



Minutes of meeting

Name of meeting: Audit Steering Committee meeting

Date: 01 November 2019

Venue: Matjhabeng Local Municipality, Room 428

Points of discussion	Person responsible
<p>1. Opening and welcome</p> <p>Mr T Tsoaeli commenced the meeting at 10:10 AM and welcomed everyone to the meeting. He indicated that all the directors are present except for Mr Makofane who had to attend to an urgent matter. The chairperson mentioned that any time wasted will cost money to the municipality (i.e. being late to the audit steering committee meeting)</p> <p>The chairperson requested the Auditor General to introduce themselves.</p> <p>Ms Dineo Masheane highlighted that any delays in the audit (i.e. not getting the requested information on time) will cost money to the municipality</p> <p>Ms Dineo Masheane introduced herself as a senior manager.</p> <p>Mr Heinrich Hattingh introduced himself as the audit manager.</p> <p>Ms Luciah Masiu introduced herself as the audit manager.</p> <p>Mr Lehlohonolo Mogorosi introduced himself as the assistant manager.</p> <p>Ms Ntswaki Titi introduced herself as a trainee auditor.</p> <p>Ms Palesa Makhobalo introduced herself as the assistant manager.</p> <p>Ms Dimakatso Mofokeng introduced herself as a trainee auditor.</p> <p>Ms Kamogelo Khathola introduced herself as a trainee auditor.</p> <p>The chairperson thanked the Auditor General team for introducing themselves and he introduced the Matjhabeng team as follows:</p> <ul style="list-style-type: none">- Mr Thabo Panyani as the Chief Financial Officer- Ms Pulanee Rakotsoane as the Acting Manager ICT- Ms Zingisa Tindleni as a Director of Community Services- Mr Fezile Wetes as a Director of Corporate Services- Ms MG Mothekhe as a Senior Manager Human Settlement	<p>Chairperson</p>

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<ul style="list-style-type: none">- Ms Nokwanda Xamesi as PMU Engineer- Ms Moroosi Maboza as Senior Technician- Ms Thembi Xaba as an Acting Supply Chain Manager <p>The chairperson mentioned that Ms D. Masheane highlighted something crucial that when the information is not submitted, this will result in serious problems. He further indicated that management submitted the Annual Financial Statements on the 31st October 2019.</p> <p>Ms D.Masheane mentioned that the AGSA received the Annual Financial Statements on the 31st October 2019 via email, however the support was not submitted.</p> <p>Mr L.Mohorosi highlighted that Ms K.Moloto submitted the support of the Annual Financial Statements right before the meeting.</p> <p>Ms L.Masiu mentioned that the information regarding the Performance Information was not submitted.</p> <p>The chairperson requested Mr F.Wetes to ask Mr Makofane to join the meeting.</p> <p>The chairperson introduced Ms N.Mochochoko as the CEO of Fezi.</p> <p>The chairperson further indicated that in the past they agreed that no papers will be distributed, the agenda will be distributed via email.</p> <p>Mr H.Hattingh took management through the agenda and allowed management an opportunity to make any changes to the agenda. He mentioned that a follow up on minutes of previous meeting item should be added in the future as this was the first audit steering committee meeting.</p> <p>Ms L.Masiu suggested that a general item be added on the agenda and also requested that prior year material findings be added onto the agenda under this item.</p> <p>Mr H.Hattingh highlighted that the item will be added as 9.1 General.</p>	
2. Presence and Apologies <p>The following apologies were noted:</p> <ul style="list-style-type: none">- Mr Luthando Mbandazayo (Acting Business Executive)- Managers of Matjhabeng Local Municipality <p>Please refer to the signed attendance register for the list of attendees.</p>	AGSA/ Matjhabeng

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<p>3. Adoption of Agenda</p> <p>The agenda was adopted with the following amendment:</p> <ul style="list-style-type: none"> Agenda point number 9.1 General (Discussions on prior year material findings) 	<p>AGSA/ Matjhabeng</p>
<p>4. Engagement Letter</p> <p>Mr H.Hattingh indicated that his assistant manager, Mr L.Mohorosi will take management through the engagement letter and audit strategy. He mentioned that this will be our first engagement letter and audit strategy discussion. He further highlighted that in our next meeting (08/11/2019) management will be allowed an opportunity to give their inputs regarding both documents.</p> <p>The chairperson requested that the engagement letter and the audit strategy to be presented and discussed on the 08 November 2019 to allow management sufficient time to go through the documents.</p> <p>Ms D. Masheane agreed that the documents be discussed next week. She further advised the chairperson to take note of the addendum. She explained that the addendum is only issued to Matjhabeng Local Municipality and it will form part of the engagement letter discussion.</p>	<p>AGSA/ Matjhabeng</p>
<p>5. Audit Strategy</p> <p>It was agreed that the audit strategy will be presented and discussed on the 08 November 2019.</p>	<p>AGSA/ Matjhabeng</p>
<p>6. Request for information register</p> <p>Ms D. Mofokeng drew every one's attention to the current status of the RFI register. She indicated that there have been 21 requests issued up to date of which 6 resulted in exceptions.</p> <p>Ms D Mofokeng brought management's attention to 6 requests were all information was not submitted and therefore resulted in communication of audit findings:</p> <p>The chairperson urged the officials to submit all the outstanding information and indicated that the information is available and must be submitted.</p>	<p>AGSA/ Matjhabeng</p>

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<p>Ms L Masiu indicated that when the outstanding information is submitted it should be accompanied by a formal response to the communication of audit finding issued.</p> <p>The chairperson apologised to the AGSA on behalf of management for not submitting all the required information on time and mentioned that the information will be submitted.</p> <p>Ms D Masheane added on the matter by requesting management to also take note of a paragraph in the engagement letter which states that if the official hinders with the audit process the will be liable for a fine or imprisonment.</p> <p>Mr H Hattingh asked management to commit on the date when the information will be submitted.</p> <p>The chairperson mentioned that all the outstanding information will be submitted by 12:00pm. He also brought to the auditor's attention that the internal audit manager has been suspended and that he will engagement further on the issue with Ms D Masheane outside the meeting.</p> <p>With regards to RFI on internal audit documents, Mr L Mohorosi mentioned that one audit report has been submitted and requested management indicate in the audit finding issued if this is the only report that was for the whole financial year.</p> <p>Ms N Mochochoko requested management to commit on submitting the outstanding information later today instead of 12:00pm.</p> <p>Ms L Masiu mentioned that the auditor's will be leaving around 2:30pm.</p> <p>The chairperson indicated that some of the information will be submitted by email.</p> <p>Ms D Mofokeng further drew every one's attention to the following Request 19 and 14 which the information received is still being assessed.</p> <p>Ms N Mochochoko mentioned that they will try to respond on time to all the request. She requested the AGSA not to issue a batch of communication of audit findings in one day, especially towards the end of audit. She further addede that all responses and evidence needs to go through the CFO therefore it become difficult to appropriately and adequately respond to finding if findings are issued in a batch. She also asked that we should not wait until the end of the audit to issue the most significant audit findings.</p> <p>The chairperson added by indicating that the information requested towards the end of the audit is most of the time the information that has an impact on the audit outcome. He asked AGSA to grant the municipality a chance to respond properly to all the request and the communication of audit findings.</p>	

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<p>Ms D Masheane mentioned that if the information is submitted on time and management refrains from waiting for a communication of audit finding, then this will assist in having a smooth audit process.</p> <p>The chairperson indicated that the AGSA has his support and requested management to also support us.</p> <p>Mr H Hattingh added that due to the audit process, some communication of audit will be issued towards the end due to the nature of the component but the audit team will try to issue all findings on time to allow management enough time to respond.</p>	
<p>7. Audit communication register</p> <p>Mr H Hattingh mentioned that the communication of audit findings was addressed under item 6 request for information. He mentioned that a lot of communication on audit findings were due to the information not received.</p> <p>Mr Makofane joined the meeting and the chairperson requested Mr Makofane to submit the Annual Performance Report and the support to the audit team.</p> <p>It was indicated that the annual performance report was submitted with the AFS file and that Mr Makofane will submit the underlying documents to the annual performance report immediately after the meeting.</p> <p>Mr H Hattingh advised management to look at section 52 of the AGSA directive as it stipulates what is regarded as a submission for of annual financial statements.</p>	
<p>8. Standing Matters</p> <p>Mr H Hattingh mentioned that once in a while management will be asked to update the AGSA on fraud that took place, related party transactions and any independence issues.</p> <p>8.1 Fraud Considerations</p> <p>Mr H Hattingh 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. He further mentioned that fraud discussion questionnaires will be sent out to management during the audit. He indicated that this is an anonymous process.</p> <p>8.2 Independence of the engagement team/auditee</p> <p>Mr H Hattingh indicated that if management has concerns with the independence of the engagement team they can notify the senior management</p>	<p>AGSA/ Matjhabeng</p>

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<p>of the engagement team. He mentioned that the AGSA doesn't tolerate any independence issues or perceived independence problems.</p> <p>8.3 Related party transactions</p> <p>Mr H Hattingh indicated 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 audit team aware.</p> <p>8.4 Audit fees</p> <p>Mr H Hattingh mentioned that the audit fee will be a standing matter that will be discussed in the next meeting. He further mentioned that the municipality's account is currently overdue.</p> <p>Ms D Masheane indicated that the Municipal Manager can consider signing a ring-fencing agreement were the Municipal Manager commits to paying a certain amount at certain date and interest will not be charged on that amount, provided the MM honours the commitment.</p>	
<p>9.1 General</p> <p>Ms L Masiu asked for an updated on the following matters which were qualified in the prior year audit report:</p> <ul style="list-style-type: none">- PPE- Service Charges- Receivables <p>The chairperson mentioned that the asset register was submitted to the AGSA, the issues were addressed. The issues of the register were dealt with in January already when the audit report of prior year was still in discussion.</p> <p>Ms N Mochochoko added by mentioning that the AGSA refused to re-sample on PPE.</p> <p>Mr H Hattingh mentioned that his team indicated that they struggled to get hold of certain officials when confirming the system descriptions. He asked management to address the issue.</p> <p>Mr P Panyani asked the Matjhabeng team to remain behind after the meeting in order to discuss issues raised. He further mentioned that he would like to have a one on one session with the AGSA once week in order to discuss challenges faced.</p> <p>The chairperson mentioned that the purpose of the audit steering committee meeting is to look at the audit progress and address any challenges faced. He indicated that these meetings should not take long and he would like to commit to a maximum of an hour for each meeting. He indicated that what the CFO is suggesting will help with the audit process of committing to an hour meeting.</p>	

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<p>The chairperson mentioned that they have agreed to submit the outstanding information before close of business and he requested the Matjhabeng team to remain behind.</p> <p>9.2 Closure</p> <p>The chairperson adjourned the meeting at 11:05 AM.</p>	

Signatures:

Chairperson

Date

Secretary

Date