

Auditee: Matjhabeng Local Municipality

Communications register

Date 04-Mar-20

|                 |  |     |
|-----------------|--|-----|
| Issued, not due |  | 13  |
| Overdue         |  | 1   |
| Received        |  | 219 |
| Late response   |  | 51  |
| Resolved        |  | 64  |
| Not issued      |  | 0   |
| Withdrawn       |  | 3   |
| Closed          |  | 0   |
| Total           |  | 233 |



| Communicati on # | iss | Description   | Audit report matter | Management report matter |  | Date Issued | Date Due  | Date Responded | Status   | Was response received on time | Resolved, Not resolved or partially resolved | Auditors Response where not resolved  | Days Late |
|------------------|-----|---|---------------------|--------------------------|--|-------------|-----------|----------------|----------|-------------------------------|--|---|-----------|
| 1                | 2   | (RESOLVED) Requested Information not submitted (General Planning)                                 |                     |                          |  | 25-Oct-19   | 01-Nov-19 | 04-Nov-19      | Received | No                            | Resolved                                     | Management submitted all the information  | 3         |
| 2                | 3   | (RESOLVED) Requested Information relating to internal audit not submitted                         |                     |                          |  | 25-Oct-19   | 01-Nov-19 | 01-Nov-19      | Received | Yes                           | Resolved                                     | Management submitted all the information  | 0         |
| 3                | 4   | Annual Financial Statements not submitted within two months after financial year                  | X                   | X                        |  | 25-Oct-19   | 01-Nov-19 | 01-Nov-19      | Received | Yes                           | Not resolved                                 | Management acknowledges the finding therefore the finding remains   | 0         |
| 4                | 5   | (RESOLVED) Requested Information relating to Human Resource Management not submitted              |                     |                          |  | 25-Oct-19   | 01-Nov-19 | 01-Nov-19      | Received | Yes                           | Resolved                                     | Management submitted all the information  | 0         |
| 5                | 6   | No Performance agreements and evaluations for employees below sec57                               |                     | X                        |  | 25-Oct-19   | 01-Nov-19 | 01-Nov-19      | Received | Yes                           | Not resolved                                 | Management acknowledges the finding therefore the finding remains   | 0         |
| 6                | 8   | Requested information RFI 10 not submitted  |                     | X                        |  | 25-Oct-19   | 01-Nov-19 | 01-Nov-19      | Received | Yes                           | Partially resolved                           | Management did not submit ARMs contract   | 0         |
| 7                | 13  | Requested information relating to consequence management not submitted                            |                     | X                        |  | 31-Oct-19   | 06-Nov-19 | 07-Nov-19      | Received | no                            | Partially resolved                           | Management did not submit the following:<br>- Any investigation report (for cases reported to SAPS).  | 1         |
| 8                | 10  | (RESOLVED) Requested cash and bank not submitted  |                     |                          |  | 25-Oct-19   | 01-Nov-19 | 01-Nov-19      | Received | Yes                           | Resolved                                     | Management submitted all the information  | 0         |
| 9                | 11  | AOPO Key performance indicators not defined   | X                   | X                        |  | 14-Nov-19   | 20-Nov-19 | 28-Nov-19      | Received | no                            | Not resolved                                 | Management requested a workshop with the Audit team   | 8         |
| 10               | 16  | (RESOLVED) AOPO Limitation  |                     |                          |  | 04-Nov-19   | 11-Nov-19 | 07-Nov-19      | Received | Yes                           | Resolved                                     | Management submitted all the information  | 0         |
| 11               | 18  | (RESOLVED) Key management qualifications and experience   |                     |                          |  | 04-Nov-19   | 11-Nov-19 | 12-Nov-19      | Received | No                            | Resolved                                     | Management submitted all the information  | 1         |
| 12               | 28  | Declaration of interest -Audit committee  |                     | X                        |  | 14-Nov-19   | 20-Nov-19 | 17-Dec-19      | Received | No                            | Not resolved                                 | The declaration of interest for the other 3 audit committee members are still outstanding.  | 27        |
| 13               | 29  | Declaration of interest - Section 57 Managers and council   |                     | X                        |  | 14-Nov-19   | 20-Nov-19 | 18-Nov-19      | Received | Yes                           | Partially resolved                           | Council Declaration of interest for 2017/18 still outstanding   | 0         |
| 14               | 20  | No disciplinary board committee for 201819  |                     | X                        |  | 22-Nov-19   | 27-Nov-19 | 28-Nov-19      | Received | No                            | Not resolved                                 | Management agrees with the finding, its yet to appoint a disciplinary board committee   | 1         |
| 15               | 27  | High Level review of the annual financial statements  | X                   |                          |  | 22-Nov-19   | 27-Nov-19 | 28-Nov-19      | Received | No                            | Not resolved                                 | Management agrees with findings, adjusted AFS awaited.  | 1         |
| 16               | 14  | Employee Costs - High level of Vacancy rates  |                     | X                        |  | 25-Nov-19   | 02-Dec-19 | 10-Dec-19      | Received | No                            | Not resolved                                 | Management agrees with finding  | 8         |
| 17               | 19  | (RESOLVED) Employee Cost There was no Performance agreement for the Municipal Manager and the CFO |                     |                          |  | 25-Nov-19   | 02-Dec-19 | 28-Nov-19      | Received | Yes                           | Resolved                                     | Management submitted all the information  | 0         |
| 18               | 22  | (RESOLVED) No Interview reports for the shortlisted people for interviews                         |                     |                          |  | 25-Nov-19   | 02-Dec-19 | 03-Dec-19      | Received | No                            | Resolved                                     | Management submitted all the information  | 1         |
| 19               | 24  | (RESOLVED) Employee costs Executive director position not re-advertised                           |                     |                          |  | 25-Nov-19   | 02-Dec-19 | 03-Dec-19      | Received | No                            | Resolved                                     | Management submitted all the information  | 1         |
| 20               | 30  | Employee Costs there is no performance appraisals for s57 Employees                               |                     | X                        |  | 25-Nov-19   | 02-Dec-19 | 10-Dec-19      | Received | No                            | Not resolved                                 | Management agree with finding   | 8         |
| 21               | 25  | Payables (non- compliance)  |                     | X                        |  | 25-Nov-19   | 02-Dec-19 | 02-Dec-19      | Received | Yes                           | Not resolved                                 | Management agrees with finding  | 0         |
| 22               | 1   | Internal control deficiencies identified during planning  |                     | X                        |  | 26-Nov-19   | 03-Dec-19 | 03-Dec-19      | Received | No                            | Not resolved                                 | Management responses was evaluated, all information was provided was assessed except for these internal control deficiencies:<br>1. The organisational structure has not been approved by Council.<br>2. The action plan of Matjhabeng Local Municipality was inadequate and it did not address the internal control deficiencies as identified in previous years by the AGSA and internal auditors | 0         |
| 23               | 9   | (RESOLVED) Limitation of scope (Capital assets)   |                     |                          |  | 04-Dec-19   | 09-Dec-19 | 11-Dec-19      | Received | No                            | Resolved                                     | Management submitted all the information  | 2         |
| 24               | 32  | (RESOLVED) Internal Audit function (Non-Compliance)   |                     |                          |  | 04-Dec-19   | 09-Dec-19 | 18-Dec-19      | Received | No                            | Resolved                                     | Management submitted all the information  | 9         |
| 25               | 43  | (RESOLVED) Information requested not submitted - Contracted Services                              |                     |                          |  | 04-Dec-19   | 09-Dec-19 | 11-Dec-19      | Received | No                            | Resolved                                     | Management submitted all the information  | 2         |
| 26               | 44  | Information requested not submitted - General Expenses  |                     | X                        |  | 04-Dec-19   | 09-Dec-19 | 12-Dec-19      | Received | yes                           | Partially resolved                           | Auditor's conclusion<br>Management did submit information subsequently. It should however be noted that there are still items outstanding.  | 3         |
| 27               | 45  | Information requested not submitted - Repairs and Maintenance                                     |                     |                          |  | 04-Dec-19   | 09-Dec-19 | 11-Dec-19      | Received | No                            | Resolved                                     | Management submitted all the information  | 2         |
| 28               | 46  | Information requested not submitted - Additional Contracted Services                              |                     |                          |  | 04-Dec-19   | 09-Dec-19 | 11-Dec-19      | Received | yes                           | Resolved                                     | Management submitted all the information  | 2         |
| 29               | 47  | Information requested not submitted - Data Requested  |                     | X                        |  | 04-Dec-19   | 09-Dec-19 | 10-Dec-19      | Received | No                            | Not resolved                                 | Management did not submit the information on the RFI  | 1         |
| 30               | 42  | Information requested not submitted - Consultants   |                     | X                        |  | 04-Dec-19   | 09-Dec-19 | 12-Dec-19      | Received | No                            | Not resolved                                 | Management submitted all the information  | 3         |
| 31               | 34  | (RESOLVED) Information requested not submitted - Employee Cost                                    |                     |                          |  | 04-Dec-19   | 09-Dec-19 | 09-Dec-19      | Received | Yes                           | Resolved                                     | Management submitted all the information  | 0         |

|    |         |  |            |   |  |           |           |           |          |     |                    |  |    |
|----|---------|--|------------|---|--|-----------|-----------|-----------|----------|-----|--------------------|--|----|
| 32 | 26      | Information requested not submitted - Petty Cash                           |            | X |  | 04-Dec-19 | 09-Dec-19 | 10-Dec-19 | Received | No  | Not resolved       | Management agrees with finding   | 1  |
| 33 | 52      | Information requested not submitted - Payables                             |            | X |  | 06-Dec-19 | 10-Dec-19 | 11-Dec-19 | Received | No  | Not resolved       | Management submitted all the information except for item 4 - Restatement journal amounting to R17 237 703  | 1  |
| 34 | 51      | Information requested not submitted - Going Concern                        |            | X |  | 06-Dec-19 | 10-Dec-19 | 12-Dec-19 | Received | Yes | Not resolved       | Management did not submit the appropriate assessment   | 2  |
| 35 | 50      | (RESOLVED) Information requested not submitted - VAT                       |            |   |  | 09-Dec-19 | 12-Dec-19 | 17-Dec-19 | Received | No  | Resolved           | Management submitted all the information   | 5  |
| 36 | 48      | Subsequent Events not correctly disclosed                                  |            | X |  | 09-Dec-19 | 12-Dec-19 | 12-Dec-19 | Received | Yes | Not resolved       | Management agrees with the finding therefore the finding remains.<br>We will wait for the adjusted financial statements to evaluate further.   | 0  |
| 37 | 49      | Consultants Discrepancies identified (Internal Control)                    |            | X |  | 09-Dec-19 | 12-Dec-19 | 18-Dec-19 | Received | No  | Not resolved       | Management response received and assessed. The following was concluded:<br>1.Management did not specify whether they agree or disagree. They indicated that they have not re-appointed HR consultants that were there in the prior year .<br>Management however did not indicate if they do have a policy in place for consultants. Matter therefore remains<br>2.Management did not specify whether they agree or disagree. The response did not address the finding. Matter still remains.   | 6  |
| 38 | 60      | (RESOLVED)Information requested not submitted - Deviations                 |            |   |  | 17-Dec-19 | 20-Dec-19 | 19-Dec-19 | Received | Yes | Resolved           | Management submitted all the information   | 0  |
| 39 | 54      | Information requested not submitted - Competitive Bidding                  | X          |   |  | 18-Dec-19 | 06-Jan-20 | 19-Dec-19 | Received | Yes | Partially resolved | We acknowledge receipt of management response and is responded to as follows:<br><br>CHIPPA WASTE MANAGEMENT<br>BULK WATER PURCHASES<br>10114471<br>CHIPPA WASTE MANAGEMENT<br>869 565,22<br>The cession agreement between Chippa Waste Management and F N Khosana Transport & Construction was inspected. Note is taken of bid 20/2015 which management indicates the cession relates to and we have confirmed that the award that was audited in prior years is that of Mphephetwa Trading and not of F N Khosana.<br><br>Submitted as well is the file of FN Khosana which includes only the documents F N Khosana and the BEC and BAC minutes. This therefore places a limitation in the audit of the procurement process that was followed as information of the other bidders was not submitted. This matter is not resolved<br><br>ETSHO CIVILS<br>C&PS: B&A PROJECT MANAGEMENT<br>10116899<br>ETSHO CIVILS<br>422 394,92<br>Management has indicated that proper procurement processes were not followed for this appointment. However, no information was submitted to confirm procurement process followed. This matter therefore remains unresolved as the requested information was not submitted to audit the procurement process that was followed<br><br>LITEGREEN<br>C&PS: B&A BUSINESS & FIN MANAGEMENT<br>10116916<br>LITEGREEN<br>1 304 347,83<br>The file of Litegreen Annasa JV was submitted. The BEC and BAC minutes were also submitted. No other procurement information was submitted. Thus placing a  | 0  |
| 40 | Several | Information requested not submitted - ISA                                  |            | X |  | 12-Dec-19 | 18-Dec-19 |           |          |     |                    |  | 0  |
| 41 | 53      | Information requested not submitted - Government Grants                    |            |   |  | 18-Dec-19 | 06-Jan-20 | 18-Dec-19 | Received | Yes | Resolved           | Management submitted all the information   | 0  |
| 42 | 57      | Information requested not submitted - Quotation                            |            |   |  | 18-Dec-19 | 06-Jan-20 | 19-Dec-19 | Received | Yes | Resolved           | No formal response was received from management. However, the information was subsequently submitted to the office of the Auditor General. Therefore, this finding has been resolved   | 0  |
| 43 | 55      | Information requested not submitted - Follow up on contracted services     |            | X |  | 18-Dec-19 | 06-Jan-20 | 20-Dec-19 | Received | Yes | Partially resolved | Management submitted all the information except the follow up on a moon and earth trading and projects, and Jager Tech   | 0  |
| 44 | 78      | (RESOLVED) Information requested not submitted - Property Rates (Journals) |            |   |  | 18-Dec-19 | 06-Jan-20 | 20-Dec-19 | Received | Yes | Resolved           | Management submitted the information   | 0  |
| 45 | 56      | Information requested not submitted - Key projects                         |            | X |  | 18-Dec-19 | 06-Jan-20 |           | Received |     | Partially resolved | Still information not submitted, schedule sent to client   | 0  |
| 46 | 58      | Revenue- Estimates provided not reliable                                   | X          |   |  | 07-Jan-20 | 20-Jan-20 | 15-Feb-20 | Received | No  | Not resolved       | Management provided the auditors with the response to the finding as above. These responses were evaluated as follows<br><br>1. Management indicated that readings for the following meters could not be obtained due to lack of entry to the respective premises or access not permitted, however; there is no clear indication of the reasonable steps management took to obtain the actual readings for the period of 12 months. The finding therefore remains.<br>Management's reasons Count of Account Number<br>Entry refused 456<br>No access 57<br>Property locked 4 402<br><br>2. The following reasons provided by management for charging estimates were considered to be within the control of the municipality and therefore the municipality had adequate time during the 2018/19 financial year to obtain the actual meter readings and therefore the finding remains. The following bears reference:<br><br>Management's reasons Count of Account Number Auditor's assessment<br>Bees 18 Considered to be within the control of the municipality. The municipality can safely remove the bees (eg: fumigation process)<br>Defective 85 Considered to be within the control of the municipality as the there was a sufficient period of time during the 2018/19 financial year for the municipality to replace or fix the defective meters<br>Dogs 455 The reason provided does not substantiate not obtaining an actual reading for the respective premises over a period of 12 months.<br>Duplicate number 461 The reason provided does not substantiate not obtaining an actual reading for the respective premises over a period of 12 months.<br>Flooded 1 814 Considered to be within the control of the municipality as the there was a sufficient period of time during the financial year for the municipality to obtain an actual reading subsequent to the flooding<br>Leaking at jw 336 Considered to be within the control of the municipality as the there was a sufficient period of time during the 2018/19 financial year for the municipality to replace or fix the leaking meters<br>Meter face down 152 Considered to be within the control of the municipality as the there was a sufficient period of time during the 2018/19 financial year for the municipality to replace or fix the meters<br>Meter obstructed 4 005 Considered to be within the control of the municipality as the there was a sufficient period of time during the 2018/19 financial year for the municipality to replace or fix the obstructed meters<br>Meter reading changes 118 The reason provided does not substantiate not obtaining an actual reading for the respective premises over a period of 12 months.<br>New service meter 1 The reason provided does not substantiate not obtaining an actual reading for the respective premise over a period of 12 months as a new meter was installed<br>No meter - cut-off 2 832 Considered to be within the control of the municipality as the there was a sufficient period of time during the 2018/19 financial year for the municipality to replace meters cut-off | 26 |
| 47 | 33      | Information requested not submitted - AOPO                                 |            | X |  | 19-Dec-19 | 07-Jan-20 |           | Closed   |     |                    | Management did not respond to finding, finding closed.   | 0  |
| 48 | 80      | Information requested not submitted - AOPO Portfolio of Evidence           | X          |   |  | 08-Jan-20 | 14-Jan-20 | 13-Jan-20 | Received | Yes | Partially resolved | Management did not submit all the information related to the indicators. (Files outstanding 43 - 63)   | 0  |
| 49 |         |  | Not issued |   |  |           |           |           |          |     |                    |  | 0  |
| 50 | 31      | Information requested not submitted -Irregular Expenditure                 |            |   |  | 08-Jan-20 | 14-Jan-20 | 14-Jan-20 | Received | Yes | Resolved           | Management submitted the information   | 0  |

|    |           |   |   |   |  |           |           |           |           |     |                    |   |   |
|----|-----------|---|---|---|--|-----------|-----------|-----------|-----------|-----|--------------------|---|---|
| 51 | 7         | Audit Committee not functioning adequately.   |   | X |  | 08-Jan-20 | 15-Jan-20 | 16-Jan-20 | Received  | No  | Not resolved       | Management agreed with the finding, therefore the finding remains.  | 1 |
| 52 | 84        | Procurement competitive bidding process not followed  |   |   |  | 08-Jan-20 | 15-Jan-20 | 14-Jan-20 | Received  | Yes | Resolved           | Matters from this finding will be addressed under CAF 39 as the issues included in this finding were responded to by management under CAF 39.   | 0 |
| 53 | 85        | Transport asset: Assets could not be verified (Limitation of scope)   |   |   |  | 27-Jan-20 | 03-Feb-20 | 11-Feb-20 | Received  | No  | Resolved           | This finding is therefore resolved.   | 8 |
| 54 | 86        | Infrastructure assets: Assets could not be verified (Limitation of scope)   |   |   |  | 27-Jan-20 | 03-Feb-20 | 12-Feb-20 | Received  | No  | Resolved           | Information was received, therefore the finding has been resolved.  | 9 |
| 55 | 87        | Other movable assets: Assets could not be verified (Limitation of scope)  |   |   |  | 27-Jan-20 | 03-Feb-20 | 03-Feb-20 | Received  | Yes | Resolved           | Information was received, therefore the finding has been resolved.  | 0 |
| 56 | 88        | Infrastructure asset (additions): Asset could not be verified (Limitation of scope)   |   |   |  | 27-Jan-20 | 03-Feb-20 | 11-Feb-20 | Received  | Yes | Resolved           |   | 8 |
| 57 | 89        | Landfill site: Asset could not be verified (Limitation of scope)  |   |   |  | 27-Jan-20 | 03-Feb-20 | 03-Feb-20 | Received  | Yes | Resolved           |   | 0 |
| 58 | 100       | Information requested not submitted - employee cost - rental agreements   |   |   |  | 10-Jan-20 | 17-Jan-20 | 16-Jan-20 | Received  | Yes | Resolved           | Information was received, therefore the finding has been resolved.  | 0 |
| 59 | 101       | Information requested not submitted - Rental Agreements   |   |   |  | 10-Jan-20 | 17-Jan-20 | 16-Jan-20 | Received  | Yes | Resolved           | Information was received, therefore the finding has been resolved.  | 0 |
| 60 | PI        | Property plant and equipment- Mmamahabane fire station was not secured and vandalized   |   | X |  | 22-Jan-20 | 29-Jan-20 |           | Closed    |     |                    | Management did not respond to finding, finding closed.  | 0 |
| 61 | PI        | Work in progress- Installation of zonal meter and valve: Delay of project and advance payment made to contractors.                |   | X |  | 22-Jan-20 | 29-Jan-20 |           | Closed    |     |                    | Management comments are noted and the project will be followed up in the new year to determine if completed and if contractors were not overpaid<br><br>The finding will remain as an internal control deficiency<br>ANNEXURE A   | 0 |
| 62 | PI        | Follow up findings T16 findings and witpan  |   | X |  | 22-Jan-20 | 29-Jan-20 |           | Closed    |     |                    | Management did not respond to finding, finding closed.  | 0 |
| 63 | 90        | Procurement: Less than three quotes were obtained   | X |   |  | 22-Jan-20 | 29-Jan-20 | 29-Jan-20 | Received  | No  | Not resolved       | Management response was received on the 03 February 2020. The auditors inspected procedure 14, paragraph 7.3.3 of the MFMA circular no 87 as indicated by management. Management should be advised that this procedure was derived from regulation 18(a) of the municipal supply chain management regulations, which states that A supply chain management policy must determine the procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, and must stipulate that all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of regulation 17, be advertised for at least seven days on the website and an official notice board of the municipality or municipal entity.<br>As a result, regulation 17c should have still been applied by management in an event that it was not possible to obtain three quotes, which indicates that reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.<br>Therefore, this finding remains and will be reported on accordingly.   | 0 |
| 64 | 112       | (RESOLVED) Procurement: No declaration of interest was submitted by the winning bidder  |   |   |  | 22-Jan-20 | 29-Jan-20 | 29-Jan-20 | Received  | No  | Resolved           | Management response received with information, therefore communication is resolved.   | 0 |
| 65 | 110       | Procurement: Limitation of scope. CSD compliance reports not submitted.   | X |   |  | 22-Jan-20 | 29-Jan-20 | 29-Jan-20 | Received  | No  | Partially resolved | Management did not submit all the information outstanding   | 0 |
| 66 | 113       | Procurement: Limitation of scope-payment vouchers   | X |   |  | 22-Jan-20 | 29-Jan-20 |           | Received  | No  | Partially resolved | Some of the information has been received and there is information outstanding.   | 0 |
| 67 | 92        | (RESOLVED) Procurement: Quotes obtained from suppliers who are not registered on NT database                                      |   |   |  | 22-Jan-20 | 29-Jan-20 | 29-Jan-20 | Received  | No  | Resolved           | Management response received, therefore communication has been resolved.  | 0 |
| 68 | 116       | Procurement: Incorrect bidder selected  | X |   |  | 22-Jan-20 | 29-Jan-20 |           | Closed    |     |                    | No management response was received on the 29 January 2020 which was the due date of this communication of audit findings. Therefore, no further information will be accepted and management should consider implementing the recommendations provided by the auditors. This finding has been closed.   | 0 |
| 69 | 109       | Property, Plant and equipment: WIP - Differences between the WIP register and amount disclosed on the annual financial statements |   | X |  | 24-Jan-20 | 31-Jan-20 | 03-Feb-20 | Received  | Yes | Not resolved       | Management comments noted, For No. 1 and 3 the adjusted annual financial statements will be reviewed for the adjustments.<br><br>For No.2 the finding is on prior year adjustment on R1 232 013.00 and not on the R2 938 708.00 this finding will remain and will reported on the management report.  | 3 |
| 70 | 107       | Venter fire station Projects RFI - Key Projects - Requested information not submitted   |   | X |  | 24-Jan-20 | 31-Jan-20 | 03-Feb-20 | Received  | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 3 |
| 71 | 126       | VAT Receivable: Late Submissions of VAT returns   |   | X |  | 27-Jan-20 | 03-Feb-20 | 29-Jan-20 | Received  | No  | Not resolved       | Management response has received, management agrees with the finding. Therefore the finding remains.  | 0 |
| 72 | 129       | Requested information not submitted (RFI 88 - Irregular expenditure)  |   |   |  | 27-Jan-20 | 03-Feb-20 | 31-Jan-20 | Received  | No  | Resolved           | Management submitted all the information.   | 0 |
| 73 | 127       | Contracted Services journal - Requested information not submitted   |   | X |  | 24-Jan-20 | 31-Jan-20 | 29-Jan-20 | Received  |     | Partially resolved | Some of the information has been received, but however there is still information outstanding. 2 invoices of Hill McHardy   | 0 |
| 74 | 97        | AoPO - Difference identified between APR and reports/register/list  | X |   |  | 29-Jan-20 | 05-Feb-20 | 04-Feb-20 | Received  | No  | Not resolved       | Management response has been received and agreed to the finding. The matter will be reported on in the audit report.  | 0 |
| 75 | PI        | Work in progress: Kutwanong Outfall Sewer   |   | X |  | 29-Jan-20 | 05-Feb-20 | 10-Feb-20 | Received  | No  | Not resolved       | Management comments are noted and the matter will be followed in the next year.<br>The finding will remain as internal control deficiency   | 5 |
| 76 | 128       | Employee cost: Trade Payables - Salary Control Account Requested information not submitted  |   |   |  | 30-Jan-20 | 06-Feb-20 | 29-Jan-20 | Received  | No  | Resolved           |   | 0 |
| 77 | 130       | CAF No 77 of 2020 - VAT Receivable Limitation of scope on RFI 93  | X |   |  | 30-Jan-20 | 06-Feb-20 |           | Received  | No  | Not resolved       | One payment is still outstanding (Flight Special)   | 0 |
| 78 | 108       | Property rates Supplementary valuation roll   | X |   |  | 30-Jan-20 | 06-Feb-20 | 06-Feb-20 | Received  | No  | Partially resolved | Management response noted, Management has provided us with the following information:<br><br>• The qualifications and the CV of the valuer<br>• A letter from the valuer stating that they prepared the supplementary roll of the Department of Public works' properties and the date in which the supplementary roll came into effective.<br><br>However, we did not receive any evidence that indicates that the Department of Public Works instructed the municipality to revalue its property.<br><br>A correspondence between the Department of Public Works and the Municipality came to the attention of the auditors, where the Department of Public Works disputed the values. We identified other inconsistencies in the correspondence, such as:<br><br>• The details (qualification and CV) of the valuer submitted by management and the valuer included in the correspondence with the Department of Public Works are different. Management provided the qualifications and CV of Mr Nqole Arther Lelosa and in the valuation report that was attached to the correspondence with the Department of Public Works, the valuer that signed off is Mr Andrew Lethake.<br><br>• On December 2018, the valuation of the property was not yet complete, however management indicated that the supplementary roll came into effect from 1 July 2018.<br><br>• The auditors through enquiry with the Manager of Revenue at the municipality on the 13th of February 2020 were told that the Department of Public Works instructed the municipality to revalue its properties and evidence of that instruction was going to be provided to the auditors, however evidence included in a letter addressed to the municipality from the Department of Public Works gives indications that the Department of Public Works disputed the valuation of the properties and also that the property rates list was being investigated by the Department of Public Works.<br><br>Therefore, no reliance can be placed on the supplementary roll related to the Department of Public Work's properties and. In that case, the finding remains and will be reported in the auditor's report. | 0 |
| 79 | 131       | Employee related Costs Overtime Payments Limitation of scope  |   |   |  | 30-Jan-20 | 06-Feb-20 | 12-Feb-20 | Received  | Yes | Resolved           |   | 6 |
| 80 | 143       | Operating Expenditure (Meter reading) - Classification of expenditure   |   | X |  | 30-Jan-20 | 06-Feb-20 | 05-Feb-20 | Received  | No  | Partially resolved | The response from management has been analysed and concluded as follows:<br><br>1. Management acknowledged the finding; however, no indication was provided that the necessary correction will be made. Although both votes relate to contracted services, this transaction should be reallocated from the sub-line item "Meter reading services" under contracted services in note 35 to "Professional services". This finding therefore remains<br>2. Management disagreed with the finding. Inspected the journal entry 1819June107 submitted and confirmed that the transaction was reallocated to repairs and maintenance. This finding is therefore resolved<br>1.3. Management disagreed with the finding. Inspected the journal entry 1819June107 submitted and confirmed that the transaction was reallocated to consumables. This finding is therefore resolved<br>2.4. Management acknowledged the finding; however, no indication was provided that the necessary correction will be made. Although both votes relate to contracted services, this transaction should be reallocated from the sub-line item "Meter reading services" under contracted services in note 35 to "Professional services". This finding therefore remains  | 0 |
| 81 | WITHDRAWN |   |   |   |  |           |           |           | Withdrawn |     |                    |   |   |
| 82 | 94        | Interest received - Rental interest incorrectly charged to property not in the name of the municipality                           |   | X |  | 31-Jan-20 | 07-Feb-20 | 07-Feb-20 | Received  | yes | Not resolved       | Management agrees with the finding, therefore the finding will remain and will be reported in the management report.  | 0 |

|     |           |   |   |   |  |           |           |           |           |     |                    |  |   |
|-----|-----------|---|---|---|--|-----------|-----------|-----------|-----------|-----|--------------------|--|---|
| 83  | 98        | Payables: Eskom and Sedibeng accounts - Differences identified  | X |   |  | 31-Jan-20 | 07-Feb-20 | 07-Feb-20 | Received  | yes | Not resolved       | Management submitted the Eskom and Sedibeng reconciliations/workings for the year ended 30 June 2019. These schedules were evaluated and the following conclusions were reached:<br>a) Sedibeng Account: Management should submit the Sedibeng statement after year end (July 2019) to the auditors that will reflect the true billing for the for period 27 June 2019-27 June 2019. This billing will enable the auditor to determine the billing for the period 27 June 2019-30 June 2019.<br>b) Eskom Account: It is management's responsibility to ensure that the statements that they receive and accept from Eskom is a true reflection of the balance outstanding. There is also no evidence that management has raised concerns with regards to the outstanding balances as per the Eskom statements.<br>Based on the evaluations above, the finding remains and management should ensure that the appropriate supporting documentation is submitted to the auditors by 17th February 2020.   | 0 |
| 84  | 133       | VAT Receivable: Input VAT claimed with an invalid invoice   |   | X |  | 31-Jan-20 | 07-Feb-20 | 07-Feb-20 | Received  | yes | Not resolved       | Management acknowledged the finding. Inspected the invoice submitted by management and it could be confirmed that VAT was incorrectly. (Management used 13% to calculate VAT)  | 0 |
| 85  | 120       | Expenditure (Legal services) - Incorrect classification   | X |   |  | 31-Jan-20 | 07-Feb-20 | 10-Feb-20 | Received  | No  | Partially resolved | 1.Management disagreed with the finding. Inspected journal entry 1819June107 and confirmed that the entry was reallocated to insurance. The finding is therefore resolved<br>2.Management acknowledged the finding; however, no indication was provided that the necessary correction will be made. Although both votes relate to contracted services, this transaction should be reallocated from the sub-line item "Legal Services" in note 35 as this is not a legal service transaction. This finding therefore remains.<br>3.Management acknowledged the finding; however, no indication was provided that the necessary correction will be made. Although both votes relate to contracted services, this transaction should be reallocated from the sub-line item "Legal Services" in note 35 as this is not a legal service transaction. This finding therefore remains.<br>4.Management disagreed with the finding. Inspected the general ledger and confirmed that the entry was cancelled and therefore the effect will be Nil. This finding is therefore resolved.<br>5.Management disagreed with the finding. Inspected journal entry 1819June76 and confirmed that the transaction was reallocated. Therefore, the finding has been resolved.<br>6.Management disagreed with the finding. Management stated that the transaction was reallocated by means of journal entry 1819June100, however this journal was not provided. Followed up with Mothusi on 11/02/2020 who indicated that he would get back to me. The finding therefore remains.<br>7.Management acknowledged the finding; however, no indication was provided that the necessary correction will be made. Although both votes relate to contracted services, this transaction should be reallocated from the sub-line item "Legal Services" in note 35 as this is not a legal service transaction. This finding therefore remains.<br>Projected error of R27 481 074.38 remains. | 3 |
| 86  | 121       | Expenditure (Legal services) - Limitation of scope  |   |   |  | 31-Jan-20 | 07-Feb-20 | 10-Feb-20 | Received  | No  | Partially resolved | Management submitted all the information   | 3 |
| 87  | 148       | Awards made to suppliers that are not tax compliant   |   | X |  | 31-Jan-20 | 07-Feb-20 | 10-Feb-20 | Received  | No  | Not resolved       | Management response is noted as received on the 10 February 2020 and the auditors would like to response as follows:<br><br>Item 1 Motsewarona construction and maintenance<br><br>The approval to appoint the supplier was done on the 25th January 2019 which is the date that the municipality noted that the supplier is not tax compliant. 7 working days ended on 5 February 2019 and the supplier was still non-tax compliant. The transaction went through and the official purchase order was made on the 7 February, the date which the supplier was still not tax compliant.<br><br>Item 2 Sompema Trading Enterprise<br><br>Management agrees with the finding and the matter will be considered accordingly<br><br>Item 3 1st and 2nd correct civil and construction (PTY) LTD<br><br>The purchase order went through without the approval. On the 20 September the order was created, the supplier was not tax compliant and no evidence of the tax compliance of the supplier was submitted to the auditors   | 3 |
| 88  | 118       | Revenue Government grants and subsidies - Presentation and disclosure   |   | X |  | 03-Feb-20 | 10-Feb-20 | 07-Feb-20 | Received  | yes | Not resolved       | 1. Management did not obtain the required roll-over from the relevant treasury and at this stage the unspent portion has turn into a payable and management is required to pay back the money to the relevant treasury. Which means the money have moved from being a conditional grant to "amounts owed to treasury".<br>2. The amount for equitable share was reduced by the unspent portion, however the unspent portion was already spent in the 2017/18 financial year and it cannot be recognised as revenue in the 2018/19 financial year.  | 0 |
| 89  | WITHDRAWN |   |   |   |  |           |           |           | Withdrawn |     |                    |  | 0 |
| 90  | 146       | Limitation of Scope - Consumer Deposits   |   |   |  | 04-Feb-20 | 11-Feb-20 | 07-Feb-20 | Received  | yes | Partially resolved |  | 0 |
| 91  | 136       | Payables - Payments received in advance overstated  |   | X |  | 04-Feb-20 | 11-Feb-20 | 11-Feb-20 | Received  | yes | Partially resolved | Management's response has been noted. Management submitted a schedule showing a calculation of the debit balances amounting to R2 906 354.32 as indicated in the managements response.<br>The auditors performed recalculations and arrived at the same conclusions as management. Debit balances amounting to R2 893 423.82 were identified by the auditor.<br>Therefore, the finding is partially resolved. Management should investigate the debit balances amounting to R2 893 423.82.   | 0 |
| 92  | 135       | Receivables from exchange transaction (Rental): Rental agreement not submitted                                      | X |   |  | 04-Feb-20 | 11-Feb-20 | 11-Feb-20 | Received  | yes | Not resolved       | Auditor's conclusion<br>Management response noted, Management partially agrees with the finding. Therefore the finding remains   | 0 |
| 93  | 150       | Use of consultants - Information requested not submitted  |   | X |  | 04-Feb-20 | 11-Feb-20 | 10-Feb-20 | Received  | yes | Partially resolved | Management's response has been noted. Management submitted the following information after communication 93 was issued:<br>-Amounts paid to consultants during the year under review.<br>-Amounts included as a payable as at year end.<br>-Appointment letters and service level agreements for consultants responsible financial reporting services.<br>-The case number and affidavit with regard to the Solar system hacking reported.<br><br>Management however failed to provide the auditors with the following information:<br>-Appointment letters and service level agreements for consultants responsible IT related services (including MSCOA).<br><br>Failure by management to submit the outstanding information will result in a limitation.  | 0 |
| 94  | EA        | Matjhabeng Communication of Audit Findings No. 94 - 2020 (Environmental Audit)                                      |   | X |  | 04-Feb-20 | 11-Feb-20 | 11-Feb-20 | Received  | yes | Partially resolved |  | 0 |
| 95  | 155       | Information requested not submitted - General Expenses (Follow up)  | X |   |  | 04-Feb-20 | 11-Feb-20 | 11-Feb-20 | Received  | yes | Partially resolved | Management did not submit all the information:<br>Free State Provincial Government is still outstanding  | 0 |
| 96  | 152       | Payables - Limitation of Scope  | X |   |  | 04-Feb-20 | 11-Feb-20 | 11-Feb-20 | Received  | yes | Not resolved       | Management did not submit all the information (4 payments are still outstanding)   | 0 |
| 97  | 82        | AoPO - Usefulness - Prior year figures and performance procedures   | X |   |  | 05-Feb-20 | 12-Feb-20 | 05-Feb-20 | Received  | Yes | Not resolved       | Management response has been received and taking note of paragraph 2 of the management response, management agrees to the finding and it remains.<br><br>On the second issue of measures taken to improve performance, the finding remains with the exception of BS 58 which was correctly quoted as an oversight on the part of auditors.   | 0 |
| 98  | 38        | Expenditure - Difference between 2018 Restated Balance and Note 46  | X |   |  | 05-Feb-20 | 12-Feb-20 | 11-Feb-20 | Received  | yes | Not resolved       | Management acknowledges the finding, auditor is waiting for the adjustments.   | 0 |
| 99  | 151       | Payables (Completeness) - Limitation of Scope   |   |   |  | 05-Feb-20 | 12-Feb-20 | 10-Feb-20 | Received  | Yes | Partially resolved |  | 2 |
| 100 | 132       | Property, plant and equipment Differences between asset register and the amounts on the annual financial statements |   | X |  | 05-Feb-20 | 12-Feb-20 | 12-Feb-20 | Received  | Yes | Not resolved       | Management acknowledges the finding, auditor is waiting for the adjusted asset register.   | 0 |

|     |     |   |   |   |  |           |           |           |          |     |                    |  |    |
|-----|-----|---|---|---|--|-----------|-----------|-----------|----------|-----|--------------------|--|----|
| 101 | 149 | VAT Receivable: VAT inputs and outputs in the VAT201 do not agree with amounts in the general ledger                            | X |   |  | 05-Feb-20 | 12-Feb-20 | 12-Feb-20 | Received | Yes | Not resolved       | <p>Management response is noted</p> <p>Through a discussion with Fezi consultant on the 17th February 2020 the following were some of the reasons provided for the differences in the GL and the VAT201:</p> <p>* Sedibeng Water transactions that were regarded as having being paid whilst they were not and input VAT being claimed and overstated</p> <p>*Payments made through the bank being reconciled after the date of submission of the VAT201</p> <p>As these journals stand above the municipality did not provide sufficient evidence that supports these journals such as invoices or contracts. Furthermore, management has provided journals on VAT determination without support that corroborates what payments were made and received during the year which enables us to assess:</p> <p>1. VAT was correctly calculated at 15%.</p> <p>2. VAT was correctly accounted for based example for standard rate supplies</p> <p>3. VAT was correctly recognized for suppliers and payments made to registered VAT vendors.</p> <p>4. VAT was correctly recorded for the payments made and received in the current financial year.</p> <p>5. To determine the total amount including VAT</p> <p>6. To recalculate and determine that VAT was accounted for correctly</p> <p>Through considerations above the municipality does not have a properly management system of determining VAT accruals and of those accruals how much has been paid.</p> <p>This finding is therefore not resolved. The difference reported has a material impact.</p>  | 0  |
| 102 | 125 | Rental Agreements not signed by a lessor  |   | X |  | 05-Feb-20 | 12-Feb-20 | 12-Feb-20 | Received | Yes | Not resolved       | Till the contract has been signed by the MM, the contracts may still be seen to be invalid and not binding due to the fact that the other party to the contract had not signed. Therefore, the control finding remains and is not resolved.  | 0  |
| 103 | 158 | Roads infrastructure: No approved priority list   |   | X |  | 06-Feb-20 | 13-Feb-20 | 13-Feb-20 | Received | Yes | Not resolved       | Management agrees with the audit finding.  | 0  |
| 104 | 140 | Procurement: disqualified bidders   | X |   |  | 06-Feb-20 | 13-Feb-20 | 13-Feb-20 | Received | Yes | Not resolved       | <p>The auditors acknowledge managements response and would like to indicate the following:</p> <p>1.It is accepted that the fact that there was no evidence that the bidder owned a relevant vehicle to deliver the service would be a criteria in terms of which the bidder could be disqualified, management does not however respond to any of the other issues raised where bidders were disqualified based on other documentation not submitted. Bidders are being disqualified on documentation that are not critical to the supply of the service or to compliance with procurement laws and regulation, and this could be viewed as an unfair practice. The matter is retained because of the non-compliance that was identified in not scoring the bids through the preferential procurement process but no irregular expenditure will result.</p> <p>2. There is no evidence that the bidders were checked against the CSD which management could have done as they have access to the database. We cannot get assurance that managements disqualification of the bidder was fair and therefore have to consider the matter accordingly.</p> <p>3. It is accepted that the fact that there was no evidence that the bidder owned a relevant vehicle to deliver the service would be a criteria in terms of which the bidder could be disqualified, management does not however respond to any of the other issues raised where bidders were disqualified based on other documentation not submitted. Bidders are being disqualified on documentation that are not critical to the supply of the service or to compliance with procurement laws and regulation, and this could be viewed as an unfair practice. The matter is retained because of the non-compliance that was identified in not scoring the bids through the preferential procurement process but no irregular expenditure will result.</p> | 0  |
| 105 | 171 | Employee Cost - Employees not verified  | X |   |  | 06-Feb-20 | 13-Feb-20 | 25-Feb-20 | Received | No  | Partially resolved | <p>Management's response has been noted.</p> <p>The RFI for physical verification was sent on the 19th December 2019 and as a result of this, management had more than enough time to ensure that employees were contacted and availed themselves for verification purposes. However, the following employees did not avail themselves for verifications:</p> <p>1. New Appointed employee<br/>No Initials &amp; Surname Employee Number<br/>1 MOFOKENG DM 150488<br/>2 MOLOI NN 150489<br/>3 MASOKELA BF 150499</p> <p>2. The Old Employees<br/>No Initials &amp; Surname Employee Number<br/>1 THUTHELLO MH 110009<br/>2 WH SMIT 110313</p> <p>Therefore, based on the above mentioned, the finding is partially resolved and the error amount of the basic salary will be projected and reported on.</p>  | 12 |
| 106 | 170 | Contracted Services Follow Up: Limitation of scope  |   | X |  | 06-Feb-20 | 13-Feb-20 | 13-Feb-20 | Received | Yes | Not resolved       | Management acknowleged the finding   | 0  |
| 107 | 95  | Deviations above R200 000 not in accordance with SCM regulation 36  | X |   |  | 06-Feb-20 | 13-Feb-20 |           | Closed   |     |                    |  | 0  |
| 108 | 169 | Finance Cost Follow Up: Limitation of Scope   |   |   |  | 06-Feb-20 | 13-Feb-20 | 10-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 109 | 168 | Repairs and Maintenance - Incorrect classification  |   |   |  | 06-Feb-20 | 13-Feb-20 | 12-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 110 | 167 | Information requested not submitted - Repairs and Maintenance (Follow up)   |   |   |  | 06-Feb-20 | 13-Feb-20 | 13-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 111 | 166 | Information requested not submitted - General Expenses (Follow up of prior year)  |   |   |  | 06-Feb-20 | 13-Feb-20 | 13-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 112 | 154 | Investment Property: Municipal properties not identified on investment property   |   |   |  | 06-Feb-20 | 13-Feb-20 | 13-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 113 | 74  | Expenditure - Payments not made within 30 days  |   | X |  | 06-Feb-20 | 13-Feb-20 | 17-Feb-20 | Received | No  | Not resolved       | Management acknowleged the finding therefore the finding remains   | 4  |
| 114 | 157 | Revenue (Service charges) - water and electricity (Cut off)   |   | X |  | 06-Feb-20 | 13-Feb-20 | 12-Feb-20 | Received | Yes | Not resolved       | Management response noted, auditors disagree, however upon making the reading the actual readings should be apportioned to the years in which the charges belong. Therefore, the finding is remains  | 0  |
| 115 | 156 | Payables from exchange transactions (Limitation)  | X |   |  | 07-Feb-20 | 14-Feb-20 |           | Closed   |     |                    |  | 0  |
| 116 | 83  | AoPO - Consistency between SDBIP and APR  | X |   |  | 07-Feb-20 | 14-Feb-20 |           | Closed   |     |                    |  | 0  |
| 117 | 175 | Land and buildings - Property in the name of Municipality not included in the investment register or land and building register |   |   |  | 07-Feb-20 | 14-Feb-20 | 13-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 118 | 176 | Transport assets - Difference in condition  |   | X |  | 07-Feb-20 | 14-Feb-20 | 13-Feb-20 | Received | Yes | Not resolved       | Management acknowledges the finding therefore the finding remains  | 0  |
| 119 | 177 | Investment Property - Difference in valuation amount  | X |   |  | 07-Feb-20 | 14-Feb-20 | 19-Feb-20 | Received | No  | Partially resolved | Management response has been noted. The items have been corrected by management. Additional testing on the entire corrected population has been performed satisfactorily. Therefore the finding is partially resolved, pending the adjusted financial statements.  | 5  |
| 120 | 178 | Investment Property - Property identified which is not in the name of Municipality  |   |   |  | 07-Feb-20 | 14-Feb-20 | 12-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 121 | 179 | Investment Property - Items could not be traced to valuation roll   |   |   |  | 07-Feb-20 | 14-Feb-20 | 12-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 122 | 75  | General Expenditure - Incorrect Classification  |   | X |  | 11-Feb-20 | 18-Feb-20 | 18-Feb-20 | Received | Yes | Not resolved       | Management's response was noted.<br>Note 36 to the Annual Financial Statements should be amended to correct the presentation and disclosure issue communicated to management. This issue therefore remains.  | 0  |
| 123 | 114 | General Expenditure - Occurrence  |   |   |  | 11-Feb-20 | 18-Feb-20 | 18-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 124 | 134 | Remuneration of councillors   |   | X |  | 11-Feb-20 | 18-Feb-20 | 12-Feb-20 | Received | Yes | Resolved           |  | 0  |
| 125 | 105 | Contracted Services (Professional Services)   |   | X |  | 11-Feb-20 | 18-Feb-20 | 18-Feb-20 | Received | Yes | Partially resolved | <p>Managements response has been evaluated and concluded as follows:</p> <p>1. Performed a VAT vendor search on the VAT number per the invoice (4000142663) and confirmed that the invoice number on the tax invoice is not that of Matjhabeng. This finding is therefore resolved</p> <p>2. A new invoice was submitted by management which agreed to the payment voucher. This invoice will not be accepted as the fees on the new invoice differs to that on the original submission. The impact of this finding is however below triviality and therefore will no longer be communicated</p>   | 0  |
| 126 | 124 | Expenditure (Legal Services)  | X |   |  | 11-Feb-20 | 18-Feb-20 | 17-Feb-20 | Received | Yes | Not resolved       | <p>Managements response has been evaluated and concluded as follows:</p> <p>Management did not provide the payment voucher for the original invoice dated 06/08/2019 in order for us to corroborate that these were two separate valid transactions.</p>   | 0  |



|     |                 |  |   |   |  |           |           |           |          |     |                    |   |   |
|-----|-----------------|--|---|---|--|-----------|-----------|-----------|----------|-----|--------------------|---|---|
| 127 | 164             | Expenditure (Security) - Cut off   | X |   |  | 11-Feb-20 | 18-Feb-20 | 19-Feb-20 | Received | No  | Not resolved       | Managements response has been evaluated and concluded as follows:<br>Management has stated that these were payments made towards a court order settlement however the court order was not provided to corroborate managements response. Furthermore, management did not provide a breakdown of payments made towards the settlement in order for us to confirm the total payment and corroborate this to the settlement. Finding therefore remains.   | 1 |
| 128 | 201             | Procurement - Limitation of scope (RFQ specific selection)               | X |   |  | 11-Feb-20 | 18-Feb-20 | 19-Feb-20 | Received | Yes | Partially resolved | Management response is noted. The information was subsequently received and audited accordingly. All matters addressed accept for the following:<br>Item1: Carrus Information technology<br>From the information that was now provided the following is still not evident and compliance can thus not be adequately considered.<br><br>• The municipality has demonstrated the benefits and discounts of participating in the contract.<br>• That the prices paid are the same as the original contract<br>• The municipality did not procure beyond the scope of the original contract. The original contract was for a period of 36 months and came to an end in May 2018, whilst the municipality is still participating in the contract. The original appointment letter for the service provider did not specify a contract term.<br>• Due to the lack of adequate contract management processes we are not able to confirm whether the total payments made have exceeded the contract scope<br>• Management has not provided adequate motivation as to why they participated in the contract rather than follow own procurement.<br>The municipality does not have adequate processes in place to ensure that the contract was not identified as irregularly awarded by the originating state institution.<br>Item3: Cliff 28<br>The information provided still does not support the deviation. The reasons are not given in the submission only approval so it is not possible to consider if the reasons meet the requirements for deviations. The non- compliance is thus considered confirmed as no reasons are provided.   | 1 |
| 129 | 204             | Limitation of scope - declaration of interest for suppliers in service   |   | X |  | 11-Feb-20 | 18-Feb-20 | 19-Feb-20 | Received | Yes | Partially resolved | (1) SMK MALAO - Management response is acknowledged. Management has not provided the auditor with any supporting evidence such as the proof of payment and quotation to confirm that the municipality made an error in the name of the supplier. Therefore, this part of the finding is not resolved.<br>(2) G MABASA - Management response is acknowledged. We inspected the quotation to confirm that the quotation was submitted by KG Media Management and not KG Media. Through comparison of the bank account number from the proof of payment sheet to the quotation, we confirmed that the bank account number is the same. Based on the above audit work, we could confirm that the suppliers name is KG Media Management and not KG Media. Inspected the declaration of interest (SBD 4) form to confirm that the bidder has completed the declaration of interest and the declaration is valid.<br>Based on the audit work performed, we are satisfied that this part of the finding is resolved.<br>(3) MR LD TEBA - No sufficient appropriate evidence such as letter of appointment could be obtained to substantiate the telephonical conversation between the municipality and the supplier. We inspected the HR994 report and confirmed that the transaction date is stated as 26 July 2018 which was subsequent to the appointment of the official at FDC. There was no declaration of interest submitted by the said supplier. Therefore, this part of the finding is not resolved.<br>(4) T NDZONDO - Management is in agreement that the exception raised in valid. Furthermore, management did not submit a declaration of interest for this supplier. Therefore, this part of the finding is not resolved.<br>(5) N ZWELONKE - Management response is noted. Management provided us with a letter signed by N Zwekonke dated 04 January 2020 with ID number 8707245889086 confirming that she is a non-executive director of Petpar Holdings as N Zwekonke is not involved in the day to day operations of the business. Therefore N Zwelonke does not appear to have any influence over who the business will supply as she is not involved in the day to day operations of the business. Based on the reasons provided above, we confirmed that this part of the finding has been resolved.<br>(6) TEBELO MOTAUNG - Management response is noted. Through inspection of the supporting evidence submitted by management such as the CIPC screenshots with their response to the audit communication, we confirmed that Tebelo Motaung is an active director of Moralo General Trading.However, no evidence was provided by management to confirm that the official has resigned from Transnet Group. Therefore this finding is not resolved.<br>(7) JOYCE DOLLY TEMBE - Management response is noted. Through inspection of the National Government of South Africa website, we confirmed that the National Home Builders Registration Council (NHBRC) is a public entity that falls within the portfolio of the Department of Human Settlements. As such, the NHBRC is an organ of state. Furthermore, we confirmed through inspection of the that Joyce Dolly Tembe is a non-council member (i.e non-executive director) of the NHBRC and not an employee of the NHBRC. We confirmed through a google search that she is the executive director of the KwaZulu-Natal Master Builders and Allied Industries Association, a professional body in the construction industry (Hyperlink: <a href="http://www.sabuilder.co.za/2018/07/16/joyce-dolly-tembe-elected-for-third-successive-term/">http://www.sabuilder.co.za/2018/07/16/joyce-dolly-tembe-elected-for-third-successive-term/</a> ). Based on the audit work performed above, we confirmed that this part of the finding has been resolved.<br>(8) AYANDA CEBA - Management response is noted. Through inspection of the annual report for Transnet Group, we confirmed that Ms Nokuthula Khumalo was appointed the group company secretary as from September 2016 (Hyperlink: <a href="https://www.transnet.net/InvestorRelations/AR2018/Transnet%20IR%202018.pdf">https://www.transnet.net/InvestorRelations/AR2018/Transnet%20IR%202018.pdf</a> ). Based on the above, we confirmed that Ms Ayanda Ceba is not an employee in an organ of state. Therefore, this part of the finding has been resolved.<br>(9) DR PK LAW - Management response is noted. Through inspection of the annual report for the 2017/18 financial year, we confirmed that Dr PK Law is a member on the Higher Education Quality committee (non-executive director) and not an employee at the Council on Higher Education. Therefore, this part of the finding has been resolved. | 1 |
| 130 | 203             | Information Requested not submitted - UIFW Investigations                | X |   |  | 11-Feb-20 | 18-Feb-20 | 19-Feb-20 | Received | Yes | Not resolved       | The following has been noted regarding the abovementioned management response:<br><br>The MPAC reports submitted are unsigned copies. These reports have been previously received and scrutinized, however the reports do not contain sufficient details regarding the investigations performed, i.e. specific amounts concerning the individual instances of irregular, unauthorized and fruitless and wasteful expenditure, reasons relating to each instance and individual/s responsible for the occurrence of the specific type of expenditure.<br>Additionally, the MPAC minutes dated 31 October 2019 resolved that officials responsible for irregular expenditure must be held liable, however no supporting evidence has been submitted to the auditors whether this has occurred.<br>The council minutes have been previously received and scrutinized, however these documents only serve to authorize the write-off of irregular, unauthorized and fruitless and wasteful expenditure and does not detail the investigations performed as requested. The council minutes (30 August 2019) also state that an amount of R145 013 040 should be investigated further as it was not sufficiently dealt with by MPAC, however no such further investigations have been received.<br>No instruction to the relevant committee to investigate irregular, unauthorized and fruitless and wasteful expenditure has been received.<br>No detail of the current status of investigations reported to the SAPS has been received. Management only indicated that the commercial crimes unit of the SAPS have yet to provide an update, even though the cases have been opened more than three years prior to the 2019 financial year-end.<br>The finding therefore remains.   | 1 |
| 131 | 202             | Information Requested not submitted - Fruitless and Wasteful Expenditure |   | X |  | 11-Feb-20 | 18-Feb-20 | 18-Feb-20 | Received | Yes | Not resolved       | Management agreed with the finding and we are waiting for the amended AFS to confirm whether Note 52 was corrected.   | 0 |
| 132 | 99              | Procurement Deviations not reported to council                           |   | X |  | 11-Feb-20 | 18-Feb-20 | 19-Feb-20 | Received | No  | Not resolved       | Minutes of the MPAC meeting dated 31 October 2019 were not submitted and management 's comments could not be corroborated. Furthermore, there is no proof that the reports were ever prepared and tabled to council.<br><br>Therefore, this finding is not resolved.  | 1 |
| 133 | 104             | Procurement Deviations : Approval  | X |   |  | 11-Feb-20 | 18-Feb-20 | 18-Feb-20 | Received | Yes | Not resolved       | Management response noted as received on the 18 February 2020 and the auditors would like to respond as follows:<br><br>1) JETTSEWER SOLUTIONS - 10116934>> The accounting officers approval of the payment in not sufficient evidence of his approval of the deviation, the processes are independent processes and compliance needs to be ensured on both processes. Therefore this part of the finding is not resolved.<br><br>2) RESCUE ROD - 101135>> Inspected the appointment letter as submitted. However, nowhere in the appointment letter does it indicate that the oflal appointed to act would also act as the accounting officer and execute his duties in his absence. It was further confirmed through the inspection of the accounting policy on delegations that it does not state that deviation can be approved by the executive directors. Therefore this part of the finding is also not resolved.  | 0 |
| 134 | 138,142,144,145 | Water Services Provision   |   | X |  | 12-Feb-20 | 19-Feb-20 | 19-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |

|     |              |   |  |   |  |           |           |           |          |     |                    |  |   |
|-----|--------------|---|--|---|--|-----------|-----------|-----------|----------|-----|--------------------|--|---|
| 135 | 106,198, 199 | Sanitation Services   |  | X |  | 11-Feb-20 | 18-Feb-20 | 18-Feb-20 | Received | Yes | Not resolved       | <p>Sanitation Services: Planning and budgeting for sanitation infrastructure</p> <p>1.1<br/>Management agrees with the auditor's finding and no supporting documents were submitted to the auditors. The finding will remain, due to the following:<br/>- The Green Drop Improvement Plan of the municipality does not address the routine maintenance of sanitation infrastructure, e.g. funding, planning, backlogs etc. There is also no evidence that the plan was approved by the appropriate delegated official.</p> <p>1.2<br/>Management agrees with the auditor's finding and no supporting documents were submitted to the auditors. The finding will remain, due to the following:<br/>- No link could be made between the Green Drop Improvement Plan and the condition assessments performed to determine if the assessments were performed in accordance with the Green Drop Improvement Plan.</p> <p>1.3<br/>Management disagrees with the finding. Management indicated that they submitted a Memorandum from Executive Director as proof, Communication to the Different Units to submit their data of assessments done and risk assessment documents. However, no support was submitted to the auditors for evaluation. Thus, the finding remains due to the following:<br/>- The municipality did not provide the auditor with standard procedures in terms of which the condition assessments of sanitation infrastructure are done.</p> <p>Sanitation services: Evidence of licensing of waste water plants not provided<br/>Management's response has been noted. Management submitted WUL applications in response to CAF 94. The WUL applications were evaluated by the auditor and it was noted that the municipality made applications. The finding will remain, as the supporting documentation submitted to the auditors is not sufficient to provide evidence that the waste water plants of the municipality are licenced by Department of Water and Sanitation (DWS) for the period under review.</p> <p>Sanitation Services: Environmental Policy does not address identification &amp; monitoring of risk<br/>Management's response has been noted. Management agree with the auditor's findings. Also, no supporting documentation was submitted to the auditors for evaluation. The finding remains due to the following:<br/>- The Green Drop Improvement Plan of the municipality for the period under review (2018/19 financial year) does not address the identification and monitoring of environmental risks relating to waste water management.</p>  | 0 |
| 136 | 173          | Expenditure (Professional Services) - Occurrence Limitation                           |  |   |  | 12-Feb-20 | 19-Feb-20 | 19-Feb-20 | Received | Yes | Resolved           |  | 0 |
| 137 | 160          | Expenditure (Meter Reading) - Occurrence Limitation                                   |  |   |  | 12-Feb-20 | 19-Feb-20 | 19-Feb-20 | Received | Yes | Resolved           |  | 0 |
| 138 | 123          | Expenditure (Legal Services) - Occurrence Limitation                                  |  | X |  | 12-Feb-20 | 19-Feb-20 | 19-Feb-20 | Received | Yes | Partially resolved | <p>Auditor's conclusion<br/>Managements response has been evaluated and concluded as follows:<br/>1. Additional information (contract) has been submitted and evaluated. Finding is therefore resolved.<br/>2. Additional information (pictures) has been submitted. The information submitted has been evaluated and found to satisfactorily confirm the occurrence of the transaction. Finding is therefore resolved<br/>3. No additional information was submitted to the auditors to confirm the occurrence of this transaction. Finding therefore remains<br/>4. Additional information (timesheets) has been submitted. The information submitted has been evaluated and found to satisfactorily confirm the occurrence of the transaction. Finding is therefore resolved<br/>5. Additional information (court orders) has been submitted. The information submitted has been evaluated and found to satisfactorily confirm the occurrence of the transaction. Finding is therefore resolved<br/>6. Additional information (court orders) has been submitted. The information submitted has been evaluated and found to satisfactorily confirm the occurrence of the transaction. Finding is therefore resolved<br/>7. The contract has been submitted the information submitted has been evaluated and found to satisfactorily confirm the occurrence of the transaction. Finding is therefore resolved<br/>8. The contract has been submitted the information submitted has been evaluated and found to satisfactorily confirm the occurrence of the transaction. Finding is therefore resolved</p>  | 0 |
| 139 | 139          | Expenditure (Security Services) - Occurrence Limitation                               |  | X |  | 12-Feb-20 | 19-Feb-20 | 12-Feb-20 | Received | Yes | Not resolved       | <p>Managements response has been evaluated and concluded as follows:<br/>Management did not provide timesheets for voucher POR10110114751 amounting to R3 478 260.87 and the timesheets submitted for voucher POR10110113695 amounting to R1 304 347.83 did not correspond to the period stipulated on the invoices.</p> <p>Furthermore, no valid contracts were submitted for the transaction listed above. Finding therefore remains.</p>  | 0 |
| 140 | 174          | Expenditure (Legal Services) - Discrepancies on VAT                                   |  |   |  | 12-Feb-20 | 19-Feb-20 | 19-Feb-20 | Received | Yes | Resolved           |  | 0 |
| 141 | 172          | Expenditure (Professional Services) - Cut-off   |  | X |  | 12-Feb-20 | 19-Feb-20 | 19-Feb-20 | Received | Yes | Not resolved       | <p>Managements response has been evaluated and concluded as follows:<br/>Management has stated that the incorrect information was submitted, however management did not provide the invoice of R3 050 000 that for which the payments were made as stipulated in the summary above. Finding will therefore remain.</p>   | 0 |
| 142 | 212          | Transport Assets - Additional Vehicle with difference in condition                    |  | X |  | 14-Feb-20 | 21-Feb-20 | 19-Feb-20 | Received | Yes | Not resolved       | <p>Management's response has been noted, however the asset in question has been allocated for repairs for a period exceeding 1-2 years, therefore no economic benefits have been derived for a long period of time, contrary to management's response. The finding therefore remains.</p>  | 0 |
| 143 | 207          | VAT Receivable: Interest and Penalties incurred                                       |  | X |  | 14-Feb-20 | 21-Feb-20 | 17-Feb-20 | Received | Yes | Not resolved       | <p>Management agrees with the finding and therefore finding remains.</p>   | 0 |
| 144 | 217          | Receivables from non-exchange transactions - Interest not charged on overdue accounts |  | X |  | 14-Feb-20 | 21-Feb-20 | 19-Feb-20 | Received | Yes | Not resolved       | <p>Management response noted, however management need to give the auditors supporting evidence on the municipality not being allowed to charge interest on property rates.</p> <p>Therefore the finding remains pending evidence from management.</p>  | 0 |
| 145 | 102          | Procurement Declaration of interest (MBD4) Not submitted                              |  |   |  | 14-Feb-20 | 21-Feb-20 | 17-Feb-20 | Received | Yes | Resolved           |  | 0 |
| 146 | 103          | Procurement Tax Status of suppliers awarded bids not confirmed                        |  | X |  | 14-Feb-20 | 21-Feb-20 | 19-Feb-20 | Received | Yes | Partially resolved | <p>(1) OARABILE PLANT HIRE &amp; CIVIL (PTY) LTD - 10113713 - Management response is noted. The supplier was tax compliant therefore, this part of the finding has been resolved.<br/>(2) OARABILE PLANT HIRE &amp; CIVIL (PTY) LTD - 10117668 - Management response is noted. The auditors confirmed through the inspection of the deviation form that the deviation was approved by the accounting officer on the 23 February 2019. It was further confirmed through the inspection of the purchase order that the order was done in 2019 March . The exact date could not be confirmed. Through the inspection of the CSD tax compliance it was confirmed that the supplier was not tax compliant from 8 September 2018 till 10 May 2019. Therefore at the date of the award, the supplier was not tax compliant. This matter is not resolved and should be reported on as irregular.<br/>(3) TOKONYA CONSTRUCTION - 10114098 - The exact value of the award could not be confirmed as the date on the purchase order is only stated as 2019 April. However, through the inspection of the CSD compliance report, it was confirmed that the supplier was tax compliant from 05 March 2019 till 11 May 2019. Therefore, on the 6 of March 2019 and the whole of April 2019, the supplier was tax compliant. This part of the finding has been resolved.<br/>(4) OARABILE PLANT HIRE &amp; CIVIL (PTY) LTD - 10115483 - Management response is noted. The supplier was tax compliant therefore, this part of the finding has been resolved<br/>(5) OARABILE PLANT HIRE &amp; CIVIL (PTY) LTD - 10116686 - Management response is noted. The auditors confirmed through the inspection of the deviation form that the deviation was approved by the accounting officer on the 22 February 2019. It was further confirmed through the inspection of the purchase order that the order was done in 2019 March . The exact date could not be confirmed. Through the inspection of the CSD tax compliance it was confirmed that the supplier was not tax compliant from 8 September 2018 till 10 May 2019. Therefore at the date of the award, the supplier was not tax compliant. This matter is not resolved and should be reported on as irregular.<br/>(6) JETTSEWER SOLUTIONS - 10116934 - Management agrees with the finding. Therefore, this will be reported on accordingly.<br/>(7) SOMPENA TRADING ENTERPRISE – 10116884 - Management agrees with the finding. Therefore, this will be reported on accordingly.<br/>(8) DR S.M CHOBOKOANE INCORPORATED - 10114731 - Management agrees with the finding. Therefore, this will be reported on accordingly.</p> | 0 |

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| 147 | 188 | Other movable assets: Assets could not be verified (Limitation of scope)  |   | X |  | 14-Feb-20 | 21-Feb-20 | 19-Feb-20 | Received | Yes | Partially resolved | Management response has been noted. All items could be successfully traced to the asset register, except one item as indicated below, of which management agrees with the finding:<br><br>No Asset Scan Number Room Barcode Asset Category Description Condition (Good/Fair/ Poor/Broken)<br>5 4423 R00190(2) Equipment Starway (Air conditioner) Good   | 0 |
| 148 | 200 | Property, Plant and Equipment - WIP deficiencies in work in progress recognised                                   | X |   |  | 14-Feb-20 | 21-Feb-20 | 25-Feb-20 | Received | No  | Not resolved       | Management should refer to the emailed auditors response (CAF 148), the finding remains unresolved.  | 4 |
| 149 | 208 | Infrastructure assets: Existence of submerged assets  |   | X |  | 14-Feb-20 | 21-Feb-20 | 21-Feb-20 | Received | Yes | Not resolved       | Management response has been noted. The Klippan pump station has been operational since the 2013/2014 financial year and a contingent liability exists as a result of a court case between Matjhabeng Local Municipality and Oppenheimer Park Golf Club relating to the maintenance of the Witpan Sewer. Klippan has been overflowing since before the 2015/2016 financial year, therefore the pump station is not in a working condition. The finding therefore remains.  | 0 |
| 150 | 209 | AOPO - limitation of scope  | X |   |  | 14-Feb-20 | 21-Feb-20 | 21-Feb-20 | Received | Yes | Partially resolved | Management's response has been noted.<br><br>The requested documents have been partially received. Refer to Annexure A for the list of documents which were not submitted with the above management response.<br><br>The documents submitted were audited and the following misstatement relating to the completeness of the indicators were identified:<br><br>Details as per annual performance report Details as per supporting documents<br>Performance indicator/<br>measure Actual Achievement as per Annual Performance Report Actual Achievement Attributable as per PPIM Framework Evidence Submitted Progress of Project<br>Actual Achievement Attributable as per PPIM Framework Difference (Understatement)<br>PPIM % Completed - Virginia: WWTP Sludge Management Phase 1 Project at retention 95 Completion Certificate dated 2018/07/04 Completed and handed over - no outstanding items 100 -5   | 0 |
| 151 | 213 | Infrastructure assets could not be confirmed  |   | X |  | 14-Feb-20 | 21-Feb-20 | 21-Feb-20 | Received | Yes | Resolved           |  | 0 |
| 152 | 215 | Contract Management- Limitation of Scope  | X |   |  | 14-Feb-20 | 21-Feb-20 | 21-Feb-20 | Received | Yes | Partially resolved | (1) HT PELATONA - Tender no 06/18 - Information was subsequently received, the matter is resolved<br>(2) MOTSEWARONA CONSTRUCTION AND MAINTENANCE - Tender no 49/2017 - Supply and delivery of substations for Matjhabeng municipality - Information outstanding: Performance or monitoring reports & Total payments made under the contract<br>(3) ZIM ELECTRICALS/PAKAMPHO JV - Tender no 55/2017 - Information outstanding: Performance or monitoring reports & Total payments made<br>(5) DOWN TOUCH INVESTMENTS - Tender no 26 /2017 - Information outstanding:Performance or monitoring reports & Total payments made<br>(6) KARPA CONSTRUCTION - Tender no 51/2017 - Information outstanding: Contract & Total payments made<br>(7) GOLDFIELDS DEVELOPMENT JV LESOLE - Tender no: 08/2015 - Information submitted, the matter is resolved.<br>(8) HT Pelatona Projects (Pty)Ltd - 01/2018 - Information outstanding: A contract signed by both the successful bidder and a delegated official, Bidding documents of the winning bidder, Measures in place to monitor contract performance, Performance monitoring reports, Project manager responsible for monitoring the project, Approve extensions or modifications to the contract & Total payments made to the contract from inception to date.<br>(9) Oarabile Plant Hire & Civil - 05/2018 - Information submitted, matter resolved<br>(10) Kholeba Construction & Projects cc - 07/2018 - Information outstanding: Measures in place to monitor contract performance, Performance monitoring reports, Project manager responsible for monitoring the project, Approve extensions or modifications to the contract & Total payments made to the contract from inception to date<br>(11) JT Promotions JV Mawee - 08/2018 - Contract not submitted, matter not resolved<br>(12) Tediwanga Simphonya JV - Tender no 6/2017 - Information outstanding: Signed contract, Measures in place to monitor contract performance, Performance monitoring reports, Project manager responsible for monitoring the project, Approve extensions or modifications to the contract<br>& Total payments<br>(13) KARPAH CONSTRUCTION CC - Tender no: 31/2015 - Information outstanding: Signed contract<br>(15) Fuller Civils and Motsoako JV - Tender no 2/2017 - Outstanding information: Bidding documents of the winning bidder & Approve extensions or modifications to the contract | 0 |
| 153 | 219 | Revenue from exchange transactions (Service charges) - water and Electricity - Limitation of scope (Solar system) |   |   |  | 14-Feb-20 | 21-Feb-20 | 21-Feb-20 | Received | Yes | Resolved           |  | 0 |
| 154 | 218 | Revenue - Conditional Grants - Transaction which did not meet the conditions of the grant.                        | X |   |  | 17-Feb-20 | 24-Feb-20 | 25-Feb-20 | Received | No  | Partially resolved | Point 1<br>Management comments noted, however management recognized the payment of the advance meeting conditions before the work was done by the supplier which is incorrect accounting principle for conditional grants.<br>The advance payment of R8 026 086,96 (Excl. VAT) was made on the 03/10/2018 to the supplier and was immediately recognized as revenue on the general ledger of municipality. The supplier then made a claim for the work done with invoice dated 10/05/2019 for an amount of R9 655 806,20 less the amount of advance payment of R8 026 086,96 and retention of R965 580,62 and difference of R763 759,42 was less and was recognised on cheque 10118013. The matter remains as an internal control issue as the advance payment was recognized before the actual work was done.<br>Point 2:<br>Management comments noted, the list of items that were capitalized was still not submitted for audit subsequently a list of items for items paid for was submitted and it contained the following items:<br>- Bricks<br>- Structural steel<br>- Door frames, plumbing fittings<br>- Fencing<br>- Premix concrete 25 mpa<br>- Premix concrete 30 mpa<br>- Aluminium doors and windows<br>- Suspended ceiling<br>- Roof sheeting<br>- Soil drainage and water supply pipes<br>- Reinforcing<br>- Electrical installation material<br>- Mesh reinforcement<br>- Building sand<br>- Brick force<br>- cement bags<br>The matter is resolved.  | 1 |
| 155 | 205 | Rental of premises and facilities (Completeness)  |   | X |  | 17-Feb-20 | 24-Feb-20 | 19-Feb-20 | Received | Yes | Not resolved       | Management's response has been noted.<br>The updated population relating to rental of facilities should be submitted to the auditors for further audit considerations.<br>It should also be noted that the figures in the management response are not in agreement with the rental register including billings (which agrees to the financial statement submitted for audit).  | 0 |
| 156 | 191 | Trade and Payables: Insufficient support provided for journal entry   |   | X |  | 17-Feb-20 | 24-Feb-20 | 25-Feb-20 | Received | No  | Not resolved       | Management only provided a breakdown schedule of the items. Management did not provide support for the amounts obtained in the schedule.   | 1 |
| 157 | 190 | Trade and Payables: No Proof of journal authorisation   |   |   |  | 17-Feb-20 | 24-Feb-20 | 18-Feb-20 | Received | Yes | Resolved           |  | 0 |
| 158 | 189 | Trade and Payables: Limitation  |   | X |  | 17-Feb-20 | 24-Feb-20 | 22-Feb-20 | Received | Yes | Partially resolved | Managements response has been evaluated and concluded as follows:<br>1. The prior year correcting journals have been submitted and it was found that the necessary adjustments were made. Finding is therefore resolved.<br>2. Management has stated that corrections for the following was made:<br>1 STALE VOTE 714 448,70<br>2 SELF INSUR RES: OPENING BALANCE 639 753,57<br>3 DEFAULT CASH VOTE 287 485,56<br>4 OVER/UNDER BANKING 9 998,45<br>5 COMMUNITY CAPACITY BUILDING 4 160,00<br>6 MAYORAL BURSARY ACTIVITY -145 501,09<br>7 RECEIPT REVERSAL -205 924,05<br>However, through inspection of the current year creditors listing these balances were still present. Finding therefore remains<br>3. The prior year correcting journals have been submitted and it was found that the necessary adjustments were made. Finding is therefore resolved.<br>Projected error of R2 427 555,44 therefore remains   | 0 |



|                     |                                 |  |            |   |  |           |           |           |          |     |                    |   |   |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
|---------------------|---------------------------------|--|------------|---|--|-----------|-----------|-----------|----------|-----|--------------------|---|---|---------------------------------|-----------------------|------------|--------------|--------------|--------------|------------|---------------------|--------------|--------------|---|---|
| 159                 | 180                             | Payments received in advance: Difference identified                        | X          |   |  | 17-Feb-20 | 24-Feb-20 | 24-Feb-20 | Received | Yes | Not resolved       | Management's response has been noted. However, no supporting documentation has been submitted to the auditors for evaluation.   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
|                     |                                 |  |            |   |  |           |           |           |          |     |                    | Management need to provide the auditors with the appropriate supporting documentation for evaluation. This includes the journal to be passed to adjust the AFS, schedule of the workings management did to identify the nature and cause of the misstatement, etc.<br>The finding will remain unresolved until management provide the auditors with the required support and the auditors are satisfied with the adjustments to be made.  |   |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 160                 | 159                             | Receivables from exchange transactions: Limitation of scope - Solar System | X          |   |  | 17-Feb-20 | 24-Feb-20 | 24-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 161                 | 222                             | Consumer Deposit - Limitation of scope (Solar System)                      |            |   |  | 18-Feb-20 | 25-Feb-20 | 24-Feb-20 | Received | Yes | Resolved           |   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 162                 | 225                             | PPE: WIP Register  |            | X |  | 18-Feb-20 | 25-Feb-20 | 23-Feb-20 | Received | Yes | Not resolved       | Management acknowledged the finding therefore the finding remains, auditor will wait for the adjusted WIP register and financial statements.  | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 163                 | 221                             | Revenue from exchange - Limitation of Scope (Solar System)                 |            |   |  | 18-Feb-20 | 25-Feb-20 | 24-Feb-20 | Received | Yes | Resolved           |   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 164                 | 165                             | Commitment not valued correctly  |            | X |  | 18-Feb-20 | 25-Feb-20 | 21-Feb-20 | Received | Yes | Not resolved       | Management's comments noted.<br><br>Auditors however do not agree.<br><br>Item 1:<br>Cheque 10114432 in the amount of R1 244 282.06 paid to Maritz Attorneys (Trust account) is for the payment of invoice 2268 dated 22/03/2018. Due to the fact that the Municipality records transactions on the accrual basis, this transaction relates to the 2017/18 financial year and should not be included in the 2018/19 financial year. Furthermore, through inspection of the WIP Reconciliation schedule obtained from the Municipality, it was confirmed that this cheque was reversed against the project and the total amount paid during the current year amounts to R4 857 279.79 (Excl). This amount agrees to the recalculations performed by the auditors. This item is therefore not resolved.<br><br>Item 2:<br>Cheque 10119206 in the amount of R2 093 355.12 is included the in the calculation, with cheque 10117277 in the amount of R1 200 000.00. Furthermore, through inspection of the General Ledger for the 2018/19 financial year, these two cheques were the only cheques paid to Beka Schreder, except for cheque 10116546 in the amount of R3 293 355.00 that was cancelled. Lastly, through inspection of the WIP Reconciliation schedule obtained from the Municipality, it was confirmed that an amount of R2 863 787.06 (Excl) was paid for this project, and this agrees to the reconciliation performed by the auditors. This item is therefore not resolved.<br><br>Item 3:<br>Cheque 10119072 in the amount of R18 400.00 paid to Ess Equilibrium Safety Solutions is not included in the calculation due to the fact that Project Theronia WWTW Phase 1 granted to Contractor Pelatona Projects (Pty) Ltd was selected for detailed testing and not the entire project as the projects are split between the different contractors as per the Commitment Register. This cheque should not be included in this project; therefore, this item is not resolved.   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 165                 | 179                             | Investment Property: Items could not be traced to the valuation roll       |            |   |  | 18-Feb-20 | 25-Feb-20 | 24-Feb-20 | Received | Yes | Resolved           |   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 166                 | 76                              | Procurement - Limitation of scope (CIBD documents not submitted)           | X          |   |  | 24-Feb-20 | 02-Mar-20 | 02-Mar-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 167                 | 224                             | Infrastructure assets: Prior year asset verification (Limitation of scope) |            |   |  | 18-Feb-20 | 25-Feb-20 | 28-Feb-20 | Received | Yes | Resolved           |   | 3 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 168                 | 77                              | Procurement CIBD Requirements  | X          |   |  | 18-Feb-20 | 25-Feb-20 | 24-Feb-20 | Received | Yes | Partially resolved | Part A<br>Management response is noted. Through inspection of the website for Royal Haskoning DHV (Pty) Ltd ( <a href="https://www.royalhaskoningdhv.com/">https://www.royalhaskoningdhv.com/</a> ) and through inspection of the appointment letter, we confirmed that Royal Haskoning DHV (Pty) Ltd is a consulting engineer and not a contractor. As such, the CIBD requirements is not applicable for this bidder.<br>Therefore, Part A of this finding has been resolved.<br>Part B<br>Management response is noted. Inspected the CIBD attachment provided by management. It was confirmed that the search was performed on the 21 February 2020 thus the auditors could not confirm that at the date of the award in 2017, the grading of the supplier was at 6GB PE.<br>However, through inspection of the letter dated 30 August 2013 from CIBD which indicates that Motsewarona has been successfully upgraded to 2GB, 2EP.<br>The required CIBD grading is 2GB/SQ or higher.<br>Based on the above, we can confirm that the bidder is at the required level.<br>Therefore, this part of the finding is resolved.<br>Part C<br>Management response is noted. The auditors take note that this supplier is appointed on an "ad-hoc basis." As such, there is no tender value indicated on the appointment letter.<br>Inspected the proof of CIBD registration subsequently submitted by management and confirmed that Molaudi trading enterprise was registered on grading 4EP PE in 2017 when the supplier was appointed and not 5EP PE as indicated by management.<br>As per the general ledger, we could confirm that the total expenditure on the project is R1 226 741.60.<br>A contractor with a level 4 grading is able to bid for tenders with a maximum value of R4 000 000.<br>As at year end, the auditors could confirm that the expenditure incurred is less than the maximum tender value that the bidder can bid for based on their CIBD grading.<br>As the total expenditure is less than the tender value as at 30 June 2019, the auditors are of the opinion that the CIBD grading for this bidder is suitable for the value of this contract.<br>Therefore, this part of the finding has been resolved.<br>Part D and E<br>Management agrees with the finding thus the non-compliance and misstatement will be reported on accordingly.<br>Part F<br>Inspected the proof of CIBD grading report as submitted by the management and confirmed that Lesole Agencies was 6CE/PE in 2017. No proof of the total quoted as per deliverable was submitted thus the total of R2 638 907.37 as stated by management could not be confirmed.<br>Therefore, this part of the finding is not resolved. | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 169                 | 183                             | Procurement Bid Adjudication Committee                                     |            |   |  | 18-Feb-20 | 25-Feb-20 |           | Received | Yes | Resolved           |   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 170                 | 229                             | Non-compliance payments within 30 days                                     | X          |   |  | 18-Feb-20 | 25-Feb-20 | 20-Feb-20 | Received | Yes | Not resolved       | Management agrees with the finding therefore the finding remains.   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 171                 | 184                             | Procurement evaluation of bidders  | X          |   |  | 18-Feb-20 | 25-Feb-20 | 25-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 172                 | 181                             | Procurement advertisement in local news paper                              |            |   |  | 18-Feb-20 | 25-Feb-20 | 20-Feb-20 | Received | Yes | Resolved           |   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 173                 | 115                             | Sanitation Backlogs  |            | X |  | 18-Feb-20 | 25-Feb-20 | 20-Feb-20 | Received | Yes | Partially resolved | Management submitted the IDP review for the 2019/20 financial year.<br>The auditors evaluated the IDP for the 2019/20 financial year and the following conclusions were reached by the auditor:<br><br>- Paragraph 5.2 of the plan highlights the backlogs in the provision of sanitation services relating to toilet use in households. It indicates that local government is mandated to eradicate the bucket system and improve sanitation levels within the municipal area. The plan further details the percentage of households using the bucket system and pit toilets.<br>- The plan however only covers backlogs related to toilet use in households. It does not detail backlogs experienced in relation to waste water treatment facilities and the extent thereof.<br>- The finding is thus partially resolved.   | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 174                 | 232                             | Procurement required number of quotations                                  | X          |   |  | 18-Feb-20 | 25-Feb-20 | 25-Feb-20 | Received | Yes | Not resolved       | The SBD 4 was submitted and this part of the audit finding has been resolved. The cheque print has been attached to the payment voucher. However, the date of the award could still not be confirmed due to the above mentioned reasons. It was noted through engagement with management that the transaction went through a sundry payment thus there is no purchase order for it.<br>Management acknowledged that three quotes were not received and quotes which were received have been recorded on the deviation register. It remains the responsibility of management to obtain three quotations and the circular does not override the legislative requirements. The quotations could have been solicited by alternative processes to ensure compliance. The non-compliance thus remains and so does the irregular nature of the expenditure.  | 0 |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| 175                 | 227                             | Trade and Payables: Differences between listing and supporting document    |            | X |  | 18-Feb-20 | 25-Feb-20 | 25-Feb-20 | Received | Yes | Partially resolved | 1. Follex Group and Pakampho Electrical: The invoices submitted have been evaluated and the following difference still exists:<br><table><tr><td></td><td>Supplier Balance as per listing</td><td>Amount as per support</td><td>Difference</td></tr><tr><td>FOLLEX GROUP</td><td>9 396 987.66</td><td>8 693 451.96</td><td>703 535.70</td></tr><tr><td>PAKAMPHO ELECTRICAL</td><td>8 977 390.94</td><td>8 977 390.94</td><td>-</td></tr></table><br>2. Lele and Tshidi and Sheriff: Management agreed with the response. Finding therefore remains<br><br>3. Management agreed with the finding. Management has stated that a correcting journal will be processed, however no proposed journal has been submitted. Finding therefore remains<br><br>Projected error of R6 236 709.67 still remains   |   | Supplier Balance as per listing | Amount as per support | Difference | FOLLEX GROUP | 9 396 987.66 | 8 693 451.96 | 703 535.70 | PAKAMPHO ELECTRICAL | 8 977 390.94 | 8 977 390.94 | - | 0 |
|                     | Supplier Balance as per listing | Amount as per support  | Difference |   |  |           |           |           |          |     |                    |   |   |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| FOLLEX GROUP        | 9 396 987.66                    | 8 693 451.96   | 703 535.70 |   |  |           |           |           |          |     |                    |   |   |                                 |                       |            |              |              |              |            |                     |              |              |   |   |
| PAKAMPHO ELECTRICAL | 8 977 390.94                    | 8 977 390.94   | -          |   |  |           |           |           |          |     |                    |   |   |                                 |                       |            |              |              |              |            |                     |              |              |   |   |

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| 176 | 228 | Trade Payables: Discrepancies identified on the creditor's listing                |   | X |  | 18-Feb-20 | 25-Feb-20 | 25-Feb-20 | Received | Yes | Not resolved       | Management agreed with the finding. Finding therefore remains.  | 0 |
| 177 | 216 | Irregular Expenditure misstatements   | X |   |  | 18-Feb-20 | 25-Feb-20 | 25-Feb-20 | Received | Yes | Partially resolved | (1) Item 1 – 5:<br>Inspected the annual financial statements for 2017/18 and 2018/19 and it could be confirmed that management disclosed the contingent liabilities. Through inspection of the annual financial statements 2018/9 (note 44) it was confirmed that civil litigations amounted to R123 516 181,00.<br>Further inspected the settlement agreement for the following case numbers 1430/2018 and 3429/2018, the court ordered the municipality to make payment to the following suppliers; Man in One and MBV. The Settlement Agreement was signed by the court registrar. Therefore, this part of the finding is resolved.<br>Item 6:<br>The invoice was submitted and audited, therefore this part of the finding is resolved.<br>Item 7:<br>Management acknowledges the finding; therefore, this part of the finding is not resolved. Auditors will wait for the adjusted financial statements. Remaining projected misstatement: R275 985,28<br>(2)<br>Inspected the annual financial statements for 2017/18 and 2018/19 and it could be confirmed that management disclosed the contingent liabilities. Through inspection of the annual financial statements 2018/9 (note 44) it was confirmed that civil litigations amounted to R123 516 181,00.<br>Further inspected the settlement agreement for the following case numbers 1430/2018 and 3429/2018, the court ordered the municipality to make payment to the following suppliers; Man in One and MBV. The Settlement Agreement was signed by the court registrar. Therefore, this part of the finding is resolved. | 0 |
| 178 | 234 | Unauthorised Expenditure capital expenditure budget                               | X |   |  | 18-Feb-20 | 25-Feb-20 | 25-Feb-20 | Received | Yes | Not resolved       | Management acknowledges the finding, waiting for the adjusted AFS. Therefore the finding remains  | 0 |
| 179 | 147 | Procurement Local Content   | X |   |  | 18-Feb-20 | 25-Feb-20 | 25-Feb-20 | Received | Yes | Not resolved       | Management response is noted. Therefore, the finding will be reported on accordingly.   | 0 |
| 180 | 220 | Procurement award not to the highest scoring bidder                               | X |   |  | 18-Feb-20 | 25-Feb-20 | 24-Feb-20 | Received | Yes | Not resolved       | Management response is noted. It was confirmed through the inspection of the general ledger that there was no expenditure there was however non-compliance that was confirmed in the process of procurement and procurement adjudication. The matter will be considered in terms of the compliance with the laws and regulations but it will not result in irregular expenditure. If the goods are ordered at a later stage based on this process the expenditure would then be incurred irregularly.   | 0 |
| 181 | 153 | Property, plant and equipment - Impairment losses                                 |   | X |  | 18-Feb-20 | 25-Feb-20 | 25-Feb-20 | Received | Yes | Not resolved       | Management's response noted.<br>Management should revisit the entire population of assets that were impaired during the current period under review and adjust the AFS accordingly. This matter is therefore not resolved.  | 0 |
| 182 | 187 | Completeness of Commitments   |   |   |  | 18-Feb-20 | 25-Feb-20 | 21-Feb-20 | Received | Yes | Received           |   | 0 |
| 183 | 237 | Irregular expenditure: Security services Bid 10/2009                              | X |   |  | 19-Feb-20 | 26-Feb-20 | 20-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 184 | 79  | (UIF) Non-compliance with MFMA Sec32(4)   |   | X |  | 19-Feb-20 | 26-Feb-20 | 20-Feb-20 | Received | Yes | Not resolved       | Inspected the Irregular Expenditure Register for 2018/19 and it was noted that management did not include the following steps in the register submitted with the financial statements on the 31 October 2019:<br>Step 1: Investigation procedures<br>(Name of the official responsible, Is there a financial loss? Municipality attained value for money? Was council committee appointed to investigate?)<br>Step 2: Has it been established if the person responsible for authorizing the expenditure acted in?<br>(Good Faith? Deliberately? Negligently or Gross Negligently?)<br>Step 3: Recommendations based on investigative findings<br>Step 4: Outcome: Write-off (Yes/No)<br><br>The MPAC reports (FWUE&IE) submitted are unsigned copies. These reports have been previously received and scrutinized, however the reports do not contain sufficient details regarding the investigations performed, i.e. specific amounts concerning the individual instances of irregular, unauthorized and fruitless and wasteful expenditure, reasons relating to each instance and individual/s responsible for the occurrence of the specific type of expenditure.<br>The finding therefore remains.  | 0 |
| 185 | 119 | Procurement incorrect bidder made an award  | X |   |  | 19-Feb-20 | 26-Feb-20 | 26-Feb-20 | Received | Yes | Not resolved       | The finding as included in the nature section indicated that management has not submitted the proof of advertisement, evaluation criteria and bid documents of the bidders were submitted. Management did not provide the auditors with the above-mentioned supporting evidence when management responded to the finding.<br><br>Furthermore, in managements response, the following was indicated:<br>"It was resolved that the bidders should be scored as per department and the top three bidders should be invited to a presentation. In this presentation, bidders were requested to provide samples of the requested goods to be evaluated in an effort to assist the committee in making an informed conclusion.<br><br>Hlanganisa Holdings failed to provide samples for verification of the quality of the protective clothing. Subsequently Hlanganisa Holdings was deemed as non-responsive."<br><br>As per managements response, the requirement for the bidders to make a presentation and submit samples of the protective clothing was only requested during the bid evaluation. Such a requirement was not included in the bid specifications nor was the requirement in the original tender. This is contrary to the principles of fairness as the request for providing samples and making a presentation was included after the bidders had submitted their bids.<br>Based on the reasons provided above, the finding is not resolved.  | 0 |
| 186 | 182 | Procurement bid specification minutes   |   |   |  | 19-Feb-20 | 26-Feb-20 | 25-Feb-20 | Received | Yes | Received           |   | 0 |
| 187 | 91  | Employee Cost - Differences with allowance payments                               |   | X |  | 19-Feb-20 | 26-Feb-20 | 26-Feb-20 | Received | Yes | Partially resolved | Management response has been noted and the following conclusion is made:<br>1. The differences on the calculation of the allowances paid will remain unresolved as no calculations were provided nor explanations regarding the response. No sufficient and appropriate information has been submitted supporting the calculations of the differences identified on allowances.<br>2. The issue with the terminated employees who appear to have been paid allowances is resolved as it was discussed with W. Jansen (Chief Clerk) and the appropriate information was submitted regarding the issue and the information was assessed.  | 0 |
| 188 | 210 | Compliance - Strategic Planning   |   | X |  | 19-Feb-20 | 26-Feb-20 | 26-Feb-20 | Received | Yes | Not resolved       | Management agrees to the finding, and the matter remains and will be reported on in the management report.  | 0 |
| 189 | 185 | Procurement   | X |   |  | 19-Feb-20 | 26-Feb-20 | 26-Feb-20 | Received | Yes | Not resolved       | Management response is noted. Management is in agreement with the finding as the municipality will implement controls over the filing system in the next financial year to prevent future limitation of scope findings. Therefore, the finding remains as a limitation of scope in the 2018/19 financial year.  | 0 |
| 190 | 39  | PPE: Prior Year Finding   |   | X |  | 19-Feb-20 | 26-Feb-20 | 26-Feb-20 | Received | Yes | Partially resolved | Management response has been noted. The items have been successfully traced to the other movables asset register, where applicable, however three items could not be traced to the register of which management has agreed with the finding. These items may result in the understatement of the opening balance of other movable assets to the projected amount of R5 005 278. Therefore the finding remains.  | 0 |
| 191 | 236 | Receivables Allowance for impairment (Valuation)                                  | X |   |  | 20-Feb-20 | 27-Feb-20 | 24-Feb-20 | Received | Yes | Not resolved       | Management agrees with the finding. Therefore, the finding remains, awaiting adjusted AFS.  | 0 |
| 192 | 163 | Revenue: Services Charges (Completeness)  |   | X |  | 20-Feb-20 | 27-Feb-20 | 27-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 193 | 230 | Revenue from service charges (Water and Electricity)                              |   | X |  | 20-Feb-20 | 27-Feb-20 | 26-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 194 | 206 | Property Rate - The consumer is not billed on monthly basis                       | X |   |  | 20-Feb-20 | 27-Feb-20 | 26-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 195 | 238 | Trade Payables - Supplier Invoices not dated                                      |   | X |  | 20-Feb-20 | 27-Feb-20 | 27-Feb-20 | Received | Yes | Not resolved       | The email that has been submitted has been evaluated and it is acknowledged that New Genesis will provide corrected invoices to the Municipality. The finding will remain until the corrected invoices can be inspected and evaluated.  | 0 |
| 196 | 239 | Trade Payables - Could not confirm reconciling items on the creditor listing      |   | X |  | 20-Feb-20 | 27-Feb-20 | 27-Feb-20 | Received | Yes | Not resolved       | Management has agreed to adjust the listing and remove the reconciling items from the listing by means of proposed journals. The journals have been evaluated and are deemed appropriate. Finding will remain until the adjusted AFS are submitted.   | 0 |
| 197 | 244 | Fruitless and Wasteful Expenditure Completeness                                   |   | X |  | 20-Feb-20 | 27-Feb-20 | 27-Feb-20 | Received | Yes | Not resolved       | Management acknowledged the finding, awaiting the adjusted financial statements.  | 0 |
| 198 | 226 | Cash Flow Statement   | X |   |  | 21-Feb-20 | 28-Feb-20 | 25-Feb-20 | Received | Yes | Not resolved       | The Cash Flow Statement should be amended to correct the presentation and disclosure issue communicated to management. This issue therefore remains.  | 0 |
| 199 | 246 | Receivables from exchange transaction : Limitation of Scope (Solar System)        |   |   |  | 21-Feb-20 | 28-Feb-20 | 25-Feb-20 | Received | Yes | Received           |   | 0 |
| 200 | 111 | PPE - Application of the asset management policy                                  |   | X |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received | Yes | Partially resolved | The finding is partially resolved, awaiting the adjusted financial statements.  | 0 |
| 201 | 186 | PPE - Assets included in asset register at zero value                             |   | X |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received | Yes | Partially resolved | The finding is partially resolved, awaiting council write-off or scrapping of assets  | 0 |
| 202 | 40  | Receivables from exchange transactions - Active meters not billed during the year | X |   |  | 21-Feb-20 | 28-Feb-20 | 02-Mar-20 | Received | No  |                    | Management response has been received. Awaiting assessment from auditor   | 3 |
| 203 | 240 | Provision of landfill sites   |   | X |  | 21-Feb-20 | 28-Feb-20 | 25-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 204 | 214 | PPE - WIP   | X |   |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 205 | 245 | AFS, APR, Annual Report   |   | X |  | 21-Feb-20 | 28-Feb-20 | 25-Feb-20 | Received | Yes | Not resolved       | Management agrees with finding  | 0 |
| 206 | 247 | Contract Management- Limitation of Scope  | X |   |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received | Yes |                    | Management response has been received. Awaiting assessment from auditor   | 0 |

|     |           |   |   |   |  |           |           |           |                 |              |                    |   |   |
|-----|-----------|---|---|---|--|-----------|-----------|-----------|-----------------|--------------|--------------------|---|---|
| 207 | 193       | Procurement awards to suppliers not tax compliant   | X |   |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received        | Yes          | Not resolved       | Item (1) Inspected the irregular expenditure register and confirmed that the expenditure amounting to R 4 184 140.57 was incurred to Moon and Earth. However, no supporting evidence was provided to the auditors to prove that the difference of R3 520 487.34 was incurred in respect of other goods and services acquired from Moon and Earth and not in respect of electrical disconnections. We reconsidered all of the payments and determined a final amount and are of the opinion that IE is understated by R410 846 as all related moon and earth was not included in the IE register. The non-compliance is considered confirmed<br><br>Item (2) There is no evidence provided to the auditors indicating how much was incurred in respect of the tender 05/2018. This portion was also not reflected on the irregular expenditure register. We reconsidered the total value of payments relating to this tender and determined the value of IE to be R4 860 338.10. Therefore, this part of the finding is not resolved. We also note based on management's response that the non-compliance is confirmed.<br><br>Item (3) The auditors confirm that the final amount of IE to be disclosed is R6 362 049.11. The auditor's will wait for the adjusted annual financial statements and confirm that this has been included in the irregular expenditure. We note the non-compliance to be confirmed<br><br>Item (4) The auditors confirm that the final amount of IE to be disclosed is R4 691 940.24. The auditor's will wait for the adjusted annual financial statements and confirm that this has been disclosed on the irregular expenditure. The non-compliance is considered confirmed | 0 |
| 208 | 241& 242  | Consultants   |   | X |  | 21-Feb-20 | 28-Feb-20 | 25-Feb-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 209 | 248       | PPE - Completed assets not transferred from WIP to completed assets                           |   | X |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received        | Yes          | Partially resolved | The finding is partially resolved, awaiting the adjusted financial statements.  | 0 |
| 210 | 249       | Procurement Deviation   |   | X |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received        | Yes          | Not resolved       | Management acknowledged the finding therefore the finding remains, auditor will wait for the adjusted irregular register and financial statements.  | 0 |
| 211 | 260       | Prior Year Adjustments  |   | X |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received        | Yes          | Partially resolved | Management's comment noted.<br><br>The following journals were subsequently received:<br>• Journal 1819JUNE92<br>• Journal 1819JUNE112<br>• Journal 1819JUNE128<br>• Journal 1819JUNE129<br>• Journal 1819JUNE134<br>No supporting documents were attached to these journals to corroborate the reasons nor the amounts for these journals. No audit procedures could be performed on these journals due to the scope limitation.<br>This matter is therefore not resolved  | 0 |
| 212 | 243       | Revenue from interest revenue   |   | X |  | 21-Feb-20 | 28-Feb-20 | 27-Feb-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 213 |           | Audit Communication - Meloding New Hall   |   | X |  | 21-Feb-20 | 28-Feb-20 | 28-Feb-20 | Received        | Yes          | Not resolved       | Management responses is noted and management must ensure that the escalation is not claimed on the project. The issue will remain as internal control as the escalation is present in BOQ and only upon completion of the project will the auditors be in position of assessing whether this was not claimed.   | 0 |
| 214 | WITHDRAWN |   |   |   |  |           |           |           | Withdrawn       |              |                    |   | 0 |
| 215 | 96        | Employee Costs : Discrepancies identified on 3rd party payments                               |   | X |  | 24-Feb-20 | 02-Mar-20 | 27-Feb-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 216 | 250       | Procurement: Regulation 12(3)   | X |   |  | 24-Feb-20 | 02-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 217 | 137       | Procurement: No SBD 4 Submitted   | X |   |  | 24-Feb-20 | 02-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 218 | 251       | Procurement: Limitation of scope (deviations and quotation)                                   |   | X |  | 24-Feb-20 | 02-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 219 | 252       | Procurement: Deviation Disclosures  |   | X |  | 24-Feb-20 | 02-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 220 | 233       | Procurement Deficiencies in contract management   |   | X |  | 24-Feb-20 | 02-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 221 | 235       | Compliance HR -Staff establishment not approved by council                                    |   |   |  | 24-Feb-20 | 02-Mar-20 | 25-Feb-20 | Received        | Yes          | Not resolved       | Duplication of 188,   | 0 |
| 222 | 256       | Expenditure: Negative Balances disclosed on Note 36   |   | X |  | 04-Mar-20 | 11-Mar-20 |           | Issued, not due |              |                    |   | 0 |
| 223 | 259       | Procurement Contract Participation Regulation 32  | X |   |  | 24-Feb-20 | 02-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 224 | 254       | Trade Payables: Differences Between Creditors List and General Ledger                         |   | X |  | 24-Feb-20 | 02-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 225 | 161       | Contracted Services: Payments made without approval and/or verification of funds              |   | X |  | 24-Feb-20 | 02-Mar-20 | 25-Feb-20 | Received        | Yes          | Not resolved       | Management agrees, therefore finding remains  | 0 |
| 226 | 257       | Employee costs: Overtime payments differences identified                                      |   | X |  | 25-Feb-20 | 03-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 227 | 255       | Cash and cash equivalents: Differences between AFS amount and bank confirmation               |   | X |  | 25-Feb-20 | 03-Mar-20 |           | Overdue         |              |                    | #VALUE!   | 0 |
| 228 | 261       | Phomolong pump station: Fruitless and wasteful expenditure due to extension of time           |   | X |  | 25-Feb-20 | 03-Mar-20 | 02-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 229 | 263       | Unspent conditional grants_ unspent grants with no approved roll overs and not backed by cash |   | X |  | 25-Feb-20 | 03-Mar-20 | 26-Feb-20 | Received        | Yes          | Not resolved       | Management agrees with the finding and have indicated that they will adjust the financial statement. Matter will be resolved once we receive the adjusted AFS.  | 0 |
| 230 | 41        | Employee Costs - Overtime compliance issues   |   | X |  | 25-Feb-20 | 03-Mar-20 | 03-Mar-20 | Received        | Yes          |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 231 | 231       | Payables from exchange transactions (Discrepancies identified)                                |   | X |  | 25-Feb-20 | 03-Mar-20 | 28-Feb-20 | Received        | Yes          | Partially resolved | Number 1.1<br>Management partially agreed with the finding. The following differences still exist:<br><br>Account Balance as per BP 147 Balance as per system Difference<br>12345320 (10 000.00) (10 000.00) -<br>12346526 (1 050.62) (500.62) (550.00)<br>12547844 (1 800.00) (800.00) (1 000.00)<br>99999995 (4 072.68) (5 617.68) 1 545.00<br><br>Number 1.2<br>Management has agreed with the finding. Management has stated that an adjustment will be made and a list of debtors will be provided. Finding will remain until the adjusted annual financial statements are received.<br><br>Number 1.3.1<br>Management agreed with the finding. Finding will therefore remain.<br><br>Number 1.3.2<br>The Eskom statements as at 30 June 2019 have been received and evaluated and the finding has since been resolved.<br><br>Number 1.4<br>Management has not provided a response for this point. Finding will therefore remain.   | 0 |
| 232 | 122       | Budget Statement  |   | X |  | 25-Feb-20 | 03-Mar-20 | 25-Feb-20 | Received        | Not resolved | Not resolved       | Management agrees with finding and the adjustment will be considered after the receipt of the adjusted financial statements   | 0 |
| 233 | 262       | Control Management Control deficiencies   |   | X |  | 25-Feb-20 | 03-Mar-20 | 03-Mar-20 | Received        |              |                    | Management response has been received. Awaiting assessment from auditor   | 0 |
| 234 | 235       | HR Compliance - Staff establishment not approved by council                                   |   | X |  | 25-Feb-20 | 03-Mar-20 | 04-Mar-20 | Received        |              |                    | Management response has been received. Awaiting assessment from auditor   | 1 |
| 235 | 264       | Other Income  |   | X |  | 02-Mar-20 | 09-Mar-20 |           | Issued, not due |              |                    |   | 0 |
| 236 | 258       | Other receivables - Traffic fines receivables recorded at incorrect amounts<br>Audit Finding  |   | X |  | 02-Mar-20 | 09-Mar-20 |           | Issued, not due |              |                    |   | 0 |
| 237 | 162       | Other receivables - Limitation of scope on traffic fines receivables                          |   | X |  | 02-Mar-20 | 09-Mar-20 |           | Issued, not due |              |                    |   | 0 |
| 238 | 265       | Revenue from service charges: Disconnected meters being billed                                | X |   |  | 02-Mar-20 | 09-Mar-20 |           | Issued, not due |              |                    |   | 0 |
| 239 | 267       | Consumer Deposits - Differences identified between amounts recognised and supporting          |   | X |  | 02-Mar-20 | 09-Mar-20 |           | Issued, not due |              |                    |   |   |
| 240 | 269       | Receivables from exchange transactions (Rental) - Existence                                   |   | X |  | 02-Mar-20 | 09-Mar-20 |           | Issued, not due |              |                    |   |   |
| 241 | 270       | Receivables from exchange transactions (Rental) - Rights                                      |   | X |  | 02-Mar-20 | 09-Mar-20 |           | Issued, not due |              |                    |   |   |
| 242 | 268       | Receivables from exchange transactions - Interest not charged on overdue accounts             |   | X |  | 03-Mar-20 | 10-Mar-20 |           | Issued, not due |              |                    |   |   |
| 243 | 271       | Receivables from exchange transaction (Rentals) - Rights                                      |   | X |  | 03-Mar-20 | 10-Mar-20 |           | Issued, not due |              |                    |   |   |
| 244 | 275       | Receivables from Exchange Interest not charged on outstanding debtors                         |   | X |  | 03-Mar-20 | 10-Mar-20 |           | Issued, not due |              |                    |   |   |
| 245 | 274       | Receivables from exchange transactions - Classification of sundry receivables                 | X |   |  | 03-Mar-20 | 10-Mar-20 |           | Issued, not due |              |                    |   |   |
| 246 | 195       | Procurement -Municipal accounts outstanding   | X |   |  | 03-Mar-20 | 10-Mar-20 |           | Issued, not due |              |                    |   |   |
| 247 |           |   |   |   |  |           |           |           |                 |              |                    |   |   |
| 248 |           |   |   |   |  |           |           |           |                 |              |                    |   |   |
| 249 |           |   |   |   |  |           |           |           |                 |              |                    |   |   |

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| 253 |  |  |  |  |  |  |  |  |  |  |  |  |  |