

# **Report of the auditor-general to Limpopo Provincial Legislature and the council on Thabazimbi Local Municipality**

## **Report on the audit of the financial statements**

### **Qualified opinion**

1. I have audited the financial statements of the Thabazimbi Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget to actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (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, 2018 (Act No 1 of 2018) (DoRA).

### **Basis for qualified opinion**

#### **Property, plant and equipment**

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment, due to the non-submission of information in support of the value of items of property, plant and equipment and status of accounting records. I was unable to confirm property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment and depreciation and amortisation stated at R712 353 193 (2018: R728 374 697) and R45 775 798 (2018: R62 832 980), respectively, in the financial statements.
4. The department's underlying accounting records did not facilitate easy identification and location of assets. As a result, water network assets amounting to R36 319 167 could not be physically verified.

#### **Current portion of trade and other payables from exchange transactions**

5. I was unable to obtain sufficient appropriate audit evidence that all trade payables had been recorded, due to the non-submission of information in support of trade payable transactions and I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to trade payables stated at R126 183 564 in note 14 to the financial statements.

### Bulk purchases

6. I was unable to obtain sufficient appropriate audit evidence for bulk purchases, as the municipality did not have adequate systems for the recording of transactions and events. I could not confirm this by alternative means. In addition, the municipality did not record all bulk purchases which resulted in bulk purchases of R95 691 357 disclosed in note 30 to the financial statements, being understated by R38 917 083. Consequently, I was unable to determine whether any further adjustments were necessary to bulk purchases stated at R95 691 357 (2018: R64 633 298) in the financial statements. Additionally, there was an impact on the deficit for the period.

### Receivables from exchange transactions

7. The municipality did not properly charge and account for all receivables, due to incorrect calculations and the non-recognition of revenue transactions. Consequently, receivables from exchange transactions was understated by R5 693 580 and service charges and interest income understated by R3 328 571 and R2 365 009, respectively. There was also an impact on the deficit for the period. Additionally, I was unable to obtain sufficient appropriate audit evidence for receivables, due to non-submission of information on indigents and to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from exchange transactions stated at R79 304 592 in the financial statements.

### Provisions: Non-current and current liabilities

8. The municipality did not recognise all provisions as required by GRAP 19: *Provisions, Contingent liabilities and Contingent assets*. One of the four landfill sites was not recognised. Consequently, I was unable to determine the impact on non-current and current provisions stated at R41 634 824 (2018: R38 812 060) and R2 063 905 (2018: R1 953 595), respectively, as it was impracticable to do so. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

### Operational costs

9. I was unable to obtain sufficient appropriate audit evidence for operational costs, due to the status of the accounting records and non-submission of information in support of the transactions. I could not confirm the transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to operational costs stated at R24 749 183 (2018: R23 541 903) in the financial statements.

### Contracted services

10. I was unable to obtain sufficient appropriate audit evidence for contracted services, due to the non-submission of information in support of the transactions. I was unable to confirm the transactions by alternative means. Furthermore, the municipality did not have adequate systems to record transactions, resulting in contracted services being understated by R2 150 380. Consequently, I was unable to determine whether any further adjustments were necessary to contracted services stated at R26 535 349 in note 31 to the financial statements. Additionally, there was an impact on the deficit for the period.

### Finance cost

11. The municipality did not record all finance costs, which resulted in interest on late payments to suppliers of R8 479 630 disclosed in note 29 to the financial statements being understated by R7 851 792. Additionally, there was an impact on the deficit for the period.

### Value added tax (VAT) receivables

12. The municipality did record incorrect transactions in VAT receivables. Consequently, VAT receivables and trade payables were understated by R4 021 643 in the financial statements.

### Prior period errors

13. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amounts for property, plant and equipment, receivables from exchange transactions, receivables from non-exchange transactions, consumer debtors, cash and cash equivalents, payables from exchange transactions, bank overdraft, other financial liabilities, provisions, employee related costs, impairment loss, finance costs, transfers and subsidies, general expenses and operational costs. As described in note 37, the restatements were made to rectify previous year misstatements, but the restatements could not be substantiated by audit evidence. I was unable to confirm the restatements by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the previous period errors disclosed in the financial statements.

### Government grants and subsidies

14. During 2018, I was unable to obtain sufficient appropriate audit evidence that management properly accounted for government grants and subsidies and to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment to government grants and subsidies stated at R73 592 344 was necessary. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. My opinion on the current financial statements is also modified because of the possible effect of this matter on the comparability of government grants and subsidies for the current period.

### Service charges

15. During 2018, I was unable to obtain sufficient appropriate audit evidence for service charges and to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment to service charges stated at R108 158 730 was necessary. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. My opinion on the current financial statements was also modified because of the possible effect of this matter on the comparability of service charges for the current period.

### Interest income

16. During 2018, I was unable to obtain sufficient appropriate audit evidence for interest income and to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to interest income stated at R19 995 437 was necessary. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. My opinion on the current financial statements was also modified because of the possible effect of this matter on the comparability of interest income for the current period.

### **Fruitless and wasteful expenditure**

17. During 2018, I was unable to obtain sufficient appropriate audit evidence for the expenditure of R10 412 593 in the financial statements and to confirm this by alternative means. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. In addition, the municipality did not include all fruitless and wasteful expenditure for the current period in note 35 to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to interest paid on late payments to suppliers which resulted in fruitless and wasteful expenditure of R7 851 792. Consequently, I was unable to determine whether any further adjustments were necessary to fruitless and wasteful expenditure stated at R114 233 136 (2018: R105 753 506) in the financial statements.

### **Unauthorised expenditure**

18. During 2018, I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure and to confirm this by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to unauthorised expenditure stated at R488 630 580. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of unauthorised expenditure for the current period.

### **Commitments**

19. During 2018, I was unable to obtain sufficient appropriate audit evidence for commitments and to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment to other operating commitments stated at R7 822 968 in note 34 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. My opinion on the current financial statements is also modified because of the possible effect of this matter on the comparability of other operating commitments for the current period.

### **Irregular expenditure**

20. During 2018, I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for irregular expenditure and to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R265 635 488. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. My opinion on the current financial statements was also modified because of the possible effect of this matter on the comparability of irregular expenditure for the current period.

### **Additional disclosure – Material losses**

21. I was unable to obtain sufficient appropriate audit evidence for material losses, as the municipality did not have adequate systems of internal controls for the recording of all transactions and events. I was unable to confirm the transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to material water and electricity losses stated at R47 714 920 (2018: R35 466 276) and R12 803 878 (2018: R3 338 251), respectively, in note 38.1 to the financial statements.

## Total revenue

22. Total revenue was materially misstated by R6 856 665 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Service charges stated at R143 896 453 was understated by R3 328 571.
- Interest income stated at R26 307 512 was understated by R2 365 009.
- Fines stated at R1 287 850 was understated by R976 085.
- Government grants and subsidies stated at R122 182 496 was understated by R187 000.

## Context for the opinion

23. 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 financial statements section of this auditor's report.

24. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as 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 codes.

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

## Material uncertainty relating to going concern/ financial sustainability

26. I draw attention to the matter below. My opinion is not modified in respect of this matter.

27. I draw attention to the statement of financial performance and statement of financial position, which indicate that the municipality incurred a deficit of R8 447 673 (2018: R148 604 837) during the year ended 30 June 2019 and, as of that date the municipality's current liabilities exceeded its current assets by R81 944 265 (2018: R309 215 690), respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

## Other matter

28. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## Unaudited disclosure notes

29. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.



## **Responsibilities of accounting officer for the financial statements**

30. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
31. In preparing the financial statements, the accounting officer is responsible for assessing the 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 the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

32. My objectives are to obtain reasonable assurance about whether the 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 in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
33. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

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

### **Introduction and scope**

34. 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 key performance areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
35. 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.
36. 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 key performance area presented in the annual performance report of the municipality for the year ended 30 June 2019:

Key performance area (KPA)	Pages in the annual performance report
KPA 2 – Basic services and infrastructure development	x – x

37. I performed procedures to determine whether the reported performance information was properly presented and whether performance 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.
38. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

### **KPA 2: Basic service and infrastructure development**

**Objective: To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system**

39. The strategic objective approved in the service delivery and budget implementation plan was to ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system. However, without the necessary approval the objective was not reported in the annual performance report.

### **Various indicators**

40. For the following indicators, the reported indicators were not consistent when compared with the planned indicators in the service delivery and budget implementation plan. In addition, changes to the indicators were not approved.

Planned indicators	Reported indicators
Km of roads paved	Northam Extension 7 upgrading of internal streets (phase 1)
Km of roads paved	Northam Extension 7 upgrading of internal streets (phase 2)
Km of roads paved	Raphuthi paving of internal streets
Upgrading of bulk services and internal services in Raphuthi and Regorogile	Number of upgrading of services and internal services in Raphuthi and Regorogile

### **All indicators**

41. A comparison between the planned and actual performance of the year under review and previous year was not included in the annual performance report.

## Various indicators

42. The reported achievement for the indicators listed below are not consistent with the planned indicator and target:

Planned indicator per SDIP	Reported indicator per APR	Planned target per APR	Reported achievement
Km of roads paved	Northam Extension 7 upgrading of internal streets (phase 1)	Layer works and stabilization	Layer works and stabilization completed - Achieved
Km of roads paved	Northam Extension 7 upgrading of internal streets (phase 2)	Layer works and stabilization	Layer works and stabilization completed - Achieved
Km of roads paved	Raphuthi paving of internal streets	Layer works and stabilization	Layer works and stabilization completed - Achieved
Upgrading of bulk services and internal services in Raphuthi and Regorogile	Number of upgrading of services and internal services in Raphuthi and Regorogile	2	1 service provider was appointed for upgrading of services and internal services in Raphuthi and Regorogile Not achieved

## Various indicators

43. For the following reported indicators, I was unable to obtain sufficient appropriate audit evidence to support the reported achievements of the targets. This was due to a lack of standard operating procedures and documented system descriptions that predetermined how the achievements would be measured, monitored and reported. I was unable to confirm the reported achievements of the indicators by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements of targets as reported in the annual performance report.

Reported indicator	Reported achievement
Northam Extension 7 upgrading of internal streets (phase 1)	Layer works and stabilization completed - Achieved
Northam Extension 7 upgrading of internal streets (phase 2)	Layer works and stabilization completed - Achieved
Raphuthi paving of internal streets	Layer works and stabilization completed - Achieved
Number of upgrading of services and internal services in Raphuthi and Regorogile	1 service provider was appointed for Upgrading of services and internal services in Raphuthi and Regorogile Not achieved



## **Other matter**

44. I draw attention to the matter below.

### **Achievement of planned targets**

45. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs X to X of this report.

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

### **Introduction and scope**

46. 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.

47. The material findings on compliance with specific matters in key legislations are as follows:

### **Annual financial statements and annual report**

48. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected or the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

49. The 2017-18 annual report was not made public after being tabled in council, as required by section 127(5)(a) of the MFMA.

50. The local community was not invited to submit representations in connection with the 2017-18 annual report, as required by section 127(5)(a) of the MFMA.

51. The council failed to adopt an oversight report containing the council's comments on the annual report, as required by section 129(1) of the MFMA.

52. The oversight report adopted by the council on the 2017-18 annual report was not made public, as required by section 129(3) of the MFMA.

### **Procurement and contract management**

53. Some goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c).

54. Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
55. Some quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
56. Invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).
57. The preference point system was not applied in the procurement of some goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
58. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
59. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

### **Conditional grants**

60. Performance in respect of programmes funded by the Municipal Infrastructure Grant and Water Services Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.

### **Expenditure management**

61. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
62. Reasonable steps were not taken to prevent irregular expenditure amounting to R39 495 921 as disclosed in note 36.1 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain regulations.
63. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the fruitless and wasteful expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by interest being charged by creditors on overdue accounts.

### **Consequence management**

64. 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.
65. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
66. Fruitless and wasteful 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.

## Other information

67. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.
68. My opinion on the 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.
69. 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 financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
70. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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 retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

71. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
72. Leadership has put in a concerted effort to improve the audit outcomes. Despite this, there is still a slow response from senior management to improve the internal controls, prepare and submit credible financial statements and performance report.
73. Leadership was able to submit the financial statements and the performance report by legislated deadline. Instability and vacancies in key positions had an impact on the monitoring of the internal control systems to support accurate and complete financial statements and performance report.
74. Consequence management was not effective, as the council did not investigate instances of unauthorised, irregular and fruitless and wasteful expenditure to determine whether any person was liable for the expenditure.
75. Leadership did not adequately review the financial statements and annual performance report to prevent the risk of material misstatements.

76. Senior management did not adequately oversee the operations of the department, as the financial statements and annual performance report contained material misstatements not detected by the department's own system of internal control.
77. Despite efforts to provide sufficient appropriate audit evidence, the municipality did not provide all required information that supported the reported financial and performance information.
78. The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall processes of reporting on predetermined objectives and compliance with legislation.
79. The municipality did not have adequate systems for the recording of transactions and events and to reconcile the events to the underlying records.
80. Risks were not sufficiently mitigated to address challenges at the municipality as evidenced by audit matters identified during the prior year's audit process.

#### Other reports

81. I draw attention to the following engagement conducted could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. The report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
82. A proclamation authorised the Special Investigating Unit to conduct an investigation at the municipality. The investigation was on-going at the date of the audit report.

*Auditor-General*

Polokwane

11 February 2020



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – 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 financial statements, and the procedures performed on reported performance information for selected KPA 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 financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the 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 municipality 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 this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **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, where applicable, related safeguards.



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