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COAF Number	Reporting Area	Findings
COAF 1	Monitoring and Evaluation	Planning: Perfomance management Policy has not been

<b>COAF 1</b>	Internal Audit	Internal Audit effectiveness; (Charter did not include the description of assurance and nature of consulting services as required by the Circular 65 to the MFMA), Internal Audit Manager (Chief Audit Executive) has not been appointed on a permanent senior management basis as required by MFMA Circular 65, The Audit Committee was not involved in the review and approval of the combined assurance plan.
<b>COAF 1</b>	Internal Audit	Planning: Internal auditors did not comply with the following regulations Iss.08
<b>COAF 1</b>	Internal Audit	Planning: No approved action plan for issues raised by Provincial Treasury Iss.10

<b>COAF 1</b>	Internal Audit	Planning: The Audit Committee did not comply with regulations Iss.12
<b>COAF 2</b>	Expenditure	Expenditure recorded in incorrect period
<b>COAF 3</b>	Assets Management	Impairment recognised whilst not meeting GRAP 21 criteria
<b>COAF 3</b>	Assets Management	Incorrect calculations of impairment (Recoverable service amount not correctly calculated)

<b>COAF 3</b>	Assets Management	Difference between the AFS and the FAR
<b>COAF 4</b>	Assets Management	Contingencies is not complete
<b>COAF 5</b>	Assets Management	Investment Property: Incorrect Classification
<b>COAF 5</b>	Assets Management	Investment Property: Incorrect Accounting IP not previously included in AFS

<b>COAF 6</b>	Monitoring and Evaluation	Reported indicators/measures are not consistent with planned indicators/measures
<b>COAF 6</b>	Monitoring and Evaluation	The performance technical indicator discrepancies are not well defined
<b>COAF 6</b>	Monitoring and Evaluation	Inadequate Presentation & Disclosure (AOPO)

<b>COAF 8</b>	Assets Management	Employee benefit obligation: Differences between the valuation report and the financial statements (ISS.29)
<b>COAF 9</b>	Expenditure	Receivables: Differences identified in accounts receivables
<b>COAF 9</b>	Revenue and Expenditure	Receivables: Debtors with Credit Balances are incorrectly classified as a Receivable
<b>COAF 9</b>	Revenue and Expenditure	Receivables from Non-Exchange Transactions: Difference between Age Analysis and Trial Balance
<b>COAF10</b>	Expenditure	Expenditure: Incorrect Invoice Amounts Recorded
<b>COAF 11</b>	Monitoring and Evaluation	Reported achievement not supported by reliable evidence

<b>COAF 12</b>	Assets Management	Valuation, Accuracy and Allocation (Amount per FAR does not agree to supporting documents)
<b>COAF 12</b>	Assets Management	Recorded Revalued Amounts don't agree to valuation report/register
<b>COAF 13</b>	Expenditure	Provision Recognised as a Payable
<b>COAF 13</b>	Revenue and Expenditure	Income Received in Advance: Receipts for the sale of land by the municipality included at VAT exclusive amounts.
<b>COAF13</b>	Revenue and Expenditure	Interest understated per the bank confirmations

<b>COAF 14</b>	Financial Reporting	Balance inaccurately calculated (ISS.41)
<b>COAF 14</b>	Financial Reporting	Commitments - Completeness (ISS.40)
<b>COAF 15</b>	Financial Reporting	Statement of Cash Flows: Differences in Calculations
<b>COAF 16</b>	Municipal Manager	The municipal council did not adopt the oversight report.



<b>COAF 16</b>	Assets Management	<b>Restatements</b>
<b>COAF 16</b>	Assets Management	<b>Use of Consultants: There is no evidence of formal skills transfer</b>
<b>COAF 17</b>	Assets Management	<b>PPE: Landfill site disclosure</b>

<b>COAF 17</b>	Assets Management	<b>Statement of budget: No explanations have been provided for material variances</b>
<b>COAF 18</b>	Supply Chain Management	<b>Awards to persons in the service of other state institutions</b>
<b>COAF 19</b>	Expenditure	<b>Expenditure Recorded in Incorrect Period</b>
<b>COAF 19</b>	Assets Management	<b>Residual values of other PPE not reasonable (excluding motor vehicles)</b>

<b>COAF 19</b>	Supply Chain Management	<b>Bid adjudication Committee not duly composed</b>
<b>COAF 21</b>	Financial Reporting	<b>Revaluation reserve</b>

<b>TOTAL OF 39 AG's findings 2018/2019</b>	
<b>RESOLVED</b>	<b>22</b>
<b>IN PROGRESS</b>	<b>0</b>
<b>NOT RESOLVED 0</b>	<b>17</b>



**Audit Findings Action Plan Monitoring Table**

Legal Requirement	Type
Section 62 of the MFMA	Other Important Matter

Municipal Finance Management Act no 56 of 2003 section 165 & s166, MFMA Circular 65 and MFMA s62	Other Important Matter
Section 62(1)(c)(ii) of the MFMA	Other Important Matter
Section 62(1)(c)(ii) of the MFMA, MFMA Circular 65	Other Important Matter

Public Sector Audit Committee (PSACF)	Other Important Matter
MFMA section 62, Standard 1 of the Standard of Generally Recognised Accounting Practice paragraph 5	Other Important Matter
Section 62 of the MFMA	Other Important Matter
MFMA section 62, GRAP 21 paragraph 10, par 23	Matter affecting the AR

SECTION 62 Of the MFMA, GRAP 21 paragraph 10	Matter affecting the AR
GRAP Standards	Matter affecting the AR
GRAP 16) paragraph 5	Matter affecting the AR
Section 62 of the MFMA	Matter affecting the AR

Section 46 of the Municipal Systems Act	Matter affecting the AR
Section 46 of the Municipal Systems Act	Matter affecting the AR
Section 46 of Municipal Siystems Act	Matter affecting the AR



Section 62 of the MFMA	Other Important Matter
MFMA Section 62	Matter affecting the AR
GRAP 1.19(b)	Other Important Matter
Section 62 of the MFMA	Other Important Matter
MFMA Section 62	Matter affecting the AR
MFMA Section 62	Matter affecting the AR

Section 62 of the MFMA	Matter affecting the AR
Section 62 of the MFMA	Matter affecting the AR
GRAP 19 par 17	Matter affecting the AR
Section 62 of MFMA	Matter affecting the AR
MFMA Section 62(1)(b),	Other Important Matter

MFMA section 62, GRAP 17 paragraph 81	Matter affecting the AR
MFMA section 62, GRAP 17 paragraph 81	Matter affecting the AR
MFMA Section 62	Matter affecting the AR
MFMA Section 129(1), s 127	Matter affecting the AR

MFMA Section 62 , GRAP 3 Paragraph 15	Matter affecting the AR
Section 62 (1)(a) of the MFMA	Matter affecting the AR
Section 62 of the MFMA	Matter affecting the AR

GRAP 24 paragraph 12	Matter affecting the AR
Municipal Supply Chain Management Regulations_GNR 868_30 May 2005 section 44	Other Important Matter
Section 62 of the MFMA	Matter affecting the AR
MFMA S62, GRAP 17	Other Important Matter

MFMA Section 168(1), s168 (3) & MFMA Regulations 29 (2)	Other Important Matter
MFMA Section 62	Other Important Matter



**T I E L E**  
MUNICIPALITY

## AUDIT IMPROVEMENT PLAN 2018/2019 FINANCIAL YEAR

Tool

**Audit Opinion: Unqualified on Annual**

Compliance Finding	Repeat Finding from Previous Year	Root Cause	Improvement Plan
no	No	This is due to internal audit unit not having the capacity to identify internal control deficiency and recommend to management control mechanisms to address them.	The reviewal and adoption of the Performance Management Policy will be done by 30 May 2019

No	Yes	<p>Insufficient review and monitoring of compliance with the MFMA requirements and MFMA Circulars in relation to internal Audit before the appointment of Chief Audit Executive.</p> <p>Limitation is due to the size of the institution. Lack of planning for the appointment of an Audit Committee</p>	<p>We agree with the finding , however the Matatiele Local Municipality is a small municipality and therefore cannot afford to employ a permanent CAE on a Senior management position as yet due to budget constraint and taking into consideration the size of the institution.</p> <p>The size of the municipality remains a concern as this is a rural municipality however considerations to increase the personnel within IAA will be prioritised. Policies (combine assurance) will be presented to the Audit Committee as well as all reports through the shared Audit Committee services for the 19/20 financial year.</p>
Yes	No	<p>This is due to inadequate policies and procedures when it comes to appointment of internal audit staff. Furthermore the review and monitoring of compliance by management and oversight bodies is not sufficient.</p>	<p>The Municipality is aware and notes this section on identifying the chief audit executive (head of internal audit) however the execution of this section will take time to implement as the municipality is small organisation and will take time to have a Chief Audit Executive (Senior Manager) position.</p>
Yes	No	<p>This is as a result of insufficient review and monitoring of compliance with internal audit standards</p>	<p>There is a register that is monitored for the QAIP</p>



Yes	No	This is as a result of inadequate audit action plan by internal audit to address issues raised by external auditors.	Combine assurance will be taken to relevant stakeholders in the month of May for its approval by the end of May 2019.
No	No	Invoices were not adequately reviewed and assessed against the applicable accounting framework prior to recording.	1. Management does not agree with the finding, a report explaining reasons why the invoice was not paid at a specific period is submitted to Auditors. 2. We agree with the finding and a correcting journal will be processed on the system to correct the VAT portion.
No	No	There was a lack of controls over physical management of the municipality assets and there was lack of supervision by management to ensure that data recorded in the AFS is accurate.	Management agrees with the finding. The difference was caused by incorrect classification of loss on disposal under impairment. This will be corrected in the final AFS.
No	No	Lack of controls over physical management of the municipality assets.	Management agrees with the finding. The difference was caused by incorrect classification of loss on disposal under impairment. This will be corrected in the final AFS after the discussion with AG and Black Dot regarding General Valuation Roll processes, to reverse Community Assets impairment as presented in Note 9 amounting to R25 588 754.

No	No	Lack of reviews by the management to ensure that information reflected in the financial statements agrees to the supporting documentations.	Management note the finding, however it has been identified that, this is a system configuration and the matter has been communicated with the financial system provider to assist in clearing this difference.
No	No	The case is not disclosed since it is an internal matter.	Management agrees with the finding and the correct disclosure note will be submitted with adjusted AFS.
No	No	Municipality did not re-assess whether there were any changes in use to the assets in the current year	Management agrees with the finding, FAR will be adjusted as per AGSA recommendation.
No	No	There was inadequate investigation and assessment of the impact of the investment property that was previously identified to have been omitted from the investment property register	Management does not agree with the finding, the municipality did a revaluation effective from the 01 July 2018 and only learnt then or became aware that there are properties amounting to R9 865 800 that belong to the municipality as per the new GVR. 2. Management agrees with the finding, the FAR has been adjusted.

Yes	Yes	<p>1. The Annual Performance Report had been previously documented in a word version however during the current financial year there had been a transfer of the information to an excel document during this process errors were made.</p> <p>2. In the current year the IDP was used when</p>	<p>Management is in agreement with the recommendation of the Auditor General that when the APR is compiled this should be reviewed and signed as evidence of review by a senior staff member to ensure that the reported indicators are consistent with the planned indicators.</p>
Yes	No	<p>1. The Annual Performance Report had been previously documented in a word version however during the current financial year there had been a transfer of the information to an excel document during this process errors were made</p>	<p>Management is in agreement with the recommendation of the Auditor General that a system and processes should be developed in the future to ensure that the municipality has well-defined performance indicators. Management agrees that for the future - the municipality should have a Technical Indicator Description annexure included with the SDBIP that should result in well-defined performance indicators for each department</p>
Yes	No	<p>There is inadequate disclosure of measures taken to improve targets that were not achieved.</p>	<p>Management is in agreement with the recommendation of the Auditor General that measures to improve should clearly define what steps will be taken to improve the planned target that was not achieved and General Managers to ensure that the measures disclosed are sufficient and adequate.</p>

No	No	This is due to insufficient review of the financial statements	Management agrees with the finding, the note will be adjusted to agree with the statement of financial position and the Actuaries report.
No	No	Traffic fines not recorded in timeous manner.	Finding acknowledged, care will be taken to ensure that the information provided to auditors is clear and usable.
Yes	no	Incorrect application of the Accounting Standard.	Management agree with the above finding, but does not agree with the amount. The Receivables are understated with the amount of R645 342.30, correction to the Annual Financial statements will be done to adjust debtors and liabilities by all debtors will credit balances.
no	no	The cause of the above finding is lack of review by the management to ensure that information reflected in the Asset Register agrees to the Trial Balance.	Finding acknowledged. The age analysis will be adjusted by R740937,15 in the year 2019/2019 as mSCOA does not allow the municipality to raise a debtor after year end close.
No	No	The municipality recorded amounts based on orders rather than actual expenditure incurred	Finding noted. Journals correcting the effect of differences in the order and invoices for Harvey world travel will be provided as per response on CoAF 9.
Yes	No	There is lack of monitoring and review of supporting documents.	The Senior Managers/General Managers (GMs) who sign Performance Agreements and Plans with the Middle Managers will also be reminded to ensure that they regularly monitor and review the supporting documents submitted to the Monitoring, Evaluation and Risk Management Unit and that the Actuals recorded reflect what is in the Portfolio of Evidence (POE) provided.

No	No	Lack of review by the asset manager.	1. Finding for difference of R216 861,72 is noted and thorough reviews will be done to ensure that the correct and actual value of an asset is recorded. 2. Management notes the finding and further guidance will be sought in accordance with GRAP standards in order to capitalise license fees of newly procured motor vehicles.
No	No	There was a lack of review by the asset manager and the chief financial officer.	Management agrees with the finding. Management has examined the total population for land and buildings to identify if there are no similar occurrences. The correction affects the reclassification Management report of Matatiele Local Municipality 62 between land and buildings and the depreciation for the current year. The following journals have been processed to correct the PPE
No	No	There was no adequate application of the accounting standard	Management agree with the above finding. Adjustments to payables and provisions will be done to account outstanding leave correctly.
No	No	Receipts were not completely recorded and were not in accordance with the VAT Act. Income received in advance may be understated. The projected	Management agree with the above finding. Adjustments will be done to correct the VAT on the income received in advance.
no	No	Lack of management review - the management did not review the financial statements for accuracy.	Management agrees with the finding and will make an adjustment in the 2019/20 financial year.

No	No	Retentions have been included in the total commitments	Management agrees with the above findings. Adjustment will be done to the Commitments Register removing retentions.
No	Yes	Adequate reviews, reconciliations/correlation of the WIP and commitments registers was not performed to ensure that the information presented in the financial statements is consistent.	Management agree with the above finding. Adjustments will be done to correct the contractual amount in the Annual Financial Statement.
No	Yes	There were Lack of reviews by management and the workings in support of cash flow figures were	Management agreed with the finding and was subsequently addressed in the adjusted financial statements.
Yes	No	The Accounting Officer did not ensure that council obtained all requested information to enable them to approve and adopt the oversight report.	The management notes the finding, however, the oversight report was tabled and noted by Council as per the minutes of the 28th March 2019. It was further stated that the MPAC should continue to further investigations on irregular expenditure that was incurred and it should report to council on the meeting held on the 30th May 2019.

No	no	Lack of reviews by management and insufficient narations on journals processed. Non-compliance with GRAP 3 and limitation of scope regarding the testing of restatements.	Management agrees with the above finding. Adjustment will be done to correct the error note on the Annual Financial Statement.
No	No	Management did not ensure that the Consultants Policy is updated with the current and prevailing legislation and guidance from National Treasury on the use of consultants.	The signed SLA's (Service Level Agreements) have a clause for transfer of skill to municipal officials, however the evidence referred to by Auditors, an explanation was given to an auditor to say, the transfer of skills by consultants is realised through the on-the-job training and it should be noted that there are no formal certificates issued which would serve as evidence. Furthermore, the work done by consultants is conducted at our municipal offices at the presence of staff and the information is provided by staff and compiled in an acceptable and presentable GRAP compliant manner with <u>municipal officials relevant for that section.</u>
No	No	The municipality was not aware that a seperate disclosure was required	Finding noted, the landfill site has been separately disclosed on the adjusted AFS as per AGSA recommendation.

No	No	There are no explanation provided for the variances in the statement of financial position due to an understanding that financial position does not require explanations. Furthermore, not all the variances for performance could be provided at time of the submission of the	Finding noted, Budget variances explanations have been included under note 51 of adjusted AFS. Variances less than 10% for items deemed Major by management such as (employee related costs) are explained in the AFS.
Yes	Yes	Transacting with the suppliers going forward may result in irregular expenditure incurred by the auditee if the suppliers falsely declare interest.	The management does not agree with the finding, the list of suppliers and its members as indicated above are not in the service of the state. The supporting documents to that effect were submitted for audit.
No	No	Invoices were not adequately reviewed and assessed against the applicable accounting framework prior to recording.	1. Management does not agree with the finding, a report explaining reasons why the invoice was not paid at a specific period is submitted to Auditors. 2. We agree with the finding and a correcting journal will be processed on the system to correct the VAT portion.
No	No	Lack of annual review of accounting estimates by management	Management agrees with the finding. Review of the PPE assumptions will be performed in 2019/20 financial year as this requires the municipality to relook the whole population and due to time limits, it will not be possible to complete the process currently.



No	No	Incorrect interpretation of regulations	The irregular expenditure incurred was because of the interpretation of the guideline from National Treasury
No	No	Lack of reviews by management	Management agrees with the finding. Review of revaluation reserve will be done in the 2019/20 financial year due to time constraints.



**ial Financial Statements**

Start Date	Completion Date	Person Responsible	Position	Progress
		Ms K Blignaut	Manager Admin Support and Monitoring and Evaluatiion	

		Dr DCT Nakin	Municipal Manager	
		Dr DCT Nakin	Municipal Manager	
		Ms U Mdlankomo	Manager Internal Audit	

		Ms U Mdlankomo	Manager Internal Audit	
		Ms N Majova	Manager: Expenditure & Revenue	
		Mr K Mehlomakhulu	Chief Financial officer	Adjustment on Afs was done
		Mr S Fokazi	Manager: Assets Management & Financial Reporting	

				That was corrected asset register reconciles with the financial statements.
		Mr. K. Mehlomakulu	Chief Financial officer	Adjustment on Afs was done
		Mr S Fokazi	Manager Finacial Reporting and Asset Management	Adjustment on Afs was done
		Mr S Fokazi	Manager Finacial Reporting and Asset Management	Adjustment on Afs was done

		Ms K Blignaut	Manager Admin Support and Monitoring and Evaluation	adjusted APR and confirmed that the corrective adjustments were amde, therefore the indicators are now consistent with the planned indicators
		Ms K Blignaut	Manager Admin Support and Monitoring and Evaluation	adjusted APR and confirmed that the corrective adjustments were made, therefore the indicators are now consistent with the planned indicators
		Ms K Blignaut	Manager Admin Support and Monitoring and Evaluation	adjusted APR and confirmed that the corrective adjustments were made, therefore the indicators are now consistent with the planned indicators. We have confirmed the correctness of actions planned to improve the non-achievement to be correct.

		Mr S Fokazi	Manager Finacial Reporting and Asset Management	Adjustment on Afs was done
		Ms N Majova	Manager Expenditure & Revenue	
		Ms N Majova	Manager Revenue and Expenditure	The correcting adjustments were made to the financials
		Ms N Majova	Manager Expenditure & Revenue	
		Ms N Majova	Manager Expenditure & Revenue	
		Ms K Blignaut	Manager Admin Support and Monitoring and Evaluatiion	management has corrected and submitted a new APR and the finding has been adequately adjusted its APR and the finding is now resolved

		Mr S Fokazi	Manager Finacial Reporting and Asset Management	Adjustment on Afs was done
		Mr S Fokazi	Manager Finacial Reporting and Asset Management	Adjustment on Afs was done
		Mr K Mehlomakhulu	Chief Financial officer	Adjustment on Afs was done
		Mr K Mehlomakhulu	Chief Financial officer	



		Mr K Mehlomakhulu	Chief Financial officer	Adjustment on Afs was done
		Mr K Mehlomakhulu	Chief Financial officer	Adjustment on Afs was done
		Mr Melhlomakhulu	Chief Financial officer	Adjustment on Afs was done
		Dr DCT Nakin	Municipal Manager	

		Mr K Mehlomakhulu	Chief Financial officer	Adjustment on Afs was done
		Mr S Fokazi	Manager Finacial Reporting and Asset Management	
		Mr S Fokazi	Manager Finacial Reporting and Asset Management	Adjustment on Afs was done

		Mr S Fokazi	Manager: Assets & Financial Reporting	Adjustment on Afs was done
				We have confirmed the documents as obtained from the DPSA website therefore this finding is resolved
		Mr Melhlomakhulu	Chief Financial officer	the supplier invoice was held back due to poor performance as there was ashortage of fuel and a broken down TLB on site
		Mr S Fokazi	Manager: Assets & Financial Reporting	

		Mr K Mehlomakhulu	Chief Financial officer	annuals financial statements have been adjusted accordingly. We have confirmed this to be accurate.
		Mr K Mehlomakhulu	Chief Financial officer	



POE	Internal audit review
	Finding not resolved

	Finding Not resolved
	Finding not resolved
	Finding not resolved

	Finding not resolved
	Finding not resolved
Adjusted AFS	Finding resolved
	Finding Not resolved

Adjusted Asset Register	Finding resolved
Adjusted AFS	Finding resolved
Adjusted AFS	Finding resolved
Adjusted AFS	Finding resolved



APR	Finding resolved
APR	Finding resolved
APR	Finding resolved

Adjusted AFS	Finding resolved
	Finding not resolved
AFS	Finding not resolved
	Finding Not resolved
	Finding Not resolved
APR	Finding resolved

Adjusted AFS	Finding resolved
Adjusted AFS	Finding resolved
Adjusted AFS	Finding resolved
	Finding Not resolved
	Finding Not resolved

Adjusted Afs	Finding resolved
Adjusted Afs	Finding resolved
Adjusted Afs	Finding resolved
	Fiding Not resolved

Adjusted Afs	Finding resolved
	Finding Not resolved
Adjusted Afs	Finding resolved

Adjusted Afs	Finding resolved
supporting documents	Finding resolved
Corrected Journal	Finding resolved
	Finding Not resolved

Afs	Finding resolved
	Finding not resolved