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MANGAUNG
METRO MUNICIPALITY
METRO MUNISIPALITEIT
LEKGOTLA LA MOTSE

DIRECTORATE
FINANCE

6 May 2019

To : The Speaker
Cllr M. Siyonzana

2017/18 AUDIT ACTION PLAN - MANGAUNG METROPOLITAN MUNICIPALITY

1. PURPOSE

As required by section 121 (3)(g) of the Municipal Finance Management Act No56 of 2003 management of the municipality and the municipal entity have developed corrective actions to be implemented in response to issues identified in the Auditor General's audit report for the financial year 2017/18 to the Mangaung Metropolitan Municipality's Council.

2. BACKGROUND AND DISCUSSION

The Mangaung Metropolitan Municipality has obtained a qualified audit opinion from the Auditor General on the Financial Statements of Mangaung Metropolitan Municipality for the year ending 30 June 2018.

The Municipality has developed an Audit Action Plan detailing the corrective measures and actions geared towards resolving the remaining Auditor-General's findings and most importantly ensuring that they do not recur.

The Accounting Officer and the Chief Financial Officer have convened working session for the items remaining which have a financial impact to critically review the audit action plan and to ascertain whether the proposed actions will yield the anticipated results. The ensuing discussions, inputs from the above working session were used in finalising the Audit Action Plan for the Municipality (Annexure A) (a copy of the Action Plan is hereto attached as Annexure).

Further discussions are envisaged to be held with the Municipal Public Accounts Committee to deliberate and discuss proposed corrective actions in pursuit of further refining them.

Implementation and Monitoring of the Audit Action Plan

Municipal administration has established task teams and project leaders to assist in the implementation and monitoring of the proposed corrective measures which are to be undertaken. Specific time-frames have been agreed upon in the Executive Management Team to ensure that the issues as identified by the Auditor-General are resolved in an efficient and effective manner.

Progress reports on implementation of corrective actions contained in the Audit Action Plan will be submitted to Council on a quarterly basis.

3. LEGAL IMPLICATIONS

Municipal Finance Management Act 56 of 2003

4. FINANCIAL IMPLICATIONS

No Financial Implications.

5. RECOMMENDATIONS

1. That Council takes note of the Audit Action Plans of the City;
2. That quarterly progress reports on the implementation of the Audit Action Plans be prepared and submitted to Council for noting.

Submitted by:	Recommended by:	Approved by:
Mr S Mofokeng **Chief Financial Officer**	**Adv. T.B. Mea** **City Manager**	**Cllr S.M. Mlamleli** **Executive Mayor**

Office of the City Manager

AC No	Directorate	Impact	Finding	Proposed action	Progress	Due date	% Completed
AC 4	Office of the City Manager	MR other important matter	Investigations reports and operational risk register 2017/18 could not be obtained.	compilation and implementation of the operational risk register.	Strategic risk register completed and Operation register to be completed. Register of investigation reports available and submissions to MPAC on investigations performed available for review.	30-Jun-19	95% 100%
AC 19	Office of the City Manager	MR other important matter	The Reconciliation of IDP strategic objectives and Supporting Table SA6 budgeting (Capital expenditure) could not be linked to the votes.	Fleet management indicators had been created. All projects as indicated in budget table SA5, SA6 and SA7 had been linked with SDBIP. Corrections will be reflected in the revised SDBIP once approved by Council	Completed. Council approved the revised SDBIP on 29 March 2019	31-Mar-19	100%
AC 21	Office of the City Manager	MR other important matter	The following issues were identified- (i) proof could not be found that the municipal council has established a disciplinary board to investigate allegations of financial misconduct and monitor the institution of disciplinary proceedings against an alleged transgressor; (ii) no proof could be found that reports of completed investigations were reported to and tabled in council.	Establishment of a disciplinary boar. Induction on the functioning of the committee to happen before year end.	Council approved establishment of Disciplinary Board, awaiting nomination of outstanding member from Provincial Treasury.	30-Jun-19	85% 50%
AC 24	Office of the City Manager	MR other important matter	There are no detailed policies and standard operating procedures that guide the proper functioning of performance management unit within the municipality.	Management will develop an Organisational Performance Management Framework for approval by Council. The framework will outline the performance management cycle, roles and responsibilities and approach to institutional performance management.	In process of compiling the draft Organisational Performance Management Framework for consideration by EMT, MAYCO for ultimate final approval by Council in May 2019.	30-Jun-19	30%
AC 28	Office of the City Manager	MR other important matter	Lack of effective oversight in ensuring that investigations regarding irregular, fruitless & wasteful expenditure together with unauthorised expenditure are made within the required timeframes.	Training to be provided to investigation team to build capacity to conduct UIF&W expenditures investigations. Internal investigations were conducted on Unauthorised and fruitless & Wasteful expenditures and reports were submitted to council. Unauthorised expenditure report has been condoned and will be shared with AGSA. Service provider appointed to assist with investigation of irregular expenditure.	The CRO has been appointed within the risk management, anti-fraud and corruption.	30-Jun-19	60%
AC 29	Office of the City Manager	MR other important matter	There is an increase in the vacancy rate of key management positions compared to the prior year. The following key positions are still vacant: (1) Head Naledi Administrative Unit, (2)Head PMU, (3) Head Strategic Prog&Serv Del Regulations and the (4) Chief Financial Officer.	All critical position will be filled subject to budget provision.	Interviews and competency assessments for CFO held. In processes of reviewing the organisational structure and the identification of redundant position for abolishment will be done.	30-Jun-19	70%
AC 31	Office of the City Manager	MR other important matter	Performance management reports not tabled in council at the legislated times. • Section 71 • Section 52 reports • SCM reports • The draft annual report	A unit of Performance Management, Evaluation and Monitoring to be established under the IDP Sub-directorate. This unit will ensure that all reports are tabled in time at EMT and for council approval or comment.	Unit is functional and coordinating reporting for the third quarter. Capacity to be increased in the unit.	30-Jun-19	60%
AC 34	Office of the City Manager	MR other important matter	There is a lack of a performance management system for employees below senior management and that the performance of such personnel are not regularly assessed to ensure that corrective action is taken where employees are not aligned to the organisational goals.	Development of IPMS Policy Framework and SOP by June 2019	Draft IPMS Policy developed and to be presented at EMT and consultation with LLF.	30-Jun-19	20%
AC 36	Office of the City Manager	MR other important matter	Inconsistencies between the IDP and SDBIP	Management has aligned IDP objectives (SDR objectives) to the SDBIP including the alignment to Circular 88 indicators.	Completed as part of the draft IDP that was tabled on the 29th March 2019.	31-May-19	100%
AC 61	Office of the City Manager	MR - Non-compliance	Management should also appoint panels for evaluating the annual performance of senior Managers.	Appointment of the evaluation committee is awaiting final approval from the executive Mayor.	Panel members appointed for CM and Senior Manager's panels. Actual evaluations to be scheduled and conducted.	30-Jun-19	50%
AC 63	Office of the City Manager	MR - Non-compliance	The draft annual report submitted does not specifically include the prior year actual performance. The baseline included as referred to by management is not regarded as sufficient in order to compare the current year's performance with that in the prior year.	All information was not available by the time AR was provided to the AG. The updated comparative figures were not included in the Draft, but were however included in final submitted AR.	Completed and submitted to Council in January 2019.	31-Jan-19	100%
AC 85	Office of the City Manager	MR other important matter	No Reports were submitted by the accounting officer to the Mayor, MEC for Local government and the Auditor-General with regards to unauthorised, irregular, fruitless and wasteful expenditure.	Completed reports will be submitted to the relevant authorities.	Investigations are currently underway for investigations of irregular expenditure. Once the reports are processed by oversight committees and Council, they will be send to the relevant prescribed authorities.	30-Jun-19	30%
AC 135	Office of the City Manager	AR Emphasis of matter	Bid Adjudication Committee was not composed in terms of the Municipal SCM Regulations.	The appointment of GM SCM as a member of the bid adjudication committee. Engaging Nation treasury in order to get clarity on whether the matter should be classified as irregular or as a non-compliance issue.	The matter is subject of engagement with AG due to differing views and opinions. The city is still awaiting an opinion that office of AG will source from their technical people for further engagement.	30-Jun-19	50% 0%
AC 109	Corporate services	MR - Non-compliance	Related Parties - Councillors disclosure not within 60 days after their election. Non-compliance with section 7 of schedule 1 and section 5A of schedule 2 of the Municipal Systems Act	Register of councillors will be updated at a frequent basis. Legal Service need to ensure that newly appointed councillors should sign their declarations within the required timeframes (60 days) Follow on all the ones that were previously noted as to not having being declared.	The Office of Speaker and legal services to assess the compliance of all Councillors and re-issue declaration forms.	30-Jun-19	50%
AC 53	Finance	AR Disclaimer	CENTLEC: Material difference in intercompany loan and the loan agreements. The accounting treatment between Mangaung and Centlec differ substantially and the matter involves a lot of components in the AFS.	Implementation of Council resolution taken on the 23rd of November 2018 that a due diligence study be done and submitted to council by the 28th of February 2019.	External neutral party appointed to conduct the due diligence study and preliminary report has been received. The report to be tabled in the next ordinary Council meeting. Engagement with affected parties and principals to be conducted.	30-Jun-19	30%

Fleet and Waste

AC No	Directorate	Impact	Finding	Proposed action	Progress	Due date	% Completed
AC 40	Fleet and Waste	MR other Important matter	Fleet and waste Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. - Registers that were provided the AG could not rely on. - detailed reports regarding the daily waste collection activities must be consolidated and a register must be kept.	All Reports should be in formal formats. It should indicate Purposes, Signatures, date, Approval and should be on the official letterhead of the Dept. The evidence pictures should support all the evidence/reports handed in for performance management. There should be remedial actions for certain clean up campaigns so as to prevent the some of the items re-occurring.	Register is in place	01-Jun-19	100% Immediately
AC 69	Fleet and Waste	MR - Non-compliance	It could not be confirmed that the compliance notices were issued to the transgressors within 48 hours as required by legislation.	The matter is to be forwarded to Mr Thomas Tshukudu Compliance Notices issued: '-To maintain a formal register of the reported non-compliance with the by-law cases -Management will develop Compliance Notices Books; -A register would reflect the date transgressor received the signed notice.	The formal register of the reported non-compliance with the by-laws cases is maintained. The non-compliance notice books have been developed and the procurement process in progress (at SCM).	01-Jun-19	Immediately
AC 100	Fleet and Waste	MR other Important matter	Fleet and waste have Manual Handwritten registers and auditors do not want to place reliance on these registers.	The formal register should be in place indicate the percentage of the backlog and which fleet management employee was monitoring the register and the service provider used and it should include the order number for the fleet being used.	A daily waste collection schedule and daily Waste Collection Performance Template are in place and they indicate the percentage of the backlog and which fleet was used in order to monitor the service provided. Where external service provider was used the order number/purchasing order will be generated and also indicating the fleet used (but at the moment the service providers are not contracted).	01-Jun-19	Immediately
AC 108	Fleet and Waste	MR other Important matter	Services relating to 2016/17 financial year were incorrectly recorded in the current year.	All payments from July to September need to be inspected to ensure that all amounts have been included in the correct financial year. The directorate should implement a delivery book that is for the monitoring of all submission of payments to expenditure.	All payments from July to September need to be inspected to ensure that all amounts have been included in the correct financial year. The directorate should continue implementing a delivery book for monitoring of all submission of payments to expenditure (but at the moment the service providers are not contracted).	01-Jun-19	50%
AC 116	Fleet and Waste	MR other Important matter	No proper supporting documentation or register to verify the occurrence of the transaction. Invoices paid and accounted for in the incorrect financial year.	All payments from July to September need to be inspected to ensure that all amounts have been included in the correct financial year. The directorate should implement a delivery book that is for the monitoring of all submission of payments to expenditure.	All payments from July to September need to be inspected to ensure that all amounts have been included in the correct financial year. The directorate should continue implementing a delivery book for monitoring of all submission of payments to expenditure (but at the moment the service providers are not contracted).	01-Jun-19	50%
AC 193	Fleet and Waste	MR Internal control	Inventory - No evidence of review of work done	A stock take reconciliation needs to be done on a monthly basis from March in order to address the differences between the readings and the solar system.	None	30-Apr-19	Immediately

Engineering

AC No	Directorate	Impact	Finding	Proposed action	Progress	Due date	% Completed
AC 55	Engineering	MR other Important matter	Actual performance reported on the engineering POE's did not match the supporting progress report from the consultant, Aurecon South Africa. Suitable indicators need to be specified to measure performance in relation to inputs, activities, outputs, outcomes and impacts.	All performance information will be reviewed before it is submitted to the IDP office as actual performance Performance indicators revised in accordance with national standards in the 2019/2020 IDP/SDBIP to ensure quality checks.	1. 100% of the mechanical and electrical works at NEWWTW for the Liquid stream was completed in 2017/18 . 2. 0% completed, mechanical and electrical works at NEWWTW for the Sludge stream still needs to be implemented in 2019/20	June 2019 (Ongoing)	100% Completed, The reviewed IDP now reflects clear indicators, inputs, activities, outputs, outcomes and impacts
AC 72	Engineering	AR Emphasis of matter	Revenue-Service Charges. Bulk water losses % loss above the norm	A 10yr Water Conservation and Water Demand Management (WCWDM) strategy to be in place in order to reduce water losses and be approved by council.	1.MMM has concluded a draft 10yr Water Conservation and Water Demand Management (WCWDM) strategy. B. The strategy has been presented to MAYCO and waiting for Council approval. (1) Pressure management- A Consultant has been appointed to assist with commissioning and re-commissioning of PRVs (2) Leak detection and Repairs in areas of Mangaung Metro Municipality- 4340 Leaks have been repaired by Water demand unit as at 31 January 2019. (3) Installation and refurbishment of reticulation Valves - 170 Valves have been installed or refurbished as at 31 January 2019. (4) Replacement of dysfunctional water meters and Metering of unmetered sites- 4170 Water meters (prepaid and conventional) have been installed as at 31 January 2019. (5) Pipe replacement- A Consultant has been appointed to assist with replacement of pipes	June 2019 (Ongoing)	A. Water demand anticipates that the strategy will be approved by June 2019. B. Water demand is currently implementing the following interventions to minimise water losses (1) Pressure management- The appointed Service provider is currently on site investigating decommissioned PRV in Thaba Nchu, Botshabelo and Bloemfontein. (2) Leak detection and Repairs in areas of Mangaung Metro Municipality- The contractors are currently on site detecting and repairing water leaks in all towns of Mangaung. (3) Installation and refurbishment of reticulation Valves - The contractors are currently on site replacing and refurbishing reticulation valves in Bloemfontein. (4) Replacement of dysfunctional water meters and Metering of unmetered sites- The contractors are currently on site replacing dysfunctional water meters in all areas of Mangaung. (5) Pipe replacement- The appointed Service provider is currently on site replacing old water pipes in Bloemfontein.
AC 74	Engineering	MR other Important matter	Actual performance reported could not be verified as the achievement reported differed from the actual support.	The projects milestones that are measurable will be set as the SDBIP targets. The projects will have targets such as project design stage, Project construction stage and Project completion stage. The POEs are to respectively be a design report, a construction progress report and a completion certificate.	Done	June 2019 (Ongoing)	(25 %) The Draft Chapter 4 of the IDP has been edited in a manner of showing the measurable targets. When finalised; the earlier mentioned IDP will give direction to the 2019/2020 FY SDBIP.
AC 91	Engineering	MR other Important matter	Incorrect performance indicators and figures used for performance information.	Performance indicators revised in accordance with national standards in the 2019/2020 IDP/SDBIP to ensure quality checks. The revised IDP will address the misstatement - Performance indicators will be reported in terms of percentages not numbers as per the National standards.	Done	June 2019 (Ongoing)	All necessary processes undertaken and awaiting council approval around May 2019. Progress is 90% compete
AC 65	Engineering	MR other Important matter	Roads built by the Department of Police, Roads and Transport on municipal area has not be accounted for by the municipality	The City to continue engagements with the Provincial Department of Police, Roads and Transport, through HOD:Engineering for asset transfer to the city,	None	June 2019 (Ongoing)	The GM: Roads and Storm water has met the Department of Police Roads and Transport and there was no asset intended to be transferred to the city. However engagements are taking place to resolve the matter with the provincial department. 10% progress can be reported
AC 226	Engineering	MR other Important matter	Roads maintenance plan for routine maintenance and renewal for the roads infrastructure was not developed.	The Roads Asset Management system has to be developed; depicting the condition of the city's road network. Subsequent the development of this system; the routine maintenance and renewal of roads will be undertaken on an informed basis. The city has appointed a service provider for developing the Road Asset Management System and road network assessment has commenced.	None	June 2019 (Ongoing)	5 % (The Service Provider of Asset Management is Appointed and the road network assessment has commenced) The System is Planned to be completed in April/May 2019.

Finance

AC No	Directorate	Impact	Finding	Proposed action	Progress	Due date	% Completed
AC 16	Finance	MR other important matter	Planning - Supplier not paid within 30 days	All conditional grants must be ring-fenced. Invoices must be submitted in time to the finance department.	An effective cash flow system is in place to ensure that payments are made within 30 days as prescribed by the Act. The practice is being reviewed and monitored by the CFO and City Manager on a daily basis.	On-going	In Progress and monitored daily
AC 32	Finance	MR other important matter	No evidence could be obtained that monthly/regular reconciliations between the FAR and general ledger were made during the year under review.	Reconciliations must be done between the Fixed asset register and the general ledger.	The SAM Project module is in place. Monthly reconciliation of the WIP register with transactions processed on the financial system a performed by the assets dept. On-going follow-up on stage of completion of projects On-going capitalisation of completed projects and updating of the FAR	30-Jun-19	40%
AC 53	Finance	AR Disclaimer	CENTLEC: Material difference in intercompany loan agreements. The accounting treatment between Mangaung and Centlec differ substantially and the matter involves a lot of components in the AFS.	Implementation of Council resolution taken on the 23rd of November 2018 that a due diligence study be done and submitted to council by the 28th of February 2019.	Due diligence report is in draft and is awaiting review and approval.	30-May-19	0%
AC 56	Finance	MR other important matter	AFS not reviewed by Audit Committee	Timely for submission of information to be included in the AFS.	A AFS preparation plan is in place to ensure timely submission of the AFs to the Audit committee	15-Aug-19	50%
AC 66	Finance	MR - Non-compliance	Procurement Process Not Fair for the Macufe contract No advertising or bidding process to allow other companies to bid for the tender	Mangaung will follow its own procurement process.	Done	Done	100%
AC 71	Finance	MR - Non-compliance	Councillors' accounts in arrears. Management should implement adequate internal controls measures to ensure: - compliance with the Municipal Systems Act and - establish a process to recover outstanding amounts from the councillors	Deduction of amounts over 90 days directly from the councillors salaries.	- A process has already been put into place whereby outstanding arrears of accounts are being deducted from their salaries	30-Apr-19	100%
AC 90	Finance	AR Qualification	Employee Benefit Obligation - No workings or information submitted to the AG	Timely submission of information to the actuaries for the calculation of the DBO by the payroll section	Payroll management has a plan to produce a detailed salary report. This will ensure that information is submitted in time for the Employee Benefit obligation calculation.	30-Jun-19	30%
AC 105	Finance	MR Internal control	Rates were not correctly accounted for as no proof of property transfer documents of municipal properties to government departments could be provided.	- Council to consider writing off of these accounts as they are still municipal accounts.	These accounts to be included under provision for bad debts to be fully provided for.	30-Jun-19	40%
AC 129	Finance	MR - Non-compliance	Deviations not submitted to council in the required time frames	The office of the City manager has a detailed plan to submit deviations / reports to Council within the legislated time frames	Documents are submitted to council at the respective times	30-Jun-19	0%
AC 139	Finance	MR Internal control	CSD certificates could not be relied on for procurement purposes thus Non-compliance identified during audit of BID 388	Management improved internal controls by amending the compliance check list and included tax compliance status requirement through Centralised suppliers database (CSD) as one of the compliance requirement.	Complete	30-Apr-19	100%
AC 149	Finance	MR Internal control	Inconsistent application for the allocation of BBBEE points for awarding of bids.	Management clarified requirements for BBBEE Code of good practice and guide on the implementation of PPPFA regulations and all Preferential points system will be allocated and verified in line with BBBEE code of good practice by the Manager: Demand and Acquisition management and approved by the General Manager: SCM.	Complete	30-Apr-19	100%
AC 159	Finance	MR - Non-compliance	Councillor did not declare interest with suppliers	Manament revised its procurement processes and procedure and included declaration of interest form (MBD 4) as a requirement for all procurement of goods, works and services and such will be reviewed by a delegated SCM Practitioner.	Complete	30-Apr-19	100%
AC 163	Finance	AR Emphasis of matter	Unspent Conditional Grants - Insufficient funds to repay unspent grants	Improve debt collection measures by enforcing credit control and debt collection policy to repayment of encroachment in unconditional grants. Ring fencing of conditional grants in separate bank accounts	Ongoing	30-Jun-19	40%
AC 168	Finance	MR Internal control	Assets with duplicate bar codes and/serial numbers were identified.	Movable assets will be transferred to the SAM system Data exported will be reviewed Data will be validated during the 2018/2019 verification process	Ongoing	30-Jun-19	30%
AC 169	Finance	MR Internal control	Immovable assets (water meters) with no locations to verify them.	Water Meter Register will be reviewed and adjusted. Billing section to confirm that all installations claimed by a contractor are linked to a valid account number and a location of the meter installed.	Ongoing	30-Jun-19	30%
AC 170	Finance	MR Internal control	There is a difference between the water meter prior year closing balance on the register and the one that was used for opening balances	Water Meter Register will be reviewed. Depreciation journals will be processed to adjust the opening balance Value of materials transferred from capital spares will be added to amounts capitalised during 2017/2018 Meter sizes will again be verified on a sample basis	Complete	30-Apr-19	10%
AC 172	Finance	MR Internal control	Revaluation of water meters incorrectly calculated	Water Meter Register will be reviewed. Depreciation journals will be processed to adjust the opening balance Value of materials transferred from capital spares will be added to amounts capitalised during 2017/2018 Meter sizes will again be verified on a sample basis	Ongoing	30-Jun-19	100%
AC 176	Finance	MR other important matter	Conditional assessments of movable assets not being performed on a regular basis to identify possible indicators for impairment	Movable assets will be transferred to the SAM system Data exported will be reviewed Data will be validated during the 2018/2019 verification process Conditional assessment will be done as the verification process happens.	Ongoing	30-Jun-19	100%
AC 177	Finance	MR Internal control	Differences between water meter registers given to the AG and the one Submitted for AFS purposes.	Water Meter Register will be reviewed and adjusted in order to ensure that the water meter submitted with the AFS is the correct and the last updated register for the year.	Complete	30-Apr-19	100%
AC 180	Finance	AR Emphasis of matter	Irregular Expenditure Incomplete (Conditional grants not used for its intended purpose)	Improve debt collection measures by enforcing credit control and debt collection policy to repayment of encroachment in unconditional grants. Ring fencing of conditional grants in separate bank accounts has been actioned upon	Ongoing	30-Jun-19	100%
AC 210	Finance	MR Internal control	Deposits/credits that are not claimed for a period exceeding three years were not written off	- The letter has already been sent to council for approval in January 2019 and write off process will commence thereafter	Notice Sent out on March 2019 requesting consumers to claim unclaimed deposits	30-Jun-19	50%
AC 216	Finance	MR Internal control	Differences between Land and buildings register and valuation roll.	The Valuators will be requested to submit a supplementary valuation roll to updated the Valuation roll with the values previously determined by them	Ongoing	30-Jun-19	100%
AC 217	Finance	MR Internal control	Differences identified on work in progress register and the actual work on the GL	The WIP register will be corrected. Closing balances were NOT affected Balances will be transferred to the SAM Project system The GL will be reconciled to the WIP register.	Ongoing	30-Jun-19	40%

Social Services

AC No	Directorate	Impact	Finding	Proposed action	Progress	Proposed date	% Completed
AC 13	Social services	MR other important matter	Revenue - Fines - Information systems not in place	Procurement of the traffic fine system	The procurement process of a traffic contravention system has been finalised , the software from TVS was installed and activated on the 15th of January 2019.However the system should be customised to address the Traffic Division needs of the City. Not all the tickets for the 2018/19 financial year have been captured on the system. The excel spreadsheet was still being used from 1 July till the date the system was introduced. The Sub Directorate has approached Municipal ICT to consolidate all the information captured by Data Capturers' from the 1st July 2018 until the 15th January 2019. ICT has already extracted information from data capturers and other regions information will be captured by service provider on the fines register. Additional Data Capturers of TVS from Kimberly will assist to capture the information from other regions as of 01 July 2018. the system is still being updated to suit Mangaung requirements. The miscellaneous payments information and traffic fine module are amongst other updates to be done to suit Mangaung operational requirements. The system still needs to be adjusted in order to import all the tickets from the excel spreadsheets. The section 341 tickets issued from the 1st July 2019 and section 56 tickets issued before the 15 January 2019 will on the excel spreadsheet and imported into the system. Municipal ICT is in the process of developing consolidated spreadsheet for all tickets captured by data capturers. the system still needs to be updated to capture all the variations. The system developer has been requested to effect changes on the system by developing payment report which is inclusive of miscellaneous payments and other modules according to operational requirements. the system has the updated Charge codes from the department of Justice and the traffic officers are still using the old charge codes. The service provider will develop charge sheet from the preloaded charge book on the system which will be distributed to Traffic Officers for usage , old charge sheets with incorrect charge codes and fine amounts will be withdrawn from Traffic Officers . The service provider will bring a laminated charge sheet and pocket charge book with correct charge codes and fine amount from the system. the system needs to be adapted in order to address the differences between the incorrectly captured tickets and the charge codes. Tickets with wrong amounts and incorrect codes will be cancelled before captured into the system by supervisor. There will be procedure manuals that will be developed between Traffic Dept. and the Service provider so that there can be guidance for the captures on how to operate the system. the deadline for the procedure manuals is the 26th of April 2019. The service provider has availed a procedure manual ready for usage of Traffic Division. The system still needs to be linked to the Mangaung Bank account and the Solar module so as to ensure that all the receipts are recorded on the Main Mangaung solar system. Internal stakeholders meeting with Finance , Solar has been arranged after Easter weekend with the service provider , ICT has been arranged to link Mangaung Bank account and Solar Module	31-May-19	35%
AC 22	Social services	AR Qualification	All fine books for Feb – Jun 2017 financial period could not be obtained	A court roll will be provided to the AG in future and a reconciliation of tickets with the court roll and the system will be done. All those tickets older than 2 years need to be written off - unless the tickets are in the hands of the justice department or are under court proceedings.	A reconciliation with the court roll is currently being done	31-May-19	50%
AC 35	Social services	MR other important matter	Amount on fines tickets does not agree with register and some of the fines tickets could not be traced to the excel register.	The Traffic Department needs to formally confirm the codes on the system with the Charge book from the Dept. of Justice. There traffic Dept needs to inspect all the differences on the excel spreadsheet with the different charge codes in order to check whether there was a human error or whether an incorrect amount in the ticket was charged. The traffic Dept. need to confirm that they have recalled all charge books currently with the officials so that the officials have the correct charge books with them.	The charge codes have been loaded into the new system and as such all tickets captured are based on the new charge book	30-Jun-19	20%
AC 39	Social services	AR Qualification	Some of the Section 56 traffic fine were traced to the Traffic Fine Charge Book, excel spreadsheet, and it was noted that the fine amount as per the original traffic fine does not agree to the standard fine amount as per the Traffic Fine Charge Book	They must inspect all the differences on the excel spreadsheet with the different charge codes in order to check whether for errors between tickets and the charge book. or whether an incorrect amount in the ticket was charged. The traffic Dept. must confirm that they have recalled all charge books currently with the officials so that the officials have the correct charge books with them.	The service provider has develop charge sheet from the preloaded charge book on the system which will be distributed to Traffic Officers for usage , old charge sheets with incorrect charge codes and fine amounts will be withdrawn from Traffic Officers . The service provider will bring a laminated charge sheet and pocket charge book with correct charge codes and fine amount from the system. The turnaround time is before the end of April 2019	30-Jun-19	20%
AC 104	Social services	AR Qualification	Fines that have been paid are not properly cleared on the excel register and as such they reflect incorrect receivables amounts.	A reconciliation must be done between the excel spreadsheet, the traffic fine system and all the payments received for the different fines so that the correct receivable amount is reflected.	The excel spreadsheet information has been extracted by Information Technology to analyse all the information from the different excel spreadsheets to the payments.	31-May-19	50%
AC 119	Social services	MR other important matter	No proof for revenue collection regarding issued fines. Its was noted that since no subsequent payments were made for the sample of fines selected and there were no contact details recorded on the fine for the accused as well as no debtors handed over to prove debt collection options.	The schedule of road blocks need to be provided for audit purposes to check the results and the frequency of the road blocks held. This will assist in proving that there were efforts done for collection purposes.	The contravention system will assist the Traffic Division to ensure that all tickets captured are subjected to traffic fine value chain process to ensure successful prosecution of offenders , the Traffic Division executes warrants of arrest to at road blocks to trace offenders with outstanding warrants of arrest . The roadblock schedule or programme is developed and will be made available when requested by Internal Audit	30-Apr-19	100%
AC 132	Social services	AR Qualification	A sample of issued traffic fines was selected from the traffic fine books and could not be traced to the registers used to prepare the AFS	The system needs to generate all the reports needed in order to prepare the financial statements. All the data in the excel spreadsheets needs to be uploaded on the system.	The contravention system has an audit trail of all fines issued and will assist the Traffic Division to ensure that all tickets captured are subjected to traffic fine value chain process to ensure successful prosecution of offenders .	30-Apr-19	100%
AC 188	Social services	AR Qualification	A. There are no registers kept for the impoundment fines issued. B. The section 56 fines were issued with incomplete details and this was due to the fact that insufficient details regarding the offender could be obtained and therefore revenue was unlikely to be collected.	A register must be kept for all impounded vehicles. Amounts should be compulsory on all traffic fines issued together with the basic details needed by the dept. to enable follow up procedures.	A. The Traffic Division has developed impoundment registers for impounded vehicles , the registers is kept at cashiers pay point Gabriel Dichabe building and the second register is kept at mechanical services security guards where impounded vehicles are taken for storage. B Incomplete traffic fines will not be cancelled and not captured for prosecution	15-May-19	50%
AC 200	Social services	AR Qualification	Traffic fines for the previous Naledi LM towns or Soutpan and some of the fines from Botshabelo and Thabancu could not be traced to the registers.	A council resolution needs to be taken in order to write off old traffic fines to address the following issues. 1. The books that could not be provided as some of the books were lost. 2. Some of the tickets from the previous years have been lost and they cannot be provided for audit purposes. The reason is that the old tickets can no longer be acted upon as there has been no action taken in order to follow up on the tickets. 3. All those tickets older than 2 years need to be written off - unless the tickets are in the hands of the justice department or are under court proceedings.	The former Naledi regions , Thaba Nchu and Botshabelo does not have admin personnel , Traffic Officers are used to perform both admin and operational work .The service provider has been requested to appoint data capturers in all the regions to provide admin support and roll out the contravention system in all regions . Before the end of April 2019 , the service provider will avail data captures from Kimberly to capture all traffic fines issued at the other regions on the traffic fine register.	30-Apr-19	50%
AC 201	Social services	AR Qualification	Fine registers are not complete as all book numbers for fines were not included in the register. It was noted that the control registers obtained are not complete and that there are gaps in between the issued books	A council resolution needs to be taken in order to write off old traffic fines to address the following issues. 1. The books that could not be provided as some of the books were lost. 2. Some of the tickets from the previous years have been lost and they cannot be provided for audit purposes. The reason is that the old tickets can no longer be acted upon as there has been no action taken in order to follow up on the tickets. 3. All those tickets older than 2 years need to be written off - unless the tickets are in the hands of the justice department or are under court proceedings.	books will be issued through the system , the service provider is busy with the development of the book issuing module to address the shortcoming	15-May-19	0%

Corporate Services

AC No	Directorate	Impact	Finding	Proposed action	Progress	Due date	% Completed
AC 5	Corporate services	MR other important matter	A reconciliation between Payday and Solar system from 01 July 2017 to current was not submitted or the one submitted still had reconciling items.	Payroll manager has committed that reconciliations will be done before year end. The payroll office to engage with Payday and BCX to see how they can address the current system issues.	submission requesting services of payday have been received and under consideration	31-May-19	0%
AC 33	Corporate services	MR other important matter	There is no succession plan in place for the filling of positions which are key to the organisation's effectiveness.	A succession policy for all critical and specialist positions has been developed and engagements still need to be done with all relevant stakeholders. Management (EMT level) need to determine the critical positions to allow for sufficient time for skills transfer from people that are about to leave the institution. HR to provide detail regarding near-retirement officials for decision making by senior management (EMT)	The matter is to be send to the EMT for finalisation identifying critical posts. Draft Succession Policy in place and awaiting mandatory consultations with relevant stakeholders. A report regarding near retirement officials has been developed and will be availed to the EMT for consideration and identification	31-May-19	60%
AC 42	Corporate services	MR Internal control	Employee Payments made to position not on the approved organisational structure. No reconciliation between the Organisational structure and the Staff establishment was made.	Changes must be done on the organogram and must be approved by the CM. Once off reconciliation between the organogram, staff establishment and Payroll data to be performed to identify any other occurrence. Work-study division needs to keep a record/log of all approved amendments to the organogram and to ensure that Employment Division is advised accordingly in order to reconcile with the Staff Establishment.	letter is being drafted to the City Manager for his consideration.	31-May-19	15%
AC 54	Corporate services	MR other important matter	Issues within the Information systems environment e.g. - Firewall not in place - Old licences - No policies in place	All Governance matters & Policies are in DRAFT and will be subject to the review of ICT steering committee and the council.	Antivirus has been upgraded and the licence renewed. The firewall has been upgraded with a new version and licence. SCCM has been installed. The ISA Server (Internet Security and Acceleration Server) updates on a regular basis.	31-May-19	70%
AC 60	Corporate services	MR - Non-compliance	Job Descriptions were not created for all posts on the staff establishment as required by section 66(1)(b) of the MSA	Job descriptions will be developed for the identified employees. A test needs to be done to ensure that all position on the organogram have job description (after the reconciliation between the organogram, staff establishment and payroll data).	Consultations with the relevant departments have been completed. Draft JD will be submitted to them before final approvals	31-May-19	70%
AC 62	Corporate services	MR - Non-compliance	The screening of short-listed senior management candidates was not done as prescribed by regulation 14 of MSA. The HR policy should be updated to ensure compliance with laws and regulations.	The screening of all senior management to be conducted in order to comply with reg 14 of the MSA.	Senior Management have received their forms for screening	31 June 2019	60%
AC 150	Corporate services	MR - Non-compliance	High vacancy rate	Organisational Structure is currently being reviewed and right-sized in line with MMM service delivery model. Critical vacancies will be identified and funded in accordance with current Financial Recovery Plan.	Review of the structure is being finalised in time for approval by 31 May 2019	31-May-19	60%
AC 175	Corporate services	MR other important matter	IT has inadequate backup procedures	IT to develop adequate back up procedures.	The policies and procedures have been developed and will be subjected to review by the panel of ICT Governance service providers. The panel is under consideration by the Bid Adjudication Committee	30-Jun-19	50%
AC 185	Corporate services	MR - Non-compliance	Overtime - Non-compliance with the Basic Conditions of Employment Act	Overtime needs to be in compliance with basic conditions of employment	The Overtime policy is to be considered by section 80 enroute for approval by 31 May 2019	31-May-19	50%
AC 189	Corporate services	MR Internal control	Salary not recovered from employee transferred to Centlec	HR to advise the directorates to follow due processes if employees have to be seconded to the municipal entity Centlec. An invoice of the expenditure incurred for payment of the employees salary and other benefits will be forwarded to the municipal entity as recovery.	An advisory note is being developed.	30-Apr-19	10%

Human Settlements

AC No	Directorate	Impact	Finding	Proposed action	Progress	Due date	% Completed
AC 88	Human Settlements	MR other important matter	The AG could not verify the handing over of properties to people being upgraded in informal settlements as tenure rights of properties changed hands and as such it is very difficult to verify who owns the property when registration or transfer of property takes place.	The directorate will use the practical completion certificate which will reflect the number of ervens connected.	On-going	30-Jun-19	100%
AC 157	Human Settlements	MR Internal control	There is no register in place to support the completeness of Title deeds transferred to beneficiaries during the current financial year. There is no link between a register and that which has been paid to the lawyers	Previously the registration and the handing over of the tittle deeds was the departments performance measurement indicators. Currently only the registration of the transfer will be the performance indicator as HS have no control over the handing over of the title deeds.	On-going	June 2019 (Ongoing)	100%
AC 158	Human Settlements	MR Internal control	Tenants with earnings above R7500, benefitted from rental / social housing and did not pay market related rentals as per the Council resolution109H	Council item to be tabled before the 30th of June 2019 to exclude the fire brigade employees who earn above the threshold to occupy the Social housing closer to the fire station. The council resolution will seek to address all other affected threshold discrepancies.	Submission drafted and submitted to HOD, to arrange for study group and section 80 seating's	30-Jun-19	25%