Report of the auditor-general to Limpopo Provincial Legislature and the council of Mogalakwena Local Municipality.

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Mogalakwena Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget to 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, except for the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Mogalakwena Local Municipality as at as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not assign unique identifying codes for infrastructure assets, nor did it unbundle assets in the asset register. As a result, I was unable to obtain sufficient appropriate audit evidence relating to the existence and completeness of community, electrical, land and building and water assets. I was unable to confirm the physical assets by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to completed assets stated at R4 240 358 414 (2022: R4 131 085 705) in note 4 to the financial statements.

4. The municipality did not have adequate systems in place to maintain records of property, plant and equipment in accordance with GRAP 17, Property, Plant and Equipment. I identified items relating to the water network and electrical infrastructure disclosed in the accounting records that could not be physically verified. Consequently, water network assets stated at R2 227 298 510 (2022: R2 083 059 365) and electrical infrastructure stated at R164 383 377 included in note 4 to the financial statements is overstated by R32 170 700. Additionally, there was a resultant impact on the surplus for the period.

5. The municipality did not adequately assess impairment of property, plant and equipment in accordance with GRAP 21, *Impairment of non-cash-generating assets* and GRAP 26, *Impairment of cash generating assets* respectively. Consequently, property plant and equipment stated at R4 240 358 414 (2022: R4 131 085 705) in the financial statements is overstated. I was unable to determine the full extent of the overstatement, as it was impracticable to do so.

6. During 2022, the municipality did not have adequate systems in place to maintain records of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. I identified water assets belonging to the municipality that was not included in the underlying accounting records and financial statements. I was unable to determine the full extent of the misstatement by alternative means, as it was impracticable to do so. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures. There is also a resultant impact on the accumulated surplus.

Revenue

7. The municipality did not recognise service charges revenue, as required by 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 R494 351 380 in note 20 to the financial statements, and related receivable from exchange transactions, included in R202 258 238 in note 9 to the financial statements, as it was impracticable to do so. There was a resultant impact on the surplus for the period and on the accumulated surplus.

Prior period error

8. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures in note 47, the restatement was made to rectify 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 adjustments were necessary to the corresponding figure stated in note 47 in the financial statements.

Context for opinion

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

10. 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.

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

Material uncertainty relating to going concern

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

13. The creditor's payment period is longer than 30 days and the debtor's collection period is at 180 days, this indicate that the municipality is struggling to pay creditors on time and also taking longer to collect its revenue due. As stated in note 58 to the financial statements, these events or conditions, along with the other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matter paragraphs

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

Material losses- electricity

15. As disclosed in note 35 to the financial statements, material electricity losses of R47 905 080 (2022: R44 766 236) was incurred, which represents 29% (2022: 25%) of total electricity purchased. Distribution losses relating to electricity are due to illegal connection.

Material losses- impairment

16. As disclosed in note 34 to the financial statements, material losses of R 203 695 196 were incurred as a result of a write-off of irrecoverable trade debtors.

Significant uncertainties

17. With reference to note 44 of the financial statements, the municipality is currently involved in litigation with various service providers and third parties. The ultimate outcome of these matters could not be determined and no provision for any liability that may result has been made in the financial statements.

Other matter paragraph.

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

Unaudited supplementary schedules

19. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion on it.

Unaudited disclosure notes

20. 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

21. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, the MFMA and the requirements of 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.

22. 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

23. 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.

24. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

25. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

26. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected key performance areas that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance areas	Page numbers
Basic service delivery and infrastructure development.	[XX]
Local economic development.	[XX]

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

28. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the local municipality's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used f or measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

30. I did not identify any material findings on the reported performance information for the selected development priorities.

Other matters

31. I draw attention to the matter below.

Achievement of planned targets

32. 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.

Basic service delivery and infrastructure development

Targets achieved: Total number of targets achieved/Total number of planned targets *7/12 X 100= 58%*		
Key service delivery indicators not achieved	**Planned target**	**Reported achievement**
Length of km roads tarred/paved by June 2023	6.3 Km	3.7 km
Number of households with access to electricity by June 2023	350 Households electrified	0
Number of speed checks conducted by June 2023	100	83
Percentage of water loss	25%	28%
Percentage of electricity loss	20%	29%

Material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2: Basic service delivery and infrastructure development and KPA 3: Local economic development. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

34. 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.

35. 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.

36. 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.

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

Asset management

38. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

39. 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.

40. Capital assets were sold, transferred and/or permanently disposed of that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.

41. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided if the assets were still required to provide the minimum level of basic municipal services and to consider the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(2)(a) and 14(2)(b) of the MFMA.

Revenue management

42. An adequate management, accounting and information system which accounts for revenue debtors / receipt of revenue was not in place, as required by section 64(2)(e) of the MFMA.

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

Expenditure Management

44. Money owed by the municipality was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.

45. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.

46. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R228 160 102, as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

47. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R3 597 991, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

48. Reasonable steps were not taken to prevent irregular expenditure amounting to R283 234 492 as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

Annual financial statements, performance and annual report

49. 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.

50. Material misstatements 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 an qualified audit opinion.

51. The oversight report adopted by the council on the 2021-22 annual report was not made public, as required by section 129(3) of the MFMA.

Procurement and contract management

52. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by supply chain management (SCM) regulation 17(1)(a) and (c).

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

54. 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.

55. Some of the contracts were awarded to bidders based on points given for legislative requirements that were not stipulated /differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)() and the preferential procurement regulations.

56. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.

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

58. Some of the contracts were awarded to bidders based on functionality legislative requirements that differed from those stipulated in the original invitation for bidding in contravention of 2017 preferential procurement regulation 5(1) and 5(3).

59. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.

60. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.

Other information in the annual report

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

62. 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.

63. 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 development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

64. 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

65. 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.

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

67. Management did not prepare regular accurate and complete financial and performance reports that are supported and evidenced by reliable supporting documents.

68. The municipality developed an action plan to address internal and external audit findings, however the action plan did not ensure that root causes that resulted in material findings are resolved.

69. The municipality did not perform adequate reviews of the annual financial statements to ensure that material misstatements are prevented.

70. The municipality did not review and monitor compliance with legislation. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Material irregularities

71. 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

72. The material irregularities identified are as follows:

Penalties and interest

73. The municipality incurred interests and penalties because of late payments of Pay As You Earn, Skills Development Levy and Unemployment Insurance Fund for an amount of R977 282, 33 and R615 250.04 in the 2019/2020 and 2020/2021 financial years respectively. Subsequent to that, it was also noted that there was an amount of R25 409, 80 incurred in the 2021/22 financial year. This resulted in non-compliance with paragraph 2 of the 4^{th} Schedule of the Income Tax Act.

74. The non-compliance resulted in a material financial loss for the municipality as they incurred interest and penalties, the total amount of R1 617 941.

75. The accounting officer was notified of the material irregularity on 13 December 2022 and responded on 1 March 2023.The following actions were taken to resolve the material irregularity:

    - The expenditure was referred to the financial misconduct board as part of total investigation on fruitless and wasteful expenditure on 29 October 2020 however the investigation commenced on the 17 March 2023 and reported to MPAC on 1 August 2023. The report was approved by council on 16 August 2023. The board has noted that municipality has written an appeal to SARS regarding the issue and will await for the outcome of the appeal on this matter.

76. I will follow up on the implementation of the planned actions during my next audit.

Assets not safeguarded

77. Several deficiencies caused by vandalism and theft were noted during the Moshate stadium site visits conducted on the 08 December 2021; and again; on the 02 November 2022. The observations are as follows:

- Roof for the change room was vandalized and roof sheet stolen
- Fence around combi-courts and equipment were stolen
- Four (4) stands and JoJo tanks were vandalized and stolen

- There was no kikuyi grass on the soccer pitch
- Outdoor gym roof sheeting and steel bracing were vandalized
- Landscaping and irrigation installation was also vandalized

78. The site visit conducted revealed that there were neither cameras nor security guards on site to ensure that municipal infrastructure assets were safeguarded.

79. There was no evidence provided to indicate that the municipality opened a case with the law enforcement agencies to report the items stolen and vandalized.

80. The non-compliance resulted in a likely material financial loss for Mogalakwena Local Municipality as the municipality incurred financial loss amounting to more than R948 148.75. Of this amount, an amount of R842 748.75 was paid the replace the original kikuyi grass that was laid. As of 8 December 2021 there were no kikuyi grass observed. Furthermore, as per the site visit on 2 November 2022 it was observed that the kikuyi grass had, in fact, perished.

81. The accounting officer was notified of the material irregularity on 14 December 2022 and responded on 1 March 2023. The following actions were taken to resolve the material irregularity:

    - The accounting officer performed a security assessment on all municipal properties in February 2023 to identify assets that are not safeguarded and has further placed security at Moshate Stadium effective from January 2023.

    - The accounting officer instituted investigation to identify official(s) responsible for the MI on the 01 June 2023. The investigation was expected to be completed by end of October 2023. A decision taken was to then open a criminal case on 19 July 2023 informed by the investigation.

    - A criminal case has been opened at the South African Police Service against the former employees of the municipality as well as the supplier.

82. I will follow up on the implementation of the planned actions during my next audit.

Expenditure paid without evidence of receipt of goods

83. The municipality appointed services providers to deliver water to the local communities during the period were the municipality was faced with water challenges due to drought and rainfall shortage. The service providers were to provide their own methods of transportation and would claim the cost at an approved rate per kilometre. After the service providers had delivered the water to the communities, they would be required to submit proof of delivery to claim for the costs. This proof of delivery would be documents required for claims processing which includes proof of delivery, evidence to support the kilometres claimed by the supplier, approved rate per kilometre and locations where the water was delivered. These transaction took place in the 2020/21 financial year.

84. Contrary to the above requirements, the municipality paid for transactions without proof to validate the claim and confirm that goods and services were received from the suppliers.

85. The non-compliance is likely to result in a material financial loss of R11 357 301 for the municipality, being for expenditure paid without appropriate evidence that goods were actually delivered.

86. The accounting officer was notified of the material irregularity on 1 February 2023 and responded on 6 March 2023. The following actions were taken to resolve the material irregularity.

- The accounting officer has taken a decision to no longer utilize external service providers for water tankering from 1 July 2023.

- The Special Investigations Unit (SIU) is currently investigating the expenditure incurred through a proclamation issued on the 5 March 2021.The investigation is ongoing.

87. I will follow up on the implementation of the planned actions during my next audit.

Status of previously reported material irregularities

Payment for work not done

88. The municipality has made payments for work not done in that the contractor over claimed on the underground concrete works, top of the surface bed, claims slabs, inverted beams and formwork which were not on site, various items paid for not on site such as electrical installations, outdoor gym, cricket mat, mini steel grandstand, soccer field and landscaping and irrigation. This is indicative of shortcomings in the municipality's expenditure control processes and that the controls were ineffective, thus resulting in non-compliance with section 65(2) (a) of the MFMA. The expenditure incurred relates to construction of Moshate Stadium, contract number 03-2015/2016.

89. The accounting officer was notified of the material irregularity on 14 December 2019 and responded on the following actions were taken to resolve the material irregularity:

- The accounting officer instituted a preliminary investigation into the matter on 12 February 2020. The preliminary investigation revealed that two officials were directly involved. The municipality issued letters of suspensions in May 2020 for the duration of the investigation.

- In light of the seriousness of the matter the accounting officer appointed a service provider to conduct a formal investigation. The investigation into the matter was conducted over a period of three months from June to August 2020. The investigation confirmed that a financial loss had indeed occurred and confirmed the identified officials as responsible. The investigation recommended that the officials be charged with act of misconduct.

- A disciplinary hearing was planned in March 2021 for the one official but there was a delay that was caused by the resignation of the accounting officer in March 2021. One official s disciplinary action was held on 18 May 2021 whilst the other official took early retirement in January 2021. As the officials are no longer in the employment of the municipality the disciplinary proceedings were withdrawn. Attorneys were appointed on the 15 February 2021 for the recoveries of the money from the supplier. There is intention to recover the monies from the retired employee if unable to recoup it from the supplier.

- Court summons were issued the 08 November 2022 in the high court Polokwane were the municipality is lodging a claim of recovery. The summons were delivered to the defendants.

- The defendant raised an exception which was heard on 10 August 2023 and was dismissed with costs. The matter will now proceed in the normal course of court proceedings however the date of trial has not been set as at the date of this report.

90. I will follow up on the implementation of the planned actions during my next audit.

Other reports

91. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

92. The Special Investigations Unit is currently investigating irregular supplier appointments and non-compliance with supply chain management regulations within the municipality in line with proclamation R180.

Auditor - General

Polokwane

7 December 2023

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 development priorities 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 [consolidated and separate] 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 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
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1) Section 22(3)
CIDB Regulations	CIDB regulation 17; 18(1A)1; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4