

XHARIEP DISTRICT MUNICIPALITY
ACTION PLAN:
AUDIT REPORT 30 JUNE 2012

Page. no.	Finding	Classification					Rating			Proposed remedial action	Responsible person	Date	Status
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with laws & regulations	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters				
Compliance													
31 - 33	C9 - Unauthorised, irregular, fruitless and wasteful expenditure: Non compliance to section 32 of MFMA (EX.8)			✓			✓			1) Management will enforce strict adherence to all relevant legislations. 2) Management will fully utilize SCM checklist to identify and minimize wasteful & irregular expenditure.	Manager: SCM	07 January 2013	In progress
45 - 46	C12 - Compliance: No proof of banking details sent to National Treasury and AG (EX.26)			✓				✓		1) All documents (incoming and outgoing) information of the municipality will be filed through the Electronic Document Management system.	Manager: Budget	30 January 2013	Not yet started

36 - 39	C11 - Budgets: Discrepancies noted (EX.61)			✓			✓		<ol style="list-style-type: none"> 1) Manager: Budget will submit all BTO reports to IT Manager on a monthly basis (on the 10th day of the following month) for placement on the municipal website 2) Manager: Budget to submit all adjustments budget documentation to Manager: IT for placement on the municipal website on the 10th day after budget approval 3) Any variances noted will be explained and remedial actions will be provided. 	Manager: Budget	January 2013	Not yet started
47 - 48	C11 - Expenditure: Invoices paid after 30 days (EX.66)			✓			✓		<ol style="list-style-type: none"> 1) Recording of all received invoices in the invoice register 2) Date stamp all received invoices to keep track of all invoice due for payments 	Manager: Expenditure and Manager SCM	30 January 2013	In progress

34 - 35	C13 - AFS: Material corrections made to annual financial statements (EX.74)			✓			✓		<ol style="list-style-type: none"> 1) Monthly closing of books 2) Postings will be done timeously 3) Quarterly financials will be prepared and submitted to management and the Audit Committee for review 4) AFS will be submitted to a technical expert for a high level (technical) review prior to submission to the AG. 	Manager: Budget and CFO	Ongoing (10 th of every month)	In progress
Procurement and contract management												
49 - 50	C13 - Procurement and contract management: Non-compliance with SCM regulations (EX.57)			✓			✓		<ol style="list-style-type: none"> 1) Monthly reports on the listing of quotations sourced will be prepared and presented to management on a monthly basis. 2) SCM Policy will be reviewed to correct all the discrepancies noted so as to ensure that it is aligned to the SCM legislations. 3) Development of a Procedures Manual on contract management and procurement. 	Manager: SCM and CFO	January 2013	In progress
51 - 54	C11 - Procurement and contract management: Non-compliance with SCM regulations (EX.60)			✓			✓		<ol style="list-style-type: none"> 1) SCM Policy will be reviewed to correct all the discrepancies noted so as to ensure that it is aligned to the SCM legislations. 	Manager: SCM and CFO	January 2013	In progress

55	C11 - Procurement and contract management: Bid register not on website (EX.65)			✓				✓	1) Manager: SCM will submit the bid register to the IT Manager for placement on the municipal website	Manager: SCM	January 2013	Not yet started
56 – 57	C11 - Procurement and contract management: Award to individual in service of the state (EX.70)			✓				✓	1) Management will take precautions and ensure that all the information supplied in the declaration of interest forms is verified before a business is awarded. 2) All the suppliers/service providers in the municipal database to be thoroughly screened. 3) Verifications will also be done through CIPRO and SARS.	Manager: SCM	January 2013	Not yet started
Internal control												
58 – 59	C6 - Internal control: Necessary reviews not performed (EX.7)			✓				✓	1) A contract will be drafted between Mohokare and Xhariep concerning the CRO's salary. 2) All external correspondences will be signed by the Municipal Manager 3) All work prepared by the Accountants will be reviewed by the BTO Managers and later CFO.	BTO Managers and CFO	January 2013	In progress

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60 – 61	C2 - Internal control: Policies and procedures not in place (EX.10)				✓		✓		1) Development of all the queried policies	BTO Managers and CFO	January 2013	In progress
62 – 63	C7 - Internal control: Reconciliation deficiencies noted (EX.11)				✓		✓		1) Creditors and Vat reconciliations are now being reviewed by senior officials. 2) Monthly reconciliations for individual debtors will be performed	BTO Managers	Ongoing	In progress
64 – 65	C10 - Journals: Completeness of journals (EX.56)				✓		✓		1) Numbering of all journals processed. 2) Sequential referencing of journals. 3) All journals will be accompanied by a journal approval sheet (clearly stating the preparer and the approver) and all necessary documentation. 4) Moreover, a journal register will be developed to keep track of all processed journals.	Manager: Budget	January 2013	In progress
40 – 42	C13 - Internal Control: Excessive use of consultants (EX.72)				✓		✓		1) Management will minimize the use of consultants.	All departments	January 2013	Not started
Immovable assets												

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66 – 67	C6 - Property, plant and equipment: Building on asset register not registered in municipality's name (EX.6)				✓			✓		1) The two municipalities will meet to sign the Deeds of Sale Agreement. 2) Confirmation from the deeds office will be obtained on or before 30 June 2013 indicating that the property has been transferred to XDM by KLM	Manager: Budget	March 2013	In progress
Movable assets													
68 – 69	C10 - Property, plant and equipment: Assets not traced to FAR (EX.29)	✓						✓		1) A full Asset count will be conducted during January 2013 so as to update the FAR and ensure that it contains accurate information	Manager: Budget	January 2013	Not yet started
70 – 73	C8 - Property, plant and equipment: Control deficiencies noted (EX.34)				✓			✓		1) A full Asset count will be conducted during January 2013 so as to update the FAR and ensure that it contains accurate information	Manager: Budget	January 2013	Not yet started
Operating expenditure													
74 – 75	C12 - Expenditure: Control deficiencies identified (EX.62)				✓			✓		1) All payments made will be reviewed by the Manager: Expenditure before they are sent for approval by the CFO. 2) Exception reports will be generated and reviewed by the Accountant: Expenditure.	Manager: Expenditure	January 2013	In progress
Predetermined objectives													

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76	C3 - Predetermined Objectives: SDBIP not approved within 28 days of budget approval date (EX.14)		✓				✓		<ol style="list-style-type: none"> 1) The municipality will submit the SDBIP to the Mayor for approval within 14 calendar days after the budget approval 2) The Mayor will approve within 28 calendar days. 	Manager: PMS	May/June 2013	Not yet started
43 – 44	C3 - Predetermined Objectives: Insufficient reporting on performance (EX.15)			✓			✓		<ol style="list-style-type: none"> 1) Performance of all service providers will be assessed and reported to SCM. 2) PMS will independently assess and review the reports submitted by departments 3) Internal Audit will audit/verify the evidence submitted. 	All Departments Manager: PMS Manager: Internal Audit	Ongoing	Not yet started
78 – 79	C4 - Predetermined Objectives: Deficiencies in indicators and targets (EX.16)		✓				✓		<ol style="list-style-type: none"> 1) Departmental score cards will be reviewed and amended accordingly during the review of the SDBIP. 	All Departments	During the adjustmen t budget period	Not yet unfolded
80 – 81	C3 - Predetermined Objectives: Insufficient supporting documentation submitted (EX.17)		✓				✓		<ol style="list-style-type: none"> 1) All municipal notices to the public will be dated. 	All departments	Continuou sly	In progress
82 – 83	C4 - Predetermined Objectives: Submissions to treasury departments (EX.18)		✓				✓		<ol style="list-style-type: none"> 1) All documents (incoming and outgoing) information of the municipality will be filed through the Electronic Document Management system. 	Manager: PMS	Ongoing	Not yet started

84	C5 - Predetermined Objectives: Targets not specific (EX.24)		✓					✓		1) Departmental score cards will be reviewed and the SMART principle will be applied.	All Departments	During the adjustment budget period	Not yet unfolded
85	C6 - Predetermined objectives: Indicator not specific (EX.33)		✓					✓		1) Departmental score cards will be reviewed and the SMART principle will be applied.	All Departments	During the adjustment budget period	Not yet unfolded
Revenue													
86	C9 - Revenue: No approved tariff for tender fees (EX.53)				✓			✓		1) The municipality will review its tariff policy to include the basis for tender fees determination	CFO	January 2013	Not yet started
Taxes													
87	C7 - VAT: Incorrect VAT category (EX.31)			✓				✓		1) The VAT category has since been corrected with effect from 1 July 2012. 2) VAT forms are now being submitted on a monthly basis.	Manager: Expenditure	July 2012	Implemented
ISA Findings													

89	Information technology governance (ISA MR)				✓			✓		1) Municipality appointed a service provider to develop an IT Governance Framework and it has been developed and submitted to the municipality. 2) The IT Governance Framework will be presented to management for review and inputs; and later to Council for approval.	IT Manager	25 January 2013	In progress
90	Security management (ISA MR)				✓			✓		1) IT manager has developed an ICT Security Policy and Procedure manual to address the finding. 2) ICT Security Policy and Procedure manual will be reviewed to include data/information security, software and hardware security, access/password control.	IT Manager	25 January 2013	In progress

91	User access control (ISA MR)				✓			✓		<ol style="list-style-type: none"> 1) Development of User Access Procedure manual and forms. 2) IT Manager and IT Officer will be the administrators of all systems (PASTEL, VIP and CASHFOCUS) 3) All the above will be incorporated in the security management policy. 	IT Manager	30 January 2013	In progress
92	Program change management (ISA MR)				✓			✓		<ol style="list-style-type: none"> 1) Review change management policy to include program change management. 	IT Manager	30 January 2013	Not yet started
93	Information technology service continuity (ISA MR)				✓			✓		<ol style="list-style-type: none"> 1) Review Business Continuity Plan to include also disaster recovery plan. 	IT Manager	30 January 2013	In progress