

**Dr Beyers Naude Local Municipality**  
**Audit Action Plan 2019/20**

Nr	FSLI	Audit Finding	Audit Action Plan	Responsible Designation and Official	Target Date
1	Investment Property	Investment property in the financial statements reported excluded depreciation which is in contravention of the accounting policy which states that the investment property is carried at cost less accumulated depreciation and accumulated impairment. The Municipality previously did not account for depreciation	Reperform estimated useful lives with assistance of experts with relevant expertise and experience	Manager: Assets	30/06/2021
2	Investment Property	we identified that majority of the values in the investment property register were not supported by supporting documents i.e valuation report. Consequently reliance could not be placed on the investment property values disclosed in the financial statements and no alternative procedures could be performed. Therefore, the entire investment property balance will be a scope limitation, this will be reported in the audit report. <b>Part of the conclusion</b>	Reperform valuation for all investment property with reference to respective valuation rolls	Manager: Assets	30/06/2021
3	Investment Property	Some assets were noted to have been incorrectly classified as investment property as they were located at the municipality offices in Rietbron and not held for capital appreciation or for rental but classified as investment property incorrectly. Some items also could not be found when attempting to perform physical verification	Reclassify items identified. 100% verification on all investment property to ensure correct classification	Manager: Assets	30/06/2021
4	Irregular expenditure	Completeness and accuracy of irregular expenditure. Certain amounts of irregular expenditure not included on the irregular expenditure listings or included at incorrect amounts which includes the items which should be disclosed exclusive of VAT	Review all the management reports of the AG from 2016/17 to 2019/20 to ensure that all irregular expenditure items are accounted for correctly. Any write-off has followed the adequate process in terms of the legislation	Manager: SCM	31/07/2021
5	Receivables from exchange transactions	Information related to housing debtors was not submitted for audited. There has been no to minimal movement on this balance	Review all votes that are unknown and with no movement. Council write-off of these amounts which are unknown and coming from former municipalities.	Manager: Revenue	30/06/2021
6	Cash flow statement	Cash flow statement differences exist	Obtain the services of consultant to assist with the cash flow with all workings to be retained	CAE	31/07/2021
7	Operating leases	Lease agreements were not submitted for audit purposes	Cancellation of all month-to-month leases. Reconciliation to be done on the leases together with the amounts being charged on invoices and records to be kept ready for audit	Manager: SCM	31/05/2021

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8	Unspent conditional grants	During the audit of Unspent conditional grants, we requested the service level agreements(SLA's) between the grantor and the municipality for the grants listed in the table below, However the information was not submitted for audit with no reasons for the non-submission:	All attempts must be made to obtain information on the grants we have. All correspondence held and documents kept. If, after all attempts, no information is held, this item must be considered to be removed, where necessary, council resolution needs to be obtained	Manager: Financial serv	31/05/2021
9	Contingencies	Inconsistencies were noted in the disclosure of the AFS and the lawyers letters received by the AG	A list (with contact details) of all legal representatives utilised by the municipality during the 2020/21 year must be obtained by 30 June 2021. Legal confirmation for all cases outstanding as at 30 June 2021 using template	COO	31/07/2021
10	Payables from non-exchange transactions	There is no listing to support the prepayment of electricity in payables from non - exchange transactions Clean up is necessary for all control votes unmoved	Review of all unmoved balances for the last few years and information obtained. Any unsubstantiated amounts to be dealt with and removed	Manager: Expenditure	30/04/2021
11	Revenue from exchange transactions	During the audit of Revenue from exchange transactions, we noted that the debit transactions were incorrectly classified to revenue votes	Review all revenue votes, reclassify all of the 2020/21 figures to the correct vote for FBE and expenditure and ensure the correct vote is used for processing. Monthly review is necessary	Manager: Revenue	30/04/2021
12	Finance cost	Late payments of third parties attracted interest that accrues to the Municipality and should have been accounted for in the accounting records and disclosed as Fruitless & Wasteful Expenditure	Monthly reconciliations to be performed every month to ensure that all interest is adequately recorded. At least all major third party creditors balances (SARS, Pension etc). Update the fruitless and wasteful expenditure listings	Manager: Expenditure	30/04/2021
13	Inventory	The AG's inability to perform stock count required alternative procedures. The auditor's were performing alternative procedures for the inventory balance as at 30 June 2020, which entailed performing roll-forward procedures (testing inventory for the period 01/07/2020-28/02/2021).	Capturing of requisitions and additions should be done in real time. Cycle count to be performed at end of April 2021 in preparation of 30 June 2020 stock count	Manager: SCM	30/04/2021
14	PPE - Library books	During the Audit of property Plant and Equipment, it was discovered that Library books were not assessed by the Municipality (or the assessment was not provided) on whether they meet the definitions of PPE or Heritage assets. The Municipality expensed all their library books in the year in which it was purchased.	Stock count required of all books held in the municipal libraries to ensure that listings are available for all books held, its condition and possible value	Manager: Administratio	30/04/2021

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15	Inventory	The auditor's were performing alternative procedures for the inventory balance as at 30 June 2020, which entailed performing roll-forward procedures (testing inventory for the period 01/07/2020-28/02/2021). Some information was not provided	Cycle count to be performed by end April 2021 to ensure that the stock warehouses are prepared for stock count. All receipts and issues of stock to be updated on the system prior to cycle count	Manager: SCM	30/04/2021
16	Heritage assets	The valuation of the mayoral chains were not supported by adequate supporting documents.	Valuation of mayoral chains to be done by certified valuer in the trade and ensure that it adequately documents the value for each of the chains	Manager: Assets	30/04/2021
17	Consequence manage	For the unauthorised expenditure in note number 45, fruitless and wasteful expenditure note number 46 for and irregular expenditure 47, there is no evidence that any investigations were conducted by management as required by s32(2) of the MFMA.	The expenditure must be investigated by the relevant oversight committees with references to adequate listings agreeing with the amounts and supporting documentation	COO	30/06/2021
18	Procurement and contract management	Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).	Each tenderer (especially winning bids) should be thoroughly check to confirm that the legislation is complied with. CSD reports must be attached with the minutes to confirm no employees are employed in the state. Where the declarations are inconsistent / dishonest, follow up is necessary and appropriately legal action taken.	Manager: SCM	30/06/2021
19	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).	Deviation method must only be applied in terms of s36 of the SCM regulations	Manager: SCM	30/06/2021
20	Procurement and contract management	The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA	All contractors performance should be evaluated monthly in terms of section 116 of the MFMA	Manager: SCM	30/06/2021