

**AGSA briefing
MFMA Audit Cycle 2018-19
Northern Cape**

Dikgatlong Local Municipality

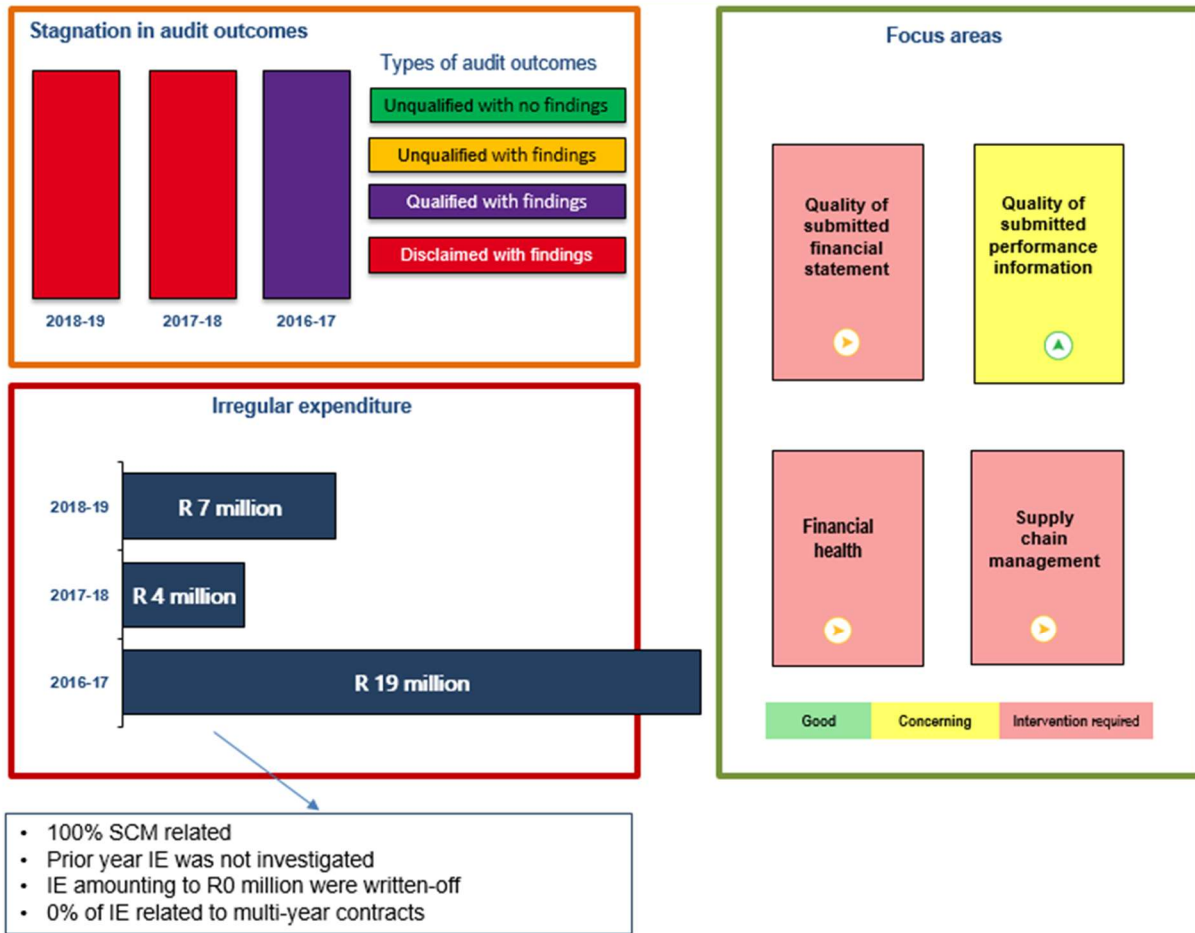
16 March 2021



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Dikgatlong Local Municipality



Overall key message

The controls implemented by the Accounting Officer were not adequate and as a result numerous misstatements were identified during the audit process. These misstatements, are reflected in the audit opinion. What is of great concern is the re-occurrence of issues that relate to the compilation of financial statements and also the new issues that was identified during the period under review.

There was no movement in the status of IT controls in comparison to the prior year audit. Based on the outcomes of the IT controls, intervention is required from the accounting officer to address the serious control weaknesses noted in the ICT environment.

Issues identified during the audit are not new to the municipality and does require management to respond by designing adequate and effective controls that can be monitored throughout the year. Re-occurrence of these issues and the break down in controls does require the accounting officer to apply consequence management processes available at the department.

In order for management to address these issues, the root causes identified in the dashboard above need to be addressed. The following controls need to be implemented and monitored:

- Preventative controls should be implemented ensure compliance with applicable laws and regulation in the SCM process.
- Thorough review of the AFS before submission for audit purposes
- Implement controls to ensure that the asset register are maintained throughout the year and implement proper consequence management.

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Analysis of financial statements

The current creditors balance is more than the bank balance. This is an indication that the Municipality is not able to settle some or all of its short-term obligations.

The Municipality is not collecting debts on a timely manner from the Debtors, this could also have a negative impact on the Cash flow of the municipality

The Municipality's trade payables exceed the cash on hand, this could have a negative impact on the liquidity of the Municipality.