

AMAJUBA DISTRICT MUNICIPALITY



Post Audit Plan - 2016/2017

Audit Finding	Internal control deficiency/Root causes	AG's Recommendation	Management's response	Remedial Action	Timeframe	Responsible	Progress
1. Revenue from service charges							
During the audit of the service charges, it was noted that reasonable steps were not taken to ensure that the municipality has effective revenue collection systems consistent with section 95 of the MSA and the municipality's credit control and debt collection policy as required by section 64(1), 2(a) of the MFMA.	Management has not adequately addressed estimated consumption to ensure that accurate billings are done. Estimating consumption in the absence of accurate information was not used as an interim measure.	Management should only estimate consumption in the absence of accurate information as an interim measure. Investigations should be done timeously to ensure that corrective measures are done.	Management has responded above on findings raised during the 2015/2016 audit, which are currently being addressed. The internal data cleansing/ meter audit project was initiated during the 2016/2017 financial year. This is an ongoing project.	Existing controls are working as intended and will be enhanced.	ongoing	CFO	Work-in-progress
	1. Can't locate meter 2. Meter box full of water 3. Illegal connection 4. Meter covered 5. Meter damaged 6. Meter dials unclear 7. Meter removed 8. Meter reversing 9. No consumption 10. Property locked						
	Lack of cooperation by Engineering & Technical Services department in resolving the meter defects lists submitted by the Revenue Unit. The initial list was submitted to Engineering and Technical Services depart as early as April 2014.				Establish a working committee constituted of BTO and Engineering & Technical Services department officials which meet bi-weekly to monitor progress on water related challenges.	ongoing	CFO/DES
We selected a sample items of different households located within the boundaries of the district from various sources that were provided to us by the municipality, and traced the sample items to the municipality's revenue system in order to confirm if revenue was charged on all households within the demarcations of the District municipality.	Emfundweni customer details not on Dannhauser Valuation Roll due to the fact that the settlement falls under Ingonyama Trust.			Municipal Manager to arrange community meeting with Emfundweni ward councillor in order to establish customer details	30-Mar-18	MM	The Community Liason Officer, in conjunction with Engineering Services is coordinating the dae(s) of the Community Meetng.
				CFO to contact Eskom New Germany Head Office in order to obtain Eskom's billing data base and layout maps for Emfundweni area	30-Mar-18	CFO	Data base and layout maps requested from Eskom's Public Relations Manager from Eskom New Germany on 23 February 2018
2. Inventory and water losses							
During the audit of inventory, it was noted that managements' assumptions with regard to the rate applied against the kilo litres of water on hand, cannot be re-performed, since the rate used to measure inventory reflected an amount of R 7.80. This rate used, is in accordance with the approved billing schedule.	Management does not use a reliable costing system to measure inventory on hand.	Management should review the system used to measure inventory, to ensure that inventory is accurately measured and in line with the requirements of GRAP.	The system used to measure inventory will be reviewed and inventory measured in line with the requirements of GRAP 12.	The system used to measure inventory will be reviewed and inventory measured in line with the requirements of GRAP 12.. Request updated water inventory reports from Engineering Services (Quarterly Reports). Reflecting volumes of , Water Purchases, Water Production, Water Losses, Non-revenue Water, Water Sales	31-Jan-18	CFO	Work-in-progress

<p>The billing schedule is based on a sliding scale, and each scale is based on different levels of water consumption, with different categories of consumers. The rate applied against the kilo litres of water on hand does not take into account the fact that there are different categories of consumers, and that these consumers consume different levels of water. This will result in the inventory balance as per the statement of financial position not being fairly valued and disclosed. The rate of R 7.80 was also applied to the water loss, therefore the amount of water loss is also inaccurately reported.</p>	<p>Non-GRAP 12 compliant water loss calculation.</p>			<p>Transfer the information on the Report to the Financial Services AFS disclosure method spreadsheet for AFS</p>			
<p>It was further noted that the inventory was not measured at the lower of cost and net realisable value as required by the GRAP standards.</p>				<p>Prepare the necessary journal entries for AFS</p>			
<p>3. Payments not made within 30 days</p>							
<p>During the audit of operating expenses, it was noted that the creditors were not paid within 30 days from receipt of invoice.</p>	<p>The municipality did not review and monitor compliance with applicable laws and regulations.</p>	<p>It is recommended that management should ensure that payments are made within 30 days from the receipt of the invoice.</p>	<p>Council to consider and approve the Draft Financial Recovery Plan; and strict implementing cost curtailment measures in terms of the attached MFMA circular No. 82 and the attached internal cost containment circular.</p>	<p>The municipality has been facing cash flow challenges over the past few years. To resolve the municipality is in the process of finalising a Draft Financial Recovery Plan; and the plan will be tabled at Council for consideration. The municipality is also implementing cost curtailment measures in terms of the attached MFMA circular No. 82 and the attached internal cost containment circular.</p>	<p>30-Mar-18 Ongoing</p>	<p>MM MM</p>	<p>Draft Plan was circulated to Cogta Finance, PT and Audit Committee for review. Ongoing monitoring the implementation of the Cost Containment Measures by Management.</p>
<p>4. Unauthorised Expenditure</p>							
<p>During the review of the annual financial statements it was noted that the closing balance of the unauthorised expenditure for the financial year ended 2013/14 was not reflected as an opening balance for the 2014/15 financial year resulting in the cumulative amount for 2016/17 financial year being understated.</p>	<p>The review process was not adequate resulting in the accumulated amount being inaccurate for the current and prior year.</p>	<p>Management should investigate the reasons for the unrecorded unauthorised expenditure to ascertain if the amount was condoned. The Annual financial statements should be amended to reflect the correct amount.</p>	<p>The AFS have been amended accordingly.</p>	<p>1. Amendment of the AFS. 2. Submission of AFS review to Internal Audit and Audit Committee on time for effective review</p>	<p>Immediately 15 July 2018</p>		<p>The AFS have been amended accordingly. Work in Progress</p>
<p>5. SCM – No verification that the provider tax matters are in order</p>							
<p>It was noted that there is no evidence provided confirming that the winning supplier had submitted a valid tax clearance from SARS certifying the tax affairs of that person to be in order or that suitable arrangements have been made with SARS (Goli paper house).</p>	<p>Management need to ensure compliance with all laws and regulations.</p>	<p>Management need to ensure compliance with all laws.</p>	<p>The audit finding is noted; however, both suppliers' tax affairs were confirmed on National Treasury Central Supplier Database for compliance as per attached regulation, Comm. 11.6.3</p>	<p>CDS Reports will be reviewed by 2 officials before finalisation</p>	<p>Immediately</p>	<p>CFO</p>	<p>N/A</p>
<p>5. AOPO – Reported Information is not accurate</p>							

<p>During the audit of performance information, it was noted that the Implementation of Buffalo flats water supply project –Phase 3B have a zero (0) actual target as per Annual Performance Report (APR) meaning that there was nothing that was actually done for Buffalo flats water supply for the current year, however the APR is showing an actual expenditure of R5 176 145 for a project. We held a discussion with management regarding this matter, management explained that the expenditure occurred it was for erection of reservoir not for the implementation of Buffalo flats water supply project – Phase 3B. Consequently, the erection of reservoir should have been an indicator on its own and have its own target, therefore the following indicator is not well defined as the indicator of the project were supposed to be split to each stage of the project and be allocated to the appropriate indicator.</p>	<p>There were no proper controls implemented by management to ensure that each stage of the project is allocated to the appropriate indicator.</p>	<p>Management should ensure that the implementation of buffalo flats water supply project –phase 3B and the erection of reservoir are split into separate indicator and each indicator should have the plan and actual target.</p>	<p>This is one project but what should have been done better is the planning of the tasks to be done and align that to the correct timeframe on when the tasks are going to be completed as indicated earlier that the household connection is done on project completion after all the infrastructure has been put.</p>	<p>Ensure accurate and realistic programme in future.</p>	<p>30-May-18</p>	<p>Director: Engineering Services</p>	<p>Task to form part of the IDP, Budget and SDBIP Planning process.</p>
<p>5. APOO – Key performance indicator is not well defined</p>							
<p>During the audit of performance information, it was noted that the Implementation of Buffalo flats water supply project –Phase 3B have a zero (0) actual target as per Annual Performance Report (APR) meaning that there was nothing that was actually done for Buffalo flats water supply for the current year, however the APR is showing an actual expenditure of R5 176 145 for a project. We held a discussion with management regarding this matter, management explained that the expenditure occurred it was for erection of reservoir not for the implementation of Buffalo flats water supply project – Phase 3B. Consequently, the erection of reservoir should have been an indicator on its own and have its own target, therefore the following indicator is not well defined as the indicator of the project were supposed to be split to each stage of the project and be allocated to the appropriate indicator.</p>	<p>There were no proper controls implemented by management to ensure that each stage of the project is allocated to the appropriate indicator.</p>	<p>Management should ensure that the implementation of buffalo flats water supply project –phase 3B and the erection of reservoir are split into separate indicator and each indicator should have the plan and actual target.</p>	<p>Agreed with the finding.</p>	<p>1. Projects to be allocated and linked with an appropriate indicator when developing the 2018/2019 PMS and SDBIP.</p> <p>2. Proper allocations of expenditure to projects stages, during sessions with PMS Manager</p> <p>3. Quarterly Review of KPI by Internal Audit</p>	<p>2018/06/30</p> <p>Immediately</p> <p>Quarterly</p>	<p>Director: Engineering Services</p> <p>Internal Audit</p>	<p>Work-in-progress</p>
<p>6. APOO – Reported Information is not accurate</p>							

The project information on the Annual Performance Report (APR) under funding section; was noted that the budgeted and expenditure funds are not aligning with the information on the GL and the municipality annual budget; i.e. Refurbishment and drilling of new borehole	The APR review was not adequate done, which resulted to the above differences.	Management should ensure the GL is adequately reviewed and is aligning to the reported information.	Agrees with the finding.	Management will ensure the GL is adequately reviewed and is aligning to the reported information.	30-May-18	Municipal Manager	Work-in-progress
7. Predetermined Objectives- Target not met and no corrective action included in the APR Requirement							
During the audit of predetermined objectives it was noted that the following targets have not been met and no corrective actions were included in the annual performance information	Management has not implemented proper controls to ensure reported performance information is in line with applicable legislation.	It is recommended that management exercise an oversight on the annual report and also develop processes to ensure that, annual performance report (APR) produced align with relevant legislation.	Management will ensure that oversight by internal auditors and audit committee on the annual report and annual performance report is performed before submission to relevant stakeholders.	1. Ensure that annual performance report produced is aligned to relevant legislation. 2. Timeous submission of APR to Internal Audit and Audit Committee for effective Review	Immediately 15 July 2018	Municipal Manager	The annual performance report has been corrected. Work in Progress
8. Reported target not corresponding with SDBIP original target.							
During the audit of basic service delivery, it was noted that the following reported planned target on the APR does not correspond with planned target per SDBIP.	Management has not implemented proper controls to ensure that the annual performance report contain information that is accurate and that correspond with information on the SDBIP.	It is recommended that the management should place an oversight and also develop processes to ensure that annual performance report (APR) produced along with the service delivery and budget implementation plan (SDBIP) are reviewed and corrections made where necessary.	Management will ensure that oversight by internal auditors and audit committee on the annual report and annual performance report is performed before submission to relevant stakeholders.	Ensure that there is a process in place to ascertain that performance information reported in the annual performance report correspond with the information on the SDBIP. 2. Timeous submission of APR to Internal Audit and Audit Committee for effective Review	Immediately 15 July 2018	Municipal Manager	The annual performance report has been corrected. The target is 4 and actual performance is 8. Work in Progress
9. Performance of External service providers not included in the annual performance report							
During the review of chapter 3 of the annual performance report, it was noted that the performances of the following external service providers were not reported.	Management has not implemented proper controls to ensure that the performance of the external service providers has all been reported.	It is recommended that management exercise oversight on the annual report and also develop processes to ensure that, annual performance report (APR) produced are aligned with legislation. The performance for all external service providers should be included in the report.	As part of contract management monthly and quarterly reports on external service providers will be tabled to Top Manco, ExCo and Council.	1. Service providers as identified during the audit have been included in the annual performance report. 2. Confirmation of the list of service providers with Financial Services 3. Distribution of the Service Provider Assessment Form to User departments Quarterly	Completed Quarterly	Municipal Manager	Completed Work in Progress
10. Unspent Conditional Grants and receipt							
During the audit of the investment in associate it was noted that the shareholding used by Amajuba was 33,3% instead of 33% as reflected in the UThukela financial statements.	The review process was not adequate resulting in the amount recorded in the being different.	Management should investigate the unexplained difference for the investment in associate and the different shareholding used. The financial statements should be amended to reflect the correct amounts.	The Amajuba DM has a third shareholding in uThukela Water (Pty) Ltd. and that is why a percentage of 33.33% has been used. The 2016 number in AFS note 6 will be corrected.	The 2016 number in AFS note 6 will be corrected.	10-Nov-17	CFO	Completed
11. No technical indicators description completed and posted on the website.							
During the audit of the performance information it was noted that the municipality has not completed the technical indicator description for each indicator disclosed in the annual performance information. Furthermore, the municipality has not posted those technical indicator descriptions on municipality's website	There were no controls in place implemented by management to ensure technical indicator descriptions are completed and posted in the municipality's website therein ensuring full compliance with the framework.	It is recommended that management completes and post the technical indicators on the website to ensure transparency with regards to the interpretations of indicators and to ensure that they comply with the framework.	Management was not aware of the Framework for Strategic Plan and Annual Performance Plan as issued by the National Treasury.	Incorporation of the technical indicator descriptions into the revised 2017/2018 SDBIP.	28-Feb-18	Manager PMS	Completed
12. Unspent Conditional Grants and receipt							

<p>It was noted that the Rural Transport Road Grant (RTRG) disclosed under no 20 of the AFS does not agree with the amount allocated as per Division of Revenue Act (DoRA).</p>	<p>The AFS review was not adequate done, which resulted to the above differences.</p>	<p>Management should ensure the AFS is adequately reviewed. And kindly provide the reasons for the above differences.</p>	<p>Refer to general ledger account 7702/7762/7703 – amounts were received as follows: R1 064 000 on 30 September 2016 R1 000 000 on 31 December 2016 R1 387 000 on 07 April 2017 Because the R1 387 000 was received in April 2017 it must be part of the 2017/2018 DoRA allocation.</p>	<p>1. Engagements with Treasury and Auditor General</p> <p>2. Proper Reviews of Grants Registers</p> <p>3. Request involvement of Auditor General to perform pre audit on prior year issues, including reconciliations</p>	<p>08 January 2018</p> <p>Monthly</p> <p>07 March 2018</p>	<p>CFO</p>	<p>Completed</p> <p>Continuous</p> <p>Completed</p>
<p>13. Irregular expenditure is incorrectly disclosed</p>							
<p>During the audit of irregular expenditure, it was noted that an amount of R 3 133 423, was disclosed under the irregular expenditure note, when it should have been excluded based on the fact that the amount related to valid deviations.</p>	<p>Disclosure of items are not reviewed adequately, to ensure fair presentation.</p>	<p>Management should ensure that supporting documentation are reviewed and agreed to amounts disclosed on the financial statements.</p>	<p>Agreed with the finding.</p>	<p>The 2017 AFS Note 41 has been amended.</p> <p>2. Timeous submission of AFS to Internal Audit and Audit Committee for effective Review</p>	<p>2017/11/07</p> <p>15 July 2018</p>	<p>CFO</p>	<p>Completed</p> <p>Work in Progress</p>
<p>14. Conditional Grants</p>							
<p>The R3 523 861 of the Bulk Water – Goedeheop Grant was transferred to the WSIG and it was noted that the Goedeheop project is only funded by the Human-settlement grant (HSG) and the MIG not the WSIG. No reasons provided on why is the R3 523 861 of the Bulk Water – Goedeheop was transferred to WSIG instead of being transferred to revenue because the condition was meant and the rollover was approved in the current year.</p> <p>The R830 180 of Water Operation Subsidy Grant on the AFS which was the grant that was not spent during 2015/2016 financial year, it was noted that the Operation Subsidy Grant was set off against the Water Service Infrastructure Grant (WSIG) this was noted on the GL where there was a payment which was made to the Amantungwa Construction on the 01st of December 2016 which was included under Refurbishment Waste Water project of the WSIG. Taken into account that the amount of R830 180 was transferred to revenue as the condition that was not.</p> <p>It was noted that there was an adjustment of R7 400 000 that was recovery to the prior year WSIG unspent grant balance of R8 649 585. However, there was no National Treasury's (NT) approving letter that the amount of R7 400 000 can be offset on unspent conditional grants of WSIG and there is no rollover letter from NT approving the balance of R1 249 585 that was left over after adjustment. The only later that was approved was for the R3 400 000 that was approved in 29 Aug 2014.</p>	<p>The AFS review was not adequately done and there was insufficient information provided to support the adjustment that was made which resulted to the R0 unspent conditional grant balance.</p>	<p>Management should ensure that the AFS is adequately reviewed and the information that approved the adjustment that was made in the AFS is provided.</p>	<p>An amount of R8 649 585 reflected on the 2016 AFS as unspent WSIG was withheld by NT. As this amount was incorrect the municipality wrote to NT explaining how this error had occurred. See attached letter dated 5 June 2017 sent to NT together with copies of conditional grants adjustments for 2015 and 2016 as well as the invoices totaling R4 million.</p>	<p>To remedy the error the municipality did an adjustment as indicated in the letter dated 5 June 2017 to NT. The amount of R3 523 861 was corrected and transferred back to Bulk Water – Goedeheop Grant.</p> <p>2. Engagements with Treasury and Auditor General</p> <p>3. Proper Reviews of Grants Registers</p> <p>4. Request involvement of Auditor General to perform pre audit on prior year issues, including reconciliations</p>	<p>Immediately</p> <p>08 January 2018</p> <p>Monthly</p> <p>07 March 2018</p>	<p>CFO</p>	<p>Completed</p> <p>Completed</p> <p>Continuous</p> <p>Completed</p>

15. Employee Cost (Overtime)							
During the audit of employee costs, it was noted that the overtime policy has not been reviewed and updated (overtime policy).	Leadership did not exercise oversight responsibility regarding the review of policies to ensure proper implementation	Management should review employee related legislations to ensure that they are remunerated in line with the basic conditions of employment act and the South African Local Government Bargaining Council.	Management to review its policies to ensure employees are remunerated correctly	To review current policies.	30-Mar-18	Corporate Services	Draft Policies to be tabled at Council for consideration. Staff was consulted.
16. Employee Cost -reviewing of policies							
During the audit of employee costs, it was noted that the overtime policy has not been reviewed; i.e. Overtime policy.	Leadership did not exercise oversight responsibility regarding the review of policies to ensure proper implementation.	The Senior Executive Directors must ensure that policies are reviewed and sent to council for approval on a regular basis.	Management to review its policies to ensure employees are remunerated correctly	To review current policies.	30-Jun-18	Director: Engineering Services	Draft Policies to be tabled at Council for consideration.
17. Expenditure on uncompleted projects not disclosed per class of asset							
WIP is not a class of PPE in terms of the GRAP framework. WIP needs to be allocated per asset class as required by GRAP 87(a). WIP is not a separate class of PPE (and also not specified under GRAP 17.42) and should not be included as a separate line item in the PPE note, but as an addition of the relevant PPE class and included in the carrying amount of the relevant class. We have noted that the municipality has adhered to the amendments in GRAP 17.87(b) by including an additional disclosure of the value of Capital WIP per class of assets in the PPE note. However in the PPE note, Capital WIP is disaggregated, and shown as a separate line item, instead of being included in the carrying amount of the relevant class of PPE. The users of the financial statement are not able to determine which class of assets the expenditure on uncompleted projects amounting to R55 607 701 relates to.	There was inadequate review and application of the GRAP standards on the disclosure of PPE.	The AFS must be adjusted to reflect the work-in-progress allocated to the asset classes it relates to.	The AFS PPE note 4 will be amended to provide adequate disclosure of the capital work in progress.	1. The AFS PPE note 4 will be amended to provide adequate disclosure of the capital work in progress. 2. Timeous submission of AFS to Internal Audit and Audit Committee for effective Review	2017/11/10 15-Jul-18	CFO	Completed Work in Progress
18. Receivables for Non-Exchange Transactions							
During the audit of receivables it was noted that the receivables for Non-Exchange Transactions has not been separated between Current Assets and Non-Current Assets.	The preparation and review process was not adequate resulting in the amount recorded in the statement of financial performance not being split into Current and Non-Current Assets.	Management should amend the Financial Statements to reflect the Current and Non-Current portions of the Receivables from Non-Exchange Transactions The financial statements should be amended to reflect the correct amounts. The entire population should be assessed and classified in line with GRAP	The entire population will be assessed and classified in line with GRAP, and the 2017 AFS will be amended accordingly.	The entire population will be assessed and classified in line with GRAP, and the 2017 AFS will be amended accordingly. 2. Timeous submission of AFS to Internal Audit and Audit Committee for effective Review	15-Jul-18	CFO	Completed Work in Progress
19. Employee cost- Differences between payroll and the general ledger							

<p>During the audit of employee costs it was noted that Management does not reconcile amounts as per payroll report to the general ledger in relation to employee costs. This will result in an overstatement/ understatement of employee costs reported.</p>	<p>Management does not reconcile amounts as per payroll report to the general ledger in relation to employee costs.</p>	<p>Management should review and reconcile amounts as per source documents and general ledger</p>	<p>Management disagree with the finding. The cumulative difference to 30 June 2017 was R73, and the reconciliation is attached to the email sending this response. Most of the other 2017 financial year months' reconciliations are also in the attachment As can be seen from this reconciliation account needs to be taken of salaries debited elsewhere than salary expense votes – such as to the leave provision account. Then, as can be seen from this reconciliation when reconciling to the salaries total disclosed in the AFS account needs to be taken of the following: Leave pay provision charge 13th Cheque accrual</p>	<p>1. Reconciliations will be performed on a monthly basis and reviewed by relevant Senior Officials</p> <p>2. Request involvement of Auditor General to perform pre audit on prior year issues, including reconciliations</p>	<p>N/A</p> <p>2018/03/07</p>	<p>CFO</p>	<p>Continuos</p> <p>Completed</p>
20. Impairment for consumer debtors							
<p>During the review of the annual financial statements it was noted that the impairment for consumer debtors for current and prior period as disclosed on statement of financial performance does not agree to the debtors' impairment as per note 9 to the financial statements.</p>	<p>The review process was not adequate resulting in the amount recorded in the statement of financial performance being different to the amount recorded in the notes.</p>	<p>Management should investigate the unexplained differences of R130 264 for both financial years The financial statements should be amended to reflect the correct amounts.</p>	<p>Refer to AFS note 7. The R130 264 was raised as a provision against sundry debtors in 2016 and reversed in 2017. The 2016 debt impairment expense of R15 850 580 is made up of the R15 720 316 in note 9 and the R130 264 in note 7. The 2017 debt impairment expense of R10 239 302 is made up of the R10 369 566 in note 9 less the R130 264 reversal in note 7.</p>	<p>Timeous submission of AFS to Internal Audit and Audit Committee for effective Review</p>	<p>15-Jul-18</p>	<p>CFO</p>	<p>Work-in-progress</p>
21. Contingent Liabilities							
<p>During the audit of contingent liabilities, external legal confirmations were received, and the amounts reflected on the external confirmation differ to the amounts disclosed in the contingent liability note. The table below details the contingent liabilities and differences in the amounts as per the external legal confirmation and the contingent liability note</p>	<p>Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p>	<p>Management should ensure that the correct estimates of legal matters are disclosed and should be based on estimates received from recent legal correspondence with lawyers/attorneys.</p>	<p>Refer to the AFS Note 7. The R130 264 was raised as a provision against sundry debtors in 2016 and reversed in 2017. The 2016 debt impairment expense of R15 850 580 is made up of the R15 720 316 in note 9 and the R130 264 in note 7. The 2017 debt impairment expense of R10 239 302 is made up of the R10 369 566 in note 9 less the R130 264 reversal in note 7.</p>	<p>The AFS have been amended accordingly.</p> <p>2. Timeous submission of AFS to Internal Audit and Audit Committee for effective Review</p> <p>The AFS have been amended accordingly.</p> <p>2. Timeous submission of AFS to Internal Audit and Audit Committee for effective Review</p> <p>The AFS have been amended accordingly.</p> <p>2. Timeous submission of AFS to Internal Audit and Audit Committee for effective Review</p>	<p>15-Jul-18</p>	<p>CFO</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p>
22. Contingent liabilities							
<p>During the review of the annual financial statements, it was noted that the contingent liabilities disclosure as disclosed in note 34 to the financial statements states that an employee is claiming settlement of 12 times his annual salary for an amount of R340 280. This is incorrect as the employees annual salary is 340 280. The statement should not read as 12 times his annual salary.</p>	<p>Management did not review and monitor the annual financial statement</p>	<p>The note should be updated to reflect the correct amount or wording.</p>	<p>None. The error was not made intentionally.</p>	<p>The AFS have been amended accordingly.</p> <p>2. Timeous submission of AFS to Internal Audit and Audit Committee for effective Review</p>	<p>2017/10/30</p> <p>15 July 2018</p>	<p>CFO</p>	<p>Completed</p>
23. General Expenses							

During the review of the annual financial statements, it was noted that the comparative amount for general expenditure recorded under note 22 is different to the final audited amount from the prior year. There is further no supporting prior period error note.	The review process was not adequate resulting in the amount recorded comparative amount being different from the prior year audited financial statements	Management must ensure that comparative amounts agree to the prior year audited amounts alternatively should disclose prior period errors for all unexplained differences.	The audited 2016 AFS reflects general expenses as R51 294 425. There is no difference.	Timeous submission of AFS to Internal Audit and Audit Committee for effective Review	15-Jul-18	CFO	N/A
24. Municipality does not have a disciplinary board							
It was noted that the municipality does not have a disciplinary board, a board to investigate allegations of financial misconduct in the municipality, and to monitor the institution of disciplinary proceedings against an alleged transgressions. It was further noted that the District Municipal Managers' Forum resolved to opt for an idea of establishing a district-wide Municipal Disciplinary Board that will service all four (4) municipalities in the district. This will however only be finalized in the next financial year.	Management did not adequately monitor compliance with the Municipal Financial Misconduct Regulations.	Management should ensure that a disciplinary board is in place to investigate any allegations of financial misconduct.	Due to internal capacity, the Municipal Managers' Forum resolved to establish a districtwide Municipal Disciplinary Board that will service the District Family of Municipalities in the district.	Disdistrict Municipal Managers' Forum resolved for the establishment of a districtwide Disciplinary Board for the District Family of Municipalities.	30-May-18	MM	Provincial Treasury to address the MMs; Forum about the technicalities relating to the establishment of the Board.
25. SCM – No evidence of the verification of supplier on Central Supplier Database							
During the audit of procurement and management contract, it was noted that no formal written price quotations were obtained from the prospective suppliers as required by the regulations above. For the suppliers that are included in the supplier's list no evidence was provided that the suppliers provided the quotation or that they met the listing requirements as per the regulations.	Management did not ensure compliance with all laws and regulations.	Management need to ensure compliance with all laws and regulations. The evidence should be provided as required for audit purposes.	The management do not agree with the audit finding. Bid documents were supplied to AGSA for audit purposes, as indicated in the bid numbers in the Bid column. It must be noted that once a bid document is completed with a bid price and signed by the bidder, that bid document becomes a formal offer to the municipality.	1. 2 officials to review service providers' CSD reports	Immediately	CFO	Completed
26. SCM – Deviation not recognised							
It was noted that the below is recorded on the SCM report as quotation and the information provided for audit is confirming that the below is a deviation which is not recorded as a deviation on the SCM report and the deviation was not reported to the council meeting and included as a note to the annual financial statements.	Management did not review and monitor compliance with applicable laws and regulations.	Management need to ensure compliance with all laws and regulations.	Internal controls need to be improved.	<ul style="list-style-type: none"> Separate order book for deviations maintenance. Amendment of Deviations Note in the 2016-2017 AFS 	Immediately	CFO	Completed
27. SCM - Deviation does not constitute an urgency or emergency							
It was noted that an emergency case is justifiable where an immediate action was necessary in order to avoid a dangerous or risky situation or misery. Lack of or bad planning does not constitute an urgency or emergency. According to the 2016/17 municipality procurement plan, Protective Clothing is planned for R250 000 under the Engineering department, to be procured on 6 July 2016. The above procurement was done on 10 October 2016.	Management need to ensure compliance with all laws and regulations.	Management need to ensure compliance with all laws.	<p>Management notes the audit finding, o However, the procurement process was followed as per attached documents, refer as Comm. 11.1 to 11.5.5.</p> <p>o The procurement plan referred to in the audit finding is for 2016/17 financial year whereas the procurement in question relates to 2015/16 financial year as per attached departmental procurement plan with a budget amount of R150 000.00</p>	Development of SCM Checklist	30-Dec-17	CFO	Updated SCM compliance checklist to all threshold values

Management did not provide explanations to justify that the deviation below was because of an emergency situation as described above. Alternately, management did not provide us with the documented reasons why the tender or competitive bidding process for the procurement of protective clothing as per the planned procurement 2016/2017 plan was not followed.							
28. SCM – No Local Content Declaration certificates							
It was noted that there is no evidence provided confirming that the below winning supplier had submitted the declaration certificate for local production and content for the purchase of office furniture.	Management did not review and monitor compliance with applicable laws and regulations	Management need to ensure compliance with all laws.	Internal controls need improvement	Internal controls need improvement SCM documents are reviewed by 2 officials before finalisation including checklist	30-Dec-18	CFO	Updated SCM compliance checklist to all threshold values.
	Monitoring tools not in place						
29. SCM - Contracts did not stipulate the terms and condition							
It was noted that all the below contracts provided for audit did not stipulate the terms and conditions of the contract or agreement as required by (MFMA) sec 116(1)(b)(i)(ii)(iii) &(iv).	Management did not review and monitor compliance with applicable laws and regulations	Management need to ensure compliance with all laws.	Audit finding is not accepted. All bids are subject to National Treasury General Conditions of Contract for goods and services and General Conditions of Contract for construction works, copies attached. NT MBD 7.2 form signed by all successful bidders is deemed to and be read and construed as part of the agreement for goods and services. The GCC for construction related bids is part of all construction bid documents which is the basis of contractual obligations between the client and the awarded bidder.	Not necessary - Contracts were submitted to AG	N/A	CFO	N/A
30. Service level agreements omit monthly performance reporting requirements and support procedures							
As previously reported, it was noted that the following clauses as required by COBIT 5 have been omitted from the service level agreements (SLA's) held with Sebata, Payday, Mimecast and Jenny Internet CC: • Requirement for performance assessment reports to be sent to management on a periodic basis • Support and call logging procedures If formal performance assessment reports are not periodically submitted to the municipality by service providers this may result in management not being aware of deviations from minimum agreed upon service levels. Staff may not be following the correct procedures when logging calls or requesting support which could result in a delayed response by the service provider.	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. Management was unaware of the required clauses to be included in SLA's held with IT service providers.	SLA's held with service providers should be updated to include all required information and relevant clauses. These SLA's should thereafter be signed off by both parties and monitored to ensure that the terms of the agreements are being adhered to. Management should perform proactive monitoring of agreed upon action plans and provide adequate training to ensure audit findings are resolved.	Amajuba District Municipality will submit all SLAs to our legal department for review. The requirements raised in the findings will be included in the review.	Submit SLAs to legal department for review	02-Feb-18	Director: Planning and Development	Awaiting input by the Legal Services
				Submit reviewed SLAs for signature by service providers	02-Mar-18		Work-in-progress
31. Vacancies within the IT Unit							

As previously reported, the Information Security Officer (ISO) position has not been established at the municipality. The IT Unit is currently composed of only one staff member as the following posts depicted on the organogram are vacant: • Chief Technology Officer (CTO) • Network Administrator • Database Administrator.	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. A lack of funding prevented the hiring of individuals to fill the vacant IT positions.	Vacant IT posts should be evaluated, critical positions prioritised to be filled and the required budget made available. These posts should thereafter be advertised, individuals shortlisted, interviewed and suitable candidates hired. Roles and responsibilities of IT personnel should be designed and filled to ensure appropriate segregation of duties with succession planning implemented to allow for skills transfer to other staff members. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.	Positions have not been filled due to budget constraints. Management is currently in the process of reviewing the positions and motivating for them to be filled.	Posts to be prioritized as critical posts during the review of the current organogram.	30-Jun-18	Director: Planning and Development	Post to be filled will be submitted to Top Manco for consideration.
32. IT Charter not implemented							
As previously reported, it was noted that although the municipality had amended its IT Charter to now include all required information, this document was only approved on the 22 August 2017 and has not yet been implemented within the municipality. If the IT Charter is not implemented and distributed to all relevant staff this may result in the IT Unit not having sufficient <u>guidance and direction on its role and</u>	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding in a timely manner.	The approved IT Charter should be implemented within the municipality. Formal monitoring and reporting mechanisms to ensure that the objectives of the charter are being realised should be established. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are timeously resolved.	The approved IT Charter will be implemented. Formal monitoring and reporting mechanisms will be established to ensure that the objectives of the charter are realised.	Establish Action Plans for implementation of IT Charter	06-Feb-18	Director: Planning and Development	Work-in-progress
				IT Charter objectives with implementation progress to be submitted to MANCO as a standing item	13-Feb-18		Work-in-progress
33. IT Strategic Plan not implemented							
As previously reported, it was noted that although the municipality had amended its IT Strategic Plan to now include all required information, this document was only approved on the 22 August 2017 and has not yet been implemented within the municipality. If the IT Strategic Plan is not adequately implemented this may result in IT goals not contributing to the strategic objectives of the municipality and could cause IT <u>operations not to meet the business</u>	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding in a timely manner.	The approved IT Strategic Plan should be implemented within the municipality. Management must ensure that formal monitoring and reporting mechanisms are established to ensure that the objectives of the plan are being realised. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are timeously resolved.	The approved IT Strategic Plan will be implemented. Formal monitoring and reporting mechanisms will be established to ensure that the objectives of the plan are realised.	Establish Action Plans for implementation of IT Strategic Plan IT Strategic Plan objectives with implementation progress to be submitted to MANCO as a standing item	06-Feb-18 13-Feb-18	Director: Planning and Development	Work-in-progress Work-in-progress
34. IT Security Policy does not contain sufficient information relating to Windows Active Directory and is still in draft							
The lack of an approved and adequately documented IT Security Policy could lead to uncertainty and inconsistencies in the application and implementation of IT security processes. This may result in weak and differing IT security controls being configured on application systems used by the municipality and employees not being aware of their IT security responsibilities.	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding in a timely manner. The single staff member that is employed in the IT Unit did not have the capacity to update the IT Security Policy while performing his regular duties.	Management should ensure that the IT Security Policy is updated to include all required information. The IT Security Policy should thereafter be approved by the relevant levels of authority, implemented within the municipality and communicated to the employees. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are timeously resolved.	IT will be made a standing item on the agenda of MANCO meetings. When IT is on the agenda, relevant extracts of the minutes will be circulated and agreed upon actions will be monitored and tracked.	Review IT Security Policy	23-Feb-18	Director: Planning and Development	Draft policy was tabled at ExCo and Council. Council deferred the draft policy to the next Council meeting.
				Submit reviewed IT Security Policy to council for approval	06-Mar-18		Work-in-progress

35. Antivirus updates and security patch installations not monitored for Windows Active Directory							
	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. The single staff member that is employed in the IT Unit did not have the capacity to monitor and review the required Windows Active Directory reports.	A process should be established to ensure that exception monitoring and reporting is implemented for all required aspects on the Windows Active Directory. System generated reports should be regularly reviewed to identify any anomalies and appropriate action taken. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.	The IT security policy will be updated to include all required information, and then approved, implemented and circulated.			Director: Planning and Development	
36. IT Security Policy does not provide guidance on required password configurations and inadequate passwords settings configured for Windows Active Directory and Payday							
	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. The single staff member that is employed in the IT Unit did not have the capacity to update the IT Security Policy to include required password parameters and this resulted in inconsistent password settings being configured on systems used by the municipality.	The IT Security Policy should be enhanced to include the parameters that must be configured for passwords on all systems used by the municipality. These recommended settings must thereafter be configured on all systems. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.	The IT Security Policy will be updated to include the required detail and approved and circulated.	<ul style="list-style-type: none"> Review IT Security Policy Submit reviewed IT Security Policy to council for approval Circulate approved IT Security Policy IT Security Policy objectives and implementation progress to be submitted to MANCO as a standing item 	13-Mar-18		Work-in-progress
37. Reviews of administrator activities not performed for Windows Active Directory, Sebata and Payday							
As previously reported, activities performed by users with administrator privileges on the Windows Active Directory, Sebata and Payday application systems were not periodically reviewed and monitored. Users with administrator privileges have full control over the network and IT applications. If activities of administrators are not adequately reviewed and monitored this may result in unauthorised activities performed not being detected in a timely manner. In addition, user account maintenance activities could be performed by administrators without valid and approved requests. This may affect the integrity, confidentiality and availability of data stored on the network and IT applications.	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. There was not enough staff capacity at the municipality to assign independent persons to monitor administrator activities performed on IT systems.	The activities of individuals with system administrator privileges should be monitored and reviewed by a senior independent person on a regular basis. Evidence of such reviews should be retained. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.	Management will appoint individuals to perform monitoring and reviewing of administrator activities as recommended. Evidence will be retained.	<ul style="list-style-type: none"> Appoint individuals (internally) to perform monitoring and reviewing of administrator activities Provide training to appointed individuals on how to perform the required reviews on the different systems. It will be necessary to request guidance from system vendors 	27-Feb-18	Director: Planning and Development	Work-in-progress
38. Periodic reviews of user access rights not performed for Windows Active Directory, Sebata and Payday							

<p>As previously reported, formalised user access reviews had not been conducted for the Windows Active Directory, Sebata and Payday systems.</p> <p>Management may not be able to identify users who have been granted excessive access rights or access rights no longer required to perform the roles and responsibilities associated with their job functions. This could compromise the confidentiality, integrity and availability of data stored on systems used by the municipality.</p>	<p>The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. Inadequate capacity existed in the IT and Finance departments to perform formalised user access reviews.</p>	<p>Periodic reviews of user access rights assigned on IT systems used by the municipality should be performed to ensure that accesses assigned are still in line with the roles and responsibilities performed by an employee. Evidence of such reviews performed and subsequent actions taken should be retained. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.</p>	<p>The vendors for Payday and Sebata will be requested to provide guidance on reviewing access rights. Reviews of access rights will be performed periodically and evidence of reviews and subsequent actions taken will be retained.</p>	<ul style="list-style-type: none"> Request guidance from Sebata and PayDay vendors on reviewing user access rights Arrange and attend training for IT staff on Active Directory Infrastructure and monitoring Start producing quarterly reports on user access right reviews 	13-Mar-18	Director: Planning and Development	Work-in-progress
39. Logon violations and user activity audit trails not reviewed for Windows Active Directory, Sebata and Payday							
<p>As previously reported, no reviews had been performed to detect unusual user logon times and repeated failed logon attempts. Furthermore, user activity audit trails had not been reviewed to identify unauthorised transactions and suspicious data changes that had been performed on the systems utilised by the municipality.</p> <p>User accounts being logged onto at unusual times may be an indicator that suspicious and unauthorised activities are being performed utilising a specific user account. Not reviewing user access and logon attempts could result in unauthorised access attempts going undetected for extended periods of time. The lack of review of user activity audit trails could result in unauthorised activities performed not being detected in a timely manner.</p>	<p>The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. Inadequate capacity existed in the IT and Finance departments to perform formal reviews of logon violations and audit trails.</p>	<p>Periodic reviews of logon violations and user activity audit trails should be performed to identify suspicious activities. Evidence of such reviews performed and subsequent actions taken should be retained. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.</p>	<p>Logon violations will be reviewed periodically. Evidence of such reviews and subsequent actions taken will be retained.</p>	<ul style="list-style-type: none"> Request guidance from Sebata and PayDay vendors on reviewing user activity audit trails Arrange and attend training for IT staff on Active Directory Infrastructure and monitoring Start producing quarterly reports on user activity audit trails 	13-Mar-18	Director: Planning and Development	Work-in-progress
40. Password reset forms not completed for Windows Active Directory and Payday							
<p>As previously reported, password reset forms had not been maintained for password resets actioned on Windows Active Directory and Payday during the period under review.</p> <p>If the required documentation is not completed for passwords reset, management may not be able to confirm that all passwords that have been reset were initiated by valid and approved requests. This may result in individuals exploiting the password reset process to gain unauthorised access to systems used by the municipality.</p>	<p>The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. The password reset process stipulated in the IT Security Policy was not sufficiently detailed to ensure that password reset forms were consistently completed.</p>	<p>The IT Security Policy should be enhanced to include detailed steps on the requirements to be met before a password reset will be actioned. Password reset forms should be adequately completed prior to any password reset being performed. These forms must be filed and maintained for future reference purposes. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.</p>	<p>The IT policy will be updated to include detailed steps to be taken before password resets are actioned.</p>	<ul style="list-style-type: none"> Review IT Security Policy Submit reviewed IT Security Policy to council for approval Circulate approved IT Security Policy IT Security Policy objectives and implementation progress to be submitted to MANCO as a standing item 	13-Mar-18	Director: Planning and Development	Work-in-progress
41. User access request forms not maintained for Payday							

As previously reported, it was noted that although access requests are telephonically communicated to the service provider by the municipality, internal access request communications were not maintained for the following on Payday: • New user access granted • Changes of user access implemented • Termination of user access actioned	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. Management was under the impression that user access forms were the responsibility of the service provider since they add, amend and remove access once notified by the municipality. User access forms were therefore not maintained internally.	User access request forms should be adequately completed and approved prior to any user access amendments being performed by the service provider. These forms must be securely filed and maintained by the municipality for future reference purposes. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.	User access request forms will be designed for Payday and implemented. Evidence will be retained for future reference purposes.	User access request forms have been designed and implemented.	Immediately	Director: Planning and Development	Completed
42. Inadequate physical and environmental controls in the server room							
Inadequate physical and environmental controls increase the risk of the IT equipment being damaged or tampered with. This may compromise the availability of IT systems and cause significant disruptions to the business operations of the municipality.	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding in a timely manner. Management was under the impression that the currently implemented physical and environmental controls were adequate as they protected the server room against the most common threats.	The physical and environmental controls surrounding the server room must be enhanced to ensure that in the event of a disaster or deliberate tampering with IT equipment the controls present will be sufficient to mitigate the risks and allow management to take appropriate action. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved timeously.	The physical and environmental controls surrounding the server room will be enhanced. In addition, with the implementation of the Strategic IT Plan, reliance on on-site IT infrastructure will be drastically reduced, to reduce the impact of any possible disaster or deliberate tampering with on-site IT equipment.	<ul style="list-style-type: none"> • Procure server room signs • Check security cameras • Procure humidity sensors • Establish Action Plans for implementation of IT Strategic Plan • IT Strategic Plan objectives with implementation progress to be submitted to MANCO as a standing item 	13-Feb-18	Director: Planning and Development	Work-in-progress
43. IT Service Continuity Policy still in draft							
As previously reported, it was noted that although the municipality had amended its IT Service Continuity Policy to include details on the current backup procedures performed, the updated document was still in draft and had not yet been approved. The lack of approved backup procedures may result in employees who are required to perform backups not being aware of the correct procedures to be followed to ensure that a backup is successfully completed. This could result in the municipality not being able to rely on backups taken to restore systems and	The municipality did not implement an adequate action plan to resolve the prior year IT audit finding in a timely manner.	The IT Service Continuity Policy should be approved, implemented within the municipality and communicated to relevant employees. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are timeously resolved.	The IT Service Continuity Policy will be approved, implemented and communicated to relevant employees	<ul style="list-style-type: none"> • Submit IT Service Continuity Policy to EXCO for discussion and referral to Council • Submit IT Service Continuity Policy to Council for approval 	13-Apr-18	Director: Planning and Development	Draft policy was tabled at ExCo and Council. Council deferred the draft policy to the next Council meeting.
44. Disaster recovery documents do not include sufficient detail							

<p>As previously reported, it was noted that the Continuity Strategy document and Disaster Recovery (DR) Instruction document omitted details on maintenance and testing, including the frequency of DR tests.</p> <p>In the event of a disaster the municipality may not be able to recover business operations in a timely manner if disaster recovery documents have not been adequately maintained and are reflective of the current IT environment.</p> <p>Management may not be aware of the effectiveness of its disaster recovery documents if regular testing is not performed as per the required frequency.</p>	<p>The municipality did not implement an adequate action plan to resolve the prior year IT audit finding in a timely manner. The disaster recovery documents were developed internally and the municipality did not have sufficient knowledge on the maintenance and testing requirements to be included.</p>	<p>The disaster recovery documents of the municipality should be updated to include all required information. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are timeously resolved.</p>	<p>The disaster recovery documents will be updated to include all required information.</p>	<ul style="list-style-type: none"> Obtain guidance on requirements of disaster recovery documents Review Disaster Recovery Documents 	<p>28-Mar-18</p>	<p>Director: Planning and Development</p>	<p>Work-in-progress</p>
<p>45. Deficiencies in the change management processes for Sebata and Payday</p>							
<p>In the absence of an adequate change management controls required system changes could be implemented in an inconsistent manner. An inadequate change control process may also lead to untested and unauthorised changes being promoted to the live environment by the service providers. This may affect the stability of the applications and accuracy of calculations performed and could compromise the confidentiality, integrity and availability of business data.</p>	<p>The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. Inadequate capacity existed in the IT and Finance departments to take accountability and embed stringent change management controls.</p>	<p>Change management processes should be enhanced to ensure that the municipality is aware of and approves all system changes prior to them being rolled out by service providers. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.</p>	<p>Change management processes will be enhanced to as required to ensure that the municipality is aware of and approves all system changes prior to them being rolled out by service providers.</p>	<ul style="list-style-type: none"> Design change request forms Circulate change request forms to vendors and require completion before granting access to live systems 	<p>28-Mar-18</p>	<p>Director: Planning and Development</p>	<p>Work-in-progress</p>
<p>46. Inadequate firewall management practices</p>							
<p>In the absence of a robust and adequately managed firewall, the municipality may not be able to detect and monitor potential security threats on a real time basis. Slow or inadequate responses by management to firewall alerts could compromise the availability of IT systems and cause significant disruptions to the business operations of the municipality.</p>	<p>The municipality did not implement an adequate action plan to resolve the prior year IT audit finding. Inadequate capacity and a lack of firewall controls knowledge existed in the IT department as there was only on permanent staff employed who had not been formally trained to manage the firewall.</p>	<p>Staff should attend training to acquire sufficient knowledge regarding the functionality of the firewall and required controls. Controls surrounding the firewall should be enhanced to ensure that the device is operating optimally and being monitored on a regular basis. Management should perform proactive monitoring of agreed upon action plans to ensure audit findings are resolved.</p>	<p>The municipality will obtain required resources, including training, to ensure that the firewall and surrounding controls are managed optimally and monitored on a regular basis.</p>	<ul style="list-style-type: none"> The firewall policy will be updated and commentary will be added to the rules The rules will be updated and synced to latest configurations User accounts will be created to create accountability Backups will be performed of the configurations The delegated ISO will perform reviews of logs, configurations and activities 	<p>30-Jun-18</p>	<p>Director: Planning and Development</p>	<p>Work-in-progress</p>
<p>47. Amajuba District Municipality has not complied with the requirements of MSCOA</p>							

Furthermore, the following deficiencies were noted regarding the project management of MSCOA at the municipality: • There was no evidence to verify that the project steering committee had been meeting regularly. The available committee minutes indicated that the last meeting was held on the 1 July 2016. • No evidence could be provided to substantiate how the MSCOA budget had been tracked and monitored • Process or criteria had not been formally established to ensure that the necessary sign-offs and approvals takes place at each project stage or milestone • The municipalities internal audit team was not involved in the MSCOA project	The municipality did not adequately and timeously address system and service provider challenges experienced.	Management should liaise with the service provider and determine the actions required to go live with the MSCOA compliant system. A detailed action plan should then be developed and closely monitored by the municipality to ensure that the timelines are met and required activities timeously performed.	Management is currently involved in a process of evaluating the implementation of the terms and conditions that are part of the Memorandum of Agreement/Master Agreement that was entered into between itself and Sebata; i.e. the Service Provider.	Development and implementation of a Plan of Action.	30-Mar-18	MM	Sebata Municipal Solutions furnished the municipality with a Plan of Action to resolve the identified challenges.
48. AOPO - Reported Performance Information is not accurate							
It was noted that the project information on the Annual Performance Report (APR) is not aligned with the information on the general ledger (GL).	The APR review was not adequate done, which resulted to the above inconsistencies.	Management should ensure that the information of the projects is the same in APR and GL for payment purpose.	Management will ensure the GL is adequately reviewed and is aligning to the reported information.	Project names on General Ledger needs to be revised and correctly aligned with the APR.	Immediately	Manager PMS	Project names on General Ledger needs to be revised and correctly aligned with the APR.
REFER TO THE AUDIT REPORT - 2016/2017							
Going concern							
As disclosure In note 38 to the financial statements, the municipality's current liabilities exceeded it's current assets by R63million. These conditions along with others matters as set forth in the note, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.	Not mentioned	None	The Cash Flow report for 31 January 2018 indicates a closing balance (cash and cash equivalents) of R67 441 743.39 which comprise of the following: <i>Cash Available as at 31/01/2018: R 67 441 743.39</i> <i>Cash Coverage Ratio is 2 months as against the norm is 1 to 3 months.</i>	1. Council to approved the Draft Financial Recovery Plan and strict implementation of the Cost Containment Circular. 2. CashFlow Management item remain a standard item in MANCO meetings and Audit Committee	Ongoing	MM	Work-in-progress
UTW PMS targets not monitored							
The performance of uThukela Water (Pty)Ltd against the agreed performance objectives and indicators was not monitored and annually reviewed, as part of the annual busget process as required by section 39C(a)(v) of the MSA.	Not mentioned	None	The performance of the UTW was not assessed.	Recelpt and assessment of monthly, Quartely and Annual OMS Reports from UTW.	Monthly	MM	Work-in-progress
Concequence Management							
Irregular expenditure as well as fruitless and wasteful incurred by the municipality was not investigated to determine if any person is liable for expenditure, as required by section 32(2)(b) of the MFMA	Not mentioned	None	Poor and/or lack of consequence management.	1. Reports on UIFW to ExCo and Council thereby holding anyone found to have contravened the legislation accountable. 2. District Municipal Managers' Forum resolved for the establsihment of a districtwide Disciplinary Board for the District Family of Municipalities. 3. The MM to requested a copy of the forensic report.	Quarterly 30 May 2018 Immediately	MM/Council	Work-in-progress 3. The Serve Provider and their lawyers indicated that thy can't submit the report to ADM as this might interfere with the prosecutorial process.
Reasonable steps to resolve UIFW							

