



Minutes of meeting

Name of meeting: Audit Steering Committee meeting

Date: 29 November 2019

Venue: Matjhabeng Local Municipality, Room 428

Points of discussion	Person responsible
<p>1. Opening and welcome</p> <p>Mr LB de Bruyn (Senior Manager Budget) commenced the meeting at 12:15 PM and welcomed everyone to the meeting. He indicated that he will commence the meeting and that the MM is on his way to the meeting. He also requested we sign the attendance register</p>	Chairperson
<p>2. Presence and Apologies</p> <p>The following apologies were noted:</p> <ul style="list-style-type: none">- Me Mochochoko- Mr Braam Groenewald (Skillz-SA)- Thembi Xaba (Acting SCM Manager) <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 with the following amendment:</p> <ul style="list-style-type: none">• LB de Bruyn indicated that he will not go through the previous minutes as the MM is on his way. Once the MM arrives, he will go through the minutes with attendees. Mr T Mohorosi (AM: AGSA) agreed that this be discussed once the MM arrives.• D Masheane (SM: AGSA) asked if point "8.3 Future Meetings" could please be added to the agenda.	AGSA/ Matjhabeng
<p>4. Request for Information Register</p> <ul style="list-style-type: none">• D Mofokeng (TA: AGSA) indicated that 42 RFI's have been received in total• She indicated the following RFI's are outstanding: RFI 33 (Contracted Services), RFI 35 (General Expenditure), RFI 37 (Repairs and Maintenance), RFI 42 (Additional Contracted Services Sample)• She indicated that an arrangement was made with management regarding RFI 40 (Going Concern) as an extension was requested by	AGSA/ Matjhabeng

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<p>management. Management arranged to submit the RFI next week Monday (02 December 2019).</p> <ul style="list-style-type: none"> • She indicated that the following RFI's have been received today and the auditors are still assessing them: RFI 36 (PPE) and RFI 41 (Data Request) • T Goralotse (Expenditure Manager) indicated that the RFI's regarding general expenditure, contracted services and repairs and maintenance will be submitted after the meeting. • D Masheane (SM: AGSA) asked that the delays of the RFI's please be noted by management as it will have an effect on the progress of the audit. • LB de Bruyn indicated that the Municipality should try to stay within the timeframe of 3 days for RFIs. 	
<p>5. Audit Communications Register</p> <ul style="list-style-type: none"> • T Dubase (TA: AGSA) indicated that there are 22 communications of which seven are not yet due and 15 which are due. Of the 15 communications that are due, five are not yet resolved including CAF 9 (AOPO), which he indicated that management asked to meet with the auditors at the workshop, which has not yet happened. • LB de Bruyn indicated that the MM has not been at the Municipality for the whole week and therefore it was impossible for the workshop to take place. He indicated that he believes it will take place early next week. • D Masheane (SM: AGSA) indicated that the workshop is not relating to the current year audit and therefore management should not indicate that the reason for not submitting is that they are waiting for the workshop. • T Dubase (TA: AGSA) indicated that management agreed with the finding but there are things that they need clarity on. • D Masheane (SA: AGSA) mentioned that the workshop relates to the next financial year and does not relate to the current audit and asked that it therefore not be talked about. • T Dubase (TA: AGSA) indicated that CAF 14 is also not resolved and that management has not appointed a disciplinary board committee yet. He indicated that CAF 15 (High Level Review) is still to be evaluated by the auditors as it was received today. • T Dubase (TA: AGSA) indicated that CAF 12 (Declaration of interest of the audit committee) is overdue. • LB de Bruyn indicated that he will speak to the speaker as it was sent to him and ask the chairperson to fetch the documentation. He will speak to the manager. • T Dubase (TA: AGSA) indicated that there are three CAF's that are partially received: CAF 6 (Contract not yet received), CAF 7 (Investigation Report outstanding) and CAF 13 (Didn't get council declaration of interest for the 2017 /18). • T Dubase (TA: AGSA) indicated that there were only six CAFs that were received late while the rest were received on time. • T Goralotse (Expenditure Manager) asked whether the AG did not receive the declaration of council interest last year as it relates to the previous period. 	

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<ul style="list-style-type: none"> • D Masheane (SM: AGSA) made a correction and indicated that the declaration for 2018/19 was requested • D Mofokeng (TA: AGSA) indicated that the declaration for 2018/19 was initially requested but management indicated that the council does not declare annually and only declare when there is a change. Furthermore, she indicated that due to this, the declaration for 2017/18 was requested in order for related parties to be tested. • L Masiu (M: AGSA) indicated that the declaration was requested in the previous year, however it should be submitted again • Dr Chetty from Provincial Treasury indicated that if the declaration related to 2017/18 then the AG should have those records and asked why would the AG want it again • D Masheane (SM: AGSA) asked that this please be assessed outside and the AG will come back to management regarding this at the next meeting. • LB de Bruyn agreed with this, as management will need clarity on this. • T Makofane indicated that there are CAF's that are outstanding because no ownership was taking during meetings. He indicated that the outstanding CAF's be delegated to persons so that this does not carry forward. • Dr Chetty (Provincial Treasury) indicated that he agrees with this and indicated that there must be consequence management regarding outstanding CAFs and if responses are not submitted on time then repercussions need to be implemented. • LB de Bruyn indicated that the CAF's are now going to be distributed to the respective department so that there are no excuses. 	
<p>6. Standing Matters</p> <p>6.1 Fraud Considerations</p> <ul style="list-style-type: none"> • L Masiu (M: AGSA) noted a correction to the agenda and that point 9.1 – 9.4 should be 7.1 – 7.4 • L Masiu (M: 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 • L Masiu (M: AGSA) noted that there are still fraud discussions that are outstanding. The arrangement was that the discussions were to take place and asked that the process of the fraud discussions please be concluded. <p>6.2 Independence of the engagement team/auditee</p> <ul style="list-style-type: none"> • L Masiu (M: AGSA) noted that the engagement team remains independent and asked that if management becomes aware of an issue regarding independence then they can declare this to the SM or the BE 	<p>AGSA/ Matjhabeng</p>

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<p>6.3 Related party transactions</p> <ul style="list-style-type: none"> L Masiu (M: AGSA) indicated that if management is aware of any related parties that have not been disclosed in the financials then they should indicate this to the SM or the BE. <p>6.4 Audit fees</p> <ul style="list-style-type: none"> L Masiu (M: AGSA) indicated the AG has circulated the invoice for October 2019 to the MM and the CFO and that the invoice for November 2019 will be circulated next week. 	
<p>7.1 Other Matters</p> <p>7.1 MM's acknowledgement of audit strategy and engagement letter</p> <ul style="list-style-type: none"> LB de Bruyn (Senior Manager Budget) indicated that the MM is not here and therefore this should be skipped for now. T Makofane (Executive Director: Strategic support services) asked for an update on point 7.1 (Fraud discussions) D Masheane (SM: AGSA) noted that there are discussions that have not yet taken place and that this is hampering the process. She also indicated that if the AG do not have the discussions then they can indicate in the audit report that this does raise questions. T Mohorosi (AM: AGSA) indicated that there are 3 that are outstanding namely those with the MM, CFO and Mr Wetes. He indicated that he is aware that the CFO and Mr Wetes are on sick leave and that is why those haven't taken place. He indicated that there is an agreement that they will be held on Monday. He asked if these discussions could please be concluded by next week. LB d Bruyn (SMB) asked whether the AG will follow this up. T Mohorosi (AM: AGSA) indicated that he will follow this up next week. Mr Thabiso Tsoeli (Municipal Manager) joined the meeting at 12:39 PM and apologised for attending late. Mr Thabiso Tsoeli (Municipal Manager) referred to point 8.1 and that he was supposed to have this signed this last week. He indicated that he will sign the acknowledgment of audit strategy and engagement letter now. Mr Thabiso Tsoeli (Municipal Manager) noted that the municipality is pushing to provide the AG will documents that are required and has told the Matjhabeng Team that they have nothing to hide and therefore should provide the AG with what has been requested. He indicated that anybody who wants to hide something will experience repercussions. He noted that the accounting officer must ensure that he accounts for what has happened in the financial year. He noted that his mandate is clear and that the municipality provide every single document to the AG as he wants to run a clean government. Mr Thabiso Tsoeli (Municipal Manager) also noted that no one at the municipality must intimidate the AG. 	

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<ul style="list-style-type: none"> Mr Thabiso Tsoeli (Municipal Manager) noted that AGSA is a chapter 9 institution established by a constitution of this country and therefore if anybody fights the AG they are fighting their own institution. <p>7.2 UIF Disclosure</p> <ul style="list-style-type: none"> L Masiu (M: AGSA) noted that this was a point that Mr Groenewald (Skillz-SA) wanted in the agenda however he is not present at the meeting. She however indicated that the point relates to the disclosure on the Annual Financial Statements of UIF is incorrect because the write offs were not taken into account and noted that Skillz-SA wanted to discuss this at the meeting and perhaps provide reasoning regarding this. Mr Thabiso Tsoeli (Municipal Manager) noted that with regards to unauthorised expenditure, the municipality has moved from R 800 Million in 2017/18 to R2.4 billion in 2018/19. He noted that that this is not possible. He also mentions that he spoke to the consultants that they really should look at that. Mr Thabiso Tsoeli (Municipal Manager) noted that he specifically asked Mr Chetty from provincial treasury to attend that meeting in order to deal with matters specifically. Mr Thabiso Tsoeli (Municipal Manager) also noted that he will be appointing 4 CA's next week and that the municipality is on an upward trajectory and will be one of the best run municipalities in the country. He also noted that the municipality can only do this if they introduce new skills into the municipality. Mr Thabiso Tsoeli (Municipal Manager) indicated that the 4 newly appointed CA's and Dr Chetty will be sitting down to look at the UIF specifically so that it can be dealt with. Mr Thabiso Tsoeli (Municipal Manager) noted that the audit for 2018/19 is aiming to be concluded at the end of February 2020, however he wants to conclude it by the end of January 2020. <p>7.3 Future Meetings</p> <ul style="list-style-type: none"> D Masheane (SM: AGSA) indicated that it has been decided that future meetings after November will be held on Tuesdays and that the next meeting will not be next week but instead the 10th of December 2019. Mr Thabiso Tsoeli (Municipal Manager) asked when the AG is going on leave for the year. L Masiu (M: AGSA) indicated the 20th of December 2019. <p>8. Closure</p> <p>The MM adjourned the meeting at 12:46 and indicated that the next meeting is on the 10th of December 2019.</p>	

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Signatures:

Chairperson

Date

Secretary

Date