



**Western Cape
Government**

Provincial Treasury

PT LG Accounting: Audit 2011/12

11 June 2012

Recapitulation of the prior-year

- The 2010/11 financial year marked the end of the transitional provisions in terms of Directive 4 for the medium capacity municipalities and therefore, had to fully comply with the relevant GRAP standards.
- The effect of the above mentioned, contributed to 12 municipalities submitting their 2010/11 AFS late with some submitting as late as February 2012.
- Late submission constitute non-compliance with the MFMA Act No.56 of 2003 and consequently the municipality cannot obtain a clean audit before the audit even begins.

Year-end 2011/12

PT has planned to support Municipalities for the audit as follows:

- To issue Readiness Assessments Questionnaire to Municipalities
- Respond promptly to municipal queries via the formalised helpdesk service
- Perform Audit File Review for the selected municipalities
- Attend Audit Steering Committees to identify and render relevant support with transversal issues
- Arrange bespoke engagements on preparation of AFS and progress of the audit with selected municipalities

2011/12 GRAP Reporting Framework

- The 2011/12 framework has remained relatively the same as the prior year, except for those municipalities that early adopted the GRAP standards effective for the next financial year.
- For the low capacity municipalities the transitional provisions will be coming to end and therefore they will have to fully compile with all the relevant GRAP standards.
- It is therefore very important that the low capacity updates PT regularly on the likely challenges to ensure relevant support is provided promptly.

Readiness Assessments

- Roll out of the Year-end Readiness assessment includes the following:
 - A questionnaire will be sent before end of June 2012 to assess the readiness of the municipalities in preparation for the year-end
 - The assessment will include specific questions on plans the municipalities has in place to ensure the AFS are submitted on time
 - The questionnaire will consist of generic questions and municipal specifics questions on the status with regards to audit action plans

Readiness Assessment cont.

- The Readiness Assessment assist PT to identify the municipalities that are likely to have AFS related challenges and to ensure relevant support is provided timeously.

It's imperative for municipalities to take time in completing the document accurately.

Formalised Helpdesk Services

- The Financial Governance branch has formalised a helpdesk as stated in the (Treasury Circular Mun 26 of 2012) that was issued on 6 June 2012
- Municipalities are requested to forward their financial governance related questions to pthelpme@pgwc.gov.za
- The primary objectives of the FG Helpdesk are to:
 - improve the oversight and control over financial governance queries received and addressed in terms of quality and standards.
 - ensure that effective and efficient guidance is provided to municipalities and municipal entities in an enabling environment for developing capacity

Audit File Review

- In August each year the LG Accounting units conduct audit file review
- The Municipal audit files gets reviewed and focus is on supportive documentation pertaining to certain schedules which needs to be included in the audit file
- On completion of the review, a debriefing session is held with the relevant Municipal management to highlight the areas which require further attention
- Through this process, a lot of critical issues have been identified and corrected

Requests from LG Accounting

- Municipalities are requested to forward all Audit Steering Committees meeting dates.
 - LGA then attend some of these meeting, based on the Agenda to be able to identify transversal findings and to provide the necessary support early on.
- Municipalities are encouraged to be proactive with requests for support from PT
- To respond promptly to PT correspondence particular regarding year-end

Conclusion

- Municipalities are encouraged to own the process of AFS preparation even where they have contracted service providers.
- The CFO's should monitor the progress and the quality of AFS to ensure that the deadlines are adhered to.
- To document and to honour their respective year-end procedures, review accuracy of AFS before submitting them to AG
- Each CFO is encouraged to commit to submission on time
- Nominate Audit Champions to be available to address correspondence with the auditors promptly.

**Let's aim for 100% submission
by the due date for the
2011/12 financial year**

THANK YOU

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