



Minutes of meeting

Name of meeting: Audit Steering Committee meeting

Date: 26 February 2020

Venue: Matjhabeng Local Municipality, Room 428

Points of discussion	Person responsible
<p>1. Opening and welcome</p> <p>The attendance register was distributed to all the attendees.</p> <p>Ms Z Tindleni (MM: Matjhabeng Local Municipality) commenced the meeting at 10:40 AM and welcomed everyone to the meeting.</p>	Chairperson
<p>2. Presence and Apologies</p> <p>The following apologies were noted from the Municipality:</p> <ul style="list-style-type: none">• IT Division• Ms Gouws <p>The following apologies were noted from the Auditor General:</p> <ul style="list-style-type: none">• Mr Mbandazayo <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>The following errors were highlighted in the set of the minutes of the previous meeting held on 18 February 2020:</p> <ul style="list-style-type: none">• Page 2, point 6, and second last paragraph – The second sentence starts with “have been completed.” This was subsequently removed from the minutes to correct the sentence to state “She also highlighted communication 53 and whether this being attended to.” <p>No other errors were identified.</p> <p>Matters arising from the previous meeting held on 18 February 2020:</p> <ul style="list-style-type: none">• Mr T Makofane (EDSSS: Matjhabeng Local Municipality) requested feedback regarding the commitment made by Mr Panyani (CFO:	AGSA/ Matjhabeng

Minutes of meeting

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<p>Matjhabeng Local Municipality) in terms of a letter that was agreed to be submitted to the office of the AG providing clarity on issues with the Solar System. Mr Panyani (CFO: Matjhabeng Local Municipality) confirmed that he has consulted with the Valuator to prepare a letter in that effect for the office of the AG. He will just confirm with his office whether the letter has been received.</p> <ul style="list-style-type: none"> • Mr H Hatting (Manager: AGSA) and Ms Z Tindleni (MM: Matjhabeng Local Municipality) agreed that the meeting relating to the matters on procurement and irregular expenditure will take place directly after the current meeting. • Ms D Masheane (Senior Manager: AGSA) highlighted that the office of the AG is still busy auditing the Solar system since it recently came back online. Any findings arising from this will be discussed with the client and incorporated in the Management Report if necessary. <p>No other matters were noted.</p>	
<p>5. Audit Communications Register</p> <p>Ms L Masiu (Manager: AGSA) indicated that all the communications that were due on 25 February 2020 were subsequently received, however, not updated on the communication register since it was already circulated for meeting purposes.</p> <p>Ms P Khumalo (Trainee Auditor: AGSA) presented the audit communication register and mentioned the following:</p> <ul style="list-style-type: none"> • There are 8 communications that were due on 25 February 2020, all of which have been received and are yet to be assessed • All other communications that have been received were closed. Some of them were resolved and others not. Column F on the register indicates the response to the communications. Furthermore, column G and H indicate findings that are audit report matters and management report matters respectively. • There are 43 communications that are not yet due <p>Ms L Masiu (Manager: AGSA) added that the responses added to column F on the register are also communicated to the client via email.</p>	<p>AGSA/ Matjhabeng</p>
<p>6. Draft Management Report</p> <p>Ms M Makgaka (Trainee Auditor: Auditor General) presented the Introduction to Section 2, Audit of Annual Performance Report of the draft Management Report, Mr. S Mxoli (Trainee Auditor: Auditor General) presented Section 2, Audit of Compliance with Legislation to Section 4, Public Participation of the draft Management Report and Mr. Y Valashiya (Trainee Auditor: Auditor General) presented Section 4, Conditional Grants to Section 9 of the draft Management report.</p> <p>The following matters were highlighted during the presentation of the draft Management Report:</p>	

Minutes of meeting

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<ul style="list-style-type: none"> The Auditors Report will only be finalized after the Management Report has been communicated. The matters included in this report will relate to the audit report and will remain a draft until the audit report has been signed. All information contained in this document is considered confidential and may not be distributed without prior permission. Details and contents of the diagrams disclosed on page 7 are discussed in Section 3, page 27 of the draft Management Report. Currently, the outcome of the audit findings results in a Qualified Audit Opinion. All assurance levels are currently indicated to provide limited to no assurance. All the risk areas have been highlighted which require intervention. Internal controls, which require intervention, have been highlighted. Section 2 indicates all the misstatements that were not corrected that form the basis for the qualified financial statements. A disclaimer of opinion was expressed on the audit of predetermined objectives. The basis of the disclaimer has been highlighted in paragraph 15 to 20. Paragraph 21 going forward indicates other matters which are also highlighted of which the disclaimer of opinion is not modified. There were certain findings that were identified under compliance which was separated in terms of different subject matters. Paragraph 30, 31 and 35 to 60 was highlighted. The overall financial viability was assessed as unfavourable – intervention required. The findings relating to procurement and contract management was highlighted, from paragraph 115 to 118. A summary of fraud risk factors that were identified during the audit are included in paragraph 120. These factors should be addressed to ensure sufficient controls are in place to prevent material misstatements of non-compliance due to fraud Prior year unauthorized, irregular and fruitless and wasteful expenditure that was not investigated was highlighted, as disclosed in paragraph 125. <p>Ms D Masheane (Senior Manager: AGSA) highlighted that paragraph 2 is the most important part of the Management Report as it is forming the basis for the qualified audit opinion. The findings tabled were discussed in detail by the office of the AG with the client.</p> <p>Mr. Panyani (CFO: Matjhabeng Local Municipality) requested the Municipality to take note of findings that were raised by the office of the AG and that there is only 3 months left of the current financial year to see to that the findings do not reoccur. Most of the issues that are raised are issues that need introspection to the members of Management and prompt decisions need to be taken towards this.</p>	
7. Standing Matters 7.1 Fraud Considerations	AGSA/ Matjhabeng

Minutes of meeting

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<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>7.2 Independence of the engagement team/auditee Ms L Masiu (Audit Manager: AGSA) noted that if any person feels that the auditors are not independent, please follow the similar channels as the fraud considerations.</p> <p>7.3 Related party transactions 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>7.4 Audit fees Ms L Masiu (Audit Manager: AGSA) stated that the invoice for the month of February 2020 will be circulated within the next week.</p>	
<p>8. Other Matters No other matters were noted.</p>	AGSA/ Matjhabeng
<p>9. Closure The meeting adjourned at 12:12 pm.</p>	

Signatures:

Chairperson

Date

Secretary

Date