



AUDIT ACTION PLAN FOR 2017/18 AUDIT OUTCOMES

#	Audit finding	Affected Section	Manager	Responsible Official	Details of audit findings and Action Required where applicable	Time frame	Status/ Progress	Reasons why not achieved
1.	Money owed by the municipality had not always been paid within 30 days	Expenditure Management	SCM Manager	Expenditure Accountant	Adequate Budget and cash flow monitoring	December 2018	Not achieved	Cash flow constraints
2.	Payments from the municipality's bank account were not approved by the accounting officer	Expenditure Management	SCM Manager	Expenditure Accountant	No action required - Delegations were in place and provided to the AG. Sub-delegations for finance department also in place	Already in place	Completed	
3.	Steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control	Expenditure Management	SCM Manager	Expenditure Accountant	Training on accrual basis of accounting especially on Payroll Matters affecting 3 rd parties	December 2018	Completed	
4.	Steps were not taken to ensure that the municipality implemented and maintained effective procedures for the approval of funds	Expenditure Management	SCM Manager	Expenditure Accountant	No action required -Delegations were in place and provided to the AG. Sub-delegations for finance department also in place	Already in place	completed	
5.	Adequate management accounting and information system was not in place which recognised expenditure when it was incurred as well as creditors.	Expenditure Management	SCM Manager	Expenditure Accountant	Training on accrual basis of accounting especially on Payroll Matters affecting 3 rd parties	December 2018	Completed	
6.	Steps were not taken to prevent irregular expenditure	Expenditure Management	SCM Manager	Expenditure Accountant	Training on compliance requirements	January – March 2019	On going	Register in progress
7.	Steps were not taken to prevent fruitless and wasteful expenditure	Expenditure Management	SCM Manager	Expenditure Accountant	Training on identification/distinction of the fruitless expenditure and wasteful expenditure.	January – March 2019	On going	Register in progress
8.	Steps were not taken to prevent unauthorised expenditure	Expenditure Management	SCM Manager	Expenditure Accountant & Budget Manager	No action required -Virement application and locking of the budget votes.	Already in place	Completed	Register in place
9.	Tariff policy was not adopted	Revenue Management	Revenue Manager	Revenue Accountant	No action required - Tariff policy adopted for 2018/19 financial year	Already in place	Completed	
10.	Credit-control and debt-collection policy was not adopted	Revenue Management	Revenue Manager	Revenue Accountant	No action required -Policy was adopted and provided to AG	Already in place	Completed	
11.	Policy on the levying of rates on rateable property within the municipality was not adopted	Revenue Management	Revenue Manager	Revenue Accountant	No action required -Approved policies of former municipalities are still in place – this is in line with Sec 12 notice. This was provided to AG	Already in place	Completed	
12.	Adequate management, accounting and information system was not in place to account for revenue, debtors and receipts of revenue	Revenue Management	Revenue Manager	Revenue Accountant	No Action required - The findings related to journals done on revenue and traffic fines. All information was submitted to AG except for traffic fines. AG was requested to inspect the documents at traffic department due to the volume. Schedules were provided to AG. A Technical consult was requested on the journals – no outcome communicated to management	Already in place	Completed	Meeting held with AG to discuss previous year's SCM audit findings - some audit findings resolved. Others to be further investigated

13.	Effective system of internal control for debtors and revenue was not in place	Revenue Management	Revenue Manager	Revenue Accountant	No action required - Disagreement between management and auditors on some journals passed exists. Technical consult was requested on journals – no formal outcome received by management	Already in place	Completed	Meeting held with AG who will schedule 2 days with CFO and team to discuss way forward
14.	No sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis	Revenue Management	Revenue Manager	Revenue Accountant	No finding was raised by AG. Billing was done on monthly basis	Already in place	Completed	
15.	No sufficient appropriate audit evidence that accounts for municipal tax and charges for municipal services or service charges were prepared on a monthly basis	Revenue Management	Revenue Manager	Revenue Accountant	No finding was raised by AG. Billing was done on monthly basis	Already in place	Completed	
16.	No sufficient appropriate audit evidence that interest had been charged on all accounts in arrears	Revenue Management	Revenue Manager	Revenue Accountant	No finding was raised by AG. Interest was raised on monthly basis	Already in place	Completed	
17.	Performance in respect of programmes funded by the municipal infrastructure grant was not evaluated	MIG/Conditional Grants	Technical Manager	Project Management Unit	Record all performance evaluation conducted with supporting evidence (files)	January 2019 onwards	Completed	
18.	Sufficient appropriate audit evidence that the Municipal Infrastructure Grant was spent for its intended purposes	MIG/Conditional Grants	Technical Manager	Project Management Unit	No action required – this relates to journals done on MIG – evidence were provided to AG. Schedules provided had a difference of R66 – immaterial	Already in place	Completed	
19.	The municipality did not establish an investment policy that was adopted by the council	Asset Management	Accounting Officer (MM)	Chief Financial Officer	No action required - Investment policy in place for 2018/19	Already in place	Completed	
20.	No sufficient appropriate audit evidence that all investments were made in accordance with the requirements of the investment policy	Asset Management	Accounting Officer (MM)	Chief Financial Officer	Accurately record all investments according to the approved investment policy	January 2019 onwards	Not achieved	
21.	An adequate management, accounting and information system was not in place to account for liabilities	Liability Management	SCM Manager	Expenditure Accountant	Training on accrual basis of accounting especially on Payroll Matters affecting 3 rd parties	January 2019 onwards	Completed	
22.	An effective system of internal control for liabilities (including a liability register) was not in place	Liability Management	SCM Manager	Expenditure Accountant/Legal Department/Corporate Services	Training on accrual basis of accounting especially on Payroll Matters affecting 3 rd parties	January 2019 onwards	Completed	
23.	Short-term debt relating to the bank overdraft was incurred for reasons other than those allowed as per section 45(1) of the MFMA	Liability Management	Accounting Officer	Chief Financial Officer	There was no physical overdraft. This relates to payments captured on the cashbook and not paid through the bank. It was indicated as reconciling items. No payment should be uploaded in the cash book if there are no adequate cash reserves in the bank.	January 2019 onwards	Not achieved	restatement to be done when AFS prepared
24.	Short-term debt relating to the bank overdraft was incurred without a resolution of the municipal council approving the debt agreement	Liability Management	Accounting Officer	Chief Financial Officer	No action required - There was no physical overdraft. This relates to payments captured on the cashbook and not paid through the bank. It was indicated as reconciling items	Already in place	Completed	

25.	Short-term debt relating to the bank overdraft was not repaid within the financial year	Liability Management	Accounting Officer	Chief Financial Officer	No action required - There was no physical overdraft. This relates to payments captured on the cashbook and not paid through the bank. It was indicated as reconciling items	Already in place	Completed	
26.	Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure	Consequence Management	Mayor	Accounting Officer/MM	Unauthorised expenditure was only identified at year end. Refer unauthorised expenditure to the MPAC for investigation and implement the recommendations thereon	February 2019	Not achieved	Irregular expenditure were referred to MPAC. Unauthorised expenditure still to be submitted
27.	Losses resulting from unauthorised expenditure were not recovered from the liable person	Consequence Management	Mayor	Accounting Officer/MM	Implement the recommendations of MPAC	February 2019	Not achieved	MPAC recommendation to be tabled to Council
28.	The authorisation of unauthorised expenditure amounting to R17,1 million was not done through an adjustment budget	Consequence Management	Accounting Officer/Municipal Manager	Chief Financial Officer	Implement the Virement Policy appropriately in the adjustment budget	January 2019	Completed	Adjustment budget for 2018/19 tabled in council
29.	Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure	Consequence Management	Mayor	Accounting Officer/MM	No action required -Irregular expenditure was submitted to MPAC and AG was informed thereof. MPAC currently busy with investigation	February 2019	Completed	Item already submitted to MPAC
30.	Losses resulting from irregular expenditure were not recovered from the liable person	Consequence Management	Mayor	Accounting Officer/MM	Implement the MPAC recommendations	February 2019	Not achieved	MPAC recommendation to be tabled to Council
31.	Cases of irregular expenditure that constituted a criminal offence were not reported to the South African Police Service	Consequence Management	Mayor	Accounting Officer/MM	No action required- the municipal manager made available to AG the investigations already done.	Already in place	Completed	Investigations in progress by Hawks
32.	Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure	Consequence Management	Mayor	Accounting Officer/MM	Refer fruitless & wasteful expenditure to the MPAC for investigation and implement the recommendations thereon	February 2019	Not achieved	investigation still to be referred to MPAC
33.	Losses resulting from fruitless and wasteful expenditure were not recovered from the liable person	Consequence Management	Mayor	Accounting Officer/MM	Implement the MPAC recommendations	February 2019	Not achieved	Will be based on MPAC recommendations
34.	No sufficient appropriate audit evidence that the municipal manager disclosed financial interests within 60 days from the date of appointment	Human Resources Management	Accounting Officer	Corporate Services	No action required – All Directors and MM declared interest	Already in place	Completed	
35.	No sufficient appropriate audit evidence that senior managers disclosed financial interests within 60 days from the date of appointment	Human Resources Management	Corporate Services	Human Resources Manager	No action required – All Directors and MM declared interest	Already in place	Completed	
36.	No sufficient appropriate audit evidence that senior managers previously dismissed for financial misconduct were only re-appointed after the expiry of a 10-year term	Human Resources Management	Corporate Services	Human Resources Manager	Generate a report on all senior managers who were previously dismissed for financial misconduct but later re-appointed, ensuring that all re-appointment conditions were met	January to March 2019	Not achieved	
37.	An approved staff establishment was not in place	Human Resources Management	Accounting Officer	Corporate Services	No action required –Organogram approved by Council September 2017. Submitted the approved Organogram to the Auditor General	Already in place	Completed	

38.	No sufficient appropriate audit evidence that appropriate systems and procedures to monitor, measure and evaluate the performance of staff were developed and adopted	Human Resources Management	Accounting Officer	Corporate Services	Develop and implement procedures to monitor, measure and evaluate the performance of staff. Cascading the staff performance measures to lower level management	March 2019	Not achieved	
39.	Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations. Similar non-compliance was also reported in the prior year.	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This related to two deviations which according to the AG did not have sufficient evidence that it was a deviation or the reasons supplied were insufficient and the declaration of interest of one service provider was outstanding. All deviations should have sufficient supporting documentation	June 2019	Completed	Deviations are being monitored
40.	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	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The municipality relies on the CSD for confirmation of whether directors of suppliers are employed by the state. The AG does not accept reliance on CSD and still requires suppliers to submit written declaration. Also written declarations that were received after the award (even though CSD indicated that they were not employed by State) were not accepted. All bidders to declare next of kin and employment status regarding the organ of state. Declaration will be kept on tender files	June 2019	On going	
41.	Goods and services with a transaction value above R200 000 were procured without inviting competitive bids	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This related to two deviations which according to the AG did not have sufficient evidence that it was a deviation or the reasons supplied were insufficient and the declaration of interest of one service provider was outstanding. All deviations should have sufficient supporting documentation	June 2019	On going	
42.	Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The Accounting Officer will confirm the appointment of Bid Committee Members in writing and acknowledged by each member through a signed acceptance letter	March 2019	Completed	
43.	Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The municipality relies on the CSD for confirmation of whether directors of suppliers are employed by the state. The AG does not accept reliance on CSD and still requires suppliers to submit written declaration. Also written declarations that were received after the award (even though CSD indicated that they were not employed by State) were not accepted. All bidders to declare next of kin and employment status regarding the organ of state. Declaration will be kept on tender files	June 2019	Completed	
44.	Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This relates to two tenders. An independent confirmation of winning bidder's tax matters will be conducted before awarding	January 2019	Completed	

45.	Bid documentation for the procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	Municipal Bid documentation will be amended to incorporate the minimum threshold on local content	March 2019	completed	
46.	Commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This relates to one tender. Municipal Bid documentation will be amended to incorporate the minimum threshold on local content. Suppliers will be requested to provide declaration on local production content	March 2019	completed	
47.	Commodities designated for local content and production were procured from suppliers who did not meet the prescribed minimum threshold for local production and content	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	This relates to one tender. Municipal Bid documentation will be amended to incorporate the minimum threshold on local content. Suppliers will be requested to provide declaration on local production content and determination will be made to confirm if minimum threshold is met	January 2019	completed	
48.	Awards were made to providers who were in the service of the municipality or whose directors were in the service of the municipality. Providers failed to declare that they were in the service of the municipality	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The audit finding related to CAATS that could not be performed because of some information that could not be extracted from the financial system. Some creditors were all grouped under one general creditors code. Management did provide information to AG but AG indicated that it was insufficient to do CAATS (Computer Assisted Audit Techniques). All creditors need to have a separate creditors account on the financial system	Immediately	Completed	
49.	Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The audit finding related to CAATS that could not be performed because of some information that could not be extracted from the financial system. Some creditors were all grouped under one general creditors code. Management did provide information to AG but AG indicated that it was insufficient to do CAATS (Computer Assisted Audit Techniques). All creditors need to have a separate creditors account on the financial system	Immediately	Completed	
50.	Persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	The audit finding related to CAATS that could not be performed because of some information that could not be extracted from the financial system. Some creditors were all grouped under one general creditors code. Management did provide information to AG but AG indicated that it was insufficient to do CAATS (Computer Assisted Audit Techniques). All creditors need to have a separate creditors account on the financial system	Immediately	Completed	

51.	SCM officials who, or other SCM role players whose close family members, partners or associates, had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract	Procurement & Contract Management (SCM)	SCM Manager	SCM Practitioners	No finding raised. Management is of view that this relates to CAATS that could not be performed because of some information that could not be extracted from the financial system. Some creditors were all grouped under one general creditors code. Management did provide information to AG but AG indicated that it was insufficient to do CAATS (Computer Assisted Audit Techniques). All creditors need to have a separate creditors account on the financial system Declaration of employment status and next of kin will be compulsory to all service providers	Immediately	Completed
52.	Leadership did not exercise oversight over financial, performance and compliance reporting	General Internal Controls	Accounting Officer	All Managers	Due to the findings raised by the AG this was indicated as an internal control deficiency. Management is in disagreement with AG on number of findings. Management will however continuously ensure that all standard operating procedures are effectively implemented throughout the year	Immediately	in progress
53.	The municipality did not maintain a proper record management system for electronic records	General Internal Controls	Accounting Officer	All Managers	Due to the findings raised by the AG this was indicated as an internal control deficiency. Management is in disagreement with AG on number of findings. Management will however continuously ensure that all standard operating procedures are effectively implemented throughout the year	Immediately	in progress
54.	The audit committee did not review the annual financial statements and annual performance report in the current year	General Internal Controls	Accounting Officer	All Managers	The Chairperson of the Audit Committee resigned and Audit Committee did not have meetings. An email was send to the Audit Committee to enquire whether they will review AFS without having a formal meeting and send input to the CFO. Management will ensure that AFS are submitted timeously to Audit Committee	August 2019	Not due yet
55.	The internal audit unit lacked the capacity required to effectively perform their duties	General Internal Controls	Accounting Officer	Chief Audit Executive	Address capacity with placement process	March 2019	in progress

SUMMARY	Total findings	%
COMPLETED	37	67
NOT ACHIEVED	10	18
IN PROGRESS	3	5
ON GOING	4	7
NOT DUE YET	1	2
	55	