



2015/2016

LEKWA LOCAL MUNICIPALITY
1st DRAFT ANNUAL
REPORT
2015/2016
AUDIT ACTION RECOVERY PLAN

Category	Management Rep Page No	Man Responded	Exemption/ Finding	Matters affecting the auditor's report	Other important matters	Restatement of 2015/16 AFS	Corrective Action / Preventative measures to mitigate re-occurrence	Due Date	AO	BTO	EMTS	EMCSS	EMCS	EMPD	Progress after Audit
			PREDETERMINED OBJECTIVES						AO	BTO	EMTS	EMCSS	EMCS	EMPD	
AOPO	223	Y	Information not submitted	■		N	Proper record keeping to ensure relevant and accurate information is obtained	Feb-17					X		
AOPO	225	Y	Non-adherence to Internal controls relating to evidence of reported information (Number of street lights and high mast maintained and repaired)	■		N	Performance report must be accompanied by relevant POE	Mar-17			X				
AOPO	227	Y	Non-adherence to Internal controls relating to evidence of reported information (network infrastructure)	■		N	Performance report must be accompanied by relevant POE	Mar-17			X				
AOPO	229	Y	Non-adherence to Internal controls relating to evidence of reported information (Number of points provided with weekly kerbside solid waste collection services accord)	■		N	Performance report must be accompanied by relevant POE	Mar-17			X				
AOPO	231	Y	Non-adherence to Internal controls relating to evidence of reported information (Number of reports on traffic law enforcement activities undertaken quarterly)	■		N	Performance report must be accompanied by relevant POE	Mar-17				X			
AOPO	233	Y	Non-adherence to Internal controls relating to evidence of reported information (Number of new members recruited to join Lekwa libraries)	■		N	Performance report must be accompanied by relevant POE	Mar-17				X			
7	AOPO	235	Y	Non-adherence to internal controls relating to evidence of reported information (Existing cemeteries maintained according to monthly plan)	■		N	Performance report must be accompanied by relevant POE	Mar-17			X			
8	AOPO	237	Y	Limitation of scope (Number of projects visited quarterly and Special programmes conducted for elderly, children, youth and persons with disabilities).	■		N	Performance report must be accompanied by relevant POE	Mar-17			X			
9	AOPO	239	Y	PMS framework not reviewed	■		N	To Be reviewed , amended and approval by Council	Mar-17	X					
10	AOPO	57	Y	Inconsistency between the planned and reported target	■		N	Performance report must be accompanied by relevant POE	Mar-17			X			
11	AOPO	60	Y	Inconsistency between the planned and reported target	■		N	Performance report must be accompanied by relevant POE	Mar-17	X					
12	AOPO	267	Y	Standard operating procedures that supports the input, processing and output phase of reporting on predetermined objectives is not in place	■		N	Standard operating procedures for PMS be developed and approved by Council	May-17	X					
13	AOPO	62	Y	Information reported in the APR is not reliable	■		N	Performance report must be accompanied by relevant POE	Mar-17	X					
14	AOPO	67	Y	Information reported in the APR is not reliable	■		N	Performance report must be accompanied by relevant POE	Mar-17			X			

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15	AOPO	70	Y	Information reported in the APR is not reliable	■			Performance report must be accompanied by relevant POE	Mar-17			X				
16	AOPO	73	Y	Information reported in the APR is not reliable	■			Performance report must be accompanied by relevant POE	Mar-17			X				
17	AOPO	172	Y	Performance information: Target not verifiable, well define and measurable	■			Performance target to be measurable, defined and verified	Mar-17			X				
18	AOPO	174	Y	Performance information: planned target not well define	■			Performance target to be well defined and verified	Mar-17				X			
19	AOPO	76	Y	Performance information: Indicator reported with the planned target than actual activity done	■			Performance indicator planned to match actual activity	Mar-17				X			
20	AOPO	170	Y	Planned targets not as per SDBIP and APR	■		N	Planned targets are to be measurable in terms of SDBIP's	Mar-17			X				
				<u>INTERNAL CONTROL</u>												
21	INC	199	Y	No delegation of authority		■	N	Delegation to be finalised by Rules & Ethics Committee and approval by Council	Mar-17	X				X		
22	INC	201	Y	No action plan to address internal		■	N	Audit Action plan to be developed for internal Audit findings (2016/2017)	Mar-17	X	X					
23	INC	205	Y	Policies are not regularly reviewed		■	N	Policies to be reviewed and approved by Council	May-17	X	X	X	X	X	X	
24	INC	207	Y	Internal control procedure manual is not approved		■	N	Procedure manual to be approved by Council	Jan-17		X					
25	INC	215	Y	Internal reporting targets are not appropriately followed		■	N	Accurate and or appropriate are to meet legislative requirements	Mar-17	X						
26	INC	103	Y	Information not submitted for audit purposes (RF11)		■	N	Request for Information to be submitted timeously	Feb-17	X	X					
				<u>PROPERTY, PLANT AND EQUIPMENT</u>												
27	PPE	144	Y	Assets could not be physically verified for existence	■		N	Assets register to be corrected and regular assets verification be done	Feb-17	X	X	X	X	X	X	

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28	PPE	142	Y	Assets could not be traced to the assets register for completeness	■		N	Regular assets verification be done and reconciled to assets register	Mar-17	X	X	X	X	X	X	
29	PPE	146	Y	RDP houses disclosed as Municipal Buildings	■		N	Assets classification to be reviewed and corrected	Feb-17		X				X	
30	PPE	241	Y	Limitation of Scope: Disposal of land 5 HARVARDLAAN		■	N	Investigation be conducted for possible copies of sale agreement	Mar-17		X				X	
31	PPE	245	Y	Assets not adequately insured		■	N	Insurance portfolio to be reviewed for adequate insurance	Feb-17		X					
32	PPE	253	Y	Internal control deficiency with regards to safeguarding and reporting of Movable assets		■	N	Assets policy be reviewed to include incidents of non reporting and liability	Mar-17	X	X	X	X	X	X	
33	PPE	273	Y	FAR does not have Residual values for Movable assets	■		N	Council Policy and GRAP 17 section 55 be adhered to	Feb-17		X					
				DISCLOSURES												
34	DISCLOSURES	129	Y	MFMA Additional disclosure: Councillor with outstanding account at 30 June 2016 not disclosed		■	N	Disclosure to be reviewed before AFS is concluded	Yearly		X					
35	DISCLOSURES	271	Y	Material losses: Disclosure of Material Losses		■	N	Disclosure to be reviewed before AFS is concluded	Yearly		X					
36	DISCLOSURES	80	Y	Contingent liabilities: Contingent Liabilities is misstated				Disclosure to be reviewed before AFS is concluded	Yearly		X					
37	DISCLOSURES	166	Y	Comparative figures for related parties are misstated		■	N	Disclosure to be reviewed before AFS is concluded	Yearly		X					
				PAYABLES												
38	LIABILITIES	197	Y	Payables reconciliations not performed and reviewed		■	N	Creditors statement to be reconciled and reviewed	Monthly (January 2017)		X					
39	LIABILITIES	115	Y	Provision for bonus incorrectly calculated	■		N	Provisions to be reviewed before AFS is concluded	Yearly		X					

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40	LIABILITIES	190	Y	Provision for 13th cheque is misstated		■	N	Provisions to be reviewed before AFS is concluded	Yearly		X					
41	LIABILITIES	113	Y	Trade payables not correctly calculated (Accruals)	■		N	Accruals to be reviewed before AFS is concluded	Yearly		X					
42	LIABILITIES	176		Limitation of scope on payment vouchers for Accruals (RFI 22)		■	N	Voucher Audits to be performed to check if documents were properly filled	Match 2017		X					
43	LIABILITIES	111		Payables: Comparative amounts of Dwaf bulk account not disclosed in the current year	■		N	Disclosure to be reviewed before AFS is concluded	Yearly							
				<u>CASH AND CASH EQUIVALENTS</u>												
44	BANK	257	Y	Bank Reconciliations not performed monthly		■	N	Training to be provided and bank reconciliation to be performed monthly	Jan-17		X					
45	BANK	184		Late Submission of Bank accounts details to National Treasury		■	N	Provisions of MFMA section 9 to be complied with	Yearly		X					
				<u>INVESTMENT PROPERTY</u>												
46	INV PRO	262	Y	No rental agreements in place		■	N	Lease agreements to be concluded and signed	Apr-17					X		
				<u>EXPENDITURE</u>												
47	EXPENDITURE	209	Y	Purchases of goods not as per SLA		■	N	Contracts to be implemented in terms of its terms and conditions	Feb-17		X					
48	EXPENDITURE	243	Y	Payment not authorised		■	N	Measure to be in place to ensure that payments are authorised	Feb-17		X					
49	EXPENDITURE	168	Y	Payment of invoices not made within 30 days		■	N	MFMA section 65(1)(e) to be complied with	Feb-17		X					
50	EXPENDITURE	164	Y	Invoice amount differ to the payment made.	■		N	Systems to be designed to reconcile general ledger to payments	Feb-17		X					

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51	EXPENDITURE	150	Y	Incorrect classification of Accommodation and other expenditure as contracted services.	■		N	Payment vouchers to be checked for correct classification before final payment is done	Feb-17		X					
52	EXPENDITURE	152	Y	Incorrect classification of Finance cost as Telephone costs, Audit fees and Vat.	■		N	Payment vouchers to be checked for correct classification before final payment is done	Feb-17		X					
53	EXPENDITURE	274	Y	Total purchase of electricity in the statement of financial performance is recorded inclusive of VAT amount		■	N	Systems to be designed for correct recording of expenditures	Feb-17		X					
54	EXPENDITURE	53	Y	Reasonable steps to prevent unauthorized, irregular and wasteful expenditure were not taken		■	N	Approved procedure manual is to be implemented after approval by Council	Feb-17		X					
				EMPLOYEE COSTS												
55	EMPLOYEE BENEFITS	180	Y	No Jobdiscriptions found		■	N	Job description be developed and availed	Mar-17					X		
56	EMPLOYEE BENEFITS	182	Y	Performance of Employees not evaluated		■	N	Performance Management system to be reviewed to be all inclusive (Senior Management and Permanent Employees)	Mar-17	X				X		
57	EMPLOYEE BENEFITS	203	Y	Wellness Policy is not approved		■	N	Policy to be developed, reviewed and approved by Council	Mar-17					X		
58	EMPLOYEE BENEFITS	148	Y	Amount on the Trail balance does not agree to the amount as per AFS	■		N	Disclosure to be reviewed before AFS is concluded	Yearly		X					
59	EMPLOYEE BENEFITS	251	Y	List of new appointments not complet		■	N	List of new appointments be corrected	Feb-17					X		
60	EMPLOYEE BENEFITS	255	Y	Date of advert is less than 21days from the closing date		■	N	Policy to be reviewed annually and approved by Council	Mar-17					X		
61	EMPLOYEE BENEFITS	259	Y	Overtime pre approval not provided		■	N	Pre approval of overtime be prepared and apprved by Accounting officer	Feb-17	X	X	X	X	X	X	

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62	EMPLOYEE BENEFITS	160	Y	Difference between remuneration of Councillors disclosed and remunerated per government gazette	■	N	Disclosure to be reviewed before AFS is concluded	Yearly							
				RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS											
63	REVENUE	213	Y	Revenue from non-exchange transaction: Grants register not reviewed.		■	N	Systems developed that registers are reviewed monthly	Mar-17		X				
				BUDGETS											
64	BUDGET	109	Y	Reasons for budget adjustments were not provided.		■	N	Standards of GRAP 24 paragraph 27 to be complied with			X				
				CONSEQUENCE MANAGEMENT											
65	MANAGEMENT	127	Y	No evidence that municipality have a disciplinary board in place		■	N	Government Gazette no. 37699 of 30 May 2014 Noce no. 430 to be complied with	Mar-17	X					
				UNAUTHORISED , IRREGULAR AND WASTEFUL EXPENDITURE											
66	U,I & W EXPENDITURE	55	Y	Investigation not conducted		■	N	Investigations to be conducted in line with Circular 68 of National Treasury	May-17	X					
67	U,I & W EXPENDITURE	131	Y	Comparative Figure misstated	■	N	Disclosure to be reviewed before AFS is concluded	Apr-17		X					
68	U,I & W EXPENDITURE	154	Y	Unauthorized expenditure in AFS is misstated	■	N	Disclosure to be reviewed before AFS is concluded	Apr-17		X					
69	U,I & W EXPENDITURE	156	Y	Interest and Penalty not accounted for in the Fruitless and Wasteful expenditure	■	N	Disclosure to be reviewed before AFS is concluded	Apr-17		X					
70	U,I & W EXPENDITURE	194	Y	Municipal vehicles taking the trip to outside boundaries of Lekwa without trip authority. Municipality		■	N	Systems to be developed for trip authorisation for outside Lekwa boundaries	Feb-17			X			
71	U,I & W EXPENDITURE	178	Y	Unauthorized, Irregular and fruitless and wasteful expenditure - Disclosure note misstated		■	N	Disclosure to be reviewed before AFS is concluded	Apr-17		X				
72	U,I & W EXPENDITURE	158	Y	Statement of cash flow - Comparative figures were misstated	■	N	Disclosure to be reviewed before AFS is concluded	Apr-17		X					
				SUPPLY CHAIN MANAGEMENT											

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72	SCM	92	Y	No evidence that request for quotation was advertised for 7 days		■	N	Supply Chain Management prescripts are to be followed and documents kept safely	Jan-17		X					
74	SCM	105	Y	Municipality did not obtain information that winning contract is known to be insolvent, bankrupt or not		■		The status of all bids to be awarded to be checked for solvency	Jan-17		X					
75	SCM	107	Y	Tenders not advertised on CIDB website		■		Bids to be registered on CIDB website as part of compliance and monitoring	Jan-17		X					
76	SCM	78	Y	One quotation obtained for procurement of R10 000-R30 000		■		Mechanisms are to be employed to implement laws and regulations of SCM	Jan-17		X					
77	SCM	247	Y	Contract register is not complete		■		Tender register to be regularly monitored and updated	Jan-17		X					
78	SCM	249	Y	Tender register not complet		■		Tender register to be regularly monitored and updated	Jan-17		X					
79	SCM	46	Y	Tax clearance and declaraction of interest not provided for audit		■		Mechanisms are to be employed to implement laws and regulations of SCM	Jan-17		X					
80	SCM	119	Y	Reasons diviation could not be substantiated		■		Reasonable measures needs to be implemente in applying devations sec 36 of SCM regulation	Jan-17	x	x	x	x	x	x	
81	SCM	125	Y	No evidence of transfer of skills		■		Register to be maintaiad for officials trained and there be sined off for specific training	Feb-17							
82	SCM	186	Y	SCM policy does not included the mearesures to measure over reliance on consultants		■		SCM Policy to be reviewed to include measures to measure over reliance on consultancy	Mar-17	x	x	x	x	x	x	

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83	SCM	188	Y	Policy does not stipulate that bit results not be published on municipal website		■		Mechanisms are to be employed to implement laws and regulations of SCM	Jan-17		X					
84	SCM	192	Y	Use of consultancy - lack or review of reliance on consultancy		■		Mechanisms need to be developed in policy formulation on reliance on consultancy	Mar-17							
85	SCM	82	Y	Winning providers does not listing criteria		■		Mechanisms are to be employed to implement laws and regulations of SCM	Jan-17		X					
86	SCM	84	Y	BEE certificate was not obtained prior issuing of order		■		Mechanisms are to be employed to implement laws and regulations of SCM	Jan-17		X					
87	SCM	86	Y	Three quotations were not obtained		■		Mechanisms are to be employed to implement laws and regulations of SCM	Jan-17		X					
88	SCM	51	Y	No evidence that progress meeting were held to identify problems and delays		■		Meetings with contractors are to be held and minutes to be kept	Jan-17	X	X	X	X	X	X	
89	SCM	117	Y	SCM: Points system for obtaining the B-BBEE status level were not used for quotation above R30 000		■		Mechanisms need to be in place that B-BBEE rules and regulations are implemented	Jan-17		X					
90	SCM	88	Y	SCM: award was made to supplier in which persons in service of other state institutions		■		Mechanisms are to be employed to implement laws and regulations of SCM	Jan-17		X					
91	SCM	90	Y	SCM: Two quotations not obtained for procurement of Media 24 services		■		Mechanisms are to be employed to implement laws and regulations of SCM	Jan-17		X					
92	SCM	123	Y	Local production and content not adhered to		■		Mechanisms need to be in place that B-BBEE rules and regulations are implemented	Jan-17		X					

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93 SCM	49	Y	Contract was not monitored on monthly basis		■		Contract Management, review and monitoring need to be implemented	Feb-17					X		
			WATER AND SANITATION INFRASTRUCTURE												
94 ROADS WATER & SANITATION	133	Y	Compliance: Roads Infrastructure and Water and Sanitation		■	N	Assessment of all infrastructure to be done and maintenance plan to be developed and approved	Feb-17			X				
95 ROADS WATER & SANITATION	279	Y	Project Administration		■	N	Project register to be development and maintained for each project	Feb-17			X				
96 ROADS WATER & SANITATION	94	Y	Project 1 Installation of water and sanitation in the informal settlements		■	N	Specifications for projects to be relevant to the set up of Lekwa and not other provinces (Enginee to be engaged)	Feb-17			X				
97 ROADS WATER & SANITATION	96	Y	Project 2 Installation of Boreholes with windmills in rural areas in ward 9,12 and 13.		■	N	Specifications for projects to be relevant to the set up of Lekwa and not other provinces (Enginee to be engaged)	Feb-17			X				
			TRADE RECEIVABLES FROM EXCHANGE												
98 TRADE	211	Y	Trade receivable from exchange- Information not submitted		■	N	Records to be kept safe in an orderly manner	Jan-17		X					
			INTERNAL AUDIT												
99 INTERNAL AUDIT	219	Y	Internal Audit work not being reviewed and the internal audit plan reviewd three months after ther beginning of financial year		■	N	Internal Audit work and annual plan to be reviewed	Feb-17	X						
100 INTERNAL AUDIT		Y	No annual declaration and affiliation to institute for internal Auditors (IIA) by internal auditors		■	N	Internal Audits personned to sign annually the declarations	Feb-17	X						
101 INTERNAL AUDIT		Y	No internal audit training for 2015/2016		■	N	Training requirements for internal audit to be developed and approved	Feb-17	X						
102 INTERNAL AUDIT	269	Y	Internal Auditor is not capacited		■	N	Internal Audit unit to be adequately staffed	Mar-17	X						
103 INTERNAL AUDIT	99	Y	Internal audit didi not evaluae effectiveness of financial activities internal controls		■	N	Financial activities to be assessed for the purposes of internal contols	Feb-17	X						

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104	INTERNAL AUDIT	101	Y	No internal audit report on IT and performance		■	N	Internal audit plan to include quarterly performance and IT environment reports.	Feb-17	X						
105	INTERNAL AUDIT	277	Y	Compliance Internal Audit: Internal audit did not report to audit committee the progress of 2015/2016 internal audit plan		■	N	Internal audit to report on progress made for internal audit plan (2016/2017)	Mar-17	X						
				AUDIT COMMITTEE												
106	AUDIT COMMITTEE	98	Y	Effectiveness of the Audit Committee not evaluated		■	N	Oversight on Audit Committee to commence in 2016/2017	Feb-17	X						
				INFORMATION TECHNOLOGY												
107	IT	135	Y	INFORMATION TECHNOLOGY GOVERNANCE		■	N	IT governance structure to be approved by Council	Mar-17					X		
108	IT	137	Y	SECURITY MANAGEMENT		■	N	IT security policy to be approved by Council	Mar-17					X		
109	IT	138	Y	USER ACCESS MANAGEMENT		■	N	IT Manager to be appointed to administer Active Directory for Munsoft and VIP and other IT related matters	Mar-17					X		
110	IT	140	Y	PROGRAM CHANGE MANAGEMENT		■	N	IT related policies to be approved by Council	Mar-17					X		
111	IT	135	Y	IT SERVICE CONTINUITY		■	N	IT backup policy and backups for AD, Munsoft and VIP to approved by Council	Mar-17					X		

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