



SECTION 139(1)(B)

PROVINCIAL INTERVENTION

REPORT

MAY 2017

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Administrator

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1. Background

The May 2017 section 139 (1) (b) intervention report is a continuation of the support initiative introduced by the KZN Cogta since 2015.

2. Purpose of the report

The purpose of this report is to reflect the status quo on the back to basic initiative by UMkhanyakude District Municipality. The report will mostly lean towards the remedial actions on the adverse findings of the Auditor General report of 2016/17

3. Back to basic overview summary

This part of the report will reflect the high level status quo of the back to basics. The detailed of the report will be covered under the **recovery plan performance report**.

3.1 Good governance

Governance is defined as the exercise of political, economic and administrative authority in the management of a country's (read municipality's) affairs at all levels. It comprises of the mechanisms, processes and institutions through which citizens and groups articulate their

interests, exercise their legal rights, meet their obligations and mediate their difference. The Auditor –General indicated that governance as a driver of internal controls in a municipality has generally improved over the past five years, with 20% of municipalities requiring intervention in the governance area in 2014/15 as opposed to the 24% in 2013/14

- Council meetings
- Audit Committee
- Municipal Public Accounts Committee (MPACs)

3.2 Sound financial management

Sound financial management practices are essential for the long-term sustainability of municipalities. Municipal financial management involves managing a range of interrelated components, i.e. planning and budgeting, revenue, cash and expenditure management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental effective and efficient and that municipalities can be held accountable.

3.3 Putting people first

Putting people first, is about realising participatory governance in municipalities and serves to deepen democracy, increase the effectiveness of policy formulation and implementation, and create an enabling environment empowerment and capacity building in previously marginalised communities. At the conclusion of the first phase, progress with the implementation of this pillar of B2B can be summarised in the following trend:

3.4 Building Institutional capabilities

42 municipalities (i.e. 15,1% nationally) that reported to the monthly B2B questionnaire, indicated that the MM position was filled less than 75% of the time. This increased to 20,1% for CFO both the positions were filled for less than 75% of time. These municipalities are particularly vulnerable administratively

3.5 Basic service delivery

The community survey 2016 provides a progress update of access to basic service.

- **Access to improved water source**

92, 5 % of households had access to improved drinking water sources nationally by 2016. The department of water and sanitation reported however, as follows to the inter-ministerial task team on service delivery during September 2016the reality is that due to poor/lack of effective operations and maintenance, vandalism and theft 10% of the (water) schemes have become dysfunctional, resulting in only 85% of schemes remaining operational (these are the schemes that are functional but not necessary providing reliable services)

- **Access to flush and chemical toilets**

60,6% of households in 2016 had access to flush toilets that are connected to a sewerage system, compared to 57% in 2011. Of the 60,6% of households with access to flush toilets, higher proportion (i.e. 49,5%) of toilets are located in the yard, as

compared to 45,6% of those that are in the dwelling/house- a difference of 3,9%.

Toilets accessed from outside the yard, totals 4,9%

- Access to electricity
- Access to refuse removal
- Time taken to repair unplanned service interruptions

4. Recovery plan

B2B PILLAR	Responsible Official	Nature Of Audit Query	Audit Finding	Action Plan	Due Date	Progress
4.1 Sound financial management	Finance services/technical services	Property, plant and equipment	The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17 Property, Plant and Equipment. Completed assets were recognised as assets under construction and were not depreciated. The Auditor was unable to determine the impact of this misstatement as it was impractical to do so. In addition assets under construction and movable tangible assets could not be verified. The Auditor was unable to confirm the assets by alternative means. Consequently the Auditor was unable to determine whether any further adjustment to property, plant and equipment stated at R1.66 billion in note 8 to the financial statements was necessary.	• With assistance from Technical Services, Finance Department will put together a team who will investigate such assets through site visitation and source project files	30-Jun-17	In May 2017 a team has been put together to start the asset verification.
				• Engage asset management specialist	30-Jun-17	Asset management specialist has been engaged and will resume duties on 06 June 2017
				• Prepare and maintain project files for all current projects	30-Jun-17	Projects files are maintained for all current projects (See attachment A)
				• Engage AG and obtain fixed asset register that was not qualified	30-Jun-17	A fixed asset register which was not qualified has been obtained from the AGSA on the 22 May 2017
				• Request from consultants projects files and investigate	30-Jun-17	Consultants have been engaged to provide project where applicable. (See attachment B)
				• Corrections will be made on the FAR upon finalization of the exercise.	30-Aug-17	Adjustments and corrections will be processed as and when a need arise.
				• A submission will be made to council where necessary and have the assets written off if they do not exist.	30-Aug-17	Upon finalisation of asset verification process; assets not verified will be recommended to council for write-off.
		Revenue, receivables from exchange transactions, other receivables from exchange transactions and vat receivable	The municipality did not account for revenue from exchange transactions in accordance with GRAP 9 Revenue from exchange transactions due to inadequate internal controls in the billing and estimation thereof. The Auditor-General was unable to determine the resultant impact of this misstatement on service charges revenue, receivables from exchange transactions, the surplus for the period and accumulated surplus as it was impractical to do so. Consequently, the Auditor-General was unable to determine whether, any adjustment to the service charges stated at R 23.33 million (2015: R32.56 million) in note 16 and the related receivables from exchange transactions stated at R74.98 million (2015:R79.95) million in note 4 to the annual financial statements, was necessary. The Auditor-General was unable to obtain sufficient appropriate audit evidence for other receivables from exchange	• Update and roll out of all the revenue related process flows and procedures.	30-Aug-17	All revenue related process flows and procedures were updated and rolled out together with the revenue enhancement strategy. (See attachment C)
				• Finalize data cleansing and compile an accurate indigent register.		CoGTA has agreed to assist with Data Cleansing Exercise. Communications with Rajesh Ranjith is in progress regarding this issue. (email sent 22 May 2017)
				• Install meters in ALL the elite areas and repair all broken and faulty meters.		About 5000 new meters have been installed through the non-revenue projects. This is a multi-year project. The 5000 new meters installed equates to about 30% completion.
				• Allocate meter readers in all the metered areas.		Meter readers were allocated in all the metered areas. (See attachment D)

B2B PILLAR	Responsible Official					
		Nature Of Audit Query	Audit Finding	Action Plan	Due Date	Progress
			transactions due to the status of the accounting records. The Auditor-General was unable to confirm this amount by alternative means. Consequently, the Auditor-General was unable to determine whether any adjustment, relating to other receivables from exchange transactions stated at R3.76 million (2015:R1.35 million) as disclosed in note 5 to the financial statements, was necessary.	<ul style="list-style-type: none"> Create a meter reading route list/schedule that will be approved by the CFO, for use by the readers. 	30-Jun-17	A meter reading route has been created for use by the meter readers. (See attachment D)
				<ul style="list-style-type: none"> The meter reading process will be monitored on a regular basis. 	30-Jun-17	Meter reading is monitored on a regular basis. (See attachment E)
				<ul style="list-style-type: none"> Close monitoring over capturing process and review of exception reports. 	30-Jun-17	An acting revenue manager has been appointed in the revenue section to strengthen review controls
				<ul style="list-style-type: none"> Identify a lucrative customer base to target for collection and strengthen our relationship. 	30-Jun-17	Top 100 consumers have been identified and engaged. Regular meetings are held. <ul style="list-style-type: none"> 23 of 100 commercial customers have been engaged. 5 out of 8 government departments owing the municipality have been engaged.
			The Auditor-General was unable to obtain sufficient appropriate audit evidence for other receivables from exchange transactions due to the status of the accounting records. The Auditor-General was unable to confirm this amount by alternative means. Consequently, the Auditor-General was unable to determine whether any adjustment, relating to other receivables from exchange transactions stated at R3.76 million (2015:R1.35 million) as disclosed in note 5 to the financial statements, was necessary.	<ul style="list-style-type: none"> Identify all consumers with balances outstanding for more than 90 days, and amounts exceeding R 100 000. Engage with these customers and agree on a payment plan. 	30-Jun-17	(See Attachment F)
				<ul style="list-style-type: none"> The municipality will implement the revenue enhancement strategy as approved by the Council 	30-Jun-17	A revenue enhancement strategy has been approved by council and is being implemented on an ongoing basis. (See Attachment F)
				<ul style="list-style-type: none"> The Credit control policy will be updated and presented to council February 2017 which will guide the municipality on the processes that needs to be followed. 	30-Jun-17	A credit control policy was updated and presented to council for adoption. See attachment G)
				<ul style="list-style-type: none"> Assess recoverability of long outstanding debtors and propose write offs to council. 	30-Jun-17	One of the functions of the credit and debt steering committee is to assess the recoverability of long outstanding debtors. Once the exercise is complete, recommendations will be made to council for approval
			The municipality did not recognise value-added taxation (VAT) on the accrual basis of accounting as required by GRAP1 Presentation of financial statements. The Auditor-General was unable to determine the full extent of the misstatement of VAT receivable stated at R45.74 million (2015:R18.06 million) in note 6 of the financial statements as it was impractical to do so. Additionally, there was a resultant impact on the accumulated surplus.	<ul style="list-style-type: none"> Vat related training will be scheduled and officials to attend 	30-Jun-17	VAT related trainings were attended by responsible officials. (See attachment H)
				<ul style="list-style-type: none"> Reviews of the VAT reconciliation will now be done on a monthly basis. 	30-Jun-17	VAT reconciliations are performed on a monthly basis. (See attachment I)

B2B PILLAR	Responsible Official					
		Nature Of Audit Query	Audit Finding	Action Plan	Due Date	Progress
Sound financial management	Chief finance officer	Expenditure prior year unresolved misstatement	The Auditor-General was unable to obtain sufficient appropriate audit evidence related to prior year expenditure due to the status of the accounting records and was subsequently unable to confirm the prior year expenditure by alternative means. Consequently, the Auditor-General was unable to determine whether, any adjustment relating to the expenditure stated at R404.87 million in the financial statements comparative figures, was necessary.	<ul style="list-style-type: none"> Establish a task team who will be 100% dedicated to obtaining all supporting documents that could not be presented to the auditors. 	30 June 2017	A 100% voucher audit has been conducted to ensure that current year's supporting documents are maintained.
				<ul style="list-style-type: none"> The outstanding supporting vouchers for payments made by the municipality will be traced to the accounting system to obtain the order, payment information and other supporting documentation. 	30 June 2017	
				<ul style="list-style-type: none"> Establish a task team that will locate all the documents that were not provided to the AG. 	30 June 2017	A task team led by the CFO was established on 31 January 2017 to locate all the documents that were not provided to the AG.
				<ul style="list-style-type: none"> Create a new storage facility to keep and file all supporting documents 	30-Jun-17	A storage facility to keep and file all supporting documents as been identified.
				<ul style="list-style-type: none"> Develop a document management system policy 	30-Jun-17	A policy has been developed but not yet adopted by council (See attachment K)
				<ul style="list-style-type: none"> Implement strict controls over the retrieving of documents from the storage facility and isolate responsibilities to BTO management. 	30-Jun-17	A dedicated person has been nominated to control access to the BTO storage facility
				<ul style="list-style-type: none"> Ensure that all payment vouchers are scanned and properly filed in records section. 	30-Jun-17	As a back-up mechanism, all payment vouchers are scanned and saved on the server.
SOUND FINANCIAL MANAGEMENT	Municipal Manager / Chief Financial Officer	IRREGULAR EXPENDITURE	The municipality made payments in contravention to the supply chain management (SCM) legislation that were not included in irregular expenditure of R237.31 million (2015: R164.65 million) disclosed in note 35 to the financial statements. Adequate systems and controls were not in place to ensure that all irregular expenditure was accounted for. The Auditor-General was unable to determine the full extent of the irregular expenditure as it was impractical to do so.	<ul style="list-style-type: none"> Review SCM policy and monitor compliance 	30-Jun-17	SCM Policies have been reviewed. A compliance SCM internal memo was issued with a view of enforcing compliance. (See attachment L).
				<ul style="list-style-type: none"> Design and implement SCM compliance checklist 	30-Jun-17	SCM Compliance checklist was developed and are being implemented. (See attachment M).
				<ul style="list-style-type: none"> Prepare all SCM registers and report to all council structures 	30-Jun-17	SCM registers are prepared on a monthly basis and reported upon on council structures. (See attachment N)
				<ul style="list-style-type: none"> Classify, investigate all transgression and submit to council consideration (this exercise should be conducted by an independent service provider 	30-Jun-17	An independent service provider was appointed to classify, investigate all transgression. Report is being finalised and will be presented to council before 30 June 2017
				<ul style="list-style-type: none"> Internal auditors to review all SCM transactions 	30-Jun-17	The internal auditors (Ernst and Young) have been tasked to prepare and finalize internal audit plan which will also include review of SCM compliance and other related transactions.
SOUND FINANCIAL MANAGEMENT	Chief financial Officer / HOD Technical Services	WATER AND ELECTRICITY LOSSES	The Auditor-General was unable to obtain sufficient appropriate audit evidence for the R17.75 million (2015:R36.56 million) disclosed as water and electricity losses respectively in note 44 to the financial statements. This was due to inadequate systems and processes for the recording	<ul style="list-style-type: none"> Conduct an audit on all reservoirs to determine whether all have inlet and outlet bulk meters 	30-Jun-17	Monthly reports are generated by the services provider - JOAT indicating the extent of water losses incurred by the municipality (See ATTACHMENT O)
				<ul style="list-style-type: none"> Install bulk meters for both inlet and outlets in all reservoirs with identification numbers. 	30-Jun-17	Bulk meters were installed in all reservoirs by JOAT – (See Attachment P)

B2B PILLAR	Responsible Official					
		Nature Of Audit Query	Audit Finding	Action Plan	Due Date	Progress
			and monitoring of these losses. The Auditor-General could not confirm the disclosed losses through alternative means. Consequently The Auditor-General was unable to determine whether any adjustment, relating to the water and electricity losses disclosed in note 44 to the financial statements, was necessary.	<ul style="list-style-type: none"> Conduct an audit of household meters to discover illegal connections Formalize all households that connected illegally to the system. Review Water Services Bylaws for the District Municipality for approval by Council and gazette then after. Monitor and compute water losses both in kilolitres and rand values with traceable workings in all areas and follow them up accordingly Reconcile units of electricity purchased and units of electricity sold to determine losses both in Rands and Kilowatts and follow them up accordingly. 	30-Jun-17 30-Jun-17 30-Jun-17 30-Jun-17 30-Jun-17	Illegal connections are dealt with through the JOAT project and EPWP program. The municipality is still in process of addressing the issue of illegal connections (See Attachment Q) Water Services Bylaws have been reviewed by the provincial treasury consultants. Council still needs to approve bylaws (See Attachment R) The service provider - JOAT maintains on a monthly basis traceable water losses. (See Attachment S) Monthly reconciliations of electricity units purchased and sold are maintained by the revenue manager. (See Attachment T)
SOUND FINANCIAL MANAGEMENT	Chief Financial Officer	STATEMENTS OF CHANGES IN CASH FLOWS	The municipality did not prepare the statement of cash flows in accordance with GRAP 2 Cash flow statements. This was due to errors in the reconciliation of cash generated from operations disclosed in note 30 to the financial statements. The Auditor-General was not able to determine the full extent of the errors in the cash generated from operations stated at R246.49 million as it was impractical to do so. Consequently the Auditor-General was unable to determine whether any adjustment to the cash generated from operations stated at R246.49 million (205:R53.75 million) in the financial statements was necessary.	<ul style="list-style-type: none"> The municipality does not have internal capacity to prepare annual financial statements hence the following will be done: 	30-Jun-17	In-progress
				<ul style="list-style-type: none"> Secure the services of a consultant to provide support during the preparation of annual financial statements 	30-Jun-17	Services of the consultant have been secured. The consultant is on-site. (See Attachment U).
				<ul style="list-style-type: none"> Schedule training for internal staff on the preparation of AFS and GRAP compliance requirements 	30-Jun-17	Training and GRAP update will be arranged by the consultant.
				<ul style="list-style-type: none"> Prepare and maintain a working paper file for monthly end procedures 	31-Aug-17	Audit working paper files will be prepared and submitted to the AGSA
				<ul style="list-style-type: none"> Engage the AG for advice on matters affecting the AFS on a regular basis 	31-Aug-17	On-going engagements with the AGSA are taking place and will continue until the AFS are finalised.
				<ul style="list-style-type: none"> Audit Committee to review the adequacy of the financial statements prior to submission to the AG 	31-Jul-17	Not yet due. Audit Committee will review AFS prior to submission to AG
SOUND FINANCIAL MANAGEMENT	Chief Finance Officer / HOD Technical Services	MATERIAL LOSSES	As disclosed in note 36 to the financial statements, material losses of R27.43 million were incurred as a result of inventory losses written off.	<ul style="list-style-type: none"> Implement stringent controls over asset and inventory management 	30-Jun-17	Stock movements forms are utilised to account for all inventory items. Inventory count is planned for year-end to ensure accuracy and completeness of figures in the AFS
				<ul style="list-style-type: none"> Report the matter to the MPAC and Audit Committee 	30-Jun-17	The item on inventory losses will be included as an MPAC item for consideration. Meeting to sit as per scheduled dates for the 4 th Quarter.
Good governance	Municipal Manager	MEASURABILITY OF INDICATORS AND TARGETS	The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and be measurable. A total of 40% of targets were not specific and measurable.	<ul style="list-style-type: none"> Targets will be corrected in the 2016/2017 financial year. 	30-Jun-17	All performance indicators and targets were corrected. A session was held with CoGTA. (See attachment V)

B2B PILLAR	Responsible Official	Nature Of Audit Query	Audit Finding	Action Plan	Due Date	Progress
			<p>The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 40% of indicators were not well defined.</p> <p>The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 20% of indicators were not verifiable.</p>	<ul style="list-style-type: none"> An independent person or entity will be engaged to review and or assess the 2016/17 targets for measurability. 	30-Jun-17	
Good governance	Municipal Manager	RELIABILITY OF REPORTED PERFORMANCE INFORMATION	The FMPPI requires the municipality to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not reliable when compared to the source information.	<ul style="list-style-type: none"> To ensure that our approved SDBIP indicate the type of document required as POE for each indicator target. 	30-Jun-17	All HoDs maintains POEs for indicators. (See attachment W)
				<ul style="list-style-type: none"> HODs will ensure safekeeping and submission of accurate and relevant POEs for all reported actuals. 	30-Jun-17	
				<ul style="list-style-type: none"> Review predetermined indicators. 	30-Jun-17	Reviewed predetermined indicators.(See attachment V)
				<ul style="list-style-type: none"> To obtain guidance from CoGTA and STAT-SA on the use of Census information for reporting purposes 	30-Jun-17	CoGTA was engaged and a session held.
				<ul style="list-style-type: none"> KPI owners to implement PMS checklist and ensure that controls are paper trailed for verification purposes. 	30-Jun-17	
Good governance	Municipal Manager	STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT	The key performance indicators (KPIs) set by the municipality did not include indicators in percentage of households with access to a basic level of water, sanitation, electricity and solid waste removal as required by section 43(2) of the Municipal Systems Act of South Africa,2000 (Act No.32 of 2000)(MSA) and Municipal Planning and Performance Management Regulation 10(a)	<ul style="list-style-type: none"> Coordinate a session with UMDA to discuss and agree on annual performance objectives, align them with the entity's (where necessary) 	30-Jun-17	CoGTA has been engaged to assist with the issue of UMDA.
				<ul style="list-style-type: none"> Coordinate the deliberation of the Annual Budget during the Mid-Term-Review and Adjustment Budget process of UMDA by Full Council and ensure the recommendations of the Council are addressed by Board of UMDA. 	30-Jun-17	See Above
			The performance of uMhlosinga Development Agency against the agreed performance objectives and indicators was not monitored and annually reviewed by the municipality for the 2015-16, as required by section 93B(b) of the MSA.	<ul style="list-style-type: none"> Coordinate the Quarterly Monitoring and Evaluation of the Performance of uMhlosinga Development Agency (UMDA) and develop the service level of agreement for presentation before Council 	30-Jun-17	See Above
Good governance	Municipal Manager	CONSEQUENCE MANAGEMENT	Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.	<ul style="list-style-type: none"> The municipality is under Administration in terms of section 139 (1) (b) of the constitution. The Administrator, in the recovery plan, has indicated his intention to institute section 32 processes and present to council, COGTA and Auditor general regularly/ in terms of the legislation. 	30-Jun-17	<p>The 2015/16 unauthorised expenditure was condoned by the former administrator.</p> <p>2016/17 unauthorised expenditure has not yet been processed for condonation.</p>

B2B PILLAR	Responsible Official	Nature Of Audit Query	Audit Finding	Action Plan	Due Date	Progress
			Irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA	<ul style="list-style-type: none"> UIFW registers must be updated and reported to council and COGTA monthly. 	30-Jun-17	UIFW registers are updated on a monthly basis and submitted to council structures. (See minutes attached)
			The accounting officer did not always report to the South African Police Service cases of alleged irregular expenditure that constituted a criminal offence, as required by section 32(6) of the MFMA.	<ul style="list-style-type: none"> An independent service provide will be appointed to investigate arears of non-compliance and issues or matters which needs further investigations by forensic auditors. 	30-Jun-17	An independent service provider was appointed to classify, investigate all transgression. Report is being finalised and will be presented to council before 30 June 2017
				<ul style="list-style-type: none"> A report detailing which of the non-compliance issues to be presented to council for condonation. 	30-Jun-17	
				<ul style="list-style-type: none"> HoDs to be trained on SCM policies and procedures 	30-Dec-16	All HoDs have undertaken training on SCM and acknowledge the training.
Building institutional capabilities	Corporate Services Department	HUMAN RESOURCE MANAGEMENT	Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1) (b) of MSA.	<ul style="list-style-type: none"> The audit finding is noted. All job descriptions have been developed in line with the reviewed structure. All due processes for the approval of the reviewed structure are underway. 	30-Jun-17	A service provider was appointed. 80% of the task has been completed. The service provider to continue with the outstanding services.
				<ul style="list-style-type: none"> Upon completion of all job descriptions will be signed by all employees 	30-Jun-17	
Sound financial management	Municipal Manager	PROCUREMENT AND CONTRACT MANAGEMENT	Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management regulation (SCM) 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).	The matter included on the irregular register and submitted to council for consideration	30-Jun-17	In progress, awaiting council resolution.
			I could not obtain sufficient appropriate audit evidence that contracts were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as certain tender documents were not provided for audit.	The matter included on the irregular register and submitted to council for consideration	30-Jun-17	In progress, awaiting council resolution.
			I could not obtain sufficient appropriate audit evidence that contracts were only extended or modified after tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.	The matter included on the irregular register and submitted to council for consideration. CoGTA has been engaged for legal services assistance.	30-Jun-17	Discussion with CoGTA are in progress.

B2B PILLAR	Responsible Official	Nature Of Audit Query	Audit Finding	Action Plan	Due Date	Progress
Good governance	Municipal Manager	LEADERSHIP	The leadership did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with laws and regulations. Leadership did not ensure that employees had a good understanding of policies and procedures, therefore preventing effective implementation thereof. The leadership was also slow to respond to key control deficiencies highlighted in action plans.	<ul style="list-style-type: none"> Develop and Implement an Oversight Framework to ensure oversight responsibility regarding financial, performance reporting and compliance with laws and regulations to enhance Back to Basics Programme. 	30-Jun-17	Quarterly reports on back to basics implementation are submitted to CoGTA.
				<ul style="list-style-type: none"> AG audit action plan to be a standing item in all council structures 	30-Jun-17	An updated AG audit action plan is a standing item in all council structures.
SOUND FINANCIAL MANAGEMENT	Chief Financial Officer	FINANCIAL AND PERFORMANCE MANAGEMENT	Management did not ensure that regular, accurate and complete financial and performance reports were prepared, which were supported and evidenced by reliable information, and daily controls were not always performed. Regular implementation and monitoring of controls designed to prevent, detect and address risks that impact on financial, performance and compliance reporting did not occur.	Review, prepare and implement Control Frameworks, incorporating key critical controls including IT dependent controls for the said core financial and operational processes	30-Jun-17	IT Strategy has been developed and adopted by December 2016 council.
				Development and implementation of Process and Control Manuals (PCMs) detailing key Activities and Procedures for each of the said core Financial Processes.	30-Jun-17	The PCMs were developed by the Provincial Treasury team in November 2016.
				<ul style="list-style-type: none"> Roll-out Training on the Financial Control Frameworks & Process and Control Manuals. 	30-Jun-17	A workshop to be conducted by the CFOs office to the finance staff.
Good governance	Municipal Manager	GOVERNANCE	Regular risk assessments did not take place and the audit committee did not meet regularly.	<ul style="list-style-type: none"> Revise the Audit committee's TOR to ensure that includes the review of ALL key reports. 	30-Jun-17	Audit Committee TORs will be reviewed to include review of all key reports by 2nd week of June 2017
				<ul style="list-style-type: none"> Review the current audit committee composition and ensure adequacy 	30-Jun-17	Audit Committee re-established to ensure adequacy of composition.
				<ul style="list-style-type: none"> Ensure sitting of the audit committee members 	30-Jun-17	To provide scheduled dates for the sitting of audit committee.
Good governance	Municipal Manager	INVESTIGATIONS	Two investigations performed by a private firm, at the request of the council relating to the conduct of two senior officials at the municipality were completed during the year. The outcome of these investigations resulted in the dismissal of one senior official and a settlement agreement was reached with the other senior official.	<ul style="list-style-type: none"> To report the outcome of the investigations to council. 	30-Jun-17	The outcome of the investigations have been reported to council.