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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the City of Tshwane Metropolitan 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 and cash flow statement and 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 financial statements present fairly, in all material respects, the financial position of the City of Tshwane Metropolitan 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 (Standards of 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

Property, plant and equipment

3. Assets included in note 11 to the financial statements relating to infrastructure assets and community assets, were not valued in accordance with GRAP 17, *Property, plant and equipment*. Inappropriate methodologies and unit rates were used to assign values to assets identified. Previously capitalised assets were incorrectly componentised and revalued, resulting in the value of the assets recorded in the asset register being inflated in the current and comparative financial periods. 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. There was a resultant impact on impairment loss, depreciation, and the accumulated surplus.

Contingencies

4. Contingences were not accounted for in terms of GRAP 19, Provisions, Contingent liabilities and Contingent assets. Contingencies were not complete accounted for, in the municipality's records, consequently the corresponding figures for contingencies disclosed in note 60 to the financial statements were understated by R4 322 251 120.

Context for opinion

5. 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.

6. 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.

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

8. In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), I report:

Final materiality

9. The scope of our audit was influenced by my application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they 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 the financial statements.

10. My determination of materiality is a matter of professional judgement and is affected by my perception and understanding of the financial information needs of intended users, which is the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors helped to determine the scope of the audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

11. Based on my professional judgement, I determined final materiality for the financial statements as follows:

Final materiality amount	R483,7 million
Basis for determining materiality	1% of total expenditure
Rationale for benchmark applied	Total expenditure is an appropriate quantitative indicator of materiality as the primary focus of the users of the financial statements is on the use of funds to deliver services.

Material uncertainty related to going concern

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

13. As disclosed in note 52 to the financial statements, the performance indicators suggest that the City may continue to experience short-term financial pressure, despite improvements in cash flow. While the city has demonstrated an increased ability to generate revenue, the pace at which cash becomes available may not always align with immediate financial obligations. Liquidity and solvency levels remain below expectations, largely due to historical financial performance.

14. In terms of the EAR Rule, I report on how I have evaluated management's assessment of the municipality's ability to continue as a going concern:

    - Assessment of cash flow position projections
    - Assessment of management plans and strategies
    - Assessment of credit rating
    - Assessment of Eskom debt restructuring

15. I concluded that the management's assessment of the municipality's ability to continue as a going concern is appropriate.

Key audit matters

16. Key audit matters are those matters that, in professional judgement, were of most significance in my audit of the financial statements for the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion, and I do not provide a separate opinion on these matters.

17. 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.

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 68 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.

20. As disclosed in note 4 to the financial statements, material impairment of R20 891 172 098 (2024: R20 981 140 195) was incurred as a result of doubtful debts on consumer consumables.

21. As disclosed in note 5 to the financial statements, material impairment related to other receivables from exchange and non-exchange transactions of R1 401 451 451 (2024: R1 292 862 333) and R664 923 422 (2024: R536 288 804) respectively were incurred as a result of doubtful debts on other receivables from exchange and non-exchange transactions.

22. As disclosed in note 44 to the financial statement, material water losses of R1 699 765 016 (2024: R1 331 066 990) were incurred, which represents 39.1% of total water purchased. Technical losses of R1 359 812 013 (2024: R1 064 853 592) were due to the physical loss of water through the water distribution network. Non-technical losses of R339 953 003 (2024: R266 213 398) were due to inaccurate metering, water leaks, pipe bursts and water theft.

23. As disclosed in note 45 to the financial statements, material electricity losses of R1 873 312 711(2024: R1 632 223 297) were incurred, which represents 21% (2024: 19%) of total electricity purchased. Technical losses of R610 437 852 (2024: R598 625 902) 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 262 874 859 (2024: R1 033 597 395) 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.

24. I draw attention to note 66 in the financial statements, which deals with subsequent events and specifically the possible effects of the court ruling declaring the city cleaning levy applicable to households and businesses that make use of private refuse collection services unlawful on the municipality. I further draw attention to the disclosure on the City’s unsuccessful exemption application hearing with IMATU and SAMWU regarding the 2021 Salary and Wage Collective Agreement.

Other matters

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

26. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. 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 financial statements

27. 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 Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor-general for the audit of the financial statements

29. 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.

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

Report on the audit of the annual performance report

31. 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.

32. I selected the following strategic priorities presented in the annual performance report for the year ended 30 June 2025 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 and related infrastructure
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 and related infrastructure
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

33. I evaluated the reported performance information for the selected development priorities against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these

criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

34. In performing the audit, my procedures focused on the material indicators relating to water, sanitation, human settlements and related infrastructure, as well as electricity and energy, roads and transport services.

35. 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.

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

37. The material findings on the reported performance information for the selected strategic priorities are as follows:

Prioritisation of the electrical grid and water infrastructure

Various indicators

38. I could not determine if the reported achievements of the following indicators and targets were correct, as 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. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved. Furthermore, underachievements were reported against the related planned targets together with the reasons for this. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Name of indicator	Planned target	Reported achievement
Percentage of water treatment capacity unused	45%	37,22%
Percentage of wastewater treatment capacity unused	-10%	-22,1%
Infrastructure leakage index	7	7,6

Percentage of industries with trade effluent inspected for compliance

39. An achievement of 86.8%. was reported against a target of 92%. 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.

Missing indicator

40. The indicator of percentage of planned maintenance performed was omitted from the approved planning documents. The indicator was agreed nationally as a standard for metropolitans to measure performance on key service delivery outputs. Consequently, the achievement of this objective 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 indicator also undermines transparency and accountability on the progress towards achievement of the objectives by all metropolitan municipalities.

41. The municipality indicated that the reason for exclusion is as a result of systems' limitations, the municipality is unable to draw the required data to account on the performance relating to the phenomenon measured by this indicator in a way that satisfies all the data and evidence requirements in line with the National Treasury MFMA Circular 88. In the absence of the enabling system, the municipality is removing this KPI from the Service Delivery Budget Implementation Plan while exploring ways that will ultimately promote the credibility and integrity of the required accounting information/data.

Maintenance and expansion of road infrastructure and public transportation

42. The indicator of percentage of surfaced municipal road lanes which has been resurfaced and resealed was omitted from the approved planning documents. The indicator was agreed nationally as a standard for metropolitans to measure performance on key service delivery outputs. Consequently, the achievement of this objective 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 indicator also undermines transparency and accountability on the progress towards achievement of the objectives by all metropolitan municipalities.

43. The municipality indicated that the reason for exclusion is because the MFMA Circular 88 prescripts require a clearly defined denominator in the length of all municipal unsurfaced road lanes, of which the municipality do not have. Numerator listing i.e. kilometres of roads graded

do not have street names and the region where they fall to be uniquely identifiable. The inability to have unique identifiers in areas of grading interventions is making it impossible to account properly and reliably for work done and calculate the results accurately.

A caring city that supports the vulnerable and provides social relief

Various indicators

44. Based on the audit evidence, the actual achievements for two indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the underachievement on the targets were more than reported and the achievements against the targets were lower than reported. Furthermore, underachievement were reported against the related planned targets together with the reasons for this. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Name of indicator	Planned target	Reported achievement
Number of serviced sites – Water	2 834	2 297
Number of serviced sites – Sewer	2 834	1 498

Missing indicator

45. The indicator of number of title deeds registered to beneficiaries was omitted from the approved planning documents. The indicator was agreed nationally as a standard for metropolitans to measure performance on key service delivery outputs. Consequently, the achievement of this objective 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 indicator also undermines transparency and accountability on the progress towards achievement of the objectives by all metropolitan municipalities.

46. The municipality indicated that the reason for exclusion is because the registration process of title deeds is done by service providers appointed by the Gauteng Department of Human Settlements against the background that the Title Restoration Grant goes directly from national to the provinces and not to the municipalities. The city is therefore entirely dependent on the submissions of evidence on registrations from the Gauteng Province for the low-cost houses transferred to beneficiaries monthly.

Other matters

47. I draw attention to the matters below.

Achievement of planned targets

48. 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.

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

Prioritisation of electric grid and water infrastructure

Targets achieved: 20%		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Number of new sewer connections meeting minimum standards	950	0
Length of water pipelines replaced / upgraded	13 000m	9 893,75m
Length of new sewer pipelines installed	2 815m	2 402,35m
Percentage of water treatment capacity unused	45%	37,22%
Percentage of wastewater treatment capacity unused	-10%	(22,1%)
Percentage of industries with trade effluent inspected for compliance	92%	86,8%
Infrastructure leakage index	7	7,6
Number of dwellings provided with connections to the mains electricity supply by the municipality	1 905	499

A caring city that supports the vulnerable and provides social relief

Targets achieved: 50%		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Number of serviced sites – Water	2 834	2 297
Number of serviced sites – Sewer	2 834	1 498

Material misstatements

50. I identified preventable 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, maintenance and expansion of road infrastructure and public transportation and water infrastructure and a caring city that supports the vulnerable and provides relief. Management did not correct all the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

51. 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.

52. 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.

53. 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.

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

Annual financial statements, performance reports, and annual reports

55. 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 and current assets, 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 resulted in the financial statements receiving a qualified audit opinion.

Asset management

56. 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

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

58. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 298 037 923 as disclosed in note 55 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.

59. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R622 467 764 as disclosed in note 56 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.

60. Reasonable steps were not taken to prevent irregular expenditure amounting to R2 598 795 130 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 irregular expenditure was caused by the non-compliance with section 112 (1) 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. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

63. 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.

64. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

Consequence management

65. Some of the 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.

66. Some of the 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.

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

68. Some of the losses resulting from irregular expenditure were not recovered from the liable person, as required by section 32(2) of the MFMA.

69. Losses resulting from fruitless and wasteful expenditure were not recovered from the liable person, as required by section 32(2)(b) of the MFMA.

Strategic planning and performance management

70. The performance management system and related controls were inadequate as weaknesses in internal controls were identified in the process of performance monitoring, measurement, review and reporting, as required by municipal planning and performance management regulation 7(1).

Governance and oversight

71. I was unable to obtain sufficient appropriate audit evidence that the Internal Audit unit advised the accounting officer and/or reported to the audit committee on the implementation of the internal audit plan on matters relating to risk management, as required by section 165(2)(b)(iv) of the MFMA.

Other information in the annual report

72. 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 strategic priorities presented in the annual performance report that have been specifically reported in this auditor's report.

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

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

75. 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

76. 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.

77. 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.

78. 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.

79. 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.

80. Senior management did not adequately ensure that the 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.

81. 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

82. To be updated

Other reports

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

84. 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.

Johannesburg

30 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 strategic priorities and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the 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.

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:

#	Selected legislation and regulations	Consolidated firm level requirements
1	Municipal Finance Management Act 56 of 2003	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), 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 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), 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), 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), 165(1), 165(2)a, 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
2	MFMA: 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)
3	MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
4	MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
5	MFMA: Municipal Supply Chain Management Regulations, 2017	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), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
6	Construction Industry Development Board Act 38 of 2000	Section: 18(1)
7	Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
8	Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
9	Municipal Property Rates Act 6 of 2004	Section: 3(1)
10	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), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b) Parent municipality with ME: Sections: 93B(a), 93B(b) Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)

#	Selected legislation and regulations	Consolidated firm level requirements
11	MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
12	MSA: 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), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
13	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), 26(5), 27(4)(a)(i)
14	MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
15	MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
16	MSA: Municipal Systems Regulations, 2001	Regulation: 43
17	National Environmental Management: Waste Act 59 of 2008	Section: 20(b)
18	National Water Act 36 of 1998	Section: 22(1)(b)
19	Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
20	Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
21	Preferential Procurement Regulations, 2017	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), 11(1), 11(2)
22	Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)