

ACTION PLAN FOR AUDITOR-GENERAL'S REPORT ON THE REGULARITY AUDIT AND AUDIT OF PERFORMANCE INFORMATION PERFORMED AT SEDIBENG DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2010

SUMMARY OF AUDIT FINDINGS AND PLANNED COURSE OF ACTION

AUDIT REPORT ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT - None

AUDIT REPORT ANNEXURE B: OTHER IMPORTANT MATTERS

AUDIT REPORT ANNEXURE C: ADMINISTRATIVE MATTERS

NO.	A G PG. NO.	FINDING	CLASSIFICATION	REPORTED IN PREVIOUS YEAR	RESPONSIBLE CLUSTER AND DEPARTMENT	ACTION	TARGET DATE
GOVERNANCE							
C1	45	The Risk Register has not been updated	Compliance	Yes	OMM: RISK MANAGEMENT	AG recommendation to be implemented.	30-Jun-11
C26	47	Risk Assessment procedures have not been performed	Compliance	Yes	OMM: RISK MANAGEMENT	AG recommendation to be implemented.	30-Mar-11
B11	32	Audit Committee: No evaluation of audit committee by Council.	Compliance	Yes	OMM: INTERNAL AUDIT	AG recommendation to be implemented.	30-Jun-11
B12	33	Insufficient segregation of duties	Internal control	No	FINANCE: CFO	AG recommendation to be implemented.	30-Jun-11
CONTINGENT LIABILITIES							
B1	19	Non disclosure of contingent liabilities	Financial statements	No	FINANCE: FINANCIAL MANAGEMENT & BUDGETS	Agreed. Disclosed in the financial statements	Actioned
EMPLOYEE COSTS							
B10	31	Over expenditure on Salaries and Grants	Internal control	No	FINANCE: FINANCIAL MANAGEMENT & BUDGETS	Agreed. Disclosed in the financial statements	Actioned
C25	46	Leave not captured on system but manually approved	Internal control	No	CORPORATE SERVICES: H R	Only one employee's leave not captured on the systems whereby additional control measures will be affected to ensure proper control example an electronic time management system which is in the current financial year's budget.	30-Jun-11
PROPERTY PLANT & EQUIPMENT							
B2	20	No note was raised for change in accounting estimate	Financial statements	No	FINANCE: FINANCIAL MANAGEMENT & BUDGETS	Agreed. Note raised in the financial statements	Actioned
B22	42	Understatement of Depreciation	Financial statements	No	FINANCE: FINANCIAL MANAGEMENT & BUDGETS	Agreed. Recommendation effected by means of a rectification on financial statements	Actioned
B23	43	Assets Transferred were incorrectly recognised	Financial statements	No	FINANCE: CFO	Management agrees with the finding and have adjusted the financials accordingly. In the 2008/09 financial year the AG advised council to change the statements based on their interpretation at the time of audit. Subsequently these transactions were reversed to the original state based on the GRAP standards.	Actioned

NO.	A G PG. NO.	FINDING	CLASSIFICATION	REPORTED IN PREVIOUS YEAR	RESPONSIBLE CLUSTER AND DEPARTMENT	ACTION	TARGET DATE
OPERATING EXPENDITURE							
B24	44	Fruitless and wasteful expenditure incurred	Compliance	No	OMM: MM/ COO	Agreed. Disclosed in the financial statements	Actioned
B9	30	Non compliance with supply chain policies	Compliance	No	FINANCE: SUPPLY CHAIN MANAGEMENT	AG recommendation to be implemented.	30-Jun-11
B4	21	Non declaration of business, commercial and other financial interests by officials	Compliance	No	FINANCE: SUPPLY CHAIN MANAGEMENT	Register to be updated as per AG recommendation to be implemented.	30-Jun-11
B3	20	Non disclosure of deviations from supply chain management procedures	Compliance	No	FINANCE: SUPPLY CHAIN MANAGEMENT	Agreed. Information consolidated into a monthly report to the Finance Portfolio Committee	Actioned
B14	35	Non disclosure of Operating Leases in terms of GRAP 13	Financial statements	No	FINANCE: FINANCIAL MANAGEMENT & BUDGETS	Agreed. Recommendation effected on financial statements	Actioned
PERFORMANCE INFORMATION							
B5	23	The IDP does not reflect 3 year budget projection	Service delivery	Yes	SPED: IDP	Agreed. Actioned during compilation of 2010/2011 IDP.	Actioned
B6	23	Performance indicators are not fully measurable	Service delivery	Yes	OMM: ORGANISATIONAL PERFORMANCE	AG recommendation to be implemented.	30-Jun-11
B7	24	Lack of reporting on predetermined objectives in annual report	Service delivery	Yes	OMM: ORGANISATIONAL PERFORMANCE	AG recommendation to be implemented.	30-Jun-11
PROVISIONS							
B13	34	Inadequate provision raised for doubtful debts	Financial statements	No	FINANCE: FINANCIAL MANAGEMENT & BUDGETS	Agreed. Necessary adjustment effected	Actioned
RECEIVABLES							
B8	29	Bank error incorrectly raised as account receivable at year end	Financial statements	No	FINANCE: FINANCIAL MANAGEMENT & BUDGETS	AG recommendation noted and bank error to be corrected in 2010/2011 AFS.	30-Jun-11
IT RELATED ISSUES							
B15	36	IT Governance	Internal control	No	CORPORATE SERVICES: I M	A risk officer from the IM Department was elected and will oversee the Risk Management activities of the department	30-Jun-11
B16	37	User account management	Internal control	No	CORPORATE SERVICES: I M	This oversight will be addressed and rectified in the review of the current policies and will be implemented	30-Jun-11
B17	38	Monitoring and reviewing access rights activities	Internal control	No	CORPORATE SERVICES: I M	The proper sign-off evidence will be filed and maintained and the policy managing access control will be amended and implemented.	30-Jun-11
B18	39	Operating system security settings	Internal control	No	CORPORATE SERVICES: I M	I M department does not make use of these settings anymore as we are using Novel Identity Management System (IDM).	28-Jan-11
B19	40	Physical access and environmental controls	Internal control	No	CORPORATE SERVICES: I M	The activity log program will be printed, signed and filed according to the recommendation. The matter of an evacuation and emergency plan will be forwarded to the Department Security in the Corporate Services Cluster.	30-Jun-11

NO.	A G PG. NO.	FINDING	CLASSIFICATION	REPORTED IN PREVIOUS YEAR	RESPONSIBLE CLUSTER AND DEPARTMENT	ACTION	TARGET DATE
B20	41	Backup operation	Internal control	No	CORPORATE SERVICES: I M	The current status quo is to await installation of the new server during October 2010.	Actioned
B21	41	Disaster recovery plan	Internal control	No	CORPORATE SERVICES: I M	The DRP is currently under review; Three additional servers were procured to enhance the current DR Plan; A total review of the Venus DRP will take place as soon as the new Venus Server is installed and operational.	30-Jun-11

* All financial related matters of emphasis were complied with in accordance to the MFMA and appropriately substantiated to the Auditor-General.