

AUDIT ACTION PLAN 2016/2017 KAROO HOOGLAND MUNICIPALITY

Number	Page no	Finding	Classification	Rating	Priority	Preventative Control	2016/17 Financial Statements Actions	Official responsible	Implementation date	Due date	Progress %
Commitments											
1	37	Commitments Limitation of scope	Misstatements in financial statements	Matters affecting the auditor's report	1	Obtain contracts from Lyners and submit to Auditors when the audit of 2017/2018 commence	Adjust commitment disclosure if applicable	Admin Manager	01-Feb-18	31-Mar-18	0%
2	38	Commitments differences between the contract value per commitment schedule and contract	Misstatements in financial statements	Matters affecting the auditor's report	1	Update Commitment Register	Adjust commitment disclosure if applicable	Admin Manager	01-Feb-18	31-Mar-18	0%
Employee costs											
3	74	Employee Costs : Internal control deficiencies noted on recruitment of new employees		Other important matters	2	Ensure internal control deficiencies are corrected when recruitment of employees occur.	None	HR Manager	01-Feb-18	31-Mar-18	0%
4	76	Employee cost: No Human Resources Plan		Other important matters	2	Develop a Human Resources plan	None	HR Manager	01-Feb-18	31-Mar-18	0%
5	77	Employee Cost: No Performance evaluations were undertaken for managers directly accountable to the Municipal Manager	Internal Control	Other important matters	2	PMS to be implemented	None	Municipal Manager	01-Feb-18	30-Jun-18	0%
6	39	Employee cost: No valid employment contracts		Matters affecting the auditor's report	1	Human Resources to compile contract for FJ Lotter	None	HR Manager	01-Feb-18	31-Mar-18	0%
7	78	Employee cost: Appointments: No evidence that the evaluation process for the HR manager position was followed		Other important matters	2	Obtain evaluation process documentation for the appointment of HR manager	None	HR Manager	01-Feb-18	31-Mar-18	0%
General IT controls											
8	79	Information technology governance- Service level agreements not monitored by management	Internal Control	Other important matters	1	Develop a strategy to monitor service development agreements	None	Accountant Assets and IT	01-Feb-18	31-Mar-18	0%
9	29	Information technology service continuity- No approved backup and retention strategy	Internal Control	Other important matters	1	Develop back-up and retention strategy	None	Accountant Assets and IT	01-Feb-18	31-Mar-18	0%
10	81	Program change management- No formally documented and approved processes in place to manage upgrades/updates made to all financial systems	Internal Control	Other important matters	1	Develop processes to manage upgrades to FMS	None	Accountant Assets and IT	01-Feb-18	31-Mar-18	0%
11	82	Security management - No formally approved IT security policy	Internal Control	Other important matters	1	Develop an approved IT security policy	None	Accountant Assets and IT	01-Feb-18	31-Mar-18	0%

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12	83	User access control- No processes in place for independent reviews of the activities of the person responsible for granting user access.	Internal Control	Other important matters		1 Develop processes for independent reviews of the activities of the person responsible for granting user access	None	Accountant Assets and IT	01-Feb-18	31-Mar-18	0%
13	84	User access control-No formally documented and approved process that is used to manage the process of granting users access to modules	Internal Control	Other important matters		1 Document and approve process that is used to manage process of granting user access	None	Accountant Assets and IT	01-Feb-18	31-Mar-18	0%
14	85	User access control- No processes in place to ensure that users access and privileges on all financial systems are periodical reviewed	Internal Control	Other important matters		1 Develop processes that user access and user privileges are reviewed	None	Accountant Assets and IT	01-Feb-18	31-Mar-18	0%
Governance											
15	85	Consequence Management: Non-compliance with MFMA financial misconduct regulations		Other important matters		2 Ensure compliance with MFMA misconduct regulations	None	Municipal Manager	28-Feb-18	31-Mar-18	0%
16	86	Governance: Audit committee is not properly constituted		Other important matters		2 Ensure audit committee is properly constituted	None	Municipal Manager	28-Feb-18	31-Mar-18	0%
17	88	Governance: Audit committee : Non-Compliance with MFMA and Municipal Planning and Performance Management Regulations	Misstatements in financial statements	Other important matters		2 Ensure compliance with MFMA , Municipal Planning and PMS	None	Municipal Manager	28-Feb-18	30-Jun-18	0%
18	41	Consequence Management: Investigations for transgression of laws and regulations relating to unauthorized expenditure, fruitless and wasteful expenditure and irregular expenditure not undertaken		Matters affecting the auditor's report		1 Ensure investigations are undertaken	Adjust unauthorised, fruitless and wasteful expenditure if applicable	Municipal Manager	28-Feb-18	30-Jun-18	0%
19	89	Governance: The municipality does not have an internal audit unit in place		Other important matters		2 Establishment internal audit unit	None	Municipal Manager	28-Feb-18	30-Apr-18	0%
Contract Management											
20	42	Contract Management: No measures in place to monitor contracts		Matters affecting the auditor's report		1 Develop measures to monitor contracts	None	Admin Manager	01-Feb-18	31-Mar-18	0%
Internal Controls											
21	90	Internal Controls : Policies not approved		Other important matters		2 Develop an approved policies-Refer exception 39	None	HR Manager and Accountant Assets and IT	01-Feb-18	30-Jun-18	0%
Financial Liabilities											

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22	44	Financial Liabilities : Limitation of Scope – Failure to submit requested information within agreed timeframes	Misstatements in financial statements	Matters affecting the auditor's report		Obtain information and submit to auditors when auditors commence with 2017/2018 audit.	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
Irregular Expenditure											
23	45	Irregular expenditure: Irregular expenditure understated in the AFS	Misstatements in financial statements	Matters affecting the auditor's report		AFS was adjusted	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	100%
24	137	Irregular expenditure not reported to Council, Mayor & Auditor General	Misstatements in financial statements	Other important matters		Ensure irregular expenditure are reported to council, mayor and Auditor General	None	Accountant Expenditure and SCM	01-Feb-18	31-May-18	0%
Unauthorised, Irregular, Fruitless and wasteful expenditure											
25	46	UIF: UIF not prevented		Matters affecting the auditor's report		Ensure that UIF expenditure are prevented	None	Accountant Expenditure and SCM	01-Feb-18	30-Jun-18	0%
Consultants											
26	93	Consultants: Material misstatements identified on work done by consultants	Misstatements in financial statements	Other important matters		Develop a consultant monitoring strategy	None	CFO	01-Feb-18	31-Mar-18	0%
Immovable assets											
27	94	PPE: Assets are not adequately insured		Other important matters		Ensure that assets are adequately insured	None	Accountant BTO	01-Feb-18	31-Mar-18	0%
28	48	PPE: Land not registered in the name of municipality included in the asset register	Misstatements in financial statements	Matters affecting the auditor's report		Ensure that land that is not registered in the name of the municipality be removed from Asset register	None	Accountant Assets and IT	01-Feb-18	31-May-18	0%
29	95	PPE: Land is not complete	Misstatements in financial statements	Other important matters		Ensure that land in the name of the municipality is included in the Asset register	None	Accountant Assets and IT	01-Feb-18	31-May-18	0%
30	51	PPE: Work in progress not separately disclosed in notes to the annual financial statements		Matters affecting the auditor's report		No action to be taken	None	Accountant Assets and IT	01-Feb-18	30-Jun-18	0%
Intangible Assets											
31	130	Intangible Assets: Additions are overstated	Misstatements in financial statements	Other important matters		Ensure that additions to intangible assets are accurate	None	Accountant Assets and IT	01-Feb-18	30-Jun-18	0%
Inventory											
32	132	Inventories: There are no systems in place for inventory management	Misstatements in financial statements	Other important matters		Develop system for inventory recording	None	Accountant Assets and IT	01-Feb-18	30-Jun-18	0%
Movable assets											

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33	74	PPE: Assets verification not performed three times a year as per the asset management policy		Matters affecting the auditor's report	2	Policy was adjusted to two times per year.	None	Accountant Assets and IT	01-Feb-18	30-Jun-18	100%
34	133	PPE: Disposals were not authorised by council		Other important matters	2	Ensure that disposals of assets are approved by council	None	Accountant Assets and IT	01-Feb-18	30-Jun-18	0%
35	134	PPE: Incorrect accounting treatment and disclosure of assets written off	Misstatements in financial statements	Other important matters	2	Ensure correct accounting treatments of assets that was written off.	None	Accountant Assets and IT	01-Feb-18	30-Jun-18	0%
36	52	PPE: Misclassification of assets	Misstatements in financial statements	Matters affecting the auditor's report	1	Ensure correct classification of assets	None	Accountant Assets and IT	28-Feb-18	30-Jun-18	0%
37	135	PPE: Asset reconciliation not performed on a monthly basis		Other important matters	2	Perform asset reconciliation on a monthly basis	None	Accountant Assets and IT	28-Feb-18	30-Jun-18	0%
38	136	PPE: Asset could not be verified	Misstatements in financial statements	Other important matters	2	Ensure that all assets on asset register are verified	None	Accountant Assets and IT	28-Feb-18	30-Jun-18	0%
39	53	PPE: Failure to disclose projects on hold		Matters affecting the auditor's report	1	Ensure that projects that are placed on hold are disclosed in AFS	None	Accountant Assets and IT	28-Feb-18	30-Jun-18	0%
Operating expenditure											
40	54	Expenditure: Payments not made within 30 days	Misstatements in financial statements	Matters affecting the auditor's report	2	Management to ensure payments are made within 30 days	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
41	60	Expenditure: Incorrect classification of expenses	Misstatements in financial statements	Matters affecting the auditor's report	2	Ensure correct classification of expenses and income	None	Accountant Expenditure and Accountant BTO	01-Feb-18	31-Mar-18	0%
Payables											
42	139	Payables: Deposits Received- Limitation of Scope	Misstatements in financial statements	Other important matters	2	Compile register for geysers deposits	None	CFO	01-Feb-18	31-Mar-18	0%
43	140	Payables: Retentions not complete	Misstatements in financial statements	Other important matters	2	No action to be taken	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
Predetermined objectives											
44	63	AOPO: The municipality does not have a performance management system in place		Matters affecting the auditor's report	1	Develop and Implement PMS	None	Municipal Manager, Admin Manager and Community Services Manager	01-Feb-18	30-Jun-18	0%

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45	64	AOPO: Quarterly performance reports not prepared	Misstatements in annual performance report	Matters affecting the auditor's report	1	Develop and Implement PMS	None	Municipal Manager, Admin Manager and Community Services Manager	01-Feb-18	30-Jun-18	0%
46	65	AOPO: Limitation of Scope	Misstatements in annual performance report	Matters affecting the auditor's report	1	Develop and Implement PMS	None	Municipal Manager, Admin Manager and Community Services Manager	01-Feb-18	30-Jun-18	0%
47	66	AOPO: Annual performance report submitted for audit does not contain measures taken to improve performance	Misstatements in annual performance report	Matters affecting the auditor's report	1	Develop and Implement PMS	None	Municipal Manager, Admin Manager and Community Services Manager	01-Feb-18	30-Jun-18	0%
48	67	AOPO: Annual Performance Report not aligned to the Service Delivery Budget and Implementation Plan and Integrated Development Plan	Misstatements in annual performance report	Matters affecting the auditor's report	1	Develop and Implement PMS	None	Municipal Manager, Admin Manager and Community Services Manager	01-Feb-18	30-Jun-18	0%
49	141	AOPO: Proposed amendments to the Integrated Development Plan not advertised to the public for the minimum prescribed period	Misstatements in annual performance report	Other important matters	1	Ensure that the IDP are advertised to the public for the minimum prescribed period	None	Municipal Manager, Admin Manager and Community Services Manager	01-Feb-18	30-Jun-18	0%
50	69	AOPO: No evidence of consultation with district municipality during the revision of the Integrated Development Plan	Misstatements in annual performance report	Matters affecting the auditor's report	1	Attend consultation meetings with the district relating to the IDP	None	Municipal Manager, Admin Manager and Community Services Manager	01-Feb-18	30-Jun-18	0%
Procurement and Contract Management											
51	143	SCM: Supply Chain Senior Manager not meeting minimum prescribed competency levels	Non-compliance with regulation	Other important matters	2	Ensure SC manager to meet the minimum prescribed competency levels	None	HR Manager	01-Feb-18	31-Mar-18	0%
52	144	SCM: Winning bidders not advertised on municipality website and local newspaper	Non-compliance with regulation	Other important matters	2	Publish winning bidders of tenders on website	None	Admin Manager	01-Feb-18	31-Mar-18	0%
53	145	SCM: Proof of CSD registration was not attached to the payment voucher	Non-compliance with regulation	Other important matters	2	Ensure that the proof of CSD is attached to the payment vouchers	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%

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54	146	SCM: Control framework for infrastructure delivery management not incorporated into SCM Policy	Non-compliance with regulation	Other important matters	2	Develop framework for infrastructure delivery (SIPDM)	None	Technical Manager	01-Feb-18	31-Mar-18	0%
55	147	SCM: Deviation not signed	Non-compliance with regulation	Matters affecting the auditor's report	2	Ensure all deviations are signed and approved	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
56	155	SCM: No tax clearance certificate and CSD history report for award to supplier	Non-compliance with regulation	Other important matters	2	Ensure all awards made consist of a clearance certificate and a CSD report	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
57	148	SCM: Failure to advertise procurement of goods and services	Misstatements in financial statements	Other important matters	2	Ensure the procurement of goods and services above the amount of R30 000 are advertised	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
58	149	SCM: Municipality has no register where bidders sign when submitting a tender document	Non-compliance with regulation	Other important matters	2	Ensure registers for bidders to sign are developed	None	Admin Manager and Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
59	150	SCM: Three quotations were not obtained for the procurement of good and services	Non-compliance with regulation	Other important matters	2	Ensure that quotations are obtained for procurement	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
60	151	SCM: Goods and services not procured through competitive bidding	Non-compliance with regulation	Matters affecting the auditor's report	2	Ensure that goods and services above the amount of R200 000 are procured through a competitive bidding process	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
61	153	SCM: Supplier awarded construction contract and CIDB status is suspended	Non-compliance with regulation	Matters affecting the auditor's report	2	Ensure suppliers CIDB status is active	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
62	155	SCM: No measures put in place to monitor contract performance	Non-compliance with regulation	Matters affecting the auditor's report	2	Ensure measures are put in place to monitor contract performance	None	Admin Manager	01-Feb-18	31-Mar-18	0%
63	154	SCM: Employee did not declare interest	Non-compliance with regulation	Other important matters	2	Ensure that all employees declares their interest	None	HR Manager	01-Feb-18	31-Mar-18	0%

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64	70	SCM: Suppliers did not provide MBD8 declarations	Non-compliance with regulation	Matters affecting the auditor's report	2	Management to ensure that all suppliers invite MBD8 declarations	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
65	156	SCM: Suppliers in service of other state institutions did not declare interest	Non-compliance with regulation	Matters affecting the auditor's report	2	Management to ensure suppliers in service of other state institutions must declare their interest	None	Accountant Expenditure and SCM	01-Feb-18	31-Mar-18	0%
Provisions											
66	71	Provisions : Leave provision incorrectly classified	Misstatements in financial statements	Matters affecting the auditor's report	2	Was adjusted on AFS	None	CFO	01-Feb-18	31-Mar-18	100%
67	92	Capitalised Restoration Costs: No accounting policy	Misstatements in financial statements	Other important matters	2	Develop Capital Restoration Cost accounting policy	None	CFO	01-Feb-18	31-Mar-18	0%
Receivables											
68	157	Receivables: Indigent debtors applications not approved		Other important matters	2	Ensure all indigent applications are improved	None	Accountant Revenue	01-Feb-18	31-Mar-18	0%
69	160	Receivables: Allowance for impairment: Differences between annual financial statements and auditors recalculation	Misstatements in financial statements	Other important matters	2	Ensure provision for impairments are correctly calculated	None	CFO	01-Feb-18	31-Mar-18	0%
Revenue											
70	161	Revenue: Rentals paid by the community and municipal staff are not market related		Other important matters	2	Ensure rentals paid are market related	None	Municipal Manager	28-Feb-18	31-Mar-18	0%
71	162	Revenue: Rates reconciliation not performed		Other important matters	2	Adjust heading of reconciliation to property rates and debtor reconciliation	None	Accountant Revenue	28-Feb-18	31-Mar-18	0%
72	163	Revenue: Property register not split into two parts and the property register not published on the website		Other important matters	2	Ensure property register are split in two parts and that the property register is published on the website	None	Accountant revenue and Admin Manager	01-Feb-18	31-Mar-18	0%
73	164	Revenue: Differences between auditors recalculation and amount disclosed in the annual financial statements	Misstatements in financial statements	Other important matters	2	No action to be taken	None	Accountant Revenue	01-Feb-18	31-Mar-18	100%

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74	166	Revenue: No rental agreements in place for rentals of municipal properties	Misstatements in financial statements	Other important matters	2	Ensure contracts for rentals of municipal properties are in place	None	Admin Manager	01-Feb-18	31-Mar-18	0%
75	167	Revenue - Property Transfers : Municipal property sold but not removed on the asset register	Misstatements in financial statements	Other important matters	2	Remove municipal property that was sold from asset register	None	Accountant Revenue and Accountant Assets and IT	01-Feb-18	30-Jun-18	0%

SJ Myburgh

Acting Municipal Manager