

4.5.

ACTION PLAN TO DEAL WITH AUDIT REPORT MATTERS FOR THE 2009/2010 FINANCIAL YEAR

AUDIT FINDING	ACTION TO BE TAKEN	RESPONSIBILITY	TIME FRAME
Incorrect application of accounting policy for provision for debt impairment	Provision for debt impairment to be determined per accounting policy for 2010/11	Chief Financial Officer	01-Aug-11
No reliance on internal audit	An Internal Auditor will be operating for the whole financial year and reporting to the audit committee on a quarterly basis.	Internal Auditor	Immediate
No risk assessments performed and fraud prevention plan not in existence for financial year	Risk Assessment was performed and Fraud Prevention Plan were developed. Risk Assessment action plans are being implemented.	Internal Auditor	Immediate
Payment not made in 30 days	BTO to ensure that payment is made within 30 days. Invoices to be stamped with date of receipt.	Chief Financial Officer	Immediate
Late payment of suppliers	BTO to ensure that payment is made within 30 days. Invoices to be stamped with date of receipt.	Chief Financial Officer	Immediate
Material over/under spending of the budget	BTO to monitor expenditure against budget and highlight variances in monthly financial report. Departments to ensure that all allocation are spent.	Chief Financial Officer	Immediate
The municipality did not make use of the general KPI's as prescribed in terms of section 43 of the Act,	Outstanding	Strategic Manager	
Performance information: Measurable targets not set for indicators	Outstanding	Strategic Manager	
Incomplete copy of SDBIP provided	Outstanding	Strategic Manager	
The targets for certain measures were amended and this amendment was not reflected in the IDP	Outstanding	Strategic Manager	
Responsibilities of internal audit with regards to performance information	The Internal Auditor is currently doing quarterly reviews on performance information. Further training will be provided to the Internal Auditor.	Internal Auditor	28-Feb-11

The municipality's current Performance Management System only assesses the performance of section 57 managers and no other official.	Convince and attempt to get buy in from labour.	Corporate Service Manager	30-Jun-11
No formal documentation for the activities in respect of performance information	Outstanding	Strategic Manager	
Indicators not specific and measurable	Outstanding	Strategic Manager	
The mid-year budget and performance assessment report provided for audit purposes does not include information related to municipality's service delivery performance and the service delivery targets and performance indicators set as required by section 72 of the Act.	Outstanding	Strategic Manager	
Inadequate source documentation available	Outstanding	Strategic Manager	
Differences between actual achieved in performance report and recalculated monthly report	Future amounts will be checked so that they balance.	Engineering Manager	Immediate.
Debtors age analysis does not agree to financial statements	BTO to balance debtors age analysis to financial statements.	Chief Financial Officer	01-Aug-11
No impairment of other debtors	BTO to ensure that other debtors are impaired as per the accounting policy for 2010/11.	Chief Financial Officer	01-Aug-11
Uncleared suspense accounts	BTO to ensure that all suspense accounts are cleared or appropriate reconciliations are provided for 2010/2011	Chief Financial Officer	01-Aug-11
Debtors with credit balances	BTO to check all debtors' accounts having credit balances and adjust where necessary.	Chief Financial Officer	31-May-11
Indigent debtors listing does not agree to the age analysis	Indigent debtors not appearing on Age Analysis to be investigated and corrected.	Chief Financial Officer	31-May-11
Traffic fines not reflected in the traffic fines issued register	Outstanding	Strategic Manager	
Assessment rates reconciliations not performed	Reconciliation of assessment rates to be performed.	Chief Financial Officer	31-May-11
Amount owing based on orders and not on invoice	Department to minimise orders placed during June. Departments to ensure that capital budget is fully spent by 31 May 2011. BTO to ensure that creditors are only raised on receipt of goods or invoices.	Chief Financial Officer	30-Jun-11
Trial balance amount does not agree to the age analysis	BTO to balance age analysis to Trial Balance.	Chief Financial Officer	31-Aug-11

Employee Cost: Leave in excess of 64 days	Managers of various employees will be advised to ensure leave is reduced to below 64, of the 8 mentioned only 2 have reduced.	Corporate Service Manager	28-Feb-11
Annual leave balances do not agree	Leave records to be reconciled and corrected if necessary.	Corporate Service Manager	Completed
Control weaknesses relating to the asset register	Asset register to be reviewed for compliance to GRAP. Service Provider to be appointed.	Chief Financial Officer	31-May-11
The current supplier listing provided for audit purposes is not adequately designed and managed.	The format of the supplier database to be reviewed. Supplier database to be updated.	Chief Financial Officer	31-May-11
Non-compliance - staff in arrears	Payments by staff to monitored monthly	Chief Financial Officer	31-Mar-11
Discrepancies Property transfers	Discrepancies to be investigated and corrected.	Chief Financial Officer	Finalised
Post of procurement officer not filled to date	Moratorium placed on filling of posts by Council. As soon as this is lifted the post will be advertised and filled.	Corporate Service Manager	30-Apr-11
Leave was not approved before it was taken	Letters to be written to officials approving leave to ensure that leave forms are approved before employees actually commence with leave.	Corporate Service Manager	31-Jan-11
Lack of segregation of duties in asset management	Post of asset clerk to be filled.	Chief Financial Officer	31-Mar-11
Assets not in working order	Redundant assets to be disposed.	Chief Financial Officer	30-Apr-11
Bank reconciliation not performed and other matters	Bank reconciliation to be performed monthly. Reconciling items to be cleared.	Chief Financial Officer	30-Apr-11
No IT department to manage database and update website	Management is waiting for the uplifted of the moratorium.	Strategic Manager	30-Jun-11
Policies and procedures	Outstanding	Municipal Manager	
No disaster recovery policy in place	A disaster recovery plan to be developed.	Chief Financial Officer	31-May-11
VAT return does not agree to vat reconciliations	A reconciliation of the VAT Return to be included in the 2010/11 audit working file.	Chief Financial Officer	31-Aug-11
Less than 16 days leave taken	Managers of employees who do not comply the taking of 16 days leave will be instructed to take leave for 2009/10 and 2010/11	Corporate Service Manager	30-Jun-11
Non - compliance with VAT Act regarding keeping of accounting and taxation records	The venus operating manual to be reviewed to ensure that it covers all the required aspects.	Chief Financial Officer	31-May-11
No permit for Cathcart waste disposal site	Landfill site is developed in Cathcart and the problem will be addressed.	Strategic Manager	Ongoing

Reconciliation of investments	Reconciliation of investment register to be performed monthly	Chief Financial Officer	30-Apr-11
Inadequate documentation attached to support journal	All journals to supported by adequate documentation.	Chief Financial Officer	Immediate
Amount per supporting document cannot be traced to amount per journal	All journals to supported by adequate documentation.	Chief Financial Officer	Immediate
No reconciliation of creditors at year-end is performed	Creditors' reconciliation to be performed monthly. A reconciliation of creditors at year-end to included on the audit working file.	Chief Financial Officer	31-Aug-11
Rental contract not renewed	New contract to be drawn up	Corporate Service Manager	28-Feb-11
Overtime paid is more than 30% of salary	Managers will be requested to keep overtime to a minimum.	Corporate Service Manager	31/01/2011
Inadequate period for terminations	Strict control to be kept on employees retiring to ensure 3 months notice is adhered to.	Corporate Service Manager	20/01/2011
Traffic income segregation of duties deficiency	Additional cashier has been appointed and duties are segregated.	Strategic Manager	Completed
Weaknesses in CIS	Outstanding	Strategic Manager	
(Value add) Long term liabilities: Paying off of DBSA loan	Payment of DBSA Loan to be considered for the 2011/12 budget.	Chief Financial Officer	31-Mar-11