



**LESEDI LOCAL MUNICIPALITY- AG MANAGEMENT REPORT 2014/15 FY  
ACTION PLAN PROGRESS QUARTER 4 2014/15 FY**

YELLOW  
In Progress

GREEN  
Achieved

RED  
Not Achieved

No.	AUDIT FINDING	ACTION PLAN	Department	SET TARGET DATE	% of Completion	STATUS	PROGRESS MADE
<b>DEPARTMENT: COMMUNITY SERVICES</b>							
1	Ticket fines are not sequentially numbered.	Ticket fines to be sequentially numbered and to open a register for ensuring that correct financial performance is reflected in order to ensure that accurate financial information is disclosed.	CS	<del>28 February 2015</del> 30 June 2015	100%	ACHIEVED	<ul style="list-style-type: none"> <li>A control register has been developed and is being implemented to ensure that ticket fines are in the correct sequence.</li> <li>The control register has been sent to Internal Audit for comments.</li> <li>An executive summary has been prepared to inform management about intended actions to address discrepancies.</li> <li>Sequential numberin is being implemented.</li> </ul>
2	No proper supporting documents for traffic fines.	Supporting documents to be filed in line with the ticked issued and to ensure that a register is kept.	CS	<del>28 February 2015</del> 30 April 2015	100%	ACHIEVED	<ul style="list-style-type: none"> <li>A control register has been developed and is being implemented.</li> <li>Delegated the responsibility for monitoring the issuing of books to the supervisor.</li> <li>The register has been developed and sent to the internal audit office for inputs and recommendations.</li> <li>The officer and the Supervisor co-sign before the book is received and submitted back.</li> <li>A control register has been developed and is being implemented.</li> <li>Delegated the responsibility for monitoring the issuing of books to the supervisor.</li> <li>Monitoring is done in conjunction with P&amp; M office.</li> </ul>
3	Assets not in good working condition.	Library inspections to be conducted twice a year in order to ensure that damaged books are written off and removed from the asset register. Assets that are not in good working condition will be impaired in line with the requirements of the Asset Management Policy.	CS & CFO	31 December 2014	70%	IN PROGRESS	Damaged books have been written off. The asset management team has started the physical verification of movable assets on a sample basis. Currently the team is busy with a sample of community services assets
<b>DEPARTMENT: CORPORATE SERVICES</b>							
4	New Employees not undergoing the vetting process.	To ensure that background checks and proper vetting on all new appointments performed before candidates assume their duties.	CORSER	30 June 2015	100%	ACHIEVED	An electronic system for vetting of employees has been procured and put in place. All prospective employees go through the process of verification.
5	Prior approval not obtained before leave is taken.	To ensure that prior approval of vacation leave for employees is obtained before an employee goes on leave. This will ensure that management allocates tasks effectively based on the availability of employees.	CORSER	30 June 2015	60%	IN PROGRESS	A memo has been drafted to be approved by the Municipal Manager delegating powers to approve leave to Supervisors in order to eradicate the problem of leave forms being signed after leave having been taken. ESS training provided. ESS to be implemented in the next financial year.
6	Overtime exceeding 40 hours per month.	Monitoring of overtime to ensure that it does not exceed 40 hours per month.	CORSER	30 June 2015	90%	ACHIEVED	Overtime has been capped to 40 hours a month to all staff members except where the situation is impossible to avoid, however a request of must be in writing to the Municipal Manager motivating for that overtime.

7	Prior approval not obtained on overtime worked	To ensure that employee obtain a written authorisation from the relevant line Manager prior to overtime worked.	CORSER	30 June 2015	50%	IN PROGRESS	An overtime form has been developed for authorisation of overtime.
8	Lease agreement documents not submitted.	To keep supporting documents or information for all the items impacting the financial records.	CORSER & LEDP & CS	30 June 2015	0%	NOT ACHIEVED	Facilities Management has been established. A register of lease agreements relating to rental stock has been developed.
9	Information Technology Governance.	Develop and implement an IT service provider performance monitoring process, including an IT service provider register with contract details.	CORSER	30 June 2015	100%	ACHIEVED	<ul style="list-style-type: none"> <li>All policies have been approved by Council and are being implemented.</li> <li>Review of users on the system was done for all key financial systems.</li> </ul>
10	Security Management.	Review, revise, approve and implement the current information security and IT usage policies	CORSER	30 June 2015	100%	ACHIEVED	<ul style="list-style-type: none"> <li>An audit of User access has been conducted in order to clean up the Dormant User Access.</li> <li>New user access forms are signed by Executive Managers.</li> <li>Passwords are renewed monthly.</li> <li>The user Access Management Policy has been reviewed and approved by Council.</li> </ul>
11	User Access Management.	Review the user Access Management Policy and Procedures to include procedures for password resets.	CORSER	30 June 2015	100%	ACHIEVED	A Change Management Policy has been reviewed and approved by Council.
12	Program change management.	Review and approve the current change control policy in order to ensure that it is current and applicable to the changing IT environment at the LLM.	CORSER	30 June 2015	100%	ACHIEVED	Change management policy has been developed and approved. Change management policy is being implemented.
13	IT Service Continuity.	To develop, adopt and implement a back-up strategy and to ensure that the DRPs are tested in conjunction with business. To ensure that the DRPs include a section on frequency of disaster recovery testing.	CORSER	30 June 2015	70%	IN PROGRESS	<ul style="list-style-type: none"> <li>DRP and BCP procedures are in place.</li> <li>The DRP has been tested.</li> <li>A programme for back up testing has been drafted to ensure regular testing.</li> <li>Negotiations are underway with Ekurhuleni to investigate the possibility of expanding the Back Up with them.</li> </ul>
14	IT Service Continuity.	To develop, adopt and implement a back-up strategy and to ensure that the DRP is tested in conjunction with business. To ensure that the DRPs include a section on frequency of disaster recovery testing.	CORSER	30 June 2015	70%	IN PROGRESS	<ul style="list-style-type: none"> <li>DRP and BCP procedure are in place.</li> <li>The DRP has been tested.</li> <li>A programme for back up testing has been drafted to ensure regular testing.</li> <li>Negotiations are underway with Ekurhuleni to investigate the possibility of expanding the Back Up with them.</li> </ul>
15	Disaster recovery testing	To ensure that the business continuity and IT Disaster Recovery Plans are tested in conjunction with business. To ensure that the DRPs include a section on frequency of disaster recovery testing and this will be addressed three months after the date of reporting.	CORSER	30 June 2015	35%	NOT ACHIEVED	<ul style="list-style-type: none"> <li>DRP and BCP procedure are in place.</li> <li>The DRP has been tested.</li> <li>A programme for back up testing has been drafted to ensure regular testing.</li> <li>Negotiations are underway with Ekurhuleni to investigate the possibility of expanding the Back Up with them.</li> </ul>

**DEPARTMENT: CFO'S OFFICE**

16	Non-disclosure of fruitless expenditure.	A register of interest and penalties will be developed in the Expenditure Unit and be updated quarterly.	CFO	30 June 2015	50%	IN PROGRESS	A register for interest and penalties has been compiled for the period Jul 2014 to June 2015.
17	Amount confirmed as per bank confirmation does not agree to amount as per financial statements.	A formal bank confirmation would be requested from the banks annually.	CFO	30 June 2015	40%	NOT ACHIEVED	Formal Bank confirmation requests have been sent to the relevant banks for the preparation of the AFS.
18	Invoices not paid within 30 days.	To decrease expenditure and increase cash collection in order to pay within 30 days.	CFO	30 June 2015	30%	NOT ACHIEVED	To be actioned once cash flow has improved. The committee expenditure and revenue is establish to assist with the available cash flow to adhere to the MFMA to pay the creditors within 30 days.
19	VAT Incorrectly recorded or omitted from recording.	To monitor financial system to ensure that it correctly allocates VAT for both VAT vendors and non VAT vendors.	CFO	30 June 2015	80%	ACHIEVED	Financial system orders and payments are monitored to avoid vat incorrectly claimed or not claimed.10 March 15 The process of VAT allocation monitoring on the system is ongoing. Of the millions of transactions processed for 13/14 year of review, AG is referring to a case where R13 183 was paid to a non-VAT vendor. This indicates that it is not an everyday occurrence and that processes and internal controls are in place to monitor VAT allocation.
20	Suppliers in which persons in service of other state institutions have an interest.	Management will communicate with these service providers and penalize them for false declarations submitted to the municipality. The penalty would include the removal of the service providers from our supplier database. We will also write to the employer of these individuals to indicate their false declarations to the municipality. To conduct verification with crosscheck before an award is made.	SCM	30 June 2015	100%	ACHIEVED	All prospective service providers and shareholders status are currently verified with Crosscheck before an award is made in order to ensure that no business will be awarded to persons in the service of other state institution.
21	Regulation 32 of Supply Chain Management.	Development and implementation of Regulation 32 checklist. To verify with the other organs of state before appointment of service providers in terms of Regulation 32.	SCM	30 June 2015	100%	ACHIEVED	Checklist for Regulation 32 has been developed and its being implemented.Implementation of the SCM framework.
22	Incomplete and inaccurate contract register.	Automation and monitoring of the contract register to ensure accuracy and completeness.	SCM	30 June 2015	70%	IN PROGRESS	Developed a contract register to monitor contracts. Montly monitoring of the contract register.
23	Consultants performance not properly monitored.	Developments of a contract register to monitor the performance of consultants on a quarterly basis. Development and implementation of a consultancy reduction plan.	SCM/M&R	Quarterly	50%	IN PROGRESS	A contract register has been developed and will be monitored on a quarterly basis. A template has been developed and circulated to all end-users. End users must complete this template quarterly and indicate which skills was transferred and to which employee. A template has been developed and circulated to all end-users. End users must complete this template quarterly and indicate which skills was transferred and to which employee.

24	SCM Contract awarded to incorrect supplier.	The municipality to appoint a panel of service providers for the procurement of goods and services.	SCM	30 June 2015	100%	ACHIEVED	The municipality has appointed a panel of service providers for the procurement of goods and services. Bids and quotations are awarded to the highest scoring Bidder.
25	No evidence that the bids specifications were approved by the accounting officer prior to publication of the invitation of bids.	The SCM Office will ensure that going forward all the specifications for bids be approved by the Accounting Officer.	SCM	30 June 2015	100%	ACHIEVED	No bids were advertised after the finds.
26	The register of bids received on time and bid results are not published on the website of the municipality.	To ensure that all bids received are published on the websites.	SCM	30 June 2015	100%	ACHIEVED	The register of all bids received during the 2014/2015 have been scanned and submitted to the service provider for placement on the website.
27	Procurement and contract management.	Automation and monitoring of the contract register to ensure accuracy and completeness.	SCM	30 June 2015	100%	ACHIEVED	Developed a contract register to monitor contracts.
28	Approved requisition forms for issued stock could not be submitted for audit purpose.	Reconciliation of requisitions to be conducted and filed daily.	SCM	30 June 2015	100%	ACHIEVED	Reconciliation of requisitions is conducted and filed daily.
29	Declaration of interest (MBD4) not completed by suppliers.	The supplier will be provided with a supplier registration form to update their current information. This will include the MBD4 Form(Declaration of Interest).	SCM	30 June 2015	80%	ACHIEVED	The service provider are provided with a supplier registration form to complete, which include the Declaration of Interest form.
30	Material misstatements identified and corrected in the financial statements.	Mid-year financial statements would be prepared and presented to SMT by end of February 2015 and the audit committee. Thereafter quarterly financial statements would be prepared leading to the financial year-end.	CFO	30 June 2015	100%	ACHIEVED	A few suspense accounts from debtors' system accounts need to be balanced. CPI needs also to still clear payroll suspense accounts. Once all the suspense accounts are cleared a set of financial statements with all required disclosures will be presented to SMT.24 February 2015 we have taken a decision to go ahead with the AFS while the suspense accounts are in the process of being cleared. MID TERM AFS have been finalised and audited by treasury.
31	Misstatements identified and corrected in the financial statements.	Mid year financial statements would be prepared and presented to SMT by end of February 2015 and the audit committee. Thereafter quarterly financial statements would be prepared leading to the financial year-end.	CFO	30 June 2015	100%	ACHIEVED	
32	Reasons for adjusting approved budget not disclosed in the annual financial statements.	Include reasons for adjusting budget at year end financial.	CFO	30 June 2015	50%	IN PROGRESS	To proceed with the AFS while the suspense accounts are in the process of being cleared. 3 March 2015 This will be done in preparation of year end AFS where this applicable. AFS to be finalised by end of August 2015.

33	Assets that could not be verified.	Asset verification will be conducted prior to year and assets that cannot be verified would be removed from the asset register and be written off.	CFO	30 June 2015	50%	IN PROGRESS	Candidates for the asset manager position have been shortlisted and interviews are to be held before the end of the month. The asset management team has started the physical verification of movable assets on a sample basis. Currently the team is busy with a sample of community services assets. a timetable will be circulated by next Tuesday which is going to indicate the order in which the movable assets will be verified per department. Asset verification is completed as the asset register is currently being finalised.
34	Assets register not complete.	The asset register will be monitored throughout the financial year to ensure that all assets are included with details of their location and department.	CFO	30 June 2015	50%	IN PROGRESS	Departmental asset verification process has commenced, asset reconciliation reports that reconcile the asset register to the general ledger are drawn monthly basis. I@ consulting will conduct 100% of movable asset verification in June 2015 and immovable asset verification in May 2015. Assets not in good working condition will be revalued.Physical verification has been completed. asset register is being finalised.
35	Assets not verified by management.	The asset register will be monitored throughout the financial year to ensure that all assets are included with details of their location and department.	CFO	30 June 2015	50%	IN PROGRESS	
36	Monthly Reconciliations of the asset register not performed.	Quarterly reports reconciliations.	CFO	30 June 2015	50%	IN PROGRESS	the Department has submitted 3 quarterly reports and the 4th quarter is being finalised
37	Budget not aligned to IDP and SDBIP.	To align budget with the IDP and SDBIP.	CFO	30 June 2015	0%	NOT ACHIEVED	Budget figures have been incorporated into the 2014/15 SDBIP.
38	Approval of incomplete applications for indigents.	To amend the indigent application form.	CFO	30 June 2015	100%	ACHIEVED	The Screening Committee is no longer used to evaluate indigent applications in terms of the new Indigent Policy. The indigent application forms have been amended. The Indigent Management System is used to evaluate the application.
39	Completeness of rental income disclosed in the AFS.	<ul style="list-style-type: none"> <li>To appoint a service provider to assist with data cleansing.</li> <li>Develop a Rental Stock Policy.</li> <li>Review of the rental stock.</li> <li>Conduct weekly inspections on municipal properties.</li> </ul>	CFO/LEDP	30 June 2015	60%	IN PROGRESS	The rental working group is being established between DP, Finance, Corporate, Community Services and associates to address the rental stock of the municipality. The working group meet on a weekly basis. The rental register is being drafted and there will be weekly inspections performed by Facility section going forward in order to manage the move in/ out of tenants. The list of beneficiaries of hostel dwellers is being drafted by the housing section. The rental stock policy is being developed by the Facility Manager. The above process is continuing.The meetings for rentals will start again by Friday in order to address the rental stock and the feedback will be made in SMT. The draft rental stock policy will be submitted to smt meeting.Status quo.
40	Revenue CAATs.	<ul style="list-style-type: none"> <li>To ensure that all households are billed for all services.</li> <li>Perform monthly reconciliations.</li> <li>To clear the suspense accounts.</li> </ul>	CFO	30 June 2015	40%	NOT ACHIEVED	The process of clearing the suspense accounts has been completed and all suspense accounts have been cleared other than the refund control accounts with a difference of R143.30. Currently investigating the difference of R143.30. The reconciliations have been completed.
41	Supporting documentation not submitted for audit purpose.	To ensure proper record keeping of documents that impacts on financial records.	CFO	30 June 2015	100%	ACHIEVED	All supporting documentation are submitted for audit purpose.

42	Understatement of interest received in the AFS.	A formal bank confirmation would be requested from the banks annually.	CFO	30 June 2015	100%	ACHIEVED	A formal bank confirmation will be requested from the banks on a quarterly basis. Budget figures have been incorporated into the 2014/15 SDBIP. Formal Bank confirmation requests have been sent to the relevant banks for the preparation of the AFS.
<b>SECTION: MONITORING AND REPORTING</b>							
43	Annual Performance Report submitted for audit not reviewed by audit committee.	Submission of the Annual Performance Report for review by the Audit and Performance Committee before it can be submitted to Council.	M&R	28 February 2015	100%	ACHIEVED	The revised Annual Performance Report was submitted to the Audit and Performance Committee for review on 23 January 2015.
44	Reports not submitted for audit purpose.	To submit audit reports to the municipal council and to keep a record of submissions made in the evidence file.	M&R	Biannually	100%	ACHIEVED	The approved audit report has been submitted to Council on 30 January 2015.
45	Predetermined objectives - Consistency of objectives, indicators and targets.	To review the portfolio of evidence submitted by Executive Managers in order to verify whether they are consistent with the planned objectives.	M&R	Quarterly	100%	ACHIEVED	Reviews of portfolio of evidence submitted by departments are conducted quarterly.
46	Accuracy, validity and completeness of reported information.	To ensure that a complete set of accurate record is maintained by conducting quarterly reviews on the performance management information submitted by Executive Managers.	M&R	Quarterly	100%	ACHIEVED	Reviews of portfolio of evidence submitted by departments are conducted quarterly to ensure accuracy, validity and completeness of reported information submitted.
47	Mid-year performance assessment not adequately reported.	To ensure review of assessments and report performance.	M&R	30 June 2015	50%	IN PROGRESS	The Mid year performance report has been submitted to Council.
48	Revised SDBIP not made available to the public within 10 days after approval of the adjusted budget.	To ensure that the approved revised SDBIP is made available to the public within 10 days after the approval of the adjusted budget.	M&R	30 June 2015	50%	IN PROGRESS	The revised SDBIP is available on the website.
<b>DEPARTMENT: INFRASTRUCTURE SERVICES</b>							
49	Shortcomings identified on road infrastructure performance management.	<ul style="list-style-type: none"> <li>• Compile and approve a policy for the planning, management and reporting of road Infrastructure.</li> <li>• Review and approve a maintenance plan which clearly indicates the strategy to be followed for the financial year.</li> <li>• Review of the roads and stormwater master plan.</li> <li>• Acquire Automated Maintenance Management System.</li> </ul>	IS	30/06/2015	50%	IN PROGRESS	Asset Management Policy has been reviewed and approved by Council. Maintenance plan has been reviewed and is awaiting approval by SMT and noting by Council. Roads & Stormwater masterplan to be reviewed by i@ Consulting in the 2015/16 financial year. i@consulting is currently busy with the automated maintenance management system (IMQS) which will be completed in Sep 2015.

50	Licenses for land fill site.	<ul style="list-style-type: none"> <li>Discontinue dumping of waste on unauthorised site.</li> <li>Acquire licenses to rehabilitate the dumping site and establish new Landfill</li> </ul>	IS	30/02/2015	100%	ACHIEVED	Utilisation of the unlicensed landfill in Devon has been discontinued and Rietfontein Landfill in Ekurhuleni is being utilised. The licenses to establish and close landfills in Devon have been acquired.
51	As disclosed in note 53 to the financial statements, material losses amounting to R21,523,139 (2012-13: R30,299,367) were incurred as a result of electricity distribution losses which represent 14% (2012-13: 20%) of total electricity purchased. The total technical losses of electricity amounted to R2,787,634 (2012-13: R1,696,795). Non-technical losses amounted to R18,735,505 (2012-13: R28,602,572) and are due to theft, tampering and faulty meters.	Implementation of smart-metering and time-of-use tariffs on commercial customers. Metering of Protea Hostel. Continuous meter Audits and disconnections.	IS	30/06/2015	60%	IN PROGRESS	Appointed a service providers for implementation of smart-metering on commercial customers. Tariffs have been approved and the project is underway. Audits & disconnections are monitored on daily basis. Metering of Protea Hostel have been budget for in the 15/16 financial year.

**AUDIT ACTION PLAN MATRIX : STATUS OF IMPLEMENTATION**

%	Description	Action Required					
0%-49%	<input type="checkbox"/> Unacceptable <input type="checkbox"/> Unlikely to reach the planned action <input type="checkbox"/> Action plan not yet implemented	Immediate implementation of corrective action plans					
50%-79%	<input type="checkbox"/> Acceptable with caution <input type="checkbox"/> Likely to achieve the planned action <input type="checkbox"/> Action plan in progress	Improvement or implementation of action plans					
80%-100%	<input type="checkbox"/> Acceptable <input type="checkbox"/> Action almost certainly achieved <input type="checkbox"/> Action plan in progress <input type="checkbox"/> Achieved	Full implementation of action plans					