

## AGENDA ITEM FOR COUNCIL MEETING

Municipal Manager Number :  
Corporate services Reference Number : 5/14/1; 5/1/3

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Date initiated : 21 December 2016

### FINANCES: AUDIT REPORT ON ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

#### REPORT BY THE EXECUTIVE DIRECTOR FINANCIAL SERVICES

1. **PURPOSE**

The purpose of the report is for Council to take note of the audit report for the financial year ending 30 June 2016 by the Auditor-General.

2. **BACKGROUND**

In terms of sections 122 and 126 of the MFMA the municipality is expected to prepare and submit financial statements for each financial year, which fairly presents the state of affairs of the municipality within 02 months after the end of the financial year. The financial statements must be prepared in accordance with generally recognised accounting practice.

The Auditor-General must audit the financial statements and submit the report to the accounting officer of the municipality within 03 months of receipt of the statements.

3. **CONTENT**

3.1 Attached as **ANNEXURE A** is the report of the Auditor-General on the Annual Financial Statements for the 2015/2016 financial year.

3.2 The report will be incorporated in the Council's annual report that will be tabled under a separate cover.

3.3 Until the annual report is tabled as required by section 127(2) of the Municipal Finance Management Act the audit report is not a public document and should be treated as confidential.

3.4 The comments and contents of the report are as follows:

## **Auditor's report on annual financial statements 30 June 2016**

3.4.1 Paragraph 1 Comments	Introduction To be noted
3.4.2 Paragraph 2 Comments	Accounting Officer's responsibility for the financial statements To be noted
3.4.3 Paragraph 3 – 5 Comments	Auditor-General's responsibility To be noted. The audit approach is explained under these paragraphs. The Auditor- General has obtained the audit evidence which was sufficient to provide a basis for the audit opinion.
3.4.4 Paragraph 6 Comments	Opinion The financial statements presently fairly, in all material respects, the financial position of the municipality as at 30 June 2016 and its financial performance and cash flows in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA.
3.4.5 Paragraph 7 - 8 Comments	Additional matters To be noted that the disclosure requirements did not form part of the audit of the financial statements.
3.4.6 Paragraph 9 Comments	Report on other legal and regulatory requirements To be noted
3.4.7 Paragraph 10 – 13 Comments	Predetermined objectives To be noted that there were no material findings on the usefulness and reliability of the reported performance information
3.4.8 Paragraph 14 – 16 Comments	Additional matters To be noted that the material misstatements in the annual performance information was corrected and no findings were raised on the usefulness and reliability of the reported performance information.

3.4.9. Paragraph 17  
Comments

Compliance with legislation  
To be noted that no instances of material non-compliance with specific matters in key legislation were identified.

3.4.10 Paragraph 18  
Comments

Internal control  
To be noted that no significant deficiencies in internal controls were identified.

3.5 For the financial year ending 30 June 2016 the municipality received an unqualified audit opinion without matters. This means that the municipality has improved and thus obtained a clean audit status again.

4. **RECOMMENDATIONS**

4.1 That the report by the Auditor-General be noted

4.2 That it be noted that the municipality has improved thus obtained an unqualified audit opinion without matters, which is a clean audit.

4.3 That the annual financial statements and audit report be included in the annual report and be submitted to MPAC for oversight.

5. **INITIATOR OF THE REPORT CONTACT DETAILS**

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EXECUTIVE DIRECTOR FINANCIAL SERVICES  
  
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MUNICIPAL MANAGER

22/12/2016  
DATE

22/12/2016  
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