

APPENDIX L - MANAGEMENT CORRECTIVE ACTION PLAN

UGU DISTRICT MUNICIPALITY CLEAN AUDIT ACTION PLAN FOR 2016/17

No.	Workstream/ Category	Issue / Challenge	Description of Required Management	Corrective Action			Start date	Targeted Completion Date
				Accountable Person	Reviewer	Preparator		
8			Data cleansing and accurate billing	CFO	Manager Revenue	Accountant Collections	03/01/2017	30/06/2017
			Issue reminders, letters of demand, disconnections, obtain garnishee orders.	CFO	Manager Revenue	Accountant Collections	03/01/2017	30/06/2017
			Ensure effective customer care	Snr Manager Political Support and Communications	Manager Communications	Communication Practitioners	03/01/2017	30/06/2017
		Water losses	Management of infrastructure and water losses	GM Water Services	Snr Manager Operations	Area Managers and Manager WCDM	03/01/2017	30/06/2017
			Implementation of ByLaws and disciplinary actions to reduce illegal connections	GM Water Services	Manager Revenue and Manager WCDM	Technicians and Accountant collection	03/01/2017	30/06/2017
9	Predetermined	Material	Timeous preparation of the annual performance plan	Snr Manager CSSS	Manager IDP and PMS	PMS Officer and All HODs	03/01/2017	30/06/2017
			Ensure usefulness and reliability of performance information	Snr Manager CSSS	Manager IDP and PMS	PMS Officer and All HODs	03/01/2017	30/06/2017



APPENDIX L - MANAGEMENT CORRECTIVE ACTION PLAN

UGU DISTRICT MUNICIPALITY CLEAN AUDIT ACTION PLAN FOR 2016/17

No .	Workstream/ Category	Issue / Challenge	Corrective Action					
			Description of Required Management	Responsible Person			Start date	Targeted Completion Date
				Accountable Person	Reviewer	Preparator		
			Review of performance information and supporting documentation by Internal Audit prior submission to AG.	MM	Manager IA	Snr Manager CSSS and All HoDs	01/07/2016	30/06/2017
10	Compliance with laws and regulations	Non compliance	Review and monitor the organisational compliance checklist	MM	Manager IA	Manager Legal services	03/01/2017	30-Jun-17
			Develop and monitor the departmental compliance checklist	All HoDs	Manager IA and Ma	All HoDs	01/02/2017	30/05/2017
11	Cross cutting	Issues raised in the previous Audits	Ensure all issues raised is the previous audits are resolved	All HoDs	Manager IA	Snr Managers and Managers	01/12/2016	31/03/2017
			Ensure proper record keeping	All HoDs	GM CS	Snr Managers and Managers	01/12/2016	31/03/2017
			Ensure effective Expenditure management	All HoDs	CFO	Snr Managers and Managers	01/12/2016	30/06/2017



APPENDIX L - MANAGEMENT CORRECTIVE ACTION PLAN

UGU DISTRICT MUNICIPALITY MANAGEMENT CORRECTIVE ACTION PLAN ANNEXURE B											
No.	Category/ Workstream	Finding	Page. no.	Rating			Description of Required Management Action	Corrective Action			
				Matters affecting the auditor's report	Other important matters	Administrative matters		Accountable Person	Reviewer	Preparer	Targeted Completion Date
3	Procurement and Contracts Management	Tax Clearance Certificates	39		X		To verify the validity of the tax clearance certificate prior making an award Develop and implement a compliance checklist that is specific to SCM regulations and other related Acts	CFO	Manager: SCM	Contracts Coordinator & Contracts Administrator	Every time an award is made. Proof of verification prior to making an award 28/02/2017 SCM Checklist and proof of implementation
4	Procurement and Contracts Management	Preference points not correctly allocated	42		X		To ensure that the preference point pricing calculations are adequately reviewed by a senior official. Checking and referencing the points allocated to the bidder's BBBEE level against the BBBEE Certificates issued.	CFO	Manager: SCM	Contracts Administrator	Every time an award is made. Proof of review by Manager SCM/ Bid Chairperson
5	Procurement and Contracts Management	Construction tenders were not advertised on CIDB website	45		X		Ensure that all construction tenders are advertised on the CIDB website and ensure that a file of all Ugu bid adverts on CIDB and Ugu DM websites is maintained.	CFO	Manager: SCM	Contracts Administrator	Every time tenders are advertised on websites. File will proof that all construction bids were advertised on CIDB
6	Procurement and Contracts Management	Bidders not published on the Website	47		X		To ensure that bid opening registers are published on the municipal website together with the register of all bid results.	CFO	Manager: SCM	Contracts Administrator	Every time the tenders close. Proof of publication of the bids on the website
7	Financial Statements Disclosures	Cashflow incorrectly cast	48		X		Review of the cashflow statement prior submission to ensure correctness and accuracy.	CFO	Manager: Budget	Budget Coordinator	Proof of reiw of cashflow prior submission 30-Jun-17
8	Operating expenditure	Fruitless & Wasteful Expenditure	49		X		Ensure proper and immediate daily and monthly processing of transactions	CFO	Manager: Grants & Expenditure	Accountant Expenditure	Daily, monthly recons and proof of review thereto

APPENDIX L - MANAGEMENT CORRECTIVE ACTION PLAN

No.	Category/ Workstream	Finding	Page. no.	Rating			Description of Required Management Action	Corrective Action				Targeted Completion Date	Evidence required
				Matters affecting the auditor's report	Other important matters	Administrative matters		Accountable Person	Reviewer	Preparer	Start date		
9	Revenue / Conditional Grants	Misstatement of revenue recognised	50		X		To ensure proper review of the AFS. Agree amounts on the trial balance and the general ledger with the auditors.	CFO	Manager Expenditure	Accountant Expenditure	03/01/2017	30/06/2017	Proof of review of working paper files
10	Non Exchange receivables (Human Resources)	Unauthorised Bursary Agreements	52		X		To ensure that the Municipal Manager and the student sign the Bursary contract before the payment is made.	GM Corporate Services	Snr Manager HR	HR Officer	03/01/2017	ongoing	Bursary contracts signed by the MM and the holder prior effecting payment.
11	Compliance	Signed verification s not submitted	54		X		Ensure timeous submission of quarterly signed verifications to National Treasury	CFO	Manager Budget	Budget Coordinator	03/01/2017	Every Quarter	Proof of submission of verifications to NT and authorisation thereto
12	Compliance	Five interns not appointed as required by Grant conditions	56		✖		Appointment of the fifth intern	CFO	Snr Manager HR	Manager Budget	03/01/2017	30/01/2017	employment contract
13	Property, Plant & Equipment	No approved routine maintenance policy	57		✖		Develop, approve and implement a policy for routine maintenance of water infrastructure.		Manager Assets	Snr Manager WSO	03/01/2017	30/03/2017	Council resolution approving the policy and the polity itself
14	Project Management	Project not completed on planned dates	58		✖		Engage with joint partners to ensure that these projects are finalised. Securing funding Raising penalties on slow progress and contractor defaults	GM WS	Snr Manager PMU	Manager PMU	03/01/2017	30/03/2017	Proof of engagement with joint Partners. Proof that funding has been secured Proof that penalties has been raised
15	Property Plant & Equipment	Inadequate Access controls	61		✖		Ensure that access to all Municipal assets is restricted to authorised parties	GM WS	Manager WSO	Area Managers	03/01/2017	30/03/2017	verification of restricted access
16	Property Plant & Equipment	Inadequate maintenance of infrastructure assets	63		✖		Prepare and implement a detailed assets maintenance plan		Snr Manager	Manager PMU & Manager Assets	03/01/2017	30/03/2017	Approved assets management plan and proof of implementation thereto

APPENDIX L - MANAGEMENT CORRECTIVE ACTION PLAN

No.	Category/ Workstream	Finding	Page. no.	Rating			Description of Required Management Action	Corrective Action				Targeted Completion Date	Evidence required
				Matters affecting the auditor's report	Other Important matters	Administrative matters		Responsible Person					
								Accountable Person	Reviewer	Preparator			
						Ensure service and maintenance of all infrastructural assets Address weaknesses identified in the movement of assets that go for repairs	GM WS	PMU				Proof of service and maintenance Proof of implementation	
17	Property Plant & Equipment	Infrastructure assets without labels	65		*		Identify all assets that are not bar coded and ensure that these are accounted for in the assets register	GM WS & CFO	Snr Manager WSO & Manager Assets	Area Managers, Assets Officer	03/01/2017	30/03/2017	Proof of implementation and physical verification
18	Property Plant & Equipment	Incorrect classification of completed assets	67		X		Remove completed assets from the WIP schedule and include them in the Infrastructure assets register as completed projects	GM WS & CFO	Snr Manager WSO & Manager Assets	Area Managers, Assets Officer	03/01/2017	30/03/2017	Proof of implementation
19	Project Management / PPE	Slow moving Work in Progress, delays in completion of water projects and inability to secure funding for infrastructure projects	69			X	Analyse the WIP schedule and identify items where there is no intention to complete and write off those costs.						Results of the analysis
							Transfer completed assets to the infrastructure register						Reflection of same on the assets register
							Fast tracking the projects a and secure funding						Project progress and proof of funding
							Engage with joint partners and owners of land to ensure that these projects are finalised.						Proof of engagements
							Ensure management of the requirements of the contract and ensure completion within the contractual completion date	GM WS & CFO	Snr Manager WSO & Manager Assets	Manager PMU, Project Officers, Assets Officer	03/01/2017	Every time an award is made.	Progress reports
						Raising penalties on slow progress and contractor defaults							Proof of raising penalties

APPENDIX L - MANAGEMENT CORRECTIVE ACTION PLAN

No.	Category/ Workstream	Finding	Page. no.	Rating			Description of Required Management Action	Corrective Action				Targeted Completion Date	Evidence required
				Matters affecting the auditor's report	Other Important matters	Administrative matters		Accountable Person	Reviewer	Preparator	Start date		
							Conduct proper feasibility study taking into consideration factors that might impact on the timeous completion of the project.						Feasibility study and confirmation of it being appropriate
							Conduct an urgent follow up with DBSA and other relevant departments to address shortcomings						Proof of follow up conducted
20	Property Plant & Equipment	WIP Transferred at incorrect ammounts			X		Conduct a reconciliation of all costs incurred per project and ensure that the amount transferred to completed infrastructure assets agrees to the reconciled amount.	CFO	Manager Assets	Assets Officer	03/01/2017	31/03/2017	Reconciliations and updated asstes register
21	Expenditure	Difference between VAT 201 and General Ledger			X		Ensure the review of VAT 201's prio submission to SARS	CFO	Manager Grants & Expenditure	Accountant Expenditure	03/01/2017	Every time the tenders close.	Proof of review prior submission to SARS
22	Expenditure	Incorrect payment rate used for councillors			X		Ensure review of calculations with the gazetted amounts Correct the error and pay the councillors payback	CFO	Manager Grants & Expenditure	Accountant Expenditure	03/01/2017	31/01/2017	Proof of correction and backpay/recovery
23	Revenue Management	Consumers who are deceased receiving indigent support			X		Review the indigent listing to confirm status of indigent debtors	CFO	Manager Revenue	Accountant Revenue	03/01/2017	30/13/2017	Proof of review
24	Revenue Management	Consumers or spouse of consumers employed by the State and receiving indigent support			X		Review the indigent listing to confirm status of indigent debtors	CFO	Manager Revenue	Accountant Revenue	03/01/2017	30/03/2017	Proof of review
25	Revenue	Consumers identity numbers are not verifiable			X		Ensure that all necessary documentation and information with regards to indigent debtors is maintained.	CFO	Manager Revenue	Accountant Revenue	03/01/2017	ongoing	Proof of review of indigent documentation
26	Revenue	Municipal policy excludes the provision for bad debts			X		Review the Credit control and Debt Collection policy to include procedures pertaining to boubtful debts.	CFO	Manager Revenue	Accountant Revenue	03/01/2017	31/03/2017	Council resolution and the reviewed policy

APPENDIX L - MANAGEMENT CORRECTIVE ACTION PLAN

MANAGEMENT CORRECTIVE ACTION PLAN ICT and ICT PROJECTS

No.	Category/ Workstream	Finding	Page. no.	Rating			Description of Required Management Action	Corrective Action				Evidence required	
				Matters affecting the auditor's report	Other important matters	Administrative matters		Responsible Person			Targeted Completion Date		
								Accountable Person	Reviewer	Preparer			
27	IT User Access Management	No review of administrator activities	88		X		The service provider will develop the Administrator Activity report. Ensure that the incoming system has provision to generate activity logs for administrators.	CFO	CFO	MANAGER: ICT PROJECTS	01/02/ 2017	30/03/2017	Admin. Activity Report from the new system
28	IT Programme change Management	Change Management logs could not be generated by RMS System	89		X		Functional Change Requests have been suspended for the remainder of this financial year.	CFO	CFO	MANAGER: ICT PROJECTS	01/04/2017	31/08/2017	
29	IT - Business Continuity Plan	Business Continuity Plan not tested	90		X		To ensure that the BCP is tested periodically.	SNR MANAGER STRATEGY AND SHARED SERVICES	MM	SNR MANAGER STRATEGY AND SHARED SERVICES	01/07/ 2017	31/03/2017	



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

A place where everyone benefits equally from socio-economic opportunities and services

Ugu District Municipality

(Registration number DC21)

Consolidated Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	Municipality (MFMA)
Nature of business and principal activities	District Municipality
Grading of local authority	Grade 5
Chief Finance Officer (CFO)	Ms SP Ngilande
Accounting Officer	Mr DD Naidoo
Registered office	28 Connor Street Port Shepstone KwaZulu-Natal 4240
Postal address	P O Box 33 Port Shepstone KwaZulu-Natal 4240
Bankers	ABSA Bank
Auditors	Auditor General Registered Auditors

Ugu District Municipality

(Registration number DC21)
Consolidated Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 648 760 116	1 181 742 342	3 830 502 458	4 040 501 298	209 998 840	

