

2015/2016



LEKWA LOCAL MUNICIPALITY

1st DRAFT ANNUAL

REPORT

2014/2015

AUDIT ACTION RECOVERY PLAN

APPENDIX T6.1

| Management Rep Page No | Man Responded | Exemption/ Finding | Matters affecting the auditor's report | Other important matters | Restatement of 2015 AFS | Progress during Audit | Corrective Action / Preventative measures to mitigate re-occurrence | Due Date | Responsible Departments | | | | | | | Consultants |
|---------------------------------|---------------|--------------------|---|-------------------------|-------------------------|-----------------------|---|----------|-------------------------|-----|------|-------|------|------|-----|-------------|
| | | | | | | | | | AO | BTO | EMTS | EMCSS | EMCS | EMLP | PKF | |
| PREDETERMINED OBJECTIVES | | | | | | | | | | | | | | | | |
| AOPO | 10 | Y | Basic service delivery Indicators not specific and not verifiable | ■ | | N | To Be reviewed and amended, approval by | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 12 | Y | Basic Service Delivery: targets that are not specific and are not time bound | ■ | | N | To Be reviewed and amended, approval by | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 14 | Y | Good governance targets do not meet the SMART criteria | ■ | | N | To Be reviewed and amended, approval by | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 16 | Y | Good Governance - indicators not well defined and not verifiable | ■ | | N | To Be reviewed and amended, approval by Council | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 161 | Y | Business process for the input, processing and output for performance information not in place | ■ | | N | To Be reviewed and amended, approval by Council | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 19 | Y | Good governance - Internal controls not in place Indicators and targets reported are not supported by valid, accurate and complete portfolio of evidence | ■ | | N | To Be reviewed and amended, approval by Council | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 21 | Y | Basic service delivery - Internal controls not in place Indicators and targets reported are not supported by valid, accurate and complete portfolio of evidence | ■ | | N | To Be reviewed and amended, approval by Council | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 24 | Y | IDP and SDBIP not aligned to the budget | ■ | | N | To Be reviewed and amended, approval by | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 26 | Y | The 2013/14 annual performance report did not include the performance of the external service providers | ■ | | N | To Be reviewed and amended, approval by Council | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 157 | Y | APR does not state the measure to be taken to improve performance | | ■ | N | To Be reviewed and amended, approval by | Mar-16 | X | X | X | X | X | X | | |
| AOPO | 160 | Y | The SDBIP was not made public within 10 days from the date of approval | | ■ | N | To Be reviewed and amended, approval by | Mar-16 | X | | | | | | | |
| AOPO | 162 | Y | Mid-year budget and performance assessment is not linked to the SDBIP | | ■ | N | To Be reviewed and amended, approval by | Mar-16 | X | X | | | | | | |
| AOPO | 163 | Y | No allocation of responsibilities to ensure data integrity of performance information | | ■ | N | To Be reviewed and amended, approval by | Mar-16 | X | | | | | | | |
| AOPO | 165 | Y | The mid-year budget and performance assessment did not take into account the 2013/14 annual report | | ■ | N | To Be reviewed and amended, approval by Council | Mar-16 | X | X | | | | | | |
| AOPO | 166 | Y | Non-submission of the mid-year performance assessment to National Treasury | | ■ | N | To Be reviewed and amended, approval by | Mar-16 | | X | | | | | | |
| COMPLIANCE | | | | | | | | | | | | | | | | |

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|------------------------|---------------|--------------------|--|-------------------------|-------------------------|-----------------------|---|----------|-------------------------|---|---|---|---|---|-------------|
| | | | | | | | | | | | | | | | |
| SCM | 24 | Y | Unauthorized, Irregular and fruitless and wasteful expenditure: Investigations not | ■ | | N | Already reported to Council. Further report due. | Jan-16 | X | | | | | | |
| SCM | 24 | Y | Expenditure compliance: Reasonable steps not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure | ■ | | N | Already reported to Council. Further report due. | Jan-16 | X | X | | | | | |
| SCM | 24 | Y | Consequences management compliance: Disciplinary policy and procedures in place but not implemented | | ■ | N | HR to generate POE | Jan-16 | X | | | | X | | |
| SCM | 24 | Y | Expenditure: Payments not made within 30 days | ■ | | N | This finding will remain on audit report until Eskom and all other creditors are paid within 30 days | ?? | X | X | | | | | |
| | | | <u>PROCUREMENT AND CONTRACT MANAGEMENT</u> | | | | | | | | | | | | |
| SCM | 25 | Y | Winning providers did not declare interest | ■ | | N | Deviations not accepted as inline with scm regulations : see accomodations, strat plan etc. Annual tenders to be placed | Mar-16 | | X | | | | | |
| SCM | | Y | Less than three quotations were obtained | | ■ | N | Deviations not accepted as inline with scm regulations : see accomodations, strat plan etc. Annual tenders to be placed | Mar-16 | | X | | | X | | |
| SCM | 27 | Y | B-BBEE points incorrectly allocated. | ■ | | N | Anomaly, population tested no other found. | Jan-16 | | X | | | | | |
| SCM | 29 | Y | No evidence that request for quotation was advertised for 7 days | ■ | | N | Deviations not accepted as inline with scm regulations : see accomodations, strat plan etc. Annual tenders to be placed | Mar-16 | | X | | | | | |
| SCM | 31 | Y | Awards made to suppliers who did not provide their tax clearance certificates nor declare their interest. | ■ | | N | Deviations not accepted as inline with scm regulations : see accomodations, strat plan etc. Annual tenders to be placed | Mar-16 | | X | | | | | |
| SCM | 31 | Y | The contract performance measures and the methods whereby it is monitored are not sufficient to ensure effective contract management | ■ | | N | SCM & PMU to develop monitoring tool for contracts | Mar-16 | X | X | X | X | X | X | |

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| SCM | 33 | Y | Procurement of above R200 000 did not go through competitive bidding | ■ | | N | Deviations not accepted as inline with scm regulations : see accomodations, strat plan etc. Annual tenders to be placed | Mar-16 | X | X | X | X | X | X | |
| SCM | 37 | Y | No demonstration of benefits and discounts for procuring through SCM reg. 32 | ■ | | N | Sec 32 appointments MUST be accomodated with report detailing benefits and discounts. Motagane Chemicals and Afrirent contracts | Jan-16 | X | X | | | | | |
| SCM | 38 | Y | No Service level agreement for SCM regulation 32 contractor. | ■ | | N | Sec 32 appointments MUST be accomodated with report detailing benefits and discounts. Motagane Chemicals and Afrirent contracts | Jan-16 | | X | X | X | | | |
| SCM | 40 | Y | Irregular expenditure identified as results of the SCM Reg. 32 deviation | ■ | | N | Sec 32 appointments MUST be accomodated with report detailing benefits and discounts. Motagane Chemicals and Afrirent contracts | Jan-16 | X | X | | | | | |
| SCM | 40 | Y | Contract extensions not approved | ■ | | N | Sec 32 appointments MUST be accomodated with report detailing benefits and discounts. Motagane Chemicals and Afrirent contracts | Jan-16 | X | X | | | | | |
| SCM | 40 | Y | Award made to a person in service of the state | ■ | | N | Companies deregistered on data base. Forms part of irregular expenditure for investigation. No declaration made by member | Jan-16 | X | X | | | | | |
| <u>CONTINGENT LIABILITIES</u> | | | | | | | | | | | | | | | |
| CONTINGENT LIABILITIES | 73 | Y | Understatement of contingent liabilities | | ■ | N | Regular file updates to be submitted by attorneys before any payments executed | Jan-16 | | X | | | X | | X |

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|-------------------------------|------------------------|---------------|---|--|-------------------------|-------------------------|-----------------------|--|----------|-------------------------|---|---|--|---|-------------|---|
| CONTINGENT LIABILITIES | 75 | Y | Overstatement of contingent liabilities | | ■ | N | | Regular file updates to be submitted by attorneys before any payments executed | Jan-16 | | X | | | X | | X |
| CONTINGENT LIABILITIES | 81 | Y | Limitation of scope | | ■ | N | | Regular file updates to be submitted by attorneys before any payments executed | Jan-16 | | X | | | X | | X |
| | | | <u>UNSPEND CONDITIONAL GRANTS</u> | | | | | | | | | | | | | |
| GRANTS | 95 | Y | Monies were not utilised for their intended purposes (according to specific condition) | | ■ | N | | While resolved the matter needs to be followed up with Treasury and Cogta to amend approved plans. Report to Council on outcome and possible repayment of unspent part to Treasury | Jan-16 | X | X | X | | | | |
| GRANTS | 98 | Y | Expenditures incurred are not related to output/activities included in the signed MSIG and LGFMG activity plans | | ■ | N | | While resolved the matter needs to be followed up with Treasury and Cogta to amend approved plans. Report to Council on outcome and possible repayment of unspent part to Treasury | Jan-16 | X | X | X | | | | |