



## **POLOKWANE MUNICIPALITY**

### **ACTION PLAN 2009/10**

### **AUDIT MANAGEMENT REPORT 2009/10**

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**ACTION PLAN FOR THE AUDIT ISSUES FOR THE YEAR ENDING 30 JUNE 2010**

Item	Subject	Activity	Target Date	Responsible Official	Progress
<b>1. PERFORMANCE INFORMATION</b>					
1.1	<ul style="list-style-type: none"> <li>• Performance Information</li> <li>• No public participation</li> <li>• Annual report not made public</li> <li>• Comparisons between performance in the current year with targets set for the current and previous financial years were not disclosed in the annual performance report.</li> <li>• </li> </ul>	<ul style="list-style-type: none"> <li>• Review of the whole IDP process</li> <li>• Setting of KPI's and performance targets.</li> <li>• Introduction of the PMS</li> <li>• Agreement with PHA</li> <li>• Mid year budget</li> <li>• SDBIP approval</li> <li>• Annual report</li> </ul>	31 March 2011	HR IDP All ABU's	In Progress
		<ul style="list-style-type: none"> <li>• Public participation to be conducted</li> </ul>	31 May 2011	Municipal manager	Ongoing
		<ul style="list-style-type: none"> <li>• New Annual report to be made public</li> </ul>	28 February 2011	Municipal manager	Will be done by statutory due date
		<ul style="list-style-type: none"> <li>• Complete information to be included in the new annual performance report</li> </ul>	28 February 2011	Municipal manager	Will be done by statutory due date
<b>2. COMPLIANCE</b>					
2.1	<ul style="list-style-type: none"> <li>• Information not provided by</li> </ul>	<ul style="list-style-type: none"> <li>• Respond timeously to audit requests in the next cycle.</li> </ul>		Director – technical services	No action needed.

**POLOKWANE MUNICIPALITY  
ACTION PLAN 2009/10 AUDIT ISSUES  
(06 JANUARY 2011)**

<b>Item</b>	<b>Subject</b>	<b>Activity</b>	<b>Target Date</b>	<b>Responsible Official</b>	<b>Progress</b>
	<ul style="list-style-type: none"> <li>technical</li> <li>Budget passed after due date</li> <li>Expenditure incurred not in terms of the budget – unauthorized expenditure</li> <li>Conditional grants used outside the conditions of the grant</li> <li>IT governance issues outstanding</li> <li>IT security matters outstanding</li> <li>IT user access control issues outstanding</li> <li>Programme management controls issues outstanding</li> <li>Facilities and environmental controls are outstanding</li> <li>Back up system not working</li> </ul>	<ul style="list-style-type: none"> <li>Follow activity plan from start to finish</li> <li>Strict budgetary control measures</li> <li>All grants to be used for their purpose</li> <li>IT governance issues raised by the AG to be attended to</li> <li>IT security issues raised by the AG to be attended to.</li> <li>Access controls to be beefed up</li> <li>Programme management controls to be beefed up.</li> <li>Facilities and environmental controls to be beefed up</li> <li>Back up system to be enhanced to ensure operational continuity</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>30 June 2011</li> <li>30 June 2011</li> <li>30 June 2011</li> <li>30 June 2011</li> <li>30 June 2011</li> <li>30 June 2011</li> </ul>	<ul style="list-style-type: none"> <li>CFO</li> <li>CFO</li> <li>CFO</li> <li>Director – Corporate services</li> <li>Director – Corporate services</li> <li>Director – Corporate services</li> <li>Director – Corporate services</li> <li>Director – Corporate services</li> <li>Director – Corporate services</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>In progress</li> <li>In progress</li> <li>In progress</li> <li>In progress</li> <li>In progress</li> <li>In progress</li> </ul>

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		of the municipality			
<b>3. CONTROL ENVIRONMENT</b>					
3.1	<ul style="list-style-type: none"> <li>Disclosure of interest</li> <li>Wages register not maintained</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of interest by staff members and councilors</li> <li>Establish a wages register for wage earners to sign for receipt of wages</li> </ul>	31 March 2011  31 January 2011	Director corporate services  SBU's	Done annually.  Ongoing
<b>4. INTERNAL AUDIT</b>					
4.1	<ul style="list-style-type: none"> <li>Audit of performance information not done.</li> <li>Audit committee not reporting to council in terms of legislation</li> <li>Internal audit plan not approved by relevant people</li> <li>Auditing of SCM</li> </ul>	<ul style="list-style-type: none"> <li>Do periodic audit on performance information.</li> <li>Report on all activities of the committee to council</li> <li>Internal audit plan must be approved by the accounting officer and the chair of the audit committee.</li> <li>To include SCM in the audit year plan</li> </ul>	Quarterly  As requires by legislation  30 March 2011  30 March 2011	Internal Audit  Internal Audit  Internal Audit  Internal Audit	Ongoing  Ongoing  New plans targeted for the next AC meeting  To be included in the new year plan
<b>5. WATER SERVICES</b>					
5.1	Compliance to section 18 of the Water Services Act	<ul style="list-style-type: none"> <li>Timely Reports</li> <li>Availability of the reports</li> </ul>	31 March 2011	Director Technical Services	Outstanding
<b>5. FINANCIAL REPORTING</b>					
5.1	Post retirement benefits provision not done in terms of GRAP – no actuarial valuation obtained <ul style="list-style-type: none"> <li>Unexplained difference</li> </ul>	<ul style="list-style-type: none"> <li>Obtain the actuarial valuation</li> <li>Difference sorted out before end of audit</li> </ul>	31 August 2011	CFO	To be done as part of the AFS

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<b>6. CASH AND CASH EQUIVALENT</b>					
6.1	<ul style="list-style-type: none"> <li>Suspense accounts not cleared at year end</li> </ul>	<ul style="list-style-type: none"> <li>Clearing and monitoring of suspense accounts throughout the year</li> </ul>	30 June 2010	CFO	Updated up to June 2009.
<b>7. EMPLOYEE COSTS</b>					
7.1	<ul style="list-style-type: none"> <li>Vacancies</li> <li>Duration of section 57 managers</li> <li>Overpayment of salaries in prior year (07/08)</li> <li>Job evaluation not done</li> <li>Miscalculation of leave gratuity payments</li> <li>Long service awards incorrectly calculated</li> </ul>	<ul style="list-style-type: none"> <li>Filling of critical positions while the organogram is being revised</li> <li>Policy on contracts which go beyond the elections – the existing ones cannot be changed</li> <li>Recovery or write off of overpayments</li> <li>Follow up with SALGA</li> <li>Recovery of overpayments and top up of short payments</li> <li>Actuarial valuation to be sought at the time of compiling the AFS</li> </ul>	30 June 2011  30 June 2011 31 January 2010  31 March 2011  30 June 2011  30 January 2011  31 August 2011	Director – Corporate services  Director Corporate services  Director corporate services/ CFO  Director corporate services  CFO  CFO	Ongoing  Outstanding  In progress Busy recovering from the employee.  Report to council to write off to be prepared.  In progress  In Progress  To be done in August 2011
<b>8. OPERATING EXPENDITURE</b>					
8.1	Creditors not paid within 30 days	<ul style="list-style-type: none"> <li>Payment of creditors within 30 days</li> </ul>		CFO	Ongoing
<b>9. INVENTORY</b>					
	<ul style="list-style-type: none"> <li>Inventory - Obsolete inventory at</li> </ul>	<ul style="list-style-type: none"> <li>All obsolete inventory to be written off</li> </ul>	30 January 2011	CFO	In progress

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	<p>museum not written off</p> <ul style="list-style-type: none"> <li>• Inventory counts for Bakone Malapa Air Museum and Irish House Museum were not prepared for adequately</li> <li>• lack of control at stores as the fuel registers are not reviewed and signed by the supervisor</li> <li>• The supplier database does not have adequate checks to prevent capturing of duplicate VAT and company registration numbers. Supply chain officials do not check if new applicants already exist in the system and do not verify information on the application forms to the supporting documents.</li> </ul>	<ul style="list-style-type: none"> <li>• More controls and procedures to be improved in the next inventory count cycle</li> <li>• Control register to be signed by the supervisor</li> <li>• Internal controls on the database to be beefed up to prevent the weaknesses identified</li> </ul>	<p>30 June 2011</p> <p>31 January 2011</p> <p>30 March 2011</p>	<p>Director – Community Services</p> <p>Director – Technical Services</p> <p>CFO</p>	<p>To be done at year end</p> <p>In progress</p> <p>Service provider to be sourced to do the work.</p>

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<b>10. PROPERTY PLANT AND EQUIPMENT (PPE)</b>					
9.1	<ul style="list-style-type: none"> <li>Asset management policy</li> </ul>	<ul style="list-style-type: none"> <li>Asset management policy to be submitted to council for approval</li> </ul>	Approved by council in 2010 after the audit	CFO	Done.
<b>11. RECEIVABLES</b>					
10.1	<ul style="list-style-type: none"> <li>Unallocated receipts.</li> <li>Long outstanding debts not handed over to debt collectors</li> <li>No approved policy for bad debts</li> <li>purchasers failed to meet their obligations regarding the payment of the purchase price, however no action was taken as stated in their contracts:</li> <li>The application forms for the</li> </ul>	<ul style="list-style-type: none"> <li>This matter relates to the clearing and monitoring of suspense accounts discussed earlier.</li> <li>Handing over of qualifying debtors</li> <li>Policy to be drafted and submitted to council for approval</li> <li>Discussion to be begun with banks to resolve the matter</li> <li>The forms were submitted to the auditors</li> </ul>	30 June 2011  30 June 2011  30 June 2011  30 June 2011	CFO  CFO  CFO  Municipal manager	Ongoing  Ongoing  Process to begin in 2011  In progress

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	following names obtained from the indigent register could not be obtained.				
<b>12. REVENUE</b>					
11.1	<ul style="list-style-type: none"> <li>Consumer deposit register is not reconciled to the general ledger on a monthly basis.</li> <li>Refunds made to wrong people</li> <li>No register or reconciliation for rental income</li> </ul>	<ul style="list-style-type: none"> <li>The register to be updated on a monthly basis</li> <li>More controls to be added to the system to prevent this</li> <li>Proper control measures to be put in place</li> </ul>	<p>30 June 2011</p> <p>28 February 2011</p> <p>30 March 2011</p>	<p>CFO</p> <p>CFO</p> <p>CFO</p>	<p>Ongoing</p> <p>Ongoing</p> <p>To be discussed with relevant SBU's in the new year.</p>
<b>13. ADMINISTRATIVE MATTERS</b>					
12.1	<ul style="list-style-type: none"> <li>Petty cashiers do not prepare a petty cash control register when requesting for petty cash .</li> </ul>	<ul style="list-style-type: none"> <li>A register to be introduced</li> </ul>	31 January 2011	CFO	In progress