

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Laingsburg Municipality

## Report on the audit of the financial statements

### Adverse opinion

1. I have audited the financial statements of the Laingsburg Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the financial statements do not present fairly, in all material respects, the financial position of the Laingsburg 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 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (DoRA).

### Basis for adverse opinion

#### Property, plant, and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant, and equipment, due to inadequate information presented in the fixed assets register. I was unable to confirm the physical assets by alternative means. I was also unable to obtain sufficient and appropriate audit evidence of the adjustments on the balances previously disclosed due to insufficient supporting information. Consequently, I was unable to determine whether any adjustments relating to property, plant, and equipment of R190 796 446 (2021: 202 678 338) as disclosed in note 7, depreciation and amortisation of R9 117 123 (2021: 10 988 220) as disclosed in note 32, Impairment losses as disclosed in note 33 of R1 535 793 (2021: 739 600) and contracted services of the prior year (2021) as disclosed in note 36 of R7 477 323 to the financial statements were necessary.
4. Also, the municipality did not account for its infrastructure asset additions at the appropriate purchase price, in accordance with GRAP 17, *Property, Plant, and Equipment*. The municipality did not maintain proper records management so that additions are recorded at amounts evidenced by supporting documentation. Consequently, property, plant and equipment is overstated by R5 653 244.
5. In addition, the municipality did not write off expenditure on projects which were discontinued and where no future economic benefits are expected as required by GRAP 17, *Property, Plant,*

and Equipment. Consequently, property, plant and equipment is overstated by R1 306 213 and loss on disposal of property, plant and equipment is understated by the same amount.

6. Furthermore, the municipality did not disclose in note 7.5 infrastructure assets under construction valued at R5 218 686, for which there was no capital expenditure for three years, as required by GRAP 17.

## Revenue from exchange transactions

### Service charges

7. I was unable to obtain sufficient and appropriate audit evidence to confirm the value of consumed services provided and amount due to the municipality due to faulty conventional water and electricity meters. I was unable to confirm the service charges through alternative means. Consequently, I was unable to determine if any adjustments to revenue from exchange transactions: service charges of R22 834 044 as disclosed in note 24, receivables from exchange transactions amounting to R5 220 521 as disclosed in note 3, and impairment losses amounting to R21 723 900 as disclosed in note 33 were required to the financial statements.

### Interest, dividends and rent on land earned

8. The municipality did not correctly calculate interest charged on outstanding debtor accounts in accordance with the GRAP 9, *Revenue from exchange transactions*, as the municipality only raised interest on the current outstanding balance and not the accumulated balance in the current financial year. Consequently, the interest, dividends and rent on land earned as disclosed in note 28 is understated by R7 101 002 and Receivables from exchange transactions is understated with the same amount in the current year. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

## Revenue from non-exchange transactions

### Fines, penalties, and forfeits

9. The municipality did not record all the provincial traffic fines, as required by GRAP 23, *Revenue from non-exchange transactions*, due to the municipality not performing the required reconciliations. I was unable to determine the impact on the amount of fines revenue as it was impracticable to do so.
10. Additionally, the municipality did not record revenue of traffic offences at the full amount. Consequently, fines, penalties and forfeits in note 20 and Statutory receivables from non-exchange transactions in note 5 are understated by R2 071 878. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

### Transfers and subsidies

11. The municipality only disclosed in note 22 the amount received from the National Treasury instead of its DoRA equitable share allocation as required by GRAP 23, *Revenue from non-exchange transactions*. Consequently, the disclosure included in transfers and subsidies in note 22 is understated by R7 103 000.

### Property rates

12. The municipality incorrectly levied agricultural properties incorrectly and afforded rebates not due to these properties as required by GRAP 23, *Revenue from non-exchange transactions*. Consequently, the amounts disclosed in note 19 to the financial statements for property rates levies and rates rebates are overstated by R9 349 507 and R8 385 324, respectively. This also impacts the comparative figures, but it was impractical to determine the extent of the misstatement. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

### Surcharges and taxes

13. The municipality did not appropriately recognise in note 23 the VAT portion of capital grants spending as required by GRAP 17, *Property, Plant, and Equipment*, resulting in the overstatement of R1 035 394 of the unspent conditional grants and receipts, transfers and subsidies ,property plant and equipment and surcharges and taxes by the same amount. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

### Receivables from exchange transactions

14. The municipality did not apportion the outstanding balances between the amounts recoverable in the next twelve months and the amount not recoverable in the next twelve months, as required in terms of GRAP 1, *Presentation of Financial Statements*, which resulted in the current portion of accounts receivable disclosed in note 3 being overstated by R1 029 149 and the non-current portion understated by the same amount.

### Statutory receivables from non-exchange transactions

15. I was unable to obtain sufficient and appropriate audit evidence that receivables from non-exchange transactions, disclosed in note 5 to the financial statements, had been appropriately recorded, as the municipality did not submit a full age analysis listing of the traffic fines receivable. I was unable to confirm through alternative means. Consequently, I was unable to determine if any adjustment was required to be made to the fines receivables disclosed at R5 482 713 in note 5 to the financial statements.

### Statutory receivables from exchange transactions

16. I was unable to obtain sufficient and appropriate audit evidence to confirm the Value Added Tax (VAT) receivable as the municipality had not submitted all VAT returns by 30 June 2022. Alternative procedures could not be performed to confirm the reliability of the VAT receivable. Consequently, I was unable to confirm if any adjustments were required to the statutory receivables from exchange transactions disclosed in note 4 of the financial statements at R6 175 830.

### Payables from exchange transactions

17. The municipality did not appropriately accounted for the 1% National Treasury payments towards the outstanding audit fees payable in accordance with GRAP 1, *Presentation of Financial Statements*. Consequently, payables from exchange transactions as disclosed in

note 13 understated by R2 698 841 (2021: 1 997 330), operational costs in note 40 is understated by R2 679 414 (2021: 2 908 263) and transfers and subsidies is understated by R5 378 255 (2021: 2 096 077).

18. The municipality inappropriately capitalised in note 7 the VAT input from its capital spending as part of the asset purchase prices, contrary to GRAP 17, *Property, Plant, and Equipment* requirements. Consequently, property, plant and equipment and payables from exchange transactions are overstated by R1 523 602 (2021: 1 523 602).

### Inventory

19. I was unable to obtain sufficient and appropriate audit evidence for Inventory as the municipality did not have an adequate system of records management to account for inventory consumed due to bulk water meters not working effectively during the financial year. I was unable to confirm the inventory by alternative means. Consequently, I was unable to determine whether adjustments relating to Inventory of R306 365 (2021: 640 536) disclosed in note 2, the inventory consumed of R2 591 486 (2021: 2 293 690) as disclosed in note 37 and material losses as disclosed in note 40.4 and note 47.1.10 of R1 809 150 (2021: 1 704 341) to the financial statements were necessary.

### Provisions

20. The municipality did not value the rehabilitation of landfill sites provision in note 17 of the annual financial statements based on the obligation to rehabilitate by the next financial year as required by the licence to operate and GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets*. Consequently, provisions and property, plant and equipment were understated by R1 778 529.

### Contracted services

21. The municipality inappropriately recognised wages paid under the Expanded Public Works Programme as contracted services in note 36 instead of the employee related costs as required by GRAP 25, *Employee Benefits*. This has resulted in the overstatement of contracted services in note 36 by R1 238 978 and the understatement of employee related costs in note 30 by the same amount. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

### Impairment losses

22. I was unable to obtain sufficient and appropriate audit evidence could not be obtained over the Impairment losses as disclosed in note 33.2 of the financial statements as the amounts disclosed within this note does not agree with the impairment disclosed in note 3, receivables from exchange transactions, note 5, statutory receivables from non-exchange transactions. Consequently, I am unable to determine if any adjustments relating to the impairment note of R21 723 900 (2021: 16 913 999) were necessary.

### Change in accounting estimates

23. The municipality did not disclose all changes in estimates made in the financial statements as required by GRAP 3, *Accounting Policies, Changes in Accounting Estimates and Errors*. The

change in estimate adjustments made to the provisions to decommissioning, restoration, and similar liabilities as disclosed in note 17 of the financial statements has not been disclosed in note 44: change in accounting estimates. Consequently, the change in estimates disclosure is understated with R11 980 598 (2021: 5 819 889) in the financial statements.

### Financial instruments

24. The municipality did not make all the qualitative and quantitative disclosures required by GRAP 104, *Financial Instruments* as disclosed in note 49. Some financial instruments were incorrectly recorded and not in accordance to the reporting requirements. I was unable to determine the full extent of the omitted disclosure as it was impractical to do so.

### Principal-agent disclosures

25. The municipality did not appropriately disclose the principal-agent arrangements to which it is a party, as required by GRAP 109, *Accounting by Principals and Agents* as no separate disclosure was included within the financial statements. I was unable to determine the full extent of the omitted disclosure as it was impractical to do so.

### Segment reporting

26. The municipality did not appropriately account for the segment report as disclosed in note 57 and as required by GRAP 18, *Segment Reporting* as various calculation differences were identified from the supporting schedules, the reporting segments was not linked to the general information disclosed in the financial statements and various reconciliations was not performed. I was unable to determine the full extent of the omitted disclosure as it was impractical to do so.

### Statement of comparison of budget and actual amounts

27. The municipality did not appropriately disclose the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of Budget Information in Financial Statements*, as various disclosure misstatements were identified that do not provide a fair presentation which will assist users in understanding the material departures from the approved budget. I was unable to determine the full extent of the omitted disclosed as it was impracticable to do so.

### Cash flow statement

#### Net cash flows from operating activities

28. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R6 541 151 in the financial statements were necessary.

### Net cash flows from investing activities

29. The municipality did not correctly prepare and disclose the net cash flows from investing activities as required Standards of GRAP 2. This was due to multiple errors in determining cash flows from investing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from investing activities as stated at R136 288 in the financial statements were necessary.
30. Additionally, sufficient and appropriate audit evidence could not be obtained for sub-notes to the Cash flow statement with the heading "Allocation for Cash" or "Calculation of cash flow" included in notes 2 to 9, note 11 to 31 and note 33 to 41 to the financial statements. These disclosures are not required by GRAP, and no accounting policy related to these disclosures was developed and included in the financial statements.

### Corrections of errors

31. I was unable to obtain sufficient and appropriate audit evidence for the prior year adjustments disclosed in note 42 and 43 due to the status of the accounting records. I was unable to confirm the disclosures of these adjustments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the prior year adjustments as disclosed in the financial statements.

### Unspent conditional grants

32. During 2021, I was unable to obtain sufficient appropriate audit evidence for unspent conditional grants due to the status of the accounting records. I was unable to confirm the liability by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figures of the unspent conditional liability opening balance of R8 401 013 as disclosed in note 14 of the financial statements. My audit opinion in the financial period ended 2020-21 was modified accordingly. My opinion on the current year financial statements are also modified because of the possible effect of this matter on the comparability of the unspent conditional grants for the current period.

### Operational Costs

33. The municipality inappropriately recognised in the prior financial year change in estimate adjustment on the non-current provisions, as contributions to provisions under operational cost as disclosed in note 40 to the financial statements rather than property, plant and equipment, as required by GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets*. Consequently, the operational cost was overstated by R5 819 889 in the 2021 year, with property, plant and equipment being understated by the same amount. My opinion on the current year financial statements is modified because of the effect of this matter on the comparability of the operational costs as well as the property, plant and equipment for the current year.

## **Context for the opinion**

34. 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.
35. 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.
36. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

## **Other matter**

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

## **Unaudited disclosure notes**

38. In terms of section 125(2)(e) of 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, we do not express an opinion thereon.

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

39. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA 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.
40. 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**

41. 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.

42. 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

43. 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 objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

44. 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.

45. 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
Strategic Objective 6 – Provision of infrastructure to deliver improved services to all residents and business	45 – 49

46. 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.

47. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective.

## Other matters

48. I draw attention to the matters below:

### Achievement of planned targets

49. Refer to the annual performance report on pages 45 to 49 for information on the achievement of planned targets for the year and management's explanations provided for the underachievement of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

50. 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.

51. The material findings on compliance with specific matters in key legislation are as follows:

### Strategic Planning and Budgeting

52. Amendments to the IDP were made without making the proposed amendments available for public comment, as required by section 34(b) of the MSA and municipal planning and performance management regulation 3(4)(b) and/or 15(1)(a)(ii).

53. Amendments to the IDP were made without consultation with the district municipality, as required by municipal planning and performance management regulation 3(6)(a).

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

54. 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 adverse audit opinion.

### Procurement and contract management

55. 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).

56. 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.

## Expenditure management

57. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R7 681 235 as disclosed in note 46.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by the overspending of the respective municipal votes.
58. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R535 553, as disclosed in note 46.2 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 interest on late payments.
59. Reasonable steps were not taken to prevent irregular expenditure amounting to R5 400 157 as disclosed in note 46.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the Supply Chain Management (SCM) regulations.

## Utilisation of conditional grants

60. Performance in respect of programmes funded by the 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 Division of Revenue Act (Act 9 of 2021).

## Consequence management

61. 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.
62. 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.
63. 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

64. 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.
65. 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.
66. 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.

67. 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

68. 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 adverse opinion and the findings on compliance with legislation included in this report.
69. Leadership was not effective in ensuring that good governance was in place that set the tone of accountability to protect and enhance the interests of the municipality. Instability in the office of the mayor hindered the creation of policies, systems and processes allowing the municipality to build stable capacity, enhance the skills of officials and create a culture of good financial and performance disciplines and compliance.
70. Leadership did not provide sufficient oversight over the implementation and monitoring of a sound control environment and the development of policies and procedures. Leadership did not act on audit recommendations made in the prior year and did not honour previous commitments made through the development and implementation of an effective action plan, resulting in many of the findings recurring.
71. Leadership did not put measures in place to reduce continuous reliance on consultants, by implementing processes to ensure that staff were sufficiently and adequately upskilled and that the performance of staff was monitored. Additionally, there was no transfer of skills and knowledge from consultants to staff to reduce reliance on consultants in future. Consequently, any improvements made in addressing audit findings of prior periods by the reliance placed on consultants, may not be sustainable.
72. Management did not implement the required financial disciplines such as proper record keeping, monthly reconciliations and the review of accounting records as well as ensuring financial statements adhere to the accounting framework. The material misstatements were exacerbated by the fact that management did not ensure that information was timeously gathered and filed appropriately to support information reported on. There was no regular preparation of financial statements to enable an adequate and regular review thereof throughout the year in order to identify areas of issues relating to the reporting framework.
73. Governance structures, i.e. the audit committee and the internal audit, were not effective in ensuring that good governance practices were in place by engaging management to prepare and monitor action plans to address the previous year's audit issues, as well as proper implementation thereof

# Auditor - General

Cape Town

31 January 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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

74. 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**

75. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
76. 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.
77. 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
78. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
79. 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 Laingsburg 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
80. 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.**

81. 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.

82. 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.