



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Minutes of meeting

Name of meeting: Audit Steering Committee Meeting

Date: 11 October 2018

Venue: Matjhabeng Local Municipality, 428, 4th floor

Points of discussion	Person responsible
1. Opening and welcome Mr T Panyani opened the meeting at 10:07 AM and welcomed everyone to the meeting.	Chairperson
2. Presence Please refer to the attendance register for the list of attendees. Apologies The following apologies were noted: <u>Municipality:</u> Mr T Tsoaeli (Municipal Manager) Ms N Mosue (Consultant) Ms N Mochochoko (Consultant) Mr P Chiroodzi (Consultant)	AGSA/ Matjhabeng
3. Adoption of Agenda Mr T Makofane requested that the standard agenda should clearly indicate in point 2 of the agenda (presence and apologies) and separate the Presence and attach the attendance register and apologies by listing only the apologies in the minutes. Ms M Masiu agreed to clearly indicate the presence and apologies as requested in the next minutes. The agenda was adopted and seconded.	AGSA/ Matjhabeng
4. Minutes of previous meetings Mr T Panyani asked if there were any corrections for previous minutes of 27 September 2018 and there were no corrections made. The minutes was moved for adoption by Mr F Wetes and seconded by Mr T Makofane. Corrections were noted to the minutes of meeting held on the 20 th September 2018 with correction of Ms. HB Maswanganyi stated as director of Community services not director of Infrastructure. The AGSA noted the correction and agreed to correct the error. The minutes was moved for adoption by Me L Masiu	AGSA/ Matjhabeng

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<p>and seconded by Mr. T Tladi.</p> <p>5. Request for information</p> <p><u>Request for information:</u></p> <p>Mr T Tladi presented the status of the request for information register, indicating that a number of 77 requests have been issued and of those, a number of 5 are overdue. Furthermore, he indicated that 5 of the issued requests for information are issues as information was not received by the auditors.</p> <p>The responses to the following requests for information were outstanding:</p> <ul style="list-style-type: none"> - RFI 57 (Supplier contracts) - 14 progress reports outstanding. - RFI 62 (Contracted services) – 3 appointment letters and 1 contract outstanding. - RFI 72 (Deviations) – 13 Deviations outstanding and was overdue on the 9th October 2018. - RFI 73 (Loan agreement with employees) – was subsequently received this the morning. - RFI 74 (bank statement and reconciliations) – request for extension was until today. - RFI 75 (Fixed assets assessment of R1 value items) – was due yesterday. - RFI 76 (Unspent grant: payment vouchers) – was also due yesterday. - RFI 77 (Journal voucher 1718JUNE186) – was issued yesterday and it's due on the 12th of this month. <p>Mr T Panyani requested some briefing on the following issues:</p> <ol style="list-style-type: none"> 1. RFI 57 progress reports: Ms Z Phokojwe indicated that not all information was received and was already due and the information will be submitted by 2 o'clock today. RFI 62 – was also indicated that contracts will be submitted and followed up. RFI 72 – 37 deviations were requested and half of those were received. 12 was outstanding and 1 was issued under RFI 34. RFI 74 – it was indicated that they were submitted and the only information is bank statements for 5 months and was because of the system changes and this was communicated with the AG, the statements will be sent today by 12 o'clock. Mr T Panyani stated to municipal personnel present at the meeting that the municipality would not allow any limitation of scope as it means it would appear as if the municipality transact without any documentation or support. He also indicated on other matters or issues, they will deliberate after the meeting to ensure that information is submitted to the AG. <p><u>Communication of audit findings</u></p> <p>Ms Masiu presented the status of the communications issued, indicating that a total number of 26 communications have been issued and of those, 14 have been responded to and that the auditors are in the process of assessing those responses. Communications 8, 9, 12, 13 and 14 are still outstanding. Communications 16, 18 and 21 are overdue too.</p> <p>Ms Z Phokojwe indicated that COF 8 was submitted yesterday. It was also indicated</p>	

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<p>that COF 9 was also submitted earlier today. COF 12 and 13 will also be submitted today. COF 16 and 18: an extension was requested till Friday. The AGSA acknowledge the receipt of the mentioned extension request. COF 21 was also submitted. Ms M Masiu indicated that the AGSA has a couple of responses and the AGSA is still assessing the responses as indicated in the COF register.</p> <p>Mr N Motlounq with regard to COF 4 stated that the APR was drafted in a way that it does not reflect the actual performance per indicator, it indicates “achieved” or “not achieved”. He stated that if the APR is not fixed it will lead to a possible disclaimer. Ms D Masheane indicated that issue of supporting documentation which was submitted for audit, she indicated when the municipality respond to the communication, they should ensure that appropriate supporting documentation is submitted as no further chances will be accepted and if not performance audit will result in a disclaimer. Mr T Makofane indicated that all the amendments will reach the AGSA by tomorrow. He also indicated the issue that what is reflected per project does not link to the target for the year, as it reflect a quarterly target. Therefore, he indicated that to respond to the issue they will amend the POE’s - they will add up all the information of the quarters to consolidate into one file. He requested the AGSA to return the files so that they can amend. Mr N Motlounq also requested that the municipality should monitor the time as at the end of November the AGSA must report. Ms D Masheane clearly stated that the AGSA is giving the municipality time to resubmit the files latest next week Wednesday which will be the 17th October 2018.</p>	
<p>6. Standing Matters</p> <p>Mr R Khangale led the discussion of the standing matters.</p> <p>6.1 Fraud Considerations</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 team aware as well.</p> <p>6.2 Independence of the engagement team/auditee</p> <p>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 managers of the audit team.</p> <p>6.3 Related party transactions:</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>6.4 Audit fees</p> <p>Mr R Khangale indicated that the outstanding balance is R2 300 000.00. He urged the municipality should pay at least a portion of the balance to avoid a huge balance at the end to be paid. Mr T Panyani took note of the issue and will</p>	<p>AGSA/ Matjhabeng</p>

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make an effort to address the issue for months of October and November, the municipality will make an upfront payment.	

6. Closure:

The chairperson indicated that we all are at that time of the audit where “time” is becoming a major factor. He urged that the municipality should respond and submit on time to the AGSA, as limitation of scope and late responses are a concern at this stage. He urged that the HOD's should also take responsibility in ensuring the all the RFI's and communications are responded to.

The chairman thanked everyone for attending. The meeting was then adjourned at 10:55 AM.

Signatures:

Chairperson

Date

Secretary

Date