Report of the auditor-general to the Northwest Provincial Legislature and the council on Tswaing Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Tswaing Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget 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. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Tswaing Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora)

Basis for qualified opinion

Total revenue

3. The municipality did not charge interest on overdue customer accounts in accordance with its approved credit policy. Consequently, interest revenue was not recognised, resulting in an understatement of total revenue. Furthermore, both trade and other receivables from exchange transactions and receivables from non-exchange transactions are understated, as interest revenue was not accounted for in accordance with GRAP 104, *Financial instruments*. I was unable to determine the full extent of the understatement of total revenue of R384 365 950 (2024: 361 936 733) as disclosed in 15 to the financial statements, trade and other receivables from exchange transactions of R56 349 585 (2024: 40 357 093) as disclosed in note 5 to the financial statements, and receivables from non-exchange transactions of R32 219 502 (2024: R31 527 112) as disclosed in note 4 to the financial statements, as it was impracticable to do so.

Property, plant and equipment

4. The municipality did not perform an impairment assessment of the property, plant and equipment in accordance with GRAP 21, *Impairment of non-cash-generating assets*, despite indicators of impairment having been identified. In addition, the municipality did not provide sufficient evidence to support the assumptions used in determining the impairment losses recognised. As not all assets were assessed for impairment, I was unable to quantify the full

extent of the misstatement on these items of property plant and equipment of R659 833 915 as disclosed in note 8 of the financial statements and the consequential impact on depreciation and amortisation of R32 738 538 as disclosed in note 24 of the financial statements.

5. I was unable to obtain sufficient appropriate audit evidence for depreciation, as the municipality applied shorter useful lives to road network infrastructure, resulting in accelerated depreciation without justification. This contravenes GRAP 17, *Property, Plant and Equipment,* which requires assets to be depreciated over useful lives that reflect the expected pattern of consumption of their future economic benefits or service potential. I could not confirm the depreciation recorded for roads network infrastructure as disclosed in note 8 to the financial statements as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment – road network infrastructure, stated at R308 562 098 in note 8 to the financial statements and depreciation and amortisation of R32 738 538 as disclosed in note 24 of the financial statements.

Payables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for VAT payables, as the municipality did not account for VAT payable in accordance with GRAP 104, *Financial instruments.* The disclosed amount of VAT payable is not correctly valued, this was due to multiple errors identified in determining the VAT payable. I am unable to quantify the full extent of the misstatement in VAT payable as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to VAT payable of R8 702 631 as disclosed in note 11 to the financial statements.

Service charges

7. During 2024, I was unable to obtain sufficient appropriate audit evidence for service charges, due to the status of the accounting records. I was unable to confirm these service charges by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to service charges of R84 124 298 as disclosed in note 17 and related trade and other receivables from exchange transaction of R40 357 093 as disclosed in note 5 to the financial statements. In addition, the municipality did not accurately account for revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions*. The municipality did not charge for services in accordance with the approved tariffs and value of the properties as per valuation roll, resulting in service charges and related trade and other receivables from exchange transactions being understated by R12 426 704.

8. Sewerage and sanitation charges were not recognised in accordance with GRAP 9, *Revenue from exchange transactions.* Properties were identified for which sanitation services were not billed and recorded. As a result, sewerage and sanitation charges and the related trade and other receivables are understated. I was unable to determine the full extent of the understatement of sewerage and sanitation charges R21 859 965 as disclosed in note 17 to the financial statements and trade and other receivables from exchange R56 349 585 as disclosed in note 5 to the financial statements, as it was impracticable to do so.

9. The municipality did not measure revenue from the sale of electricity and sale of water in accordance with GRAP 9, *Revenue from exchange transactions*. The revenue from the sale of electricity and water in the current year was based on estimated consumption and not on actual consumption for a prolonged period. In addition, discrepancies were noted between meter readings and consumption billed. I was unable to determine the full extent of the misstatement of the sale of electricity R86 849 402 as disclosed in note 17 to the financial statements, sale of water R11 594 047 as disclosed in note 17 to the financial statements and trade and other receivables R86 849 402 as disclosed in note 5 to the financial statements as it was impracticable to do so.

Property rates

10. During 2024, I was unable to obtain sufficient appropriate audit evidence for property rates, due to the status of the accounting records. I was unable to confirm these property rates by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to revenue from non-exchange transactions: property rates of R35 350 289 as disclosed in note 20 and related receivables from non-exchange transactions of R31 339 079 as disclosed in note 4 to the financial statements.

Unauthorised expenditure

11. Not all unauthorised expenditure was included in note 45 to the financial statements, as required by section 125(2) of MFMA. The municipality did not account for unauthorised expenditure in accordance with MFMA as the disclosed amount of unauthorised expenditure was not correctly valued, this was due to multiple errors identified in determining the unauthorised expenditure. I was unable to quantify the full extent of the misstatement in unauthorised expenditure R711 026 731 as disclosed in note 45 of the financial statement.

Statement of comparison of budget and actual amounts

12. The municipality did not provide explanations for the material differences between budgeted and actual amounts as required by the GRAP 24, *Presentation of budget information in financial statements*. In addition, I identified material differences between the approved budget and the budget disclosed in the statement of comparison of budget and actual.

Context for opinion

13. 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.

14. 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.

15. 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

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

17. I draw attention to note 40 to the financial statements, which indicates that a deficit of R81 035 832 was incurred during the year ended 30 June 2025 and, as of that date the current liabilities exceeded its total current assets by R240 868 669. As stated in note 40, these events or conditions, along with other matters as set forth in note 40, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

19. As disclosed in note 41 to the financial statements fruitless and wasteful expenditure of R54 499 647 was incurred in the current year and R133 749 123 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

20. As disclosed in note 42 to the financial statements, irregular expenditure of R85 809 327 was incurred in the current year, as a proper tender process was not followed.

21. As disclosed in note 42 to the financial statements and irregular expenditure of R946 854 465 from prior years have not yet been dealt with in accordance with section 32 of the MFMA

22. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2024 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.

23. As disclosed in note 26 to the financial statements, material losses of R77 132 802 were incurred as a result of impairment of debtors.

Other matters

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

25. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

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

the 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.

27. In preparing the financial statements, the accounting officer is responsible for assessing the municipalities 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

28. 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.

29. 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 x, forms part of my auditor's report.

Report on the audit of the annual performance report

30. 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.

31. I selected the following material performance indicators related to key performance area 2: basic service delivery and infrastructure presented in the annual performance report for the year ended 30 June 2025. 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 kilometres of access road to be constructed in Atamelang
    - Number of kilometres of road to be constructed in Delareyville
    - Construction of Ganalaagte community hall
    - Upgrade of Delareyville sports ground

- Number of kilometres of Letsopa internal roads and storm water to be constructed.
- Square metres of community hall constructed in Morena
- Volume of stormwater conduits (m3) soil and sand cleaned
- Surface area square metres of potholes to be repaired and maintained in Delareyville
- Number of faulty water meters replaced in Atamelang, Delareyville, Sannieshof, Ottosdal / Letsopa
- Percentage of the amount spent on water network maintenance and repairs in Tswaing Local Municipality
- Percentage of the amount spent on sewer network, maintenance and repairs in Tswaing Local Municipality
- Number of electricity broken poles replaced (Delareyville, Ottosdal and Sannieshof)
- Number of electricity faulty meters replaced in Tswaing Local Municipality
- Number of streetlights maintained and repaired in Tswaing Local Municipality
- Number of high mast lights maintained and repaired in Tswaing Local Municipality
- Percentage of the amount spent on electricity underground network maintenance and repairs in Tswaing Local Municipality

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

33. I performed procedures to test whether:

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

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

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

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

Various Indicators

36. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
KPI 21: Percentage of the amount spent on water network maintenance and repairs in Tswaing Local Municipality	100% of the allocated budget spent on water network maintenance and repairs	Achieved – 100% amount spent on water network maintenance and repairs
KPI 22: Percentage of the amount spent on sewer network maintenance and repairs in Tswaing Local Municipality	100% amount spent on sewer network maintenance and repairs	Achieved – 100% amount spent on sewer network maintenance and repairs
KPI 23: Number of broken electricity poles replaced (Ottosdal, Sannieshof and Delareyville)	120 broken electricity poles replaced Delareyville, Ottosdal and Sannieshof	Not achieved – 120 broken electricity poles replaced Delareyville, Ottosdal and Sannieshof
KPI 25: Number of streetlights maintained and repaired in Tswaing Local Municipality	60 Streetlights maintained and repaired	Achieved – 60 streetlights maintained and repaired
KPI 26: Number of high mast lights maintained and repaired in Tswaing Local Municipality	30 high mast lights maintained and repaired	Achieved – 30 high mast lights maintained and repaired

Various indicators

37. Based on audit evidence, the actual achievements for the various indicators did not agree to the achievements reported, but the targets were still achieved.

Indicator	Target	Reported achievement
KPI 18: Volume of stormwater conduits (m^3) soil and sand to be cleaned	$40m^3$ storm water conduits (m^3) soil and sand cleaned	Achieved – $40m^3$ storm water conduits (m^3) soil and sand cleaned
KPI 19: Surface area (m^2) of potholes to be repaired and maintained in Delareyville	$200m^2$ of potholes to be repaired and maintained in Delareyville	Achieved – $200m^2$ of potholes repaired and maintained in Delareyville
KPI 27: Percentage of the amount spent on electricity underground network, maintenance and repairs in Tswaing Local Municipality	100% of the amount spent on electricity underground network, maintenance and repairs in Tswaing Local Municipality	Achieved – 100% of the amount spent on electricity underground network, maintenance and repairs in Tswaing Local Municipality

Other matter

38. I draw attention to the matters below.

Achievement of planned targets

39. 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.

40. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Key performance area 2: basic service delivery and infrastructure development

Targets achieved: 56,3% *Budget Spent: 149%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**

KPI 13: Number of kilometres of road to be constructed in Delareyville	1 km of Delareyville internal road and storm water phase 1 construction	Not achieved – 1 km of Delareyville internal road and storm water phase 1 construction
KPI 14: Construction of Ganalaagte community hall	Construction of Ganalaagte community hall	Not achieved – Construction of Ganalaagte community hall
KPI 16: Number of kilometres of Letsopa internal roads and storm water to be constructed	1km of Letsopa internal roads and storm water construction	Not achieved – 1km of Letsopa internal roads and storm water construction
KPI 17: Square meters of community Hall constructed in Morena	Provision of 480m^2 community hall in Morena village	Not achieved – Provision of 480m^2 community hall in Morena village
KPI 20: Number of faulty water meters replaced in Delareyville, Atamelang, Sannieshof, Ottosdal/Letsopa	Replacement of 300 faulty water meters in Delareyville, Atamelang, Sannieshof, Ottosdal/Letsopa	Not achieved – Replacement of 300 faulty water meters in Delareyville, Atamelang, Sannieshof, Ottosdal / Letsopa
KPI 23: Number of broken electricity poles replaced in Delareyville, Ottosdal and Sannieshof	120 broken electricity poles replaced Delareyville, Ottosdal and Sannieshof	Not achieved – 120 broken electricity poles replaced Delareyville, Ottosdal and Sannieshof
KPI 24: Number of faulty electricity meters replaced in Tswaing Local Municipality	40 faulty electricity meters replacement	Not achieved – 40 faulty electricity meters replacement

Material misstatements

41. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for key performance area 2: basic service delivery and infrastructure development. Management did not correct all the misstatements and I reported material findings in this regard.

Report on compliance with legislation

42. 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.

43. 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.

44. 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.

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

Human resource management

46. The municipal manager did not develop the staff establishment and did not submit it to the municipal council for approval as required by section 66(1)(a) of the Municipal Systems Act 32 of 2000 (MSA).

47. Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the MSA and regulation 7(1) of Municipal Staff Regulations.

Annual financial statements and annual reports

48. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and the supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

49. The 2023/24 annual report was not made public after being tabled in the council, as required by section 127(5)(a)(i) of the MFMA.

50. The oversight report adopted by the council on the 2023-24 annual report was not made public, as required by section 129(3) of the MFMA.

Expenditure management

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

52. Reasonable steps were not taken to prevent irregular expenditure amounting to R70 059 296 as disclosed in note 42 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

53. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R54 499 647, as disclosed in note 41 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

54. 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. The majority of the disclosed unauthorised expenditure was caused by overspending approved budgets.

Revenue management

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

56. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Consequence management

57. 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. The disclosed unauthorised expenditure was caused by overspending of budgets.

58. Irregular expenditure, fruitless and wasteful 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.

Strategic planning and performance management

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

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

Governance and oversight

61. The municipality did not establish an Internal Audit unit as required by section 165(1) of the MFMA. Consequently, none of the key Internal Audit responsibilities outlined in the MFMA, Municipal Planning and Performance Management Regulations, and the MSA were complied with.

62. The municipality did not establish an Audit Committee as required by section 166(1) of the MFMA. Consequently, none of the key audit committee responsibilities outlined in the MFMA,

Municipal Planning and Performance Management Regulations, and the MSA were complied with.

Procurement and contract management

63. Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and met the listing requirements as prescribed by the SCM policy, in contravention of SCM Regulations 17(1)(a) and 17(1)(b). Similar non-compliance was also reported in the prior year.

64. 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.

65. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Similar non-compliance was also reported in the prior year.

66. Some of the contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations.

67. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11 and/or 2022 Preferential Procurement Regulation 4(4) and 5(4).

68. 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

69. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

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

71. 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 key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

72. 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

73. 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.

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

75. The municipality's leadership did not exercise adequate oversight of financial and performance reporting, compliance monitoring and related internal controls. Policies and procedures did not adequately guide financial; performance and compliance activities and consequence management measures were not implemented.

76. Management's internal controls and processes for the preparation and presentation of financial statements, performance reports and compliance monitoring did not ensure that the reports were free from material misstatements and material deviations from legislation.

77. The audit committee and internal audit were not established during the year under review. As a result, there was no proper oversight and monitoring of internal controls to prevent and detect misstatements in the financial statements, to ensure compliance with legislation and the preparation of an annual performance report that is supported by full and proper supporting documentation.

Other reports

78. 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.

79. During the 2021-22 financial year, the council ordered an investigation into various allegations of financial misconduct, as set out in section 171 of the MFMA, against former employees of the municipality. The investigation was conducted by an independent consulting firm. The final investigation report was dated and received on 29 July 2022 by the previous municipal manager and was tabled in council on 22 August 2022 in the special council meeting. The municipal manager referred the report to the Directorate of Priority Crime Investigation (Hawks)

for further investigation of the criminal elements contained in the report. The matter is still in progress at the date of this report.

80. The municipality received various notices of investigation on section 106 (i)(b) of municipal systems act allegations of maladministration in the municipality relating to; placement and appointments of municipal managers, legal officer, acting director for corporate services, schedule of litigations and cost implications, appointment of services providers, sale of municipal properties in the past five years. These investigations were instituted by the cooperative governance, human settlements and traditional affairs (Coghsta) MEC and is still in progress at the date of this report.

81. The Public Policy Advisory Council (PPAC) instituted an investigation against the municipality regarding allegations regarding; rental agreement and expenditure on hiring of fleet, arrears of councillors and organs of state, disposal of assets without council approval, payment of salaries outside the financial system, overtime and standby payments, qualifications an experience of the legal services manager, the acting director corporate services and the acting community services director, irregular payment of the former acting municipal manager. These investigations are still in progress at the date of this report.

82. The South African Human Rights Commission (SAHRC) has found that Tswaing Local Municipality water service provider have violated the rights of residents by denying them access to water and sanitation, which stripped them of their dignity. This matter is still under investigation and are still in progress at the date of this report.

Auditor-General

Rustenburg

28 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the key performance area 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 Finance Management Act 56 of 2003 (MFMA)	Section 1 (a), (b) & (d) of the definition: irregular expenditure Section 1 Definition of SDBIP Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15 Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2) Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b) Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c) Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii) Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e) Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e) Sections 72(1)(a)(ii); 95(a); 112(l)(iii); 112(1)(j) Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2) Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i) Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a) Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
MFMA: Municipal supply chain management (SCM) regulations, 2017	Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i) Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a) Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e) Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b) Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1) Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i) Regulations 38(1)(g)(ii); 38(1)(g)(iii) Regulations 43; 44; 46(2)(e); 46(2)(f)
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); Sections 29(1)(b)(ii); 29(3)(b); 34(a); 34(b); Sections 38(a); 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2) Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d); 74(1) Sections 93B(a); 93B(b); 93C(a)(iv); 93C(a)(v); 96(b)
MSA: Municipal planning and performance management regulations, 2001	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(5)(a); 7(1); 8 Regulations 9(1)(a); 10(a); 12(1); 15(1)(a)(i); 15(1)(a)(ii)
MSA: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006	Regulations 2(3)(a); 4(4)(b); 8(1); 8(2); 8(3)

Legislation	Sections or regulations
MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (Dora)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2017	Regulations 5(1); 5(3); 5(6); 5(7) Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8) Regulations 7(1); 7(2); 7(3); 7(5); 7(6); 7(8) Regulations 8(2); 8(5); 9(1); 10(1); 10(2);11(1)
Preferential procurement regulations (PPR), 2022	Regulations 3(1) Regulations 4(1); 4(2); 4(3); 4(4) Regulations 5(1); 5(2); 5(3); 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (Precca)	Section 34(1)