



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Minutes of meeting

Name of meeting: Audit Steering Committee Meeting

Date: 18 October 2018

Venue: Matjhabeng Local Municipality, 428, 4th floor

Points of discussion	Person responsible
<p>1. Opening and welcome</p> <p>Mr T Makofane opened the meeting at 11:08 AM and welcomed everyone to the meeting.</p>	Chairperson
<p>2. Presence</p> <p>Please refer to the attendance register for the list of attendees.</p> <p>Apologies</p> <p>The following apologies were noted:</p> <p><u>Municipality:</u></p> <p>Mr T Tsoaeli (Municipal Manager) Mr F Wetes (Executive Director: Corporate Services) Mr M Atolo (Senior Manager: Council Admin)</p>	AGSA/ Matjhabeng
<p>3. Adoption of Agenda</p> <p>The agenda was adopted without any amendments</p>	AGSA/ Matjhabeng
<p>4. Minutes of previous meetings</p> <p>Mr Makofane requested the attendees to go through the minutes of the previous meeting and the following were noted:</p> <p>Ms Z Phokojoe mentioned that Ms Nomsa's surname is spelled incorrectly and that it should be Mosuwe and not "Mosue". The AGSA noted the correction to be made.</p> <p>No other corrections were noted and Mr Makofane asked if there are any matters arising from the previous meeting.</p>	AGSA/ Matjhabeng

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<p>Ms Masheane indicated that the municipality committed to submit the information for audit of predetermined objectives by the close of business on 17 October 2018 and that the auditors did not receive any information on that day. She further indicated that because of the non-submission of this information the audit team is closing the audit of predetermined objectives.</p> <p>Mr L Mbandazayo added that this is the information that was supposed to be submitted together with the annual performance report on the legislated submission date and because of the time that has already passed and the amount of work that will be needed, the audit team will not be able to complete the audit on time.</p> <p>Mr Makofane indicated that he received on 17 October 2017 in the morning but had to return them as they were not of the required quality and therefore still needed corrections.</p> <p>It was concluded that the matter be discussed further in a separate meeting with the responsible directorate.</p> <h2>5. Registers</h2> <h3><u>Request for information register</u></h3> <p>Mr L Mohorosi presented the status of the request for information register, indicating that 87 requests have been issued and of those:</p> <ul style="list-style-type: none">- 3 requests are not reflected on the register as they were sent after circulating the register-- 2 requests (RFI 83 & 85) are issued but not due-- RFI 75 is now closed and a communication will be issued-- RFI 57 (Supplier contracts) which is reflected as overdue is closed as the information was received- 7 RFIs have been closed with a communication of finding and will now be discussed under communications register <p>Mr T Makofane requested briefing on the following issue:</p> <ul style="list-style-type: none">- RFI 75 (Fixed assets assessment of R1 value items): Ms N Mochochoko indicated that the signature of the CFO is still required and that the assessment will be submitted by close of business which is 18 October 2018. <h3><u>Communication of audit findings</u></h3> <p>Mr L Mohorosi presented the status of the communication register and indicated that only one response is overdue which relates to CAF 25 is overdue, which was due on 17 October 2018.</p>	

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<p>He further highlighted the following:</p> <p><u>AFS findings which affect the audit report:</u></p> <ul style="list-style-type: none"> CAF 1 (High level review) CAF 6 (PPE (Other movables assets) - Assets not physically verified); CAF 17 (Property, Plant and Equipment (Transport Assets): Completeness); CAF 18 (Bulk Purchases: Difference in Eskom and Sedibeng amounts disclosed and amounts recalculated); CAF 19 (PPE: Additions - Inadequate supporting documentation); CAF 21 (Trade Payables: No supporting documentation submitted); CAF 24 (Expenditure: Expenses not disclosed per MSCOA structure); CAF 26 (Finance cost: Expenses not according to MSCOA structure); <p><u>Compliance findings which affect the audit report:</u></p> <ul style="list-style-type: none"> CAF 12 (Procurement: Tax clearance certificates not submitted); CAF 13 (Procurement: Declaration of interest not submitted); CAF 14 (Procurement: Declaration of interest not submitted); CAF 16 (Procurement - Quotations not submitted); and CAF 22 (Procurement: Minutes not submitted) <p><u>Performance report findings which affect the audit report:</u></p> <ul style="list-style-type: none"> CAF 4 (Performance Information: Actual Achievements) CAF 27 (AoPO: Insufficient supporting documentation for actual reported achievement); and CAF 28 (AoPO Targets not included for all KPIs included in the SDBIP) <p>After presentation, Mr B Groenewald indicated that response to CAF 25 is an oversite from himself. He accidentally responded on CAF 24 twice.</p> <p>Mr R Khangale urged the municipality to attend to the CAFs that has an effect on the audit report.</p> <p>Mr T Makofane requested the AGSA to go through the COAFs that has an effect on the audit report to see who the responsible officials are.</p> <p>Mr L Mohorosi indicated that management can look at column D on the</p>	

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communication register to see all the CAFs that has a financial impact on the audit report. He further indicated that the responses to these communications have been received and are being assessed by the auditors.	
6. Standing Matters Mr R Khangale led the discussion of the standing matters. 6.1 Fraud Considerations He 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 members of the audit team aware. 6.2 Independence of the engagement team/auditee Mr R Khangale 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 senior managers of the audit team. 6.3 Related party transactions: Mr R Khangale requested that if anyone is aware of related party transactions that were not disclosed in the annual financial statements, they are also urged to make the senior members of the audit team aware. 6.4 Audit fees Mr R Khangale indicated that the outstanding balance is about R2,3 million. He indicated that the management made a committed to make a part payment and asked if the commitment still stands. Mr T Panyani informed Mr R Khangale that the commitment still stands and Panyani requested to discuss the matter outside the meeting.	AGSA/ Matjhabeng

6. Closure:

The chairman thanked everyone for attending. The meeting was then adjourned at 11:32 AM.

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Signatures:

Chairperson

Date

Secretary

Date