



Minutes of meeting

Name of meeting: Audit Steering Committee meeting

Date: 11 February 2020

Venue: Matjhabeng Local Municipality, Room 428

Points of discussion	Person responsible
<p>1. Opening and welcome</p> <p>Ms Z Tindleni (MM: Matjhabeng Local Municipality) commenced the meeting at 10:17 AM and welcomed everyone to the meeting.</p> <p>Ms Z Tindleni (MM: Matjhabeng Local Municipality) also welcomed and introduced the new executive director of infrastructure, N Thobela.</p> <p>The attendance register was also distributed to all the attendees.</p>	Chairperson
<p>2. Presence and Apologies</p> <p>The following apologies were note – Municipality staff:</p> <ul style="list-style-type: none">• Violet from Housing <p>The following apologies were note – AG staff</p> <ul style="list-style-type: none">• D Masheane (SM: AGSA) <p>Please refer to the signed attendance register for the list of attendees.</p>	AGSA/ Matjhabeng
<p>3. Adoption of Agenda</p> <p>The agenda was adopted without any changes.</p>	AGSA/ Matjhabeng
<p>4. Minutes of Previous Meeting and Matters Arising</p> <p>Mr T Panyani (CFO: Matjhabeng Local Municipality) took the attendees through the minutes of the previous meeting:</p> <p>The set of the minutes of the previous meetings were adopted without any changes or corrections.</p> <p>.</p>	AGSA/ Matjhabeng
<p>5. Request for Information Register</p>	AGSA/ Matjhabeng

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<p>Mr X Mbebe (AM: AGSA) presented the request for information register and mentioned the following:</p> <ul style="list-style-type: none"> • A total of 136 RFIs were issued. • There are 6 RFIs that are not yet due • There is 1 RFI that is overdue. • There are 57 RFIs that have been received • There are 43 RFIs that have resulted in exceptions • There are 15 RFIs that have been partially received • There are 11 RFIs that have been received late • There are 2 RFIs that have been withdrawn • There is 1 RFI that has been received late and closed <p>Mr H Hattingh (Manager: AGSA) mentioned that there is limited time left between now and the discussion of the draft management report and therefore the municipality should try to submit the outstanding information within the 3-day timeframe as extensions will no longer be given.</p>	
<p>6. Audit Communications Register</p> <p>Ms D Mofokeng (Audit Senior: AGSA) presented the audit communication register and mentioned the following:</p> <ul style="list-style-type: none"> • A total of 116 communications have been issued • There are 33 communications that are not yet due • There are 6 communications that are overdue • There are 77 communications that have been received • There are 39 communications with late responses • There are 27 communications that have been resolved • There are 2 communications that have been withdrawn • Management responses for communications 66,70,72,75,82,83,84,85,87,88,90,99 and 108 have been received however the auditors are still assessing the responses. • Communications 78 and 80 have been partially received <p>Ms D Mofokeng (Audit Senior: AGSA) noted that the majority of the communications not yet due are due today (11 February 2020) and management should therefore prioritise these.</p> <p>Mr H Hattingh (Manager: AGSA) mentioned that management should note on the register the communications that will have an impact on the audit report.</p> <p>Mr S Sejake (Revenue Manager: Matjhabeng Local Municipality) requested that the auditors provide clarity as to what is outstanding on communication 78.</p> <p>Mrs. N Zwane (Manager: AGSA) indicated that the auditors looked at the property values in terms of the supplementary and valuation role and noted differences for which reasons were requested in communication 78. The reasons provided by management were not corroborated with the required supporting documents. She indicated that what the auditors require is the directive from public works which details which properties were not at the correct value and whether all the properties were revalued or only a list of identified</p>	<p>AGSA/ Matjhabeng</p>

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<p>properties. She also indicated that the auditors will also require the notices to the consumer which stipulated that the property valuation has increased and therefore there is an increase in the tariff.</p> <p>Miss L Masiu (Manager: AGSA) indicated that the auditor's response to communications has been included in the communication register for management referral. She indicated that management should scan through the responses and identify which responses management would like to have sent to them particularly those affecting the audit report. She also indicated that for communication 80, management should make the necessary adjustments within the contracted services note.</p> <p>Mrs. N Zwane (Manager: AGSA) highlighted communication 115 which has a limitation finding that will have an effect on the audit report.</p> <p>Mr S Sejake (Revenue Manager: Matjhabeng Local Municipality) asked for clarity as to why communication 46 has been closed.</p> <p>Mrs. N Zwane (Manager: AGSA) mentioned that the pictures of meters provided indicated that the meters were still in working condition and therefore readings could have been taken.</p> <p>Mr R Muza (MFIP) indicated that photos would not provide evidence that a meter is working and that a verification of meters would provide more accurate evidence.</p> <p>Mrs. N Zwane (Manager: AGSA) indicated that the auditors are more than willing to perform a verification of the meters, however she indicated that this will be at an additional cost.</p> <p>Mr S Sejake (Revenue Manager: Matjhabeng Local Municipality) reiterated that a verification will be the best means to establish whether the meters are in working condition.</p> <p>Mr H Hattingh (Manager: AGSA) mentioned that if a verification is performed and it is verified through inspection of the first meter that the meter is in working condition, the verification will come to a halt as per the methodology applied.</p> <p>Miss L Masiu (Manager: AGSA) indicated a correction to the register with regards to communication 73 which has not been closed but is instead partially received.</p> <p>Me N Mochochoko (CEO: Fezi Consultants) indicated that when responses are communicated, the Municipality should engage so that the status of the communications is clear. She also highlighted that an auditor's response for communication 85 should be prioritised as it is an audit report matter.</p> <p>Mr T Panyani (CFO: Matjhabeng Local Municipality) kindly asked that the auditors provide a response to all communications that will have an effect on the audit report.</p>	

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<p>Mrs. N Zwane (Manager: AGSA) mentioned that communication 46 will no longer be indicated as closed and the auditors will make themselves available for the meter verifications.</p> <p>Mr T Panyani (CFO: Matjahebeng Local Municipality) indicated the verifications will take place and that the meter readers should also be in attendance.</p> <p>Mr M Mokoena (Manager: Fezi Consultants) highlighted communication 120 which he highlighted as being material and what the way forward is with regards to the communication</p> <p>Miss L Masiu (Manager: AGSA) mentioned that she has spoken to Thabiso about this matter and that It will be discussed further once asset verifications have been completed. She also highlighted communication 53 and whether this being attended to.</p> <p>Mr M Mokoena (Manager: Fezi Consultants) noted that currently it is only Ruan Hoffman of the AG team that is responsible for the verifications of assets.</p> <p>Micss L Masiu (Manager: AGSA) mentioned that AG staff was made available and this was communicated to the Municipality.</p> <p>Mr M Mokoena (Manager: Fezi Consultants) also highlighted that there is an item on transport assets that they would like to check and that they have made people available for the verification.</p> <p>Miss L Masiu (Manager: AGSA) reiterated that no more extensions can be allowed due to the fact that the draft management report discussion is fast approaching.</p>	
<p>7. Standing Matters</p> <p>7.1 Fraud Considerations</p> <p>Miss L Masiu (Audit Manager: AGSA) requested that if anyone is aware or becomes aware of any instances of fraud or fraud indicators, they should not hesitate to make the senior audit team members aware.</p> <p>7.2 Independence of the engagement team/auditee</p> <p>Miss L Masiu (Audit Manager: AGSA) noted that if any person feels that the auditors are not independent, also follow the similar channels as the fraud considerations.</p> <p>7.2 Related party transactions</p> <p>Miss L Masiu (Audit Manager: AGSA) indicated that if any person knows about any Related party transaction that was not disclosed on the annual financial statements should also follow the similar channels as the fraud considerations.</p>	<p>AGSA/ Matjhabeng</p>

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7.4 Audit fees Miss L Masiu (Audit Manager: AGSA) stated that the invoice for the month of January 2020 has been sent to the municipality.	
8. Other Matters Miss L Masiu (Audit Manager: AGSA) noted that the audit team is working after hours and at the weekend and will therefore require access to the system.	AGSA/ Matjhabeng
9. Closure The meeting adjourned at 11:04 am.	

Signatures:

Chairperson

Date

Secretary

Date