

## **RESPONSES TO ISSUES RAISED IN THE AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

### **5. Fixed Assets**

The recording and reporting requirements of transactions in the fixed assets register have become more onerous on municipalities. A service provider will be appointed to update the fixed asset register in preparation for compliance with GAMAP standards. Due to the enormity of the exercise it is not foreseen that it will be concluded by the end of the current financial year. The phase in period for the application of accounting standards has been extended by notice in the Government Gazette No. 30013 dated 29 June 2007. In terms of this notice the Amahlathi Municipality is only required to produce annual financial statements in terms of Generally Recognised Accounting Practice (GRAP) by the 2009/2010 financial year when all the accounting standards pertaining to the disclosure of fixed assets will apply.

The municipality also intends to consider the appointment of a dedicated official during the 2008/09 financial year to deal with the recording of fixed assets.

### **6-7. Debtors**

The municipality incurred expenditure on the Masincedane Housing Project in respect of an Environmental Impact Assessment and Engineering Services which are required by the Department of Local Government Housing and Traditional Affairs prior to them approving an application for funding. Confirmation has been received that these monies will be recovered from monies allocated by DPLGH&TA when the project is approved.

Reconciliations of all amounts relating to other debtors included in the debtors balance will be reviewed during the 2008/09 financial year.

### **8. Bank**

Reconciliation items included in the bank reconciliation will be reviewed and adjusted during the 2008/09 financial year.

### **9. Provisions**

The requirements of the National Environment Management Act, No 107 of 1998 will be examined and a report on the financial and other implications will be submitted to Council for consideration and resolution.

### **10. Creditors**

Reconciliations of all amounts included in the creditors balance will be reviewed during the 2008/09 financial year.

## **11. Value Added Taxation (VAT)**

The accounting transactions relating to VAT will be reviewed and adjusted during 2008/09.

## **12-13. Revenue**

The Financial Accounting System maintains a full history of all debtor accounts. Statements can be printed for any month. The original invoice is sent to the debtor and the municipality does not retain a printed copy as this can be printed from the system.

The municipality conducted a general valuation of all properties within its area of jurisdiction which was implemented with effect from 1 July 2005. The valuers relied on information from the deeds office as well as maps from the demarcation board. At the time there was some confusion relating to the southern boundary of the municipality as indicated on the maps and updated maps were subsequently obtained. A small number of properties abutting this border were omitted and have been rectified by means of an interim valuation roll.

The municipality is currently conducting a general valuation which is to be implemented with effect from 1 July 2009. During this process all properties will be re-valued and comprehensive tests will be done to ensure all properties are included in the roll.

The National Electricity Regulator recommended that a few of the electricity tariffs be amended. The impact of these amendments is minor and the tariffs were in fact amended during the 2007/08 financial year.

## **14. Contingent Liability**

The municipality is of the opinion that the probability of any liability in respect of the location of the refuse site is negligible and that this should not be reflected as a contingent liability.

## **15. Capital Commitments**

The amount reflected in the Annual Financial Statements as capital commitments is correct and supporting documentation was provided.