

**MANGAUNG METROPOLITAN MUNICIPALITY**

**MINUTES OF SPECIAL AUDIT COMMITTEE MEETING NO 02-2021/22-72 HELD ON MICROSOFT TEAMS (VIRTUAL)**

**Date:** 30 August 2021

**Time:** 17:00

**1. OPENING**

**1.1 Welcome**

The Audit Committee Chairperson rendered his apology and requested Ms P Kaota to chair the meeting in his absence. When able, he would join the meeting.

Ms Kaota, as acting chairperson welcomed all present.

The Members were informed that the current acting City Manager is Mr Sello More and that the newly inaugurated Executive Mayor is Councillor Siyonzana.

The Acting Chair requested that a message is conveyed to the Executive Mayor from the Audit Committee, wishing him well on the task ahead of him.

The Acting Chair allowed Ms Steenbok (Senior Manager: AGSA) to address the meeting.

Ms Steenbok indicated that due to rotation within the AGSA, she would be leading the audit of Mangaung Municipality this year. She is accompanied by Mr V Motubatsi in this meeting. The AGSA would have liked to discuss the Audit Strategy with the Audit Committee, however the document will only be discussed with Management on 1 September 2021. Alternative arrangements will then be made to share the document with the Audit Committee.

Ms Steenkamp then requested to be released from the meeting.

The Acting Chair thanked Ms Steenkamp for the introduction and the indication that the Audit Strategy will still be shared with the Audit Committee.

The staff of the AGSA was excused from the meeting.

## 1.2 Attendance and apologies

The following members were in attendance:

### Audit Committee members:

- Me. TPM Lebenya (Audit Committee Member)
- Me. NP Mdaka (Audit Committee Member)
- Me. PME Kaota (Audit Committee Member)

### Mangaung Metro Municipality:

- Mr. T Mkaza (EXCO - Representative - Administrator)
- Mr S More (Acting City Manager)
- Adv J Phaladi (HOD: Human Settlements)
- Mr B Mthembu (HOD: Planning)
- Mr M Ndlovu (HOD: Engineering Services)
- Mr T Maine (HOD: Economic and Rural Development)
- Mr B Comakae (Acting DED)
- Mr. G Ntsala (GM: Internal Audit) (Chief Audit Executive - (CAE))
- Mr M Mothekhe (GM: IDP and OPM)
- Ms M Mototo (Chief Risk Officer)
- Mr L Pita (Manager: IDP Process Support)
- Ms T Matthews (Manager: Internal Audit)
- Ms N Makwaba (Senior Internal Auditor)
- Ms P Leepile (Senior Internal Auditor)
- Ms T Mawonga (PA to Administrator)
- Me. A Schmidt (Scriber)

### National Treasury

- Ms K Thoka (Deputy Director: Internal Audit (National Treasury))

### Auditor General (left the meeting prior to discussion of the items)

- Ms S Steenbok (Senior Manager: AGSA)
- Mr V Motubatsi (Manager: AGSA)

### Apologies received from:

- Mr MNG Mahlatsi (Audit Committee Chairperson)

## 1.3 Declaration of interests by Audit Committee Members

None. All members present indicated that there are no interests to be declared on all agenda items to be discussed.

## 2. ITEMS FOR DISCUSSION

Mr Ntsala, the GM: Internal Audit, informed the Members that Internal Audit received both the Annual Financial Statements (AFS) and draft Annual Performance Report (APR) from management and Internal Audit performed reviews on these documents and the outcome of these reviews were shared with the responsible officials.



Management acted on the findings; Finance responded on the report issued and these responses were also shared with the Members. Both Finance and the office of IDP are attending to matters raised in the Internal Audit reports prior to the submission of these documents to the Auditor-General.

## **2.1 Review of the 2020/21 Annual Financial Statements by the Audit Committee**

The CFO, Mr Mofokeng, informed the meeting that the municipality is striving to submit quality financials to the Auditor-General and in an effort to achieve this, National Treasury had also requested to review the financials and raised some issues to be attended to. This includes some GRAP standards that became applicable during the year under review. Matters raised by Internal Audit is also being address, with the exception of the cash flow statement as all corrections have not yet been made, this will be one of the final items that will be addressed before submission to the Auditor-General on 31 August 2021.

The working papers are updated as the work is completed, but the following three (3) areas are still in progress;

- 1) Accounts payable (accruals) – payments made relating to the year under review is still being identified and accounted for in the AFS
- 2) Defined benefit obligations (DBO) – the figures have been submitted a bit late, but the teams met to discuss and the expectation is that the matter will be finalised by morning of 31 August 2021
- 3) Assets – the account for water meters was a challenge and in this end the teams responsible worked through information since the first draught of the AFS and through the weekend to resolve the matters. Progress was checked today and it will be finalised by morning of 31 August 2021. Work in progress (WIP) support information has also been received and is being finalised.

These areas will be finalised by morning of 31 August, and with inputs from National Treasury and the Audit Committee the AFS will be ready to be submitted to the Auditor-General on time.

The acting Audit Committee Chair, Ms Kaota, thanked the CFO for his presentation and thanked him for the spirit of collaboration that was observed this year in the preparation of the AFS.

Ms Mdaka also expressed her appreciation that matters raised by Internal Audit had already been addressed and requested confirmation that the AFS will be submitted as required on 31 August 2021, to the Auditor-General.

Ms Lebenya stated that it provided comfort that the AFS had been submitted to Internal Audit with sufficient time for a detailed review this year compared to previous years where it did not happen. The expectation is that matters raised by the Auditor-General will be addressed when the AFS is submitted to them.

Mr Mofokeng thanked Members for their comments and confirmed that the team is working extra hours to ensure that the AFS is ready and submitted by end of day of 31 August 2021.

The Audit Committee noted the assurance of the CFO that the AFS would be submitted to the Auditor-General on time.

## **2.2 Review of the draft 2020/21 Annual Performance Report by the Audit Committee**

The acting DED, Mr Comakae briefed the members on the process followed for the draft APR. As the GM: Internal Audit indicated, the draft document was submitted to Internal Audit for review and the outcome of the review was used to refine the document.

The report received from Internal Audit focussed on the following areas;

- Presentation of the document (e.g., grammar and consistency)
- Context of the data (e.g., relevance to financial year under review, developments post and pre the year under review)
- Content in the document (e.g., duplication of information, cross reference of information, accurateness of tables, information not relevant to achievements)
- Consistency of performance achievements previously reported, including variances and corrective action indicated.

The team had worked on the items indicated in the report of Internal Audit and will perform a final check on the document on 31 August 2021, prior to submission to the Auditor-General.

The acting Audit Committee chair expressed her concern on the lengthy report (25 pages) issued by Internal Audit after the review of the APR.

Mr Comakae stated that the report was lengthy as extracts were made from the document to guide management on issues raised.

The Audit Committee noted with appreciation the collaboration on the report and management's commitment to resolve issues raised by Internal Audit in their report.

The acting Audit Committee chair requested information regarding the structure of the Unit responsible for the APR within the municipality.

Mr Comakae informed the Members that the Unit consists of three (3) staff members; i.e., the General Manager, Manager and acting Admin Officer who is responsible for integrated development planning and performance management.

The acting Audit Committee chair requested the number of staff currently within Internal Audit.

Mr Ntsala stated that the staff complement in Internal Audit is currently eleven (11).

The acting Audit Committee chair stated that the IDP and Performance Management Unit seems under capacitated which could also affect the submission of quality documentation.

The Audit Committee resolved that Management should investigate/benchmark the appropriate size and composition of the IDP and Performance Management Unit to ensure



that from planning to reporting, sufficient staff is available to drive and monitor the processes.

The GM: Internal Audit, Mr Ntsala, indicated to the Members that the reports issued by Internal Audit on both areas had been referred to and discussed by management in the previous two items, therefore there is no need to deal with them separately.

The Audit Committee noted that Internal Audit had performed reviews on both the 2020/21 Annual Financial Statements and draft 2020/21 Annual Performance Report and that these reports were shared with management for their attention, and management attended to matters raised in these reports in preparation for the final documents to be submitted to the Auditor-General by close of day, 31 August 2021.

**3. GENERAL**

None

**4. CLOSURE**

Closing of the meeting by the acting Chairperson

The Acting Audit Committee Chairperson thanked all attendees for the participation in the meeting.

The Audit Committee Chairperson then closed the meeting at 17:58.

**Approval of minutes**

 PALESA KAOTA

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Name of the Chairperson