

Table 199: Audit Outcome Improvement Plan

AUDITOR-GENERAL REPORT 2017/18	
Report on the audit of the financial statements	Unqualified opinion
Report on the audit of the annual performance report	No material findings
Report on the audit of compliance with legislation	One material finding
Issues Raised	
Emphasis of Matters	
Restatement of Corresponding Figures	
As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2018.	None. Simply an information statement by the Auditor-General.
Material Impairments	
As disclosed in notes 19.1, 19.2 and 20.1 to the financial statements, the municipality provided for the impairment of receivables amounting to R259.3 million (2016/17: R 258.9 million), based on the recoverability of gross receivables.	None. Simply an information statement by the Auditor-General.
Significant Uncertainties	
As disclosed in note 50 to the financial statements, the municipality is the defendant in a case where it is being sued for R 449 million. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result in this regard has been made in the financial statements.	None. Simply an information statement by the Auditor-General.
Compliance with Legislation	
Procurement and Contract Management	
Some of the goods and services of a transaction value above R200,000 were procured without inviting competitive bids, as required by SCM regulation 19(a). The majority of the irregular expenditure was caused by circumventing the procurement process with regards to the award for the Paarl Waste Water Works which amounted to irregular expenditure of R46,299,919. Deviations were approved by the Accounting Officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).	The Municipality is in a dispute with the Auditor-general. The relevant inter-governmental dispute mechanisms and/or any other avenues will be implemented, which could result in an alteration of the disclosure in terms of section 126(5) of the MFMA. The outcome of this process will determine if further investigation is required.