SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION

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AUDIT & FINANCE TRAINING (AUDIT READINESS) DAY ONE RECAP

Date: 31 July 2025

Asisho! Let's Say it!

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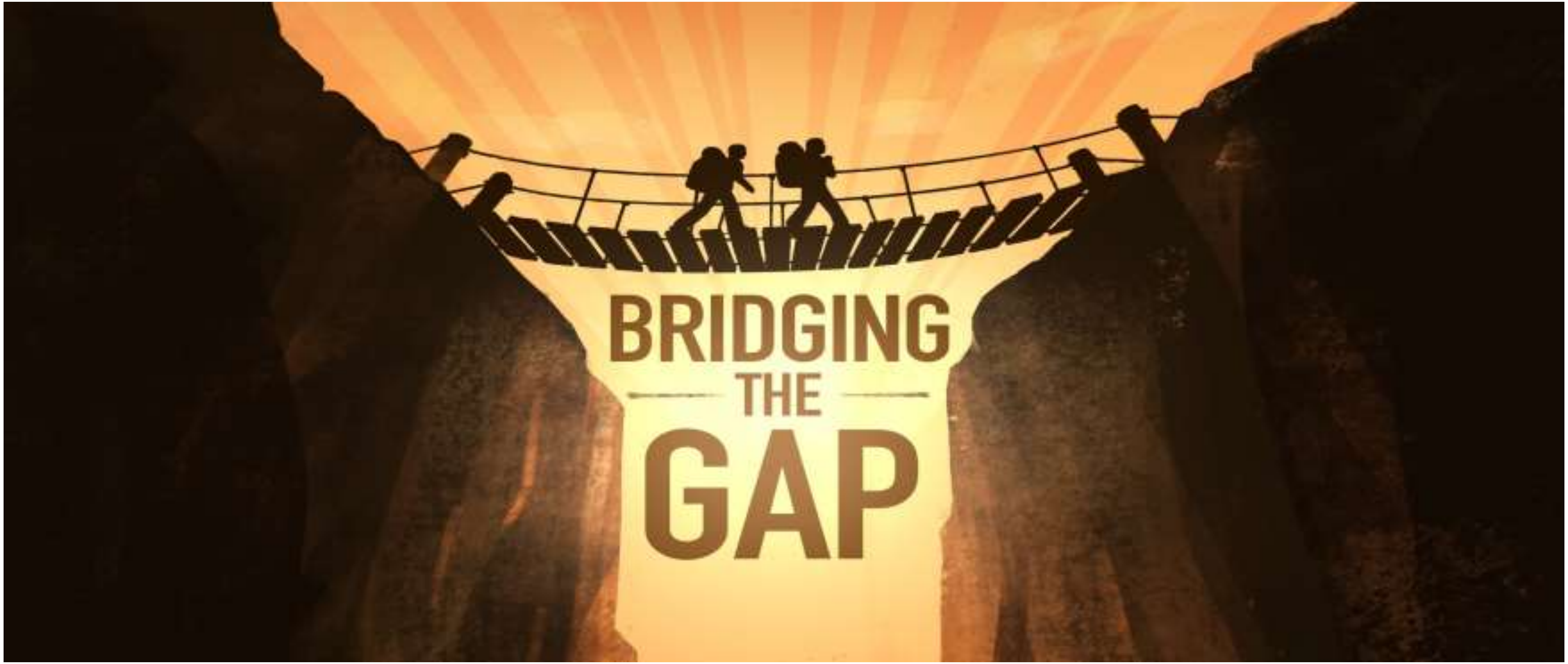
BRIDGING
THE
GAP

Bridging the gap

- Connect,
- Reduce the distance
- Enhance Retention
- Improves Understanding
- Facilitates Discussion
- Support Actionable Learning

Auditor-General of South Africa

- **MFMA Audit Readiness:**
  - Reflecting on 2025-2025 Local Government Audit Outcomes: KZN
  - Overall outcome movements year on year shows limited progress: 6 Improved, 45 Unchanged and 4 Regression

- **Call to action:**
  - Recommendations to accounting officers: post-audit action plans as binding management tools
  - Recommendations to Councils and Mayors: hold management accountable for repeat audit findings; Governance stability must be restored & reject unfunded budgets
  - Recommendations to IA and AC: IA & AC must provide proactive assurance
  - Recommendations to MPAC: MPACs must act decisively & Disciplinary processes, recovery of losses, and criminal referrals where warranted must follow

- **Recommendations to improve the quality of submitted financial statements:**
  Municipalities must have well-established effective and standardised processes for daily and monthly accounting disciplines. Officials understand what should be done and are enabled to execute their duties in a consistent and effective manner

ASB

Considerations for preparing financial statements 2025/26

- **GRAP reporting landscape – 2025/26 and beyond**
  - New and revised Standards of GRAP
    - **Effective 1 April 2025**: IGRAP 22 on Foreign Currency Transactions and Advance Consideration; GRAP 104 on Financial Instruments (2019)
    - **Effective 1 April 2027:** GRAP 1 on Presentation of Financial Statements (going concern); GRAP 103 on Heritage Assets; Amendments to GRAP 105, GRAP 106 and GRAP 107 on Transfer of Functions and Mergers
    - **Effective date to be determined:** Improvements to Standards of GRAP, 2023; Improvements to Standards of GRAP, 2026; GRAP 111 on Social Benefits Impact on financial reporting
- **Recently issued guidance**
  - Use of Consultants
- **Education material**

Unpacking MFMA Circular 68 as amended and its implications on Consequence Management

- UIFW and Non-Compliance with Legislation
- Overview of UIFW in the province
- Role of Senior Management on UIFW
- Legislative Framework on investigations
- Prescription of historical UIFWE balances
- Liability of functionaries exercising powers and functions
- Timing of criminal and dc hearings

Afrizen SA

- **CASHFLOW STATEMENT**

  - Components of a Cashflow statement
  - Presentation of the Cashflow statement
  - Practical Steps to Balance a Cash Flow Statement
  - What’s required to complete the Cashflow statement
  - Calculate cashflows from operating, investing and financing activities

Dynamic Dashing Solutions

- **Asset capitalisation- GRAP:**
  - Initial costs
  - Subsequent costs
  - Capitalisation – Measurement

- **Practical Example.**
- **Disclosure Requirements**

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Thank You

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