

Report of the auditor-general to the Gauteng Provincial Legislature and the council on the City of Tshwane Metropolitan Municipality and its entities

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the City of Tshwane Metropolitan Municipality and its entities (the group) set out on pages xx to xx, which comprise the consolidated and separate statement of financial position as at 30 June 2024, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets and consolidated and separate cash flow statement and consolidated and separate statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the City of Tshwane Metropolitan Municipality as at 30 June 2024, and the group's financial performance and cash flows for the year then ended in accordance with the Standards of 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 2023 (Dora).

Basis for qualified opinion

Property, plant, and equipment

3. Assets included in note 13 to the consolidated and separate financial statements relating to infrastructure assets as well as community assets were not valued in accordance with GRAP 17, *Property, plant and equipment*. The service potential of the newly identified assets could not be substantiated by an adequate technical assessment. Inappropriate unit rates were used to assign values to assets identified. Previously capitalised assets were incorrectly componentised and revalued, resulting in the value of the asset group recorded in the asset register being inflated. Due to the severity of these issues and the extent of errors in the population, it was impracticable to determine the value of the misstatements on infrastructure assets and community assets in the current and corresponding figures. There was a resultant impact on impairment loss, depreciation, and the accumulated surplus.

Payables from exchange transactions

4. Trade payables were not correctly reconciled to supplier statements. In addition, some accruals were not recorded in the accounting records. As a result, not all liabilities were

recorded in the accounting records and correctly valued in accordance with GRAP 1. Consequently, trade payables; and general expenses, bulk purchases, contracted services, other materials and property, plant, and equipment additions are collectively understated by R4 802 123 536. In addition, I was unable to obtain sufficient appropriate audit evidence that the other creditors had been properly accounted for, due to the status of the accounting records. I was unable to confirm the other creditors by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the other creditors stated at R2 086 669 366 (2023: R1 661 541 005) and R2 081 857 420 (2023: R1 655 000 029) and as disclosed in note 21 to the consolidated and separate financial statements.

Other receivables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence that sundry rentals and miscellaneous receivables disclosed as part of other receivables from exchange had been properly accounted for, due to the status of the accounting records. I was unable to confirm sundry rentals and miscellaneous receivables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the gross sundry rentals stated at R636 035 634 (2023: R502 489 424) as well as miscellaneous receivables stated at R540 786 642 (2023: R301 775 596); as included in the other receivables from the exchange transactions net balance stated at R1 116 282 451 (2023: R801 721 810) as disclosed in note 6 to the consolidated and separate financial statements.

Contingencies

6. I was unable to obtain sufficient appropriate audit evidence for contingencies for the current and previous year, as the municipality did not maintain accurate and complete accounting records of the registers used to determine contingencies. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to contingencies stated at R5 791 545 403 (2023: R5 810 016 424) as disclosed in note 62 to the consolidated and separate financial statements.

Irregular expenditure

7. The municipality did not have an adequate system for identifying and disclosing all irregular expenditure incurred, as required by section 125 (2) (d) of the MFMA. In addition, I was unable to obtain sufficient appropriate audit evidence that irregular expenditure for the current year had been properly accounted for, due to the status of the accounting records. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine the full extent of the adjustment necessary to the balance of irregular expenditure stated at R15 521 388 820 (2023: R13 143 540 000) and R15 443 033 030 (2023: R13 049 779 706) as disclosed in note 59 to the consolidated and separate financial statements.

Segment reporting

8. The municipality did not prepare the segment reporting note in accordance with GRAP 18, *Segment reporting*. This was due to the method of apportionment which is used to allocate actual amounts into segments not being adequately supported. I was not able to determine the full extent of the errors in the segment reporting note, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments in the consolidated and separate financial statements were necessary.

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 consolidated and separate 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.

Key audit matters

12. Except for the matters described in the basis for the qualified opinion section or the material uncertainty relating to the going concern section, I have determined that there are no key audit matters to communicate in this auditor's report.

Material uncertainty relating to going concern

13. I draw attention to the matter below. My opinion is not modified in respect of this matter:
14. I draw attention to note 54 to the consolidated and separate financial statements, which indicates an unfavourable liquidity position. As stated in note 54, these events or conditions, along with the other matters as set forth in note 54, 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

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

Material impairments – Consumer Debtors

16. As disclosed in note 5 of the consolidated and separate financial statements, the consumer debtors' balance has been impaired. The allowance for impairment of consumer debtors amount to R21 046 826 796 (2023: R16 468 028 573) which represents 75.3% (2023: 76.6%) of the total consumer debtors.

Material losses – Electricity

17. As disclosed in note 66 to the consolidated and separate financial statements, material electricity losses of R2 529 946 110 (2023: R2 462 201 794) were incurred, which represents 19.09% (2023: 21.46%) of total electricity purchased. Technical losses of R927 870 149 (2023: R803 185 911) were due to electricity lost while being distributed from the source of generation through the transmission and distribution network to the final consumer. Non-technical losses of R1 602 075 961 (2023: R1 659 015 883) were due to administrative and technical errors, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumptions, and faulty meters.

Material losses – Water

18. As disclosed in note 65 to the consolidated and separate financial statement, material water losses of R1 331 066 990 (2023: R1 115 794 268) were incurred, which represents 34.4% (2023: 32%) of total water purchased. Technical losses of R1 064 853 592 (2022-23: R892 635 414) were due to the physical loss of water through the water distribution network. Non-technical losses of R266 213 398 (2023: R223 158 854) were due to inaccurate metering.

Other matters

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

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 consolidated and separate financial statements. These disclosure requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the consolidated and separate financial statements

21. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

22. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.

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

23. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my 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 strategic priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
26. I selected the following strategic priorities presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected strategic priorities that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic priority	Page numbers	Purpose
Prioritisation of the electrical grid and water infrastructure	XX	Provide key service delivery linked to local government mandate to provide water and sanitation as well as electricity services
Maintenance and expansion of road infrastructure and public transportation	XX	Provide key service delivery linked to local government mandate to provide roads and transport services
A caring city that supports the vulnerable and provides social relief	XX	Provide key service delivery linked to local government mandate to provide housing and related infrastructure services

27. I evaluated the reported performance information for the selected strategic 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 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 municipality's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound, and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance
29. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
30. The material findings on the reported performance information for the selected strategic priorities are as follows:

Prioritisation of electric grid and water infrastructure

Number of dwellings provided with connections to the mains electricity supply by the municipality

31. Adequate supporting evidence and processes for measuring the achievement of this indicator and its target were not provided. Consequently, the municipality would have found it difficult to determine the correct achievement to be reported against the planned targets. The planning, collection, and reporting processes were not in line with the approved technical indicator description resulting in unreliable achievements being reported. Furthermore, I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the reported

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

Percentage of valid customer applications for new electricity connections processed in terms of municipal service standards

32. An achievement of 61.79% was reported against a target of 65%. However, some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Length of water pipelines replaced/upgraded

33. An achievement of 14 220m was reported against a target of 15 000m. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported. Furthermore, the appointment of a team of consultants to augment the capacity of in-house engineers aimed at improving performance against the target of 15 000m, was reported as a mitigation measure taken. However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed undertaken.

Various indicators

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

Name of indicator	Planned target	Reported achievement	Reported measure
Number of new water connections meeting minimum standards	3 000	1 851	Fast track the appointment of a new contractor to complete the laying of pipes in Mamelodi Ext.11. Fast tracking the design and installation of proper water network pipes that meet the municipality standards for Soshanguve JJ.
Number of new sewer connections meeting minimum standard	150	120	Contractor to submit a recovery plan explaining plans to catch up with clear milestones and timelines as well as increasing resources to fast-track the works. The office of the Speaker and the office of the MMC are addressing the stoppage with

Name of indicator	Planned target	Reported achievement	Reported measure
			the Ward Councillor and Community Liason Officer
Length of new sewer pipes installed	550m	0	The office of the Speaker and the office of the MMC are addressing the stoppage with the Ward Councillor and Community Liason Officer

Various indicators

35. Various indicators were omitted from the approved planning documents. These indicators were agreed nationally as a standard for metropolitans to measure performance on key service delivery outputs. Consequently, the achievement of these objectives was not planned or accounted for, which resulted in some of the service delivery issues not being prioritised and this impacting negatively on service delivery to the citizens. The omission of the standardised indicators also undermines transparency and accountability on the progress towards achievement of the objectives by all metropolitan municipalities.

Standardised indicator	Reason provided by management for non-inclusion
Percentage of water treatment capacity unused	The city infrastructure is not geared to measure the water that has been treated for reuse.
Percentage of wastewater treatment capacity unused	The indicator is reported under MFMA Circular 88 annual reporting sent to City Strategy and organisational Performance (CSOP).
Infrastructure leakage index	The water and sanitation department has been reporting the indicator under departmental scorecard (business plan) and MFMA Circular 88.
Percentage of water reused	This indicator is reported under MFMA Circular 88, but there is an issue that the water and sanitation department's Infrastructure is not geared to measure the treated water meant for reuse. This matter was raised at the engagement with National Treasury in July/August 2024 and they admitted that the formula needs to be relooked by the national technical committee.
Percentage of total residential electricity provision allocated as Free Basic Electricity (FBE)	The indicator is removed from the service delivery and budget implementation (SDBIP) scorecard due to limitations in current systems to accurately report on it. It will be reported in the departmental business plan scorecard.
Percentage of planned maintenance performed	Due to the current challenge with load shedding, only reactive maintenance is performed. The indicator is removed from the SDBIP Scorecard as it will be reported in the Departmental Business Plan Scorecard within the above limitation.

Maintenance and expansion of road infrastructure and public transportation

Various indicators

36. Some supporting evidence for the following was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved. Furthermore, adequate supporting evidence to clarify the methods and processes for measuring achievements on these indicators and their targets were not provided. Consequently, the municipality would have found it difficult to determine the correct achievements to be reported against the planned targets.

Name of indicator	Planned target	Reported achievement
Percentage of callouts responded to within 48 hours (sanitation/wastewater)	70.00%	70,15%
Percentage of callouts responded to within 48 hours(water)	50%	48.40%
Percentage of reported pothole complaints resolved within standard municipal response time	60%	15.16%
Percentage of scheduled municipal bus trips that are universally accessible (A Re Yeng)	20%	31.71%

Various indicators

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

Name of indicator	Planned Target	Reported achievement	Actual achievement
Number of scheduled public transport access points added (IRPTN Feeder Stops and BRT Stations)	10	10	10
Number of scheduled public transport access points added (by TBS _Bus Stops)	8	8	8

Kilometres of roads constructed to the required standard

38. An achievement of 9.973km was reported against a target of 5km but the audit evidence showed the actual achievement to be 11.193km. The achievement against the target was better than reported.

Kilometres of required municipal storm water drainage network constructed

- 39. No target was set for this indicator and no reason for this was provided by the municipality. Consequently, the target is not useful for measuring and monitoring progress against the municipality’s planned objectives.

Percentage of municipal bus services ‘on time’ (A Re Yeng)

- 40. An achievement of 73.40% was reported against a target of 80%. However, the audit evidence did not support this achievement. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved. Furthermore, the development of catch-up plans to respond adequately to unforeseen circumstances was reported as a measure aimed at improving performance against the target of 80%. However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed undertaken.

Various indicators

- 41. Various indicators were omitted from the approved planning documents. These indicators were agreed nationally as a standard for metropolitans to measure performance on key service delivery outputs. Consequently, the achievement of these objectives was not planned or accounted for, which resulted in some of the service delivery issues not being prioritised and this impacting negatively on service delivery to the citizens. The omission of the standardised indicators also undermines transparency and accountability on the progress towards achievement of the objectives by all metropolitan municipalities.

Standardised indicator	Reason provided by management for non-inclusion
Percentage of unplanned outages that are restored to supply within industry standard timeframes	This key performance indicator (KPI) is part of the indicators that were excluded by the request from the department. The initial reason – calculation issues regarding different categories for restoration timeframes within current system. Upper levels include lower levels.
Percentage of unsurfaced road graded	A KPI is being reported at the business plan level. The KPI denominator (in kms is still being determined. A service provider has been appointed in the current financial year 2023/24 to physically verify the KPI's denominator as required by the AGSA. An appointment letter has been submitted.
Percentage of surface municipal road lanes which has been resurfaced and released	The indicator is removed from the SDBIP as there is no budget allocated to perform this function in the current financial year.

A caring city that supports the vulnerable and provides social relief

Various indicators

42. 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. Furthermore, 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.

Name of indicator	Planned Target	Detail
Number of serviced sites – Water	850	As per the technical indicator description, the municipality has to provide all three basic services i.e. water, sanitation, and electricity to newly serviced sites to report an achievement on the planned target. Only water and sanitation was provided to the sites, therefore the reported achievement was not verifiable nor reliable.
Number of serviced sites – Sewer	850	

Various indicators

43. Some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Name of indicator	Planned target	Reported achievement
Number of indigent households supported by the city through its social package per year	3 000	3 455
Number of informal settlements with access to rudimentary water services	138	147

Hectares of land acquired for human settlements in the municipal area

44. Adequate processes had not been established to consistently measure and reliably report on the achievement of this indicator and its target due to supporting evidence not being in line with the technical indicator description requirements. The supporting evidence provided to support the acquisition was limited to mayoral committee approvals. Additionally, an achievement of 18.61 was reported against a target of 30. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported. Furthermore, the under achievement was reported against the related planned target together with the reasons for these. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Number of informal settlements upgraded to Phase 2

45. Adequate processes had not been established to consistently measure and reliably report on the achievement of this indicator and its target due to supporting evidence not being in line with the technical indicator description requirements. The informal settlements were reported as upgraded without meeting all the milestones as detailed in the technical indicator description. Consequently, the municipality would have found it difficult to determine the correct achievement to be reported against the planned target. Furthermore, an achievement of 13 was reported against a target of 13. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the achievement was lower than reported.

Other matters

46. I draw attention to the matters below.

Achievement of planned targets

47. 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.
48. The tables that follow provide 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 measures taken to improve performance are included in the annual performance report on pages xx to xx.

Prioritisation of electric grid and water infrastructure

<i>Targets achieved: 12.5%</i>		
<i>Budget spent: Not available</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of new water connections meeting minimum standards	3 000	1 851
Number of newer sewer connections meeting minimum standards	150	120
Length of water pipelines replaced/Upgraded	15 000m	14 220m
Length of new sewer pipelines installed	550m	0
Installed capacity of approved embedded generators on the municipal distribution network	6.MVA	4.498MVA

Percentage of valid customer applications for new electricity connections processed in terms of municipal service standards	65%	61.79%
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Maintenance and expansion of road infrastructure and public transportation

<i>Targets achieved: 50%</i>		
<i>Budget spent: Not available</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of reported pothole complaints resolved within standard municipal response time	60%	15.16%
Percentage of municipal bus services" on time" (A Re Yeng)	80%	73.40%

A caring city that supports the vulnerable and provides social relief

<i>Targets achieved: 87.5%</i>		
<i>Budget spent: Not available</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Hectares of land acquired for human settlements in the municipal area	30	18.611

Material misstatements

49. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the selected strategic priorities, prioritisation of the electrical grid and water infrastructure, maintenance and expansion of road infrastructure and public transportation, and a caring city that supports the vulnerable and provides relief. Management did not correct the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

50. 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.
51. 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.

52. 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.
53. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual consolidated and separate financial statements, performance reports, and annual reports

54. 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 and liabilities, 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 supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Asset management

55. 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.

Expenditure management

56. Money owed by the municipality was not always paid within 30 days as required by section 65(2) (e) of the MFMA.
57. 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 irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by the non-compliance with section 112 (1) of the MFMA.
58. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R817 509 839 as disclosed in note 58 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 the incurrence of interest on late payments.
59. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R2 146 039 587 as disclosed in note 57 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending on non-cash items.
60. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by section 65(2)(b) of the MFMA.

Procurement and contract management

61. Contracts were awarded to bidders based on points given for legislative requirements that were not stipulated or differed from those stipulated in the original invitation for bidding, in contravention of supply chain management (SCM) regulations 21(b) and 28(1)(a) (i) and the Preferential Procurement Regulations.
62. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA. Similar non-compliance was also reported in the prior year.

Consequence management

63. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
64. 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.

Strategic planning and performance management

65. The performance management system and related controls were inadequate as they did not describe how the performance monitoring, review, reporting, and improvement processes should be managed, as required by municipal planning and performance management regulation 7(1).
66. KPIs were not set for each of the development priorities and objectives, as required by section 41(1) (a) of the Municipal Systems Act (MSA) and municipal planning and performance management regulation 9(1) (a).

Environmental Management

67. The Rooiwal Wastewater Treatment Works (WWTW) wastewater treatment works was not maintained to prevent defective/malfunctioning infrastructure and to operate as intended as required by section 63(1) (a) of the MFMA.

Human resource management

68. Financial interests were not disclosed by the senior managers within 60 days from the date of appointment, as required by regulation 36(1) (a) on appointment and conditions of employment of senior managers.

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 consolidated and separate financial statements, the auditor's report and those selected strategic priorities presented in the annual performance report that have been specifically reported in this auditor's report.

70. My opinion on the consolidated and separate 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.
71. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected strategic priorities 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, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

73. I considered internal control relevant to my audit of the consolidated and separate 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 the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
75. The accounting officer did not exercise adequate oversight responsibility over financial reporting and compliance with legislation, as well as the related internal controls. Effective and appropriate measures were not implemented in a timely manner to prevent and detect material errors in the submitted annual financial statements, and annual performance report as well as to prevent and detect non-compliance with legislation.
76. The accounting officer developed an action plan to address the prior years' significant findings, but adherence to the plan was not adequately monitored on a timely basis by the appropriate level of management, resulting in numerous material findings relating to the financial statements, performance report and compliance with laws and regulations.
77. Senior management did not adequately ensure that the consolidated and separate financial statements and performance report prepared were accurate and complete and agreed to supporting schedules, as numerous misstatements were identified on the financial statements and performance report submitted for audit. Daily and monthly control activities that support accurate and reliable reporting, such as reconciliations, were generally lacking.
78. Senior management did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support the annual consolidated and separate financial statements and performance report. The audit

team experienced difficulties (delays in submission) during the audit due to poor record keeping in certain areas and the lack of supporting evidence for recorded balances and transactions that are reviewed by senior management.

79. Senior management did not always ensure that adequate controls were designed, implemented, and monitored to ensure compliance with laws and regulations resulting in material non-compliance with laws and regulations. In addition, there was inadequate implementation of consequence management for poor performance and transgressions.

Material irregularities

80. 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 in progress

81. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in next year's auditor's report.

Status of previously reported material irregularities

Pollution of water resources not prevented at Rooiwal Wastewater Treatment Works (WWTW)

82. The municipality did not take reasonable measures at the Rooiwal Wastewater Treatment Works (WWTW) to prevent pollution or degradation of the environment and water resources from occurring, continuing, or recurring, as required by section 28(1) of the National Environmental Management Act 107 of 1998.
83. The Rooiwal WWTW has not been functional since 2010 due to neglected maintenance that has resulted in the discharge of inadequately treated effluent into the Apies River and Leeuwkop Dam over a number of years. The Apies River feeds the Leeuwkop Dam, which is the extraction point of the Temba Water Treatment Plant.
84. This has resulted in the continued and long ongoing discharge of inadequately treated effluent, exceeding the discharge limits, into main water resources such as the Apies River and Leeuwkop Dam as well as groundwater pollution of the surrounding environment, and also has a devastating effect on the water, its eco-systems and the people who use the water. These contaminated water resources provide water for consumption and recreational services for the surrounding communities, as well as water to neighbouring farmers for consumption by livestock and irrigation of crops (boreholes and irrigation ponds).
85. The accounting officer was notified of the material irregularity on 15 December 2021.

86. The accounting officer included the planning of Rooiwal Phase II in the integrated developmental plan of the municipality. The accounting officer had initiated section 33 of the MFMA process, which was expected to be finalised by February 2023. Subsequently, the accounting officer put section 33 of the MFMA process on hold as the municipality adopted a new approach to address issues at Rooiwal WWTW.
87. The process to complete the Rooiwal Phase 1 project will require a new consulting engineering firm to be appointed. The scope of work for the appointment of the consulting engineering firm to render professional services has been compiled. The preparation of the specification was expected to be finalised by March 2023; however, the accounting officer has considered an alternative approach for the execution of Rooiwal Phase 1, and this will be the appointment of an Implementing agent to oversee the execution of the project.
88. The accounting officer has taken the following actions to address the material irregularity:
- Ensured continuous repairs and maintenance of the machinery and equipment at the Rooiwal WWTW.
 - Service providers were appointed in August 2021 for the provision of water tanker services to Hammanskraal residents affected by the water quality issues.
 - Appointed a contractor for the phase I upgrade and refurbishment at the Rooiwal WWTW. However, the contractor's contract was terminated in July 2022 due to poor performance.
 - An early business case that was submitted to Infrastructure South Africa in April 2023 was approved in June 2024.
 - A total of R450 million has been allocated for the Rooiwal WWTW Phase 1 project on the 2023-24 Medium-Term Revenue and Expenditure Framework, with R150 million split from 2023-24 to 2025-26 financial years. The allocated budget will be utilised for the completion of the Rooiwal WWTW phase I upgrade and the execution of new upgrades identified to improve the quality of the effluent discharged.
 - A preliminary technical meeting between the municipality and the Development Bank of Southern Africa (DBSA) took place in June 2023 to discuss the scope of works and the possible signing of the memorandum of understanding for the execution of the project.
 - A mayoral committee meeting took place in July 2023 to consider the appointment of the DBSA as the implementing agent. The DBSA was appointed as an implementing agent in September 2023 and a service level agreement between DBSA and the municipality was finalised in October 2023.
 - General building and mechanical engineering turnkey contractors appointed in February 2024 were granted access to the site in March and April 2024 respectively.
 - A consulting engineering company appointed as part of a panel in October 2023 is currently preparing an intermediate business case for submission to Infrastructure South Africa.

- A full business case required for funding application will be submitted upon approval of the intermediate business case.
- In addition to the business cases, a preliminary submission was submitted to the National Treasury (Budget Facility for Infrastructure) in May 2024 to apply for funding for the Phase II project. The Director General of the Department Water and Sanitation also signed a letter in June 2024 in support of the preliminary submission to National Treasury.

89. I will follow up on the implementation of these actions during my next audit.

Inadequate controls designed to monitor the work of a consultant

90. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the payment of funds, as there were no controls to verify the work done by the consultant before processing payments in the 2021-22 financial year in contravention of section 65(2)(a) of the MFMA.

91. The non-compliance is likely to result in a material financial loss, if not recovered.

92. The accounting officer was notified of the material irregularity on 19 April 2023.

93. The accounting officer has taken the following action to address the material irregularity:

- Appointed a panel of service providers in June 2023.
- The value for money audit was completed in April 2024, however, the investigation conducted did not address the MI and I notified the accounting officer of the outcome of the assessment in May 2024.
- The accounting officer addressed deficiencies in the value for money audit in September 2024.
- The value for money audit concluded the service provider did not perform work valued at R26 079 866 for which R12 317 640,72 relating to the monies owed to the service provider have been withheld by the accounting officer. The accounting officer initiated processes to recover the remaining R13 762 224,81 from the service provider.
- No official was found responsible for payments made for work not done by the service provider as payments were made due to ineffective controls designed by the accounting officer.
- The accounting officer committed to include clear roles and responsibilities in service level agreements to be entered into with potential service providers.

94. I will follow up on the implementation of the planned action during my next audit.

Procurement of software licenses not utilised

95. Resources of the municipality were not utilised economically as the municipality paid for maintenance and support costs on software licenses procured between September 2019 and December 2020 but not used, as required by section 62(1)(a) of the MFMA.
96. The municipality is likely to suffer a material financial loss if the maintenance and support costs spent on software licenses not used are not recovered. The financial loss was disclosed in note 44 of the annual financial statements for the period ended 30 June 2022.
97. The non-compliance is likely to result in a material financial loss, if not recovered.
98. The accounting officer was notified of the material irregularity on 30 November 2022.
99. A credit note of R22 310 000 was issued by the service provider in December 2022 that will be used towards future annual maintenance.
100. The actions taken by the accounting officer to resolve the material irregularity were as follows:
 - Terminated software licenses that were not in use.
 - Negotiated a new maintenance base on licenses that remained in use with the service provider that resulted in the reduction of corresponding annual maintenance from R63 180 487 to R52 150 540, resulting in a saving of R11 029 947.
 - Instituted an audit into the utilisation of software licenses which was finalised in July 2023.
 - Outcomes of the authorisation review license assessment and proposals among others presented by the service provider were considered to determine the need for future license requirements when finalising the new contract.
 - A new contract was finalised and signed in August 2024 with the service provider wherein the municipality will only pay for maintenance and support on software licences in use.
101. The material irregularity is resolved.

Overpayment on the fuel purchase

102. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the payment of funds, as the municipality overpaid three suppliers for the supply and delivery of fuel between February 2019 and June 2020 in contravention of section 65(2)(a) of the MFMA.
103. The non-compliance is likely to result in a material financial loss, if not recovered. The amount is disclosed in note 76 as a comparative to the 2020-21 annual financial statements.
104. The accounting officer was notified of the material irregularity on 8 June 2021.

105. I recommended that the accounting officer should take the following actions to address the material irregularity by 8 August 2022. The accounting officer failed to implement the below recommendations:

- appropriate action should be taken to ensure that the investigation into all overpayments is finalised.
- appropriate action should be taken to recover all financial losses suffered by the municipality from the three suppliers.
- Disciplinary, or when appropriate, criminal proceedings should commence against any official who has allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

106. I notified the accounting officer of the following remedial actions to address the material irregularity, which should have been implemented by 4 March 2023:

- The investigation into the non-compliance with section 65(2)(a) of the MFMA must be completed to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.
- Disciplinary proceedings must commence, without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
- If a senior manager of the municipality has allegedly committed an act of financial misconduct, the accounting officer must report the allegation to the municipal council, the provincial treasury, and the National Treasury, as required by regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
- Effective and appropriate steps must be taken to monitor and support the recovery process of the financial loss through the litigation process and a progress report to this effect must be provided to the AGSA at the due date for the implementation of the remedial action.

107. The accounting officer instituted legal action to recover the financial loss suffered and the matter is currently before a court of law.

108. In March 2023 and April 2023, the accounting officer's responses and substantiating documentation on the implementation of the remedial action were received. Further information was received in June 2023. I evaluated the accounting officer's responses and substantiating documentation received. As some of the actions taken to address the material irregularity were still in progress and not yet completed, I granted the accounting officer an additional six months up to February 2024 to implement the remedial actions.

109. In February 2024, the accounting officer's response was received on the progress made in completing the outstanding action on the implementation of the remedial actions. In March 2024, after engaging the accounting officer on the shortcomings in the response received in

February 2024, the accounting officer requested a further extension up to June 2024 and indicated that the investigation is in process. Subsequently, a further extension was requested up to the end of September 2024 to engage the Directorate for Priority Crime Investigation (the Hawks) in the ongoing investigation into the matter and to obtain documentation in their possession that is required to complete the internal investigation.

110. In October 2024, the accounting officer provided a final response with substantiating documentation on the implementation of remedial action. A supplementary response was received in the same month on further progress made with the actions to address the remedial action.
111. The investigation into the non-compliance was completed in September 2024 and the scope of the investigation addressed the material irregularity. The investigation found that the overpayments on the contract were as a result of failure by officials to implement the contract as per the award made which led to incorrect formulas being applied to pay the fuel suppliers.
112. Two officials were identified to be negligent in capturing the incorrect fuel prices and processing the payments. The outcome of the investigation was referred to the Financial Disciplinary Board for further investigation and to institute disciplinary steps. The accounting officer provided evidence that the disciplinary hearings against the identified officials are scheduled to take place from November 2024.
113. The court case against the fuel suppliers is in process and the accounting officer provided evidence that the trial will commence in the second quarter of 2028 in the Pretoria High Court.
114. The actions taken by the accounting officer to implement the remedial action are deemed appropriate and have addressed the material irregularity. The material irregularity is resolved.
115. I will continue to monitor the progress of the disciplinary actions and the court action during my subsequent audits.

Interest not levied on outstanding sundry consumer debtors

116. Interest was not charged on outstanding sundry consumer debtors between 1 July 2019 and 30 June 2020 as required by section 64 (2) (g) of the MFMA and the approved credit control and debt collection policy of the municipality.
117. The non-compliance is likely to result in a material financial loss, if not recovered.
118. The accounting officer was notified of the material irregularity on 8 June 2021.
119. I recommended that the accounting officer should take the following actions to address the material irregularity by 8 August 2022. The accounting officer failed to implement the below recommendations:
 - Quantify the full extent of the interest that should have been charged in accordance with the credit control and debt collection policy of the municipality.

- The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.
 - Disciplinary or, when appropriate, criminal proceedings should commence against any official who has allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
 - Appropriate action should be taken to ensure that interest is levied against all sundry debtors in accordance with the municipality's credit control and debt collection policy as required by section 64(2) (g) of the MFMA. This should include interest that was not previously charged in accordance with the policy.
120. I issued a directive to the accounting officer to determine the amount of the financial loss and recover such loss, or make progress with the recovery of the loss, from the responsible person(s) by 15 May 2023. In addition, I notified the accounting officer of the following remedial actions to address the material irregularity, which should have been implemented by the same date:
- The investigation into the non-compliance with section 64(2)(g) of the Municipal Finance Management Act, 2003 (MFMA) and the Credit Control and Debt Collection policy must be completed to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.
 - Disciplinary proceedings must commence, without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
 - If a senior manager of the municipality has allegedly committed an act of financial misconduct, the accounting officer must report the allegation to the municipal council, the Provincial Treasury and the National Treasury as required by regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
121. In May 2023, the accounting officer's response with substantiating documentation on the implementation of the remedial action was received. Further information was requested on the actions implemented which were received in July 2023 and August 2023. I evaluated the responses and substantiated the documentation received. To implement the remedial action, the municipality revised its credit control and debt collection policy to provide for the charging of interest on outstanding sundry debtor accounts and implemented the policy retrospectively by charging R133 000 000 of interest to the sundry debtors with outstanding balances.
122. A further request for information was issued in November 2023 on the steps taken to finalise the investigation into the non-compliance and to identify any responsible officials for consequence management. In February and March 2024, supplementary responses were received whereby the accounting officer indicated that the group audit and risk department has been requested in November 2023 to appoint a service provider to investigate the non-compliance and to identify any responsible officials.

123. The group audit and risk department assessed the matter for further investigation and concluded that the legal opinion that was previously sourced on the charging of interest on sundry debtors confirmed that the municipality should charge interest on sundry debtors, but nothing forbids the municipality from granting certain leniencies or indulgence it may deem appropriate. On this basis, the municipal council approved in May 2022 the exemption of sundry debtors and inactive accounts for the period between July 2022 and June 2023.
124. The non-charging of interest on sundry debtors was therefore informed by a business decision, which was based on a legal opinion obtained but this decision has retrospectively been revoked with the implementation of the revised policy and charging of interest for debtors with outstanding balances from July 2023.
125. No investigation was therefore initiated or officials identified for disciplinary actions, as an investigation will come to the same conclusion that the non-charging of interest was informed by a business decision, approved by council based on the legal opinion.
126. The accounting officer has embarked on a process for the recovery of the arrear interest and through the internal debt collection process, an amount of R61 000 000 has been recovered. The remaining debt is being dealt with by external debt collectors and a portion of the debt that is irrecoverable due to prescription, will be written-off.
127. The actions taken by the accounting officer to implement the remedial action are deemed appropriate and have addressed the material irregularity. The material irregularity is resolved.
128. I will continue to monitor the recovery of the remaining debt in my subsequent audits.

Vandalism of the bulk water infrastructure at Refilwe Manor

129. An effective system of internal control for assets was not in place as assets were stolen and vandalised between December 2018 and January 2020 in contravention of section 63(2)(c) of the MFMA.
130. The non-compliance is likely to result in a material financial loss of R 4 970 982 if not recovered. The amount is disclosed in note 76 as a comparative to the 2020-2021 annual financial statements.
131. The accounting officer was notified of the material irregularity on 30 November 2021.
132. The actions taken by the accounting officer to resolve the material irregularity were as follows:
 - appointed a security company through the contractor in December 2020.
 - The contractor acknowledged responsibility for the damages due to vandalism at Refilwe Manor in January 2021 and has since replaced some electrical and mechanical items. In addition, the service provider has purchased all the material required for the completing of pump stations.

- Repairs of the reservoir were completed in December 2022.
- The municipality has a policy that adequately covers roles and responsibilities relating to the safeguarding of assets.
- The accounting officer had committed to complete pump stations 12 and 15 by November 2022, however the committed date was not met pending electricity connection which was required before finalisation of the pump stations. Electrical cables and transformers have been installed, and the connection to the main feeder line was completed in May 2024.
- New pumps were procured and paid for in May 2024.
- Pump stations 12 and 15 were installed in September 2024 after they were procured and delivered in May 2024 and August 2024 respectively.

133. The material irregularity is resolved.

Other reports

134. 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 consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
135. The municipality is conducting a number of investigations based on allegations of procurement irregularities and financial misconduct. Some of these investigations had been finalised while others were still in progress at the date of this auditor's report.

AUDITOR - GENERAL

Johannesburg

31 December 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic priorities and on the municipality's compliance with selected requirements in key legislation.

Consolidated and separate financial statements

In addition to my responsibility for the audit of the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and determine whether the consolidated

and separate 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.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act no. 56 of 2003	<p>Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii),</p> <p>Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f),</p> <p>Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a),</p> <p>Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)</p>
Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
Municipal Supply Chain Management Regulations, 2017	<p>Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i),</p> <p>Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2),

	<p>Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)</p> <p>Parent municipality with ME: Sections: 93B(a), 93B(b)</p> <p>Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)</p>
Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
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)
Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
Municipal Staff Regulations	Regulations: 7(1),31
Waste Act 59 of 2008	Section: 20(b)
National Water Act 36 of 1998	Section: 22(1)(b)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	<p>Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),</p> <p>Regulations: 11(1), 11(2)</p>
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)