



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Minutes of meeting

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

**Date:** 25 October 2018

**Venue:** Matjhabeng Local Municipality, T S Du Plessis Hall, 4<sup>th</sup> floor

Points of discussion	Person responsible
<p><b>1. Opening and welcome</b></p> <p>Mr T Tsoaeli commenced the meeting at 10:09 AM and welcomed everyone to the meeting. The chairman apologized for arriving late and attributed it to the chaotic crowds in and around his office. The chairman also noted that a number of officials in particular, the CFO and finance managers were absent.</p>	Chairperson
<p><b>2. Presence and Apologies</b></p> <p>The following apologies were noted:</p> <ul style="list-style-type: none"><li>- Mr TB Makofane (Director: Strategic and Support Services)</li><li>- A number of officials arrived late and apologized upon arrival.</li></ul> <p>Please refer to the attendance register for the list of attendees.</p>	AGSA/ Matjhabeng
<p><b>3. Adoption of Agenda</b></p> <p>The agenda was adopted without changes.</p>	AGSA/ Matjhabeng
<p><b>4. Minutes of Previous Meeting</b></p> <ul style="list-style-type: none"><li>- The chairman went through the minutes of the previous meeting page-for-page and gave attendees an opportunity to raise their objections however no objections were noted and the minutes were adopted as follows:</li><li>- Nominated by: Ms D Masheane</li><li>- Seconded by: Ms Z Phokojoe</li></ul>	AGSA/ Matjhabeng
<p><b>5. Request for information and Communications</b></p> <p>The issue of Predetermined Objectives documentation to be submitted by 17/10/2018 was raised and it was noted that this submission was not made. The chairman explained that the responsible official, Mr TB Makofane (Director: Strategic and Support Services) fell ill and his duties were subsequently delegated. The chairman explained that he has since taken over the finalisation of Performance Objectives information and he will submit the requested files to AGSA at 12:00 PM today (25/10/2018).</p> <p>The chairman handed over to the AG team for detail on requests for information and communication. Mr T Tladi (Audit Senior: AGSA) led the discussion of the</p>	AGSA/ Matjhabeng

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<p>request for information register. Mr Tladi highlighted that a total of 93 requests for information were issued to date and of these, 3 were overdue and had not been responded to, by the commencement of the meeting. The following requests for information were overdue:</p> <ul style="list-style-type: none"> <li>• Request for information 62</li> <li>• Request for information 88</li> <li>• Request for information 89</li> </ul> <p>Mr Tladi also noted that request for information 57 was overdue but the AG team received a late response and subsequently changed its status on the request for information register.</p> <p>Mr Chiroodza (Manager: Fezi Consultants) then responded to say that he and his team will work to submit all the outstanding and overdue information by close of business today (25/10/2018).</p> <p>The chairman reiterated the sentiment that all officials should work to respond to outstanding communications and requests from the auditors by the close of business today.</p> <p>Mr R Khangale added the following about request for information 50, relating to Computer Assisted Audit Techniques (CAATs), which was issued on 18/10/2018 and responded to on 20/10/2018:</p> <ul style="list-style-type: none"> <li>• The AG team found that there was missing information and Mr K Nkoana (Director: Skillz-SA) assisted in trying to resolve the issue.</li> </ul> <p>The chairman interjected to ask that the consultants email him with the details of the issue of the missing information. Mr Nkoana then responded to say that the missing information consists of reports that need to be generated specifically by BCX technicians and municipality officials do not have access to perform this task hence the delay in the resolving of this issue.</p> <p>Mr Khangale then asked that the chairman and consultants work to expedite the process for the sake of the audit as the CAATs tests results need to be assessed and any findings thereof need to be timeously issued. The chairman agreed to this.</p> <p>The chairman then handed over to Mr TL Mohorosi (Assistant Manager: AGSA), who discussed the details of the communications of audit findings register. He highlighted the following:</p> <ul style="list-style-type: none"> <li>• To date 33 communications of audit findings have been sent out.</li> <li>• 2 of these are overdue, namely, CAF 27 and CAF 28 which relate to the Audit of Predetermined Objectives.</li> <li>• 5 of these have been sent out but are not yet due.</li> <li>• Managers are urged to assess the conclusions reached by auditors and respond appropriately.</li> <li>• Management should please prioritise those communications of audit</li> </ul>	

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<p>findings that have an impact on the audit report.</p> <p>The chairman confirmed that 3 communications were received just before the meeting and that responsible officials should take care not to fall behind in their responses. He also explained that the audit is progressing towards the due date for the audit report so it is critically important that responses are satisfactory to the AG team in order to assist in the preparation of the management report.</p>	
<p><b>6. Standing Matters</b></p> <p>Mr Mohorosi led the discussion of the standing matters. These items are to be considered during every meeting.</p> <p><b>6.1 Fraud Considerations</b></p> <p>If anyone is aware or becomes aware of any instances of fraud or fraud indicators, they should not hesitate to make the audit management aware as well.</p> <p><b>6.2 Independence of the engagement</b></p> <p>Mr Mohorosi expressed that the members of the audit team are still independent and have not been unduly influenced. However if anyone feels differently, they are urged to come forward with this information to the managers of the audit team.</p> <p><b>6.3 Related parties:</b></p> <p>If anyone is aware of related party transactions that were not disclosed in the annual financial statements, they are also urged to make the audit team aware.</p> <p><b>6.4 Audit fees</b></p> <p>Mr Mohorosi explained that last week management made a commitment to pay a part payment of the audit fees but the progress thereof was unclear.</p> <p>The chairman clarified the point on audit fees stating that management is currently dealing with salary commitments and according to him they intend to honour the commitment of the part payment of the audit fees. The chairman also confirmed that nothing has come to his attention relating to points 6.1 and 6.3 but urged colleagues to come forward with any issues.</p>	<p><b>AGSA/ Matjhabeng</b></p>

## 10 Closure:

The chairman asked that all commitments are met relating to submissions and responses and ended the meeting stating that a private meeting between the AG team and himself would commence shortly after the current meeting. The chairman then closed the meeting at 10:34 AM.

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## 11 Private Meeting:

The chairman opened the private meeting at 10:40 AM and handed over to Ms D Masheane (Senior Manager: AGSA)

Ms Masheane explained that the audit team looked at the 2016/17 audit of the municipality as well as the 2015/16 audit of the municipality and compared the durations of the Audit of Predetermined Objectives. It was confirmed that the duration for this task to be completed with due care was approximately 2 months.

Ms Masheane then brought to the attention of the chairman the deadline for audit execution which is 31 October 2018. Ms Masheane then added that even if an extension of the execution deadline were requested, the municipality would be putting a great deal of pressure on the auditors to perform the task with the required competence and due care, however, the required information relating to the Audit of Predetermined Objectives should be submitted and the auditors can then assess their ability to complete the task.

The chairman reiterated that he took over because Mr Makofane was under siege due to the Predetermined Objectives information and fell ill during the preparation of the information for the auditors. The chairman also mentioned that upon the resignation of the Director: PMU, he requested a handover report which he never received and this stifled management's ability to ensure the quality and completeness of the Predetermined Objectives information. The chairman then added that he went through the entire population and could confirm that the quality of information has improved since the auditors last inspected it.

Ms Masheane then requested that the chairman and the AG team meet tomorrow morning (26/10/2018) at 09:00 AM to give feedback on how long it will take to perform the Audit of Predetermined Objectives and if it was possible to perform the job of 2 months in 2 weeks.

The chairman agreed and added that he will arrange for the files relating to Predetermined Objectives be delivered to Mr H Visagie (Assistant Manager: AGSA) by 12:00 PM. The chairman then continued to close the meeting at 11:02 AM

## Signatures:

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

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