

**Ephraim Mogale Local Municipality**  
Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand	2015	2014
<b>50. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year	500,000	450,000
Amount paid - current year	(500,000)	(450,000)
	-	-
<b>Material losses through criminal conduct</b>		
Management is not aware of any material losses through criminal conduct.		
<b>Audit fees</b>		
Current year fees	2,049,682	2,936,651
Amount paid - current year	(2,049,682)	(2,936,651)
	-	-
<b>PAYE and UIF</b>		
Current year	6,319,425	5,840,987
Amount paid - current year	(6,319,425)	(5,840,987)
	-	-
<b>Pension and medical aid deductions</b>		
Current year	4,253,414	3,560,199
Amount paid - current year	(4,253,414)	(3,560,199)
	-	-
<b>VAT</b>		
VAT receivable	2,043,013	4,394,788
VAT output payables and VAT input receivables are shown in note 7.		
All VAT returns have been submitted by the due date throughout the year.		
<b>Councillors' arrear consumer accounts</b>		
No councillors had arrear accounts outstanding for more than 90 days at 30 June 2015.		

# Ephraim Mogale Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
<b>50. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Supply chain management regulations</b>		
In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Council. The expenses incurred as listed hereunder have been condoned.		
<b>Emergency</b>		
Mpisi Electrical Network	32,118	-
<b>Sole supplier or agent</b>		
BB Truck and Tractor	2,637,121	-
IMFO	7,652	-
Komatsu	2,919,084	-
Trolley and Bin	791,908	-
<b>Impossible or impractical</b>		
Bushfellows	13,494	-
Club News and Printing t/a The Voice	8,200	-
Environment and Sustainable Solutions cc	55,205	-
Euphoria Golf Estate	114,582	-
Forever Resorts Warmbaths	24,220	-
Forsdyck Workwear cc	86,993	-
Karibu Leisure Resorts	11,716	-
Protea Hotels Parktonian	9,775	-
Thaba Moshate Hotel and Casino	2,720	-
The Whitehouse Guesthouse	40,845	-
Twain 2	102,917	2,032,135
Protea Hotel	-	7,120
Amper Alles	-	10,555
Thandozi Trading	-	439,250
Miki Masemola Transport	-	2,500
Monoka Tours	-	3,500
MCRS	-	13,700
Peza Catering	-	2,500
Madelv Civil and Building Construction	-	460,161
Bolivia Lodge	-	10,205
BCC Funeral	-	4,100
Blyd Canon	-	2,040
Bison Mining	-	15,920
Loskop Radio	-	18,691
Moleke Projects	-	461,700
Impact	-	213,032
Odd jobs	-	15,064
	<b>6,858,550</b>	<b>3,712,173</b>

### 51. Budget differences

Material differences between budget and actual amounts

**Ephraim Mogale Local Municipality**  
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**51. Budget differences (continued)**

**51.1 Service charges**

Billing for Conventional Electricity over-projected. No material variance on refuse.

**51.2 Other Income**

Sekhukhune Write-Off.

**51.3 Interest received**

Unrealistic projection of Investment income which was based on incremental budgeting.

**51.4 Government grants and subsidies**

No material variance on Grants and Subsidies

**51.5 Fines**

Accounting correctly for traffic fines IGRAP.

# CHAPTER 6: AUDITOR GENERAL REPORT

## COMPONENT A: AUDITOR GENERAL'S OPINION OF FINANCIAL STATEMENTS

### 6.1 Auditor General's Report

# **Report of the auditor-general to the Limpopo provincial legislature and the council on Ephraim Mogale Local Municipality**

## **Report on the financial statements**

### **Introduction**

1. I was engaged to audit the financial statements of the Ephraim Mogale Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2015, 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 the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for disclaimer of opinion**

#### **Property, plant and equipment**

4. The municipality did not assess property, plant and equipment for impairment as required by SA Standards of GRAP 21, *Impairment of non-cash generating assets*. Furthermore, the municipality did not assess the appropriateness of residual values and useful lives of items of property, plant and equipment as required by SA Standards of GRAP 17 *Property, plant and equipment*. There were no satisfactory alternative audit procedures that I could perform. Consequently I was unable to determine whether any adjustment relating to property, plant and equipment stated at R793 054 824 (2014: R788 573 861) as it was impractical to do so.
5. The municipality did not separately depreciate items of property, plant and equipment in accordance with SA Standards of GRAP 17, *Property, plant and equipment*. Included in property plant and equipment of R793 054 824 (2014: R788 573 861) is a balance of R695 927 108 (2014: R695 725 623) of infrastructure assets that have not been depreciated separately as these assets were not componentised. I was unable to obtain sufficient

appropriate audit evidence that items of property, plant and equipment had been appropriately recorded, as the municipality did not have adequate systems and I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustment to property, plant and equipment stated at R793 054 824 (2014: R788 573 861) in the financial statements was necessary.

6. The municipality did not recognise all items of property, plant and equipment in accordance with SA Standards of GRAP 17, *Property, plant and equipment*. I identified land and equipment belonging to the municipality that was not included in the underlying records, as the municipality did not have adequate systems. There were no satisfactory alternative procedures that I could perform to quantify the extent of the understatement of property, plant and equipment stated at R793 054 824 (2014: R788 573 861) as per the statement of financial position. Additionally, there is a resultant impact on the accumulated surplus.
7. I was unable to physically verify assets that were recorded in the underlying records of the municipality, as the municipality did not maintain an asset register with full details of assets owned. There was no system of control on which I could rely for the purpose of my audit to obtain reasonable assurance that recorded assets are not overstated. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment of R793 054 824 (2014: R788 573 861) in the financial statements was necessary.
8. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property, plant and equipment in the financial statements. As described in note 43, the restatement was made to rectify a prior year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment to the property, plant and equipment corresponding figure stated at R788 573 861 in the financial statements was necessary.

## Investment property

9. The municipality recognised items that did not meet the definition of investment property in accordance with SA Standards of GRAP 16, *Investment property*. I identified land that was recorded as investment property instead of inventory. Furthermore, I identified similar properties that had not been included in the investment property register. There were no satisfactory alternative procedures that I could perform to quantify the extent of the overstatement of investment property of R118 087 200 (2014: R114 048 000) in the financial statements. Additionally, there was a resultant impact on inventory, surplus for the period and the accumulated surplus.
10. The municipality recognised items that did not meet the definition of investment property in accordance with SA Standards of GRAP 16, *Investment property*. Reconstruction and Development Programme (RDP) houses amounting to R5 583 000 (2014: R5 460 000) were incorrectly recorded as investment property. Due to the matters reported on in the preceding paragraph, the net impact on the investment property balance could not be determined.

## Cash and cash equivalents

11. I was unable to obtain sufficient appropriate audit evidence to support the bank reconciling items of R119 907 608 in respect of cash and cash equivalents, as the municipality did not have adequate systems and I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments to cash and cash equivalents stated at R81 866 825 (2014: R49 745 011) disclosed in the financial statements was necessary.
12. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for cash and cash equivalents. As described in note 43, to the financial statements, the restatement was made to rectify a prior year misstatement, but the

restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment to the cash and cash equivalents corresponding figure stated at R49 745 011 in the financial statements was necessary.

## Payables

13. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for all payables, due to the status of the accounting records. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any adjustments to trade payables stated at R18 775 030 (2014: R9 675 159) in note 11 to the financial statements were necessary.
14. Payables disclosed in note 11 to the financial statements includes unallocated receipts and payments of R3 750 939 (2014: R3 750 939) which did not have appropriate supporting documents. Furthermore, I was unable to obtain sufficient appropriate audit evidence that all unspecified receipts were recorded. I was unable to confirm these receipts by alternative means. Consequently, I was unable to determine whether any adjustment to payables stated at R36 263 128 (2014: R37 356 635) in the financial statements was necessary.
15. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for payables. As described in note 43, in the financial statements, the restatement was made to rectify a prior year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment to the payables corresponding figure stated at R37 356 635 in the financial statements was necessary.

## Revenue

16. The municipality did not appropriately account for revenue from property rates in accordance with SA Standards of GRAP 23, *Revenue from non-exchange transactions*. I identified significant differences between the municipality's records and my recalculation for property rates. Consequently, revenue from property rates is understated by R3 305 159 (2014: R1 712 416). Additionally, there is a resultant impact on the surplus for the period and receivables from non-exchange transactions.

## Statement of comparison of budget and actual amounts

17. The municipality did not disclose the comparison of the budget amounts in accordance with SA Standards of GRAP 24, *Presentation of budget information in financial statements*. The budget amounts included in the statement of comparison of budget and actual amounts did not agree to the approved and council adopted budget. No reconciliation could be provided for the last approved budget and the budget amounts presented in the financial statements. Furthermore, there were no virements disclosed in the statement of comparison of budget and actual amounts.

## Prior period error

18. I was unable to obtain sufficient appropriate audit evidence for the correction of prior period errors as described in note 43 to the financial statements. I was unable to confirm the correction of prior period errors by alternative means. Consequently I was unable to determine whether any adjustment to the related corresponding figures in the financial statements for the following was necessary:

- Receivables from exchange transactions stated at R5 334 809
- Receivables from non-exchange transactions stated at R9 833 942
- VAT receivable stated at R4 394 788
- Employee benefit obligation stated at R18 242 000
- Provisions stated at R8 246 547
- Unspent conditional grants stated R9 426 104
- Employee related costs stated at R49 251 330
- Debt impairment stated at R6 066 546
- Repairs and maintenance stated at R9 180 043
- General expenses stated at R28 920 952
- Interest received stated at R5 315 725

## Cash flow statement

19. The municipality did not prepare and present its cash flow statement in accordance with SA Standards of GRAP 2, *Cash flow statements*. I identified differences of R1 306 952 (2014: R4 877 689) between my recalculation and the net increase in cash and cash equivalents mainly due to non-cash items included in the cash-flow statement. Consequently, the net increase in cash and cash equivalents stated at R32 121 813 (2014: R17 315 194) is not correctly presented in the cash flow statement.

## Unauthorised expenditure

20. The municipality did not include particulars of unauthorised expenditure in note 47 to the financial statements as required by section 125(2)(d) of the MFMA. The municipality incurred expenditure in excess of the budget resulting in unauthorised expenditure being understated by R4 571 522. The municipality did not have adequate systems in place to identify and report on all unauthorised expenditure incurred. Consequently I was unable to determine the full extent of the understatement in unauthorised expenditure as it was impracticable to do so.

## Irregular expenditure

21. The municipality did not include particulars of irregular expenditure in note 49 to the financial statements as required by section 125(2)(d) of the MFMA. The municipality made payments in contravention of the supply chain management requirements which were not included in irregular expenditure, resulting in irregular expenditure being understated by R22 359 589. The municipality did not have adequate systems in place to identify and report on all irregular expenditure incurred. Consequently I was unable to determine the full extent of the understatement in irregular expenditure as it was impracticable to do so.



## Fruitless and wasteful expenditure

22. I identified fruitless and wasteful expenditure amounting to R94 310 which was not recorded in the underlying records. The municipality did not quantify and disclose the full extent of the unrecorded fruitless and wasteful expenditure. There were no satisfactory alternative procedures that I could perform to quantify the extent of the understatement of fruitless and wasteful expenditure stated at R580 535 (2014: R218 389) per note 48 to the annual financial statements.

## Opinion

23. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

## Emphasis of matter

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

## Material impairments

25. As disclosed in notes 5 and 6 to the financial statements, material losses to the amount of R25 567 096 were incurred as a result of receivables being doubtful.

## Additional matters

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

## Unaudited supplementary schedule

27. 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 this schedule and, accordingly, I do not express an opinion thereon.

## Unaudited disclosure notes

28. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## Withdrawal from the engagement

29. Due to the limitation imposed on the scope of the audit by management, I have disclaimed my opinion on the financial statements. But for the legislated requirement to perform the audit of the municipality, I would have withdrawn from the engagement in terms of the ISAs.

## Report on other legal and regulatory requirements

30. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

31. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2015:
- Development priority 2: Basic service delivery on pages xx to xx
32. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
33. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
34. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
35. The material findings in respect of the selected development priority are as follows:

### **Basic Service Delivery**

Usefulness of reported performance information

Consistency of objectives, indicators and targets

36. Section 41(c) of the Municipal Systems Act, (Act No.32 of 2000) (MSA) requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 100% of the reported objectives, a total of 88% of the reported indicators and a total of 100% of the reported targets were not consistent with those in the approved integrated development plan. This was due to a lack of proper systems and processes for performance management.

Measurability of indicators and targets

37. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 55% of the targets were not specific.
38. Performance targets should be measurable as required by the FMPPI. We could not measure the required performance for 26% of the targets.

39. The period or deadline for delivery of targets should be specified as required by the FMPPI. A total of 62% of the targets were not time bound.
40. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 53% of the indicators were not well defined.
41. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 55% of the indicators were not verifiable.

This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and technical indicator descriptions.

### Reliability of reported performance information

42. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements, technical indicator descriptions for the accurate measurement, recording and monitoring of performance, monitoring of the completeness of source documentation in support of actual achievement, frequent review of the validity of reported achievements against source documentation.

### Additional matters

43. I draw attention to the following matters:

#### Achievement of planned targets

44. Refer to the annual performance report on pages xx to xx for information on the achievement of the 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 for the selected development priorities reported in paragraphs 37 to 43 of this report.

#### Unaudited supplementary information

45. The supplementary information set out on pages xx to xx does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

### Compliance with legislation

46. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

## Strategic planning and performance management

47. The adopted integrated development plan (IDP) did not reflect and identify the municipal council's vision for the long term development of the municipality, and the key performance indicators and targets as required by sections 26 and 41 of the MSA, as well as *Municipal planning and performance management regulation 2(1)(e)*.
48. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.
49. The service delivery and budget implementation plan (SDBIP) for implementing the municipality's delivery of municipal services and annual budget did not indicate projections for each month of the revenue to be collected, by source and the operational and capital expenditure, by vote, as required by section 1 of the MFMA.
50. Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.
51. The annual performance agreements for the municipal manager and all senior managers are not linked to the measurable performance objectives approved with the budget and to the service delivery budget implementation plan as required in terms of section 53(1)(c)(iii) of the MFMA and section 57(1)(b) of the MSA.
52. The performance management system and related controls were inadequate as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting and how it is conducted, organised and managed, as required by sections 38 of the MSA and regulation 7 of the *Municipal planning and performance management regulations*.

## Annual financial statements, performance and annual reports

53. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, revenue 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 disclaimer audit opinion.
54. The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2013-14 annual report was tabled, as required by section 129(1) of the MFMA.
55. The annual performance report for the year under review did not include measures taken to improve performance as required by section 46(1)(c) of the MSA.

## Internal audit

56. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer and report to the audit committee on matters relating to internal controls, accounting procedures and practices, risk and risk management.

57. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

## Procurement and contract management

58. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of *Supply Chain Management (SCM) regulation* 16(b) and 17(b).
59. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of 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 regulation 19(a) and 36(1).
60. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the *Preferential Procurement Regulations*.
61. Contracts and quotation were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

## Human resource management and compensation

62. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff in contravention of section 67(d) of the MSA.
63. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the *Municipal Regulations on Minimum Competency Levels* 14(2)(b).

## Expenditure management

64. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

## Conditional grants

65. Municipal Systems Improvement Grant (MSIG) and Local Government Financial Management Grant (LGFMG) funds were retained for rollover to the next financial year without seeking the approval of the National Treasury, as required by sections 22(1) of the DoRA.
66. The municipality did not evaluate its performance in respect of programmes or functions funded by the MSIG, as required by section 12(5) of the DoRA.

## Revenue management

67. A credit control and debt collection policy was not implemented, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of MFMA.
68. An adequate management, accounting and information system which accounts for revenue and debtors and receipts of revenue was not in place, as required by section 64(2)(e) of the MFMA.

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

### **Asset management**

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

### **Consequence management**

71. Unauthorised, irregular and 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)(a)(ii) of the MFMA.
72. Cases of financial misconduct which constitute a crime committed by officials were not always reported to the South African Police Service, as required by section 10(1) of the *Municipal regulations on financial misconduct procedures and criminal proceedings*.

### **Internal control**

73. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

### **Leadership**

74. Oversight responsibility regarding financial and performance reporting and compliance and related internal controls was not adequately exercised.
75. The accounting officer did not implement effective processes to ensure that the municipality has adequate and sufficiently skilled resources and that unauthorised, irregular and fruitless and wasteful expenditure is prevented.

### **Financial and performance management**

76. The financial statements and other information to be included in the annual report are not reviewed for accuracy and completeness by the accounting officer.
77. Controls over compliance with laws and regulations, daily and monthly processing and reconciling of transactions were not properly monitored by the accounting officer.

### **Governance**

78. The risk assessment procedures implemented by the municipality were inadequate, as all risks affecting the municipality were not formally identified, responded to and monitored during the year.
79. The internal audit unit was significantly understaffed during the year and could not fulfil all of its responsibilities.

## Other reports

### Investigations

80. An investigation was performed by an external investigator on two fleet management officials in connection with theft of fuel. The investigation was finalised and the officials were dismissed in May 2015.

Polokwane

30 November 2015



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*