

NKONKOBE LOCAL MUNICIPALITY

AUDIT ACTION PLAN

YEAR ENDED: 30/06/2014

AUDIT FINDINGS	ACTION TO BE TAKEN	EXECUTABLE BY:	REVIEWED BY:	DUE DATE:	STATUS
Expenditure					
Lack of supporting documents	1. Run a report on absa online for all payments made. Reconcile to records. 2. Scan all documents and keep a back up file at archive. 3. Mr Britz to give AG the system for audit (30/01/2015)	Ms Sibobi	Mrs Lubelwana	On going	In progress
Property Plant and Equipment					
Work in Progress not reconciling to Fixed Asset Register and General Ledger	1. Conduct a meeting with engineering 2. Get payment vouchers for all payments made for projects 3. Reconcile work in progress, re-state prior years. 4. Allocate projects per cluster to individuals to ensure accountability 5. Allocate vote numbers per cluster per asset category 6. Make descriptions on the requisitions clear and specific 7. Allocate costs to projects based on the budget consumed as reflected on the general ledger	Mr Ndzoyiya & Ms Zwane	Mr Nkosinkulu & Mrs Lubelwana	20/02/2015	In progress
Receivable from exchange and non exchange transactions					
Lack of supporting documents	1. Request HR to send through all the registers with supporting documents, to Finance for filing 2. Perform recons for other revenue (per category) 3. Conduct a workshop on soft documentation design and filing 4. Monitor all registers and review them on a monthly basis 5. Submitt on a quartely basis all register to the MM 6. Submitt on a quartely basis all registers to the Mayor	HOD's and Mr Mbilase	Mrs Lubelwana	On going	In progress
Non current Provisions					
Appropriate audit evidence could not be obtained to confirm data used in the calculation of the estimate made.	1. Appoint a different service provider who has sucessfully performed the estimate, to re-perform the calculation.	Ms Zwane	Mr Nkosinkulu & Mrs Lubelwana	27/02/2015	Not started
Municipality understated payables as they did not record a liability of R2 Million	1. Foward DOL statements to HR 2. Record the outstanding liability 3. Make payments arrangements with DOL	Mrs Soci & Ms Zwane	Mrs Lubelwana	27/02/2015	In progress
Lack of audit Evidence to verify the following;					
Amounts due for third party payments	1. Prepare 3rd party schedules with the payroll and load it with salaries 2. Scan & file third party schedules 3. Perform monthly third party recon	Mrs Soci	Mrs Fololo	On going	
Salary suspense account	1. Clear suspense account monthly. 2. Monitor GS560 and have it signed off by CFO	Mr Koikoi & Mr Velebhayi	Mrs Lubelwana & Mrs Fololo	On going	In progress
Unallocated deposits	1. Identify unkonwn deposits that are older than 3 years, and prescribe them by June 2015 (immediately) (Recognize revenue on AFS) 2. Place an advert to the media and communicate with all government departments inviting them to identify and notify the municipality if there are any payments not credited to their accounts (Advert to open for 3 months) 3. Review unallocated deposits on a monthly basis 4. Communicate with FNB to implement controls over deposits	Mr Mbilase	Mrs Lubelwana	05/06/2015	In progress
A listing of creditors	Perform creditors recons for all suppliers.	Ms Sibobi	Mrs Lubelwana	On going	In progress
Payments received in advance	1. Issue letters to companies with advance payments requesting them to allow the municipality to re-allocate excessive payments to overdue accounts.	Mr Mbilase	Mrs Lubelwana	30/03/2015	Not started
Prior Period Error					
Lack of sufficient appropriate audit evidence	1. Reconstruct the prior period error file 2. Ensure that there is a sufficient audit evidence for prior period errors of current year 3. Print aerial maps and attach as supporing documents (RDP Houses) 4. Draft an action plan on 2013/2014 errors.	Ms Zwane & Mr Mayeza	Mrs Lubelwana & Mr Nkosinkulu	30/03/2015	Not started
Cash Flow					
Lack of sufficient appropriate audit evidence	1. Re-state cash flow statement 2. Include on the audit file, cash flow workings	Ms Zwane	Mrs Lubelwana	15/07/2015	Not started
Aggregation of immaterial uncorrected misstatements					
Revenue from exchange transactions was understated by R1.6 million	1. Enhance filing sytem through use of archive clerk, 2. Reconcile all information to the supporting documents 3. Conduct workshop with user departments on source documentation design, management and filing 4. Reconcile other income on a monthly basis	Mr Mbilase	Mrs Lubelwana	On going	In progress
Gains on fair value adjustments were overstated by R1.2 million	1. Set up a meeting with Aurecon to discuss variances 2. Re-state investment property 3. Review asset register	Ms Zwane	Mrs Lubelwana	15/04/2015	Not started
Investment property was overstated by R 632 590	1. Set up a meeting with Aurecon to discuss variances 2. Re-state investment property 3. Review asset register	Ms Zwane & Mr Mayeza	Mrs Lubelwana & Mr Nkosinkulu	15/04/2015	Not started
Cash and bank was overstated by R598 500	1. Clear suspense accounts on a monthtly basis 2. Monitor gs560 to ensure that no accounts are left uncleared	Mr Koikoi	Mrs Lubelwana	On going	In progress
VAT Receivable is understated by R841 785	Perform VAT monthly reconciliation	Mr Koikoi	Mrs Lubelwana	On going	In progress
Non-current liabilities were understated by R587 700	1. Obtain records of employees that were audited and perform a recon 2. Re-state post employment benefits and long service awards	Mrs Soci & Ms Zwane	Mrs Lubelwana & Mrs Fololo	27/02/2015	Not started
Material Losses					

