

# Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Port St Johns Municipality

## Report on the audit of the consolidated and separate financial statements

### Qualified opinion

1. I have audited the consolidated and separate financial statements of the Port St Johns Municipality set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2017, and the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis of qualified opinion paragraph, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the Port St Johns Municipality as at 30 June 2017, and its consolidated and separate financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No.3 of 2016).

### Basis for qualified opinion

#### Irregular expenditure

3. The municipality did not have adequate systems to identify and disclose all irregular expenditure related to previous years as required by section 125(2)(d)(i) of the MFMA. Due to inadequate systems to identify contraventions of the supply chain management (SCM) requirements, it was impracticable to determine the full extent of the irregular expenditure relating to those years. Consequently, I was unable to determine whether any adjustment to the opening balance and resulting closing balance of irregular expenditure as disclosed in note 46 to the consolidated and separate financial statements at R127,5 million (2016: R115,4 million) was necessary.

### Basis for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this report.
5. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Restatement of corresponding figures**

8. As disclosed in note 48 to the consolidated and separate financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2017.

### **Material impairments - receivables**

9. As disclosed in notes 4 and 6 to the consolidated and separate financial statements, material impairments for receivables from exchange and non-exchange transactions to the amount of R5,2 million and R20,3 million (2016: R4,5 million and R17,8 million) respectively were incurred as a result of non- payment by trade debtors.
10. As disclosed in the consolidated and separate statement of financial performance and note 29 to the consolidated and separate financial statements, debt impairments totalling R3,1 million have been expensed.

### **Unauthorised expenditure**

11. As disclosed in note 44 to the consolidated and separate financial statements, unauthorised expenditure to the amount of R122,9 million that was incurred in the previous years was not investigated.

### **Fruitless and wasteful expenditure**

12. As disclosed in note 45 to the consolidated and separate financial statements, fruitless and wasteful expenditure to the amount of R22,7 million that was incurred in the previous years was not investigated.

### **Other matter paragraphs**

13. I draw attention to the following matters. My opinion is not modified in respect of these matters:

### **Unaudited disclosure notes**

14. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and accordingly we do not express an opinion thereon.

### **Unaudited supplementary information**

15. The supplementary information set out on pages XX to XX does not form part of the consolidated and separate financial statements and is presented as additional

information. We have not audited these schedules and, accordingly, we do not express an opinion thereon.

### **Responsibilities of the accounting officer for the consolidated and separate financial statements**

16. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standard of GRAP and the requirements of the MFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Port St Johns Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the entity to cease operations, or there is no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the consolidated and separate financial statements**

18. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
19. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

20. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
21. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in

respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the municipality for the year ended 30 June 2017:

Programmes	Pages in the annual performance report
Programme 3 : Local economic development	x – x
Programme 5 : Basic service delivery and infrastructure	x – x

23. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

24. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

### **Programme 3 – Local economic development**

#### **Indicators not well defined**

25. The source information, evidence and method of calculation for the achievement of the following planned indicators were not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI). This was due to a lack of technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented systems descriptions that determined how the achievement would be measured, monitored and reported:

- Driving the facilitation of small town revitalisation programme by June 2017
- Facilitate small town revitalisation of programme by June 2017
- Facilitate support to Cwebeni cultural village funded by ECPTA by December 2016

#### **Targets not specific and measurable**

26. The following targets were not specific in clearly identifying the nature and required level of performance and measurable as required by the FMPPI. This was due to a lack of technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented systems descriptions that determined how the achievement would be measured, monitored and reported:

- Develop PSJ small town revitalisation strategy by June 2017
- Trained caterers by June 2017
- Reduce drowning and improve safety during peak season by June 2017
- Ensure clean environment during festive season by June 2017

#### Target not time-bound

27. The following targets did not specify the period or deadline for delivery, as required by the FMPPI. This was due to a lack of technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented systems descriptions that determined how the achievement would be measured, monitored and reported.

- Facilitate renovation of Cwebeni cultural village

28. The reported achievement for Contracting lifeguards on all PSJ beaches during peak season by June 2017 was misstated as the evidence provided indicated 24 and not 33 as reported. The systems and processes implemented by the municipality to ensure accurate, valid and complete reporting of its actual performance against planned targets was not effective.

### **Programme 5 – Basic service delivery and infrastructure**

#### Indicators not well defined

29. The source information, evidence and method of calculation for the achievement of the following planned indicators were not clearly defined, as required by the FMPPI. This was due to a lack of technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented systems descriptions that determined how the achievement would be measured, monitored and reported:

- Construction of 231 household Noqhekwana electrification in ward 10 by June 2017
- Construction of 150 household for Luqhoqhweni electrification in ward 10 by June 2017
- Construction of 110 household for Bolani electrification in ward 10 by June 2017
- Construction of 80 household for Ntsimbini AA Tankini electrification in ward 7 by June 2017
- Construction of 75 households for Mbembeni electrification in ward 2 by June 2017
- Construction of 40 household for Cwebeni electrification in ward 4 by June 2017
- Construction of 60 household for Mbabane electrification in ward 16 by June 2017
- Maintenance of access roads in wards 1 - 20
- Maintenance of streetlights.
- Provision of tools, equipment and uniform for law enforcement services
- Procurement of protective clothing for 70 persons in community services by June 2017.
- Erection of road, ocean and illegal dumping warning signs in town entrance and second beach area by June 2017
- Procurement 45 uniform for the lifeguards by June 2017

- Monitoring efficient management of parks, cemeteries by June 2017
- Lead and monitor facilitation of acquisition of land with Cagula Tribal Authority for cemeteries, pound, disaster centre and developments by June 2017
- Manage and monitor implementation progress of MIG projects until June 2017.
- Manage and monitor implementation of funding programme with Eskom and DME by June 2017
- Facilitate implementation of approved housing projects with the department of human settlement by June 2017
- Facilitate engagement with: DPW, SANRAL, for access roads, surfacing, streetlight, storm water management by June 2017
- Facilitate the implementation of Eskom projects 6B grant
- Facilitate 2 awareness campaigns on veld fire by June 2017
- Facilitate engagement with: DPW, SANRAL, for access roads, surfacing, streetlight, storm water management by June 2017

30. The following indicators are not defined to ensure that data will be collected consistently, as required by the FMPPI. This was due to a lack of technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented systems descriptions that determined how the achievement would be measured, monitored and reported:

- Maintenance of access roads in wards (1-20);
- Maintenance of streetlights.
- Provision of tools, equipment and uniform for law enforcement services
- Procurement of protective clothing for 70 persons in community services by June 2017.
- Erection of road, ocean and illegal dumping warning signs in town entrance and second beach area by June 2017
- Procurement 45 uniform for the lifeguards by June 2017
- Monitoring efficient management of parks, Cemeteries by June 2017
- Lead and monitor facilitation of acquisition of land with Cagula Tribal Authority for cemeteries, pound, disaster centre and developments by June 2017
- Manage and monitor implementation progress of MIG projects until June 2017.
- Manage and monitor implementation of funding programme with Eskom and DME by June 2017
- Facilitate implementation of approved housing projects with the department of human settlement by June 2017
- Facilitate engagement with: DPW, SANRAL, for access roads, surfacing, streetlight, storm water management by June 2017
- Facilitate the implementation of Eskom projects 6B grant

- Facilitate 2 awareness campaigns on veld fire by June 2017
- Facilitate engagement with: DPW, SANRAL, for access roads, surfacing, streetlight, storm water management by June 2017

Targets not specific, measurable or time-bound

31. The following targets were not specific in clearly identifying the nature and required level of performance, not measurable and did not specify the period or deadline for delivery, as required by the FMPPI. This was due to a lack of technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented systems descriptions that determined how the achievement would be measured, monitored and reported:

- Properly equipped law enforcement services
- Employees with proper protective clothing
- Visibility of warning signs in strategic areas
- Properly equipped lifeguards
- Engaged DPW for surfacing residential streets: access roads, surfacing and storm water management

Targets not specific or measurable

32. The following targets were not specific in clearly identifying the nature and required level of performance and not measurable as required by the FMPPI. This was due to a lack of technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented systems descriptions that determined how the achievement would be measured, monitored and reported:

- Properly managed and maintained parks and cemeteries by June 2017
- Progress on land acquisition for municipal development programmes and projects by June 2017
- Full implementation of MIG projects by June 2017
- Full implementation of electrification programme by June 2017

Targets not time-bound

33. The following targets did not specify the period or deadline for delivery, as required by the FMPPI.

- Completed Mpantu hawker stalls.
- 1 bridge completed.
- 18.5 KM access road completed.
- 15 KM access road completed.

- 12.5 KM access road completed.
- 12.5 KM access road completed
- 231 households electrified.
- 150 households electrified.
- 220 streetlights maintained
- 150 households electrified
- 75 households electrified.
- 40 households electrified.
- 60 households electrified.
- 150 KM of roads maintained.
- 220 streetlights maintained.

#### Targets not consistent

34. The following targets are not consistent between the annual performance plan and the annual performance report. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

35. The targets were changed without the necessary approval as required by section 25(2) MSA.

Performance indicator	Planned target per SDBIP	Planned target per APR
Construction of 7.5KM for clinic to Njeni access road in ward 10 by June 2017	7.5KM access road completed	18.5KM access road completed
Construction of 5.6KM for Selwane access road in ward 16 by June 2017	5 KM access road completed	15KM access road completed
Construction of 20.1KM for Kwazulu access road in ward 13 by June 2017	20.1KM access road completed	12KM of access road completed by June 2017
Construction of 110 household for Bolani electrification in ward 10 by June 2017	110 households electrified	231 households electrified
Erection of road, ocean and illegal dumping warning signs in town entrance and Second Beach area by June 2017	Visibility of warning signs in strategic areas	220 streetlights maintained
Procurement 45 uniform for the lifeguards by June 2017	Properly equipped lifeguards	220 streetlights maintained
Facilitate engagement with DPW, SANRAL for access roads, surfacing, streetlight, storm water management by June 2017	Engaged DPW for surfacing residential streets, access roads, surfacing and storm water management	220 streetlights maintained
Facilitate the implementation of Eskom projects 6B grant	600 households	220 streetlights maintained



Performance indicator	Planned target per SDBIP	Planned target per APR
Construction of 80 household for Ntsimbini AA Tankini electrification in ward 7 by June 2017	80 households electrified	150 households electrified

36. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the indicators listed below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the reported achievement:

Performance indicator	Planned target	Reported achievement
Construction of 18.5 KM of Lutshaya access road in ward 18 by June 2017	18,5	10
Construction of 15KM for Green to Swazini access road in ward 9 by June 2017	15	12
Construction of 7.5 KM of Jambeni access road in ward 20 by June 2017	7,5	5
Construction of 12.5 KM Bhuje access road by June 2017	12,5	7
Construction of 12.5 KM Tombo to Cwebeni access road by June 2017	12,5	10
Construction of 20.1 KM for Kwazulu access road in ward 13 by June 2017	20,1	10
Maintenance of streetlights	220	220
Construction of 7.5 KM Clinic to Njeni access road by June 2017	7,5	7,5
Construction of 5,6 KM for Selwane access road by June 2017	5,6	5
Construction of 231 household Noqhekwana electrification in ward 10 by June 2017	231	342
Maintenance of streetlights	220	220
Construction of 110 household for Bolani electrification in ward 10 by June 2017	110	146

### Other matters

37. I draw attention to the matters below.

### Achievement of planned targets

38. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under or overachievement of a number of targets. This information should be considered in the

context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 25 to 36 of this report.

### **Unaudited supplementary schedules**

39. The supplementary information set out on pages xx to xx does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

## **Report on audit of compliance with legislation**

### **Introduction and scope**

40. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
41. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### **Budgets**

42. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R123,7 million, as disclosed in note 44 to the consolidated and separate annual financial statements, in contravention of section 62(1)(d) of the MFMA.

### **Annual financial statements**

43. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, and disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the consolidated and separate financial statements receiving a qualified audit opinion.

### **Strategic planning and performance management**

44. A mid-year performance assessment was not performed as required by section 72(1)(a)(ii) of the MFMA

### **Expenditure management**

45. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.
46. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management.
47. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R24,3 million, as disclosed in note 45 to the consolidated and separate annual

financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by penalties and interest on late payment of creditors.

### **Procurement and contract management**

48. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
49. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
50. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.
51. Awards were made to providers whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation.

### **Consequence management**

52. All of the unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
53. All of the irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
54. All of the fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(c) of the MFMA.

### **Reckless Trading**

55. The municipal entity had conducted its business recklessly in the current financial year when it had deregistered the non-profit company (NPC) effective 30 November 2016 without following appropriate and adequate procedural requirements. The entity furthermore carried on trading subsequent to deregistration while also being insolvent and illiquid.

### **Other information**

56. The accounting officer is responsible for the other information. The other information comprises the information in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in the auditor's report.

57. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
58. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
59. I have not yet received the annual report. When I do receive this information, if I conclude that it contains a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

### Internal control deficiencies

60. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
- Leadership did not adopt a tone of zero tolerance for inadequate financial, performance and non-compliance with legislation. Slow responses to audit messages and effective leadership remain a challenge. The roles and responsibilities for recording and filing of financial and performance information have been communicated to all relevant staff, but there is a lack of effective oversight by leadership to ensure accountability and adequate consequence management for poor performance and transgressions. This has resulted in repeat findings on consolidated and separate financial statements, performance information and compliance findings raised during the audit.
  - Leadership had not adequately addressed the liquidity of the municipal entity in order to ensure funds were available to settle its liabilities. There has been insufficient oversight over the deregistration of this non-profit company (NPC). This entity continued to trade while being insolvent, which amounts to reckless trading.
  - Management did not implement daily and monthly controls as designed for the entity's business processes and did not have a proper system of record management that provides for the maintenance of information to be reported in the annual performance report. Compliance with the applicable legislation was not monitored on a regular basis and the municipality's information technology systems environment remained weak as numerous deficiencies identified in the prior year has still not been addressed. This is mainly attributable to a lack of credible in year reporting by management in respect of performance management and compliance with legislation.

- Management did not adequately review the consolidated and separate and separate financial statements prior to submission and used the audit process to correct the consolidated and separate financial statements. There also appears to be an over reliance on a few key officials as opposed to using processes and systems of control. There is insufficient reporting by internal audit to management which has resulted in inadequate recommendations. This has impacted the effectiveness of both the internal audit and the audit committee.

Auditor General

East London

29 December 2017



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure A– Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected programmes and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Port St Johns Municipality and its subsidiaries’ ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate and separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

