

AGSA briefing MFMA Audit Cycle 2018-19 Northern Cape

Frances Baard District Municipality

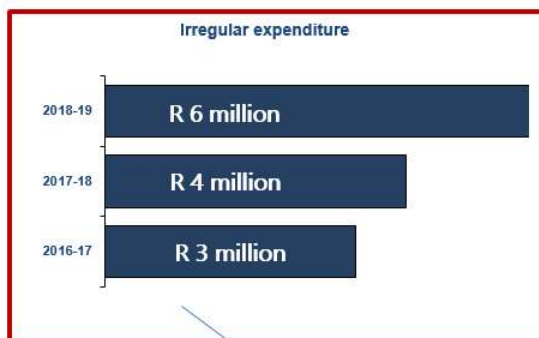
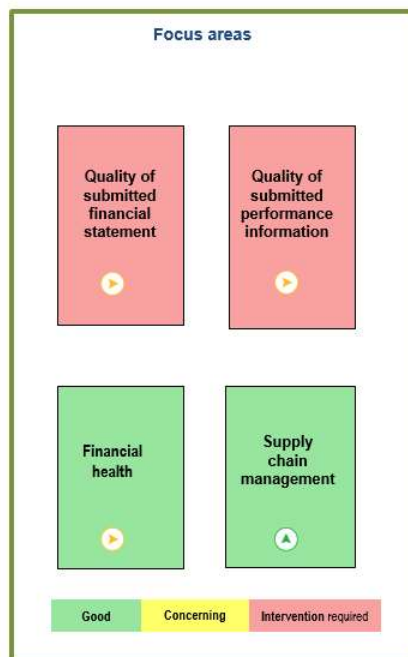
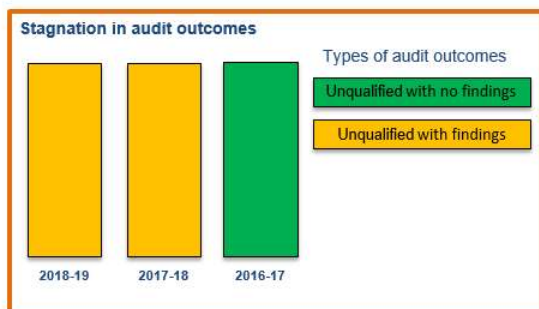
16 March 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Frances Baard District Municipality



- 100% SCM related
- Prior year IE was investigated
- IE amounting to R9.42 million was written-off in the 2018/19 year
- 100% of IE related to multi-year contracts

Overall key message

Vacancy in key positions
 Increase in the overall vacancy rate
 Slow response by management to audit recommendations
 Inadequate review of the annual financial statements

Analysis of financial statements

The overall financial health of the district has been assessed as good,

There is no indication of cash flow difficulties at FBDM as the municipality realised a surplus for the 2018/19 year as well as investments amounting to R72 Million.

The municipality's strong current ratio is an indication of the auditee's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue during that month.

The municipality however significantly underspend on the overall budget amounting to R25 Million. The reason for the underspending relates to Employee costs as a result of vacancies as well as an underspending on transfers and subsidies paid.

