

**XHARIEP DISTRICT MUNICIPALITY
AUDIT ACTION PLAN - 2021 2022**

CoAF Nr	Department/ Unit	Description	Root Cause	Remedial Action	Completion Date	Responsible Official
1	BTO	CoAF 1-2021 AFS high level review	Lack of review of AFS	AFS errors were corrected during the audit and final adjusted AFS submitted to AGSA. Management will review AFS before submission to audit	15 Aug 2022	CFO
2	MM	CoAF 2-2021 Consequence management: investigations not performed and registers not always updated for unauthorized, irregular and fruitless and wasteful expenditure	Lack of oversight and monitoring to ensure that management comply with all municipal legislation	Management will develop a UJFW reduction strategy. Quarterly reports will be submitted to MPAC for investigation	30 Jun 2022	Municipal Manager
3	MM	CoAF 3-2021 Audit committee deficiencies and non-compliance	The causes of the following issues identified are due to lack of management's oversight	Management has advised the for members of the Audit Committee to ensure that is aligned with Section 165 (1) of MFMA	28 Feb 2022	Manager Internal Audit
4	MM	CoAF 4-2021 Internal control deficiencies related to internal audit	Oversight in ensuring compliance with the abovementioned legislation and regulation and non-submission of other internal audit reports to enable the auditors to confirm that the audits were undertaken	Upon appointment of the Audit Committee members, Management will ensure that reports are tabled to the Audit Committee on a quarterly basis as per section 186 of MFMA	28 Feb 2022	Manager Internal Audit
5	CORP	CoAF 5-2021 IT environment weaknesses	Management did not take timeous action to implement improvements to address the prior year findings	The management is currently addressing the issue of licenses and network infrastructure (and patch management)	6 Jun 2022	Manager: IT
6	CORP	CoAF 6-2021 IT documents outdated and not reviewed	Management did not ensure that the review processes for the IT governance framework, plans and policies were established	Document Review Process were established and that information was provided on each IT Document. The IT Unit will discuss with the internal audit unit and if the information provided was not enough, then necessary adjustments will be made.	30 Mar 2022	Manager: IT
7	MM	CoAF 7-2021 - Misstatements of performance in APR		Resolved		
8	MM	CoAF 8-2021 Misstatements in indicators in APR (2)	Management did not ensure that information underlying to the reported result, are supported with valid and accurate information	Timeous payment of the service provider for water quality testing so that there are quarterly water quality results and reports on a quarterly basis and as per the approved SDBIP projections. Quarterly reports on the implementation of the RRAMS project will be compiled as per the approved SDBIP projections.	Quarterly	Director: Planning and Social Development Manager: EHS
9	BTO	CoAF 9-2021 Statement of changes in net assets calculation errors		Resolved		
10	PLANNING	CoAF 10-2021 Waste water treatment quarterly reports not submitted quarterly		Management will ensure to obtain quarterly reports from the service provider and submit to PMS	10 Jul 2022	Director: Planning and Social Development
11	BTO	CoAF 11-2021 Limitation of scope: RFI 32 - Unauthorised Expenditure		Resolved		

12	MM	CoAF 12-2021 Mid year assessment not done timeously	The oversight for compliance did not ensure that the requirements of section 72 as reported above, were met	Management will ensure that Council sit as per the approved Council Schedule of 2021-2022. Council is scheduled to sit on the 25 January 2022	25 Jan 2022	Director: Corporate Services
13	BTO	CoAF 13-2021 Limitation of scope: RFI 29 - Fruitless and Wasteful		Resolved		
14	BTO	PPE: Assets not recorded in the fixed asset register		Resolved		
15	BTO	CoAF 15-2021 Limitation of scope: RFI 40 - Expenditure contracted services		Resolved		
16	BTO	CoAF 16-2021 Limitation of scope: RFI 54 - SCM quotations		Resolved		
17	CORP	CoAF 17-2021 Payables: Follow up of prior year CoAF 22 - Leave pay accrual	This is as a result of the audit action plan not being adequately implemented.	Management must review the whole population and correct errors. Propose any adjustments to the registers	31 Mar 2022	Director: Corporate Services
18	BTO	Unauthorised expenditure: Prior year misstatement reported in CoAF 53 not reported	This is as a result of the audit action plan not being adequately implemented.	Unauthorised expenditure raised in the prior year must be recorded and reported.	30 Mar 2022	Manager: BATS
19	BTO	CoAF 19-2021 Depreciation opening balance differences on assets	This is due to management oversight and incorrect amounts being used in the formula used to calculate depreciation	The asset register will be reviewed and updated thoroughly every month end. Formula used for calculation of Depreciation be "locked" to avoid changes	31 Jan 2022	Manager: BATS
20	BTO	Receivables - Amount incorrectly recovered as a receivable and not a loss	The Municipality does not actively pursue amounts due to it with all reasonable means	The Municipality must adhere to Debt collection policy. Follow up with the debtor and fully impair the debt. Recommend write-off to Council	31 Jan 2022	CFO
21	BTO	Receivables - Debt prescribed due to inaction on the amount due	The Municipality does not actively pursue amounts due to it with all reasonable means	The Municipality must adhere to Debt collection policy. Follow up with the debtor and fully impair the debt. Recommend write-off to Council	31 Jan 2022	CFO
22	BTO	CoAF 22-2021 Prior year PPE matters CoAF 37 and 46	This is as a result of the audit action plan not being adequately implemented.	Evidence will be provided to Internal Audit Unit as a proof that the prior year issues on the Audit action plan are being followed and resolved or implemented.	31 Mar 2022	Manager: BATS
23	MM	AOPO: Targets are not well defined	Adequate review of publishable information was not performed by different levels of management to ensure that all information as contained in the APR and Revised SDBIP are well defined	The errors on the two KPI's that was identified during the Audit have been corrected and projected adequately in the SDBIP 2021-2022. A printed version has been tabled and approved by Council	Complete	Manager: PMS
24	MM	AOPO: Remedial action for under performance of indicator not included in draft APPR	Resolved	Resolved		

25	CORP	CoAF 25-2021 Register of meetings (MFPAC, Council, Management), signed minutes and charter not provided for MFPAC	The municipality did not maintain and safeguard information in such a manner that it is reliably and easily retrievable	Management will ensure that there is a signed register/Schedule of MFPAC meetings and a sound Records Management is applied.	31 Mar 2022	Director: Corporate Services
26	BTO	CoAF 26-2021 Prior year expenditure matters CoAF-F3, 45, 62, 66, 80	This is as a result of the audit action plan not being adequately implemented.	Management to ensure that it develop and monitor the implementation of action plan to address all the issues raised and implement internal control deficiencies. All the transactions will be recorded correctly in the GL, as per the goods/services received; attendance registers to be attached; transaction to be recorded in the correct financial year etc	31 Mar 2022	Manager: Expend & Payroll
27	CORP	Employee benefit obligation: Incorrect appointments dates used in the calculation of the estimate	Management did not review data submitted to actuaries	A data cleansing exercise will be undertaken and data reconciliation between HR and Payroll records	31 Mar 2022	Director: Corporate Services
28	BTO	CoAF 28-2021 Evidence not obtained for Q2 and Q3 UIFW reports submission	Management oversight in ensuring compliance with section 32(4) of the MFMA.	Quarterly UIFW detailed reports must be submitted to PT and CoGTA as prescribed.	Quarterly	Manager: SCM
29	CORP	CoAF 29-2021 Prior year employee benefit obligation matters CoAF 67	This is as a result of the audit action plan not being adequately implemented.	A data cleansing exercise will be undertaken and data reconciliation between HR and Payroll records	31 Mar 2022	Director: Corporate Services
30	BTO	CoAF 31-2021 Asset serial number errors	The asset verification process during the year does not detect errors since focus is on the bar code.	Thorough asset verification will be performed from floor to register, for all the assets of the Municipality to correct errors.	Monthly	Manager: BATS
32	BTO	PPE: Asset could not be verified		Resolved		
33	BTO	CoAF 33-2021 Expenditure information not provided (RfI 52)		Resolved		
34	BTO	CoAF 34-2021 Interest write-off should be recognised as debt forgiveness	The information on the statement from the creditor was updated to the account normally used without realising that the nature of the transactions differ from finance costs.	Interest write off from any account must be recognised as a debt forgiveness. All credit notes must be considered for correct accounting treatment	30 Jun 2022	Manager: Expend & Payroll
35	BTO	CoAF 35-2021 Carospan payment not confirmed as probable for recovery	The municipality disagree that they owed the amount and expect their supplier to refund the amount paid.	The matter was resolved with the adjusted AFS.		
36	BTO	CoAF 36-2021 Budget statement differences identified	Lack of oversight by management to ensure that the amounts disclosed on the Statement of comparison of budget and actual amounts are accurate	The court settlement amount was reclassified as an expense instead of receivables	28 Feb 2022	Manager: Budget
37	BTO	CoAF 37-2021 Accrued interest should be cash and cash equivalents	The municipality has not identified the classification error from the reviews done	Management should review the Budget amounts before council approval and capturing on the system. Monthly monitoring of the Budget should be performed	7 Jul 2022	CFO
40	PLANNING	AOPQ: D36 - Number of water quality samples collected per local municipality (Kopanong LM) - Water samples not associated with locations within Kopanong's demarcated area		Resolved		
42	BTO	CoAF 42-2021 Suppliers not tax compliant on CSD	Management did not ensure adherence to applicable regulations	Management to ensure that only tax compliant suppliers are awarded businesses.	31 Mar 2022	Manager: SCM

43	BTO	CoAF 43-2021 Three quotations not obtained for funeral	Management did not ensure adherence with applicable regulations	Management to ensure that a minimum of three quotations are obtained for all procurement above R10 000	31 Mar 2022	Manager: SCM
44	BTO	CoAF 44-2021 Quotations for suppliers not on CSD	Management did not ensure adherence with applicable regulations	Management to ensure quotations are received from suppliers on CSD only and if supplier is not on CSD, must meet the listing requirements in terms of SCM reg 14.	31 Mar 2022	Manager: SCM
45	BTO	CoAF 45-2021 Arbitration award included in basic salaries	This is as a result of management classifying the arbitration amount as basic salaries because it is for a claim for loss of income of an ex-employee.	The matter was corrected with the adjusted AFS. Arbitration award was reclassified from Salaries to litigation expenses		
46	BTO	CoAF 46-2021 Bidder incorrectly disqualified	The matter occurred due to the pre-determined requirements as stipulated in the bid documents being vague	Management has responded that a correct treatment was applied by Bid Committees. Technical feedback from AGSA is still awaited		Manager: SCM
47	CORP	CoAF 47-2021 Travel allowances without supporting documentation	This is due to employees not providing the required information in accordance with the municipality's travelling and subsistence policy	Management will write a letter to employees to resubmit the outstanding documents	31 Mar 2022	Director: Corporate Services
48	BTO	CoAF 48-2021 Award to suppliers who did not declare interest	Management did not ensure adherence to the applicable SCM regulations	SCM must obtain MBD4 declaration for each transaction and each supplier and attach to expense voucher	31 Mar 2022	Manager: SCM
49	CORP	CoAF 49-2021 Travel allowances not in agreement with appointment letters	There is no document in the personnel file that clearly states how the amount of the travelling allowance was calculated for the employee	Management will investigate the matter of travelling allowances and correct the error where necessary	31 Mar 2022	Director: Corporate Services
50	CORP	CoAF 50-2021 Home owners allowances without supporting documentation	This is due to employees not providing the required information in accordance with the municipality's service conditions policy	Home owners supporting documentation will be requested to all employees receiving home owners allowances	31 Mar 2022	Director: Corporate Services
51	MM	AOPQ: D38 - Number of quarterly waste water samples collected per municipality (Mokokare LM) - could not confirm that sample relates to Mokokare LM		Resolved		
52	MM	AOPQ: D38 - Completeness of number of quarterly waste water samples collected per municipality (Kopanong LM)		Resolved		
53	MM	AOPQ: D38 - Validity of quarterly waste water samples collected per municipality (Kopanong LM) - could not be confirmed		Resolved		
54	MM	AOPQ: D38 - Completeness of number of quarterly waste water samples collected per municipality (Letsemeng LM)		Resolved		
55	MM	AOPQ: D38 - Validity of quarterly waste water samples collected per municipality (Letsemeng LM) - could not be confirmed		Resolved		
57	MM	AOPQ: D38 - No. of quarterly waste water samples taken per local municipality (Kopanong LM) not agreed to reported value		Resolved		
58	BTO	CoAF 58-2021 Evidence that contacted services were received not sufficient		Resolved		
59	BTO	CoAF 59-2021 Invoice in the wrong accounting period	This is as a result of management oversight in ensuring that the expenditure is recorded in the year in which the goods/ services were received and not when payment is made	Expenditure to ensure that all the invoices raised in the system are raised in the correct financial year, with the correct date and are reviewed before posting.	31 Mar 2022	Manager: Expend & Payroll

60	BTO	CoAF 60-2021 Travel expenditure recognised in incorrect period	This is as a result of management oversight in ensuring that the expenditure is recorded in the year in which the goods/ services were received and not when payment is made.	Management to ensure that all the travelling and subsistence claims are paid in the year in which they relate and also ensure that a cut-off date is implemented for the claims to be submitted for year-end accruals.	30 Jun 2022	Manager: Expend & Payroll
61	BTO	CoAF 61-2021 VAT accounting error in expenditure	This was due to incorrectly accounting for VAT.	Management will put in place the controls to ensure that the weekly/monthly captured documents correctly and are reviewed before posting.	31 Mar 2022	Manager: Expend & Payroll
62	CORP	CoAF 62-2021 Employee costs prior year findings not addressed (CoAF 78 - 80)	This is as a result of the audit action plan not being adequately implemented	A data cleansing exercise will be undertaken and data reconciliation between HR and Payroll records	31 Mar 2022	Director: Corporate Services CFO
63	BTO	CoAF 63-2021 Evidence not available to confirm that expenditure occurred	The municipality's safeguarding of information is not sufficient to ensure that sufficient evidence exist to confirm that expenditure occurred.	Payroll will have meeting with SAGE to investigate the JIF error Management to ensure that where proof of expenditure is required in a form of occurrence, supporting documentation to that effect is obtained, attached to the voucher payment during the period in which it occurred and file it.	31 Mar 2022	Manager: Expend & Payroll
64	BTO	CoAF 64-2021 Expenditure classification and cut-off errors	Cut-off: This is as a result of management oversight in ensuring that the expenditure is recorded in the year in which the goods/ services were received and not when payment is made. Classification: This is as a result the expenditure transactions not being recorded in the general ledger in line with the services and goods received as per the invoice description	Expenditure must ensure that all the payments are captured in the correct financial year and are reviewed before posting. The classification of expenditure to be reviewed to ensure that they are classified under the correct expenditure group.	31 Mar 2022	Manager: Expend & Payroll & Manager: BATS
65	BTO	CoAF 65-2021 Contract extended beyond threshold	Management did not monitor the percentage of the expenditure that exceeded the contract value against the prescribed threshold	SCM should implement contract management to ensure contract extensions do not exceed 15% of the contract value	30 Jun 2022	Manager: SCM
68	BTO	CoAF 68-2021 Unspent conditional grant differences	The unspent grants register was not sufficiently maintained and reviewed to detect these errors	Resolved		
70	CORP	CoAF 70-2021 Bonus paid in wrong month	This is due to incorrect appointment dates being recorded in the schedule.	Management will review the Bonus dates to align with the HR Policy.	31 Mar 2022	Director: Corporate Services
71	BTO	CoAF 71-2021 Irregular expenditure excluded from AFS	The review of the AFS against the supporting registers did not identify the irregular expenditure not included	SCM must record all irregular expenditure identified in the prior year. Monthly review and monitoring of registers	30 Jun 2022	Manager: SCM
72	CORP	CoAF 72-2021 Appointments not in accordance with requirements	Oversight and improper record keeping	Management commit to follow Staff Regulation	30 Jun 2022	Director: Corporate Services
77	BTO	CoAF 77-2021 Supplier not tax compliant at date of award	The municipality did not maintain and safeguard information in such a manner that it is reliably and easily retrievable	Resolved		
78	BTO	CoAF 78-2021 Payable information not received	The municipality did not maintain and safeguard information in such a manner that it is reliably and easily retrievable	Management to implement proper record keeping of documents.	31 Mar 2022	Manager: Expend & Payroll
79	BTO	CoAF 79-2021 Invoices for payables not received	The municipality did not maintain and safeguard information in such a manner that it is reliably and easily retrievable	Create a separate file for all invoices received and capture them immediately after verifying the validity, they should be stamped as "CAPTURED". All captured invoices must be attached to the expense voucher and marked as "PAID"	30 Mar 2022	Manager: Expend & Payroll

80	MM	CoAF 80-2021 Differences between performance and underlying evidence	Management did not ensure that reported results are supported with valid and reliable underlying information	Measures must be implemented to ensure that all achieved results are supported, and that there are systems in place to prevent errors from occurring	31 Mar 2022	Manager: PMS
81	BTO	CoAF 81-2021 Travel claims exceeded calculated distances	Management lack of oversight whilst approving travel claims (trip authority), have not considered travel kilometers responsibility	Each claimant must record accurate kilometers travelled before submission to Payroll for processing. BTO to write a Memo to all officials and Councillors to inform them Management should follow up prior year issues raised on grants	31 Mar 2022	Manager: Expend & Payroll
82	BTO	CoAF 82- Unspent Conditional Grants: Prior year CoAF23 not resolved	This is as a result of the audit action plan not being adequately implemented	Transactions should be recorded in the correct accounting period.	31 Mar 2022	CFO