AUDIT ACTION PLAN 2015/2016
FINANCIAL YEAR - 2014/2015
AUDIT OPINION - UNQUALIFIED

No	Description of finding	Root Cause	Action	Start Date	Completion Date	Responsible person / Unit	Progress	Narrative Progress
Compliance with legislation								
1. Annual financial statements, performance and annual reports and strategic planning and performance management	a) The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Refer to paragraph 2.1 of section 2 of the executive summary for material misstatements of current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	The financial statements and annual performance report contained material misstatements that were corrected, mainly due to inadequate reviewing of the financial statements and annual performance report.	Adequate review of the annual financial statements will be implemented for the financial year ended 2016	01-Aug-16	30-Aug-16	CFO Internal audit Audit committee		
	b) The annual performance report for the year under review did not include measures taken to improve performance as required by section 46(1)(c) of the MSA.					General Manager Corporate services Internal audit		
	c) The performance management system and related controls were inadequate as it did not describe and represent the processes of performance reporting and how it is conducted, organised and managed, as required by section 38 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and regulation 7 of the Municipal planning and performance management regulations. This resulted from the finding in subparagraph (b) above in that a material compliance deviation was identified in that the annual performance report does not include measures taken to improve performance in those instances where set targets have not been met.					 Audit committee		
2. Internal audit	1. The internal audit unit did not function as required by section 165(2) of the Municipal Finance Management Act, in that it did not advise the accounting officer and report to the audit committee on matters relating to accounting procedures and practices, risk and risk management and loss control. 2. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the Division of Revenue Act and other applicable legislation, as required by section 165(2)(b)(vii) of the Municipal Finance Management Act.	Internal audit unit did not ensure all function listed in the MFMA are performed during the year and the reporting was not clear on what functions have been performed as required by MFMA	The internal audit unit will ensure that the audit plan for 2015/16 is amended with the requirements of the MFMA 165(2) and approved by audit committee and the reporting are specific to those requirements	29-Jan-16	31-Aug-16	Internal Audit Audit committee		
3.Expenditure management	a) Suppliers not paid within 30 days Monies owing by the municipality was not always within 30 days or an agreed period, as required by section 99(2)(b) of the MFMA.	Cash flow problems	Management will ensure all creditors are paid within 30 days.	01-Jul-15	30-Jun-16	CFO		
	b) Fruitless and wasteful expenditure Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. Expenditure amounting to R1 501 897 have been incurred that was regarded as fruitless and wasteful expenditure, consisting of R293 730 and R1 280 167 and identified by management and external auditors respectively, and an increase from R181 218 to R1.5 from the prior to current year.							
4.Consequence management	Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA. Prior years' expenditure as per note 40 to the financial statements amounting to R32 million, R64.2 million and R7.4 million relating to unauthorised, irregular and fruitless and wasteful expenditure respectively was not condoned.	Oversight responsibility over and influencing an investigation of unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality in the prior years, is lacking.	Management will ensure that all items of unauthorised, irregular and fruitless and wasteful expenditure is investigation to determine if any person is responsible.	2015/07/01	2016/06/30	CFO General:Manager-Corporate Services		
Employee costs								

5.Excessive overtime	Employee worked more than 10 hours in a week, or more than 40 hours in a month.	Lack of implentation of controls over approval,processing and reconciliation of transactions	Management will ensure that all overtime worked is in line with policy. Employees who are on standby services will however be required to be readily available in the event of emergencies	01-Jul-15	30-Jun-16	CFO All General/Divisional Managers Municipal Manager		
IT Governance								
6.IT Governance	Inadequate specifications on the job description of the information communication technology manager. Inadequate job descriptions may result in the IT strategy not being adequately implemented thus compromising the achievement of the department's objectives. License agreement for PAYDAY software was inadequate. The Payday software has been used for well over 10 years. The contract was originally viewed as a licence agreement only.	The roles and responsibilities are included in various ICT Corporate Governance policies but there was an oversight on the job description The Payday software has been used for well over 10 years. The contract was originally viewed as a licence agreement only.	The municipal manager will ensure that the job description include these roles as a minimum so that performance management and accountability can be enforced The corrections will be submitted through the correct channels for council approval.			General Manager Corporate services		
7.IT security management	Inadequate design of the information communication technology policy Anti-virus and patch management controls in place were assessed and the found to be inadequate.	There was an oversight during the design the ICT Security policy with the above mentioned database access and security. The number of client systems which were not updated were machines that don't connect to the main office's WSUS server. These client systems download their own updates.	ICT management consider including the above mentioned requirements in the ICT security policy. Moreover, the antivirus and patches will be kept up to date to ensure the application systems and client systems are adequately protected.	04-Jan-16	30-Jun-16	General Manager:Corporate Services IT Manager		
8. User account management	Inadequate design of the user access management procedure. If these processes are not defined the likelihood of not implementing is high where If the activities of administrators, user profiles and access and activity logs are not monitored and reviewed by an independent person at the municipality, could lead to a lack of accountability and the integrity of the systems being compromised. User access management processes were inadequate PROMIS, this could be attributable to the lack of defined and implemented process to review users and system administrator access. A high number of privileged users could result to misuse of accounts and could give rise to fraudulent or inappropriate transactions and activities.	Oversight during the design of the User Account Management policy There are various users that require supervisor access in the income database and finance department will need to review system audit files more frequently.	A separate policy should be documented for the financial application system • The number of users with administrator privileges will be kept at a minimum •The system administrator will perform a review of the users vs their function to see if they really need to have the supervisor rights. • The process and frequency to review user access rights will be defined, the process to review system administrator activities in terms of user access administration duties willalso be defined in the user access management procedure.	04-Jan-16	30-Jun-16	IT Manager		
9.IT service continuity	The documented disaster recovery plan was outdated as it was last approved in 2010, If the IT DRP is not periodically updated and tested and team members are not trained, it would be difficult to ensure its applicability to the current IT, business and operational environment of the municipality. As a result the municipality might not be able to resume business operations in the event of a disaster.	There was no Business Continuity Plan to align the Disaster Recovery Plan.	The DRP will be aligned to the BCP when the document is available. BCP will be created and approved before the DRP is accepted. This will be brought to the MM's attention.	04-Jan-16	30-Jun-16	IT Manager		

10.Electronic funds transfer	A formalised policy/procedure for the EFT application of banking signatories was not yet documented. Lack of adequate EFT policies and procedures might result in fraudulent transfers being done due to errors or omissions.	There was an oversight when the Cash Management and Investment policy, the policy will be created.	The Cash Management and Investment policy will be updated and the following recommendations will be considered • EFT Security responsibilities (OS Level and Application Level) • Independent review of logs (Log on/off of all accounts on EFT) • Accounts management (creating or terminating operators or system mangers)	04-Jan-16	30-Jun-16	CFO		
Audit committee								
11.Audit committee not assessed by council	The council did not assess the effectiveness of the audit committee for the 2014-2015 financial year.	The council did not exercise oversight responsibilities by accessing the effectiveness of the audit committee.	Management will ensure that council assess the effective of the audit committee after year end in September 2016	04-Jan-16	30-Aug-16	MM Internal audit		
Compliance								
12.Budget compliance	1. Steps taken to prevent or rectify shortfalls or overspending not included in quarterly reports 2.Explanations of material variances from revenue and expenditure, and the remedial actions, as required by paragraphs i and ii of MFMA section 70(1) are not included in the Sec 71 reports.	Management did not review and monitor compliance with applicable laws and regulations	Management will ensure that sec 71 reports and the quarterly reports covers all the requirements of the act.	01-Jul-15	30-Jul-16	CFO		
13.Non-compliance with section 64(4)(a) of the MFMA	Funds collected on behalf of Vhembe District Municipality for water transactions and Department of transport for licenses and permits are not transferred on a weekly basis.	Cash flow problems	Management will improve its cashflow problems and ensure that funds collected on behalf of vhembe district municipality and the department of transport are transfered as required.	01-Jul-15	30-Jul-16	CFO		
14. Reports on Unauthorised , Irregular and Fruitless and Wasteful Expenditure Incomplete	The reports submitted to the Auditor General , dated 17 July 2015 to report Unauthorised , Irregular and Fruitless and Wasteful Expenditure, did not include details of whether any person is responsible or under investigation as required by part ii, as well as the steps that were taken to recover , rectify or prevent recurrence of such expenditure.	Management did not review the reports before submission to ensure that the reports complies with the regulations of the MFMA	Management will ensure that reports include all the requirements of the act.	01-Jul-15	30-Jun-16	CFO		
15.Road infrastucture	The municipality does not have an approved policy in place for the planning, management and reporting of roads infrastructure. The municipality does not have an approved RMP/priority list in place for the renewal and routine maintenance of roads infrastructure.	Management did not develop/ implement proper road infrastructure policies.	Management will ensure that Road infrastructure policy is developed and approved.	01-Jul-15	30-Jun-16	General Manager:Technical Manager Civils Senior manager Technical services		
16. Use of consultants	The decision to appoint consultants was not supported by needs assessment The Municipality does not have a policy / strategy that defines the main purpose/objective for appointing consultants. The contract with the consultant does not have a clause for transfer of skills which outlines an objective for transfer of skills, including the nature, scope and goals of the training programme	1. No policies in place to ensure the use of consultants are managed in line with municipality strategy. 2. No enforceable clauses to ensure the consultants participate in skills transfer with the Municipal employees.	Management will prepare a policy and addendum to the contract to include transfer of skills as a clause.	04-Jan-16	30-Jun-16	CFO		
Predetermined objectives								
17. No standard operating procedures	MSA section 40 requires the municipality to establish mechanisms to monitor and review its performance management system. Regulation 13(3)(b) of GNR 796 requires that performance measurements must include the measurement of the extent to which the municipality's activities or processes produced outputs in accordance with output indicators Standard operating procedures and technical descriptions were not in place	Lack proper monitoring and review of the performance management processes.	Proper monitoring of the performance management processes will be exercised.	01-Jul-15	30-Jun-16	CFO All General Managers		

18. The 2014/AOPO 2015 IDP not submitted to MEC for local government within 10 working days.	The IDP was not submitted within 10 days of the approval of the IDP.	Management did not ensure compliance with section 32 (1) (a) of the Municipal Systems Act, 2000.	Going forward management will ensure adherence to prescribed timelines for submission of the approved IDP to the MEC.	within 10days after approval of IDP	within 10days after approval of IDP	General Manager:EDP		
19. Initial SDBIP not made public within 10 days of approval	The approved initial SDBIP was approved on 18 June 2014 and made public on 31 July 2014. This is more than the 10 days.	Lack of proper monitoring and review of the performance management processes. The accounting officer did not ensure that the requirements of section 19 of GNR 393 are complied with.	Going forward the SDBIP will be made public within 10 days of approval by the mayor.	within 10days after approval of SDBIP	within 10days after approval of SDBIP	General Manager:Corporate Services		