

2017/18

John Taolo

Gaetsewe

District

Municipality

ANNUAL  
REPORT  
Volume V



## Audit Action Plan 2018/19 - John Taolo Gaetsewe District Municipality

### Narratives to the action plan

#### **1) Purpose of the action plan:**

To ensure that the municipality addresses ALL issues/findings raised in the Auditor-General report for the financial year 2017/18 audit.

#### **2) Responsibilities**

- (i) All employees of the municipality will be responsible for the implementation of the audit action plan.
- (ii) The Mayor will provide an oversight role in the implementation of the Audit Action Plan, the progress on the implementation will be reported to her by the Municipal Manager on a monthly basis.
- (iii) The Municipal Manager and all Head of Departments (HoDs) will ensure 100% compliance with the implementation of the audit action plan through bi-weekly Operation Clean Audit Committee (OCAC) meetings.
- (iv) Internal Audit unit will from time to time be requested to do quality assurance/ validations on reported progress and POEs

#### **3) Officials Responsibilities**

- (i) Manager Legal and Compliance, will be responsible for the compilation of the progress report on a monthly basis. To be submitted to the Mayor, Municipal Manager, Internal Audit, Senior Management and Treasury
- (ii) Municipal Manager will be responsible for the submission of progress report on the audit action plan to Council on a quarterly basis.
- (iii) All other staff members will be required to submit weekly progress reports on addressing audit queries in their section, with relevant supporting documentation to address the queries.

COMPILED BY:

G. MOROANE  
CHIEF FINANCIAL OFFICER

REVIEWED BY:

T. MATLHARE  
ACTING MUNICIPAL MANAGER

ADOPTED BY COUNCIL RESOLUTION:  
DATE ADOPTED:

John Taolo Gaetsewe District Municipality	Period-end	30 June 2018
Date: 01 December 2018	Action Plan	
Prepared by: John Taolo Gaetsewe District Municipality: Audit Steering Committee	Reviewed by:	

	Total Findings	Average Progress		
		Completed	In progress	Not yet started
Total 2016/17	15	60%	40%	
Completed	9	9		-
In Progress	6	-	6	-
Not Yet Started	-	-	-	-
<b>Total</b>		<b>9</b>	<b>6</b>	<b>-</b>



AUDIT REPORT PAR. NO.	FINDING(S)	CAUSE OF THE FINDING	IMPACT OF THE FINDING	CLASSIFICATION	INTERNAL CONTROL DEFICIENCY	RECOMMENDATION FROM AG OF THE COLLECTIVE ACTION TO BE TAKEN	ACTIONS TO BE TAKEN - JTGDM	SUPPORTING DOCUMENTATION FOR AUDIT REF. 2017/18 AND 2018/19	RESPONSIBLE DEPARTMENT	RESPONSIBLE SECTION	RESPONSIBLE PERSON	START DATE	DUPLICATE DATE
7	<b> Oversight Reports</b> The oversight reports adopted by the council on the 2016-17 financial year were not made public as required by section 129(3) of the MFMA.	Lack of oversight by management	Material Affecting the Auditor's Report	Non-Compliance	Leadership	Management should demonstrate that the financial statements fairly presented in accordance with the MFMA.	<ul style="list-style-type: none"> <li>Notice for the Oversight Report shall be published on the Municipal Website and in a local newspaper.</li> <li>Furthermore, follow up steps were taken to ensure that compliance is monitored and adhered to.</li> <li>Departments to be responsible for their respective compliance requirements.</li> <li>Development of a generic compliance register for all departments to use for monitoring.</li> <li>All compliance related submissions and publications to be reported on a monthly basis.</li> <li>Development of a compliance CR for each department in the Municipal SDBP.</li> <li>Compliance management to be included in the Audit Action Plan for monitoring.</li> </ul>	Advertisement Compliance Register 2018/19 Compliance Reports SDBP 2019/20	Advertisement Compliance Register 2018/19 SDBP 2019/20	Planning and Development Municipal Manager Administration All Departments	Office of PM&S Legal and Compliance Legal & Compliance Senior Administration Officer All HODs All Managers	15-Jan-19 2019-01-15	2019-01-15 2019-01-15
8	<b> Expenditure Management</b> Reasonable steps were not taken to prevent irregular expenditure of R20 977 814 as disclosed in note 47 to the annual financial statements as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by contraventions of supply chain processes.	Management did not ensure that prior year control weaknesses that gave rise to irregular and wasteful expenditure were sufficiently addressed in the current year. Processes to identify and report on irregular and wasteful expenditure were only implemented towards the end of the 2017/18 financial year.	Material Affecting the Auditor's Report	Non-Compliance	Financial and performance management	Disciplinary action should be taken against all officials contravening the municipal policies and legislation. Municipality wide internal control should be improved to ensure curbing of policies does not re-occur.	<ol style="list-style-type: none"> <li>Schedule of MPAC meeting to be adopted by Council</li> <li>Information on sharing sessions to be held with service providers and municipal officials</li> <li>To develop section 5(2)(e) transgressions register and disclose such in the AFS</li> </ol>	Council minutes of MPAC Meeting held for 2018/19 Attendance Register of information sharing sessions to be held in 2018/19 Transgressions Register 2018/19 AFS 2018/19	Municipal Manager Office of CFO	Legal and Compliance Supply Chain Management	Manager: Legal & Compliance Head: SCM	15-Jan-19 2019-06-30	2019-06-30 2019-06-30 2019-06-31
9	<b> Effective steps were not taken to prevent irregular and wasteful expenditure amounting to R62 401,45 as disclosed in note 36 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.</b>	Management did not ensure that prior year control weaknesses that gave rise to irregular and wasteful expenditure were sufficiently addressed in the current year. Processes to identify and report on irregular and wasteful expenditure were only implemented towards the end of the 2017/18 financial year.	Material Affecting the Auditor's Report	Non-Compliance	Financial and performance management	Indirect recommendations from COMATS.	Review of contracts over processes giving rise to irregular and wasteful expenditure in 2018.	Evidence of review and recommendations for addressing weaknesses/ identifying similar instances in the current year.	Budget and Treasury Office	Budget and Reporting	Manager: Budget and Reporting; E Chidzha	15-Jan-19	30-Jun-19
10	<b> Budgets</b> Reasonable steps were not taken to prevent unauthorised expenditure of R32 030 553 as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by over-spending the total amount approved for a vote in the approved budget.	Management did not ensure that prior year control weaknesses that gave rise to irregular and wasteful expenditure were sufficiently addressed in the current year. Processes to identify and report on irregular and wasteful expenditure were only implemented towards the end of the 2017/18 financial year.	Material Affecting the Auditor's Report	Non-Compliance	Financial and performance management	Disciplinary action should be taken against all officials contravening the municipal policies and legislation. Municipality wide internal control should be improved to ensure curbing of policies does not re-occur.	<ol style="list-style-type: none"> <li>Schedule of MPAC meeting to be adopted by Council</li> <li>Information on sharing sessions to be held with service providers and municipal officials</li> <li>To develop section 5(2)(e) transgressions register and disclose such in the AFS</li> </ol>	Council minutes of MPAC Meeting held for 2018/19 AFS 2018/19	Municipal Manager Office of CFO	Legal and Compliance Budget and Reporting	Manager: Legal & Compliance Manager: Budget and Reporting	15-Jan-19 2019-06-30	2019-06-30
11	<b> Strategic planning and performance management</b> The integrated development plan did not reflect a financial plan as required by section 28(1)(b) of the Municipal Systems Act and municipal planning and performance management regulation 23(3)(a).	The MFMA compliance checklist developed did not incorporate full requirements of the Municipal Planning and performance management regulations.	Material Affecting the Auditor's Report	Non-Compliance	Leadership	Management should regularly review the compliance checklist developed to ensure completeness of the checklist against requirements contained in the relevant legislation applicable to the municipality and thereby ensure compliance with all applicable laws and regulations.	Financial plan in IDP must include the budget projections for the next three years. Develop a compliance checklist	DP 2019/20 Compliance checklist	Planning and Development STDP	Manager Manager: STDP	2019-01-15 2019-01-15	2019-06-30 2019-02-28	
12	<b> The Service Delivery and Budget Implementation Plan for the year under review did not include monthly revenue projections by source of collection and/or the monthly operational and capital expenditure by vote, as required by section 1 of the MFMA.</b>	The MFMA compliance checklist developed did not incorporate full requirements of the Municipal Planning and performance management regulations.	Other Impairment	Non-Compliance	Leadership	No specific recommendations were provided.	SDBP must include the monthly revenue projections by source of collection and/or the monthly operational and capital expenditure by vote in the IDP for the next three years. Develop a compliance checklist	SDBP 2019/20 Compliance checklist	Planning and Development STDP	Manager: STDP	2019-01-15 2019-01-15	2019-06-30 2019-02-28	
13	<b> Procurement and Contract Management</b> Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulations (R.2). Similar non-compliance was also reported in the previous year.	Lack of oversight by management	Non-Compliance	Internal Control Deficiency	Leadership	Management should ensure that all bid documentation stipulates the minimum threshold for local content and production	<ol style="list-style-type: none"> <li>Perform a special review/audit of transactions for the year to date, particularly for the types of errors noted during the audit</li> <li>Compile reports on control weaknesses that led to the errors and develop plans on how these can be overcome for contracts made allow for audit, e.g. checklist with signatures</li> <li>Monthly evidence of controls to be regularly implemented</li> </ol>	1. Outcomes of special review/audit 2. Report from SCM Unit 3. Monthly evidence of controls to be regularly implemented	Budget and Treasury Office	SCM	T Moolhanke	15-Jan-19	30-Jun-19

	ISSUE (A)	O/M (B)	AM (C)
5	Business Planning and reporting	4	4
14	Information systems	2	2
16	Administrative matters	2	2
24		2	2
	Accounting	2	2
	Contracts	2	2
	Controlling & M&E	2	2
	Expenditure	2	2
	HR	4	4
	IT	2	2
	IT	2	2
	ISO	2	2
	ISO 9001	2	2
	Management Report	2	2
	PMIS	2	2
	Proc. Periods	2	2
	Revenue	2	2
	SOA	2	2
	SOA	2	2
	VAT	2	2
		2	2



**MANAGEMENT REPORT BASED AUDIT ACTION PLAN OF JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY FOR 30 JUNE 2018**

No.	COMAR	ISSUE NO.	FINDING(S)	CAUSE OF THE FINDING	IMPACT OF THE FINDING	CLASSIFICATION	INTERNAL CONTROL DEFICIENCY	RECOMMENDATION FROM AS OF THE CORRECTIVE ACTION TO BE TAKEN	ACTIONS TO BE TAKEN - BDDM	SUPPORTING DOCUMENTATION FOR AUDIT 2017/18 AND 2018/19	RESPONSIBLE DEPARTMENT	RESPONSIBLE SECTION	RESPONSIBLE PERSON	START DATE	DUPLICATE	
1	1	1	<p>1. Prior year issues</p> <p>During the follow up on prior year issues, it was identified that management did not perform findings that were raised in the prior year and these findings are still valid in the 2017/18 financial year.</p> <p>The following issues were raised in the prior year:</p> <p>1. Problems were not resolved to ensure the revenue would periodically be undertaken to determine whether employees' current access and privileges on the system were commensurate with their job responsibilities.</p> <p>2. No processes were in place to ensure that the activities of the system administrator/IT manager who granted user access to the HR system would be reviewed.</p> <p>3. The lack of review of system controllers' activities could lead to unauthorised access being granted to the system as inappropriate access granted might not be recorded.</p> <p>4. The evidence for the SSOA applications was not provided due to the roles and responsibilities of the SSOA applications were not assigned to a specific individual.</p> <p>5. Backup procedures were not performed due to lack of a dedicated environment to host the backup and to the new data financial records.</p> <p>6. The Disaster Recovery Plan (DRP) was not developed due to lack of a documented Business Continuity Plan (BCP) to provide a guide for an adequate Disaster Recovery Plan.</p>	Management did not ensure that issues relating to General IT controls that were raised in the prior year were addressed.	Other Reported Matters	Internal Control Deficiency	Leadership	<p>Management should ensure that:</p> <p>1. A user access management policy and procedures are developed and documented.</p> <p>2. Any processes are established to ensure that system controller activities are periodically reviewed.</p> <p>3. The Disaster Recovery Plan (DRP) are developed to ensure financial and performance information are recovered in case of a disaster and to ensure business activity.</p>	<p>1. User access management policy and procedures to be reviewed by the 30th December 2018.</p> <p>2. Any processes will be established to ensure the financial system administrator's activities are periodically reviewed by 31st October 2018.</p> <p>3. Any processes will be established to ensure the financial system administrator's activities are periodically reviewed by 31st October 2018.</p> <p>4. All staff that the appointment letter for the system administrator.</p> <p>5. Backup testing and maintenance to be prioritised.</p> <p>6. Business Continuity Plan which include Disaster Recovery Plan to be developed and submitted to council for approval by the 31 December 2018.</p>	<p>User Access Management Policy 2018/19</p> <p>Financial System Administrator Activity Processes</p> <p>Business Continuity Plan which include Disaster Recovery Plan</p>	Corporate Services	Information Technology	Selene H. Olfner	15/11/18	31/01/19	
2		42	<p>As per the requirements of section 233 of the Municipal Finance Management Act:</p> <p>1. The accounting officer must in accordance with section 233 of the Municipal Finance Management Act ensure that an oversight report is submitted to the Council within seven days of its adoption.</p> <p>2. Oversight reports must include a declaration of the council's members on the annual report, however we could not obtain evidence that oversight report was made public after its adoption.</p>	Lack of oversight by management	Minor	Non-compliance	Leadership	<p>Management should ensure that at the procedure of finalising the annual report and being carried out to ensure compliance with laws and regulations</p>	<p>1. Action for the Oversight Report that be published on the Municipal Website and in local newspaper.</p> <p>2. Furthermore, all findings were taken to ensure compliance is monitored and adhered to:</p> <ul style="list-style-type: none"> <li>Departments to be responsible for their respective compliance requirements.</li> <li>Development of a generic compliance register for all departments to use for monitoring.</li> <li>All compliance related submissions and publications to be reported on a monthly basis.</li> <li>Development of compliance KPI for each department in the Municipal SOBP.</li> <li>Compliance management to be included in the Audit Action Plan for monitoring.</li> </ul>	<p>Advertisement</p> <p>Compliance Register 2018/19</p> <p>Compliance Reports</p> <p>SOBP 2018/20</p>	<p>Planning and Development</p> <p>Municipal Manager</p> <p>Corporate Services Administration</p> <p>All Departments</p>	<p>Office of Internal Audit and Compliance Administration</p> <p>Manager: STROP</p> <p>Manager: Siga B</p> <p>Compliance Officer</p> <p>Senior Administration Officer</p> <p>All Unit Managers</p>	2018-01-05	2018-01-04		
3		4	<p>1. Non-compliance with laws and regulations</p> <p>During the preparation of the business plan for strategic budgeting and planning it was noted that the municipality did not comply with laws and regulations on the following instances:</p> <p>1. The adjustments budget approved by council on 28/02/2018 was not published as required by regulation 20(2) of Municipal budget and reporting.</p> <p>2. The adjustments budget approved by council on 25/04/2018 was not published as required by regulation 20(2) of Municipal budget and reporting.</p> <p>3. Amendments to the SOBP approved by council on 28/02/2018 were published on 04/04/2018 (24 days after council approval), in contravention of the requirements of regulation 20(2) of Municipal budget and reporting which requires publication within 10 days of council approval.</p> <p>4. The SOBP of the municipality did not include monetary operations of revenue by source and operational and capital expenditure by use as required by section 1 of the MFMA.</p>	The municipality did not comply with laws and regulations.	Minor	Non-compliance	Leadership	<p>Management should ensure that a checklist for: at the compliance related issues relating to strategic budgeting and planning, applicable to the municipality that relate to compliance with laws and regulations, the checklist should also include applicable timeframes.</p>	<p>1. The MFMA compliance checklist will be updated to incorporate fully the MFMA requirements with clear timeframes, and implemented accordingly.</p> <p>2. Ensure that the SOBP documents also incorporate the budget information as attached in the budget schedule, e.g. reporting laws SOA, SOA and SOA of the Department for the amended SOBP.</p>	<p>MMA Compliance Checklist including MFMA requirements</p> <p>Reviewed SOBP 2018/19 containing budget information</p> <p>Notice in newspaper for adjustments budget</p>	<p>Budget and Treasury Office</p> <p>Development and Planning</p> <p>Administration</p> <p>Corporate Services</p>	<p>Budget and Reporting</p> <p>SOBP</p> <p>Administration</p> <p>Senior Administration Officer</p>	Manager: Budget and Reporting	Manager: STROP	15/11/18	28/01/19

No.	COMMITTEE	ISSUE NO.	ISSUE	RISKS	CAUSE OF THE RISK	IMPACT OF THE RISK	CLASSIFICATION	INTERNAL CONTROL DEFICIENCY	RECOMMENDATION FROM AG OF THE CORRECTIVE ACTION TO BE TAKEN	ACTIONS TO BE TAKEN - RSDM	SUPPORTING DOCUMENTATION FOR AG/ RPT. FILE 2023/04 AND 2019/19	RESPONSIBLE DEPARTMENT	RESPONSIBLE SECTION	RESPONSIBLE PERSON	START DATE	DUPLICATE
4	2	11	[A] Non-adherence to leave policy During planning, it was identified that the pasteur Director Corporate Services Position was vacant and was planned to be filled by Mr. 20th August 2019. During the September 2019, Council approved the Director of Community Development Services as the Director of Corporate Services in a position to ensure that the position is filled by 30th September 2019. Paragraph 3.2 of the budget of the municipality states that a section 36 employee will not be able to act on an equivalent post. [B] Non-adherence to leave policy During planning, it was identified that application for leave was not approved by employee's superior and head of department, municipal manager and/or his/her superior as required by leave policy. [C] No controls in place for capturing of leave During planning, it was identified that there are no controls in place of when the leave days should be captured or the same after approval of the leave form.	Management did not conduct the budgeting process in accordance with the agreement of Director of Community Development Services to act as the Director of Corporate Services to ensure the correct budgeting procedure were followed. There are no controls in place to ensure that internal controls and regulations to avoid internal control deficiencies. No controls in place for capturing leave on the system to avoid employees taking more leave than they are entitled to.	Other Impairment Matters	Internal Control Deficiency	Leadership	Management should: a) implement and enforce the policies and existing decisions; b) create and implement controls over the number of days that should be captured leave on the system; c) monitor adherence to implementation of policies.	a) leave application no. 23956 to be signed by RSD. b) Implement a plan to capture leave days within 2 days of receipt c) monitor adherence to implementation of policies.	Leave application no. 23956 to be signed by RSD. Leave Reconciliation 2018/19 Leave Policy 2018/19	Corporate Services	Human Resources	Manager: Human Resources	15/04/20	31/05/20	
5	2	6	[A] Internal control deficiency identified relating to budgeting During completion of business process for budgeting assets, it was noted that the Municipality does not have systems in place to capture budgeting assets through digital means, the form does not have a time stamp. [B] Internal control deficiency identified Through the walkthrough performed on the biological assets business process, it was noted that information pertaining to biological assets was not migrated onto the MCOA system. [C] Internal control deficiency identified Through the walkthrough performed on the capital and/or goods business process, it was noted that information pertaining to capital and/or goods was not migrated onto the MCOA system.	The Municipality has not developed a budget plan for that year.	Other Impairment Matters	Internal Control Deficiency	Leadership	Management should develop detailed and specific plans categorized by budgeting assets.	Develop, detailed and specific plan on safeguarding biological assets.	Detailed and specific Plans safeguarding biological assets	Planning and Development	CEO	Manager: CEO	15/04/20	31/05/20	
6	2	13	[A] Internal control deficiency identified Through the walkthrough performed on the biological assets business process, it was noted that information pertaining to biological assets was not migrated onto the MCOA system. [B] Internal control deficiency identified Through the walkthrough performed on the capital and/or goods business process, it was noted that information pertaining to capital and/or goods was not migrated onto the MCOA system.	Management reassessed changes during migration of the information.	Other Impairment Matters	Internal Control Deficiency	Leadership	Management should ensure the business processes and system are in accordance with the MCOA requirements.	All roles will be migrated to MCOA items.	Take on the role of monitoring on items on MMS	Budget and Treasury Office	Revenue and Assets Management	Manager: Revenue and Assets	15/04/20	30/04/20	
7		12	[A] Non-compliance with laws and regulations During the completion of the business process for budgeting and planning, it was noted that the municipality does not include the annual budget on the required by sections 41 and 42 of Municipal Planning and Performance Management Regulations. The budget for annual budget amounted to R6, 111 797 for operational expenditure, and R 2 16000 for capital expenditure.	The MMS compliance checklist developed did not incorporate fully the requirements of the Municipal Planning and Performance Management Regulations.	Other Impairment Matters	Non-Compliance	Leadership	Management should regularly review the compliance checklist developed to ensure compliance of the checklist against requirements as contained in the different legislative applicable to the municipality and thereby ensure compliance with all applicable laws and regulations.	Finance plan/IDP must include the budget projections for the next two years. Develop compliance checklist Compliance checklist	DP 2019/20	Planning and Development	RSDP	Manager: RSDP	2019/04/15	2019/02/28	
8	4	14	[A] Quarterly Performance Assessment for Senior Management was not performed During the completion of business process of performance management, it was noted that quarterly performance assessment, monitoring/evaluation reports for position 37 managers were not performed as required by section 67 of the Municipal Systems Act.	Lack of controls in place to ensure to align with applicable laws and regulations.	Other Impairment Matters	Non-Compliance	Leadership	Management should review and update the compliance checklist for full compliance with applicable laws and regulations.	The individual performance management reports to be reviewed to include and ensure the performance assessment were done on an individual PMMS Policy 2018/19 PMMS Assessment 2018/19 for Senior Managers and all employees	PMMS Framework 2018/19 Individual PMMS Policy 2018/19 PMMS Assessment 2018/19 for Senior Managers and all employees	Corporate Services	Human Resources	Manager: Human Resources	15/04/20	31/05/20	
9	4	21	[A] The municipality does not have a consultancy reduction plan in place During the audit of consultants, it was noted that the municipality does not have a consultancy reduction plan in place as required by MMAC Circular 02.	The municipality is in the process of developing a consultancy reduction plan.	Other Impairment Matters	Internal Control Deficiency	Financial and Performance Management	The municipality should develop a consultancy reduction plan as a form of cost containment measure.	A formal comprehensive consultancy reduction plan to be developed and concluded.	Consultancy Reduction Plan	Budget and Treasury Office	Office of CFO	CFO	15/04/20	30/04/20	
10		28	[A] MDD Form not obtained after date of award During the audit of procurement, it was identified that the particular MDD Form was not obtained after date of award on country to what the regulations require, award have a contract that is not on the MDD Form. [B] Unable to confirm the date that the MDD was signed During the audit of procurement, we were unable to see the date as per the MDD requested to determine whether it was received before date of award.	The municipality did not ensure that there are valid MDDs for the awarding process before awarding order.	Other Impairment Matters	Non-Compliance	Leadership	Management must ensure that the MDDs are valid prior to awarding order. [B] Should management agree with the finding, the necessary adjustments will be included on the actual financial statements.	The MDD Form to be completed and attached before issuing Purchase Order as provided by the SCM Regulations. MDD Form attached to purchase order	MDD Form attached to purchase order	Budget and Treasury Office	Supply Chain Management	Head: SCM	15/04/20	30/04/20	
11		00	[A] Dependent Difference between Invoice and reconciled Invoice During the budgeting expenditure, quarterly review, it was identified that in the period where we increased the payments were overpaid, instead of adding 1% to total increase the supplier added 10% of overpayment of R20 133,94 (monthly payment) that already included 14 Not out. Please refer to Mail and security services in section number 033 and 034.	A. The invoice was not reconciled to confirm that the correct amount was billed to the municipality.	Other Impairment Matters	Non-Compliance	Financial and Performance Management	Management should request the correct invoice and ensure that it is received under the correct order. Request from the calculations on the invoice to ensure correct amount is accurate and in terms of the contract.	[B] VAT consultant to be informed and to investigate this in the 2019/19 financial year. VAT consultant to review the calculation in the new year	VAT Register 2018/19	Budget and Treasury Office	Budget and Reporting	Manager: Budgets of Reporting	15/04/20	30/04/20	
12		01	[A] No controls in place for capturing of leave During the audit of employees, it was noted that leave taken by employees is not captured in the system to avoid employees taking more leave than what they are entitled to during the leave cycle.	Management does not monitor the capturing of leave.	Other Impairment Matters	Internal Control Deficiency	Leadership	Management should design and implement controls relating to capturing leave, including setting time lines on how long should take the municipality to capture leave after the date to take leave and approved.	Management will review the procedure and controls around leave capturing process and ensure that it is accurate and capturing time. Leave forms to captured on system immediately within 2 days upon receipt.	Standard Operating Procedures for leave capturing Leave forms	Corporate Services	Human Resources	Manager: Human Resources	15/04/20	31/05/20	
13		07	[A] Non-adherence to the recruitment and selection policy During the audit of employees, we noted that recruitment of employees who were appointed to confirm whether standard selection and recruitment procedure were followed. For the following employees that are on posts levels 03 and 15, we noted that the posts were not advertised on a local newspaper and internally.	The municipality applied the employee without following the recruitment and selection processes as per the policy.	Other Impairment Matters	Internal Control Deficiency	Leadership	Management should design and maintain a checklist consisting of the requirements as per applicable laws and regulations as well as the requirements as per the municipality's policies and procedures at the requirements are considered prior to appointment of any candidate.	The "Recruitment and Selection Policy" will be developed for adoption by Council 15/04/2019.	Recruitment and Selection Policy 2018/19	Corporate Services	Human Resources	Manager: Human Resources	15/04/20	31/05/20	

No.	COMMITTEE	ISSUE NO.	FINDING(S)	CAUSE OF THE FINDING	IMPACT OF THE FINDING	CLASSIFICATION	INTERNAL CONTROL DEFICIENCY	RECOMMENDATION FROM AG OF THE CORRECTIVE ACTION TO BE TAKEN	ACTIONS TO BE TAKEN - RPODM	SUPPORTING DOCUMENTATION FOR AUDIT PERIOD OF 2018/19	RESPONSIBLE DEPARTMENT	RESPONSIBLE SECTION	RESPONSIBLE PERSON	START DATE	DUPLICATE	
14		04	[A] Impairment percentage used are not reasonable. During the testing of impairment, it was identified that the percentages used to impair debtors have no basis on which they are based on.	[A] Management did not consider or add in the impairment testing the basis on which the impairment percentages are based on and the process of impairment has not been followed.	Other Impairment Matters	No Compliance	Financial and performance management	The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and endorsed by reliable information.	The impairment policy will be revised in the new year.	Impairment Policy 2018/19	Budget and Treasury Office	Revenue and Assets Management	Manager: Revenue and Assets	15/04/20	15/04/20	
15		27	During the testing of impairment performed, assets were excluded from the list of assets included and traced to the asset register. Some of the excluded items could not be traced to the asset register.	Management did not ensure that all the assets included on computers of the municipality recorded in the asset register were performing to physical verification.	Other Impairment Matters	Misstatements in financial statements	Financial and performance management	Upon delivery of assets purchased, management should immediately record all assets received. Furthermore, during the year-end verification of assets, management should ensure that all assets of the municipality are recorded in the asset register.	Management to ensure the new assets are recorded in the asset register in 2018/19. Asset verification exercises to be carried out to address the population.	Asset Register 2018/19 Asset Verification Sheets	Budget and Treasury Office	Revenue and Assets Management	Manager: Revenue and Assets	15/04/20	30/04/20	
16		71	[A] Impairments are not properly classified. During the audit of Property, Plant and Equipment (Land & Building) it was noted that the ageing of the impairments carried over from the previous year was not done by the municipality or used to carry out a municipality review. The basis for carrying out the annual RFPZ test is not correct. [B] Assets identified for impairment were not impaired during the verification process, as no assets were identified for impairment, however the same were included in the list of impairment cases disclosed in the Annual Financial Statements in the current year.	[A] The recognition of the impairment losses were properly assessed to determine the correct classification. [B] Through discussion with management, it was noted that the condition required for these assets should have been adjusted as they were still in working condition.	Other Impairment Matters	Misstatements in financial statements	Financial and performance management	Recommendation [A] The impairments should be removed from land and building and prior year adjustments gained at this amount should be reversed in the year of initiation. [B] The conditions of the assets that were assessed and found to still be in working condition should be updated. The other assets should be included on the impairment listing.	[A] The asset will be reclassified in the 2018/19 year. [B] Management will re-assess the assets in the new year, and issue the impairment certificate with the condition to ensure a valid understanding. All assets and their conditions will be reviewed in the new financial year as part of the verification exercise.	Asset Register 2018/19 Asset Impairment Register 2018/19	Budget and Treasury Office	Revenue and Assets Management	Manager: Revenue and Assets	15/04/20	30/04/20	
17		72	During the audit of accounts payable, there was a difference identified between the amount disclosed and the amount for RFPZ and the amount as per the Annual Financial Statements.	The right of access with the consultant, it was noted that there were conditions that were not captured in the general ledger resulting in the understatement on the AFS.	Other Impairment Matters	Misstatements in financial statements	Financial and performance management	Management should review financial listing and ensure that all conditions used in year-end are included and disclosed to the general ledger and disclosed in the annual financial statements.	Management will issue the position memorandum of 11/12/17 relating to sundry items, and 21/02/19 in the next financial year.	AFS 2017/18 (Prior period) AFS Preparation Plan 2018/19	Budget and Treasury Office	Budget and Reporting	Manager: Budget and Reporting	01/04/20	31/08/20	
18		08	[A] Auditor's report highlighted by management. During the audit of the employee benefits it was identified that the municipality received the auditor's report for the calculation of post-employment medical aid and long service awards, however, no supporting evidence could be obtained to prove a point that the manager or delegated officer reviewed the reports to confirm the accuracy of the calculation before it was disclosed in the financial statements.	There are no controls to review auditor's report prior to being used for the recognition of the employee benefits.	Other Impairment Matters	Internal Control Deficiency	Leadership	Manager/ Manager or delegated officer should review the auditor's report to ensure the report is accurate.	Management to review the process around reviewing and finalizing the reports from the auditor.	Auditor's Report 2018/19 AFS Preparation Plan 2018/19	Budget and Treasury Office	Office of CFO	CFO	01/04/20	31/08/20	
19		7	25	Through the testing of impairment performed, assets were excluded from the list and traced to the asset register. One of the selected items could not be traced to the asset register.	Management did not ensure that all the impairments of the municipality recorded in the asset register were performing to physical verification.	Other Impairment Matters	Misstatements in financial statements	Financial and performance management	Upon delivery of assets purchased, management should immediately record all assets received. Furthermore, during the year-end verification of assets, management should ensure that all assets of the municipality are recorded in the asset register.	Asset to be valued and recorded in 2018/19. Asset verification exercises to be carried out to address the population.	Asset Register 2018/19 Asset Verification Sheets	Budget and Treasury Office	Revenue and Assets Management	Manager: Revenue and Assets	15/04/20	30/04/20