

Audit rep par	Ex no.		Issue	Comments	Possible to clear during 2013	Responsible person
			<u>Inventory</u>			
4	Ex. 50		The entity did not have sufficient controls in place to ensure proper control over the issue of inventory and could not provide sufficient, appropriate audit evidence for inventory purchased amounting to R1'260'897 (2011: R3'211'938). The inventory count was furthermore not attended by me nor was I able to perform alternative audit procedures in order to audit existence and valuation of inventory. Consequently, I could not determine whether any further adjustment were necessary to the amount disclosed for inventory.	As per sample of the auditors ,stock items extrapolated ,management provided with stock cards and GRV as per the request , management will retrieve all invoices relating to these items from 5 years ago .The actual figure to be substantiated is R 13,000.00	30 March 2013	Finance Manager
			<u>VAT receivable</u>			
5			VAT receivable as set out in note 5 to the financial statements is overstated by R1'530'532 (2011: R534'756) and expenditure is understated by the same amount due to the fact that the entity made calculation errors for VAT receivable for the year under review	Corrections are already made and reconciliation in place .	28 Feb 2013	Finance Manger
			<u>Cash and cash equivalents</u>			
6	Ex. 44		The entity's bank reconciliations included invalid reconciling items for which no sufficient appropriate supporting documentation could be provided. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether the bank reconciliations were accurate and whether the cash and cash equivalents as set out in note 7 to the financial statements amounting to R4'844'109 (2011: R8'865'376) was valued correctly and whether any further adjustments were necessary to the amount disclosed for cash	Monthly reconciliation is in place , the items which the auditors deemed invalid are now cleared .	15 March 2013	Finance Manager

			and cash equivalents.			
			Trade and other receivables			
7			I was unable to obtain sufficient appropriate audit evidence as to the completeness, existence, valuation and allocation of trade and other receivables amounting to R42'053'657 (2011: R22'330'380) as set out in note 6 to the financial statements due to the fact that the client did not implement a sufficient and effective filing system to safeguard supporting documentation. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the amount for trade and other receivables.	The correct balance with supporting documents is available as per SLA , transferring of the debtors book to the entity will commence	30 June 2013	CEO/CFO
			Property, plant and equipment			
8	Ex. 192		The entity was unable to provide me with sufficient appropriate supporting documentation to confirm property, plant and equipment. This was mainly due to lack of sufficient controls to ensure proper management of fixed assets. Consequently, I was unable to confirm property, plant and equipment.	Wrong version of the Asset register was submitted to the auditors .updated asset register is available for audit	28 Feb 2013	Finance Manager
			Finance Lease liability			
9			The entity was unable to provide me with sufficient appropriate audit evidence for the basis of calculations used for finance lease liabilities amounting to R403'113 (2011: R547'267) as set out note 11 and finance costs as set out in note 24 to the financial statements. I was unable to confirm valuation of the amount disclosed by alternative means. Consequently, I could not determine whether further adjustments were required for the amount disclosed for finance lease liability	Correction will made at year end	30 June 2013	CFO
			Trade and other payables			
10			Sufficient appropriate supporting documentation	Supporting	28 Feb 2013	Finance

			amounting to R6'867'592 for the 2011 financial year could not be provided for the audit evidence. I was unable to confirm the accuracy and occurrence of the amount disclosed by alternative means. Consequently, I could not audit trade and other payables as set out in note 12 to the financial statements.	documents are available for audit purposes , no request for information nor finding was made during audit.		Manager
			<u>Accumulated deficit</u>			
12			A difference of R4'078'346 was identified between the balance disclosed as at 1 July 2010 per the audit financial statements and current year balance. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the amount disclosed as accumulated deficit in the statements of changes in net assets for the current and previous financial year.	Investigation has begun and adjustments are to be made at year end June 2013.	30 June 2013	CFO
			<u>Service charges</u>			
12			Service charges were accounted for when was received from customers. Consequently, the entity did not accrue for all income required by SA GRAP1, <i>Presentation of financial statements</i> . Service charges amounting to R39'071'091 (2011: R28'429'484) as set out in note 16 and trade and other receivables from exchanges transactions amounting to R42'053'657 (2011: R22'330'380) is consequently understated by an unknown amount.	Service level agreement will be aligned so that all the services charges and water , sanitation debtors could be transferred to the entity .	30 June 2013	CFO
			<u>Government grants and subsidies</u>			
13			The entity could not provide us with sufficient, appropriate audit evidence regarding journals amounting to R6'198'916 to the fact that the entity did not have a sufficient and effective system in place to ensure the safekeeping of supporting documentation. Amounts owed and receivable from the parent municipality was furthermore set off against grants received. I was	The adjustment was made in the books of the entity to reflect correct allocation of grants and subsidies reconciling with the municipality .	30 June 2013	Finance Manager

			unable to confirm the amount disclosed by alternative means. Consequently, I was disclosed for government grants and subsidies.			
			Bulk purchases			
14			Sufficient appropriate supporting documentation amounting to R5'936'707 could not be provided for audit evidence. I was unable to confirm the accuracy and occurrence of the amount disclosed by alternative means. Consequently, I could not audit the accuracy of bulk purchases as set out in note 29 to the financial statements.	This is the projected figure of supporting documents available	30 March 2013	Finance Manager /Accountant
			Expenditure			
15			The entity recognised expenses when expense was paid and not when the expense was incurred as required by SA GRAP1, <i>Presentation of financial statements</i> . Consequently, expenditure as disclosed in the statement of financial performance is understated with an unknown amount.	This is not the case all the expenditure are incurred and are paid for within 30 days .		Finance Manager
			Employee related cost			
16			Sufficient appropriate supporting documentation for allowance amounting to R5'574'405 could not be provided for audit evidence. This was mainly due to the fact that the entity did not have sufficient filing systems in place to ensure the safeguarding of supporting documentation. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary the amount disclosed for the allowances as set out in note 20 to the financial statements	This issue was not raised during the audit nor included in the management letter .Supporting documents are available for audit	28 Feb 2013	Finance Manager
			Contingent liabilities			
17			The entity did not have sufficient internal policies in place to ensure the accuracy and completeness of contingent liabilities as set out in note 34 to financial statements. I was unable to confirm the existence and completeness of	No contingent liabilities were found during the year .The policy will be drafted and	15 April 2013	CFO

			the disclosed amount. Consequently, I was unable to determine whether further adjustments were required.	serve before Board of Directors		
			<u>Related party transactions</u>			
18			I was unable to obtain sufficient appropriate audit evidence as to the accuracy of related party transactions as set out in note 36 to the financial statements. I was unable to confirm these amounts disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to these amounts disclosed for related party transactions for the current and prior period.	The policy will be drafted and serve before Board of Directors	15 April 2013	CFO
			<u>Prior period errors</u>			
19			The entity corrected prior period errors in the current financial year. Sufficient, appropriate supporting documentation for adjusting journals could not be provided for audit evidence. Further adjustments amounting to R7'074'753 was identified during the audit which were not disclosed in the current financial statements as prior year errors as set out in note 38. Consequently, the disclosure for prior errors is incomplete. I could furthermore not determine the valuation of the amounts currently disclosed in the financial statements.	Supporting documents will be provided to the audit team	30 june 2013;	CFO
			<u>Irregular and Fruitless and wasteful expenditure</u>			
20			The entity did not have sufficient policies and procedures in place to identify and ensure the completeness of irregular and fruitless and wasteful expenditure. Furthermore, sufficient appropriate audit evidence could not be provided for expenditure amounting R653'746 and R11'915'066 for fruitless and wasteful and irregular expenditure respectively. I was unable to confirm whether the amount disclosed by alternative means. Consequently, I could not	Register of irregular expenditure is in place , no request of the register was received	28 Feb 2013	Supply Chain AND contracts Manager

			confirm whether any adjustments were required for the amount disclosed as irregular and fruitless and wasteful expenditures for the current and the prior period.			
			<u>Retirement benefit information</u>			
21			The entity was unable to provide me with sufficient appropriate supporting documentation for retirement benefit information as set out in note 48 to the financial statements. I was unable to confirm the amount disclosed by alternative means. Consequently, I was unable to audit the valuation and existence of retirement benefit contribution amounting to R8'483'618 and to determine whether any further adjustments were required.	The auditors requested the valuation report from the Pension Fund ,not the supporting documents relating to deductions relating to pensions	28 Feb 2013	Finance Manager
			<u>Events after reporting date</u>			
22			The entity did not have sufficient policies and procedures in place to identify subsequent events as required by SA Standards of GRAP, GRAP 14, <i>Events after reporting date</i> . Consequently, I could not determine whether any adjustments were required to the amount disclosed as events after reporting date	The entity will draft a policy to identify the events after reporting date	28 March 2013	CFO
			<u>Disclosure notes</u>			
23			A difference of R1'267'585 between the current year amounts for cash and cash equivalents as set put in note 40 to the financial statements and cash and cash equivalents as per the statement of financial performance was identified. This was because the entity do not have sufficient and effective procedures in place to ensure that financial statements are accurate and correct before submission for audit.	This will be investigated and corrected at year end .	30 June 2013	Altimax /CFO
24			Differences amounting to R9'648'885 were identified between prior period amounts used for accumulated profit and net assets as set out in	This will be investigated and corrected at year	30 June 2013	Altimax /CFO

			note 41 to financial statements and the statement of financial performance. This was because the entity did not have sufficient and effective procedures in place to ensure that financial statements are accurate and correct before submission for audit.	end .		
			Financial systems conversion			
25			The entity migrated to a new financial system during the year under review. Sufficient, appropriate audit evidence could not be provide for audit purposes to ensure accuracy and completeness of the balances taken over to the new system. The accuracy and completeness of financial data supporting the financial statements could consequently not be determined.	The appointment of the IT audit has begun to audit data transferred from Pastel to venus	30 March 2013	CFO