Financial Year: 2024/2025
Annexure: Other Important Matters
Audit Action Plan Status: All
Implementation Status: Not Yet Started|In Progress|Agreed Findings

Reference	Finding	Amount	Finding Details	Root Cause	Recommendation	Action Plan	Responsible Person	Due Date Imp	Auditors Conclusion
AAP87073-2025	COMAF 1. Evaluation criteria applied in evaluating the quotations are not the same as those indicated in the original request for quotations.	249 000	Legislative requirements Section 2(1) of the LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS, states:Each municipality and each municipal entity must in terms of section 111 of the Act have and implement a supply chain management policy that(a) Gives effect to:(i) Section 217 of the Constitution; and(b) is fair, equitable, transparent, competitive and cost effective. Section 217 of the Constitution of the Republic of South Africa, 1996 - Chapter 13, statesWhen an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.Audit finding During the audit of the below procurement in with applicable MFMA regulations quotations requirements, the below was noted. Tender/ Quote number NDWQ 02/24/25	Management's reviews were not thorough to detect and rectify the inconsistencies identified.Internal control deficiency Financial and performance management • Management did not implement proper review and monitoring processes to ensure compliance with procurement laws and regulations.	Management should ensure that:The correct criteria are used in the evaluation, which should align to the RFQ issued for fairness and transparency in the procurement process and ensure that the right bidder is awarded the tender.The irregular expenditure register and notes on the AFS are updated by an amount of R249 000.They implement thorough review processes to ensure accuracy of evaluation by the respective evaluators, including reviews and inspection of returnable documents for bidders who progress to price and preference evaluations.They perform an assessment to identify if there are any other similar instances of non-compliance and quantify the extent of the irregular expenditure/fruitless and wasteful expenditure to be included in the irregular or fruitless and wasteful register.They have clearly stipulated the requirements/criteria and that they are not ambiguous.	We will ensure that compliance with criteria is adhered to to avoid this from occuring in the near future by clearly putting it as part of our checklist The finding was resolved during audit	Ntombikayise Priscilla Nkabinde	30/Jun/2026	Managements Response is Noted Management should ensure that the evaluation criteria sent out with quotations is clear and unambiguous to ensure that the ultimate evaluation is fair and transparent in line with the MFMA and Constitution pillars.The letter from the landlord is 1 year 7 months old, as request for quotation closing date, and as such not latest, SA WORKS MEDIA CONSULTING, should have been disqualified as they did not submit the required returnable document being the latest municipal account statement OR if the bidder is a tenant, then an original letter from the landlord certifying that the levies are not in arrears, and the request for quotation should have been cancelled and re-advertised.Based on the above the finding and related impact will remain.
AAP87268-2025	COMAF 2. Notes 34 and 36 are Incorrectly Reported	16 269 049	Legislative requirementsIn terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which— (a) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.During the high-level review of the annual financial statements for the year ended 30 June 2025, we noted that note 36 was incorrectly recorded as Transfers and subsidies, instead of Loss on disposal of assets and liabilities and Loss on disposal of assets and liabilities was recorded as note 44 erroneously. Information as per the Financial Performance for the year ended 30 June 2025. Page reference	Management did not prepare regular, accurate, and complete financial and performance reports that are supported and evidenced by reliable information.	Management should review for the annual financial statements for the year ended 30 June 2025 before submitting them to the Auditor General of South Africa on 31 August. Management must adjust the annual financial statements to ensure that the annual financial statements are accurately and faithfully presented.	The process for the preparation of the AFS will be adjusted to provide more time toward the end of the preparation to detect all miner errors as a result of ironing out the set to be submitted to AG.The finding was resolved during audit	Mbuso Mtshali	30/Jun/2026	Managements Response is NotedManagement should ensure that the process for preparation of the AFS is adjusted to provide more time toward the end of the preparation to detect and review errorsBased on the above the finding will remain
AAP87306-2025	COMAF 3. Non-disclosure of Conditional Grants (restricted) under Note to the Annual Financial Statements	4 774 872	Legislative requirements In terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which—(a) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year. In terms of Other Disclosures (GRAP 2), 70.1,The economic entity shall disclose the amount of any cash and cash equivalent balances held by the entity that are not available for use by the economic entity been disclosedOther Disclosures (GRAP 2), par 70.2, further states that Where cash and cash equivalent balances that are not available for use by the economic entity are held by the entity, a management commentary must be provided in the notes to the financial statementsOther Disclosures (GRAP 2), par 70.3 further states, that an entity shall consider the following encouraged disclosures:c) the amount and nature of restricted cash balancesDuring the high-level review of the annual financial statements for the year ended 30 June 2025, The below issues were notedThe amount of R4 774 872 relating to Unspent conditional grants is included in the Balance of R82 180 888 disclosed for Cash and Cash equivalents as at 30 June 2025.The amount of R4	There is inadequate review and monitoring over the preparation of the financial statement disclosures, resulting in errors not being detected prior to submission.Internal control deficiency• Financial and performance management• The Municipal Manager, as the Accounting Officer, together with the Chief Financial Officer, did not ensure that complete and accurate financial statement disclosures were prepared. The Cash and Cash Equivalent note was not supported by relevant and reliable information, resulting in non-compliance with the requirements of GRAP.	Management should review for the annual financial statements for the year ended 30 June 2025 before submitting them to the Auditor General of South Africa on 31 August. Management should update the Cash and Cash Equivalents note to include the portion of conditional grants in accordance with GRAP 2 paragraph 49. The note should clearly distinguish between unrestricted cash and cash held for specific grants purposes.	Implement a comprehensive checklist for financial statement disclosure preparation and review. The finding was resolved during audit	Chris Khoza	30/Jun/2026	Managements Response is NotedManagement should ensure that the process for preparation of the AFS is adjusted to provide more time toward the end of the preparation to detect, review compliance requirements.Based on the above the finding will remain

AAP89321-2025	COMAF 4. Error identified in the Notes to the Financial Statements	1 541 558	DETAILED AUDIT FINDINGError identified in the Notes to the Financial Statements - 1. Note 12 and Note 60Legislative requirementsIn terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which— (a) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.The below was noted Issue NotedAccording to the restated amount as per note 12 of the Annual Financial Statements as per the year ended 30 June 2025, the amount is reported as R 22 394 330, but when you add the previously reported amount (20 483 220), Correction of an error amount (1 911 110) and restated amount (1 541 558) it amounts to R 23 935 888. The restated amount of R23 935 888 reflected in note 12 is not the restated amount reflecting in the prior-year adjustments note 60 of R22 394 330.	There are inadequate review and monitoring over the preparation of the financial statement disclosures, resulting in errors not being detected prior to submission.Internal control deficiencyFinancial and performance managementThe Municipal Manager, as the Accounting Officer, together with the Chief Financial Officer, did not ensure that prior-year adjustments were accurately reflected in the financial statements. The amount disclosed in the prior-year adjustment does not agree with the prior-year closing balance reported in the Payables from Exchange Transactions note.	Management should review for the annual financial statements for the year ended 30 June 2025 before submitting them to the Auditor General of South Africa on 31 August 2025. Management should update the Prior-year adjustment note 60, in terms of the Payable from exchange restated amount to reflect the same amount as in Note 12 of Payables from exchange transactions prior year amount.	The process that is used on review of AFS will be updated to cover the deficiencies that has been identified by AG(SA). The finding was resolved during audit	Sbonelo Ngidi	30/Jun/2026	Managements Response is NotedManagement should ensure that the process for preparation of the AFS is adjusted to provide more time toward the end of the preparation to detect, review compliance requirements.Based on the above the finding will remain
AAP89342-2025	COMAF 7 Awards not disclosed in the notes to the annual financial statements	259 642	Legislative requirementsSection 62(1) (b) of the MFMA states that: "the accounting officer of the municipality is responsible for the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."Section 217 of the Constitution of the Republic of South Africa, 1996 - Chapter 13, states"When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective."Section 45 of the Municipal Supply Chain Management Regulations states that, "the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including—(a) the name of that person; (b) the capacity in which that person is in the service of the state; and(c) the amount of the award"Audit findingThe following spouses of the municipality's staff were not disclosed in the notes to the annual financial statements for year ended 30 June 2025, as per SCM 45 of the Municipal Supply Chain Management RegulationsName of employeeName of spouseSupplier name Award givenAmount	Management's reviews were not thorough to detect and rectify the inconsistencies identified.	•Management should improve on its internal controls relating to the compliance of Municipal Supply Chain Management Regulations • Management should review and monitor the supply chain processes to ensure compliance with procurement laws and regulations.	Resolved during audit. We will improve on its internal controls relating to the compliance of Municipal Supply Chain Management Regulations	Ntombikayise Priscilla Nkabinde	30/Jun/2026	No comments
AAP89345-2025	COMAF 5.1 Error identified in the General Ledger and Note 12	3 034 350	1. Note 12 Legislative requirements Section 62(1) (b) of the MFMA states that: "the accounting officer of the municipality is responsible for the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards." In terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which— (a) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year. Audit finding The following difference was identified between the payables from exchange transactions disclosed in note 12 on the AFS and the amounts as per the General Ledger:Payables from exchange transactionsAmount per General LedgerAmount per note 12DifferenceOther Payables 242 883,99 1 494 829 1 251 945,01 Output VAT Payable 496,831 782 9021 782 405,17Total Amount243 380,823 277 7313 034 350.18Issue NotedPayables from exchange transactions has been overstated by R 3 034 350,18.Impact The difference between the amount in the General Ledger	The Municipal Manager, as the Accounting Officer, together with the Chief Financial Officer, did not adequately review and monitor the preparation of the financial statement disclosures. As a result, errors were not detected and corrected before submission.Internal control deficiency Financial and performance management The Municipal Manager, as the Accounting Officer, together with the Chief Financial Officer, did not adequately review the Payables from Exchange Transactions note to ensure that the statement is fairly presented and in accordance with the relevant GRAP standards	•The CFO should improve the review of the Payables from Exchange Transactions note to confirm that it agrees to the accurate and reliable information, prior to submission for audit purposes. • All differences should be reconciled and supported by valid and sufficient supporting documentation.	The process that is used on review of AFS will be updated to cover the deficiencies that has been identified by AG(SA)	Chris Khoza	30/Jun/2026	Pending

AAP89355-2025	COMAF 5.2 Error identified in Trade Payables - Difference in Supplier closing balance	28 625	2. Difference in Supplier closing balance Legislative requirements Section 62(1) (b) of the MFMA states that: "the accounting officer of the municipality is responsible for the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards." In terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which—(b)fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year. Audit finding The following differences were identified between the Trade Payables Age analysis closing balance and the auditor's recalculation:Trade Payables (Suppliers)Amount as per the Age analysisAuditor's recalculation and MovementDifferenceSethulisa (Pty) Ltd79 500 56 000 23 000 Mphathebanzi Trading Enterprise14 125 9 000 5 125Total Amounts93 62565 00028 625Issue Noted Trade Payables have been overstated due to supplier balances	The finance officials responsible for preparing and reviewing the age analysis did not perform accurate reconciliations of supplier balances to supporting documentation. Inadequate review and monitoring by the Chief Financial Officer resulted in errors in the age analysis not being detected and corrected before submission of the financial statements.	The Municipal Manager, together with the Chief Financial Officer, should ensure that finance officials perform accurate reconciliations of supplier balances to supporting documentation before finalizing the age analysis. Adequate review and monitoring controls should be implemented to detect and correct errors, ensuring that the payables balance reported in the financial statements is complete, accurate, and compliant with GRAP requirements. • All differences should be reconciled and supported by valid and sufficient supporting documentation.	Resolved during audit	Khethukuthula Buthelezi	30/Jun/2026	Pending
AAP89380-2025	COMAF 9 Inaccurate (Overstatement)) and Incomplete Disclosure of Delayed Capital Project	1 583 092	Inaccurate (Overstatement)) and Incomplete Disclosure of Delayed Capital ProjectReference: Note 9 – Property, Plant and Equipment, Page 43 of the AFS, specifically the "Delayed capital projects" disclosure for KwaShangase Community Hall.Legislative and GRAP RequirementsIn terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which—(a) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.In terms of GRAP 1: Presentation of Financial Statements:• Paragraph 39 requires that information in the financial statements must be a faithful representation of the underlying transactions and events. The information must be complete and free from material error. • GRAP 17: Property, Plant and Equipment requires that the cost of an item of PPE includes all costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (Paragraph 29). All such costs incurred during the construction phase must be capitalised to the asset under construction.Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA) requires the accounting officer of a municipality to take reasonable steps to ensure the municipality has and maintains effective, efficient, and	The root cause of the discrepancy is a systemic failure in the project accounting control environment, stemming from the absence of a mandatory, formal reconciliation process between the Technical Services Department's certified project reports (TS02) and the Finance Department's Fixed Asset Register. This lack of an integrated control framework allowed a variance to go undetected, as the Asset Management Unit capitalized costs without supported evidence and supervisory reviews by the Budget Office, senior management, who failed to enforce this critical verification step before finalizing the financial statements. The reviews of the annual financial statements by Municipal Manager, CFO, Internal Audit, audit committee and Management were not sufficient and adequate as the above issues were not detected and corrected timeouslyInternal Control Deficiency Financial and performance managementThe Municipal Manager and the Chief Financial Officer did not ensure that the Fixed Asset Register was accurate, complete, and reconciled to supporting project management documentation. Controls over the capitalisation of project costs were not effective.	Management must immediately investigate the R1,583,092.09 variance between the FAR and the TS02 document for the KwaShangase Community Hall project. Correct the carrying value of the project in the Fixed Asset Register and Note 9 of the AFS to the accurate amount of R9,058,787.91. Enhance the disclosure in Note 9 to provide a more detailed breakdown for material delayed projects, including the total spent to date and the amount spent during the current financial year.Implement a mandatory quarterly reconciliation process between the FAR and project management reports for all active capital projects to prevent recurrence.	The municipality will ensure that the amount disclosed under delayed projects is expenditure not the total cost of the whole projects using the payments certificates. Finding was resolved during the audit	Noluthando Dlamuka	30/Jun/2026	Management's response is noted whereby they agreed to the finding. As per the meeting held on the 17th November 2025, management has provided us with the workings for above finding which substantiate that the total actual expenditure, per the FAR, is R7,910,907.62 as opposed to the amount of R10,641,880 previously disclosed in the Annual financial statements disclosure note (PPE) Management subsequently updated the discourse note to reflect the correct value, kindly refer to below updated AFS Note 9 on page 44.
AAP89403-2025	COMAF 10 - Incorrect Classification and Misleading Disclosure of a Written-Off Asset	9 336 134	Finding 1: Incorrect Classification and Misleading Disclosure of a Written-Off Asset Reference: Note 9 – Property, Plant and Equipment, Page 43 of the AFS, specifically the "Delayed capital projects" disclosure. Legislative and GRAP Requirements In terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which—(a)fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year. Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA) requires the accounting officer of a municipality to take reasonable steps to ensure the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control. In terms of GRAP 1: Presentation of Financial Statements: Paragraph 39 requires that information in the financial statements must be presented in a manner that provides a faithful representation, is relevant, and is understandable to users. Classifying a written-off asset as a delayed project is misleading and fails this requirement. GRAP 17: Property, Plant and Equipment requires that the carrying amount of an item of PPE shall be derecognized upon	Inadequate review procedures for financial statement disclosures and a lack of precision in ensuring that the narrative descriptions accurately reflect the underlying accounting treatment. The above issue noted results in a non-compliance with section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA), as the above inconsistency further highlight internal control deficiencies as the annual financial statements' reviews done were not adequate to detect and correct the above inconsistency before AFS were submitted for audit.Internal Control DeficiencyFinancial and performance managementThe Municipal Manager, as the Accounting Officer, together with the Chief Financial Officer, did not ensure that the notes to the financial statements were accurate and non-misleading. The control over the drafting and review of	•Management must immediately correct Note 9. •The "Testing Centre and Fire Department" project must be removed from the "Delayed capital projects" table. •A separate, clear disclosure should be added, either within Note 9 or in a note addressing losses on disposal, stating: oThe nature of the project written off (Testing Centre and Fire Department). oThe reason for the write-off (land disputes and relocation). oThe carrying value of the asset at the time of write-off (R9,336,134). oA confirmation that this amount has been derecognized from PPE and recognized as a loss in the Statement of Financial Performance (as part of the R16,269,049 disclosed in Note 36). •The "Delayed capital projects" note should only include projects that are genuinely still in progress and expected to be completed.	Response to the audit finding Management does not agree with the finding. It was recommended that the "Delayed capital projects" note should only include projects that are genuinely still in progress and expected to be completed. We agree however, where there's a disclosure in the prior year, a change in the current year is to be shown to show the flow of the transaction instead of removing it outright. Therefore, the note shall remain as is. Resolved during audit however we are still not convinced by the disclosure that AG(SA) wanted, we are still discussing it with AG(SA)	Noluthando Dlamuka	30/Jun/2026	Despite of management's response whereby they stated: "Management does not agree with the finding." Subsequent meetings were held whereby the auditor's stance was further elaborated , with management ultimately noting the issue with the current disclosure and adopting the recommendations provided by the auditor. Management corrected and updated the AFS disclosure note and the corrected where audited and concluded to be appropriate. Kindly refer to the updated AFS page 44 note 9.

AAP90877-2025	COMAF 13. Inadequate Disclosure of Material Classes of Property, Plant and Equipment		Reference: Note 9 – Property, plant and equipment, Pages 42 - 44 of the AFS. Legislative and GRAP Requirements In terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which—(a) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA) requires the accounting officer of a municipality to take reasonable steps to ensure the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control.In terms of GRAP 1: Presentation of Financial Statements: Paragraph 36 each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented	The root cause is a systemic failure in the financial reporting control environment specifically regarding GRAP compliance, attributable to: Inadequate Technical Knowledge: The finance team responsible for financial statement preparation lacks specific understanding of GRAP 1's detailed disclosure requirements for property, plant and equipment classification.Absence of Detailed Disclosure Framework: There is no formalized classification framework or detailed chart of accounts that mandates the separation of material PPE classes as required by GRAP 1.Ineffective Review Controls: The financial statement review process, including oversight by the Chief Financial Officer, failed to identify this specific non-compliance due to: (a) Lack of a detailed GRAP disclosure checklist, (b) Absence of technical review by personnel with specialized GRAP expertise (c) Over-reliance on system-generated reports without critical analysis of their compliance with reporting standards System Configuration Limitations: The asset register and financial	Management must immediately correct Note 9 by eliminating the "Other property, plant and equipment" classification.The three material classes—Machinery and Equipment, Furniture and Office Equipment, and Computer Equipment—must be disclosed as separate line items in the PPE note and reconciliation.Implement a mandatory financial statement disclosure checklist that includes a specific verification point for compliance with GRAP 1 (separate disclosure of material PPE classes) to prevent recurrence.	Resolved during audit a compulsory checklist waill be developed and updated now and again to ensure compliance with most recent GRAP requirements	Noluthando Dlamuka	30/Jun/2026	pending
AAP90917-2025	COMAF 14.1 Reported performance indicators not accurately stated due to misstatements identified		Section 41(1) of the Municipal Systems Act states: A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that maybe prescribed -(a) set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan; (b) Set measurable performance targets with regard to each of those development priorities and objectives; (c) With regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)- (i) Monitor performance; and (ii) Measure and review performance at least once per year; The FMPPI requires the municipality to have appropriate systems to collect, collate, verify and store performance information to ensure valid accurate and complete reporting of actual achievements against planned objectives, indicators and targets.During the audit of AOPO the below was noted The following reported achievements	The municipality did not develop a checklist for measurement, monitoring and accurate reporting and validation against supporting portfolio of evidenceInternal control deficiency The accounting officer and the Project Manager (PMU) did not adequately monitor the achievement of the audit action plan to ensure prior period findings relating to the reliability of reported performance information are addressed on time.The Project Manager (PMU) and Director – Technical Services did not adequately review the reported performance against the actual supporting evidence to ensure that the reported information is that it is reliable before submission for the audit.The Internal Audit Manager and Manager - IDP/PMS did not validate the performance information against supporting portfolio of evidence to ensure that the information submitted is valid, accurate and complete.	The PMU Manager and the Director – Technical Services should improve the review of the reported actual performance against its supporting documentation to confirm that it is reliable, before submission for inclusion in the annual performance report.The Accounting Officer and the PMU Manager in consultation with the Director – Technical services should investigate the discrepancies and make the necessary corrections to the annual performance report. The revised report with the necessary supporting evidence should be presented to the auditors for validation purposes.The Internal audit Manager and Manager- IDP/PMS should validate all quarterly performance report and annual performance report prior to submitting for the audit purpose.	Director Technical Services wii investigate discrepancies on the project performance reports to avoid descriepences in the near future.	Leeanne Naidoo	30/Jun/2026	Pending
AAP91106-2025	COMAF - No formal Consultants policy and no formal Consultancy reduction plan in place		No formal Consultants policy and no formal Consultancy reduction plan in place Requirements Section 5(5)(f) of the Municipal Cost Containment Regulations,2019 states that: When consultants are appointed, an Accounting Officer must develop consultancy reduction plans to reduce the reliance on consultants. Although the municipality has adopted the Cost Containment as legislated – the municipality does not have an approved policy on use of consultants. The municipality has not developed a documented consultancy reduction plan, as required by Regulation 5(5)(f) of the Municipal Cost Containment Regulations, 2019. This has resulted in non-Compliance with Municipal Cost Containment Regulations, 2019 Although the municipality has adopted the Cost Containment as legislated – the municipality does not have an approved policy on use of consultants.The municipality has not developed a documented consultancy reduction plan, as required by Regulation 5(5)(f) of the Municipal Cost Containment Regulations, 2019. This has resulted in non-Compliance with Municipal Cost Containment Regulations, 2019	The municipal council and the accounting officer did not ensure compliance with the Municipal Cost Containment Regulations and ensuring that the municipality adopts and approve all applicable policies and operational procedures. Management did not review and monitor compliance with applicable legislation.The lack of documentation indicates inadequate follow-through on issues and strategies discussed in meetings to reduce reliance on consultants.	Develop a formal consultancy reduction plan which clearly outline measurable objectives, timelines, and strategies to minimize reliance on consultants. Further have the plan ensure that skills gap identified within the organisation are implemented with targeted training and development programs for staff which will encourage knowledge transfer from consultants to municipal staff during engagements.	The municipality will improve it's concultants reduction plan and also ensure that consultants do transfer skill to the municipal staff.	Xolani Hlekwane	30/Jun/2026	Pending

AAP91119-2025	COMAF 16. Approved Debt reduction Thresholds assessment of Inheritors	10 182 173	Requirements Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA) requires the accounting officer of a municipality to take reasonable steps to ensure the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control. In terms of MFMA 62(1)(f)(iii) and MSA 96(b)The municipality shall adopt a credit control and debt collection policy. In terms of MFMA 64(2)(f) – MunicipalitiesReasonable steps shall be taken to ensure that the municipality / municipal entity had and maintained: (b) a system of internal control of debtors and revenue. In terms of MFMA 32(2)(a)(ii) Unauthorised expenditure was only written off as irrecoverable after being certified by council as irrecoverable.Upon auditing the Bad debts written off of R 10 182 173, we noted that there were arrangements made with two debtors with the municipality, requesting a waiver or reduction of their debt.Approved Debt reduction Thresholds assessment of Inheritors Requirements Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA)	The Municipality did not include the debt reductions threshold percentages within the Approved credit control and debt collection policy 2024/2025, as all debt reductions are based on MMs discretion.The Municipality's current processes do not include an assessment of the financial status and capabilities of the inheritors who request debt reductions There was no adequate management assessment on the explanation of the reasons given by debtor for the debt being waivered- the explanations and reasons were not investigated and were taken at face valueNon inclusion of approved debt reduction thresholds in the policy results in a non-compliance with Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA), which requires the accounting officer of a municipality to take reasonable steps to ensure the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control. As basing debt reductions on discretion does not enhance the internal control environmentThe above further	· Management should include the debt reduction threshold within the Credit control and debt collection policy the which is in line with MFMA s64(2)(e), when making arrangements with the debtors in reducing the debt.· Management should enhance existing policies to ensure that they include processes to assess the financial status and capabilities of Inheritors who require debt reductions, as the matters appears common within the municipality's environment, Management should investigate the debtors' reasons for the reduction of debt and whether those reasons are reasonable and are in line with the debt reduction threshold.	There will be an implementation of a formal, approved debt reduction threshold.Remedial actions to revise the Credit Control and Debt Collection Policyand to include specific, debt reduction thresholds.	Chris Khoza	30/Jun/2026	Pending
AAP91125-2025	COMAF 17. The audit committee was not granted access to the third and fourth quarter reports		RequirementsSection 62 (c) of the Municipal Finance Management Act states that "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control" Section 166 (3)(a) of the Municipal Finance Management Act states that in performing its functions, an audit committee must have access to the financial records and other relevant information of the municipality or the municipal entity. During the audit process of obtaining an understanding of the audit committee, specifically during the inspection of the fourth quarter report of the Audit and Performance Committee, it was noted that the quarter 3 and quarter 4 reports were not submitted to the Audit and Performance Committee as per an extract below: MFMA 166(2)(a)(iv), requires the audit committee to advise the council/ board of directors/ accounting officer on matters relating to the adequacy, reliability and accuracy of financial reporting and information. To fulfill the above, the audit committee needs to have access to the financial records and information it needed, as required by MFMA 166(3)(a) As such the non-submission of finance quarterly reports for quarter 4, resulted in a non-compliance with MFMA 166(3)(a), resulting in the audit committee not having access to the financial records and information it needed, which further	Compliance with applicable laws and regulations was not reviewed and monitored. The Audit committee did not apply best practices applicable to public sector entities in relation to the annual assessment of the finance function, to satisfy itself of the expertise, resources and experience of the company's finance function, which is meant to enhance the effectiveness of the internal control environment	Following the end of each financial year-end, the audit committee should perform an in-depth assessment of the finance function on the key positions (CFO and Managers supporting the CFO) (In line with annexure A below) This assessment could be performed via questionnaires being completed by each Audit Committee member, the significant results of which should be summarised and discussed at the following Audit Committee meeting. Alternatively, should the pre-completion of a questionnaire not be feasible, an in-depth discussion could take place at an Audit Committee meeting, covering similar points to what would have been covered in the questionnaire.	Resolved during audit. Strengent controls to ensure that proper communication linse are implemented or revived between Audit Comm and Finance Dept	Xolani Hlekwane	30/Jun/2026	Pending
AAP91774-2025	COMAF 1.2 Somahashi Marketing Solutions - Evaluation criteria applied in evaluating the quotations are not the same as those indicated in the original request for quotations.	219 850	Somahashi Marketing Solutions - Evaluation criteria applied in evaluating the quotations are not the same as those indicated in the original request for quotations.Legislative requirementsSection 2(1) of the LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS, states:Each municipality and each municipal entity must in terms of section 111 of the Act have and implement a supply chain management policy that(c) Gives effect to: (j) Section 217 of the Constitution; and (d) is fair, equitable, transparent, competitive and cost effective; Section 217 of the Constitution of the Republic of South Africa, 1996 - Chapter 13, statesWhen an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.Audit findingDuring the audit of the below procurement in with applicable MFMA regulations quotations requirements, the below was noted.Tender/ Quote numberNDWQ 41/24/25DescriptionSupply and Delivery of Municipal Diaries Calendars for Municipal officials and Councillors for the year of 2025Winning BidderAdvertisement date25-Oct-24 Award valueR 219 850Spend to dateR 219 850Obtained the Request for formal written price quotations confirmed the below aspect of the pre-disqualification criteria, in the form of	Management's reviews were not thorough to detect and rectify the inconsistencies identified.Internal control deficiency Financial and performance management • Management did not implement proper review and monitoring processes to ensure compliance with procurement laws and regulations.	Management should ensure that: Consistent criteria are used in the evaluation, which should align to the RFQ issued for fairness and transparency in the procurement process and ensure that the right bidder is awarded the tender.The irregular expenditure register and notes on the AFS are updated by an amount of R219 850.They implement thorough review processes to ensure accuracy of evaluation by the respective evaluators, including reviews and inspection of returnable documents for bidders who progress to price and preference evaluations.They perform an assessment to identify if there are any other similar instances of non-compliance and quantify the extent of the irregular expenditure/fruitless and wasteful expenditure to be included in the irregular or fruitless and wasteful register.They have clearly stipulated the requirements/criteria and that they are not ambiguous.	Strict compliance assessments will be done on individuals or entities which the municipality intends to award as part of the check list	Ntombikayise Priscilla Nkabinde	30/Jun/2026	Management's Response is noted Management is encouraged to ensure that the evaluation criteria communicated to potential bidders, is clear and unambiguousThe Mandatory documents required the Bidder's latest municipal account statement OR if the bidder is a tenant, then an original letter from the landlord certifying that the levies are not in arrears, the objective of the criteria is to confirm the validity of the service provider's location/address, and further to corroborate that the service provider is not owing / in arrears on their levies.Somahashi was in arrears by an amount of R77 471 coming from Prior months.The current months charge amounted to R2 820.25, which further corroborates that the balance brough forward is a cumulative of prior months levies which remained unpaid.Further the current months charge of R2 820.25, further includes an amount of R653.87, which is interest charged on arrears.The statement further shows no payments made by the bidder.In this case the, the statement provided by the bidder reflects that the Levies were in arrears and as such Somahashi should have been disqualified and considered non-responsive and not evaluated further for price and preference.Based on the above, the finding and related impact remains

AAP91833-2025	COMAF 19. Fruitless and Wasteful Expenditure in relation to a Project Written Off	8 358 706	Fruitless and Wasteful Expenditure In relation to Project Written off. RequirementsFruitless and Wasteful expenditure is defined in section 1 of the MFMA as follows: "Fruitless and Wasteful expenditure, in relation to a municipality or municipal entity, means—(a) expenditure that was made in vain and would have been avoided had reasonable care been exercised."MFMA s62 (1)(d) states that' "The Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for the purpose take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented"In terms of MFMA sec 95(d) General financial management functions of accounting officers. The accounting officer of a municipal entity is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure—(d) that irregular and fruitless and wasteful expenditure and other losses are prevented;In terms of the Public audit Act Definition (section 1) 'Material irregularity' means any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty identified during an audit performed under this Act that resulted in or is likely to result in a material economic loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general publicParagraph 3.22 of the PAA further states, Material	The delays that occurred that resulted in the cancellation of the contract were due to poor and inappropriate planning by the municipality. There was no thorough feasibility studies conducted to confirm whether the land that was going to be utilized was feasible to be used for the construction of Ndwedwe Testing Centre belonged to the municipality. Further no evidence was provided corroborating that the above fruitless has been investigated regarding the write off of R 9 336 134.00, kindly see the consequence Management finding issued.The above payments were made in vain, and this legal battle could have been avoided by the Municipality had they confirmed ownership of the land before appointing a service provider, this amount should be classified as fruitless and wastefull expenditure.The non-compliance was caused by the failure of Ndwedwe Local Municipality to provide access to site, power for commissioning and supply the contractor with materials to attain the contractual completion dates and consequently standing time payments.Internal control deficiency Financial and performance management: Management did not implement proper review and monitoring processes to ensure compliance with procurement laws and regulations.There was fruitless and wasteful expenditure identified by the auditors which was not disclosed by the municipality.Management did not plan accordingly and have measures in place to mitigate instances of expenditure being incurred in vain with no benefit for Ndwedwe Local Municipality, by ensuring demand is aligned	Before a commencement of a project, the Municipality should ensure that they have done a thorough reasonability assessment of whether it is feasible to conduct a project on a specific area, to avoid all the legal battles and costs incurred, as the appointment of the project did not commenceManagement should take all reasonable steps to ensure that fruitless and wasteful expenditure are prevented as per MFMA section 62 (1)(d)The fruitless and wasteful identified above should be transferred to the UIFWE register and further disclosed in the AFSDisclose in the fruitless and wasteful register the above expenditure incurred in vain It is further recommended that Management implements review and monitoring controls over compliance with applicable procurement laws and regulation should also be strengthened to prevent compliance deviations from occurring.Management should implement controls to ensure the procurement of goods and services is aligned to capacity, and where discrepancies are identified, rectified promptly to avoid losses.Management should further Investigate the write off which resulted in fruitless expenditure being incurred as required by (MFMA 32(2)(b) - Municipalities), to determine if any person is liable for the expenditure, and to further institute recovery processes considering that financial losses were incurred.	Management comment on audit findingThe municipality acknowledge the finding. The municipality clarify on the statement from Detailed Audit Finding that say ''Construction Never Commenced'' - (Construction commenced on site 1 – Site establishment, Site Clearance, construction equipment deployed on site like Yellow Plant – Grader, TLB, Excavator, Trucks – than the project was halted/stopped by Mavela Traditional Council/Clinic/Ingonyama Trust),Management comment on internal control deficienciesThe municipality identified the need for the Testing Centre development within Ndwedwe Area, Department of Transport supported and backed the initiation and innovation of Testing Centre development hence the project was viable in terms of job creation, revenue generation and assisting the community with service of Testing Centre Facilities. The municipality has understood to have in position Title Deed for Ndwedwe Town (Site 1) which gave confidence, assurance that the land belongs to the Ndwedwe Local Municipality hence the land ownership was challenged by Mavela Traditional Council. The municipality further established/researched Site 2 within Bhamshela Area in Ndwedwe Jurisdiction therefore confirms that Testing Centre project was viable/feasible, required facility due to the fact that the Testing Centre has now completed, Registered through Department of Transport (DOT) and Functional.Management comment on recommendationThe municipality will further investigate the write off however this should be also understood as an Institutional challenge which	Ntombikayise Priscilla Nkabinde	30/Jun/2026	Managements Response is Noted We do acknowledge that you mention that construction did commence on site 1. The information we received as per the extract from the minutes of the special council meeting held on 18 July 2018 states that the construction never commenced. Upon inspection of the title deed, we do acknowledge that site 1 did belong to Ndwedwe Local Municipality for the construction of Ndwedwe Testing Center. Upon further inspection of the court order ordered by the High Court of South Africa, Kwa Zulu Natal Local Division, Durban on 26 January 2018, it is stated that the respondents were restrained from disturbing and interfering in a way and/ or prohibiting the construction of Ndwedwe Testing Center. It further states that the respondents be barred from entering the premises whereby the Ndwedwe Testing Center is to be constructed. It further mentions that the respondents be barred from threatening and/ intimidating the employees of Brainwave Projects or any person duly authorized to work towards the construction of Ndwedwe Testing Center.In the above court order, the court did not state that the construction should be halted or stopped. The Ndwedwe Local Municipality had all the legal rights to continue with the construction, but it still did not complete the construction of the Ndwedwe Testing Center.The expenditure of R 10 081 506.49 incurred had no value for money as the construction was not completed. This in a non- compliance of MFMA 62(1)(a) and MFMA 62(1)(d).Further, there was a new construction of the Ndwedwe Testing Center at Bhamshela
AAP91856-2025	COMAF 6. Difference identified in the Bank Confirmation and Annual Financial Statement	1 168 864	Note 24: interest Received on Investment and Bank AccountsLegislative requirements MFMAIn terms of Section 122(1) (a) of the Municipal Finance Management Act, 2003 (Act No. 56of 2003) (MFMA), every municipality and every municipal entity must for each financial year prepare annual financial statements which—(f) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.In terms of Overall Considerations (GRAP 1) par 17 states that,Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses.Audit finding The following difference was identified between the General ledger, Bank Confirmation and Annual Financial StatementThe difference below was noted:Amount as per Bank Confirmation Amount as per AFSDifferenceR8 010 673,05R 9 179 537R1 168 863,93External bank Confirmations DetailsIssues Noted The difference noted between the Bank confirmation and AFS of R1 168 863,93 indicates that the interest disclosed in the Financial statement has been overstated.The interest received by the bank differs from the amount reported in the	There is inadequate review and reconciliation of interest income between the bank certificate, and financial statements prior to reporting. Management relies on incomplete or outdated schedules and does not perform timely validations to ensure alignment of the amounts.Internal control deficiency Financial and performance management The Chief Financial Officer (CFO) and the Finance Manager responsible for revenue, did not implement adequate controls to ensure that interest income is accurately recorded and reconciled between the bank statement or bank certificate, and the annual financial statements. The preparer and reviewer functions were not effectively executed, resulting in discrepancies not being detected and corrected before submission.	Management should review for the annual financial statements for the year ended 30 June 2025 before submitting them to the Auditor General of South Africa on 31 August.Management should further provide supporting evidence which corroborates amount of R1 168 863,93, which will further be corroborated with the banksManagement should ensure that the Finance Unit, under the leadership of the Chief Financial Officer, implements strict review and reconciliation procedures for interest income. The responsible revenue accountant or finance officer must perform monthly reconciliations between the general ledger and bank certificate, and amounts disclosed in the annual financial statements, with evidence of review by a senior official such as the Finance Manager or CFO. Any variances should be promptly investigated, corrected, and documented. In addition, management should strengthen oversight by enforcing compliance with the year-end financial reporting checklist, ensuring that interest received is accurately recorded, disclosed, and supported by credible financial records before submission for audit.	The revenue accountant will perform a three-way reconciliation (General Ledger, Bank Confirmation/Certificate, and AFS disclosure schedule) of all interest income.	Chris Khoza	30/Jun/2026	Pending