructed by set date
- Number of water network upgraded in Regorogile
- Number of water networks upgraded in Northam by set date
- Upgrade bulk water pipeline between Thabazimbi pump station and Thabazimbi Y-piece
- Number of households to be electrified in Meriting by set date
- Percentage of 120 MVA substation constructed in Smashblock by set date

I was engaged to evaluate the reported performance information for the selected material performance indicators relating to KPA 2: Basic service delivery and infrastructure against the criteria developed from the performance management and reporting framework, as defined in the general notice. An annual performance report prepared using these criteria provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and planned objectives. My objective was to perform procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

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

Basic service delivery and infrastructure

Multiple indicators

60. The reported achievements in the annual performance report were inconsistent with the commitments made in the approved planning documents. These discrepancies highlight misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability. A comparison of the actual performance for the year against the planned targets was not possible as no actual achievements were reported in the annual performance report. Consequently, the reported information is not useful for evaluating progress over time and for identifying areas of improvement and the achievement.

Furthermore, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

In addition, 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 taken by the municipality to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.

Indicator	Target	Reported achievement
Number of illegal dumps removed by set date	40 Illegal dumps removed by 30 June 2024	Achieved
Number of kilometers of bus route constructed in Skierlik by set date	2,2 KM of Skierlik bus route to be paved by 30 June 2024	Not achieved
Number of km of internal streets paved in Rooiberg by set date	1 km sub base layer completed by 30 June 2024	Not achieved
Percentage of transfer station constructed in Northam by set date	40 % of transfer station in Northam by 30 June 2024	Not achieved
Number of VIP toilets in Rooiberg,Skierlik.Meriting Phase 1 constructed by set date	541 VIP toilets to be constructed by 30 June 2024	Not achieved
Number of water network upgraded in Regorogile	1 KM of water Network to be upgraded in Regorogile by 30 June 2024	Not achieved
Number of water networks upgraded in Northam by set date	1km of water network in Northam to be upgraded by 30 June 2024	Not achieved
Upgrade bulk water pipeline between Thabazimbi pump station and Thabazimbi Y- piece	3km of bulk water pipeline between Thabazimbi and Y pierce to be upgrade by 30 June 2024	Not achieved
Number of households to be electrified in Meriting by set date	100 households in Meriting to be electrified by 30 June 2024	Not achieved
Percentage of 120 MVA substation constructed in Smashblock by set date	60% of 120 MVA substation constructed in Smashblock by 30 June 2024	Not achieved

61. The targets in the annual performance report differed from those committed to in the approved revised planning documents. These changes were made without obtaining the required approval, which undermines transparency and accountability.

Reported indicator.	Approved target	Reported target.
Number of kilometers of bus route constructed in Skierlik by set date	2,2 KM of Skierlik bus route to be paved by 30 June 2024	1.78 KM of Skierlik bus route to be paved by 30 Jun 2024
Number of km of internal streets paved in Rooiberg by set date	1 km sub base layer completed by 30 June 2024	1.5 km of internal streets to be paved in Rooiberg by 30 June 2024
Percentage of transfer station constructed in Northam by set date	40 % of transfer station in Northam by 30 June 2024	100 % of transfer station in Northam to be constructed by 30June 2024
Number of VIP toilets in Rooiberg,Skierlik.Meriting Phase 1 constructed by set date	541 VIP toilets to be constructed by 30 June 2024	273 VIP toilets to be constructed by 30 June 2024
Percentage of 120 MVA substation constructed in Smashblock by set date	60% of 120 MVA substation constructed in Smashblock by 30 June 2024	80 %of 120 MVA substation constructed in Smashblock by 30 June 2024

62. Various indicators and their targets were not clearly defined during the planning process. Consequently, the indicators and their targets are not useful for measuring and reporting on progress against the municipality's planned objectives.

Indicator	Target	Detail
Percentage of transfer station constructed in Northam by set date	40 % of transfer station in Northam by 30 June 2024	The indicator is not clear and have ambiguous definition, it is not outlined or described as to what constitute the percentage therefore it becomes difficult to measure the level of performance, thus not measurable.
Number of VIP toilets in Rooiberg,Skierlik.Meriting Phase 1 constructed by set date	541 VIP toilets to be constructed by 30 June 2024	Indicator is not clear and have ambiguous definition, and the target planned was to build VIP toilets in Rooiberg, Skierlik, & Meriting however the number of toilets built per area is not specified.
Percentage of 120 MVA substation constructed in Smashblock by set date	60% of 120 MVA substation constructed in Smashblock by 30 June 2024	Indicator is not clear and have ambiguous definition, it is not outlined or described as to what constitute the percentage therefore it becomes difficult to measure the level of performance, thus not measurable.

63. Adequate processes had not been established to consistently measure and reliably report on various indicators. Consequently, the municipality would have found it difficult to determine the correct achievements to be reported against the planned targets.

Indicator	Target	Detail
Percentage of transfer station constructed in Northam by set date	40 % of transfer station in Northam by 30 June 2024	The indicator is not clear and have ambiguous definition, it is not outlined or described as to what constitute the percentage therefore it becomes difficult to measure the level of performance, thus not measurable.
Number of VIP toilets in Rooiberg, Skierlik, Meriting Phase 1 constructed by set date	541 VIP toilets to be constructed by 30 June 2024	Indicator is not clear and have ambiguous definition, and the target planned was to build VIP toilets in Rooiberg, Skierlik, & Meriting however the number of toilets built per area is not specified.
Percentage of 120 MVA substation constructed in Smashblock by set date	60% of 120 MVA substation constructed in Smashblock by 30 June 2024	Indicator is not clear and have ambiguous definition, it is not outlined or described as to what constitute the percentage therefore it becomes difficult to measure the level of performance, thus not measurable.

Other matter

64. I draw attention to the matter below.

Achievement of planned targets

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

66. The table that follows provides information on the achievement of planned targets and list 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 not included in the annual performance report on pages xx to xx. Furthermore, I did not audit the achieved or non-achievement of the targets due to the non-reporting of actual achievements in the annual performance report.

Basic service delivery and infrastructure

Targets achieved: not disclosed

<i>Budget spent: 36%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of illegal dumps removed by set date	40 Illegal dumps removed by 30 June 2024	Achieved
Number of kilometers of bus route constructed in Skierlik by set date	2,2 KM of Skierlik bus route to be paved by 30 June 2024	Not achieved
Number of km of internal streets paved in Rooiberg by set date	1 km sub base layer completed by 30 June 2024	Not achieved
Percentage of transfer station constructed in Northam by set date	40 % of transfer station in Northam by 30 June 2024	Not achieved
Number of VIP toilets in Rooiberg, Skierlik, Meriting Phase 1 constructed by set date	541 VIP toilets to be constructed by 30 June 2024	Not achieved
Number of water network upgraded in Regorogile	1 KM of water Network to be upgraded in Regorogile by 30 June 2024	Not achieved
Number of water networks upgraded in Northam by set date	1km of water network in Northam to be upgraded by 30 June 2024	Not achieved
Upgrade bulk water pipeline between Thabazimbi pump station and Thabazimbi Y- piece	3km of bulk water pipeline between Thabazimbi and Y pierce to be upgrade by 30 June 2024	Not achieved
Number of households to be electrified in Meriting by set date	100 households in Meriting to be electrified by 30 June 2024	Not achieved
Percentage of 120 MVA substation constructed in Smashblock by set date	60% of 120 MVA substation constructed in Smashblock by 30 June 2024	Not achieved

Material misstatements

67. I identified a material limitation in the annual performance report submitted for auditing. The material limitation was in the reported performance information for Basic service delivery and infrastructure. Management did not address all of the limitation and I reported material findings in this regard.

Report on compliance with legislation

68. 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.

69. 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.

70. 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.
71. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance, and annual reports

72. 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.
73. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.
74. Sufficient appropriate audit evidence could not be obtained to confirm that the local community was invited to submit representations in connection with the 2022-23 annual report, as required by section 127(5)(a)(ii) of the MFMA.
75. Sufficient appropriate audit evidence could not be obtained to confirm that council adopted an oversight report containing the council's comments on the 2022-23 annual report, as required by section 129(1) of the MFMA.
76. Sufficient appropriate audit evidence could not be obtained to confirm that the oversight report adopted by the council on the 2022-23 annual report was made public, as required by section 129(3) of the MFMA.

Procurement and contract management

77. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of supply chain management (SCM) regulation 17(1)(a) and (c). A similar non-compliance was
78. Sufficient appropriate audit evidence could not be obtained that goods and services within the prescribed transaction value for competitive bids were procured by inviting competitive bids as required by SCM regulations 19(a) and 36(1).
79. Sufficient appropriate audit evidence could not be obtained that bid specifications were unbiased and allowed all potential suppliers to offer their goods or services, as required by SCM regulation 27(2)(a).
80. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
81. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for legislative requirements that were stipulated in the original

invitation for bidding, as required by SCM regulations 21(b) and 28(1)(a(i) and preferential procurement regulations.

82. Sufficient appropriate audit evidence could not be obtained that contracts were awarded through a competitive bidding process that were adjudicated by the bid adjudication committee as required by SCM regulations 29(1) (a) and (b) and preferential procurement regulations.
83. Sufficient appropriate audit evidence could not be obtained that the accounting officer ratified the decision of the bid adjudication committee of awarding contracts to bidders other than those recommended by the bid evaluation committee as required by SCM regulation 29(5)(b).
84. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). A similar non-compliance was also reported in the prior year.
85. Sufficient appropriate audit evidence could not be obtained that contract and quotations were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM Regulation 43.
86. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar limitation was also reported in the prior year.
87. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.
88. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year.
89. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
90. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)
91. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of section 2(1)(a) of the PPPFA and its regulations.
92. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of the PPPFA and 2022 preferential procurement regulations 4(4) and 5(4).

Expenditure management

93. I was unable to obtain sufficient appropriate audit evidence that money owed by the municipality had always been paid within 30 days, as required by section 65(2)(e) of the MFMA.
94. Payments were made from the municipality's bank accounts without the approval of the accounting officer as required by section 11(1) of the MFMA.
95. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, as required by section 65(2)(a) of the MFMA.
96. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph.
97. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R6 089 657, as disclosed in note 35 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 and penalties charged by suppliers for late payments.
98. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph.

Revenue management

99. A tariff policy was not adopted for the levying of fees for providing of municipal services, as required by section 74(1) of the Municipal Systems Act 32 of 2000 (MSA) and section 62(1)(f)(i) of the MFMA.
100. A credit control and debt collection policy were not adopted, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of the MFMA.
101. A policy on the levying of rates on rateable property within the municipality was not adopted, as required by section 3(1) of the Municipal Property Rates Act 6 of 2004 and section 62(1)(f)(ii) of the MFMA.
102. An effective system of internal control for debtors / revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

103. An investment policy was not adopted by the council, as required by section 13(2) of the MFMA and municipal investment regulation 3(1)(a).
104. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Human resource management

105. The municipal manager was appointed without submitting certified copies of academic and professional qualifications as required by municipal performance regulations for municipal managers and managers directly accountable to municipal managers 4(4)(b).
106. Financial interest was not disclosed by the municipal manager within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.
107. Senior managers were appointed without submitting certified copies of academic and professional qualifications prior to signing employment contracts, as required by municipal performance regulations for municipal managers and managers directly accountable to municipal managers 4(4)(b).
108. Financial interest was not disclosed by the senior managers within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.
109. The municipal manager did not develop a staff establishment and did not submit it to the municipal council for approval as required by section 66(1)(a) of the MSA.
110. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of municipal staff regulations.
111. The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Strategic performance and planning

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

Consequence management

113. 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.
114. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
115. 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.

Utilisation of conditional grant

116. The Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the DoRA.

Other information in the annual report

117. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the statements, the auditor's report and those selected material indicators in the scoped-in objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
118. 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.
119. 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 material indicators in the scoped-in objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
120. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

121. 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.
122. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.
123. The accounting officer and management did not perform adequate reviews on the financial and performance reporting and compliance with laws and regulations.
124. The basic accounting principles of daily and monthly accounting and reconciling of transactions were not adequately implemented and monitored by management.
125. The accounting officer did not review the financial statements and the annual performance report for accuracy and completeness.
126. Internal controls for monitoring compliance with laws and regulations were ineffective as they do not detect and prevent instances of non-compliance with applicable laws and regulations.

127. The internal control monitoring mechanisms of the municipality were not functioning optimally, as many control weaknesses are only discovered during the audit of the financial statements and performance information.
128. The accounting officer did not provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interest of the entity.
129. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.
130. The accounting officer did not implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.
131. The accounting officer did not develop and monitor the implementation of action plans to address deficiencies in internal control.

Material irregularities

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

Material irregularities identified during the audit

133. The material irregularities identified are as follows:

Environmental harm caused by the Donkerpoort Landfill site

134. The material irregularity relates to the environmental harm caused by the Donkerpoort landfill site. On the 26 October 2023, I conducted a site visit and observed that the landfill site is in a critical state due to the visible impact on and harm to the environment. I further noted that there is no licence for operation of the landfill site.
135. This is in contravention with section 28(1) of National Environmental Management Act 107 of 1998 (NEMA) and section 16(1) of the National Environmental Management: Waste Act 59 of 2008. Additionally, I performed a site visit on 22 October 2024, to the Donkerpoort landfill site to confirm the current conditions of the site. According to my observations the landfill site has gotten worse from the previous year's visit.
136. I notified the accounting officer of the material irregularity, and resultant non-compliances on 5 March 2024 and re-issued the notification on 27 June 2024 due to the changes in the accounting officer's position. The accounting officer provided a written response on 19 July 2024, indicating some of the challenges faced by the municipality in addressing the identified irregularity. The response did not appropriately indicate all the required actions that will be taken to address the matters raised. I requested additional information to enable me to conclude on the appropriateness of the actions being taken and at the date of this report, no progress has been made to address the material irregularity

137. The accounting officer indicate in their response that the construction phase of the project is scheduled to begin in August 2024 to address the material irregularity and at the date of this report no actions were taken at the site to refurbish or restore the landfill site to its normal conditions in line with the applicable legislations.
138. The lack of monitoring and ensuring compliance with the applicable legislations has a negative impact on the environment, and this will potentially cause a likely substantial harm to the environment and the public which include health risks of the individuals living around the landfill site.
139. My recent site visit indicated that the Donkerpoort landfill site is still in a critical state and in need of proper maintenance/rehabilitation and repair. The site and its surroundings are severely polluted and impacted with waste not properly disposed of, treated, and rehabilitated. The pollution has adverse consequences on the health, safety, and livelihoods of various affected communities.
140. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Environmental harm caused by the Rooiberg Landfill site.

141. The material irregularity relates to the environmental harm caused by the Rooiberg landfill site. I conducted a site visit on 26 October 2023 and observed that the landfill site is in a critical state due to the visible impact on and harm to the environment. I further noted that an operating license referenced 12/4/10/8-B/8/W3 for the landfill was issued by the Limpopo Department of Economic Development, Environment and Tourism on 15 April 2016. The operating license is valid for a period of 15 years.
142. My observations on site have shown that the municipality's landfill operations are not complying with license conditions and legislative requirements which resulted in harm to the environment. I performed another site visit on 22 October 2024; to confirm the current conditions of the landfill site and from my observations, the landfill site has gotten worse since the previous year's visit. This is in contravention with section 28(1) of NEMA and section 16(1) of the National Environmental Management: Waste Act.59 of 2008.
143. I notified the accounting officer of the material irregularity, and resultant non-compliances on 5 March 2024 and re-issued the notification on 27 June 2024 due to the changes in the accounting officer's position. The accounting officer provided a written response on 19 July 2024, indicating some of the challenges faced by the municipality in addressing the identified irregularity. The response did not appropriately indicate all the required actions that will be taken to address the matters raised. I requested additional information to enable me to conclude on the appropriateness of the actions being taken and at the date of this report, no progress has been made to address the material irregularity.
144. The accounting officer response indicated the challenges being faced with regard to lack of funding to restore the landfill site to its normal operating conditions, however the municipality is in the process of sourcing funds.
145. The lack of monitoring and ensuring compliance with the applicable legislations has a negative impact on the environment, and this will potentially cause a likely substantial harm

to the environment and the public which include health risks of the individuals living around the landfill site.

146. My recent site visit indicated that the Rooiberg landfill site is still in a critical state and in need of proper maintenance/rehabilitation and repair. The site and its surroundings are severely polluted and impacted with waste not properly disposed of, treated, and rehabilitated. The pollution has adverse consequences on the health, safety, and livelihoods of various affected communities.
147. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Environmental harm caused by the Thabazimbi wastewater treatment works (WWTW)

148. The Thabazimbi wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Rooikuispruit, and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.
149. The non-compliance with section 28(1) of NEMA and section 19(1) of NWA by the municipality at Thabazimbi wastewater treatment works is likely to result in substantial harm to the public.
150. I notified the accounting officer of the material irregularity, and resultant non-compliances on 5 March 2024 and re-issued the notification on 27 June 2024 due to the changes in the accounting officer's position. The accounting officer provided a written response on 19 July 2024, indicating some of the challenges faced by the municipality in addressing the identified irregularity. The response did not appropriately indicate all the required actions that will be taken to address the matters raised. I requested additional information to enable me to conclude on the appropriateness of the actions being taken and at the date of this report, no progress has been made to address the material irregularity.
151. The accounting officer's response indicated that the circumstances of the plant still exist, however the municipality has appointed the engineer to develop the technical report and the business plan for application of funding to DWS under WSIG grant and the process of approval is in its final stage.
152. I conducted a site visit on 13 October 2023 and my observations showed that the environment around the WWTW experienced a significant increase in air and water pollution. The sewerage waste passing through Rooikuispruit which overflows into the Crocodile River, supplies amongst others, farmers with water for irrigation. The water in the rivers essential and central to the sustainability of both man and the environment. I performed a site visit on 22 October 2024, to the WWTW to confirm the current conditions of the treatment plant and from my observations, the plant is still in the same condition from the previous year's visit.
153. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Auditor General
Polokwane

30 November 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 material performance indicators 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 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

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 Supply Chain Management Regulations_GNR 868_30 May 2005	SCM reg. 12(1)(c), 16(a), 17(a)& (c)
	SCM reg. 17(a) & 17(b)
	Section 31
	Section 16(a);16(e)
	SCM reg. 13(b) & (c)
	SCM reg. 43
	SCM reg. 19(a) &(b);
	SCM reg. 36(1)(a)
	SCM reg. 12(3)
	SCM reg. 27(2)(a)&(e)
	SCM reg. 22(1)(b) & 22(2)
	SCM reg. 28(1)(a)(i);
	SCM reg. 21(b);
	SCM reg. 29(1)
	SCM reg. 29(5)(a)(ii) & (b)(i)
	SCM reg. 38
	SCM reg. 32
	SCM reg. 12(1)(c); 16(a) & 17(a)
	SCM reg 36(1)(a)
	SCM reg 17(c)
	SCM reg. 12(3)
	SCM reg, 5
	SCM reg 44
	SCM reg 46(2)(c) & (6);
	SCM reg 47(1) & (3)
	SCM reg 2(1)(b)
	SCM reg 19(a)
	SCM reg 36(1)(a)
	SCM reg. 27(2)(a) & (e)
	SCM reg 27(4)
	SCM reg. 28(1)(b)SCM reg 38(1)(d)(ii) &
(g)(iii)	
SCM reg 36(1)(a)	
SCM reg 37(2)-(5)	
SCM reg 37(8) & (9)	
Municipal Finance Management Act 56 of 2003	Section 1
	Section 6(2)(b)

Legislation	Sections or regulations
	Section 116(2)(b); Section 112(1)(j)
	Section 12(1)(C)
	Section 16(a)
	Section 17(a); 17(b); 17(c)
	Section 36(1)(a)
	Section 12(3)
	Section 5
	Section 62(1)(d); 62(1)(a); 62(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii)
	Section 95(d); 95(a)
	sec 117
	Section 112
	Section 28(1)(a)(i); 28(1)(c), Section 38(1)(d)(ii) & (g)(iii); 38(1)(e); 38(1)(g)(i)
	Section 13(c)(i)
	Section 46(2)(c) & (6); Section 47(1) & (3)
	Section 7(3)(b)
	Section 85(3)(b); 85(3)(b)
	Section 116(1)(a), 116(1)(b)(i); 116(1)(b)(ii)
	Section 116(2)(c)(ii); 116(2)(b)
	Section 116(3)
	Section 122(1)
	Section 133(1)(a); 133(1)(c)(i); 133(1)(c)(ii)
	section 127(2)
	Section 127(5)(a)(i); 127(5)(a)(ii)
	Section 129(1); 129(3)
	Section 53(1)(c)(ii)
	Section 72(1)(a)(ii)
	Section 24(2)(c)(iv)
	Section 54(1)(c)
	Section(1)
	Section 64(2)(c); 64(2)(g); 64(2)(f); 64(2)(b); 64(2)(e)
	Section 62(1)(f)(i) ; 62(1)(f)(i)(ii); 62(1)(d)
	Section 65(2)(e); 65(2)(a); 65(2)(b)
	Section 29(1)
	Section 32(2)(a); 32(2)(a)(ii); 32(2)(a)(i); 32(2)(b); 32(2); 32(2)(b)

Legislation	Sections or regulations
	Section 170 Section 171(4) Section 63(2)(a); 63(2)(c) Section 14(2)(a);14(2)(b)
Element: Preferential Procurement (PPPF Act)	PPPFA 2(1)(a)
Preferential Procurement Policy Framework Act No. 5 of 2000	Sections or regulations PPPFA sec 2(1) PPR 2017 6(1) and 7(1) PPR 2022 4(1) and 5(1) PPR {2017} 6(8), 7(8), 10(1)&(2) & 11(1) PPR (2022) 4(4) & 5(4) PPR (2017) 5(1) & 5(3) PPR 2017 5(6) PPR 2017 5(7) PPR 2017 8(2) PPR 9(1) PPR 2017 8(5) Preferential Procurement reg 6(6) & 7(6) Preferential Procurement reg. 6(8), 7(8), 10(1) & 10(2) PPPFA Section 2(1)(f) Preferential Procurement reg. 11(2) Preferential Procurement reg. 9(1) Preferential Procurement reg. 12(1) & (2)
Construction Industry Development Board Act 38 of 2000	Section 18(1) Section 18(1) Section. 17; Section. 25(1) & (5) Section. 25(7A) Section 18(1) CIDB reg 17 CIDB regulation 25 (7A)
Municipal Planning and Performance Management	Section 7(1) Section 15(1)(a)(i) Section 2(1)(e) Section 2(3)(a) Section 9(1)(a) Section 10(a) Section 12(1) Section 3(6)(a)

Legislation	Sections or regulations
	Section 3(4)(b)
	Section 15(a)(ii)
	Section 3(3)
	Section 8
	Section 4(4)(4)(b)
Municipal Systems Act 32 of 2000	Sections or regulations
	Section 42
	Section 25(1)
	Section 26(a); 26(c);26(i); 26(h)
	MSA 29(3)(b)
	Section 41(1)(a); 41(1)(b); 41(1)(c)(ii)
	Section 43(2)
	Section 34(a); 34(b)
	Section 38(a)
	Section 74(1)
	Section 96(b)
	Section 57(6)(a)
	Section 56(a)
	Section 93J(1)
	Section 66(1)(b); 66(1)(a);
	Section 67(1)(d)
	Section 57(2)(a)
	Section 57B
Property Values Professions Act 47 of 2000	Section 3(1)
Municipal Budget and reporting regulation	Section 71(2); 71(1)
	Section 72
	Section 75(1); 75(2)
Financial Misconduct	Section 5(4)
	Section 10(1)
Disciplinary regulations for senior managers 2010	Section 5(6)
	Section 8(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Municipal Investment regulation	Section 3(1)
	Section 3(2)
	Section 3(3)
	Section 7
	Section 12(2)
	Section 12(3)
	Section 6
	Section 17(2)

Legislation	Sections or regulations
Regulation on the appointment and conditions of employment of senior managers	Section 36(1)(a)
	Section 8(2)
	Section 8(3)
Division of Revenue Act	Section 16(1)
	Section 12(5)
Municipal performance reg for municipal managers and managers directly accountable to municipal managers	Section 4(4)b
	Section 8(1) to 8(3)