



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Minutes of meeting

**Name of meeting:** Audit Steering Committee meeting

**Date:** 18 February 2020

**Venue:** Matjhabeng Local Municipality, Room 428

Points of discussion	Person responsible
<p><b>1. Opening and welcome</b></p> <p>The attendance register was also distributed to all the attendees.</p> <p>Ms Z Tindleni (MM: Matjhabeng Local Municipality) commenced the meeting at 10:10 AM and welcomed everyone to the meeting.</p> <p>Ms Z Tindleni (MM: Matjhabeng Local Municipality) handed over to T Panyani (CFO: Matjhabeng Local Municipality) to chair the meeting.</p>	Chairperson
<p><b>2. Presence and Apologies</b></p> <p>The following apologies were noted from the Municipality:</p> <ul style="list-style-type: none"><li>• Me Mochochoko from Fezi</li></ul> <p>The following apologies were noted – AG staff</p> <ul style="list-style-type: none"><li>• No apologies noted</li></ul> <p>Please refer to the signed attendance register for the list of attendees.</p>	AGSA/ Matjhabeng
<p><b>3. Adoption of Agenda</b></p> <p>The agenda was adopted without any changes.</p>	AGSA/ Matjhabeng
<p><b>4. Minutes of Previous Meeting and Matters Arising</b></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><b>5. Request for Information Register</b></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"> <li>• A total of 145 RFIs were issued.</li> <li>• There are 6 RFIs that are not yet due</li> <li>• There is 2 RFI that are overdue.</li> <li>• There are 62 RFIs that have been received</li> <li>• There are 47 RFIs that have resulted in exceptions</li> <li>• There are 14 RFIs that have been partially received</li> <li>• There are 11 RFIs that have been received late</li> <li>• There are 2 RFIs that have been withdrawn</li> <li>• There is 1 RFI that has been received late and closed</li> </ul> <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>Furthermore, looking at the timeframe of the management report – to be discussed on the 25<sup>th</sup> of February, we might be in a scenario where some responses may not be due by then. Draft will however be discussed. Follow up matters after discussion of draft will be made post that meeting.</p> <p>Municipality indicated that this is in order.</p>	
<p><b>6. Audit Communications Register</b></p> <p>Ms D Mofokeng (Audit Senior: AGSA) presented the audit communication register and mentioned the following:</p> <ul style="list-style-type: none"> <li>• A total of 153 communications have been issued</li> <li>• There are 41 communications that are not yet due</li> <li>• There is 1 communication that is overdue</li> <li>• There are 111 communications that have been received</li> <li>• There are 42 communications with late responses</li> <li>• There are 45 communications that have been resolved</li> <li>• There are 2 communications that have been withdrawn</li> </ul> <p>Ms D Mofokeng (Audit Senior: AGSA) drew management's attention to communications of audit findings 77, 95, 96, 105, 107, 115, 116, and 119. Management should take note of the auditor's response in column Q for all the partially resolved, and unresolved findings and column G and H for the impact the finding will have on the audit report and management report.</p> <p>Ms D Mofokeng (Audit Senior: AGSA) noted that 12 communications not yet due are due today (18 February 2020) and management should therefore prioritise these. have been completed. She also highlighted communication 53 and whether this being attended to.</p> <p>Ms N Zwane (Manager: AGSA) highlighted communications of audit findings 160, 162, 163 – Limitation with regards to the solar system.</p>	<p><b>AGSA/ Matjhabeng</b></p>

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<p>Solar is the billing process, and before it is the billing process usage is considered. This information is to be obtained by the auditors on the system. Provision of the raw data is also included on the system. The system allows the auditors to understand the process and to access the documents, furthermore this information wouldn't have been included in the audit file.</p> <p>T Panyani (CFO: Matjhabeng Local Municipality) indicated that the Solar System crashing is an unforeseen event, as it was affected by load shedding, which the municipality has no control over. The municipality has had meetings with Solar and requested Solar to advise on security matters going forward in case the municipality finds itself in this situation again.</p> <p>The municipality will push as far as possible to resolve the matter, but cannot be a closed matter due to the matter being out of the control of the municipality</p> <p>Ms D Masheane (Senior Manager: AGSA) and T Panyani (CFO: Matjhabeng Local Municipality) agreed that an updated letter providing clarity on issues with the Solar system is to be submitted by the CFO to the auditors.</p> <p>Ms N Zwane (Manager: AGSA) indicated that:</p> <ul style="list-style-type: none"> <li>• The auditors have concluded on communication of audit finding 46.</li> <li>• Communication of audit finding 156 is not yet due, however the municipality is welcome to provide any feedback or further considerations relating to the finding.</li> <li>• Communication of audit finding 78 relating to property rates has a material impact. An auditor's conclusion has been reached (finding remains and has an impact on audit report). The municipality is welcome to provide any feedback or further considerations relating to the finding. The report from the Department of Public works is in disagreement with the values as per the municipality's valuation roll.</li> <li>• Communication of audit finding 154 and 159 were also highlighted.</li> </ul> <p>T Panyani (CFO: Matjhabeng Local Municipality) stated that:</p> <ul style="list-style-type: none"> <li>• As per discussion with the revenue manager, it was concluded that communication of audit finding 46 will be immaterial. The municipality is therefore willing to leave the finding as it is, as extensive work would be required from the municipality. Consideration to effect changes going forward will be made.</li> <li>• There is no feedback relating to communication of audit finding 156 yet.</li> <li>• The municipality will require the report to get further clarity, as a meeting between the municipality and the Department of Public Works was held and the Department of Public Works launched a pilot to amend the value of properties and they started with Matjhabeng municipality and a few other municipalities. All necessary information to support this will be provided.</li> </ul> <p>Ms L Masiu (Manager: AGSA) highlighted findings including communication of audit finding 148, 144, 119, 117, 150, 98, and 97.</p>	

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<p>Mr H Hattingh (Manager: AGSA) indicated that the findings issued in the last week for procurement findings impact irregular expenditure or non-compliance with laws and regulations. Management needs to provide the responses. Should findings that relate to irregular expenditure be amended by management, the only issues that will remain will relate to non-compliance. Findings relating to procurement include communication of audit finding 68, 104, and 147.</p>	
<p><b>7. Standing Matters</b></p> <p><b>7.1 Fraud Considerations</b></p> <p>Ms 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><b>7.2 Independence of the engagement team/auditee</b></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><b>7.3 Related party transactions</b></p> <p>Ms 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><b>7.4 Audit fees</b></p> <p>Ms L Masiu (Audit Manager: AGSA) stated that the invoice for the month of January 2020 has been sent to the municipality.</p>	<p><b>AGSA/ Matjhabeng</b></p>
<p><b>8. Other Matters</b></p> <p>No other matters were noted.</p>	<p><b>AGSA/ Matjhabeng</b></p>
<p><b>9. Closure</b></p> <p>The meeting adjourned at 11:04 am.</p>	

## Signatures:

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

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