

## ACTION PLAN OF MOHOKARE LOCAL MUNICIPALITY ON THE 2009/10 AUDIT REPORT BASED ON MANAGEMENT REPORT QUALIFICATION FINDINGS

### INTRODUCTION

Section 131 of the MFMA prescribes that: *“A Municipality must address any issue raised by the Auditor-General in an audit report. The Mayor of a Municipality must ensure compliance by the Municipality with this subsection”*.

### PURPOSE

The purpose of this document is to prepare an action as prescribed by MFMA section 131.

### BACKGROUND

The 2009/10 audit of Mohokare Local Municipality was conducted by the Auditor-General South Africa in terms of the Public Audit Act. The audit outcome for the Municipality is a disclaimer of audit opinion. The Municipality had received a disclaimer of audit opinion for the 2008/09 financial year. There were not action plan compiled for the 2008/09 financial year.

### ACTION PLAN:

Management report paragraph	Priority	Responsibility	Target date	Root cause	Comments on corrective actions	Follow up Comments
1 (Ex. 253)	High	Chief Financial Officer	On-going: Monthly	Reconciliations between the payroll system and the general ledger are not prepared or are not accurate.	Budget officer is tasked by the acting CFO to reconcile payroll transactions to general ledger transactions on a monthly basis starting from 1 July 2011.	Monthly reconciliations are being of the payroll system to the general ledger are performed.
2 (Ex. 121)	High	Chief Financial Officer	25 February 2011	The 2009/10 deficit for the year amounting to R6 447 399 was not yet transferred to the accumulated deficit account.	The financial management system employed by the Municipality did not at the date of submitting the financial statements allow final posting of the actual deficit to the accumulated deficit account. This action could only be done by the Service provider responsible for the financial system	2009/10 deficit has been posted to the accumulated deficit account. Although the amount would differ as a result of correcting journals passed before the audit report was issued. These journals were not audited because the auditors rejected corrected version of the financial

						statements.
3. (Ex.124)	High	Chief Financial Officer and; Manger: Technical Services	31 May 2011	Lack of monitoring of the relationship between CENTLEC and the Municipality.	Acting CFO and acting Direct: Technical Services are tasked by the acting Municipal Manager to conclude a loan agreement with CENTLEC	No action has been taken
4. (Ex. 225)	High	Chief Financial Officer/AFS Service provider	31 August 2011	Supporting documentation or management explanations were not provided for an amount disclosed as CENTLEC in note 13.	The service provider appointed to compile the 2009/10 financial statements did not provide working papers to support this amount. Therefore, this matter should be treated as "a prior year error" in the 2010/11 financial statements as it is not clear what the amount represents.	AFS service provider to correct whiles preparing 2010/11 financial statements.
5. (Ex. 229)	High	Chief Financial Officer	31 August 2011	Financial statements were not adequately reviewed before being submitted to the AGSA.	Amounts that were incorrectly reported under Appendix A will be corrected when preparing the 2010/11 financial statements.	AFS service provider to correct whiles preparing 2010/11 financial statements.
6. (Ex. 181)	High	Chief Financial Officer	31 May 2011	Adequate supporting documentation was not attached to journals.	Each journal will be tracked to the capturer and the responsible official shall account for each journal processed.  If after the above mentioned investigation, said journals cannot be found, disciplinary action should be taken against responsible officials and advice shall be sought from the external auditors on how best this matter can be resolved.	None
7. (Ex. 99)	High	Chief Financial Officer	30 June 2011	Not all transactions are adequately reviewed for correctness.	Correcting journal already posted. Awaiting the AGSA to test corrections made.	None
8. (Ex. 74)	High	Chief Financial Officer/AFS Service Provider	31 May 2011	Inadequate review of financial statements.	Bids have been invited for appointment of a service provider who will compile 2010/11 financial statements.	Appointment of service provider to be made by end of May 2011
9. (Ex. 246)	High	Chief Financial Officer, Chair: FINCOM, Oversight Committee and Council	10 June 2011	Non compliance with SCM processes	The section head of SCM has been tasked by the acting CFO to investigate and report on these matters.	No action has been taken yet.

10. (Ex. 226)	High	Chief Financial Officer and Manager Corporate Services	31 August 2011	Failure to keep register of contingent liabilities leads to understatement of contingent liabilities in the financial statements.	A register of contingent liabilities is kept by acting manager corporate services in order to ensure completeness of contingent liabilities to be reported for the 2010/11 financial year.	A register is updated each time legal correspondence is received. Correspondence received is used as supporting documentation.
11. (Ex. 101)	High	Manager: Human Resources	20 May 2011	Not all employment contracts and other supporting documentation were submitted	All outstanding documents have been obtained and placed on file for the auditors to review during the 2010/11 audit.  We however disagree with the auditors on this matter.	None.
12. (Ex. 150)	High	Chief Financial Officer	31 August 2011	Changes in the prior year closing balance due to first time GRAP implementation were not adequately documented/ or explained by the service provider when compiling the annual financial statements.	Movement in the opening balance will be treated as a "prior year error" and should be reported as such in the 2010/11 financial statements.	AFS service provider to correct whiles preparing 2010/11 financial statements.
13. (Ex. 155)	High	Manager: Human Resources	Monthly	Poor leave records management	2010/11 attendance registers are reconciled monthly to leave records/registers.	
14. (Ex. 178)	High	Chief Financial Officer	30 June 2011	Disagreement between the Auditors and the Municipality. All journals and supporting documents were submitted to the AGSA, as well, as proof of approval.	Matter to be resolved during the 2010/11 audit. Evidence that journals were approved by a senior person will be presented to the Auditors during the 2010/11 audit.	To be followed up during the 2010/11 audit.
15. (Ex. 230)	High	Chief Financial Officer	30 June 2011	Disagreement with Auditor's	All required documents were submitted for audit and the Municipality was made to believe that this matter has been resolved. However, it was reported. Clarity is to be sought when Auditors get back on site for the 201/11 audit.	To be followed up during the 2010/11 audit.
16. (Ex. 235)	Low	Manager: Human Resources	30 June 2011	Disagreement with the Auditors. The findings are based on a follow up of the 2008/09 qualification whereby some employees did not have employment contracts with the Municipality and that there were no supporting documentation for allowances received by some	This matter will be followed up during the 2010/11 audit.	To be followed up during the 2010/11 audit.

				<p>employees.</p> <p>Throughout the 2009/10 it was explained to the Auditors that this situation was resolved in the 2009/10 financial year through a Municipality wide placement process. This was even discussed at weekly audit steering committee meetings.</p> <p>It is not clear to us why the Auditors have rejected our Management comments and insists that the 2008/09 finding that has been resolved in the 2009/10 financial year should be carried forward to the 2010/11 financial year.</p> <p>Moving forward, We hereby suggest that the once management comments have been evaluated by the AGSA, All comments that were rejected by the AGSA should be tabled in the next audit steering committee for engagement in order to afford management the opportunity to further explain themselves.</p>		
17. (Ex. 63)	Low	Manager: Human Resources	30 June 201	<p>Disagreements and misunderstandings between the Auditors and the Municipality on submission of documentation.</p> <p>This occurred mainly due to failure by the Auditors to give management feedback on whether management comments are acted or not.</p>	The matter is to be followed up during the 2010/11 audit.	To be followed up during the 2010/11 audit.
18. (Ex. 15)	Medium	Chief Risk Officer Internal Auditor	30 September 2010	The entity does not identify risks relating to the achievement of financial and performance reporting objectives.	A risk assessment for the 2010/11 financial year was conducted in September 2010.	

19. (Ex. 2)	High	Audit Committee, Accounting Officer and Internal Auditor	On going	Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial and performance reporting (Internal audit unit did not function effectively).	The current structure of internal audit unit consists of the Internal Auditor and Audit Clerk (vacant).  A proposed structure has been discussed with the accounting officer. Once approved, It is expected that the unit will be fully staffed by 1 July 2011.	Structure under review, awaiting approval.
20. (Ex. 3)	High	Oversight committee, Council and Internal Auditor	Quarterly	The audit committee did not fulfil its responsibilities as set out in legislation and in accordance with accepted best practice.	The Mayor should ensure that the audit committee functions as prescribed by law.	None.
21. (Ex.68)	Low	Internal Auditor	31 March 2010	2008/09 annual report was not tabled and published as prescribed.	Oversight committee's minutes of the 2008/09 annual report were adopted by Council on 30 March 2011.	Finalised.
22. (Ex.70)	Low	Chief Financial Officer	30 June 2011	2008/09 electricity purchases and sales amounts were not considered by the service provider when the 2009/10 financial statements were compiled.	Correcting journals were passed during the audit. Correcting entries are to be tested by the AGSA during the 2010/11 audit.	To be followed up during the 2010/11 audit.
23. (Ex. 72)	High	Chief Financial Officer & AFS service provider	30 June 2011	The appointed service provider did not make clear and appropriate disclosure of financial instruments, when compiling the annual financial statements.	Complete and appropriate disclosures are to be made in preparing the 2010/11 annual financial statements.	AFS service provider to correct whiles preparing 2010/11 financial statements.
24. (Ex. 162)	High	Chief Financial Officer	30 June 2011	Journals submitted were not appropriately supported by relevant documentation and evidence of approval.	The process has been initiated to gather supporting documentation to be submitted together with duly approved journals. These documents will be submitted to the auditors.	Evidence to be provided during the 2010/11 audit.
25. (Ex. 164)	High	Chief Financial Officer	30 June 2011	Journals were not approved by an independent delegated official. Journals have no sequence numbers and cut-off could not be tested.	Evidence of review of journals by senior independent official will be obtained and provided to the auditors. It should be clearly stated that approval is obtained on an <i>ex post facto</i> basis.	On going
26. (Ex. 165)	High	Chief Financial Officer	30 June 2011	2008/09 expenditure was incorrectly journalized instead of being reported as prior year error in the 2009/10 financial year.	Journals are to be reversed and correct disclosures made to the 2010/11 financial statements. This will be done during preparation of the 2010/11 financial statements.	AFS service provider to correct whiles preparing 2010/11 financial statements.

27. (Ex.167)	High	Chief Financial Officer	30 June 2011	2008/09 journals submitted to the AGSA did not contain sufficient and appropriate evidence to support the journal or to provide evidence of approval.	Processes are underway to ensure that appropriate supporting documentation is obtained for submission to the AGSA during the 2010/11 audit.	
28. (Ex.172)	High	Chief Financial Officer and AFS service provider	30 June 2011	The service provider appointed to compile 2009/10 annual financial statements did not provide supporting documentation for the prior year error disclosed under notes 24.5 and 24.6 to the financial statements.	Supporting documentation for the prior year error will be obtained and kept on file for the AGSA to follow up during the 2010/11 audit.	AFS service provider to correct whiles preparing 2010/11 financial statements.
29. (Ex.29)	High	Chief Financial Officer and AFS service provider	30 June 2011	Information disclosed by the service provider in the statement of changes in net assets is inaccurate and unreliable	Corrections to the statement of changes in net assets will be made during preparations of the 2010/11 annual financial statements.	AFS service provider to correct whiles preparing 2010/11 financial statements.
30. (Ex. 175)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	A service provider was appointed for a contract value of R443 216 without following SCM processes resulting in irregular expenditure.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
31.a (Ex.175)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Goods and services with an individual transaction value of R9 938 784 were procured without following SCM processes resulting in irregular expenditure.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
31.b (Ex.175)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Preference point system was not used to award appointment of a service provider who received payments of R2 250 424 during the financial year resulting in irregular expenditure.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
32.a (Ex.19)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Goods and service with a price range of between R10 000 and R200 000 were procured without inviting at least three written price quotations resulting in irregular expenditure.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
32.b (Ex.19)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Goods and services amounting to R851 299 were acquired from service providers who did not submit evidence from SARS that their tax affairs are in order. This resulted in irregular expenditure.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	

32.c (Ex.19)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Goods and services of a transaction value between R2 000 and R10 000 were acquired without obtaining three price quotations.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
33. (Ex. 242)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Fruitless and wasteful expenditure of R207 430 was reported as condoned in 38 of the annual financial statements. However, no proof of such was submitted for audit.	Fruitless and wasteful expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
34. (Ex. 247)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Interest and penalties amounting to R188 815 were incurred during the financial year.	Fruitless and wasteful expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
35 (Ex.159)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	During the 2009/10 financial year, the Municipality did not implement a policy for management of irregular, unauthorised and fruitless and wasteful expenditure.	Necessary policies to be adopted during the 2012 financial year.	
36. (Ex. 215)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Bids for goods and services with a total value of R2 250 424 were evaluated by a bid committee that was not properly constituted.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
37. (Ex.214)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Irregular expenditure from the 2008/09 financial year was not disclosed in the 2009/10 financial statements.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
38. (Ex. 216)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	2008/09 fruitless and wasteful expenditure was not disclosed in the 2009/10 financial statements.	Fruitless and wasteful expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
39. (Ex. 218)	High	Chief Financial Officer	31 May 2011	2008/09 limitation of scope due to payment vouchers (R1 518 887) and journals (R163 240) that could not be submitted for audit.	All supporting documentation will be obtained, kept on file and submitted to the AGSA during the 2010/11 audit.	

40. (Ex. 119)	High	Chief Financial Officer	31 May 2011	2008/09 supporting documentations to journals in relation to fixed assets amounting to R797 307 could not be submitted for audit.	All supporting documentation will be obtained, kept on file and submitted to the AGSA during the 2010/11 audit.	
41. (Ex. 130)	High	Chief Financial Officer	31 May 2011	Infrastructure expenditure amounting to R11 773 849 was not capitalized	All infrastructure expenditure to be capitalized by means of sufficiently documented journals.	
42. (Ex.169)	High	Chief Financial Officer	31 May 2011	Capitals expenditure amounting to R152 869 was incorrectly journalized against the creditors control account	The incorrect journal is to be reversed.	
43. (Ex. 94)	High	Chief Financial Officer	31 May 2011	The municipality did not keep a register of all contracts entered into	A contracts register is has been developed and is being updated monthly	On going
44. (Ex.80)	High	Chief Financial Officer	31 May 2011	An amount of R564 900 for livestock was incorrectly disclosed as inventory instead of biological assets.	Corrective measures will be implemented when compiling the 2010/11 financial statements.	
46. (Ex. 96)	High	Chief Financial Officer	31 August 2011	The service provider appointed to compile annual financial statements did not correctly provisions of GRAP 13.	Corrective action to be implemented during preparation of 2010/11 annual financial statements.	
47. (Ex.106)	High	Chief Financial Officer	31 August 2011	Incorrect recording of acquired assets as expenditure occurred due lack of proper review and supervision.	Correcting journals should be prepared. Affected assets to be capitalized.	
48. (Ex. 236)	High	Chief Financial Officer	31 May 2011	47 vehicles delivered before 30 June 2010 by the service provider were not capitalized.	The asset register will be updated with all vehicles received.	Not applicable as all vehicles were returned back to the supplier.
49. (Ex.85)	High	Chief Financial Officer	31 August 2011	The municipality's asset register was not GRAP compliant	An asset management implementation plan with clear objectives, indicators and targets including a monitoring tool should be developed, as soon as, possible in order to ensure that the Municipality has and maintains a GRAP compliant asset register.	A service provider is to be appointed by 31 May 2011 to compile a GRAP compliant asset register.
50. (Ex. 95)	High	Chief Financial Officer	31 may 2011	Asset register is not always updated with movement of assets	A complete asset count is planned to be conducted for the period 1 June 2011 to 29 July 2011 outcomes of which will be used to update the asset register.	None



51. (Ex.103)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	30 June 2011	Irregular expenditure of R48 290 was incurred as a result of S&T payments that were not approved by the delegated official.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
52. (Ex. 129)	High	Chief Financial Officer	31 May 2011	Current year expenditure allocated in full against the creditor's control account without subsequent re-allocation to the correct vote and VAT apportionment.	This is a disagreement with the auditors. This matter will be settled during the 2010/11 audit.	
53. (Ex. 131)	High	Chief Financial Officer	31 May 2011	Invoices for which partial payments were made, were incorrectly captured in general ledger, thus overstating expenditure and understating a creditor's balance.	This is a disagreement with the auditors. This matter will be settled during the 2010/11 audit.	SEEK ADVICE FROM FAITH
54. (Ex.145)	High	Chief Financial Officer	31 May 2011	Lease agreements for electronic equipment rental could not be obtained. Evidence of compliance with acquisition procedures or deviation there from could not be obtained.	Affected lease agreements are subject to independent investigation. Necessary action to be taken after finalization of the investigation.	
55. (Ex. 152)	High	Chief Financial Officer	31 May 2011	Fruitless and wasteful expenditure incurred was not disclosed in the financial statements.	Fruitless and wasteful expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
56. (Ex. 153)	High	Chief Financial Officer	31 May 2011	Payments made to suppliers were not authorised by a delegated official.	Irregular expenditure register must be updated. Expenditure is to be reported and treated according to MFMA sections 32 and 102(1) and 125(2)(d).	
57. (Ex. 154)	High	Chief Financial Officer, FINCOM, Oversight Committee and Council.	31 May 2011	No proof could be obtained that goods were received in good order or that services received were of acceptable standard.	The receiving department should certify on the face of the invoices or by any other means that goods/services were received in good order.	
58. (Ex. 158)	High	Chief Financial Officer	30 June 2011	Limitation of scope – Some expenditure vouchers could not be submitted for audit.	All outstanding documentation will be obtained and submitted to the auditors during the 2010/11 audit.	
59. (Ex. 166)	High	Chief Financial Officer	31 March 2011	Prior year balances as reported in the financial statements do not agree to the 2008/09 financial	Appropriate and sufficient documentation explaining the differences will be submitted to the	

				statements.	auditors during the 2010/11 audit.	
60. (Ex. 170)	High	Chief Financial Officer	30 June 2011	Overstatement of expenditure due to incorrect recording of a journal	A journal should be prepared in order to correct the error.	
61. (Ex. 196)	High	Chief Financial Officer	31 August 2011	Electricity bulk purchases understated by R508 541.83 due to incorrect interpretation of CENTLEC's records.	Correct documentation should be obtained from CENTLEC and corrections be effected.	To be corrected when preparing 2010/11 financial statements.
62. (Ex.197)	High	Chief Financial Officer and Manager: Technical Services	Monthly	Electricity distribution losses are not effectively managed thus resulting in fruitless and wasteful expenditure.	Distribution losses should be monitored monthly and follow up action be taken by both the Municipality and CENTLEC.	
63. (Ex. 228)	High	Chief Financial Officer and Manager: Corporate Services	60 June 2011	Possible fraud: Leases: Double payments were made during the financial year for the same items of equipment that appear to have been rented from two different service providers.	This matter is subject to an independent investigation. Investigation not yet finalised.	
64. (Ex. 252)	High	Chief Financial Officer	30 June 2011	Incorrect allocation of input VAT which resulted in understatement of expenditure and overstatement of input VAT.	The whole population should be investigated and incorrect allocations should be corrected. Preventative and detective control measures should also be implemented.	
65. (Ex. 86)	High	Chief Financial Officer	31 May 2011	Limitation of scope. Some of the supporting documentation for expenditure journals could not be submitted for audit.	Journals, as well as, sufficient and appropriate supporting documentation should be obtained and submitted to the auditors during the 2010/11 audit.	
66. (Ex. 21)	Medium	Chief Financial Officer	30 June 2011	Payments for goods and services were not always made within 30 days of receipt of the invoice.	Cash flow management controls should be introduced or improved to ensure that financial commitments are met as prescribed.	
67. (Ex. 125)	High	Chief Financial Officer and Manager Technical Services	30 June 2011	Incorrect configuration of the system by CENTLEC.	CENTLEC should be encouraged to take corrective action.	
68. (Ex. 185)	High	Chief Financial Officer	30 June 2011	Journal supporting documentation with regards to consumer deposits journals could not be submitted for audit.	Journals with sufficient and appropriate audit evidence should be obtained and submitted for audit during the 2010/11 audit.	
69. (Ex. 255)	High	Chief Financial Officer	30 June 2011	2008/09 Journals could not be submitted for audit in the 2009/10 audit.	Journals, as well as, s appropriate supporting documentation should be obtained and submitted for audit during the 2010/11 audit.	

70. (Ex. 81)	High	Chief Financial Officer	30 June 2011	No proper records are kept to clearly reconcile unspent grants.	Implement registers/reconciliations per grant to fully monitor expenditure per grant.	
71. (Ex. 87)	High	Chief Financial Officer and AFS service provider	30 June 2011	Included in the payables at year end were payables with debit balances (receivables).	Corrections need to be made on the face of the financial statements and on applicable notes. Corrective action to be implemented when preparing 2010/11 financial statements.	
72. (Ex. 93)	High	Chief Financial Officer and AFS service provider	30 June 2011	Extended credit terms on payables were not reported in accordance with IAS 39 (AC 133: Recognition and measurement)	Corrections to be effected during preparations of the 2010/11 financial statements.	
73. (Ex. 249)	High	IDP Manager and Chief Financial Officer	14 January 2011	Achievements on Performance indicators as reported in the draft 2009/10 annual report could not be supported by appropriate evidence.	Evaluation reports, as well as, a portfolio of evidence file should be kept and such information be used to compile the annual report.	
74. (Ex. 250)	Low	IDP Manager And Internal Auditor	30 Nov 2010	Weakness with regard to the 2008/09 annual report.	All matters raised by the Auditor's were addressed and the 2008/09 annual report has been adopted by Council.	Finalised
75. (Ex. 25)	High	IDP Manager	30 June 2011	No key performance indicators were included in the IDP.	Annual IDP needs to be improved in order to clearly reflect key performance indicators.	
76. (Ex. 112)	High	Chief Financial Officer	30 June 2011	An asset list that was submitted for audit purposes did not have asset values.	A complete and GRAP compliant asset register will be submitted with 2010/11 financial statements.	
77. (Ex.98)	High	Chief Financial Officer	30 June 2011	No support for accumulated depreciation.	Depreciation was incorrectly calculated during the financial year. "Accumulated depreciation" as calculated should have been credited against the accumulated deficit account. <b>(Correcting journal was passed during the audit but not audited)</b>	Correcting journal to be audited during the 2010/11 audit.
78. (Ex.179)	High	Chief Financial Officer	30 June 2011	Consumer debtors were not assessed individually or by category for any indication of impairment. Thus provision for doubtful debts of R450661 073 could not be audited.	2010/11 doubtful debtors should be assessed individually or by category for impairment.	To be conducted when preparing 2010/11 financial statements

79. (Ex. 233)	High	Manager Corporate Services	Monthly	Provision for leave could not be relied upon due to unreliable leave records.	Leave records should be updated monthly and be reconciled to attendance registers on a monthly basis in order to enhance reliability of leave provision.	
80. (Ex. 180)	Medium	Chief Financial Officer	30 June 2011	Debtors amounting to R2 035 004.78 did not show movement for the past 3 years.	Irrecoverable debtor's accounts should be written off.	Long outstanding debtors to be written off as part of preparing the 2010/11 financial statements.
81. (Ex. 187)	High	Chief Financial Officer	30 June 2011	General ledger information with regards to debtors does not agree to the debtors' sub ledger.	CENTLEC should be encouraged to take appropriate corrective measures.	
82. (Ex. 188)	Medium	Chief Financial Officer	30 June 2011	Recovery of a long outstanding grant from the Department of Minerals and energy by CENTLEC seems doubtful.	CENTLEC should be encouraged write the grant off as irrecoverable.	
83. (Ex. 217)	High	Chief Financial Officer	30 June 2011	Supporting documentation for some indigents could not be submitted for audit.	Indigent documentation should be kept at a safe and central place. Outstanding documents will be retrieved and submitted to auditors during the 2010/11 audit.	
84. (Ex. 243)	High	Chief Financial Officer	30 June 2011	Debtor's accounts amounting to R537 207.24 did not show any movement and no payment was received 3 months after the financial year. Therefore, existence of these debtors' could not be confirmed.	Compliance with the credit control policy will be enforced to ensure that long outstanding debtors' accounts are followed up.	
85. (Ex. 184)	Low	Chief Financial Officer	30 June 2011	Proof that long outstanding government debt was reported to the National Treasury could not be obtained.	Government debt is reported to the provincial treasury through section 71 reports.	
86. (Ex.192)	High	Chief Financial Officer	30 June 2011	Debtors with credit balances were not recorded in the books of CENTLEC but in the books of Mangaung Local Municipality as creditors.	CENTLEC should be encouraged to take appropriate corrective measures.	
87. (Ex. 52)	High	Manager: Corporate Services	1 April 2011	Not all declaration of interest from all Councilors were received.	All employees should complete declarations of interest and copies thereof be kept on file.	
88. (Ex. 123)	High	Chief Financial Officer and Manager: Technical Services	30 June 2011	A list of rotating electrical meters could not be obtained from CENTLEC.	CENTLEC should be encouraged to take appropriate corrective action.	

89. (Ex. 168)	High	Chief Financial Officer	30 June 2011	Limitation of scope due to journals that could not be submitted for audit.	Journals should be obtained and submitted to auditors during the 2010/11 audit.	
90. (Ex.183)	High	Chief Financial Officer	30 June 2011	Limitation of scope due to supporting documents (other income) that could not be submitted.	Supporting documentation/explanations will be provided to auditors during the 2010/11 audit.	
91. (Ex. 186)	High	Chief Financial Officer	30 June 2011	Prepaid electricity data for the period 1 April 2010 – 30 June 2010 could not be obtained from CENTLEC.	CENTLEC should be encouraged to take appropriate corrective measures.	
92. (Ex. 198)	High	Chief Financial Officer	30 June 2011	Supporting documentation for direct income in the records of CENTLEC could not be obtained resulting in a limitation of scope.	CENTLEC should be encouraged to take appropriate corrective measures.	
93. (Ex. 221)	High	Chief Financial Officer	30 June 2011	No supporting documentation could be submitted for prior year journals.	Supporting documentation will be obtained and submitted to auditors during the 2010/11 audit.	
94. (Ex. 237)	High	Chief Financial Officer	30 June 2011	A difference of R4 253 711 exists between the valuation roll and the financial system	Services of a professional company are being sourced in order to reconcile the manual and the electronic valuation rolls. This would include training of relevant officials to ensure that reconciliation of two valuations rolls on a monthly basis.	
95. (Ex. 32)	High	Chief Financial Officer	30 June 2011	Meter readings are not correctly captured in the billing system	The use of modern technology is being explored in order to improve the accuracy of meter readings. This is expected to be finalised by 30 June 2011.	
96. (Ex. 57)	High	Chief Financial Officer	30 June 2011	Traffic fines income of R576 152.33 could not be verified due to lack of appropriate supporting documentation.	All required documentation will be obtained and available to the Auditors.	
97. (Ex. 69)	High	Chief Financial Officer	30 June 2011	A difference of R3 302 837 exists between the amount in the financial statements and the amount as per general ledger with regard to equitable share.	The difference was identified and corrected by means of a journal.	
98. (Ex. 248)	High	Chief Financial Officer	30 June 201.1	Supporting documentation could not be submitted for VAT account 7700/9490/000 with a balance of R5 135 150. This account did not	Supporting documentation will be submitted to the auditors during the 2010/11 audit.	

				show movement		
99. (Ex.89)	High	Chief Financial Officer	30 June 2011	VAT is not disclosed as a separate line item on the face of the statement of financial position.	Corrective action to be implemented during preparation of the 2010/11 financial statements.	