

AFS, YEAR-END & AUDIT PROCESS

NON-DELEGATED MUNICIPALITIES CFO FORUM

Presenter: ASR | 7 November 2016



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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INTRODUCTION

AFS submission and Audit cycle 2016

- Year end letter – Apr 2016
- Year end plans reviewed – May/Jun 2016
- CFO forum – Jun 2016
- AFS submission – Aug and Sep 2016
- Audit – Sep to Nov 2016

INTRODUCTION

Municipalities

- Objectives for municipalities set out in s152 of Constitution, “within its financial and administrative capacity”.

OAG’s role in this context

- To promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of institutions in all three spheres of Government.
 - *Develop policies and frameworks on Accounting, Internal Audit and Risk Management.*

ASR’s role

- Responsible for the implementation of GRAP standards, accounting policies, reporting frameworks and other accounting guidelines;
- Assist with resolution of specific problems;

INTRODUCTION

ASR's role (continued)

- Manage transversal interaction with the Auditor-General's Office;
- Provide support to all clients in relation to all accounting related matters;
- Resolution of audit outcomes and following up on issues and recommendations of the Specialised Audit Services unit.

STATUS

Municipality	Year end plan received	Audit committee invite	AFS checklist	Audit progress response received
NMB	Received	Received	Received	Received
Buffalo City	Received	Received	Received	Received
CoCT	Received	Received	Received	Received
CoJ	Received	Received and attended	Not received	Update received
CoT	Received	Received and attended	Received	Update received
Ekurhuleni	Received	Not received	Received	Update received
Ethekwini	Received	Received and attended	Not received	Update received
George	Received	Received	Received	Received
Mafikeng	Not received	Received however not attended	Not received	No update received
Mangaung	Received	No audit committee meeting held. Contract of audit committee members expired	Received	Update received
Mbombela	Received	Received	Received	Received
Msunduzi	Received	Not received	Not received	No follow-up
OR Tambo	Received	Received	Received	Received
Polokwane	Received	Received	Received Internal Audit review checklist	Update received
Rustenburg	Not received	No audit committee meeting held	Not received	Update received
SolPlaatje	Received	Received and attended	Not received	Update received
uMhlathuze	Received	Not received	Not received	Update received

OBJECTIVE

- Year-end letter, year-end plan and subsequent review feedback request the following:
 - Preparation of year-end plan
 - *To prepare and ensure timeous, quality AFS submission*
 - Invitation to audit committee meetings dealing with AFS
 - *To obtain inputs and advice from AS&R on AFS to be submitted*
 - AFS checklist
 - *To ensure that AFS are GRAP compliant and of acceptable quality*
- CFO forum and periodic follow ups on audit progress and material findings
 - *To obtain technical accounting and financial management advice from ASR, AGSA and ASB through trilateral meeting (on transversal matters)*

DISCUSSION/RESOLUTIONS

- Note
 - Despite overall improvements in audit outcomes, still some stagnation and regression in certain areas and certain municipalities;
 - A significant number of audit findings still repetitive with poor internal controls being the root cause;
 - Poor submission levels and non-response to initiatives such as these discussed, which are geared at supporting municipalities to improve financial management.

What are municipalities recommending or committing to in forthcoming cycle?