

Auditor General Report

Ward 2 Forum – Additional Queries regarding the AG's findings



Ward 2 Forum
SERVING THE COMMUNITY TOGETHER

Prepared by Ward 2 Forum Team
18 August 2016

AUDITOR GENERAL'S REPORT 2014/15

Herewith the information relating to the additional queries that arose out of the initial questions forwarded to the Theewaterskloof Municipality in respect of the AG's 2014/15 Report. Please read this in conjunction of our initial report posted on the Ward 2 Forum website.

However, the following the following questions that have arisen out of the information received, these have been forwarded to TWKM for further clarification:

Q 1. Auditor General's Report section 44.3

The 'irregular expenditure' of R43 m over two years (2014 and 2015), arising from housing contracts that are said to have been completed to satisfactory quality, but late according to the contracts, is nonsense unless there is a reason given for the expenditure – what exactly constitutes the R43 m?

A 1. As was explained previously, the expenditure was in respect of housing projects of which the contracts had lapsed. When a municipality makes payment to a supplier in terms of a project procured through the supply chain management process without a valid contract, such expenditure is considered as irregular expense in terms of the MFMA.

Q 2. Audit Report:

Section 8: R118 m not collected, R76.8 from service charges, in one year is a huge amount that must affect cash flow significantly. Presumably, this means that TWKM have had to pay for the services under contract (water, electricity) so that this money is lost? Confirm which services or products and why the money has not been collected. How much is due from the indigent sector for services above the free allowances?

A 2. A provision for impairment is made in accordance with generically recognised accounting practice based on an assessment of the recoverability of each debtor's account. The impairment provision is therefore not only on the current year's accruals. Of the total provision of R118million, only R37million is in respect of the 2014/15 financial year which includes a provision of R16,5 million in respect of traffic fines for the current year. The total impairment provision in respect of rates and service debtors for the year therefore amounts to R20.5million only.

Q 3. Section 10:

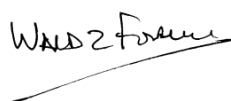
Exactly what was the R12 m capital 'under-spend'? How much was brought forward to the next year?

A 3. Please refer to the [attached spreadsheet](#) for detail about the under spending. It should be noted that none of the grant funds were forfeited and that most of the projects were rolled over to the next financial year.

Q 4. Section 19:

It states that no information was available to assess the usefulness and reliability of performances against 4 specific objectives. Does this mean deliberate omission of required data? If so, why could it not be produced later, on demand by the AG?

A 4. Paragraph 19 of the AG report reads as follows: " I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives." We are not aware of any failure to provide information to enable the AG to assess the usefulness and reliability of performance against specific objectives.



Ward 2 Forum Team

Additional Reading:

Documents can be found on the Ward 2 Forum Website.

<http://ward2forum.org/comments-on-auditor-generals-report-on-the-twkm-financials-for-the-201415/>

http://ward2forum.org/wp-content/uploads/2016/08/Comment-on-AGs-Report-2014_15.pdf

<http://ward2forum.org/wp-content/uploads/2016/08/Audit-Report-2014-15-Theewaterskloof.pdf>