



OFFICE OF THE MUNICIPAL MANAGER

FINDING	DETAILED FINDING	MANAGEMENT COMMENT	TARGETED COMPLETE ON DATE	PERSON RESPONSIBLE
COAF 01 of 2025 – Budget management	<p>During the audit on the monthly budget reports (i.e. July 2024 – June 2025) prepared by the municipality under section 71 of the MFMA, it was noted that the report was not prepared as set out in section 71 (1) (g) as the following was noted:</p> <ul style="list-style-type: none">There were no explanations of any material variances from the projected revenue by source and form the projected expenditure.There were no explanations of any material variances from the service delivery and budget implementation plan.There were no remedial not correctives steps taken or to be taken to ensure that the projected revenue and projected expenditure remain within the municipality's approved budget.	<p>Management disagrees with the audit findings.</p> <p>MFMA 71(1)(g) states that -The monthly budget statement when necessary reflect the following particulars for the month and for the financial year up to date — TMDM does not collect revenue, TMDM only receives DORA grants and equitable share in accordance with the allocation schedule, indicating exact date of when funds will be received by the district Municipality and furthermore as indicated on MFMA sec:52d there are no material variances even on a quarterly basis.</p> <p>Municipality reports on section 52(d) of the MFMA on a quarterly basis include the following.</p> <ol style="list-style-type: none">Explanation of material variances in projected revenue by source and expenditure projections.Explanation of material variances from the service delivery and budget implementation plan/ service delivery agreement and business plan.Explanation of remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the approved budget.	30 January 2026	Chief Financial Officer



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<p>COAF 02 of 2025 - Internal audit</p>	<p>No internal audit assessment of the internal audit function's performance has been conducted in the 2024/25 financial period. No independent Quality assessment review performed on the Internal Audit function within the previous 5 years.</p>	<p>Management agrees with the finding that no internal audit assessment of the internal audit function's performance has been conducted in the 2024/25 financial period. Management did not prioritize the performance of 5 year external quality review by an independent reviewer in the current financial year nor in the previous five (5) years because of the financial constraint however the approved quality assurance and improvement program was in place for the year under review and previous financial year.</p>	<p>30 June 2026</p>	<p>Internal Audit</p>
<p>COAF 3 of 2025 - Completeness of indicators and targets</p>	<p>During the audit of KPA 1: Basic service delivery, it was identified that the following indicators and targets noted below were included in the initial Service Delivery and Budget Implementation Plan (SDBIP) (i.e. prior to the revision of the plan) were incorrectly not reported in the annual performance report for the year ended 30 June 2025. The SDBIP was revised on 31 April 2025, therefore the revised SDBIP would have been applicable for the 4th and last quarter of the relevant period. Therefore, the initial targets should still be reported for the first 3 quarters.</p>	<p>In agreement Management is hereby requested to make the necessary corrections during the adjustment of APR Management will ensure that the APR reflects all initially planned targets including those that have been revised throughout the financial period in question.</p>	<p>30 June 2026</p>	<p>PMS and IDP Manager</p>



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<p>COAF 04 - Performance management BP - Non-compliance with section 72</p>	<p>During the understating of the Performance management systems of the municipality. The following non-compliance was identified:</p> <p>The Mid-year budget and performance assessment report did not comply with the requirements of section 72 of the MFMA.</p> <p>The report did not include:</p> <ul style="list-style-type: none">(ii) the municipality's service delivery performance during the first half of financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;(iii) the past year's annual report, and progress on resolving problems identified in the annual report:	<p>Management disagrees with audit findings. MFMA section 72 is presented in two parts in Council first part covers performance against approved budget and the performance section is also presented in council.</p> <p>Kindly find the tabled section 72 items that served in council</p>	<p>30 November 2025</p>	<p>Chief Financial Officer</p>
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<p>COAF 05 - Non-compliance Monthly Submissions (Conditional grants)</p>	<p>During the testing of Conditional Grants business process, it was noted that the following monthly reports for the FMG were not submitted within the 10 business working days:</p> <ul style="list-style-type: none"> July was submitted on the 15 of August 2024 June was submitted on the 15th of July 2025 	<p>Management partially agrees with the finding. MFMA 74. General reporting obligation. —</p> <p>(1) The accounting officer of a municipality must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required. The returnable documentation on the FMG grant was submitted to Provincial Treasury and National Treasury the documents were uploaded on the prescribed treasury website.</p> <p>(2) If the accounting officer of a municipality is unable to comply with any of the responsibilities in terms of this Act, he or she must promptly report the inability, together with reasons, to the mayor and the provincial treasury. Municipality has not reported an inability to comply with the terms of MFMA 74.</p> <p>Management will develop effective checklist of all the compliance requirements that are daily, weekly, monthly, quarterly and yearly.</p>	<p>30 June 2026</p>	<p>Chief Financial Officer</p>
<p>COAF 06 - Limitation of scope - RFI 51 - AOP0 remedial actions</p>	<p>During the audit of pre-determined objective, we requested the supporting documents for remedial actions presented in the Annual Performance Report under KPA 1 for indicators and targets not achieved. The request for information was sent on 20 October 2025, and the information was due for submission on 22 October 2025:</p>	<p>Management is in agreement of the audit findings</p> <p>Performance management unit will implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to performance reporting.</p> <p>The supporting documents for remedial actions presented in the Annual Performance Report will be accessible and available to support the records going onwards.</p>	<p>30 November 2025</p>	<p>EHP Manager IDP & PMS Manager</p>



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<p>COAF 07 of 2025 - Limitation of scope - RFI 12 of 2025: Data analytics</p>	<p>Management did not provide the auditors with the following information relating to RFI 12 Data analytics, the RFI was issued on the 08 August 2025 and due on the 01 September 2025.</p> <p>4. Other information Scope: Close family members (spouse, children and parents), partners and associates of POB, accounting officer, senior managers (including CFO) and SCM officials (all SCM officials). (Applicable in all cases)</p> <ul style="list-style-type: none"> • Identity number (RSA ID) • Name/initials and surname • Relation to person mentioned above 	<p>Management partially agrees with audit findings, there are submissions of close family members that were submitted. Management has included additional close family information on the response.</p>	<p>28 February 2026</p>	<p>Director Corporate Services</p>
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<p>COAF 08 of 2025- Limitatio n of scope - RFI 48 - AOPO Schedule</p>	<p>During the audit of pre-determined objective, the supporting schedules /listings were not submitted concurrently with the Annual Performance Report. Subsequently, we sent request of information 48 on 14 October 2025 and the submission date was on 16 October 2025 for the supporting schedules and listings for the following material indicators (where applicable): Number of water samples taken within Thabo Mofutsanyana taken by the 30th June 2025. Number of milk samples taken within Thabo Mofutsanyana by the 30th June 2025. Number of inspections conducted on Water Treatment Plants within Thabo Mofutsanyana by the 30th June 2025. Number of inspections conducted on food premises within Thabo Mofutsanyana by the 30th June 2025. Number of inspections conducted on child care facilities within Thabo Mofutsanyana by 30th June 2025 Number of inspections conducted on Learning institutions(Schools and Colleges) within Thabo Mofutsanyana by the 30th June 2025. Number of inspections conducted on Accommodation Establishments (Hotels, BnBs and Guest Houses) within Thabo Mofutsanyana by the 30th June 2025. Number of inspections conducted on Old Age Homes and Disability Centers withing Thabo Mofutsanyana by the 30th June 2025. Number of inspections conducted on police stations and correctional services centers within Thabo Mofutsanyanaby 30th June 2025 Number of inspections conducted on Beauty Salons and Hair Salons within Thabo Mofutsanyana by the 30th June 2025. Number of inspections conducted on funeral parlours within Thabo Mofutsanyana by the 30th June 2025. Number of Health Care Risk Waste generators inspected on the 30th June 2025.</p>	<p>Findings are welcomed and will be thoroughly addressed, sought, and submitted within period given The deficiency is noted, and corrective measures shall be implored in all the KPA 1 Basic service indicators All outstanding proof shall be submitted within the next 5 days</p>	<p>30 November 2025</p>	<p>EHP Manager IDP & PMS Manager</p>
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<p>COAF 09 of 2025 - Limitation of scope - RFI 14 - SCM business process</p>	<p>Request for Information 14 of 2025 was issued on 27 August 2025 (SCM business process) and was due on 29 August 2025. However, as of today, the following information has not yet been submitted</p>	<p>Management agrees with audit finding, information has been subsequently submitted to auditors on 1 October 2025.</p>	<p>30 November 2026</p>	<p>Chief Financial Officer</p>																
<p>COAF 10 of 2025 - Employee Related costs</p>	<p>During the audit of Employee Related Cost noted that there were differences between the Employee Reports and the Trial Balance. The following differences were identified:</p> <table border="1" data-bbox="662 414 917 1064"> <thead> <tr> <th>Account</th> <th>Financial Statements</th> <th>Employee payroll Reports</th> <th>Journal</th> </tr> </thead> <tbody> <tr> <td>Basic</td> <td>64,104,142</td> <td>64,438,550</td> <td>- 46,075,4</td> </tr> <tr> <td>Leave redemption</td> <td>2,073,175</td> <td>1,376,626</td> <td>1,082,600,0</td> </tr> <tr> <td>AgriSETA Learnership</td> <td>-</td> <td>1,350,314</td> <td>-</td> </tr> </tbody> </table>	Account	Financial Statements	Employee payroll Reports	Journal	Basic	64,104,142	64,438,550	- 46,075,4	Leave redemption	2,073,175	1,376,626	1,082,600,0	AgriSETA Learnership	-	1,350,314	-	<p>1. Management agrees to the finding on basic salary and leave redemption as leave pay out was incorrectly recorded under basic salary. Proposed correction is to decrease basic salary by R386 051.34 and increase Leave redemption by R386 051.34.</p> <p>2. Management disagrees to the finding on AgriSETA. As MFMA section 62(1)(b) states that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, the prescribed norms are set out by the National Treasury and the disclosure of AgriSETA learnership stipend is in line with the AFS specimen as issued by national treasury (See attached support)</p> <p>3. Furthermore, GRAP 1 is the Standard that deals with the Presentation of Financial Statements. Financial statements are made up of the elements: assets, liabilities, revenue and expense</p> <p>"GRAP 1.104 requires entities to present an analysis of expenses by nature or function. analysing expenses by nature identifies expenses in terms of their character and groups expenses according to the kinds of economic benefits or service potential received in incurring those expenses, irrespective of their use in the entity's operations or where the expenses are incurred.</p>	<p>30 November 2026</p>	<p>Chief Financial Officer</p>
Account	Financial Statements	Employee payroll Reports	Journal																	
Basic	64,104,142	64,438,550	- 46,075,4																	
Leave redemption	2,073,175	1,376,626	1,082,600,0																	
AgriSETA Learnership	-	1,350,314	-																	



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<p>COAF 11 of 2025 - Human resource management</p>	<p>During the audit of Human Resources management, it was identified that a competency assessment was not conducted for the appointment of the financial manager. The financial manager was appointed on 1 December 2023, therefore in accordance with the regulations, the financial manager should have been assessed for the competencies highlighted above.</p> <p>During the performance of performance management, it was noted that no performance evaluations/assessments were performed during the 2024/25 financial year for both the Municipal manager, senior managers directly accountable to the municipal manager and other employees within the municipality.</p> <p>Issue 1</p> <p>During the audit of internal controls on the monitoring of employee attendance, the following was identified:</p> <p>The following employee and the respect supervisor did not sign the registers for consecutive 5 months (i.e. February 2025 – June 2025): Position Employee number Cleaner 47246 Corporate support manager 47045</p> <p>The following employee did not sign the attendance register for the month of April 2025: Position Employee number HR administrator 47335</p> <p>The following employee did not sign the attendance register for the month of June 2025: Position Employee number Skills development facilitator 47278</p> <p>Issue 2</p> <p>During the audit of leave, it was identified that leave taken by the following employee was not captured on the system:</p>	<p>Management disagrees with audit finding. Line Managers are not required to undergo competency assessments, only the Senior Managers must be assessed, however Supply Chain Manager and Financial Accounting Manager meet the minimum competency level in the unit standards for a competency area, required for their positions in terms of the regulations, please find Municipal Finance Management Programme Certificate for the Financial Accounting Manager. This is a minimum requirement for SCM and Finance Managers.</p> <p>Management agrees with the findings.</p> <p>Performance for formal mid-year evaluations/assessments were not performed during the 2024/25 financial year for both the Municipal manager and senior managers directly accountable to the municipal manager because panel members couldn't quorate during two planned dates. Remedy for this deficiency is that assessment for annual performance will be conducted after audit opinion is released.</p> <p>Issue 1</p> <p>Leave management administration report is submitted to Management meeting to enable the Managers/Supervisors to confirm leave days of their subordinates, Management stopped to submit the report when the municipality conducted leave audit, this was done to ensure that the leave balances are verified. In this way Managers/ Supervisors are able to confirm attendance of their staff. The HR unit had a challenge to capture sick and special leave on the system hence the municipality has requested the assistance of the service provider to attend to the system error in this regard and subsequent to that, the municipality has organized the Employee Self Service training on leave.</p> <p>Issue 2</p> <p>The municipality experienced the system error when capturing sick and special leave, at other times the system would capture the leave but other times, it will take the leave but not register it. The municipality has requested the service provider to assist to correct the</p>	<p>30 June 2026</p>	<p>Director Corporate Services PMS/IDP Manager</p>
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<p>COAF 12 of 2025- Limitation of scope - RFI 28 - BP</p> <p>Performance Indicator</p>	<p>The process flow for the following performance indicators was not provided to auditors by management</p> <p>I requested this information on 24 September 2025, and it was due on 29 September 2025. The matter has now been outstanding for three days.</p>	<p>30 June 2026</p>	<p>PMS Manager EHP Manager Director Community Services</p>
<p>Number of water sample taken on the 30th June 2025</p> <p>Number of milk sample taken on the 30th June 2025</p> <p>Number of water treatment plants inspected on the 30th June 2025</p> <p>Number of food premises inspected on the 30 June 2025</p> <p>Number of inspection conducted on child care facilities within Thabo Mofutsanyana by 30 June 2025</p> <p>Number of Learning Institutions inspected (Schools and Colleges) on the 30 June 2025</p> <p>Number of Accommodation establishments (hotels; BnB and Guest Houses) Inspected on the 30th June 2025</p> <p>Number of Old age Homes and Disability Centres on the 30th June 2025</p> <p>Number of inspection conducted on Police stations and correctional services centres within Thabo Mofutsanyana by 30 June 2025</p> <p>Number of Beauty Salons and Hair Salons Within Thabo Mofutsanyana Inspected on the 30th June 2025</p> <p>Number of funeral parlours inspected on the 30th June 2025</p> <p>Number of Health Care Risk Waste Generators Inspected on the 30 June 2025</p>	<p>The required information was submitted on 07 October 2025. While the supporting POEs were initially send to Auditors on 03 September 2025</p>		



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COAF 13 of 2025- Cash flow Statement

During the audit of the cash flow statement and the reconciliation of net cash flows from operating activities to surplus/(deficit) note (note 21), the following differences were noted:

Extract of the cash flow statement:

	Financial Statement	Auditor's recalculation s
Receipts		
Grants	165 019 597	155 471 575
Payments		
Suppliers	(57 264 297)	(47 716 275)

Extract of note 21 Cash generated from operations:

	Financial Statement	Auditor's recalculation s
Adjustments for:		
Movement in Employee Benefit Provision	949 942	944 435

Management agrees with audit findings. Management initially relied on the system populated cash flow statements amount.

Subsequently management submitted Cash Flow Statement working paper. Further discussions were held between AG and TMDM management, findings raised by AG agrees with the proposed correction by management.

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management agrees to adjust the cash flow statement calculations working paper showing the extent of the error is already provided to auditors on the statement, the adjustments to AFS extract will be shared before effecting change on the AFS.

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<p>COAF 15 of 2025 - WIP Infrastructure</p>	<p>During the audit of WIP infrastructure, we physically verified the project it was noted that the supplier used materials that is less than what they billed therefore costs associated with a Rara project were not accurately recorded in the municipality's FAR, Specifically, the actual material used for the project was not reflected correctly in the bill of quantity. The identified discrepancy is detailed below:</p> <table border="1"> <tr> <td>Supplier</td> <td>Amount as per supplier invoice (excl. VAT)</td> <td>Difference</td> </tr> <tr> <td>Rara trading</td> <td>R517 569,66</td> <td>R390 103,51</td> </tr> <tr> <td></td> <td></td> <td>R127 466,15</td> </tr> </table>	Supplier	Amount as per supplier invoice (excl. VAT)	Difference	Rara trading	R517 569,66	R390 103,51			R127 466,15	<p>Management partially agrees with audit finding. The actual material used for the project was not reflected correctly in the bill of quantity. Management while preparing the bill of quantity excluded, items directly attributable costs</p> <ol style="list-style-type: none"> Costs of employee benefits arising directly from the construction or acquisition of the item of property, plant and equipment. Costs of site preparation. Initial delivery and handling costs Professional fees. <p>The actual billing should have indicated exact billing on the work performed instead of including the bill of quantity prepared by management while estimating total materials needed to construct the four (4) clear view fences</p>	<p>30 November 2025</p>	<p>Chief Financial Officer</p>
Supplier	Amount as per supplier invoice (excl. VAT)	Difference											
Rara trading	R517 569,66	R390 103,51											
		R127 466,15											



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COAF 17 of 2025 - Employee benefit obligation

Through work performed on long services awards obligations, there is a difference between the % earnings used to determine the long service obligation by management expert and auditor's recalculated % earnings.

From the valuation it was identified that the following information was used by management expert to determine the % earnings:

Completed years of services	Leave days used
5	5
10	10
15	15
20	15
25,30,35,40 and 45	15

According to the collective agreement, employees qualify for long service awards for recognition of their service to the municipality and the leave days entitled are as follow:

Completed years of service	Leave days entitled
5	8
10	13
15	17
20	20
25	25
30-45	30

Management partially agrees with audit findings. Management will ensure that all actuarial valuations and assumptions used in determining post-retirement benefit obligations are based on the most recent collective agreement.

The municipality, through assistance of experts, determines the probability of how many employees will receive the long-service award, i.e. how many employees will remain with the entity for at least 5 years. This probability should then be discounted over the remaining term before the award is paid out and be recognized as a liability in the statement of financial position.

The difference between the initial Grap 25 Long service awards and the updated valuation report amounts to R1 735 000. The correcting journal is proposed and the valuation working paper is updated

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COAF 18 of 2025 - VAT Receivables

During the audit of VAT receivable, it was noted that the VAT input declared in Note 40 of the financial statements does not agree with the amount reflected in the VAT statement of account obtained from SARS, the statements are submitted to SARS on the monthly basis for 01 July 2024 to 30 June 2025 declaring the VAT amount for every month. The difference suggests that the amounts disclosed in the financial statements were not reconciled to the official VAT records. This discrepancy raises concerns about the accuracy. The identified discrepancy is detailed below:

	Amount per AFS note	Amount per supporting document	Difference
VAT input declared	4 989 475	5 082 702.18	158 721.18

Management disagrees with the audit findings. The amounts disclosed in the financial statements are reconciled to the General Ledger and the Trial balance VAT control accounts.

Municipality indicated on the VAT reconciliation of tax periods where the declared VAT differed from the General Ledger Vat account, Municipality is allowed to get a refund for previous tax years

If municipality may have miscalculated and underclaimed taxes the process of getting a refund for previous tax years may be subject to a long waiting period, alongside possible deadlines for submissions.

One should also keep in mind that a refund for the previous year's tax returns will only be successful should said tax returns be submitted within a given timeframe.

In most cases, that deadline is 5 years from the date of assessment.

VAT Section 16. Calculation of tax payable.—(1) The tax payable by a vendor shall be calculated by him in accordance with the provisions of this section in respect of each tax period during which he has carried on an enterprise in respect of which he is registered or is required to be registered in terms of section 23: Provided that the Commissioner may authorize a vendor to calculate the tax payable in accordance with a method which the Minister may prescribe by regulation.

The 5-year prescription rule
 Proviso (i)(ee) to section 16(3) of the VAT Act determines that where a VAT vendor is entitled to deduct any amount in a particular tax period, the vendor may deduct that amount from the amount of output tax attributable to a later tax period which ends no later than 5 years after the end of the tax period during which the vendor for the first time became entitled to the deduction

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COAF 19 Receivables from non-exchange transactions	During the audit of receivables from non-exchange transactions, a positive balance was identified relating to the Municipal Employees Pension Fund. Initially, the municipality paid R3,174,449 in employee and employer contributions to the fund. However, on 12 January 2023, the municipality issued a letter of demand requesting a refund of these contributions. The demand was based on the assertion that the cessation of membership from the Free State Municipality Provident Fund was unlawful under the Pension Fund Act 24 of 1956, and that the employees should not have been recruited into the Municipal Employees Pension Fund.	Management disagrees with audit finding Receivables from non-exchange transactions, a positive balance was identified relating to the Municipal Employees Pension Fund. Initially, the municipality paid R3,174,449 in employee and employer contributions to the fund. However, on 12 January 2023, the municipality issued a letter of demand requesting a refund of these contributions. The demand was based on the assertion that the cessation of membership from the Free State Municipality Provident Fund was unlawful under the Pension Fund Act 24 of 1956, and that the employees should not have been recruited into the Municipal Employees Pension Fund.	30 June 2026	Chief Financial Officer
A receivable was recognised based solely on this letter of demand. However, there is no evidence of a binding arrangement that gives the municipality enforceable rights to a refund. The pension fund has not legally or contractually acknowledged any obligation to repay the amount. In terms of GRAP 104.3.1, a financial asset can only be recognised when an entity becomes a party to the contractual provisions of the instrument. Since no such contract or enforceable agreement exists, the recognition criteria for a financial asset are not met.	MFMA Section 122(1)(a) of the MFMA states that every municipality and every municipal entity must for each financial year prepare annual financial statements which 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. GRAP 1.17 states that financial statements shall present fairly the financial position, financial performance and cash flow of the 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, liability, revenue and expenses.	Further, GRAP 19.17 defines a binding arrangement as one that confers enforceable rights and obligations, on the parties to the arrangement as if it were in the form of a contract. The letter of demand does not meet this definition, as it does not create enforceable rights in the absence of legal or contractual acceptance by the pension fund. According to GRAP 19, a contingent asset is a possible asset arising from past events, whose existence will be confirmed only by uncertain future events not wholly within the entity's control. The	GRAP 1.79 As a minimum the face of the statement of financial position shall include line items that present the following amounts: (i) receivables from non-exchange transactions (taxes and transfers). (j) receivables from exchange transactions.	



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<p>COAF 20 Pre-determined objective reliability</p>	<p>During the audit of the Implementation of Rural Road Asset Management System Indicator, we concluded that the monthly progress/expense reports and grant evaluation reports are not appropriate audit evidence that verify nor validate that the 939,95km visual assessments were conducted. Therefore, we requested further audit evidence from management that would assist in further supporting/breaking down the information reported in the progress reports, which should include the person who conducted the assessment, the area/municipality the assessment was conducted for, the appropriate sign off of the conducted assessments. However, the supporting documents (i.e. visual assessment reports) we received did not have the assessors/ responsible engineer name nor any signature to further validate the reports as appropriate audit evidence.</p>	<p>30 November 2025</p> <p>IDP and PMS Manager Director Technical Services</p>
<p>COAF 21 Risk management committee</p>	<p>During the risk assessment, we requested the risk management committee meeting minutes. Management provided minutes for meetings held on 4 September 2024 and 15 April 2025. Thus, we cannot conclude if the committee did meet as per the risk charter.</p>	<p>Not in agreement</p> <p>In addition to the dates acknowledged by AGSA. The RMC of Thabo Mofutsanyana District Municipality met on the 12th of June 2024 and on the 22nd of September 2025 for Q4. The documents were submitted to AGSA.</p> <p>30 June 2026</p> <p>Risk Manager</p>



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COAF 22 The following creditors are not included in the creditors listing (the service was provided before year end and the payments was made after year end)

Details as per the payment voucher	No	Invoice date	Payment date	Reference	Description	Amount
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1	202 5/0 6/3 0	202 5/07 /03	kagis	098	sitting allow att mpac 30/06 /2025	1 245,25
2	202 5/0 6/3 0	202 5/07 /03	desm ond6 59		sitting allow att mpac 30/06 /2025	1 245,25
3	202 5/0 4/1 0	202 5/08 /15	TMD M/DR 2024/ 18	SOLA R PANE L CLEA NING & INSP ECTI ON	18 975,00	
4	202 5/0 6/2 6	202 5/07 /03	INV- 1254 8	accou ntmod ation for s ntomb ela & t hlong wane	3 190,00	

24
655,50

Management agrees with audit finding

Management will visit the whole population of payments made between July and august and test cut-off, this completeness issues was caused by sitting allowance claims and tax invoices that was submitted late to finance department.

Management will ensure that controls are implemented over daily and monthly processing and reconciling of transactions

Management will ensure that the entire population is correct and submit the adjusted Annual Financial Statements when adjustments are permissible

28
February
2026

Chief Financial
Officer



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COAF 23 - Pre-determined objective Accuracy and completeness

Furthermore, we noted that the following inspection reports that were not included in the schedules further supporting that the supporting schedules/ listings are not of appropriate quality:

KPA 1 Indicator	Local Municipality	Report number	Name of Premises	Date
1	Dihlabeng	25577	Lerato Supermarket	18/06/2025
2	Dihlabeng	26662	Intuthuko Educare Centre	21/20/2025
3	Setsoto	25338	Mohlodi-Thuto Secondary School	3/17/2025
4	Mantsope	24913	Metis Primary School	18/09/2024
5	Dihlabeng	25653	Ghana Hair Salon	21/25/2025

Management agrees with the finding
 Registers or schedules to systematically record inspections will be implemented every time since they will help to reduce duplication and will improve the accuracy and reliability of the data used.
 Furthermore, consolidated registers would be adequately reviewed.

30 June 2026

PMS IDP
 Manager
 Director
 Community Services



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<p>COAF 24 of 2025 - Contingent liabilities</p>	<p>1. During the testing of contingencies, it was identified that the following litigations are not completely recorded in the disclosure note for contingencies:</p> <p>2. It was also further noted that the following was not included in the municipality's litigation register:</p>	<p>Management disagrees with audit finding</p>	<p>30 June 2026</p>	<p>Director Corporate Services</p>
		<p>Management prepared confirmation letters to attorney as part of year end AFS process plan. Contingent Liability disclosure note consists of confirmed cases only.</p>		
		<p>The AFS have only confirmed cases, Auditors also prepared letters for attorneys to confirm. The outcome from the confirmations indicates that management needs to prepare an updated litigation and claims register that agrees to the AFS.</p>		
		<p>GRAP 101 states that, Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:</p>		
		<p>(a) an estimate of its financial effect, measured under paragraphs .43 to .59;</p> <p>(b) an indication of the uncertainties relating to the amount or timing of any outflow; and</p> <p>(c) the possibility of any reimbursement.</p>		
		<p>Probable contingencies are likely to occur and can be reasonably estimated. Possible contingencies do not have a more-likely-than-not chance of being realized but are not necessarily considered unlikely either. Remote contingencies aren't likely to occur and aren't reasonably possible.</p>		
		<p>The AFS disclosures were confirmed by Attorneys and therefore the litigation register submitted will be updated.</p>		
		<p>Contingent liabilities Ktravel agency vs Thabo Mofutsanyana</p>		
		<p>Demand for payment in execution. Default judgment rescinded on 05 August 2022. 153 262 153 262 Agency has applied for an appeal.</p>		



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<p>COAF 25 of 2025- Receivables (Impairment)</p>	<p>During the audit of impairment for receivables, it was identified that there is no debtor's impairment that is active based on enquiry with management. Based on the annual financial statements, the municipality's accounting policy on the impairment of receivables states that impairment losses are recognized when there is objective evidence of impairment. The loss is measured as the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the effective interest rate determined at initial recognition.</p> <p>However, the accounting policy does not provide sufficient detail regarding the methodology used to assess impairment. Specifically, it lacks clarity on:</p> <ul style="list-style-type: none"> • The approach or model used to estimate future cash flows; • The basis for determining the effective interest rate used in discounting; • The criteria or process followed to identify when a receivable is considered impaired. <p>Additionally, it was observed that the municipality impaired the full amount of receivables due from former councillors, citing that recovery is unlikely due to their departure from the municipality. However, no formal assessment, supporting documentation, or evidence was provided to substantiate this conclusion.</p>	<p>30 June 2026</p>	<p>Chief Financial Officer</p>
<p>Management disagrees with the audit findings</p> <p>One of the most significant changes in the revised GRAP 104 on Financial Instruments is the new impairment model for financial assets at amortised cost. The change aims to address the shortcomings in the measurement of financial assets highlighted during the financial crisis, as explained below.</p> <p>The current impairment model focuses on losses that are incurred and considers historical information. The new model is based on expected credit losses (ECL) and assesses the risk of potential default, based on past, current and future expectations. The reason for the change is that the current information about impairment losses does not allow for timely action and decision making because information is only available when the losses occur. The new model allows for more timely decision making as it provides predictive information.</p> <p>The new model is a 2-step approach illustrated below. This applies to financial assets that are not purchased or originated from credit impaired.</p> <p>Step 1: At each reporting date, an entity assesses whether there has been a significant increase in the credit risk of a financial asset since it was initially recognised. A significant increase in credit risk is assessed with reference to an increase in the risk of default occurring over the expected life of the financial asset. GRAP 104 provides indicators that are useful in assessing changes in credit risk. For example, an entity holds an investment measured at amortised cost. Market expectations indicate that an external credit rating downgrade on the investment is imminent. This increases the risk of default by the investment provider. The entity assesses this as a significant increase in credit risk of investment.</p> <p>There is a rebuttable presumption that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than</p>	<p>The current impairment model focuses on losses that are incurred and considers historical information. The new model is based on expected credit losses (ECL) and assesses the risk of potential default, based on past, current and future expectations. The reason for the change is that the current information about impairment losses does not allow for timely action and decision making because information is only available when the losses occur. The new model allows for more timely decision making as it provides predictive information.</p> <p>The new model is a 2-step approach illustrated below. This applies to financial assets that are not purchased or originated from credit impaired.</p> <p>Step 1: At each reporting date, an entity assesses whether there has been a significant increase in the credit risk of a financial asset since it was initially recognised. A significant increase in credit risk is assessed with reference to an increase in the risk of default occurring over the expected life of the financial asset. GRAP 104 provides indicators that are useful in assessing changes in credit risk. For example, an entity holds an investment measured at amortised cost. Market expectations indicate that an external credit rating downgrade on the investment is imminent. This increases the risk of default by the investment provider. The entity assesses this as a significant increase in credit risk of investment.</p> <p>There is a rebuttable presumption that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than</p>	<p>30 June 2026</p>	<p>Chief Financial Officer</p>



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<p>COAF 26 of 2025- Remuner ation related costs</p>	<p>1. During the audit of allowances differences were identified and the following considerations have been made by the auditor's in recalculating the allowance:</p> <ul style="list-style-type: none"> We have inspected the appointment letter for employee with employee code 47252 and confirmed that it was set out that the allowance that will be paid over is 12.5% of the basic salary Inspected the request made for payment of securities for shift allowance which is set at 48% of the basic salary Inspected the subsistence and travel allowance policy and confirmed that employees may claim 30% of basic salary for car allowance <p>Based on the government gazette, senior managers and municipal managers should be remunerated based on the upper limits. A newly appointed senior manager should be remunerated in accordance with the minimum notch applicable to the municipality. Thabo Mofutsanyana District Municipality falls within Municipal category 3.</p> <p>During the audit work performed on the accuracy of remuneration of councillors, it was noted that following councillors were not paid in accordance with the government gazette, resulting in overpayments:</p>	<p>Management partially agrees with auditors Management will implement controls over daily and monthly processing and reconciling of transactions. Management will implement review process of allowances before they are paid over to employees by considering the company policies to avoid overpayment and underpayments.</p> <p>The Determination of remuneration of senior managers where not correctly implemented on the Acting Director Community Services</p> <p>On the other Senior Managers, the gazette request that Municipality send total remuneration packages and any allowances to the Minister; therefore, the cell phone policy allowance is also included by the municipality. Municipality also has Substance and Travel policy that also includes the reimbursement of actual work km's travelled by Senior Managers and Councillors.</p> <p>Management disagrees with the audit finding</p> <p>The auditors did not implement the upper limits of councillors correctly on their calculation, furthermore the wrong gazette was used by auditors.</p> <p>The relevant sections of the Upper limits of councillors was also not considered</p>	<p>30 June 2026</p>	<p>Director Corporate Services Chief Financial Officer</p>
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<p>COAF 27 of 2025 - Depreciation incorrectly calculated</p>	<p>During the audit of PPE - the auditors identified the differences between the amount of depreciation recognized in the current year and the amount recalculated by the auditors.</p> <ol style="list-style-type: none"> 1. The auditor recalculated the amount of depreciation using the information as per fixed asset register and the methodology as per the AFS. The municipality calculates the amount of depreciation using the carrying value with the number of days in the year over the remaining days left for the asset, however, it is identified that the amount of the depreciation has been incorrectly calculated at inception date as it does not agree with the auditor's recalculations. The following differences were identified, see annexure A for the detailed calculations: 2. The following assets have reached end of their estimated useful life. However, there is no evidence that management had re-assessed their useful life in the current year as the municipality is still utilizing them. 	<p>Management disagrees with audit findings. There whole population was revisited, and depreciation was recalculated by management, and the depreciation agrees to FAR (system calculated) and the AFS. Furthermore, management have referred to FAQs on GRAP 17 that was issued below the table, these are the principles considered by management when depreciating assets.</p>	<p>30 November 2025</p>	<p>Chief Financial Officer</p>
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<p>COAF 28 of 2025 - Limitation of scope of Service in Kind</p>	<p>The auditor assessed the supporting schedules attached on the manual audit file submitted by the municipality with the annual financial statements 31 August 2025 and noted there is no lease agreement between the Department of Public Works and TMDM to support the amount disclosed in note 15 (Service in Kind revenue for R 7 342 944)</p> <p>The lease agreement will be evidence that will show that the municipality was granted the right to use the building at no charge. A follow-up email was sent on the 21st of October 2025, and we have not received the lease agreement as requested. the management did not submit the requested agreement to the auditor.</p> <p>Alternatively, management has submitted an email from the provincial public works which states the following:</p> <p>“Regarding office in Thabo Mofutsanyane District Municipality occupies space. I suggest they make reference to a professional valuation report that I have attached which was done in 2014. Specific reference should be made to paragraphs 9.2 and 10 which indicates a rate between R30 and R40. They can add an annual escalation of between 7.5%- 85. I have just extracted the same paragraphs below.”</p> <p>However, the email does not address the following:</p> <ul style="list-style-type: none"> An agreement was entered into between the Department of Public Works and the Thabo Mofutsanyane District Municipality in terms of which the Department leased the building to the Municipality at no rental charge. The lease arrangement, therefore, constitutes a non-monetary (or zero-cost) lease, implying that the Municipality is granted the right of use of the property without any financial consideration being payable to the Department. The terms and conditions of the agreement, including the duration, maintenance responsibilities, and intended use of the premises, were stipulated in the lease documentation provided. 	<p>30 November 2025</p> <p>Chief Financial Officer</p>
<p>Management disagrees with audit finding</p>	<p>GRAP 23.99 – states that: Except for financial guarantee contracts as described in paragraphs .108 and .109, an entity shall recognize services in-kind that are significant to its operations and/or service delivery objectives as assets and recognize the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services-in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity shall disclose the nature and type of services in-kind received during the reporting period.</p>	
<p>GRAP 23.101 - The significance of the services in-kind on the entity's operations and/or service delivery objectives determines whether the entity recognizes services in-kind as an asset and revenue. For example, when an entity that receives services in-kind that are integral to its operations, such as office accommodation paid on its behalf, it should recognize those services in-kind when they meet the definition of an asset and satisfy the criteria for recognition</p>	<p>GRAP 23.104 - In other circumstances, the entity may have control over the services in-kind, but may not be able to measure them reliably, and thus they fail to satisfy the criteria for recognition as an asset. When an entity is able to measure the fair value of certain services in-kind, the entity needs to recognize the asset and the revenue if it is significant to its operations and/or service delivery objectives and the criterion for recognition is satisfied, for example, where office rent is paid on behalf of an entity by another entity</p>	
<p>GRAP 23.105 - Although there are uncertainties surrounding services in-kind, including the ability to exercise control over the services, and measuring the fair value of the services, this Standard requires the recognition of services in-kind, to the extent that the services in-kind are significant to an entity's operations</p>		



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<p>COAF 29 Employee related costs - Leave redemption on</p>	<p>During audit work performed on the accuracy of leave payout made during the 2024/25 financial year, the amount of leave payout was recalculated by considering the following:</p> <ul style="list-style-type: none"> The approved leave days to be paid out to the employee as per leave payment request made by Human resource Basic salary for the month in which the leave payout was made for the employee as per payroll report Then recalculated the daily rate by dividing the basic salary by the 21.67 <p>Please refer below for the work performed and the difference noted for accuracy of leave payout:</p>	<p>Management disagrees with the audit findings</p> <p>Auditors did not use the correct basic salary to reperform the daily rates and the was two instances where management disagrees pertaining to the number of leave days paid, additional supporting documents are attached.</p> <p>Furthermore, the auditors did not implement the latest collective agreement while reperforming the long service awards leave redemption referring to the below recalculations</p> <p>Management recalculation agrees with the amount paid for long service.</p>	<p>30 June 2026</p>	<p>Director Corporate services</p>
<p>COAF 30 Performance management</p>	<p>During the audit on human resource management, it was identified that the performance management agreements were not entered into for other staff (i.e. other than managers that report to the municipal manager). Resulting in performance evaluations not being conducted for the said staff.</p> <p>Additionally, it was identified that the municipality did not develop nor implement personal development plans for municipal employees as there is currently no performance evaluations performed for municipal employees.</p> <p>This finding was communicated in the prior financial year and has not been addressed by management in the current financial year, resulting in a repeat finding.</p>	<p>Management agrees with audit finding</p> <p>The municipality is still in the process of drafting performance agreements for middle managers, and the process can only be finalized during the 2025/2026 financial year, after the municipality has concluded certain processes.</p> <p>Management will review and monitor compliance with applicable laws and regulations.</p> <p>Prior year action plan will be effectively implemented</p>	<p>30 June 2026</p>	<p>Director Corporate Services</p>



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COAF 31 of 2025 - Procurement and contract management - Winning bidders did not submit all the returnable documents	<p>The municipality advertised the tender on the newspaper and website on the 17 January 2025, with the closing date of the 06 February 2025, Provision of service providers to provide electrical and plumbing services as and when required for the period of three years. On the closing date of the tender 13 proposals were received according to the tender register prepared by the municipality.</p> <p>Inspected the Bid evaluation committee report and noted that the following bidders were awarded the panel tender after been evaluated in terms of compliance and functionality:</p> <ol style="list-style-type: none">1. Spyzo Trading (Pty) Ltd (Electric and Plumbing)2. Ndoda Electrics (Pty) Ltd (Electric)3. Diteboho Group of Company (Pty) Ltd (Plumbing)4. KC Middlemen Trading Project (Pty) Ltd (Electric and Plumbing)5. Tiwawe Construction (Pty) Ltd (Electric and Plumbing) <p>However, it was noted that the following bidders did not return all the required returnable documents as per the bid documents and the advertisement:</p> <ol style="list-style-type: none">1. Spyzo Trading (Pty) Ltd<ul style="list-style-type: none">• The bidder did not return all the required documents for electrician panel.• The bidder did not return the following for plumbing panel: Company Public Liability Insurance (more than 10million in cover at any insurance company of your choice) and 3 reference letters.2. Tiwawe Construction (Pty) Ltd<ul style="list-style-type: none">• The bidder did not submit the account for municipal rates and taxes and municipal service charges.• The bidder did not submit the following for electrician and plumbing panels: Proof of registration to relevant industry governing body; 3 reference letters; Bidder must provide proof of COIDA (Electrical Certificate) and Certificate of Registration with the Department of Labour.	<p>Management partially agrees with audit findings.</p> <p>MFMA112 states that, Supply chain management policy to comply with prescribed framework. — (1) The chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following:</p> <ol style="list-style-type: none">(d) procedures and mechanisms for more flexible processes where the value of a contract is below a prescribed amount;(e) open and transparent pre-qualification processes for tenders or other bids;(f) competitive bidding processes in which only pre-qualified persons may participate;(g) bid documentation, advertising of and invitations for contracts;(h) procedures and mechanisms for—<ol style="list-style-type: none">(i)the opening, registering and recording of bids in the presence of interested persons;(ii)the evaluation of bids to ensure best value for money;(iii)negotiating the final terms of contracts; and(iv)the approval of bids; <p>Furthermore, A process of fair-minded reasoning requires that bids be assessed on their merits and not be excluded for relatively minor breaches. Such an approach gives effect to the values of fairness, equity, transparency, competitiveness and cost effectiveness enshrined in section 217(1) of the Constitution. Thus, the courts are required to enquire into the underlying objective and materiality of a bid requirement, to ascertain whether its purpose was in fact met despite less than perfect compliance. A decision whether or not to exclude a non-compliant bidder from a bid process will depend on a variety of factors including: the wording of the RFP, the materiality of the unfulfilled requirements, the degree of non-compliance and the purpose of the requirement.</p>	30 June 2026	Chief Financial Officer
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<p>COAF 32 of 2025- Limitation of scope - RFI 43</p>	<p>Management had provided partial information requested through RFI 43 which was issued to management on 8 October 2025 and it was due on 14 October 2025, However, the following information is still outstanding:</p> <ul style="list-style-type: none"> List of Mayoral Committee Members (Also include their qualifications and years of political experience) Proof that the Mayoral Committee Members and MPAC Chairperson attended the councilor's induction programs within the first six months of the current council's term(include the modules covered during induction), if not provide the reasons. Approved budget for the training and development of councilors (Also include the expenditure report) 	<p>Management disagrees with the audit finding.</p> <p>RFI 43 which was issued to management on 09 October 2025, and it was due on 14 October 2025, However, the following information is still outstanding:</p> <p>RFI 43 – States the following</p> <p>Kindly please provide the auditors with the supporting information relating to 2024/25 financial year in relation to employee costs as attached in annexure A and B:</p> <ul style="list-style-type: none"> Employment contracts Payslip Packages each employee that structure Travelling schedules, approvals and supporting documentation Supporting documents of the leave redemption and provision to calculation (i.e. the reports, input schedules, rates, bank reports etc). Any other relevant document <p>Management has submitted the following supporting documentation</p> <ul style="list-style-type: none"> List of Mayoral Committee Members (Also include their qualifications and years of political experience) Approved budget for the training and development of councilors (Also include the expenditure report) 	<p>30 November 2025</p>	<p>Director Corporate services</p>
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<p>COAF 33 Operational expenses</p>	<p>During the audit of operational and general expenditure for the year ended 30 June 2025, we identified discrepancies between the amounts recorded in the general ledger and the supporting documentation, confirming that the recorded amount is not accurate.</p> <p>The following items have been recorded incorrectly:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: left;">Details per general ledger</th> </tr> <tr> <th>#</th> <th>Date</th> <th>Details</th> <th>Referrence</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2024/12/06</td> <td>LEGAL FEES</td> <td>615</td> <td>716</td> </tr> <tr> <td>2</td> <td>2025/06/30</td> <td>legal expenses</td> <td>638</td> <td>1 221</td> </tr> <tr> <td colspan="4"></td> <td style="text-align: right;">937 807</td> </tr> <tr> <td colspan="4"></td> <td style="text-align: right;">1</td> </tr> </tbody> </table>	Details per general ledger				#	Date	Details	Referrence	Amount	1	2024/12/06	LEGAL FEES	615	716	2	2025/06/30	legal expenses	638	1 221					937 807					1	<p style="text-align: center;">Management agrees with audit finding</p>	<p style="text-align: center;">30 June 2026</p>	<p style="text-align: center;">Chief Financial Officer</p>																													
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<p>COAF 34 Consequence management</p>	<p>During the audit of consequence management processes, we requested evidence that there was a disciplinary board appointed under Request for information 13 with was issued on 27 August 2025. The information was subsequently not provided. Based on the engagements with management, it was indicated that there is a disciplinary board, however as the appointment letters were not submitted, we could not confirm if the board was actually appointed in accordance with the regulation.</p>	<p>The difference is due to VAT treatment on non-taxable supplies, management we in sure that payment vouchers are correctly captured when dealing with Legal expenses split between professional fees and disbursements billed.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Transaction Date</th> <th>GL Account</th> <th>Invoice Nr</th> <th>Description</th> <th>VAT Exclusive Amount</th> <th>VAT Input</th> <th>Vat Inclusive Amount</th> </tr> </thead> <tbody> <tr> <td>2024/12/06</td> <td>LEGAL FEES</td> <td>615</td> <td>Professional fees</td> <td>298 153.92</td> <td>44 724.59</td> <td>342 878.51</td> </tr> <tr> <td>2024/12/06</td> <td>LEGAL FEES</td> <td>615</td> <td>Disbursements</td> <td>485 602.00</td> <td></td> <td>485 602.00</td> </tr> <tr> <td colspan="4"></td> <td style="text-align: right;">783 755.92</td> <td></td> <td style="text-align: right;">828 480.51</td> </tr> <tr> <td>2025/06/30</td> <td>legal expenses</td> <td>638</td> <td>Professional fees Disbursements</td> <td>723 129.00</td> <td>108 469.35</td> <td>831 598.35</td> </tr> <tr> <td colspan="4"></td> <td style="text-align: right;">573 395.00</td> <td></td> <td style="text-align: right;">573 395.00</td> </tr> <tr> <td colspan="4"></td> <td style="text-align: right;">1 296 514.00</td> <td></td> <td style="text-align: right;">1 404 983.35</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Proposed Corrective Journal</th> </tr> <tr> <th style="width: 50%;">DR</th> <th style="width: 50%;">CR</th> </tr> </thead> <tbody> <tr> <td>Legal Fees</td> <td>142 477</td> </tr> <tr> <td>Legal Val Account</td> <td>142 477</td> </tr> </tbody> </table>	Transaction Date	GL Account	Invoice Nr	Description	VAT Exclusive Amount	VAT Input	Vat Inclusive Amount	2024/12/06	LEGAL FEES	615	Professional fees	298 153.92	44 724.59	342 878.51	2024/12/06	LEGAL FEES	615	Disbursements	485 602.00		485 602.00					783 755.92		828 480.51	2025/06/30	legal expenses	638	Professional fees Disbursements	723 129.00	108 469.35	831 598.35					573 395.00		573 395.00					1 296 514.00		1 404 983.35	Proposed Corrective Journal		DR	CR	Legal Fees	142 477	Legal Val Account	142 477	<p>Management agrees with the audit finding, the board was appointed years prior, the municipality will ensure that all the appointments are readily available for auditors</p>	<p style="text-align: center;">30 April 2026</p>	<p style="text-align: center;">Director Corporate Services</p>
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COAF 35 of 2025 - SCM - Contract management (Total payment s exceed contract price)

During the audit of SCM – Contract Management, it was noted that the municipality awarded a contract to TJM Green Tech (Pty) Ltd for the implementation of Energy Efficiency and Demand Side Management (EEDSM) and renewable energy initiatives within Thabo Mofutsanyane District Municipality for a period of 36 months.

The Bid Evaluation Committee recommended the appointment based on the tendered amount of R215,190.54, which was the price submitted by the bidder and evaluated. The committee confirmed that the bidder met all technical specifications and scored 92 points in terms of the evaluation criteria.

However, further review of the appointment letter dated 07 October 2024, signed by the Municipal Manager, revealed that it included a budget ceiling of R5,500,000 (including VAT), funded from the municipality's 2024/2025 budget and conditional grant allocations for subsequent years.

Despite the approved tendered amount of R215,190.54, actual payments made to the service provider totaled R5,225,000.00, resulting in an overpayment of R5,009,809.46 beyond the tendered amount.

There was no evidence of a formal contract amendment, variation order, or approval by the Bid Adjudication Committee or delegated official to increase the contract value.

This indicates that the municipality did not adhere to the original tendered price and scope, and payments were made based on the budget allocation rather than the awarded contract value.

Service Provider	Contract price	Total payments
TJM Green Tech	215 190.54	5 225 000

Management disagrees with audit findings.

Supply Chain Management: A Guide for Accounting Officers of Municipalities

4.5.6.1 The Bid Adjudication Committee

4.5.6.1.1 The appointment of an adjudication committee should be cross functional of whom at least one member should be a supply chain practitioner. The committee should be compiled of at least four senior managers of the municipality or municipal entity and should consider the report(s) and recommendation(s) made by the evaluation committee. Depending on the delegations granted by the accounting officer, the adjudication committee could make the final award of the bid, or make a recommendation to the accounting officer to make the final award. The accounting officer must appoint the chairperson of the committee. In the absence of the chairperson from a meeting, the members of the committee who are present must elect one of them to preside at the meeting. Where there is a lack of capacity (human resources) to establish the committee structure in a specific municipality / municipal entity, it may be agreed upon to share / utilize the committee structure of another municipality/ municipal entity if and when required. The accounting officer, who initiated the requirement, will be accountable for the decisions taken.

4.5.6.1.2 The evaluation committee and adjudication committee should comprise of different members to ensure that a transparent review of the evaluation and award is undertaken. Members of evaluation committees may present their reports to the bid adjudication committee and clarify any uncertainties. Such members should, however, not have any voting power on the adjudication committee.

4.5.6.1.3 The bid specification, evaluation and adjudication process must be within the ambit of section 217 of the Constitution as well as the prescripts contained in the PPPFA and its associated regulations, and the Broad-Based Black Economic Empowerment

30 June 2026

Chief Financial Officer



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COAF 36
Irregular expenditure (Occurrence and accuracy of write-off)

1. Approval of council meetings (Occurrence)

The auditors received the council meeting minutes dated 29 August 2025 as part of the audit of irregular expenditure write-offs disclosed in the Annual Financial Statements.

The minutes indicated that the write-off of irregular expenditure was discussed during the meeting. However:

- The minutes did not indicate whether the write-off was formally approved as the minutes were not signed.

No other evidence (such as approval or adoption of the minutes) was provided to confirm that the council resolutions were approved.

As a result, the auditors were unable to verify the occurrence and formal approval of the write-off amounting to R9,935,759, as disclosed in the Annual Financial Statements

2. Accuracy

The following differences were identified between the amounts recorded in the irregular expenditure write-off schedule and those reflected in the special council minutes.

Management disagrees with the audit finding

The MPAC report conducted investigations of UIFW Expenditure and report was subsequently tabled in council.

The council made resolutions on items presented by the MPAC chair.

Irregular expenditure

In terms of section 32(2)(b), irregular expenditure may only be written off by Council if, after an investigation by a council committee, the irregular expenditure is certified as irrecoverable. In other words, writing-off is not a primary response, it is subordinate to the recovery processes and may only take place if the irregular expenditure is certified by Council as irrecoverable.

With reference to section 1(a) as defined - in terms of section 170 of the MFMA, only the National

Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself.

Municipal Councils therefore have no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its Regulations. Section 32(2)(b) of the MFMA provides the council only with the power to consider and resolve on the expenditure. Municipal Councils are, therefore, advised to ensure that the wording of their council resolutions is consistent with the wording in section 32(2)(b) of the MFMA i.e. "council hereby certify the expenditure as irrecoverable and resolve that it be written-off or for recovery of the funds". Municipal councils should note that its ability to resolve on the irregular expenditure is not dependent on National Treasury's decision in relation to the municipality's application for condonation in terms of section 170.

Information as per the write off schedule		Information as per the special council minutes	
No	Supplier Name	MPAC Recommended Write-Off	Council resolutions
5.1.1	Kgosi	37967	No
114			
			0

It is solely dependent on the investigation and recommendation from the council committee. Whatever the municipal council resolves is sufficient



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<p>COAF 37 of 2025 - Strategic planning and performance</p>	<p>Issue 1</p> <p>During the audit of strategic planning & performance, we noted that the budget included in the service delivery and budget implementation plan (SDBIP) was inappropriately presented for revenue and operational expenditure. The budgeted revenue was presented by functional classification instead of revenue by source. The budgeted operational expenditure was presented by functional classification instead of operational expenditure by vote.</p>	<p>We agree with the comments made by AG Moving forward management will ensure all required sections 53 of MFMA together with Regulation 7 of Municipal planning and performance management are addressed appropriately</p> <p>Moving forward management will ensure that there is establishment of checklist to be used, when receiving the information from different units within the municipality to improve on the findings raised</p>	<p>30 June 2026</p>	<p>IDP PMS Manager Director Community Services</p>
<p>Issue 2</p> <p>It was noted that the adopted performance management system was not adequate in addressing the performance planning, monitoring, measurement, review, reporting and improvement process conducted, organized and managed due to the following reasons:</p> <ol style="list-style-type: none"> 1. There were limitations of scope findings that were issued due to management not providing sufficient audit evidence within the required time frames. a) COAF 3 was issued due to incomplete indicators and targets being reported in the annual performance report. b) COAF 6 was issued due to supporting documents of remedial actions presented in the annual performance report that were not submitted to the auditors. c) COAF 8 was issued due to performance indicators schedules or listing that were not submitted to the auditors. d) COAF 12 was issued due to the performance indicators process flows that were not submitted to the auditors. e) COAF 23 was issued due to insufficient audit evidence obtained to test completeness of the water samples. <ol style="list-style-type: none"> 2. A finding was issued for 939.95 km Visual Assessments performance indicator, due to insufficient audit evidence provided as result of visual assessment reports that were not approved. (COAF 20) 3. Material findings were issued on inaccuracies of the 				



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COAF 38 of 2025 - AFS APR and annual report	During the audit of the Annual Financial Statements, it was noted that management did not comply with section 122 as the 2024/25 Annual Financial Statements were not fairly presented with the state of affairs of the municipality, this is due to the material misstatements that were identified during the audit.	Management agrees with the audit findings. Management will review and monitor compliance with applicable laws and regulations. Management will also perform appropriate reviews of financial and performance reports to ensure accurate and complete reports that are supported and evidenced by reliable information. Management has performed extensive reviews of the financial statements and the corresponding supporting documents in order to ensure that the financial statements are accurate and complete	30 June 2026	Chief Financial Officer
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<p>COAF 39 of 2025 - Staff establishment</p>	<p>Management did not provide supporting evidence to confirm that the Mayor has submitted the documents listed below to MEC within the prescribed period:</p> <p>(a) A copy of the adopted staff establishment</p> <p>(b) The council resolution adopting the staff establishment</p> <p>(c) The reports informing the staff establishment, if any; and</p> <p>(d) The reasons for rejecting the MEC's submissions, if any.</p> <p>Furthermore, no supporting evidence have been obtained that confirm that the MEC has submitted the documents listed below to the Minister within the prescribed period:</p> <p>a) Staff establishment</p> <p>b) The council resolution adopting the staff establishment and</p> <p>c) the reports informing the staff establishment</p>	<p>Management partially agree with the finding. TMDM has ensured that the Municipal Manager on behalf of Council submits the Staff Establishment, Council resolution and reports to the MEC. The MM reports directly to the Mayor and the Mayor has given the Municipal Manager directive to submit the reports on behalf of the Council. Management will ensure that the Mayor also submits the staff establishment in future on his/her capacity.</p> <p>The submission of the above documents by the MEC to the Minister is solely the compliance on the MEC's side, TMDM does not have any powers to instruct not question if the MEC is complying with the law, as a result the municipality would not have a copy of acknowledgement on their side.</p> <p>TMDM has proof of acknowledgement of the above documents by the office of the MEC. Management will ensure to keep a checklist of statutory submissions the reports submitted by the MM to the MEC, and the reports submitted by the Mayor to the MEC.</p> <p>Submissions to the Minister by the MEC is above the municipality's scope of work and reporting</p>	<p>31 March 2026</p>	<p>Director Corporate Services</p>
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COAF 40 of 2025- Expenditure management

During the audit of expenditure management, we identified that management did not make payments within 30 days of the invoice date. We could not use the date when the invoices were received as there is no stamp on the invoices indicating the date when the invoices were received.

Management agrees with the audit findings. Management will review and monitor compliance with applicable laws and regulations. Management will ensure that each division needs to have controls in place to monitor when the invoices are received by the division and ensure that they are dispatched to the division responsible for payments within the required timelines. As this will assist the municipality to track the days and identify the gaps so that consequence management can be enforced.

30 June 2026

Chief Financial Officer

Details per client records				Details per Invoice and Creditors expenditure voucher		
Invoice Date	Description	Reference	Amount per GL	Invoice date	Date of Payment	Difference
1 2025 /02/28	annual license	inv1 91810	37 781 4	2025 /01/06	2025 /02/28	53
2 2024 /11/08	GR AP S-Act vari al valu ations	inv0 001836	25 000	2024 /08/28	2024 /11/08	72

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<p>COAF 41 of 2025- Asset disposals findings</p>	<p>Nature Part 1 By inspection of the council minutes for the period of 01 July 2024 to 30 June 2025 and discussion with the CFO it was confirmed that there the council did not approve the disposals for the year ended 30 June 2025. Therefore, it could not be confirmed that the municipality complied with section 16(2) of the MFMA</p> <p>Part 2 During the audit of disposal for the year ended 30 June 2025, it was discovered that the municipality had disposed of assets that are still within the control and properties of the municipality. Which contradicts GRAP 17 and 26, in case of the redundant assets the municipality shall impair the asset to the amount of zero and then clearly disclose such events.</p> <p>The assets that are redundant are still assets of the municipality and should not be written-off.</p> <p>The following assets where physical verified to be within the properties of the municipality:</p> <p>Part 3 During the physical verification of assets, it was identified that the following assets have indications of impairment. However, the municipality did not assess the assets for impairment for the year ended 30 June 2025.</p> <p>GRAP 21 paragraph 20 states that an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset.</p> <p>Based on the physical verifications done, it was confirmed that the assets below have indication of impairment:</p>	<p>28 February 2026</p>	<p>Chief Financial Officer</p>
	<p>MANAGEMENT RESPONSE:</p> <p>PART 1 Management disagrees with the audit finding, The Asset Management unit ensured that it complied with the requirements of section 14 of MFMA when it was disposing the assets. Council resolution is attached as approval.</p> <p>Section 14 of MFMA (1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.</p> <p>(2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public-</p> <p>(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic economic services, and</p> <p>(b) has considered the fair market value of the asset and the economic and minimum level of basic municipal services: and community value to be received in exchange for the asset.</p> <p>(3) A decision by a municipal council that a specific capital asset is not needed to S provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred, or otherwise disposed of.</p> <p>(4) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection (2)(a) and (b) in respect of movable capital assets below a value determined by the council.</p> <p>(5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent, competitive, and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111.</p> <p>(6) This section does not apply to the transfer of a capital asset to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such</p>		



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<p>COAF 42 of 2025 – Consistency</p> <p>During the audit of the performance indicators, noted indicators that were inconsistent between the planned and reported indicators in the annual performance report. The identified inconsistencies were as follows:</p> <ol style="list-style-type: none"> 1. The Implementation of Energy Efficiency and Demand Side Management indicator, the target was reported as "Complete Retrofitting of 340 Highmasts and 145 Streetlights by 30th of June 2025" and annual achievement was reported as "Complete Retrofitting of Highmasts and Streetlights by 30th of June 2025 in the APR. The annual achievement did not include the number of highmasts and streetlights completed. 2. The name of the planned indicator relating to the Police Stations and Correctional Services indicator was erroneously excluded in the SDBIP and it was included in the APR as "number of inspections conducted on police stations and correctional services centers within Thabo Mofutsanyana by 30th June 2025". Thus, the indicator name was incorrectly omitted from the SDBIP resulting in inconsistencies. 3. The Implementation of Rural Road Asset Management System indicator, the planned indicator in the SDBIP was documented as "Implementation of Rural Road Asset Management System: - The extent & conditions (measure 939.95km) of the road network & RRAMS System Implementation by the 30th of June 2025" while the planned indicators in the APR is incorrectly documented as "Implementation of Rural Road Asset Management System: - The extent & conditions by measure 939.95km of the road network & RRAMS System Implementation by the 30th of June 2025". Thus, resulting in an inconsistency with the SDBIP. (Initially communicated as per high-level review performed upon submission of the annual performance report) 	<p>We agree with the comments made by AG Management will implement their recommendations moving forward to improve on the findings.</p>	<p>30 June 2026</p>	<p>Director Technical Services</p>
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COAF 43 of 2025 Unauthorised expenditure are complete disclosure

During the audit of authorised expenditure, the auditors noted differences between the final budgeted amounts and the actual expenditure incurred per vote. These differences were due to overspending, indicating that unauthorised expenditure was incurred. Despite the overspending, management did not disclose any unauthorised expenditure incurred during the current year under review.

The differences identified are as follows:

1. Operating expenditure

Vote	Final adjusted budget amount	TB amount	Difference
Vote 2 - Finance and Administration	57 149 010,44	57 240 223,18	- 91 212,74
Vote 8 - Health	5 919 770,32	6 240 207,08	- 320 436,76
Total			- 411 649,50

2. Capital expenditure

Vote	Final adjusted budget amount	TB amount	Difference
Vote 1 - Executive and Council	254448	403176	- 148 728,00
Vote 2 - Finance and Administration	217 935,00	296 856,99	- 78 921,99
Total			- 227 649,99

Management partially agrees with the audit findings

Management reformed the test for unauthorised expenditure and disagree with the overspending on operating expenditure Vote 2 - Finance and Administration, we are finding an underspending amounting to R 186 155.76

1. Operating expenditure

Vote	Final adjusted budget amount	TB amount	Difference
Vote 2 - Finance and Administration	57 149 010,44	56,962,8 54,68	186,155,76
Vote 8 - Health	5 919 770,32	6 240 207,08	- 320 436,76
Total			- 411 649,50

2. Capital expenditure

Vote	Final adjusted budget amount	TB amount	Difference
Vote 1 - Executive and Council	254 448,00	403 176	- 148 728,00
Vote 2 - Finance and Administration	217 935,00	296 856,99	- 78 921,99
Total			- 227 649,99

30 November 2026

Chief Financial Officer



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COAF 44
of 2025-
SCM
Quotations Final decision and expected supplier

During the audit of Supply Chain Management (SCM) – Quotations, it was noted that:

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Chief Financial Officer

Part 1

During the audit of the municipality's procurement processes, it was noted that quotations are evaluated by Supply Chain Management (SCM) practitioners, and an evaluation and recommendation report is compiled for final approval. In accordance with the municipality's procurement procedures, the Chief Financial Officer (CFO), as the delegated official, is responsible for reviewing and approving the recommended quotation by signing the evaluation and recommendation report.

However, through inspection of the evaluation and recommendation reports, it could not be confirmed that the winning bidder was approved by the approved delegate as it was not signed by the delegated official.

N	Supplier	Reference	Description	Amount (R)
4	Hanong Trading	3	Training on bookkeeping	100,000.00
6	333 Forty4 Trading (Pty) Ltd	333/IN VC/15.6	Finance laptops	137,694.00
			Total	556,382.68

Part 2

No supporting evidence was submitted to confirm approval of the final decision on which quotation to accept

N	Supplier	Reference	Description	Amount
7	Wandil	241	Catar	20 000 00

Management disagrees with audit findings. Municipal supply chain management regulation 5 states that: Subdelegations

(1) An accounting officer may in terms of section 79 or 106 of the Act subdelegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4(1), but any such subdelegation must be consistent with subregulation

(2) and regulation 4. (2) The power to make a final award— (a) above R10 million (VAT included) may not be subdelegated by an accounting officer; (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be subdelegated but only to— (i) the chief financial officer; (ii) a senior manager; or (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; (c) or not exceeding R2 million (VAT included), may be subdelegated but only to— (i) the chief financial officer; (ii) a senior manager; (iii) a manager directly accountable to the chief financial officer or a senior manager; or (iv) a bid adjudication committee.

Part 1

N	Supplier	Reference	Description	Amount (R)
4	Hanong Trading	3	Training on bookkeeping	100,000.00
6	333 Forty4 Trading (Pty) Ltd	333/IN VC/15.6	Finance laptops	137,694.00
			Total	556,382.68



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COAF 45 – SCM – Quotations Requested for evaluation criteria
During the audit of Supply Chain Management (SCM) Quotations, it was noted that the request for quotations documentation was not submitted to the auditors as requested in RFI 47. The request was submitted on 10 October 2025 and due on 14 October 2025.

Consequently, the auditors were unable to confirm whether the evaluation criteria applied during the assessment of quotations were consistent with those stipulated in the original request for quotations

N	Supplier	Reference	Description	Amount (R)
1	KHU002 - Khumali (Pty) Ltd - (The Guard)	9162694 237-103	Advert for tenders	29,
2	LIV001 - Living Free Trading and Projects (Pty) Ltd	8042025	Peeling of old logo	28,
3	WAN001 - Wandile Catering	341	Cater council meeting 12.12.24 Reitz	30,
4	ULT001 - Ultra Ordinary (Pty) Ltd	3	Protective clothing for Kestell lab	139,
5	THUSO001 - Thuso Enviro Agric Development	TEAD/20 924	Peace officer training	99,
6	333001 - 333 Forty4 Trading (Pty) Ltd	333/INVC /15.6	Finance laptops	137,
7	CIV003 - Civalax (Pty) Ltd	17	Carpet for LED coordinator Floyd	27,
			Total	592,

PART 1
Management disagrees with the audit finding. The municipality in some instances invites quotations either via telephone or by sending an email to suppliers registered on Central Supplier Database (CSD) to request formal written quotations. Memo from the requesting department agrees with the quotation.

According to the SCM Policy:

Paragraph 24.4.1.2.3 a minimum of three formal written quotations for procurement valued over R10 000 and up to R200 000 (VAT included).

Paragraph 24.4.4.2 mandates that requirements exceeding R30 000 (VAT included) procured through written quotations must be advertised for at least seven days on the municipality's website and official notice board. The advert includes the specific goals required by the municipality.

Paragraph 24.4.4.3 provides that where quotations are advertised on the notice board and website, no additional quotations are required if fewer than three responses are received.

Currently the municipality does not have standardized documentation for requesting quotations and relies on internal memos or procurement requests.

PART 2

Management disagrees with the audit finding. The municipality uses the price and specific goals when evaluating the quotation. For orders that are above R10 000 but below R30 000, the price is considered to be the only factor when evaluating the quotes, except the price being the determining factor when evaluating the quotes, restriction/ prohibition of suppliers from doing business with organs of state is checked, tax compliance status of the supplier is checked, the cad registration is checked, the locality of the bidder as well as the historical performance/ non-performance of the supplier on executing previous orders, as the municipality cannot do business with a service provider who does not comply with these requirements.

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COAF 46 of 2025 – SCM – Quotations – Declarati on of interest was not submitted

During the audit of Supply Chain Management (SCM) compliance for quotations, it was noted that the following suppliers did not submit the required declaration of interest forms as part of their procurement documentation.

N o	Supplier	Reference	Description	Amount (R)
1	Khumali (Pty) Ltd – (The Guard)	91626942 37-103	Advert for tenders	2900
2	Kadasto (Pty) Ltd	13/2025	Stakeholder engagement & outreach program	2734
3	Wandile Catering	341	Cater council meeting 12.12.24 Reitz	3000
4	Thuso Enviro Agric Development	lead/2092 4	Peace officer training	9999
5	Civalex (Pty) Ltd	17	Carpet for LED coordinator Floyd	2750
	Total			R 213,33

Management partially agrees with the audit findings. The suppliers mentioned above declaration of interest forms were subsequently emailed on 19 November 2025 at 10:29am. The MBD 4 form are not attached to payment vouchers but are filed in supply chain unit, they expire usually after 12 months.

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<p>COAF 14 of 2025 - Deviations (Non-compliance with SCM regulations)</p>	<p>During the audit of deviations confirmed that the following deviations were not in line with the requirements of regulation 36 of the MFMA SCM regulations.</p> <p>Reason for deviation</p> <p>Inspected the request to deviate from supply chain processes: water supply failure at the main building - Procurement, dated 29 August 2024 and noted that the following reasons were stated:</p> <ol style="list-style-type: none"> 1. Water supply at the municipality's premises is dependent on electricity supply however at the moment, kilowatts produced are low and cannot generate enough power for the pump machine to supply water at the main building. 2. The matter was treated as an urgent matter, two other service providers were procured through the SCM procurement process, however, the officials were not happy with the hygiene issues, and this was affecting the municipality's operations 3. The service provider that has been appointed providers a janitor, that is present to ensure occupational health issues pertaining to the service being rendered. <p>The municipality applied the following SCM regulation: - Regulation 36(1)(v) - In any other exceptional case where it is impractical to follow the official procurement processes.</p> <p>Based on the reasons provided above, the auditors could not confirm how it was impractical or impossible to follow the official procurement process.</p> <p>The water problem has been persisting for several years at the Local Municipality.</p> <p>The municipality has been utilizing deviations repetitively over a long period of time to acquire the same goods or services and from the same supplier. Deviations are being made monthly for a prolonged period for the same goods or services. This is poor</p>	<p>Management disagrees with the audit findings</p> <p>The legislated provisions</p> <p>Municipalities are allowed to utilize deviations as a means of procurement in certain situations. What is clear is that the conditions must be fulfilled, and the Accounting Officer must approve the deviations. The provisions for scenarios where the deviations are permissible are as follows:</p> <p>A supply chain management policy may allow the accounting officer—</p> <ol style="list-style-type: none"> a) To dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only— <ol style="list-style-type: none"> (i) in an emergency; (ii) if such goods or services are produced or available from a single provider only; (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile; (iv) acquisition of animals for zoos; or (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and b) To ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature. 2) The Accounting Officer must record the reasons for any deviations in terms of sub regulation (1 and)(b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity and include as a note to the annual financial statements. 3) Sub-regulation (2) does not apply to the procurement of goods and services contemplated in regulation. 4) From the past audits by the Auditor General and 	<p>30 June 2026</p>	<p>Chief Financial Officer</p>
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<p>COAF 16 of 2025 - Contract management level agreements not signed</p>	<p>During the audit of SCM (Contract management) it was noted that the following service level agreements were not signed by both the successful bidder and a delegated official of the municipality</p> <p>No Contract Number Contract Description Service Provider Appointment Letter</p> <p>Date</p> <p>1 TMDM/RRAMS/TECH/01/2023 Assit with Rural Road Asset Management Systems for period of 3 years. Purim Consulting 01/03/2024</p> <p>2 TMDM/INFRA/EEDSM Assistance with Energy Efficiency Dement Side Management (EEDSM) for a period of 3 years TJM Green Tech 07/10/2024</p> <p>3 National Treasury Transversal Contract: RT25-2015 mSCOA Implementation OS Holding 13/03/2017</p> <p>4 TMDM/CORP/HYGIENE/01/04/2024 Provision of Hygiene Management Services for a period of Three (03) Years. Kadongo Trading (Pty) Ltd 16/05/2024</p> <p>5 TMDM/TECH/FENCE/10/01/2025 Supply and Installation of Clear View fence for period of 3 years. Rara n Phapz Pty Ltd 16/05/2025</p>	<p>Management partially agrees with audit finding</p> <p>Contracts are signed by municipality and providers management will ensure that evidence is properly kept as audit evidence.</p> <p>1) Management will implement a control checklist to ensure all SLAs are signed by both parties prior to service commencement.</p> <p>2) Management will assign responsibility to a designated official to verify and archive signed contracts.</p> <p>3) Management will conduct periodic reviews of contract documentation to ensure compliance with SCM policies and MFMA requirements.</p>	<p>30 June 2026</p>	<p>Chief Financial Officer</p>
<p>Furthermore, an internal control deficiency was identified in the service level agreement (SLA) documentation for the TMDM/INFRA/EEDSM – TJM Green Tech project. The contract duration stated in the SLA is incorrect and does not align with the approved procurement documentation or project timelines.</p>				



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CoAF 45 of 2025 - SCM - Quotations Request for

During the audit of Supply Chain Management (SCM) - Quotations, it was noted that the request for quotations documentation was not submitted to the auditors as requested in RFI 47. The request was submitted on 10 October 2025 and due on 14 October 2025.

Consequently, the auditors were unable to confirm whether the evaluation criteria applied during the assessment of quotations were consistent with those stipulated in the original request for quotations

N	Supplier	Reference	Description	Amount (R)
1	KHU002 - Khumali (Pty) Ltd - (The Guard)	9162694237-103	Advert for tenders	29,000.00
2	LIV001 - Living Free Trading and Projects (Pty) Ltd	804202	Peeling of old logo	28,799.00
3	WAN001 - Wandile Catering	341	Cater council meeting 12.12.24 Reitz	30,000.00
4	ULT001 - Ultra Ordinary (Pty) Ltd	3	Protective clothing for Kestell lab	139,290.58
5	THUSO001 - Thuso Enviro Agric Developmen t	TEAD/20924	Peace officer training	99,999.13
6	333001 - 333 Forty4 Trading (Pty) Ltd	333/INV C/15.6	Finance laptops	137,694.00
7	CIV003 - Civalex (Pty) Ltd	17	Carpet for LED	27,500.00

PART 1

Management disagrees with the audit finding. The Municipality in some instances invites quotations either via telephone or by sending an email to suppliers registered on Central Supplier Database (CSD) to request formal written quotations. Memo from the requesting department agrees with the quotation.

According to the SCM Policy:

Paragraph 24.4.1.2.3 a minimum of three formal written quotations for procurement valued over R10 000 and up to R200 000 (VAT included).

Paragraph 24.4.4.2 mandates that requirements exceeding R30 000 (VAT included) procured through written quotations must be advertised for at least seven days on the municipality's website and official notice board. The advert includes the specific goals required by the municipality.

Paragraph 24.4.4.3 provides that where quotations are advertised on the notice board and website, no additional quotations are required if fewer than three responses are received.

Currently the municipality does not have standardized documentation for requesting quotations and relies on internal memos or procurement requests.

- | No | Supplier | Reference | Description |
|----|---|----------------|--------------------------------------|
| 1 | KHU002 - Khumali (Pty) Ltd - (The Guard) | 9162694237-103 | Advert for tenders |
| 2 | LIV001 - Living Free Trading and Projects (Pty) Ltd | 8042025 | Peeling of old logo |
| 3 | WAN001 - Wandile Catering | 341 | Cater council meeting 12.12.24 Reitz |
- Request memo from department agrees with the quotations received.
- Request memo from department agrees with the quotations received.
- Request memo from department agrees with the quotations received.

30 June 2026

Chief Financial Officer



OFFICE OF THE MUNICIPAL MANAGER

COAF 46 During the audit of Supply Chain Management (SCM) compliance for quotations, it was noted that the following suppliers did not submit the required declaration of interest forms as part of their procurement documentation.

No	Supplier	Reference	Description	Amount (R)
1	Khumali (Pty) Ltd – (The Guard)	91626 94237-103	Advert for tenders	29000
2	Kadasto (Pty) Ltd	13/202 5	Stakeholder engagement & outreach program	27340
3	Wandle Catering	341	Cater council meeting 12.12.24	30000
4	Thuso Agric Development	lead/2 0924	Peace officer training	99999.13
5	Civalex (Pty) Ltd	17	Carpet for LED coordinator Floyd	27500

Management partially agrees with the audit findings.

The suppliers mentioned above declaration of interest forms were subsequently emailed on 19 November 2025 at 10:29am. The MBD 4 form are not attached to payment vouchers but are filed in supply chain unit, they expire usually after 12 months.

Management partially agrees with the audit findings.

The suppliers mentioned above declaration of interest forms were subsequently emailed on 19 November 2025 at 10:29am. The MBD 4 form are not attached to payment vouchers but are filed in supply chain unit, they expire usually after 12 months.

No	Supplier	Reference	Description
1	Khumali (Pty) Ltd – (The Guard)	9162694237-103	Advert for tenders 29000 Submitted
2	Kadasto (Pty) Ltd	13/2025	Stakeholder engagement & outreach program 27340 Submitted
3	Wandle Catering	341	Cater council meeting 12.12.24 Reitz 30000 Submitted
4	Thuso Agric Development	lead/20924 99999.13	Peace officer training Thuso
5	Civalex (Pty) Ltd	17	Carpet for LED coordinator Floyd 27500 Submitted
			Total R 213,839.13

30 June 2026
 Chief Financial Officer



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<p>CoAF 47 of 2025 - Audit committee</p> <p>(Internal control deficiency and non-compliance)</p>	<p>During the understanding of the audit committee the following internal control deficiencies and non-compliance was noted:</p> <p>No. Responsibilities/functions Auditors' assessment</p> <p>1 The audit committee assessed internal audit staffing and skills vs entity complexity. Internal audit has sufficient resources. Through inspection of all available meeting minutes and the audit committee report, the auditors were unable to obtain sufficient and appropriate audit evidence to confirm that the audit committee had formally assessed whether the internal audit function's staffing levels and skill sets were appropriate in relation to the complexity of the municipality's operations.</p> <p>There was no documented evidence to support that the committee ensured the internal audit unit was adequately resourced.</p> <p>We do this when we approve your plan, we also assess capacity to implement Internal Audit Plan.</p> <p>2 The audit committee reviewed coverage and scope between external and internal audit to avoid duplication and promote possible cost savings from the alignment of the two functions. There was no documented evidence to support that the committee reviewed coverage and scope between external and internal audit.</p> <p>AGSA should know that their scope and approach is different as well as the timing and duration of the audits. We go through their Audit Strategy and Engagement letters every year, where they present their scope.</p> <p>In their own writing (AGSA), they confirm that the audit approaches are different, hence they use your audits for risk assessments and planning purposes.</p> <p>3 The audit committee advised the council/accounting officer on matters relating to</p>	<p>30 June 2026</p> <p>Chief Financial Officer</p>						
<p>We do not agree with the findings of AGSA as the Audit Committee is performing its functions as outlined under MFMA Section 166(2) and Regulations 14. (3) and (4) of the Municipal Planning and Performance Management Regulations, 2001.</p> <p>The criteria AGSA should use to assess the functionality of the Audit Committee is the law and its regulations, not best practise advisory notes, like circulars and Public Sector Audit Committee Forum guidelines.</p>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">No. Responses/Functions</th> <th style="width: 30%;">Auditors' assessment</th> <th style="width: 40%;">Audit committee</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">1</td> <td style="vertical-align: top;">The audit committee assessed internal audit staffing and skills vs entity complexity. Internal audit has sufficient resources</td> <td style="vertical-align: top;">Through inspection of all available meeting minutes and the audit committee report, the auditors were unable to obtain sufficient and appropriate audit evidence to confirm that the audit committee had formally assessed whether the internal audit function's staffing levels and skill sets were appropriate in relation to the complexity of the municipality's operations.</td> </tr> </tbody> </table>	No. Responses/Functions	Auditors' assessment	Audit committee	1	The audit committee assessed internal audit staffing and skills vs entity complexity. Internal audit has sufficient resources	Through inspection of all available meeting minutes and the audit committee report, the auditors were unable to obtain sufficient and appropriate audit evidence to confirm that the audit committee had formally assessed whether the internal audit function's staffing levels and skill sets were appropriate in relation to the complexity of the municipality's operations.	
No. Responses/Functions	Auditors' assessment	Audit committee						
1	The audit committee assessed internal audit staffing and skills vs entity complexity. Internal audit has sufficient resources	Through inspection of all available meeting minutes and the audit committee report, the auditors were unable to obtain sufficient and appropriate audit evidence to confirm that the audit committee had formally assessed whether the internal audit function's staffing levels and skill sets were appropriate in relation to the complexity of the municipality's operations.						
<p>There was no documented evidence to support that the committee ensured the internal audit unit was adequately resourced.</p> <p>We do this when we approve your plan, we also assess capacity to implement Internal Audit Plan.</p>								



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CoAF 48 of 2025 - SCM - Contract management - Monthly monitoring	During the audit of Supply Chain Management (SCM) – Contract Management, it was noted that management submitted reports to the mayor on the implementation of the SCM policy for the first and fourth quarters.	Section 116 of the MFMA states that: (2) The accounting officer of a municipality or municipal entity must- (b) monitor on a monthly basis the performance of the contractor under the contract or agreement; (c) establish capacity in the administration of the municipality or municipal entity- (ii) to oversee the day-to-day management of the contract or agreement.	30 June 2026	Chief Financial Officer	
<p>However, the reports did not contain sufficient and appropriate audit evidence to confirm that monthly monitoring of SCM activities was performed. The reports also highlighted that the performance of some suppliers was not evaluated after payments were made for goods and services provided.</p> <p>Furthermore, contractor performance evaluation for services rendered was not submitted for all the service providers.</p>	<p>The monitoring of contractors is assessed before a payment is made for goods or services received from contractors. On a monthly the SCM unit monitors performance of providers and the SCM implementation report is submitted to treasury prescribed template reporting on various SCM functions including monitoring of contracts.</p> <p>The providers mentioned evaluation monitoring forms are completed by relevant Department heads confirming that payment be made and that services rendered were satisfactory.</p>	<p>No. Contract Number Contract Description</p> <p>1 National Treasury Transversal Contract: RT25-2015 mSCOA Implementation OS Holding</p> <p>2 National Treasury Transversal Contract: RT 15-2021 Supply and delivery of mobile communication services Vodacom</p> <p>3 TMDM/CORP/TELEPHONE/01/12/2020 Management of Telephone System for a period of 3 years Menray Communications</p> <p>4 TMDM/FIN/INSURANCE/01/10/2022 Short-Term insurance Broker for a period of 3 years Mpumelelo Services</p> <p>5 National Treasury Transversal Contract: RT3-2022 Supply ,Delivery, installation and maintenance of office Automation Konica Minolta</p> <p>6 TMDM/CORP/LEGAL/01/06/2022 Panel of legal expert for a period of three years Sibeko Incorporated Attorneys</p> <p>7 TMDM/INTER/IT/01/11/2023 Procurement of internet service provider for a period of three years Crescent Technology</p> <p>8 TMDM/RRAMS/TECH/01/2023 Assit with Rural Road Asset Management Systems for period of 3 years. Purim Consulting</p> <p>9 TMDM/DESREC/IT/01/11/2023 Procurement of disaster recovery solutions for the period of 3 years. TMDM/RRAMS/TECH/01/2023 Assit with</p>	<p>No. Contract Number Contract Description</p> <p>1 National Treasury Transversal Contract: RT25-2015 mSCOA Implementation OS Holding</p> <p>2 National Treasury Transversal Contract: RT 15-2021 Supply and delivery of mobile communication services Vodacom</p> <p>3 TMDM/CORP/TELEPHONE/01/12/2020 Management of Telephone System for a period of 3 years Menray Communications</p> <p>4 TMDM/FIN/INSURANCE/01/10/2022 Short-Term insurance Broker for a period of 3 years Mpumelelo Services</p> <p>5 National Treasury Transversal Contract: RT3-2022 Supply ,Delivery, installation and maintenance of office Automation Konica Minolta</p> <p>6 TMDM/CORP/LEGAL/01/06/2022 Panel of legal expert for a period of three years Sibeko Incorporated Attorneys</p> <p>7 TMDM/INTER/IT/01/11/2023 Procurement of internet service provider for a period of three years Crescent Technology</p> <p>8 TMDM/RRAMS/TECH/01/2023 Assit with</p>		



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COAF 49 of 2025 - Non-compliance - Expenditure management

During the audit of compliance – expenditure, the following issues were identified.

30 June 2026

Chief Financial Officer

Issue 1 – Unauthorised expenditure

Inspected the annual financial statements (AFS) confirmed that unauthorised expenditure amounting to R 1 085 589 was incurred in the prior financial year and R 639 299 in the current financial year, as per the completeness testing performed, this indicates that reasonable steps were not taken to prevent unauthorised expenditure.

Furthermore, during the audit of authorised expenditure, the auditors noted differences between the final budgeted amounts and the actual expenditure incurred per vote. These differences were due to overspending, indicating that unauthorised expenditure was incurred.

The differences identified are as follows:

1. Operating expenditure

Vote	Final adjusted budget amount	TB amount	Difference
Vote 2 - Finance and Administration	57 149 010,44	57 240 223,18	- 212,74 91
Vote 8 - Health	5 919 770,32	6 240 207,08	- 436,76
Total			- 649,50 411

2. Capital expenditure

Vote	Final adjusted budget amount	TB amount	Difference
Vote 1 - Executive and Council	254 448,00	403 176	- 728,00 148
Vote 2 - Finance and Administration	217 935,00	296 856,99	- 921,99 78
Total			- 649,99 227

Management partially agrees with audit finding

1. Operating expenditure

Vote	Final adjusted budget amount	TB amount	Difference
Vote 2 - Finance and Administration	57 149 010,44	56 962,8 54,68	186,155.76
Vote 8 - Health	5 919 770,32	6 240 207,08	- 436,76 320
Total			- 436,76 320

2. Capital expenditure

Vote	Final adjusted budget amount	TB amount	Difference
Vote 1 - Executive and Council	254 448,00	403 176	- 728,00 148
Vote 2 - Finance and Administration	217 935,00	296 856,99	- 921,99 78
Total			- 649,99 227

Management is in agreement with unauthorized expenditure of R548 086,76

Management disagrees with audit finding

Irregular expenditure is defined in section 1 of the MFMA as follows:

“regular expenditure”, in relation to a municipality or municipal entity, means—

(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act; and which has not been



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<p>COAF 50 of 2025 - SCM - SCM - Contract management (Contract extensions)</p>	<p>During the audit of Supply Chain Management (SCM) – Contract Management, it was noted that the following contract is still active despite its expiry</p> <p>This transversal contract (RT25-2016 for the period 1 June 2016 to 31 May 2019) initially expired on 31 May 2019.</p> <p>However, The National Treasury issued a letter to provide guidance with regards to the duration of the Service Level Agreements entered between municipalities and FMS service providers in terms of the RT25-2016 transversal tender and extended the duration of the service level agreements for a period of not exceeding 60 months subject to the provisions of section 33 of the MFMA.</p> <p>The 60-month term was calculated from the date on which the Service Level Agreement between the Municipality and its FMS service provider was first entered into.</p> <p>OS Holdings (Pty) Ltd was appointed on 13/03/2017, therefore the service level agreement expired on 14/02/2022, including the extension.</p> <p>No supporting documentation was provided to the auditors to confirm approval of the extension, modification</p>	<p>Management disagrees with audit findings In accordance with circular 112, 5.4 Extension of RT25-2016 Service Level Agreements (SLA) for Financial Systems The National Treasury has received numerous queries about the extension of the SLA for the transversal contract for the procurement of municipal systems of financials management and internal control (RT25-2016). The RT25-2016 contract expired in May 2019. Therefore, the RT25-2016 cannot be utilized to procure financial systems and Service Level Agreements (SLAs) entered into through the transversal contract cannot be extended when they expire. Municipalities that Procured systems through the RT25-2016 transversal tender must approach the market to procure a new service provider for system support and maintenance. Due to the high financial investment in procuring financial systems, it is not cost effective to change financial systems every 3 to 5 years. Also, the expiry of the SLA does not necessitate the procurement of a new financial system - unless the system that is being used does not comply with the required business processes and system specifications.</p>	<p>30 November 2026</p>	<p>Chief Financial Officer</p>
<p>Furthermore, Municipal SCM Regulations does not prohibit the use of long-term contracts as long as the needs analysis and market analysis are done to justify the continuous need for the service. Municipalities may utilise Section 33 of the MFMA, taking into account the municipality's specific circumstances, provided that the decision is legally sound and there is evidence to support the municipality's decision.</p> <p>Where a municipality has entered into a SLA for the provision of system support and maintenance through an open procurement process, the SLA may be extended in terms of Section 116(3) of the MFMA.</p> <p>Notwithstanding the above, since the ICT environment changes very quickly the municipal needs must be re-evaluated to ensure that the IT</p>				



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COAF 51 of 2025- Information systems	During the audit of the information systems, the following issues were identified:	Management agree with the findings.	30 June 2026	ICT Manager
<p>1.1 Failure to audit IT applications and processes in respect of the risk assessment compiled by management, the ICT general controls were evaluated annually as per the internal audit plan. However, ICT application controls were not evaluated due to financial constraints resulting to the appointment of the IT service provider. Therefore, management did not evaluate the application controls of the municipality.</p>	<p>1.1. The Internal Audit only reviews ICT general controls. The Internal Audit does not audit or review the application controls because the Unit has no capacity, and the municipality has not set aside budget for relevant service provider (Outsourced) to perform these functions. (Budget constraint). It must be further noted that this is an Internal Audit function and the finding should be redirected as such.</p>			
<p>1.2 Cyber (ICT) security threat Management's response to the internal risk raised of Cyber security threats was that "Security alerts are received daily and assessment of firewall and antivirus at the end of each quarter." Management's response is not adequate to cover the cyber security risks, no training was indicated to have been performed regarding the cyber security threats furthermore, no upgrades have been indicated to have been undertaken in the ICT systems to combat against Cyber</p>	<p>1.2. Cybersecurity is an ongoing process; management always show commitment in implementing continuous monitoring mechanisms to track and assess effectiveness of cybersecurity controls. The ICT Security policy has been reviewed in the current financial year to update cybersecurity measures to adapt to evolving threats. A process of procuring a new Antivirus solution has been initiated. The solution is having integrated vulnerability and patch management services with the ability to deploy updates for Windows and third-party software. Currently the trial has been deployed pending finalisation of procurement processes. The ICT Steering committee has been re-established. Management commits to ensuring that meetings are held periodically in the current financial year.</p>			
<p>1.3 Lack of adequately defined patch management procedures In terms of the progress on the risk raised management indicated that "Patch Management system has been developed pending the deployment to client computers." Therefore, the patch management system has not been fully implemented and thus this is an area that requires improvement in the municipality</p>	<p>1.3. The ICT Steering committee has been re-established. Management commits to ensuring that meetings are held periodically in the current financial year.</p>			
<p>1.4 There was no meeting held in the 2024/25 financial year for the ICT steering committee which was contrary to the approved ICT Policy.</p>				



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COAF 52 of 2025- Compliance Consequence management	<p>During the testing of Consequence Management, the following issues were identified:</p> <ul style="list-style-type: none">• Through inspection of the MPAC report dated 29 August 2025, it was confirmed that instances of fruitless and wasteful expenditure in the prior year were not investigated• Through inspection of the MPAC report dated 29 August 2025, it was confirmed that instances of unauthorized expenditure in prior year were not investigated• Through inspection of the MPAC report dated 29 August 2025, it was confirmed that the irregular expenditure that occurred in 2023/24 financial year was investigated but the persons liable for the instances of irregular expenditure was not identified.• There are 65 cases previously investigated by MPAC that remain unresolved	the instances of irregular expenditure was not identified.	30 June 2026	Chief Financial Officer
	<ul style="list-style-type: none">• In-terms of the principles enshrined in the Constitution, 1996, the accountability to deal with municipal matters rests with council. It is for this purpose that section 32 of the MFMA put the primary responsibility to deal with irregular expenditure on council. That is council must:<ul style="list-style-type: none">(a) investigate all instances of irregular expenditure and determine if any person is liable for the irregular expenditure – MFMA section 32(2)(a)(ii);(b) based on the result of the investigation, recover the irregular expenditure from the liable person or certify the irregular expenditure as irrecoverable – MFMA section 32(2);(c) institute disciplinary proceedings against the liable person – MFMA section 32(5); and(d) report all cases that constitute a criminal offence to the SAPS – MFMA section 32(6)(a). <p>It should be noted that the decision by the council in terms of section 32(2)(b) of the MFMA to certify the irregular expenditure as irrecoverable and written off does not result in condonation of the non-compliance reason for the irregular expenditure. Certifying the irregular expenditure as irrecoverable means that although the irregular expenditure has occurred, the council has decided not to pursue recovery thereof.</p> <ul style="list-style-type: none">• If the council decides to recover the irregular expenditure a debtor will be raised with a credit to revenue (not expenditure) and the normal debt recovery process will ensue.• It is also important to note that in terms of section 32(5) of the MFMA the writing off of the irregular expenditure as irrecoverable by council is not an excuse to deny responsibility if an official is charged with the commission of an offence or breach of the MFMA in a criminal or disciplinary proceeding.			



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CoAF 53 of 2025 - Conflict of interest

During the audit, we identified that supplier A22 Luxury Accommodation was awarded business amounting to R41 600 while one of its directors, Moratoe Maureen Moema, is employed by the Free State Department of Education in the position of Education Specialist Senior (Office-based).

Name of person	State institution where employed	Position/Job title	Supplier name	Date from when person had interest	Total Rand value of award
Moratoe Maureen Moema	FS: Education	Education Specialist Senior (Office based)	A22 Luxury accommodation	2020/02/18	R 41 600

The Central Supplier Database (CSD) Compliance History Report confirmed that the director has been an employee of the state since 18 February 2020

However, upon inspection of the MBD 4 Declaration of Interest completed and signed by MAJ Moema on 22 July 2024, it was noted that the declaration did not disclose the employment with the state or any interest in the supplier.

This represents a contradiction between the CSD record and the declaration submitted during the procurement process, indicating non-compliance with disclosure requirements and a potential conflict of interest.

Management partially agrees with the finding

Declaration of interest MBD 4 states that

No bid will be accepted from person in the service of the state, the bidder did not disclose that they in employment of the state. The bidder completed the following stating no to the questions displayed in the table below, furthermore municipality does not have database to confirm the accuracy of responses given by bidders.

Item	Question	Yes	No
36	Are you presently in the service of the state?		
36.1	If so, furnish particulars		
37	Have you been in the service of the state of the past twelve months?		
37.1	If so, furnish particulars		
38	Do you, have any relationship (family, friend, other) with person in the service of the state and who may be involved with the evaluation and/or adjudication of this bid?		
38.1	If so, furnish particulars		
3.9	Are you, aware of any relationship (family, friend, other) between a bidder and any person in the service of the state who may be involved with the evaluation and/or adjudication of this bid?		
3.9.1	If so, furnish particulars		
3.10	Are any of the company's directors, managers, principal shareholders or stakeholders in service of the state?		
3.10.1	If so, furnish particulars		