



Minutes of meeting

Name of meeting: Audit Steering Committee meeting

Date: 22 November 2019

Venue: Matjhabeng Local Municipality, Room 428

Points of discussion	Person responsible
<p>1. Opening and welcome</p> <p>Mr Panyane commenced the meeting at 10:00 AM and welcomed everyone to the meeting. He indicated that he is standing in for the MM. He also requested we sign the attendance register</p>	Chairperson
<p>2. Presence and Apologies</p> <p>The following apologies were noted:</p> <ul style="list-style-type: none">- Mr Thabiso Tsoeli (Municipal Manager)- Fezi Consultants <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 with the following amendment:</p> <ul style="list-style-type: none">• Mr Panyane (CFO) requested that the minutes of the previous meeting be discussed in the next meeting as some of the stuff have not read the minutes. So the item was skipped.• Mr Panyane indicated that the Municipal Manager will be joining the meeting later due to other commitments and requested that the engagement letter and audit strategy be discussed later when he is present. It was later on agreed that these items be presented and then later on be presented to the MM when he is available	AGSA/ Matjhabeng
<p>4. Engagement Letter</p> <ul style="list-style-type: none">• Ms Masheane (AGSA Senior manager) stated that the engagement letter will be presented by Ms Kamogelo Kgathola. Ms Masheane stated that the engagement letter is similar to prior year except for the PAA amendments.• Ms Kgathola (AGSA Trainee Auditor) stated that the engagement letter was sent out a few weeks ago and requested that she will not go through	AGSA/ Matjhabeng

Minutes of meeting

Points of discussion	Person responsible
<p>the whole letter and will discuss paragraphs that are of utmost importance. She further requested that management should ask where clarity is needed on any paragraph included in the letter. She opened the floor for comments, and questions after the presentation.</p> <p>The following points were discussed:</p> <ul style="list-style-type: none"> • Ms Tindleni (Director Community Services) requested AGSA to give more clarity on KPA 2 Basic service Delivery. She requested AGSA to clarify on the terms used for AOPO. e.g. usefulness and reliability. She asked that AGSA give more clarity on these terms so that Matjhabeng can adequately understand what is needed by AGSA and can appropriately address these matters for the upcoming year. She further indicated that this will also help them in appropriately responding to audit communications. • Ms Masheane agreed with the suggestion and it was agreed that a date will be agreed on where the team will provide more clarity on any issues relating to performance information. The CFO supported the suggestions and indicated that it is time that matters on performance information are given enough time as this gives a bad picture on the municipality and would love to see improvement on the audit opinion relating to this. • It was suggested that on the 1st week of December a workshop be done for Matjhabeng Management by AG to assist in understanding Performance Information. Ms Masheane suggested that after this meeting they should meet and further discuss this matter • Mr Floyd Abrahams (CoGTA Deputy Director) asked AGSA on the process to follow if there are still disagreements after escalating any audit disagreements to the CE (Corporate Executive). • Ms Masheane indicated that the municipality can write to AGSA's Risk and Ethics unit. This unit will then look into any matter raised by the municipality and investigate further • Matjhabeng Managers requested that this escalation process also be included in the engagement letter. Ms Masheane indicated that the engagement letters are standard and she will make this suggestion to our office and if successful it will be included in the subsequent engagement letters. <p>Officials from Provincial Treasury joined the meeting and they were welcomed by the CFO</p>	
<p>5. Addendum to Engagement letter</p> <ul style="list-style-type: none"> • Mr Lehlohonolo Mohorosi (AGSA Assistant Manager) presented the addendum to the engagement letter 	

Minutes of meeting

Points of discussion	Person responsible
<ul style="list-style-type: none"> • He stated that the addendum deals with issues around the amendments to PAA and material irregularities. He mentioned that this is specific to Matjhabeng and that there was a criteria that was used to select and auditees were the PAA amendments will be implemented. He further indicated that the criteria were applied across all provinces and all spheres of government • The addendum was presented and the floor was opened for any comment or questions • After the presentation the CFO stated that this was the most silent presentation as it shows that everyone was listening attentively. He further emphasised the importance of these addendum and indicated that this is not only applicable to the MM but to everyone within the municipality and the MM depends on the whole management to carry out his duties • Mr Thabiso Goralotse (Expenditure Manager) requested an example of how the Material Irregularities will be presented in the management report and the audit report. • Mr Mohorosi indicated that once the MI has been identified, there will be discussions with accounting officer and response will be assessed and conclusion will be discussed with the accounting officer. Then the MI will be included in the Management report then if there are any objections to the wording, the municipality has an opportunity to give inputs on the wording of the MIs • Ms Masheane emphasised on par 6.4 that when the AGSA gives the notification of the material irregularity, the accounting officer is given 20 days to respond, then the accounting officer will have to provide proof on the steps to be taken to address the MI, then AGSA will assess the response on whether it is sufficient or not • Dr R Chetty (from Provincial Treasury) stated that the timeframes to respond to any MI are very important. He further indicated that the municipality is given three months to implement any recommendations provided by AGSA on MIs. • Ms Masheane indicated that the 20 days is regulated and cannot be exceeded and further provided clarity that the timeframes for implementation of recommendations may vary and is not cast in stone. Therefore it's not always going to be three months • The CFO stated that the engagement letter will be concluded once the municipal manager is available 	
<p>6. Audit Strategy</p> <ul style="list-style-type: none"> • Mr Thami Dubase (AGSA Trainee Auditor) presented the audit strategy and indicated that some paragraphs are similar to the ones already discussed in the engagement letter and he will therefore not go through them again. He pointed out that the draft audit report is planned to be discussed on 25 February 2020 and the final management report and final audit report to be submitted on 28 February 2020. • After the presentation, Ms Masheane stated that it is important for management of the municipality to be independent from the audit team at all times. She requested that management should raise their concerns 	<p>AGSA/ Matjhabeng</p>

Minutes of meeting

Points of discussion	Person responsible
<p>relating to independence of audit team during the course of the audit and requested that matter such as were audit team member applies for a job at the municipality this should be brought to her attention so that the any possible risk can be mitigated.</p> <ul style="list-style-type: none"> • She further added that the budget has been reduced from prior year and this is on the basis that the AGSA will audit once. If information is submitted late and the audit team has to retest, the audit fee will be affected • Mr Garolotse asked when RFIs for sample are going to be issued out. He stated that we should all bear in mind that we only have one and half month to audit, so they need the samples as soon as possible. He also promised AGSA that Matjhabeng will respond fast to the audit findings this year • Mr Mohorosi stated that some of the samples have already been issued and that the delay was due to an error identified in the General Ledger after the submission of the financial statements. He stated that AGSA had to wait for Matjhabeng to resubmit the General Ledger. He indicated that further delays to resubmit were caused by solar system which was down during the week. He indicated that further requests for sample should be expected by management from the week starting 25 November 2019 • Ms Masheane requested that the submission of the supporting document (Requested information) should be in accordance with agreed timelines 	
<p>7. Request for information register</p> <ul style="list-style-type: none"> • Ms D Mofokeng mentioned that RFI (Request for Information) 4 was received and that there are no outstanding RFI's yet • She mentioned that three RFIs were issued and are not yet due • She indicated that there was some outstanding information from RFI 14 which will be discussed with Ms Rakotsoane after the meeting to try and resolved the matter 	<p>AGSA/ Matjhabeng</p>
<p>8. Audit communication register</p> <ul style="list-style-type: none"> • Mr Mohorosi mentioned that a response was received to most of the audit communications and that only CAF 9 and 12 are overdue. He mentioned there are other audit communications that were issued prior to disseminating the communications register and these are therefore not reflected on the register • Communication 9- relates to KPI's not well-defined, and communication 12 relates to declaration of interests by the audit committee. He further mentioned that for communication 13 it is partially resolved and this is because the declarations of councillors have not been submitted. He indicated that the audit team is aware that management indicated that there have not been any changes to councillor declarations but the work that we need to perform will require us to still look at the initial declarations by the councillors 	

Minutes of meeting

Points of discussion	Person responsible
<ul style="list-style-type: none"> Mr Panyane (CFO) requested Ms. Olyn (Manager in MM's office) to deal with the matter relating to councillor's declarations 	
<p>9. Standing Matters</p> <p>8.1 Fraud Considerations</p> <ul style="list-style-type: none"> Ms Luciah Masiu (AGSA Audit Manager) 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. Mr L Mohorosi also indicated that a request was sent out to executive directors relating to fraud questionnaire and only two responses were received. He requested management to prioritise these as this affects our audit planning Mr Panyane requested that the executive directors prioritize the questionnaire, and requested AG to resend the questionnaire to the directors Mr Panyane set up a meeting for 25 November 2019 08:30. Mr Makofane on 25 November 2019 before MAYCO. Mr Wettes 25 November after MAYCO Mr Panyane stated that AG's office is open to anyone and anyone can be open to disclose any related parties to the office of the AG <p>8.2 Independence of the engagement team/auditee</p> <ul style="list-style-type: none"> CFO indicated that if management has concerns with the independence of the engagement team they can notify the senior management of the engagement team. <p>8.3 Related party transactions</p> <ul style="list-style-type: none"> CFO indicated that the related party transactions are very important to disclose to the office of the AG, as it is better for Matjhabeng to disclose the transactions to AG instead of letting AG to discover the related parties on the audit processes. <p>8.4 Audit fees The CFO stated that he is aware of the debt and he will discuss the dates and time for payment with Ms Masheane.</p>	AGSA/ Matjhabeng
<p>9.1 Other Matters</p> <ul style="list-style-type: none"> There were no other matters <p>9.2 Closure</p>	

Minutes of meeting

Points of discussion	Person responsible
The chairperson adjourned the meeting.	

Signatures:

Chairperson

Date

Secretary

Date