

# Report of the auditor-general to Northern Cape Provincial Legislature and the council on Kamiesberg Local Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Kamiesberg 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 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 and possible 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 Kamiesberg Local Municipality as at 30 June 2022, 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 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

### Basis for qualified opinion

#### Investment Property

3. The municipality did not account for investment property in accordance with GRAP 16, Investment Property as the municipality accounted for properties for which they did not have ownership rights to. This resulted in an overstatement of investment property by R197 685 000. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as investment property as the municipality had included investment property with zero values in the asset register. I could not confirm other land by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to other land stated at R219 021 241 in the financial statements

#### Property, plant and equipment

4. The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. Infrastructure assets roads, water supply, electricity and sanitation were identified that could not be traced to the asset registers. In addition, these infrastructure assets recorded in the asset register could not be verified. Consequently, infrastructure assets included in property, plant and equipment was understated by R45 224 840 (2021: R11 096 413). There was an impact on the accumulated surplus.

5. Outdoor facilities included in Community assets were identified that could not be traced to the asset registers. This resulted in other land and operational buildings being understated by R9 615 729. There was an impact on the accumulated surplus.
6. Other land and operational buildings included in Land and Buildings were identified that could not be traced to the asset registers. This resulted in other land and operational buildings being understated by R8 903 676. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as Other land as the municipality had included other land with zero values in the asset register. I could not confirm other land by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to other land stated at R6 674 207 in the financial statements.
7. The municipality did not classify lease agreements as operating leases where substantially all the risks and rewards incidental to ownership did not transfer to the entity in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) 13, Leases. The entity is party to a number of lease agreements that constitute operating leases but have been accounted for as finance leases. Consequently, property, plant and equipment and long-term borrowings are overstated by R3 409 475 (2021: R839 380) and R2 196 127 (2021: R124 983) respectively, and the current portion of long-term borrowings is overstated by R1 540 883 (2021: R69 811). This also has an impact on the surplus for the period and on the accumulated surplus.
8. The municipality did not meet the subsequent measurement requirements in accordance with GRAP 17, Property, plant and equipment. The remaining useful lives was not reviewed and impairment tests were not performed on property, plant and equipment for the current and prior year although indicators of possible impairment existed. Furthermore, depreciation was incorrectly calculated on land and disposed assets for the current year. The effect on the remaining useful lives not reviewed, impairment tests not performed on property, plant and equipment and incorrect depreciation, amortisation and impairment changes could not be determined as it was impractical to do so. This also has an impact on the surplus for the period and on the accumulated surplus.

### Receivables from exchange transactions

9. The municipality did not correctly assess the allowance for impairment relating to receivables from exchange transactions in accordance with GRAP 104, Financial instruments. As the basis applied to calculate the impairment loss in note 7 does not constitute the difference between the carrying value of receivables from exchange transactions and the present value of the estimated future cash flows. I was not able to determine the impact on receivables from exchange transactions and impairment losses on financial assets as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the balance of receivables from exchange transactions, provision for debt impairment of receivables from exchange transactions and journals passed. I was also unable to confirm the balance disclosed and the impairment of receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from exchange transactions stated R80 057 131 (2021: R72 264 064) and the Provision for debt impairment stated at R80 029 815 (2021: R72 011429).

## Receivables from non-exchange transactions

10. The municipality did not correctly assess the allowance for impairment relating to receivables from non-exchange transactions in accordance with GRAP 104, Financial instruments. As the basis applied to calculate the impairment loss in note 8 does not constitute the difference between the carrying value of receivables from non-exchange transactions and the present value of the estimated future cash flows. I was not able to determine the impact on receivables from non-exchange transactions and impairment losses on financial assets as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the balance of receivables from non-exchange transactions, provision for debt impairment of receivables from non-exchange transactions and journals passed. I was also unable to confirm the balance disclosed and the impairment of receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from non-exchange transactions stated R51 948 591 (2021: R43 078 666) and the Provision for debt Impairment stated at R51 395 443 (2021: R42 531 193).

## Cash and cash equivalents

11. The municipality did not account for all cash received during the current and prior year as the municipality did not perform regular and accurate reconciliations between cash receipts issued and cash received and banked. Consequently, cash and cash equivalents and an unknown account is misstated by an amount in the current and prior year which could not be determined as it was impractical to do so.

## Revenue from exchange transactions

12. I was unable to obtain sufficient appropriate audit evidence for electricity in the current and prior year, as well as water, waste water management services charges, estimates recognised and sales of goods and rendering of services in the prior year as the municipality did not have adequate systems to account for these revenues. I was unable to determine the full extent of the misstatement in revenue from exchange transaction, service charges and receivables from exchange transaction as it was impractical to do so. Consequently, I was unable to determine whether any further adjustments were necessary to service charges stated at R11 010 182 (2021:R16 821 894) in note 21 and sales of goods and rendering of services stated at R124 953 for the prior year in note 22 to the financial statements.
13. The municipality recognised customers as indigent customer without adhering to the indigent policy of the municipality, resulting in the revenue foregone as disclosed in note 21 being overstated and receivables from exchange transactions being understated by R1 044 182 for the current year. In the prior year, all service charges and related revenue foregone have not been recognised in accordance with GRAP 9, Revenue from exchange transactions and IGRAP 1, Applying the probability test on the initial recognition of revenue. This resulted in service charges for the prior year being overstated by R4 771 855, cash and cash equivalents for the prior year by R3 535 425 and receivables from exchange transaction for the prior year by R1 236 430.

## Irregular expenditure

14. The municipality incorrectly accounted for irregular expenditure incurred in the prior year which resulted in irregular expenditure disclosed in note 43.3 to the financial statements being overstated by R2 766 405 in the prior year. In addition, I was unable to obtain sufficient appropriate audit evidence that all irregular expenditure for prior years has been recorded, as the municipality did not have adequate systems and I could not determine this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure stated at R120 325 233 (2021: R111 687 884) in note 43.3 to the financial statements.

## Commitments

15. I was unable to obtain sufficient appropriate audit evidence for contractual commitments in the current year, as the municipality did not have adequate systems and supporting documentation. I was unable to confirm contractual commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the contractual commitments stated at R8 813 418 in note 2.8 to the financial statements.

## Context for the opinion

16. 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.
17. 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.
18. 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

19. I draw attention to the matter below. My opinion is not modified in respect of this matter.
20. I draw attention to note 52 to the financial statements, which indicates that the municipality incurred a net loss of R29 369 500 during the year ended 20 June 2022 and, as of that date the municipality's current liabilities exceeded its current assets by R68 188 125. As stated in note 52, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

## **Emphasis of matters**

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

## **Restatement of corresponding figures**

22. As disclosed in note 37 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**

23. As disclosed in note 44.8 to the financial statements, material electricity losses of R4 017 709 (2020-2021: R4 312 062) was incurred, which represents 32.4% (2020-2021: 34%) of total electricity purchased.

## **Other matters**

24. I draw attention to matters below. My audit opinion is not modified in respect of these matters:

## **Unaudited disclosure notes (MFMA 125)**

25. 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.

## **Unaudited supplementary schedules**

26. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

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

27. 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 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.
28. 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

29. My objective 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.
30. 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

31. 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 objective for selected objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
32. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality’s 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.
33. 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 objective presented in the municipality’s annual performance report for the year ended 30 June 2022:

Objective	Pages in the annual performance report
KPA 1: Service Delivery	x – x

34. 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.

35. The material findings on the usefulness and reliability of the performance information of the selected objective are as follows:

### KPA 1: Service Delivery

#### Various indicators:

36. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement
TL7 - 90% of approved budget spent by 30 June 2022 for the Hondeklipbaai Borehole Development ((Actual expenditure divided by the total approved budget) x 100)	23%
TL 8 - 90% of approved budget spent by 30 June 2022 for Rooifontein Ground Water, desalination, bulk water and Borehole Development ((Actual expenditure divided by the total approved budget) x 100)	33%
TL21 - Limit unaccounted water to less than 12% by 30 June 2022 ((Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (Incl Free Basic water) / Number of Kilolitres Water Purchased or Purified)x100)	0%
TL 26 - Provide free basic water to indigent households as at 30 June 2022	1373
TL 27 - Provide free basic sanitation to indigent households as at 30 June 2022.	238

#### Other matter

37. I draw attention to the matter below.

#### Achievement of planned targets

38. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year 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 31 to 36 of this report.

### Introduction and scope

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

### Annual financial statements, performance reports and annual reports

41. 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 disclosure items identified by the auditors in the submitted 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 financial statements receiving a qualified audit opinion.
42. The local community was not invited to submit representations in connection with the 2020/21 annual report, as required by section 127(5)(a)(ii) of the MFMA.
43. The oversight report adopted by the council on the 2020/21 annual report was not made public, as required by section 129(3) of the MFMA.

### Expenditure management

44. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.
45. Payments were made from the municipality's bank account without the approval of the accounting officer or the chief financial officer or a properly authorised official, as required by section 11(1) of the MFMA.
46. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the authorisation of funds, as required by section 65(2)(a) of the MFMA.
47. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d). The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused non-compliance to supply chain management regulations.
48. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R4 509 354, as disclosed in note 43.2 to the 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 non-payment of overdue accounts.

49. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R55 888 953, as disclosed in note 43.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by over expenditure of approved budget.

### **Revenue management**

50. An adequate management, accounting and information system which accounts for debtors was not in place, as required by section 64(2)(e) of the MFMA.
51. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.
52. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

### **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 was not in place, as required by section 63(2)(c) of the MFMA.
55. Capital assets were disposed of without the municipal council approval.

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

56. A performance management system was not established, as required by section 38(a) of the MSA.
57. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.
58. The performance management system and related controls were not maintained as it did not describe how the performance planning, monitoring, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

### **Procurement and contract management**

59. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
60. Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and met the listing requirements as prescribed by the SCM policy, in contravention of SCM Regulations 16(b) and 17(1)(b). Similar non-compliance was also reported in the prior year.
61. 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.

62. Some of the 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.
63. Sufficient appropriate audit evidence could not be obtained that bid specifications were unbiased and allowed all potential suppliers to offer their goods or services, as required by SCM Regulation 27(2)(a).
64. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM Regulation 22(1) and 22(2).
65. Contracts were awarded to bidders based on points given for criteria that were not stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
66. Sufficient appropriate audit evidence could not be obtained that contracts were awarded through a competitive bidding process that were adjudicated by the bid adjudication committee as required by SCM Regulations 29(1) (a) and (b) and Preferential Procurement Regulations.
67. Sufficient appropriate audit evidence could not be obtained that the accounting officer ratified the decision of bid adjudication committee of awarding contracts to bidders other than those recommended by the bid evaluation committee as required by SCM Regulation 29(5)(b).
68. The preference point system was not applied some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.
69. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11.
70. Some of the contracts were awarded to bidders based on functionality criteria that were not stipulated and differed from those stipulated in the original invitation for bidding, in contravention of 2017 Preferential Procurement Regulation 5(1) & 5(3).
71. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act. Similar non-compliance was also reported in the prior year.
72. Sufficient appropriate audit evidence could not be obtained that invitations to tender for procurement of commodities designated for local content and production, stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulations 8(2).

73. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5).
74. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).
75. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar limitation was also reported in the prior year.
76. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.
77. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA.

#### **Consequence management**

78. 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.
79. 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.
80. 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.

#### **Human Resource Management**

81. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

<b>Other information</b>
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82. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, the other information does not include the financial statements, the auditor's report and those selected objective presented in the annual performance report that have been specifically reported in this auditor's report.

83. 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 on it.
84. 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 objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
85. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is 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 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**

86. 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.
87. Leadership did not exercise oversight responsibility regarding financial, performance reporting, compliance and related internal controls.
88. Leadership did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.
89. Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.
90. Controls over daily and monthly processing and reconciling of transactions were not implemented.
91. Formal controls over IT systems were not designed and implemented to ensure the reliability of the systems and the availability, accuracy and protection of information.

92. Procedures were not implemented to review and monitor non-compliance with legislation which could have been prevented.

*Auditor General*  
Kimberley

02 December 2022



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 objective 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 relating to events or conditions that may cast significant doubt on the ability of the Kamiesberg 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 municipality 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**

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 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.