



AMAJUBA

Umkhandlu Wesifunda

District Municipality

Distrik Munisipaliteit

ACTION PLAN TO ADDRESS AUDITOR-GENERAL QUERIES

Basis for qualified opinion

Accumulated Surplus

1. The suspension of the Chief Financial Officer late in October 2009 has resulted in management not being able to provide supporting documentation and adequate explanations for certain account balances and transactions as disclosed in the financial statements. Management has therefore considered it crucial that all departments should have a Deputy Director to increase levels of support to the organization and minimize complications arising in the absence of the Director.

Commitments

2. This relates to outstanding amounts on tender contracts as at year end, Management will ensure that the tender register is properly maintained and updated to enable the confirmation of the completeness and accuracy of the disclosure of commitments in the financial statements.

Qualified opinion

3. The basis of qualification stems from the lack of internal control measures to appoint Deputy Directors for each department so to increase levels of support to the organization and minimize complications arising in the absence of the Director and from bid and related supply chain processes, Based thereon Management concludes that these activities need to receive special attention to ensure that they are strengthened in order to eradicate qualifications in the future.

Emphasis of matters

Irregular expenditure

4. In terms of section 111 of the MFMA Management will ensure that attention is given to strengthening the bid committee process to reduce the likelihood of irregular transactions.

Investment in associate

5. Ongoing monitoring and supervision will be undertaken to enable an assessment of the effectiveness of internal control over financial reporting. The Municipality is putting in place appropriate systems and mechanisms to ensure that all applicable aspects of legislative, regulatory and contractual requirements which impact on the activities and functions of the Amajuba District Municipality be complied with.

Other matters

Material inconsistencies in information included in the annual report

6. Steps have been taken to ensure that the annual report is tabled in accordance with the requirements of the MFMA

Non-compliance with legislation

Municipal Finance Management Act

7. The Municipality is putting in place appropriate systems and mechanisms to ensure that all applicable aspects of legislative, regulatory and contractual requirements which impact on the activities and functions of the Amajuba District Municipality be complied with.
 - The service delivery and budget implementation plan will be approved within 28 days after the approval of the budget as required by section 53(1)(c) of the MFMA,
 - The annual report will be tabled within seven months after the end of the financial year as required by section 127(2) of the MFMA .
 - The municipal entity, Uthukela Water (Pty) Ltd, financial statements will be annexed to the municipality's financial statements as recommended in the Auditor General's Report.

Unaudited supplementary schedule

8. This relates to supplementary information provided in Annexure E. Management will decide in future if it is necessary to include this information in its Annual Financial Statements.

Internal control deficiencies

9. Management needs to focus attention on the on the Control areas listed by the Auditor General.

Investigation

10. The investigation has been completed.

Content of integrated development plan

11. This has been adequately addressed in the 2009-10 and 2010-11 IDP Review documents.

Monitoring, measurement and review of performance

12. Reports relating to the monitoring, measurement and review of performance will be prepared and submitted to the mayor of the municipality, and both National and Provincial Treasury, as required by section 72(1) of the MFMA within the legislated timeframe in 2009/2010 Financial year.

Nature of the performance management system

13. Policies and procedures for improvement of HOD's performance will be prepared during the 2009-10 financial year and included in the performance agreements of the HOD's.

Internal auditing of performance measurements

14. Once the Auditor-General's report has been issued to the municipality; the evaluation panel will then conduct the final performance assessments for the 2008/09 financial year; results of which will be submitted to the internal auditors for auditing of performance measurements.

Appreciation

Management expresses its sincere appreciation to the value added by the office of the Auditor General in furthering the cause of effective corporate governance and sound accountability within the Amajuba District Municipality.

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MR VB Mbatha
Municipal Manager (Acting)