

ULUNDI MUNICIPALITY
ACTION PLAN ON A-G'S REPORT: 2021/2022

Updated: 18/01/2023

No.	A-G Finding	Causal Factors	Remedial Action Plan	Responsible HoD	Implementation Date	Evidence (POE) Required	Status	Internal audit Comments
1	Expenditure-Contracted services; AR 3: I was unable to obtain sufficient appropriate audit evidence for maintainance of unspecified assets expenditure included in contracted services due to the status of record keeping. I could not confirm this by alternative means. Consequently I was unable to determine whether any further adjustments were necessary to maintainance of unspecified assets expenditure included in the contracted services stated at R52,31 million in note 27 to the financial statements.	Poor record keeping.	To develop a checklist for audit information with the following: - A letter from the ward councillor - Conditional assessment and costing by the relavant Department. - Motivation for approval by Accounting Officer. - SCM Processes - Payment voucher	Technical Services Chief Financial Officer	Ongoing	Payment Voucher with the following documents: -Payment certificate with Bill of quantities -Measurement sheets to justify quantities of work done per invoice for each road signed by Contractor and Municipal Official. - Before and after pictures of the same background along with GPS Co-ordinates		
2	Material uncertainty relating to going concern; AR 8: I draw attention to note 39 to the financial statements, which indicates that the municipality's current liabilities exceeded its current assets by R104,40m. Further, Eskom debt is R131,66m while cash on hand amounts to only R5,99m. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to continue as a going concern in the foreseeable future.	Inability to service Eskom debt. Eskom billing not verifiable.	Revised repayment plan (ten year plan) through negotiations with Eskom - Intensify physical meter auditing, disconnections and meter blocking. - Installation of a parallel meter to verify Eskom readings	Technical Services	31/03/2023 Ongoing	Monthly proof of payments Meter Auditing reports Disconnections reports Countor system reports		
3	Material impairment - Receivables from exchange transactions; AR 10: As disclosed in the note 3.1.1 to the financial statements, the municipality increased its provision for impairment to R66,72m (2020-21: R57,26m) on receivables from exchange transactions as the recoverability of these debts was doubtful.	Socio economic factors and changing customer profiles over the year (e.g. job losses, retrenchments and business closures due to load shedding)	No action is to be taken as the municipality is not in control of these socio-economic factors. The action for debt impairment was informed by Council Policy	Chief Financial Officer	None	None		
4	Material losses-electricity; AR11: As disclosed in note 36 to the financial statements, material elctricity losses of R36.57m (2020-21:R35.71m) was incurred, which represents 35% (2020-21:39%) of total electricity purchased due to technical losses and illegal connections.	Ageing infrastructure. Inadequate/ineffective measures to combat illegal connections.	Maintainance plans Regular meter auding and disconnections (to adress illegal connections)	Technical Services	Ongoing	Monthly Maintenance reports Monthly Distribution Losses reports Monthly Meter Auditing reports Monthly Disconnections reports Countor system reports		
5	Annual financial statements; AR 30: The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets and expenditure identified by the auditors in the submitted financial statements were subsequently corrected, but the supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	Inadequate Annual Financial Statements review.	Preparation of the Interim Annual Financial Statements	Chief Financial Officer	1/30/2023 31/03/2023	Interim AFS		

6	Expenditure management, AR 31: Reasonable steps were not taken to prevent irregular expenditure amounting to R33,11m as disclosed in note 33.2.1 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by the bid documentation for the procurement of commodities designated for local content and production not stipulating minimum thresholds.	Non compliance with SCM regulations and SCM policy.	Ensure compliance when placing advertisements which must be in line with the Procurement Regulations.	Chief Financial Officer	30-Jan-23	Advertismentnets.		
7	Procurement and Contract Management, AR 32: Some of the contracts were awarded to bidders based on functionality criteria that were not stipulated and/or differed from those stipulated in the original invitation for bidding and quotations, in contravention of 2017 Preferential Procurement Regulation 8(2). Similiar non-compliance was also reported in the prior year.	Non compliance with SCM regulations and SCM policy.	Ensure compliance when placing advertisement which must be in line with the Procurement Regulations.	Chief Financial Officer	30-Jan-23	Advertismentnets.		
8	Strategic planning and performance management, AR 33: The performance management system and related controls were inadequate as proper reviews of planned and reported performance information did not take place,as required by the Municipal Planning and Performance Management Regulation 7(1)	Inadequate review of the Annual Performance Report information.	Proper review of the Performance information.	Municipal Manager	Quarterly	Quarterly Performance review reports Agenda and minutes		
9	Strategic planning and performance management, AR 34: The Service Delivery and Budget Implementation Plan for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote, as required by section 1 of the MFMA.	Inadequate review of the SDBIP.	To develop a checklist for the submission of performance information to PMS.	Chief Financial Officer	31/03/2023 14/06/2023	Checklist Monthly revenue projections on collection Capital expenditure report by vote		
10	Human Management, AR35: Appropriate processes and procedures to monitor, measure and evaluate performance on staff were not developed and adopted,as required by section 67(1)(d) of the Municipal Systems Act of South Africa,2000 (Act No.32 of 2000)	Unavailability of SALGBC collective agreement on PMS and clearly outlined procedures	Develop a draft policy on PMS Final PMS policy	Corporate Services	2023/02/28 29/03/2023	Draft Municipal PMS policy Final approved PMS Policy with Council resolution		

No of Findings	10
No of Remedial Actions	10
Achieved	0
Not Achieved	0
Ongoing/In Progress	0
Not Due Yet	10

■ **ACHIEVED** = Remedial Action has been completed
■ **NOT ACHIEVED** = Remedial Action not completed by the Implementation Date
■ **ON-GOING/IN PROGRESS** = No specific Implementation Date / Partially completed
■ **NOT DUE YET** = Implementation date not yet arrived.