

Report of the auditor-general to Limpopo Provincial Legislature and the council on Thulamela Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Thulamela Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. 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 Thulamela Local Municipality as at 30 June 2024, 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 5 of 2023 (DoRA).

Basis for qualified opinion

Revenue from non-exchange transactions - Property rates

3. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all revenue from property rates for the current year due to the status of the accounting records. I identified properties in the valuation roll that were not billed. I was unable to confirm the revenue from property rates by alternative means. Consequently, I was unable to determine whether any adjustment to revenue from property rates stated at R96 773 042 in note 27 to the financial statements was necessary.

Contingencies

4. The municipality did not disclose contingent liabilities in accordance with GRAP 19, *Provisions, Contingent Liabilities, and Contingent Assets*. Contingent liabilities disclosed in note 47 to the financial statements were not valued at the best estimate of the liability as at year end. Consequently, I was unable to determine whether any further adjustments were necessary to contingencies stated at R27 071 736 in note 47 of the financial statements.
5. The municipality did not disclose all contingent liabilities in accordance with GRAP 19, resulting in and understatement of contingencies disclosed in note 47 to the financial statements. I identified litigations against the municipality that were not recorded in the register of contingent liabilities. I was unable to determine the full extent of the understatement as it was impracticable to do so. I was unable to confirm contingent liabilities by alternative means.

Consequently, I was unable to determine whether any adjustment to contingent liabilities stated at R27 071 736 in note 47 to the financial statements, was necessary.

6. The municipality did not disclose contingent assets in accordance with GRAP 19. I identified litigations where the municipality is claiming from other parties which met the definition of contingent assets which were not disclosed. This constitutes an omission of a note, additionally the municipality did not disclose the related accounting policy. I was unable to determine the full extent of the understatement as it was impracticable to do so.

Debt impairment

7. The municipality did not recognise all losses in accordance with *GRAP 104, Financial instruments*. Net losses on financial instruments carried at amortised costs were incorrectly set off against revisions to impairment losses recognised on statutory receivables, in accordance with *GRAP 108, Statutory receivables*. Consequently, debt impairment included in note 39 to the financial statements was understated by R29 835 341 and impairment reversal was also understated by the same amount.
8. The municipality did not account for and present bad debts in accordance with GRAP 1, *Presentation of Financial Statements*. Identified transactions recognised and disclosed as bad debts write offs amounting R17 735 993, did not qualify for write off in terms of the municipality's write off policy. The amount of bad debts written off of R35 715 956 disclosed in note 39 to the financial statements were overstated. Consequently, the total balance of receivables was understated by the same amount.

Context for opinion

9. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
10. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
11. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Material impairments – Trade and other receivables

13. As disclosed in note 39 to the financial statements, a material loss of R45 816 739 (2023: R63 740 637) was incurred as a result of impairment in respect of doubtful receivables

Litigation and claims

14. With reference to note 47 to the financial statements, the municipality is the defendant in lawsuits. The municipality is opposing these claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Restatement of corresponding figures

15. As disclosed in note 50 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

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

Responsibilities of the accounting officer for the financial statements

19. 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 financial statements that are free from material misstatement, whether due to fraud or error.
20. 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

21. 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.

22. 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 11, forms part of our auditor's report.

Report on the audit of the annual performance report

23. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
24. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance areas	Page numbers	Purpose
Basic service delivery	XX	To provide sustainable infrastructure development.
Local economic development	XX	To provide climate that will attract investment and reduce unemployment through the promotion of economic development

25. I evaluated the reported performance information for the selected key performance areas 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.
26. 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
27. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
28. I did not identify any material findings on the reported performance information for key performance area: Local economic development.
29. The material findings on the reported performance information for the selected key performance areas are as follows:

Basic service delivery

Indicator 51: To Construct Tshikombani testing station by June 2024 (Multi-Year)

30. The approved planning documents included a commitment to “*Construct Tshikombani testing station by June 2024 (Multi-Year)*”. However, the achievement indicates that the municipality is still waiting for ESKOM to install the transformer and testing air conditioners as at June 2024 as reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

Indicator	Target	Reported achievement
To Construct Tshikombani testing station by June 2024 (Multi-Year)	Tshikombani testing station constructed by June 2024 (Multi- Year)	Tshikombani testing station constructed, however we are still waiting for ESKOM to install the transformer and testing air conditioners by June 2024

Various indicators

31. Achievements were reported against various targets, but these targets had not been clearly defined during the planning process. Consequently, the targets are not useful for measuring and reporting on progress against the municipality’s planned objectives.

Indicator	Target	Detail
To construct Gundani landfill cell (earthwork) by June 2024 (Multi-year)	To construct Gundani landfill cell (earthwork) by June 2024 (Multi-year)	<p>It is not clear whether measurement process was predetermined and consistently applied throughout the year. Furthermore, it cannot be confirmed that performance is measured and reported as originally intended and that all parties involved in the measurement and reporting process has the same understanding, applies the same principles and process, is clear on responsibilities and has done so throughout the year.</p> <p>The target is a multiyear contract and is not measurable as it does not specify how the progress of the construction will be assessed. It is unclear at what point will municipality consider the target achieved. Yearly targets were also not documented.</p>
To rehabilitate Streetlights from JJ motors to Sibasa Caltex by June 2024	4.8Km streetlights from JJ motors to Sibasa Caltex rehabilitated by June 2024	<p>It is not clear if measurement process was predetermined and consistently applied throughout the year. Furthermore, it cannot be confirmed that performance is measured and reported as originally intended. and that all parties involved in the measurement and reporting process has the same understanding, applies the same principles and process, is clear on responsibilities and has done so throughout the year.</p> <p>The target is not measurable due to the fact that the streetlights constructed cannot be measured in KMs. In addition to this the municipality indicated on the technical indicator description and process flow that the method of calculation this indicator will be "to count the number of streetlights constructed" and this has no relation to the kilometres of streets lights constructed.</p>
To construct of streetlights from Sibasa to Tshikeyvha by June 2024	3.6 km streetlights from Sibasa to Tshikeyvha constructed by June 2024	<p>It is not clear whether measurement process was predetermined and consistently applied throughout the year. Furthermore, it cannot be confirmed that performance is measured and reported as originally intended. and that all parties involved in the measurement and reporting process has the same understanding, applies the same</p>

Indicator	Target	Detail
		<p>principles and process, is clear on responsibilities and has done so throughout the year.</p> <p>The target is not measurable due to the fact that the streetlights constructed cannot be measured in KMs. In addition to this the Municipality indicated on the technical indicator description and process flow that the method of calculation this indicator will be “to count the number of streetlights constructed” has no relation to kilometres of streets lights constructed.</p>
To construct screen wall fence at Shayandima Cemetery by June 2024 (Multi-Year)	Screen wall fences constructed at Shayandima Cemetery by June 2024 (Multi-Year)	<p>It is not clear whether measurement process was predetermined and consistently applied throughout the year. Furthermore, it cannot be confirmed that performance is measured and reported as originally intended. and that all parties involved in the measurement and reporting process has the same understanding, applies the same principles and process, is clear on responsibilities and has done so throughout the year.</p> <p>The target is a multiyear contract and is not measurable as it does not specify how the progress of the construction will be assessed. It is unclear at what point the municipality will consider the target achieved. Yearly targets were also not documented.</p>
To construct boundary wall fence at Mbaleni Cemetery by June 2024(Multi-Year)	Boundary wall fence constructed at Mbaleni cemetery by June 2024 (Multi- Year)	<p>It is not clear whether measurement process was predetermined and consistently applied throughout the year. Furthermore, it cannot be confirmed that performance is measured and reported as originally intended. and that all parties involved in the measurement and reporting process has the same understanding, applies the same principles and process, is clear on responsibilities and has done so throughout the year.</p> <p>The target is a multiyear contract and is not measurable as it does not specify how the progress of the construction will be assessed. It is</p>

Indicator	Target	Detail
		unclear at what point the municipality will consider the target achieved. In addition to this we also noted that the technical indicator description of this indicator indicated that the method of calculation will be ' <i>counting the number of screen walls constructed</i> ,' whereas the indicator refers to 'boundary walls,' not screen walls
To construct loading bays, sidewalks, streetlights, asphalt surfacing and landscaping at DE paradise to old KFC access road (NDP grant) by June 2024 (Multi-year)	Loading bays, sidewalk streetlights, asphalt surfacing and landscaping at DE paradise to old KFC Access Road (NDP grant) constructed by June 2024 (Multi-Year)	<p>The target for this indicator is not specific as the nature and the required level of performance cannot be clearly identified</p> <p>The target and indicator do not specify how many kilometres of sidewalks or how many streetlights will be constructed. Without clearly defining the quantities, it is unclear at what point the target will be considered achieved.</p>
To construct sidewalks, loading bays and streetlights at UIF to shell garage access road (NDP Grant) by June 2024	Sidewalks, 2 loading bays and streetlights at UIF to Shell garage access road (NDP grant) constructed by June 2024	<p>The target and indicator do not specify how many kilometres of sidewalks or streetlights are to be constructed. Without clearly defining the quantities, it is unclear at what point the target will be considered achieved.</p> <p>The target and indicator do not specify how many kilometres of sidewalks or streetlights are to be constructed. Without clearly defining the quantities, it is unclear at what point the target will be considered achieved.</p>
Number of culverts constructed within Thulamela Municipality by June 2024(Multi-Year)	2 culverts constructed within Thulamela Municipality by June 2024.	<p>The target for this indicator is not specific as the nature and the required level of performance cannot be clearly identified</p> <p>The target does not specify which ward or area within Thulamela the culverts will be constructed. As a result, the municipality could construct two culverts anywhere and count it as an achievement, since no specific location has been outlined for the construction</p>
To construct Tshikombani testing station by June 2024 (Multi-Year)	Tshikombani testing station constructed by June 2024 (Multi-Year)	It is not clear whether measurement process was predetermined and consistently applied throughout the year. Furthermore, it cannot be

Indicator	Target	Detail
		<p>confirmed that performance is measured and reported as originally intended and that all parties involved in the measurement and reporting process has the same understanding, applies the same principles and process, is clear on responsibilities and has done so throughout the year.</p> <p>The target is a multiyear contract and is not measurable as it does not specify how the progress of the construction will be assessed. It is unclear at what point the municipality will consider the target achieved. Yearly targets were also not documented.</p>

Other matters

32. I draw attention to the matters below.

Achievement of planned targets

33. 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.

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

Basic service delivery

<i>Targets achieved: 55%</i> <i>Budget spent: 92%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of Indigent households earning less than R3 500 per month that receive free basic waste services	1 450	162
To construct Shayandima EXT 3 internal Street within R293 Towns by June 2024 (multi-year)	1 km base at Shayandima EXT 3 internal streets within R293 Towns constructed by June 2024 (Multi-Year)	1 km base at Shayandima EXT 3 internal streets within R293 Towns not constructed by June 2024 (Multi-Year)

To upgrade Ha- Makhuvha ring road from gravel to asphalt by June 2024(Multi-Year)	3km storm water pipes and 1km selected layer of Ha- Makhuvha ring road upgraded by June 2024(Multi-Year)	5km stormwater pipes laid and 1km selected layer not done
To construct internal streets from gravel to asphalt coupled with stormwater within R293 towns of Thohoyandou link road from block K to L by June 2024 (multi-year)	1.5 km subbase layer of internal streets constructed from gravel to asphalt coupled with stormwater within R293 towns of Thohoyandou link road from block K to L by June 2024 (Multi-Year)	1.5 km subbase layer of internal streets not constructed from gravel to asphalt coupled with stormwater within R293 towns of Thohoyandou link road from block K to L by June 2024 (Multi-Year)
To upgrade from gravel to surface at Thohoyandou K&K portion streets phase 1 by June 2024 (Multi-year)	1.5km base layer of Thohoyandou K&K portion streets phase 1 upgraded by June 2024 (Multi- year)	1.6km roadbed of Thohoyandou K&K portion streets Phase 1 done by June 2024
To construct Gundani landfill cell (earthwork) by June 2024 (Multi-year)	Gundani landfill cell (Earthwork) constructed by June 2024 (multi-year)	Specification and advertisement for Gundani landfill cell by June 2024
To construct a boundary wall fence at Mbaleni Cemetery by June 2024(Multi-Year)	Boundary wall fence constructed at Mbaleni cemetery by June 2024 (multi-year)	Specification, advertisement, and appointment of service provider for boundary wall at Mbaleni cemetery by June 2024
Number of culverts to be constructed in all wards within Thulamela municipality by June 2024	2 culverts constructed within Thulamela Municipality by June 2024 (Multi-Year)	Specification and advertisement within Thulamela Municipality done by June 2024
To Construct Tshikombani testing station by June 2024 (Multi-Year)	Tshikombani testing station constructed by June 2024 (Multi-Year)	Tshikombani testing station constructed, however, we are still waiting for ESKOM to install the transformer and testing air conditioners by June 2024
To construct Tshaulu testing station by June 2024 (Multi-Year)	Site establishment and earthwork for the construction of foundation at Tshaulu testing station by June 2024 (Multi-Year)	Specification and advertisement for Tshaulu testing station by June 2024

Material misstatements

35. I identified material misstatements in the annual performance report submitted for auditing.
These material misstatements were in the reported performance information for basic service

delivery. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

36. 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.
37. 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.
38. 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.
39. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

40. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.
41. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

Revenue management

42. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Expenditure management

43. Reasonable steps were not taken to prevent irregular expenditure amounting to R16 983 804 as disclosed in note 56 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

Procurement and contract management

44. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by 2022 preferential procurement regulation 4(4) and 5(4).

45. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and supply chain management (SCM) regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
46. 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.

Strategic planning and performance management

47. The performance management system and related controls were not maintained and adequate as the performance monitoring, review and reporting processes was not conducted and managed, as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

48. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
49. 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.
50. 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 key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
51. 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

52. 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.

53. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis of qualified opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
54. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
55. 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 financial and performance reporting.
56. Management did not review and monitor compliance with applicable legislation.
57. The management did not adequately implement controls over daily and monthly processing and reconciling of transactions.

Auditor General

Polokwane

30 November 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure,</p> <p>Section 1 - Definition: service delivery and budget implementation plan,</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1),</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b),</p> <p>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i),</p> <p>Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b),</p> <p>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e),</p> <p>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1),</p> <p>Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii),</p> <p>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170,</p> <p>Sections 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a),</p> <p>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a),</p> <p>Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b),</p> <p>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c),</p> <p>Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43,</p> <p>Regulations 44, 46(2)(e), 46(2)(f)</p>

Legislation	Sections or regulations
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
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), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)