Report of the auditor-general to Limpopo Provincial Legislature and the council of Mogalakwena Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Mogalakwena Local Municipality set out on pages … to …, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as 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 Mogalakwena Local Municipality as at 30 June 2022, and its 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 (Act No. 04 of 2020) (DoRA).

Basis for qualified opinion

Property,plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property, plant and equipment for an amount of R 747 655 281 (2021: R 208 179 403) I was unable to confirm the restatement by alternative means. There is also a resultant impact on the surplus and accumulated surplus

4. I was unable to obtain sufficient appropriate audit evidence for journals processed against property, plant and equipment amounting to R 281 553 425 (2021: R 174 357 111) as the municipality did not provide the underlying supporting documents. I could not confirm these journals by alternative means. Consequently, I was unable to determine whether any adjustment to property, plant and equipment stated at R4 014 325 335 (2021: R4 304 869 052) in the financial statements was necessary.

5. During 2021, I was unable to obtain sufficient appropriate audit evidence for the disposal of property, plant and equipment amounting to R 209 680 954 as the municipality did not provide the underlying supporting documents. I could not confirm these balance by alternative means. My audit opinion for the period ended 30 June 2021 was modified accordingly. My opinion on the

current period’s financial statements is also modified because of the possible effect of this matter on the comparability of the current period’s figures. There is also a resultant impact on the accumulated surplus.

6. The municipality did not adequately assess impairment of property, plant and equipment in accordance with GRAP 21 and GRAP 26, Impairment of non-cash-generating assets and impairment of cash generating assets respectively. Consequently, property plant and equipment stated at R4 014 325 335 (2021: R4 304 869 052) in the financial statements is understated.

7. During 2021,Property, plant and equipment was materially misstated by R 30 676 987 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Movable asset stated at R 374 647 389 was overstated by R12 650 450.
- Work in progress opening balance Oversatated by R12 174 303
- Movable asset understated by R5 852 234

8. The municipality did not assign unique identifying codes for infrastructure assets nor did it unbundle assets in the asset register. As a result, I was unable to obtain sufficient appropriate audit evidence relating to the existence and completeness of community, electrical, land and building and water assets. Consequently, I was unable to determine whether any further adjustments were necessary to completed assets stated at R 4 014 223 728 (2021: R 4 304 869 682) in note 4 to the financial statements. I was unable to verify these by alternative means.

9. During 2021, I identified water assets that were recorded in the asset register but could not be verified. I was unable to obtain sufficient appropriate evidence for water assets included property, plant and equipment. Consequently I was unable to determine whether any adjustment was necessary to Property, plant and equipment. My audit opinion on the financial statements for the period ended 30 June 2021 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 the property, plant and equipment for the current period.

10. During 2021,The municipality did not have adequate systems in place to maintain records of property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. I identified land and water assets amounting to R 336 616 029 belonging to the municipality that was not included in the underlying accounting records and financial statements. My opinion on the current period’s financial statements is also modified because of the possible effect of this matter on the comparability of the current period’s figures. There is also a resultant impact on the accumulated surplus.

11. I identified differences between the depreciation in the asset register and the depreciation according to my re-computations based on the variables in the asset records. Consequently property, plant and equipment stated at R4 057 487 496 is understated by R126 907 270. This has an impact on the deficit for the period.

12. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for depreciation and amortisation. As described in note 30 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the accounts depreciation and amortisation corresponding figure stated at R104 240 157 in the financial statements.

Investment properties

13. Investment properties was materially misstated by R15 335 878 due to the cumulative effect of individually immaterial uncorrected misstatements:

- Investment properties stated at R140 751 656 was overstated by R11 918 731.
- Investment properties limitation of scope of R1 932 367
- Overstatement of investment property as a result of incorrect classification by R1 484 780

Impairment provision

14. During 2021,I have identified differences of R 19 500 133 between the provision of impairment as per the annual financial statement and provision of impairment as per my re-computations based on the variables in the current year impairment methodology. Consequently, My opinion on the current period‘s financial statements is also modified because of the possible effect of this matter on the comparability of the current period’s figures .This has a consequencial impact on receivable.

Inventory

15. The municipality did not recognise land inventory in accordance with GRAP 12 Inventories, I identified land inventory in the accounting records that was valued at zero amounts. Consequently, land inventory is understated. I was not able to determine the full extent of the understatement as it was impracticable to do so. There is a resultant impact on the surplus and accumulated surplus.

Payables

16. During 2021, I was unable to obtain sufficient appropriate audit evidence for the reconciling item amounting to R117 687 025 with debit balance reducing Payable for exchange transactions as the municipality did not provide the underlying supporting documents. In the year under I could confirm an amount of R 97 391 457 I could therefore not confirm the balance of R 20 295 477 by alternative means. My audit opinion for the period ended 30 June 2022 was modified accordingly. My opinion on the current period‘s financial statements is also modified because of the possible effect of this matter on the comparability of the current period’s figures.

17. Payables are materially misstated by R14 770 698 due to the cumulative effect of individually immaterial uncorrected misstatements:

- Control and clearing account not sufficiently supported resulting in a limitation of R 11 303 039.
- Expenditure incorrectly classified as payable of R3 467 659

Leave accrual

18. The municipality's leave accrual from employee leave days was incorrectly calculated as it included the days forfeited by employees, which constitutes a departure from GRAP 19, Provisions, Contingent Liabilities and Contingent Assets. Consequently, leave accrual from customers was overstated by R19 609 477.

Consumer deposit

19. I was unable to obtain sufficient appropriate audit evidence that consumer deposits for the current and previous year had been properly accounted for, due to the status of the accounting records. I was unable to confirm the consumer deposits by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to consumer deposits stated at R28 084 279 (2021: R24 409 306) in the financial statements.

20. The municipality did not recognise consumer deposits, as required by GRAP 104, Financial instruments. Properties were identified for which service charges were billed and there are no consumer deposits. I was unable to determine the full extent of the understatement of consumer deposits, stated at R28 084 279(2021: R24 409 306) in note 17. There was a resultant impact on the surplus for the period and on the accumulated surplus.

Non distributable reserves

21. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for non-distributable reserves. As disclosed in the statement of financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the non-distributable reserves corresponding figure stated at R352 528 353 in the financial statements.

Revenue

22. The municipality did not recognise service charges revenue, as required by GRAP 9, Revenue from exchange transactions. Properties were identified for which service charges were not billed and recorded. I was unable to determine the full extent of the understatement of service charges, stated at R416 148 339 in note 19 to the financial statements, and related receivable from exchange transactions, stated at R103 899 788 in note 9 to the financial statements, as it was impracticable to do so. There was a resultant impact on the surplus for the period and on the accumulated surplus.

23. The municipality did not recognise all amounts that meets the definition of a revenue in accordance with GRAP 1, Presentation of financial statements. The municipality did not account for revenue relating to service charge amounting to R30 057 689 (2021: R34 835 495). Consequently, Revenue from exchange transaction is understated by the same amounts.

Expenditure

24. During 2021, I was unable to obtain sufficient appropriate audit evidence for contracted services and to confirm the expenditure by alternative means. Consequently, I was unable to determine

whether any adjustment was necessary to contracted services stated at R107 981 062. My audit opinion on the financial statements for the period ended 30 June 2021 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 the contracted services for the current period.

25. Included in repairs and maintenance stated at R60 151 831, is an amount of R20 887 124 relating to repairs and maintenance for prior year. Consequently, repairs and maintenance are overstated by R20 887 124, and comparative figures understated by R20 887 124.

26. Included in contracted services stated at R137 823 730, is an amount of R44 559 707 relating to contracted services for prior year. Consequently, contracted services are overstated by R44 559 707, and comparative figures understated by R44 559 707.

Unauthorised expenditure

27. The municipality incorrectly calculated unauthorised expenditure in note 51 to the financial statements. I identified differences of R163 044 287 between unauthorised expenditure of R3 866 112 592 in note 51 and my re-computation of R156 264 326. Consequently, unauthorised expenditure is overstated by R163 044 287

Prior period error

28. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures in note 47, the restatement was made to rectify previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment were necessary as prior period adjustments to the corresponding figure stated in note 47 in the financial statements.

Context for the opinion

29. 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 my report.

30. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other 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.

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

Emphasis of matter paragraphs

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

Restatement of comparative figures

33. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2022.

Material losses- electricity

34. As disclosed in note 34 to the financial statements, material electricity losses of R43 659 086 (2020-2021: R46 737 398) was incurred, which represents 24% (2020-2021: 25%) of total electricity purchased. Distribution losses relating to electricity is due to illegal connection.

Other matter paragraphs

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

Unaudited supplementary schedules

36. The supplementary schedule set out on pages xx to xx does not form part of the financial statement and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

37. 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 the accouting officer for the financial statements

38. 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 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.

39. 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

40. 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.

41. 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

42. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

43. My procedures address the usefulness and reliability of the reported performance information, which must be based on the Municipalitys approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the Municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.

44. 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 development priorities presented in the Municipality’s annual performance report for the year ended 30 June 2022:

Development priorities	Pages in the annual performance report
KPA 2 - Basic Service Delivery and Infrastructure Development	x – x

45. 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.

46. The material findings on the reliability of the performance information of the selected development prioritiesare as follows:

Key Performance Area (KPA) 2 – Basic service delivery and infrastructure development

Length of km of roads tarred

47. The achievement of 2,9 KM roads tarred was reported against target 9,83 km roads tarred in the annual performance report. However, the supporting evidence provided materially differed from the reported achievement. The supporting evidence provided did not agree to the reported achievement and indicated an achievement of 2,9 KM of roads paved which materially differed from the reported achievement.

Performance Indicator (APP&APR)	Planned Target 2021/22	Actual Achievement (APR 2021/22)	Actual achievement as per auditor`s physical Verification
Length of km of roads tarred	9,83 km roads tarred	2,9km roads tarred	2,9 km roads paved

Number of cubic meter of storm water drainage maintained

48. I was unable to confirm that all actual performance achievements that should have been recorded were included in the reported performance information. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to these reported achievements.

Key Performance Indicator	Annual target	Actual Performance as per APR
Number of cubic meter of storm water drainage maintained	950m^3	0

Other matters

49. I draw attention to the matters below.

Achievement of planned targets

50. Refer to the annual performance report on pages xxx to xx for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement 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 xxx to xxx of this report.

Adjustment of material misstatements

51. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 2: Basic service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

52. Included below are material findings on compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

Asset Management

53. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

54. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

55. Capital assets were sold, transferred and/or permanently disposed of that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.

56. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(2)(a) and 14(2)(b) of the MFMA.

Revenue Management

57. An adequate management, accounting and information system which accounts for revenue debtors / receipt of revenue was not in place, as required by section 64(2)(e) of the MFMA.

58. An effective system of internal control for debtors / revenue was not in place, as required by section 64(2)(f) / of the MFMA.

59. Revenue due to the municipality /was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Expenditure Management

60. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred / Correctly classifying expenditure/Accuracy/accounted for creditors / accounted for payments made, as required by section 65(2)(b) of the MFMA.

61. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R319 308 613, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

62. Reasonable steps were not taken to prevent irregular expenditure amounting to R234 757 662 as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

63. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R6 833 440, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Annual Financial Statements, performance and annual report

64. 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 identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the financial statements receiving an qualified audit opinion.

Consequence Management

65. Unauthorised expenditure incurred by the municipality was investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

66. 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 and municipal budget and reporting regulations 75(1).

67. 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 and municipal budget and reporting regulations 75(1).

Procurement and contract management

68. Some of the contracts were awarded to 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.

69. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

70. Some of the construction contracts were awarded to contractors that were not registered with the CIDB or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A).

71. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.

72. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Other information

73. 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 those selected objectives presented in the annual performance report that have been specifically reported in the auditor's report.

74. My opinion on the financial statements and findings on the reported performance information1 and compliance with legislation do not cover the other information and Ido not express an audit opinion or any form of assurance conclusion on thereon.

75. 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 development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

76. I did not receive the other information prior to the date of this auditor's report. When Ido receive and read this information, if Iconclude that there is a material misstatement therein, Iam 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

77. 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.

Summary

78. Management did not prepare regular accurate and complete financial and performance reports that are supported and evidenced by reliable supporting documents.

79. The municipality developed an action plan to address internal and external audit findings, however the action plan did not ensure that root causes that resulted in material findings are resolved

80. The municipality did not review and monitor compliance with legislation. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Material irregularities

81. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

Material irregularities identified during the audit

82. The material irregularities identified are as follows:

Material irregularities in progress

83. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer was not yet due.These material irregularities will be included in the next year's auditor's report.

Status of previously reported material irregularities

Payment for work not done

84. The accounting officer was notified of the material irregularity on 14 December 2019 and the following actions were taken to resolve the material irregularity:

- The accounting officer instituted a preliminary investigation into the matter on 12 February 2020. The preliminary investigation revealed that two officials were directly involved. The municipality issued letters of suspensions in May 2020 for the duration of the investigation.

- In light of the seriousness of the matter the accounting officer appointed a service provider to conduct a formal investigation The investigation into the matter was conducted over a period of three months from June to August 2020. The investigation confirmed that a financial loss had indeed occurred and confirmed the identified officials as responsible. The investigation recommended that the officials be charged with act of misconduct.

- A disciplinary hearing was planned in March for the one official but there was a delay that was caused by the resignation of the accounting officer in March 2021. One official s disciplinary action was held on the 18th May 2021 whilst the other official took early retirement in January 2021. As the officials are no longer in the employment of the municipality the disciplinary proceedings were withdrawn. Attorneys were appointed on the 15 February 2021 for the recoveries of the money from the supplier. There is intention to recover the monies from the retired employee if unable to recoup it from the supplier.

- Court summons were issued the 08 November 2022 in the high court Polokwane were the municipality is lodging a claim of recovery.The summons were delivered to the defendants.

- As at the reporting date,the case is still with Polokwane high court awaiting trial date.

85. I will follow up on the implementation of the planned actions during my next audit.

Other reports

86. I draw attention to the following engagements conducted by various parties which had, or 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. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

SIU Investigation Proclamation no R. 180 OF 2021(GG 44230 dates 05 March 2021)

87. The Special Investigations Unit is currently investigating irregular supplier appointments and non-compliance with supply chain management regulations within the Municipality in line with proclamation R180.

Auditor General

Polokwane

15 December 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

88. 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 development priorities and on the municipality's compliance with respect to the selected subject matters.

Financial statements

89. 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 relating to events or conditions that may cast significant doubt on the ability of the Mogalakwena Local Municipality 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 my 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 municpality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

1. 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.

2. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.