Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Beaufort West Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Beaufort West Municipality set out on pages 3 to 101, which comprise the statement of financial position as at 30 June 2021, 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 possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Beaufort West Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence that the municipality recognised all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment,* as I was unable to confirm that all items of property, plant and equipment were recorded due to the status of accounting records.

4. Additionally, the impairments of property, plant and equipment were not reviewed at each reporting date in accordance with GRAP 17. I was unable to determine the impact on the net carrying amount of plant and equipment, reversal of impairment loss/(impairment loss) on property plant and equipment and the depreciation and amortisation as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment, stated at R528,4 million (2019-20: R541,0 million) in note 2.1 and 2.2 to the financial statements and to the depreciation and amortisation, stated at R21,3 million (2019-20: R22,6 million) in note 37 to the financial statements.

Revenue from exchange transactions – service charges

5. The municipality did not have adequate systems to maintain records to account for rebates given to indigents. This resulted in revenue from exchange transactions – service charges and being understated by R12,3 million (2019-20: R19,8 million). Consequently, receivables from exchange transactions being are understated by R12,3 million (2019-20: R19,8 million). Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

6. I was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions – service charges had been properly accounted for due to the status of the accounting records. I was unable to confirm the revenue from exchange transactions – service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from exchange transactions – service charges, stated at R121,1 million (2019-20: R126,7 million) in note 28 to the financial statements.

Revenue from exchange transactions – Interest earned

7. I was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions – interest earned from service charges had been properly accounted for due to the status of the accounting records. I was unable to confirm the revenue from exchange transactions – interest earned from service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from exchange transactions – interest earned from service charges, stated at R9,6 million in note 32 to the financial statements.

Receivables from exchange transactions

8. I was unable to obtain sufficient and appropriate audit evidence that receivables from exchange transactions had been properly accounted for due to the status of the accounting records. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the receivables from exchange transactions, stated at R20,0 million (2019-20: R24,6 million) in note 10 to the financial statements.

Investment property

9. The municipality did not recognise all property held to earn rental or for capital appreciation as investment property in accordance with GRAP 16, *Investment property*. Investment property was incorrectly recognised as property, plant and equipment. Consequently, investment property was understated and property, plant and equipment was overstated by R5,4 million (2019-20: R5,4 million).

Taxes

10. I was unable to obtain sufficient and appropriate audit evidence that taxes had been properly accounted for due to the poor quality of the accounting records. I was unable to confirm the taxes by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the taxes, stated at R9,8 million (2019-20: R9,1 million) in note 21 to the financial statements.

Trade and other payables from exchange transactions

11. The municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with GRAP 1, *Presentation of financial statements*. The municipality did not have adequate systems to maintain records of trade and other payables from exchange transactions for goods and services received, but not yet paid for. This resulted in trade and other payables from exchange transactions being overstated by R5 million.

Expenditure

12. Expenditure was materially misstated by R5,5 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

    - Bulk purchases, contracted services, employee related cost and operational costs was overstated by R4,8 million due to management not having adequate systems to record expenditure transactions.

    - Contracted services and operational expenditure were in aggregate overstated by R0,7 million due to management not having adequate processes in place to determine the appropriate classification of expenditure transactions.

13. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

Statement of comparison of budget and actual amounts

14. The municipality did not correctly prepare and disclose the cash flow from operating activities disclosed in the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of budget information in financial statements*. This was due to multiple errors in determining cash flows from operating activities. Consequently, the effect of the misstatement is:

    - Receipts from taxation is overstated by R14,4 million
    - Receipts from service charges is understated by R43,4 million
    - Receipts from other revenue is overstated by R29 million
    - Receipts from government grants and subsidies – operating is understated by R3,6 million
    - Receipts from government grants and subsidies – capital is overstated by R3,6 million

Statutory receivables

15. The municipality's analysis of receivables that are past due that have not been impaired in note 53, statutory receivables was incorrectly calculated, which constitutes a departure from GRAP 108, *Statutory receivables.* This has resulted in the ageing of amounts past due but not impaired being understated by R203,7 million (2019-20: R212,3 million)

Irregular expenditure

16. The municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments amounting to R3,9 million (2020: R15,0 million) made in contravention of the supply chain management requirements, which were not disclosed as irregular expenditure. I was unable to determine the impact on the understatement of irregular expenditure – current year, stated at R18,0 million (2019 20: R41,0 million) in note 49.3 to the financial statements as it impracticable to do so

Corresponding figures for 30 June 2020

Reversal of impairment loss / (impairment loss) on receivables

17. During the 2019-20 financial year, I was unable to obtain sufficient and appropriate audit evidence that the impairment loss on receivables had been properly accounted for due to the status of the accounting records. I was unable to confirm the impairment loss on receivables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the impairment loss on receivables, stated at R48,7 million in note 42 to the financial statements corresponding figures for 30 June 2020.

18. My audit opinion on the financial statements for the period ended 30 June 2020 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 reversal of impairment loss / (impairment loss) on receivables for the current period.

Context for the opinion

19. 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.

20. 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.

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

Material uncertainty relating to going concern/ financial sustainability

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

23. I draw attention to the statement of financial performance in the financial statements, which indicates that the municipality incurred a net loss of R28,9 million (2019-20: net loss of R13,5 million) during the year ended 30 June 2021 and, as of that date, the municipality's current liabilities exceeded its current assets by R58,3 million (2019-20: net current liability position of R36,5 million). These events or conditions, along with other matters as stated in disclosure note 56 to the financial statements, 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

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

Restatement of corresponding figures

25. As disclosed in note 44 to the annual financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors identified in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Material impairments

26. As disclosed in note 6 to the annual financial statements, the municipality provided for the impairment of non-current receivables from exchange transactions amounting to R5,4 million (2019-20: R2,0 million).

27. As disclosed in note 11 to the annual financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R232,9 million (2019-20: R193,5 million).

Material losses

28. As disclosed in note 50.8 to the annual financial statements material water losses of 1 456 276 kilolitres (2019-20: 1 598 802 kilolitres) were incurred which represents units lost during distribution of 49,9% (2019-20: 56,5%).

29. As disclosed in note 50.8 to the annual financial statements material electricity losses of 8 164 594 kilowatt hours (2019-20: 7 935 970 kilowatt hours) were incurred which represents units lost during distribution of 14,8% (2019-20: 14,7%).

Other matters

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

Unaudited disclosure notes

31. 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

32. The supplementary information set out on pages 102 to 112 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 thereon.

Responsibilities of the accounting officer for the financial statements

33. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

34. 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

35. 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.

36. 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

37. 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.

38. 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.

39. 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 priority presented in the municipality's annual performance report for the year ended 30 June 2021:

Development priority	Pages in the annual performance report
KPA 1 – basic services delivery and infrastructure development	10 – 11 [c) Provide for the needs of indigent households through improved services. TL5, TL6, TL7, TL8] 11 – 13 [d) Provision of basic services to all the people in the municipal area. TL1, TL2, TL3, TL4, TL25, TL26, TL27, TL28, TL29 and TL30] 16 [h) To improve and maintain current basic service delivery through specific infrastructural development projects. TL9 and TL24]

40. 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.

41. The material findings on the usefulness and reliability of the performance information of the selected development priority are as follows:

KPA 1: Basic services delivery and infrastructure development

TL1 – Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure and which is billed for water or have prepaid meters as at 30 June 2021

Reported achievement not supported by sufficient appropriate audit evidence

42. I was unable to obtain sufficient appropriate audit evidence for the achievement of 15 388 reported against target 13 500 in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

TL5 – Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2021

Reported achievement did not agree with the evidence provided

43. The achievement of 7 244 was reported against a target of 5 600 in the annual performance report. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Other matter

44. I draw attention to the matter below.

Achievement of planned targets

45. Refer to the annual performance report on pages 10 to 11, 11 to 13 and 16 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 40 to 42 of this report.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements

48. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

49. 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, revenue, expenditure and 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.

Procurement and contract management

50. Some of the 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 Supply Chain Management (SCM) Regulation 13(c). Similar non-compliance was also reported in the prior year.

51. 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. Similar non-compliance was also reported in the prior year

52. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM Regulations 19(a) and 36(1). Similar non-compliance was also reported in the prior year.

53. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000. Similar non-compliance was also reported in the prior year.

54. Some of the invitations to tender for procurement of commodities designated for local content and production, did not stipulate 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.

55. 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. Similar non-compliance was also reported in the prior year

Expenditure management

56. Payments were made from the municipality's bank accounts without the approval of a properly authorised official, as required by section 11(1) of the MFMA.

57. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval of funds as required by section 65(2)(a) of the MFMA.

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

59. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed did not reflect the full extent of the

irregular expenditure incurred as the full extent of the irregular expenditure could not be quantified as indicated in the basis for qualified opinion paragraphs. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management legislation.

60. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R102,9 million as disclosed in note 49.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by over-expenditure on the approved budget.

Assets management

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

Consequence management

62. 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.

63. 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.

64. 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.

Revenue management

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

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

67. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Strategic planning and performance management

68. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.

69. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

Other information

70. 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 the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.

71. 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.

72. 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 priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

73. I did not receive all the other information prior to the date of this 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

74. 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.

75. Leadership was not effective in ensuring that good governance was in place to protect and enhance the interests of the municipality, as procedures and policies were not properly implemented. Despite the recurring findings, leadership did not create a culture of good governance, as evidenced by the lack of review of compliance with legislation, and lack of policies and procedure for capturing and processing information that affect the annual financial statement and the annual performance report. Leadership also 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 action plan. Coupled with this, the audit committee and the internal audit were not effective in ensuring that good governance is in place to protect and enhance the interests of the municipality, as standard operating procedures, audit action plans and risk management were not developed and implemented.

76. Leadership did not provide sufficient oversight over the implementation and monitoring of controls to prevent non-compliance in the preparation of the financial statements, procurement and contract management, as well as the management of revenue, expenditure, assets, strategic planning and performance which resulted in a breakdown of controls. Leadership also did not provide adequate oversight over the preparation of the annual financial statements and annual performance report to ensure that they were free from material misstatements and supported by sufficient appropriate evidence. Adequate consequence management processes were also not implemented to address the instances of non-compliance and breakdown of controls in the preparation of the financial statements and annual performance report which led to material misstatement in both.

77. Leadership did not put measures in place to reduce continuous reliance on consultants, by implementing processes to ensure that staff were sufficiently and adequately trained and that the performance of staff was monitored, measured and evaluated. Additionally, there was no transfer of skills and knowledge from consultants to staff to reduce reliance on consultants in future.

78. Leadership did not implement the required financial disciplines such as proper record keeping, monthly reconciliations and the review of accounting records and financial statements to ensure adherence to the accounting framework. This consequently resulted in numerous instances of non-compliance with key legislation, material misstatement in the annual financial statements and material misstatement in the annual performance report. These 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. Furthermore, management did not prepare regular financial statements to enable an adequate and regular review of the financial statements throughout the year, thereby identifying emerging risks presented by the reporting framework for the preparation of the annual financial statements.

79. Instability in the office of the municipal manager and chief financial officer hinders the creation of systems and processes to enhance the skills of officials and create a culture of compliance of good financial disciplines.

Material irregularities

80. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit

Material irregularities in progress

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

Other reports

82. 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.

83. The internal audit unit performed an investigation into the appointment and contract management in relation to an award made to a company. It was alleged that the award made to the company was not made in accordance with the MFMA, that payments made in relation to the contract exceeded the contract amount and that the payments were approved by an official who did not have the authority to do so in terms of the approved delegation of powers. The investigation concluded that the municipality does not have an effective and efficient contract management policy and system in place and that there was an overpayment on the contract and the amounts in relation to overpayment should be recovered from those liable. The investigation into the contract is presently with the Hawks for further investigation. The internal audit unit submitted their final report to the audit committee.

Auditor General

Cape Town

15 March 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 the selected development priority 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 Beaufort West 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.