

Financial Year: 2022/2023

Greater Tzaneen Municipality

Matters Affecting Audit Report

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
1	AAP50081-2023	Bids advertised for less than the minimum required days (SCMU 28/2020)	The accounting officer did not exercise an oversight responsibility regarding the prevention of incurrence of irregular expenditure.	<ul style="list-style-type: none"> The accounting officer must disclose the expenditure incurred as irregular expenditure and also ensure that irregular expenditure is avoided in the future. The accounting officer must ensure that municipality complies with SCM regulation when inviting potential bidders 	<ul style="list-style-type: none"> Management will ensure that all bids are advertised, whether for panel or single bids are advertised for the minimum days stipulated in the regulation, and on such a pool queried be advertised for minimum days within the pool to avoid irregularities 	Yes	1	Zabel Modjadji	Management will ensure that adverts are reviewed before they are placed, to make sure that the minimum number of days to advertise bids according to threshold, as required by the regulation is adhered to, to avoid the finding from recurring.	The accounting officer must ensure that municipality complies with SCM regulation when inviting potential bidders. The irregular expenditure will be reported in both management and auditors report.
2	AAP50082-2023	Bids advertised for less than the minimum required days (SCMU 26/2021)	The accounting officer did not exercise an oversight responsibility regarding the prevention of incurrence of irregular expenditure.	<ul style="list-style-type: none"> The accounting officer must disclose the expenditure incurred as irregular expenditure and also ensure that irregular expenditure is avoided in the future. The accounting officer must 	<ul style="list-style-type: none"> Management will ensure that all bids are advertised, whether for panel or single bids are advertised for the minimum days stipulated in the regulation, and on such a pool queried be advertised for minimum days 	Yes	1	Zabel Modjadji	Management will ensure that adverts are reviewed before they are placed, to make sure that the minimum number of days to advertise bids according to threshold, as required by the regulation is adhered to, to avoid the	The accounting officer must ensure that municipality complies with SCM regulation when inviting potential bidders. The irregular expenditure will be reported in both management and auditors report.

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				ensure that municipality complies with SCM regulation when inviting potential bidders.	within the pool to avoid irregularities.				finding from recurring.	
3	AAP50083-2023	Preference point system not used to allocate work to suppliers on the panel	<ul style="list-style-type: none"> The Accounting Officer did not review and monitor compliance with applicable laws and regulations. The accounting officer did not develop internal controls which will ensure competition within panels. The municipality did not have sufficient monitoring controls to ensure the adherence to the internal policies and procedures for procurement and supply chain management. 	<ul style="list-style-type: none"> The Accounting Officer should improve the control environment for the prevention and detection of non-compliance with laws and regulations to ensure that the SCM prescripts are fully complied with during the procurement process. A proper criteria for work allocation must be established to ensure fair allocation of work 	<p>Disagree with the findings.</p> <ul style="list-style-type: none"> The requirements stipulated in the advertisement where the contractors qualify along the requirements mentioned to be listed in the pool for specific commodities that arise as a need and the functionality applies on the commodities that is not having standard rates on it. The allocation is done on the service providers that qualifies the need that arises on the request from sector department for the contractor who qualifies according to the tender document 	Yes	1	Zabel Modjadji	Management to ensure that the clear criteria for panels is allocated correctly with sufficient portfolio of evidence that shows all compliance to the legislation.	The criteria used to allocate work to service providers is not clear in the bid documents. The finding remain pending the supporting documents to support the criteria used by management to allocate work to services providers

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					<p>submitted based on the experience and other requirements might be needed to execute the service identified.</p> <ul style="list-style-type: none"> • The allocation for electrification of household is based on the rates per connection that is standard rate for all contractors as agreed with DMRE. • The allocation on the tarred road is done on the bill of quantity that is estimated on the description of works when bidding and selection is done along the needs that occur that time by submission from sector departments based on experienced listed contractors on the panel. • Management also ensures 					

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					that for the duration of the panel is done and, work is spread across the bidders on the panel. <ul style="list-style-type: none"> In the allocation management ensures that the rates which were agreed by the bidder on the bid submission are the same rates which are used to execute the identified scope of work. 					
4	AAP50084-2023	Non-compliance with SCM regulations - Deviations	The accounting officer did not exercise an oversight responsibility regarding the prevention of incurrence of irregular expenditure.	<ul style="list-style-type: none"> The accounting officer must disclose the expenditure incurred as irregular expenditure and also ensure that irregular expenditure is avoided in the future. The accounting officer must ensure that municipality complies with SCM regulation when procuring goods and services. 	Management disagrees with the finding. The process for procurement was done through the transversal contract and the follow-ups to the appointed service providers on the contract was done, ending up terminating them as they were struggling to deliver the fleet procured. <ul style="list-style-type: none"> The deviation was done to 	Yes	3	Zabel Modjadji	Management will ensure that valid reasons are enclosed for all deviations submitted as per the list in the supply chain policy.	o The municipality requested to participate on transversal contract RT57-2019 the 3rd of May 2022 and request was approved on the 13th of May 2022 however the municipality appointed service providers on 20th of September 2022 which is four months later after the municipality got approval to

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					<p>procure through direct purchase based on the reasons stated in the memo that was signed off by the Municipal manager.</p> <ul style="list-style-type: none"> The budget for the cars was budgeted for the financial year as for the difference of the R100 000,00 was disclosed as the irregular expenditure register as it exceeded their given threshold for Vehicles used for political office - bearers. Excessive cost incurred for hiring vehicles from AVIS. The cost incurred from July 2022 to February 2023 amounted to R595'512. If the municipality had continued hiring vehicles from Car Rental Services, the cost incurred would have been above R1million 					<p>participate on transversal contract RT57-2019.</p> <ul style="list-style-type: none"> The service providers failed to deliver and the Municipality only terminated the appointment of the service providers on 07 March 2023 which is five months later from the appointment date of the service providers to supply the vehicles. 29 March 2023 the municipality purchased the vehicles which is 10 months later from the approval to participate in the transversal contract R57-2019 Based on the above the procurement is not regarded as emergency procurement.

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5	AAP50085-2023	Bids not advertised for required number of days	The accounting officer did not exercise an oversight responsibility regarding the prevention of incurrance of irregular expenditure.	<ul style="list-style-type: none"> The accounting officer must disclose the expenditure incurred as irregular expenditure and also ensure that irregular expenditure is avoided in the future. The accounting officer must ensure that municipality complies with SCM regulation when inviting potential bidders. 	Management will ensure that all long-term contracts are advertised for the minimum number of days as stipulated in the regulation to avoid irregularities.	Yes	3	Zabel Modjadji	Management will ensure that adverts are reviewed before they are placed, to make sure that the minimum number of days to advertise bids according to threshold, as required by the regulation is adhered to, to avoid the finding from recurring.	The accounting officer must ensure that municipality complies with SCM regulation when inviting potential bidders. The appointment is irregular
6	AAP50086-2023	SCM - Suppliers in service of the state – MBD 4 submitted but no declaration of state employment	<ul style="list-style-type: none"> The Accounting Officer did not review and monitor compliance with applicable laws and regulations. The municipality did not have sufficient monitoring controls to ensure the adherence to the internal policies and procedures for procurement and supply 	The Accounting Officer should improve the control environment for the prevention and detection of non-compliance with laws and regulations to ensure that the SCM prescripts are fully complied with during the procurement process.	Management disagrees with the finding – <ul style="list-style-type: none"> JTZ Family attached confirmation. Mmahlaba kgomo development agency attached termination. 	Yes	1	Zabel Modjadji	Management to ensure that the system be procured to detect if the person is in the service of the state. Management to ensure the awareness to all stake holders to avoid the finding raised.	JTZ Family attached confirmation. - Not resolved, Municipality submitted a request from City of Ekurhuleni to the said supplier to submit an affidavit of state employments based on the query raised by AG audit the city of Ekurhuleni <ul style="list-style-type: none"> Mmahlaba kgomo

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			chain management.							development agency attached termination. - Employee of the state was terminated by the state on 31 July 2023, after year end, therefore during the year the service provider was a state employee
7	AAP50087-2023	SCM : Interest – business partners	The Accounting Officer did not review and monitor compliance with applicable laws and regulations. The municipality did not have sufficient monitoring controls to ensure the adherence to the internal policies and procedures for procurement and supply chain management.	The Accounting Officer should improve the control environment for the prevention and detection of non-compliance with laws and regulations to ensure that: The SCM prescripts are fully complied with during the procurement process.	Management disagrees with the findings. • The institution does not have a system to detect the service provider or councillors. a) who is in the service of the state. (b) if that person is not a natural person, of which any director, manager, principal shareholder, or stakeholder is a person in the service of the state; or (c) who is an advisor or consultant contracted with the municipality	Yes	1	Zabel Modjadji	Management to ensure that the system is procured to detect if the person is the business partners. Management to ensure the awareness to all stake holders to avoid the finding raised.	Matter referred to the technical unit of the AG for a clarity due to the fact that associates of councillors in NGOs are regarded as extended business partners and in some instances the parties are not knowledgeable about each other's business interests

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					<p>or municipal entity.</p> <ul style="list-style-type: none"> The councilors only declared on the company they are registered with the service provider because they don't know the name of the companies that are rendering the services in the municipality that belongs to the contractor. Declaration of interest for Councilor Skokie Makgoba and Councilor Derick Mkhabela attached as a portfolio of evidence. 					
8	AAP50089-2023	Non-compliance with SCM regulations – Local Content	The accounting officer did not exercise an oversight responsibility regarding the prevention of incurrence of irregular expenditure.	<ul style="list-style-type: none"> The accounting officer must disclose the expenditure incurred as irregular expenditure and also ensure that irregular expenditure is avoided in the future. The accounting officer must 	Management agrees with the findings.	Yes	3	Zabel Modjadji	Management will ensure that all procurements listed on the local content are identified to ensure adherence to the legislation.	Management response noted The non-compliance results in irregular expenditure and will be reported in the management report.

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				ensure that municipality complies with SCM regulation when procuring goods and services.						
9	AAP50093-2023	FRUITLESS AND WASTEFUL EXPENDITURE (LEGAL FEES INCURRED IN VAIN)	The accounting officer did not exercise an oversight responsibility regarding the prevention of incurrence of fruitless expenditure.	<ul style="list-style-type: none"> The accounting officer must disclose the expenditure incurred as fruitless expenditure and also ensure that such losses are avoided in the future. Where a valid claim is submitted, the accounting officer should strive to settle the cases outside the court process to avoid excessive legal fees that bear no benefit to the municipality. 	Management acknowledges the AGSA finding but however does not fully agree with the finding. The municipality is sued by various parties from time to time and to avoid frivolous lawsuits, the municipality always defends itself based on the advice received from attorneys to whom the cases are assigned to. Due to serious case backlogs within the republic's judicial processes, it's not always a case that the cases to which we are defendants, are heard in court speedily. The time lag and postponement	Yes	1	Mokgadi Sono	The legal fees paid to Machaba Inc amounting to R4'646'120.77 are disclosed in the Audited Fruitless and Wasteful Expenditure for 2022/2023.	<ul style="list-style-type: none"> The accounting officer must ensure that such losses are avoided in the future. Where a valid claim is submitted, the accounting officer should strive to settle the cases outside the court process to avoid excessive legal fees that bear no benefit to the municipality.

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					<p>imply that the municipality had to incur legal costs irrespective. As the cases drag on assessments are done by our attorneys and from the advice we got, the attorneys were confident that the municipality had a winnable case.</p> <p>Upon further assessment in the current year and again with the advice from legal counsel, it was decided that the best option was to settle the matter through a court order and not incur any more costs. This is taking into consideration the fact that the case keeps on being postponed.</p> <p>Furthermore, the municipality has also assessed the impact on what are the risks associated with not defending</p>					

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					the cases that we are more likely to have numerous litigations/claims from any member of the public knowing that the municipality will settle such claims even where the prospects of defending the case successfully are there. Based on the above the current management has made a sound financial management decision on settlement of the case.					
10	AAP50094-2023	Legal fees – GTM vs Maria Malatji	The accounting officer did not exercise an oversight responsibility regarding the prevention of incurrance of fruitless expenditure.	<ul style="list-style-type: none"> The accounting officer must disclose the expenditure incurred as fruitless expenditure and also ensure that such losses are avoided in the future. Where a valid claim is submitted, the accounting officer should 	Management acknowledges the AGSA finding but however does not fully agree with the finding. The municipality is sued by various parties from time to time and to avoid frivolous lawsuits, the municipality always defends	Yes	1	Mokgadi Sono	Legal Fees paid to Magabe Attorney Inc and TJ Machete Attorney Inc to represent the municipality on the case between GTM & Maria Malatji is disclosed in the audited Fruitless and wasteful expenditure for 2022/2023	<ul style="list-style-type: none"> The accounting officer must ensure that such losses are avoided in the future. Where a valid claim is submitted, the accounting officer should strive to settle the cases outside the court process to avoid

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				<p>strive to settle the cases outside the court process to avoid excessive legal fees that bear no benefit to the municipality.</p>	<p>itself based on the advice received from attorneys to whom the cases are assigned to. Due to serious case backlogs within the republic's judicial processes, it's not always a case that the cases to which we are defendants, are heard in court speedily. The time lag and postponement imply that the municipality had to incur legal costs irrespective. As the cases drag on assessments are done by our attorneys and from the advice we got, the attorneys were confident that the municipality had a winnable case. Upon further assessment in the current year and again with the advice from legal counsel, it was decided that</p>					<p>excessive legal fees that bear no benefit to the municipality.</p>

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					<p>the best option was to settle the matter through a court order and not incur any more costs. This is taking into consideration the fact that the case keeps on being postponed. Furthermore, the municipality has also assessed the impact on what are the risks associated with not defending the cases that we are more likely to have numerous litigations/claims from any member of the public knowing that the municipality will settle such claims even where the prospects of defending the case successfully are there.</p>					
11	AAP50095-2023	Legal fees – GTM vs Bernado Tongue	The accounting officer did not exercise an oversight responsibility regarding the	<ul style="list-style-type: none"> The accounting officer must disclose the expenditure incurred as 	Management acknowledges the AGSA finding but however does not fully agree	Yes	1	Mokgadi Sono	Legal Fees paid to Magabe Attorney Inc and TJ Machete Attorney Inc to represent the	<ul style="list-style-type: none"> The accounting officer must ensure that such losses are avoided in the

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			prevention of incurrence of fruitless expenditure.	fruitless expenditure and also ensure that such losses are avoided in the future. <ul style="list-style-type: none"> Where a valid claim is submitted, the accounting officer should strive to settle the cases outside the court process to avoid excessive legal fees that bear no benefit to the municipality. 	with the finding. The municipality is sued by various parties from time to time and to avoid frivolous lawsuits, the municipality always defends itself based on the advice received from attorneys to whom the cases are assigned to. Due to serious case backlogs within the republic's judicial processes, it's not always a case that the cases to which we are defendants, are heard in court speedily. The time lag and postponement imply that the municipality had to incur legal costs irrespective. As the cases drag on, assessments are done by our attorneys and from the advice we got, the attorneys were				municipality on the case between GTM & Bernado Tongue is listed in the audited Fruitless and Wasteful Expenditure for 2022/2023.	future. <ul style="list-style-type: none"> Where a valid claim is submitted, the accounting officer should strive to settle the cases outside the court process to avoid excessive legal fees that bear no benefit to the municipality.

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					<p>confident that the municipality had a winnable case. Upon further assessment in the current year and again with the advice from legal counsel, it was decided that the best option was to settle the matter through a court order and not incur any more costs. This is taking into consideration the fact that the case keeps on being postponed. Furthermore, the municipality has also assessed the impact on what are the risks associated with not defending the cases that we are more likely to have numerous litigations/claims from any member of the public knowing that the municipality will settle such claims even</p>					

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					where the prospects of defending the case successfully are there. Based on the above the current management has made a sound financial management decision on settlement of the case.					
12	AAP50096-2023	Expenditure : Legal fees for transfer of stands	The accounting officer did not exercise an oversight responsibility over the management of legal fees and the prevention of fruitless expenditure.	<ul style="list-style-type: none"> The municipality should pay for service rendered in the form of transfer of properties to avoid fruitless expenditure. The accounting officer must disclose the expenditure incurred as fruitless expenditure and also ensure that such losses are avoided in the future. 	Management disagrees with the finding. (Fruitless and Wasteful Expenditure) The Auditor General is querying that there is a potential fruitless expenditure for the first payment, as the value has not been derived for such transaction (non-transfer of the properties). The transaction cannot be fruitless expenditure in terms of audit provisions as the process of registering the	Yes	1	Justice Ramafala	Engagement with the Developer on the 107 stands	There was no duplication After further engagements and obtaining further clarity from the lawyers the following was established: <ul style="list-style-type: none"> Municipality paid R3 140 086 to the legal service providers to register the 195 donated stands in the name of the developer. Of the 195 stands paid for by the municipality, 107 were rejected by the deeds office as the required services were not installed in

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					<p>properties was undertaken as per instructions from the Municipality. The process includes the following services which were rendered.</p> <ul style="list-style-type: none"> a) Drafting of PLTs b) Powers of attorney c) Drafting sale agreements d) Drafting donations or condition precedents e) Clearance certificates f) Rates certificates g) Correspondences h) Transferring costs i) Deeds costs j) Sars costs <p>The rejection by the Deeds office occurs after all the processes to transfer the properties are undertaken. The reason for non-registration of the deeds by the Deeds office</p>					<p>the stands.</p> <ul style="list-style-type: none"> • The payment made for the 107 stands not registered by the deeds office amounts to a financial loss of R1 723 021 and led to a material irregularity <p>Management has acknowledged the wrongdoing and is in the process of engaging the developer to recover the funds</p> <p>The expenditure is fruitless in nature</p>

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					<p>was non-compliance raised by the Deeds office for the services that must be installed on the development site before transfers can happen, which include electricity, sewer, and other related services, which is the responsibility of the Developer and the Municipality which was unfortunate issued after the fact.</p> <p>On the finding dealing with the duplicates of payments, the explanation is as follows: There are two payments invoice levied. There is the first payment which dated 18 May 2022 for 50 erfs. The last payment which is dated July 2022 for the rest of the 234 erfs.</p>					

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					There is no duplicate, payments were made in two batches. The 88 Properties were transferred so far with the remainder of the other rejected properties which are not yet transferred. The cost for registering the remaining properties will be levied against the developer as proposed by the Municipality.					
13	AAP50099-2023	Transfer of property without council resolution	The accounting officer did not exercise an oversight responsibility over the management of investment property and land disposal	The accounting officer should ensure that stands are only transferred based on a council resolution as per Par 14 of the MFMA	Management agrees with the finding as there were no council resolutions for the stands transferred.	No		Benjamin Mathebula	Review the Land Availability Agreement	In the absence of a council regulation the transfer of municipal land is regarded as an illegal process. The Land Availability Agreements also expired in 2009
14	AAP50100-2023	Unauthorized expenditure	Inadequate review of the financial statements to ensure that the correct amount of unauthorized	The accounting officer should ensure that the budgeting process correctly reflects the	Management agrees with the finding. The Unauthorized Expenditure is as a result of Provision for	No		Arnold Mathebula	The budget process during 2023/2024 will correctly reflect the estimated expenditure to avoid	The accounting officer should ensure that the budgeting process correctly reflects the

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			expenditure is disclosed and non-compliance with MFMA.	estimated expenditure to avoid incurrence of unauthorized expenditure.	Debt Impairment which is a non-cash item.				incurrence of unauthorized expenditure..	estimated expenditure to avoid incurrence of unauthorized expenditure.
15	AAP50101-2023	Delays in investigations of fruitless and irregular expenditure	Inadequate action taken to address the irregular and fruitless expenditure incurred by the municipality	The accounting officer should ensure there is speedy investigation and resolution of the fruitless and irregular expenditure, this will enforce a culture of accountability and ensure that municipal funds are spent prudently.	Management agrees to the finding	No		Donald Mhangwana	Review of the audit action implementation progress on a monthly basis, ensure capacity building by stakeholders, discuss SCM circulars in all management meetings, report to Council, Audit Committee and Treasury on UIF reduction on a quarterly basis and implement corrective actions regularly.	The accounting officer should ensure there is speedy investigation and resolution of the fruitless and irregular expenditure, this will enforce a culture of accountability and ensure that municipal funds are spent prudently. Management action will be monitored to ensure implementation
16	AAP50102-2023	IT management - software no longer in use	The accounting officer did not provide adequate oversight responsibility to prevent irregular, fruitless and wasteful expenditure as prescribed by section 62 (1) (d) of Municipal Finance Management Act.	<ul style="list-style-type: none"> The accounting officer should ensure that all services provided to the municipality are regulated by a valid service level agreement and where a particular system is no longer in use no additional payments are 	Irregular Expenditure: Management agrees with the finding as the payment made during 2022/2023 FY was based on the SLA signed in 2021/2022. However, it must be noted by the AG that the financial system is still in use for queries	No		Annie Mokawane		The transaction is irregular and must be disclosed as such in the AFS The municipality should also consider obtaining back up information to ensure that information is always readily available rather than paying an annual fee on a

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				<p>made to the service provider</p> <ul style="list-style-type: none"> The municipality should also consider obtaining back up information to ensure that information is always readily available rather than paying an annual fee on a system that is no longer in use. 	<p>dating back to 2019/2020 FY.</p> <p>Fruitless and Wasteful: Management disagrees with the finding as the system is being utilized on a view only license to address queries which might relate to the 2019/2020 FY and prior, the system will provide assistance in terms of litigations that might arise in relation to the above stated Financial Years.</p>					system that is no longer in use.
17	AAP50109-2023	COMAF 3 - The municipality does not have a consultancy reduction plans in place to reduce the reliance on consultants	The accounting officer did not exercise his oversight responsibility regarding compliance with municipal cost containment regulations.	The accounting officer should ensure that a consultancy reduction plan in place to reduce the reliance on consultants and that consultants are not used for permanent/ full time needs.	<p>Management agrees to the finding.</p> <p>Management will develop and implement the consultancy reduction plan in line with the Cost Containment Regulations of 2019, reg 5(1) and Cost Containment Policy, par 4.5.6. However, this will be a</p>	Yes	2	Mokgadi Sono	Management will develop and implement the consultancy reduction plan in line with the Cost Containment Regulations of 2019, reg 5(1) and Cost Containment Policy, par 4.5.6. This will be a gradual process until full transfer of skills is achieved.	The accounting officer should ensure that a consultancy reduction plan in place to reduce the reliance on consultants and that consultants are not used for permanent/ full time needs. Management action will be monitored to ensure

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					gradual process until full transfer of skills is achieved.					implementation
18	AAP50254-2023	IT Management – No ICT steering committee.	The council did not adequately exercise oversight responsibility to ensure that the ICT steering committee is properly constituted in order to govern and be accountable for the Municipal ICT Governance in the Greater Tzaneen Municipality and to ensure that ICT conforms to legislation and best practices by aligning IT investments with the Municipality's strategic objectives.	The accounting officer should establish ICT steering committee in order to effectively govern and be accountable for the municipal ICT governance. The composition of the committee must be in line with the approved terms of reference	Management agrees with the finding.	Yes	3	Sharon Sepeng		The accounting officer should establish ICT steering committee in order to effectively govern and be accountable for the municipal ICT governance. The composition of the committee must be in line with the approved terms of reference
19	AAP50255-2023	Traffic fine withdrawals	Implement controls over daily and monthly processing and reconciling of transactions and Review and monitor compliance with applicable	The accounting officer should ensure that all the withdrawals have a valid reason and ensure that the withdrawn tickets are authorized by the appropriate	No Notice Type Notice Number Status Current fine Reg no 1 SEC56 50/24861/085/ 049857 Withdrawn 500 FNZ 667 L 2 SEC56 50/24864/085/	Yes	2	Andre Liversage		3.1 - There was no evidence to indicate that the tickets were withdrawn by the prosecutor - Responsible person must demonstrate to the AG that the

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			laws and regulations	authority. Furthermore the accounting officer should improve the control environment for the prevention and detection of non-compliance with laws and regulations.	<p>049863 Withdrawn 500 DZG 289 L 3 SEC56 50/25253/085/ 050641 Withdrawn 300 FHL 336 L</p> <p>Management disagrees with the finding. The below must be noted: Ø The above tickets were withdrawn by the Prosecutor. Ø We have verified the Receivables listing and these tickets were not included as part of the balance. Therefore, Receivables are not understated.</p> <p>No Notice Type Notice Number Status Current Fine Reg no 1 SEC341_HW 10/44092/085/ 088279 Withdrawn 500 FLV 511 L 2 SEC341_HW 10/44975/085/ 090045 Withdrawn 500 DH 23 SH GP</p>					tickets were withdrawn by the prosecutor - withdrawn tickets are currently in the AG boardroom 3.2 - The cancellation of tickets results in a loss of potential revenue for the municipality, correct codes must be used to ensure the validity of the tickets - matter is regard as a control deficiency

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					<p>3 SEC56 50/25876/085/051887 Withdrawn 500 DXM 542 L</p> <p>4 SEC56 50/26270/085/052675 Withdrawn 300 BZL 743 L</p> <p>5 SEC56 50/26585/085/053305 Withdrawn 1500 FHV 875 L</p> <p>Management disagrees with the finding.</p> <p>The above tickets were cancelled internally and approved by the Manager within the Traffic Department, who signed on all the tickets. This was due to the incorrect capturing of the Traffic Codes and information on the traffic fines.</p>					
20	AAP50257-2023	Provision for impairment – government	The accounting officer did not take reasonable care to ensure that provision for bad debt is	Government is able to pay and cannot be impaired as government cannot be	Management agrees to the finding	Yes	2	Rona Viljoen	In terms of GRAP 104 you can impair government debtors if the recoverability is	Engaged with management and the recoverability of the amounts is remote due

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			accurately calculated as per the requirements of GRAP 104 and the amount disclosed in the financial statements agrees with the supporting schedules and is appropriately supported.	regarded as a struggling debtor or a debtor with unknown payment history impairment of government departments					extremely remote. The government debt we impair is based on communication related to charges on disputed property rates and interest which Council need to take a decision on. Current charges are paid on current Government accounts. We intend to take a report to Council on disputed charges related to Government accounts and interest accumulated for write-off in the 2023/2024 financial year.	to the aging of the debt Policy and methodology must properly address the old government debtors Policy must be properly updated and applied by the municipality to ensure that similar matters do not recur
21	AAP50259-2023	Prepayments – Payments not set-off against customer accounts	The accounting officer did not exercise oversight responsibility to ensure that what has been recorded as advance payments is indeed advance payments and not misallocations.	The accounting officer should ensure that amounts received are recorded into the correct accounts as this will assist reducing the high balance of receivables, ensure that correct interest	Management disagrees with the finding. Payments received through the Bank Statement with account numbers are automatically allocated through the electronic bank reconciliation	No		Rona Viljoen	Debtors accounts with credit balances will be revisited and if credit was allocated to an inactive account with no charges the payment will be reversed and re-allocated to unknown	The accounting officer should ensure that amounts received are recorded into the correct accounts as this will assist reducing the high balance of receivables, ensure that correct interest

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
				is charged on outstanding consumer balances and that the impairment is correctly calculated and customers who pay their accounts are excluded from the impairment. Where amounts are received from unknown sources this should be correctly classified as unknown deposits under payables.	to the account utilized as reference. Payments with no account numbers on the Bank Statements are the only payments which are classified as Unknown Direct Deposits.				deposit account.	is charged on outstanding consumer balances and that the impairment is correctly calculated and customers who pay their accounts are excluded from the impairment. Municipality must implement other communication measures in order to alert the public about the pre-payments or unknown deposits so that concerned parties can approach the municipality
22	AAP50260-2023	Receivables : No alignment with debt impairment policy	The accounting officer did not exercise oversight responsibility to ensure that impairment of debtors is aligned to the municipality's policy.	<ul style="list-style-type: none"> The accounting officer should ensure that the impairment of debt policy includes the provision for debtors owing more than 120 days where payment is being made The accounting 	Management agrees to the finding that the impairment calculated and disclosed was not aligned to the 2022-2023 impairment of debt policy.	No	1	Rona Viljoen	The debt impairment policy was reviewed for 2023/2024 financial year to make provision for 90 days + impairment and implemented from 1 July 2023. The policy will be correctly applied with	Financial statements were corrected and the policy was correctly applied The Policy must be properly updated and applied by the municipality to ensure that similar matters do not recur

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
				officer should ensure that the impairment calculated and disclosed in the financial statements is aligned to impairment of debt policy					the financial statements of 2023/2024 FY	
23	AAP50262-2023	Receivables – Bad debts written off without council resolution	The accounting officer did not exercise oversight responsibility to ensure that irrecoverable debt written-off has been approved by council before being included in the annual financial statements 2022/2023.	The accounting officer should ensure that irrecoverable debt written off is approved by council prior to being included in the final AFS.	Management agrees to the finding	No		Rona Viljoen	Bad debts approved in October 2023 will be accounted for in the 2023/2024 financial statements. Any approved bad debt write off will only be reflected in the financial year that it is approved.	The accounting officer should ensure that irrecoverable debt written off is approved by council prior to being included in the final AFS.
25	AAP50266-2023	Distribution losses	The accounting officer did not ensure that proper controls were in place to manage and curb the distribution losses during the year.	The accounting officer should ensure that distribution losses are managed and curbed to avoid excessive losses.	Management partially agrees to the finding, however not all electricity losses can be avoidable. Between 5 -12 % are acceptable losses in the distribution network, as per the NERSA guidelines. The municipality losses are currently 1.74% above the	Yes	1	Freedom Mthetwa		The distribution loss has more than doubled from R 30 132 964 to R68 080 234, the current loss is outside the tolerable range A loss of R68 million is very significant in financial terms and in view of the municipal financial constraints, and the

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					acceptable norm, which is not excessive losses as described by the AG.					municipality should work towards the reduction of the distribution loss
26	AAP50271-2023	The municipality did not perform gap analysis prior to appointment of the consultants.	The accounting officer did not exercise his oversight responsibility regarding compliance with municipal cost containment regulations and municipal cost containment policy.	The accounting officer should ensure that gap analysis is conducted prior to appointment of consultants.	Management agrees to the finding, as management was only making use of a memorandum prior the appointment of consultants which did not provide a full gap analysis.	Yes	2	Arnold Mathebula	GAP analysis will be conducted prior to appointment of consultants.	The accounting officer should ensure that gap analysis is conducted prior to appointment of consultants. Management action will be monitored to ensure implementation
27	AAP50278-2023	Non-compliance – Procurement of water tankers	Non-compliance with the MFMA circular 62	<ul style="list-style-type: none"> In future the municipality must limit the variation to 15% of the contract value as per the MFMA circular 62 and to avoid incurrence of irregular expenditure. Municipality must consider procuring own tankers to reduce the excessive tinkering costs. 	Management disagrees with the finding. It must be noted by the AG that due to Covid 19 restrictions tenders were restricted and also by the National Treasury, as such, any appointment of a new panel was a challenge. In order to alleviate service delivery issues the Municipality decided to renew the contracts on a	No		Tedia Molewa		<ul style="list-style-type: none"> In future the municipality must limit the variation to 15% of the contract value as per the MFMA circular 62 and to avoid incurrence of irregular expenditure. Municipality must consider procuring own tankers to reduce the excessive tinkering costs.

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					month to month basis while the finalization of the new pool was at an advanced stage.					
28	AAP50279-2023	Management of the use of Water tankers	No proper process is outlined on the logistical management of the water tinkering services	The expenditure policy and procedure manual or SCM policy must be updated to properly reflect the process of obtaining the requisition and issuing the order before the service is issued.	Management agrees to the finding. Demands for water within the bounds of Greater Tzaneen require swift management and management needs to mitigate against unforeseen circumstances arising from the community.	No		Tedia Molewa		The expenditure policy and procedure manual or SCM policy must be updated to properly reflect the process of obtaining the requisition and issuing the order before the service is issued.
29	AAP50281-2023	Non-compliance with the SLA – Coordinating Committee	Non-compliance with the service level agreement	A coordinating committee must be established in line with the SLA requirements and to also assist with addressing the challenges experienced with the water provision.	Management agrees with the finding. Non-compliance of establishment of committees by the two municipalities is as a result of lack of follow up meetings. A meeting was held with MDM to discuss the SLA and in the meeting it was agreed that MDM will arrange a meeting to	No		Olga Hulisani Tshisevhe	GTM will do follow up with MDM to arrange the meeting for the establishment of the SLA coordinating committee.	A coordinating committee must be established in line with the SLA requirements and to also assist with addressing the challenges experienced with the water provision.

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					establish the coordinating committee.					
30	AAP50282-2023	Commitments – Misstatement of commitments	Inadequate review of the financial statements and supporting schedules	<ul style="list-style-type: none"> • Properly review the financial statements to that they agree with supporting schedules. • Disclose the correct amount of Commitments in the financial statements. 	Management agrees with the finding	No		Mosibudi Rabothata	Management will ensure the accuracy by updating commitment register (supporting schedules) on a monthly basis; and compiling quarterly AFS.	Although the matter was corrected in the financial statements, attention should be given to commitments as material adjustments are processed annually, There must be a proper review the financial statements and AFS must agree supporting schedules.
31	AAP50285-2023	Commitments	Inadequate review of the financial statements and supporting schedules.	<ul style="list-style-type: none"> • Properly review the financial statements to that they agree with supporting schedules. • Disclose the correct amount of Commitments in the financial statements. 	Management agrees with the finding.	No		Mosibudi Rabothata	Management will ensure the accuracy by updating commitment register (supporting schedules) on a monthly basis; and compiling quarterly AFS.	Although the matter was corrected in the financial statements, attention should be given to commitments as material adjustments are processed annually, There must be a proper review the financial statements and AFS must agree supporting schedules.
32	AAP50287-2023	Commitments - Misstatements	Inadequate review of the financial statements and	<ul style="list-style-type: none"> • Properly review the financial statements to 	Management agrees with the finding	No		Mosibudi Rabothata	Management will ensure the accuracy by updating	Although the matter was corrected in the financial

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			supporting schedules	that they agree with supporting schedules. • Disclose the correct amount of commitments in the financial statements.					commitment register (supporting schedules) on a monthly basis; and compiling quarterly AFS.	statements, attention should be given to commitments as material adjustments are processed annually, There must be a proper review the financial statements and AFS must agree supporting schedules.
33	AAP50294-2023	PPE: Impairment assessment of delayed projects not performed	Leadership Management did not ensure that the assessment of impairment as required by GRAP 21 is appropriately performed and documented.	As year-end long standing projects should be reviewed for indicators of impairment in line with GRAP 21 paragraph 20	Management agrees with the finding. Management requests AG for permission to perform an impairment assessment relating to work in progress, specifically, the project taking longer to complete to identify any impairment indicators and adjust accordingly. Management will review and identify if there are any indicators of impairment for projects taking longer to	Yes	2	Thabo Mathole	At this point there is no identified slow-moving project. The assets division is in close contact with the user departments regarding the slow moving/delayed projects. At year end there will be impairment of the assets form AR/ Assets Register, meaning the focus will also include the other assets.	Although the matter was corrected in the financial statements, projects should be completed to ensure that there is an improvement in service delivery Projects will be monitored to ensure that they are completed

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					complete and propose correcting Journals to effect the changes. The Fixed Asset Register, Annual Financial Statement and the Disclosure notes will be adjusted. The revised Impairment assessment report will also be submitted to the Auditors for review.					
34	AAP53594-2023	Revenue - Loss of conditional grants	The accounting officer did not exercise his oversight responsibility regarding financial and compliance monitoring to avoid loss of grants.	Grants should be used in the year of allocation and funds not used should be rolled over to the next financial through a roll-over approval process and used upon receipt to avoid forfeiture.	Management partially agrees with the finding, as an application for Rollover was submitted to the National Treasury but was not approved.	Yes	1	Freedom Mthetwa		Municipality has lost grants that could have been used to improve service delivery Management action will be monitored to ensure implementation

Financial Year: 2022/2023

Greater Tzaneen Municipality

Other Important Matters

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
1	AAP50088-2023	Internal control deficiency- Closing date of the advert on different newspapers is not the same	Financial and Performance management The municipality did not have sufficient monitoring controls to ensure the adherence to the internal policies and procedures for procurement and supply chain management.	The Accounting Officer should improve the control environment to ensure that closing date of bids advertisement is the same when advertised on different newspaper to prevent irregular expenditure in future.	Management disagrees with the finding. <ul style="list-style-type: none"> The error occurred on the placing of the advert due to loadshedding on the side of the newspaper where on the different dates for the advert, briefing and closing date was communicated during the briefing session to avoid confusion on the submission on the tender document by the service providers. 	Yes	1	Zabel Modjadji	Management to ensure that internal control processes are put in place and adhered to in order to avoid the finding raised.	Management response noted through the inspection of the supporting document which indicated that the delay was caused by load-shedding on Sowetan's, the impact was going to be on the advertisement date not closing date of the tender, therefore the finding remains and internal control deficiency will be reported in the management report.
2	AAP50091-2023	Contract Management - incorrect contract amount SCMU 19/2022. i agree with the finding. after drafting service level agreement	The accounting officer did not exercise an oversight responsibility regarding the review of service level agreements. i agree with the	The accounting officer should ensure that service level agreements are properly reviewed before signing. i agree with the	Management agrees with the finding.	No		Justice Ramafala	Service level agreements are crucial components of the contract that the municipality conclude with service providers. It is	Management response noted The control deficiency will be reported in the management report.

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		i will make sure that i proof read same twice or thrice in comparison to the bid documents to make sure that they correspond.	findings of the audit. Legal manager to make sure that service level agreement is properly drafted and comply with legislation and regulations.	recommendation.					important that they comply with legislative requirements and regulations. They must be water tight so that when disputes arise with the service providers the municipality should be in a position to successfully defend its case. The SCMU number, contract period must be properly captured to correspond with the ones on the bid documents. This can only be achieved by proper scrutinizing of the draft service level agreement in comparison to the bid documents. one should request SCMU not to pile files that needs drafting of service level agreement because the more the workload, the	

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									more pressure and the more chances of making mistakes. I must allocate enough time for drafting of the service level agreement.	
3	AAP50092-2023	Contract management – Contracts without clear expiry date.	The accounting officer did not exercise an oversight responsibility regarding the review of service level agreements.	<ul style="list-style-type: none"> The accounting officer should ensure that service level agreements are properly reviewed before signing. 	Management agrees with the finding.	No		Justice Ramafala		Management response noted The control deficiency will be reported in the management report.
4	AAP50097-2023	Fruitless expenditure incurred/financial loss	The accounting officer did not exercise his oversight responsibility regarding financial, performance reporting, compliance, and related internal controls. The accounting officer did not review and monitor compliance with applicable laws and regulations.	The accounting officer should monitor the overdue accounts and ensure that payments are made timeously to prevent fruitless and wasteful expenditure as a result of the interest charged on overdue accounts.	Management agrees with the finding	Yes	3	Mosibudi Rabothata	Management will engage Eskom to negotiate for suppressing or waiving interest in case the municipality is failing to meet its financial obligation.	The accounting officer should monitor the overdue accounts and ensure that payments are made timeously to prevent fruitless and wasteful expenditure as a result of the interest charged on overdue accounts.
5	AAP50098-2023	Understatement of Fruitless Expenditure	Inadequate review of the financial statements and	<ul style="list-style-type: none"> Properly investigate the course of the fruitless expenditure 	No management response	No		Mosibudi Rabothata	The matter is deferred back to MPAC and awaits outcome	No management response – the fruitless expenditure

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
			supporting schedules	and material irregularity in order to recover the loss and address the material irregularity that was raised <ul style="list-style-type: none"> • Disclose the correct amount of fruitless expenditure in the financial statements. 					of the investigation.	written off was reversed in the annual financial statements
6	AAP50103-2023	Overtime – Excessive overtime : Overtime in excess of basic salaries	The accounting officer did not ensure that employees comply with the overtime policy	<ul style="list-style-type: none"> • Ensure that controls are implemented to ensure compliance with all relevant legislation and standards and develop a compliance checklist for assessing compliance with all applicable legislation and standards. • Consider procedures to regulate overtime for emergency employees to reduce the excessively high overtime claimed by employees. • Where there are vacancies consideration 	<p>Management does not agree with the finding.</p> <ul style="list-style-type: none"> • Electrical Engineering Services is an essential department, as NERSA license holder our work requirements are guided by NERSA and National Electricity Regulator (NRS), all over-time work was essential. The over-time hours include but not limited to Load shedding. • All overtime pre-approval is strictly scrutinized, evaluated and approved as 	Yes	3	Freedom Mthetwa	Appointment a service provider to assist with load shedding. manage and approve overtime in line with municipal policy.	<ul style="list-style-type: none"> • Ensure that controls are implemented to ensure compliance with all relevant legislation and standards and develop a compliance checklist for assessing compliance with all applicable legislation and standards. • Consider procedures to regulate overtime for emergency employees to reduce the excessively high overtime claimed by employees. • Where there are vacancies

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
				<p>should be given to filling the vacant posts in order to reduce the extent of overtime.</p>	<p>required. In the event of emergency, the request is discussed and approved by the Director.</p> <ul style="list-style-type: none"> Part 8.1 of the overtime policy states that: <p>Municipal Manager</p> <p>8.1.1 Approve all overtime requests above 40 hours as per limit set in BCEA.</p> <p>8.1.2 Approve all overtime remuneration above capped hours as per this policy. All hours paid were approved by the MM. Overall increase on overtime is as a result of high load shedding of overtime which is beyond our control and secondly. Under engineering department, we are having an SLA with the District, the infrastructure is</p>					<p>consideration should be given to filling the vacant posts in order to reduce the extent of overtime.</p>

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					very old and not serviced by the District which causes disruptions due to pipe burst now and then, and as such that needs an immediate attention.					
7	AAP50104-2023	24. COMAF 6 - Bulk purchase-electricity (Farrell account)	The accounting officer did not establish measures to ensure that when the municipality pays for electricity on the Farrel account, the consumption is confirmed.	<p>Establish a comprehensive verification protocol to ascertain the accuracy of electricity consumption prior to authorizing payments for the Farrel account.</p> <p>This should involve a systematic cross-validation of Eskom's readings with internal records.</p>	Management disagrees with the finding. The utilized capacity for the Farrell account is incorrectly captured. Based on the night save tariff structure for local authority the transmission network capacity charge and network capacity charge have been captured as the utilized capacity. See the corrected utilized capacity on the table below: Consumption month/period Invoice no Utilized capacity Jul-22 731958054065 548.21	Yes	3	Freedom Mthetwa		Management must implement any form of mechanism to confirm the Eskom billing on the Farrel account before a payment can be made.

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					Aug-23 731633111519 8 614.92 Sep-22 731350072197 641.81 Oct-22 731589609691 635.35 Nov-22 731222715494 650,08 Dec-22 731446697315 664,98 Jan-23 731958054065 624.42 Feb-23 731487780499 669,55 Mar-23 731580179490 634.63 Apr-23 731962900082 595.22 May-23 731793333200 553.75 Jun-23 731508065946 593.72 The night save rural tariff small is defined as the electricity tariff suitable for customers with an NMD from 25kVA to 1MVA. (As per tariff book approved by					

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					<p> NERSA). The municipality Farrell account currently has a notified maximum demand of 600kVA. According to NRS 057 Code of practice for metering, a main and check metering equipment shall be installed for all metering installations where the planned demand exceeds 10MVA, therefore it is not a requirement that GTM should have a check meter. The South African Distribution metering codes state that official metering data shall be made available by the licensee (Eskom) on request by the customer (the Municipality) in a format agreed </p>					

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					upon between the parties. (2) The licensee shall make available all formats at which it can provide data to the participant.					
8	AAP50105-2023	25. COMAF 1 - Action plan not fully implemented	The accounting officer did not exercise his oversight responsibility regarding compliance and related internal controls.	The accounting officer should monitor the developed action plan to ensure that all reported matters are adequately and timeously addressed, this exercise will ensure that repetition of audit findings is curbed and this will lead to improved audit outcomes.	Management agrees with the finding. The municipality managed to increase implementation progress from 50% to 60%. The fruitless expenditure has been drastically reduced. The remaining findings are all in progress and processes are in place to address them.	Yes	2	Helen Manyike	Audit Steering Committee meetings will be held regularly to track implementation . Progress will be reported to Audit Committee and Council	The accounting officer should monitor the developed action plan to ensure that all reported matters are adequately and timeously addressed, this exercise will ensure that repetition of audit findings is curbed and this will lead to improved audit outcomes.
9	AAP50106-2023	COMAF 1 - Contract register not updated regularly	Management did not ensure that contract register is updated regularly.	Accounting officer should ensure that the contract register is updated on a regular basis and is reviewed frequently to ensure that it contains reliable and accurate information	1. Management agrees with the findings as the contract was having legal dispute on the long-standing service provider that's the reason it was not updated on the contract register until the matter is settled. Attached the document on	Yes	2	Zabel Modjadji	Management to ensure that contract register is monitored and updated monthly with the correct information to avoid the findings raised.	Management must ensure that all contracts of the municipality are recorded in the contract register and the contract register is complete to ensure that all municipal contracts can be accounted for.

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					<p>the legal matter raised.</p> <p>2. Management agrees with the findings as management did not update the contracts that were completed, it was an oversight on the management side to communicate with the project managers to update the contract as completed not still active</p>					
10	AAP50108-2023	COMAF 14 - Non-compliance- The municipality does not employ debt collection services in its financial operations.	The accounting officer did not exercise an oversight responsibility regarding the implementation of the municipal finance management act and prevention of incurrence of losses.	The accounting officer must ensure that a creditable debt collector is appointed in line with the Municipal Finance Management Act and credit control & debt collection policy. Alternatively the municipality must establish its own debt collection division in order to collect debts	Management disagrees with the finding as the debt collection services were taken over by the pool of attorneys appointed for debtors already handed over. It must also be noted that the municipality already has a debt collection subdivision within the Revenue Division.	Yes	3	Rona Viljoen	Management to ensure that a debt collection unit is established and capacitated.	We acknowledge management's response. According to the enclosed instructions provided to Talane & Associates, the appointment was formalized on May 19, 2023. This means that the municipality operated for nearly five months without the services of debt collectors. It is

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
				owed to the municipality.						<p>imperative for management to specify which debts are being handled by the subdivision within the revenue department. This clarification is essential to ensure transparency regarding whether the appointed debt collectors are compensated based on collections made by municipality employees. The accounting officer must ensure that a creditable debt collector is appointed in line with the Municipal Finance Management Act and credit control & debt collection policy. Alternatively the municipality must establish its own debt collection division in</p>

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
										order to collect debts owed to the municipality and the division must be fully capacitated in order to operate optimally. Additionally details of the personnel in the debt collection subdivision should be provided together with supporting information/appraisal on the establishment of the debt collection division.
11	AAP50248-2023	Employees outside the overtime scale remunerated overtime	The accounting officer did not ensure that municipal employees comply with the overtime policy and gazetted salary threshold determinations.	<ul style="list-style-type: none"> That controls are implemented to ensure compliance with all relevant legislation and standards and develop a compliance checklist for assessing compliance with all applicable legislation and standards. Employees who earn above 	Management does not agree with the finding. Part 7.3.3. & 7.3.7 of the overtime policy states that: 7.3.3. An employee not fully protected by BCEA whose earnings are above the Earnings Threshold shall be remunerated at a rate of 1, 5	Yes	3	Sharon Sepeng	Management will adhere to the set regulations and apply the management tool.	<ul style="list-style-type: none"> That controls are implemented to ensure compliance with all relevant legislation and standards and develop a compliance checklist for assessing compliance with all applicable legislation and standards. Employees

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
				the threshold of R R224 080-48 should only be compensated through time off in compliance with the overtime guiding tools as approved and gazzeted salary threshold determinations.	times his/her normal salary for each hour worked outside normal working hours including Saturdays and double the employee's wage/salary for each hour worked on a holiday or Sunday depending on measures implemented by management to control overtime expenditure. 7.3.7. Exemptions from payment of remunerations The following categories of employees are exempted from receiving payment for shift, stand by and overtime remuneration; (a) The Municipal Manager; (b) All Section 57 Employees; (c) Managers; (d) Employees who assumed duty without					who earn above the threshold of R R224 080-48 should only be compensated through time off in compliance with the overtime guiding tools as approved and gazzeted salary threshold determinations

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					overtime authorization. Due to operational requirements and also the grading/category of the municipality, most of the employees are above the threshold, hence impractical to comply to the guiding tool as more leave days will be accumulated which will be more than required. All employees listed above are covered within the policy.					
12	AAP50249-2023	Overtime hours worked not pre-approved	The accounting officer did not ensure that proper overtime control measures are implemented.	<ul style="list-style-type: none"> • Ensure that controls are implemented to ensure compliance with all relevant legislation and standards and develop a compliance checklist for assessing compliance with all applicable legislation and standards. • Pre-approval 	Management partially agrees with the finding	Yes	3	Freedom Mthetwa	normal over time to be approved before work is done. all pre-approvals must be signed by the director	Noted management responses. The finding remains

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
				for all overtime to be worked must be granted before employees commence with the over time.						
13	AAP50250-2023	Overtime - Excessive hours per month	The accounting officer did not ensure that employees comply with the overtime policy.	<ul style="list-style-type: none"> Ensure that controls are implemented to ensure compliance with all relevant legislation and standards and develop a compliance checklist for assessing compliance with all applicable legislation and standards. Consider procedures to regulate overtime for emergency employees to reduce the excessively high overtime claimed by employees. 	<p>Electrical Engineering: Management does not agree with the finding.</p> <ul style="list-style-type: none"> Electrical Engineering Services is an essential department, as NERSA license holder our work requirements are guided by NERSA and National Electricity Regulator (NRS), all over-time work was essential. The over-time hours include but not limited to Load shedding. All overtime pre-approval is strictly scrutinized, evaluated and approved as required. In the event of emergency, the request is discussed and approved by 	Yes	3	Freedom Mthetwa	manage overtime in accordance with the municipal overtime policy.	Noted management responses. The finding remains

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					<p>the Director.</p> <ul style="list-style-type: none"> All over time work is carried out as required, in line with the municipality policy and the Electricity Distribution License. the supervisor is responsible for requesting of overtime and approval is done by the Manager and Director. Curfew on normal over time between (21:00 – 05:00) was introduced. Part 8.1 of the overtime policy states that: <p>Municipal Manager</p> <p>8.1.1 Approve all overtime requests above 40 hours as per limit set in BCEA.</p> <p>8.1.2 Approve all overtime remuneration above capped hours as per this policy.</p> <p>All hours paid were approved by the MM.</p> <ul style="list-style-type: none"> Currently the 					

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					<p>municipality is executing load shedding for 24hrs daily manually, which makes it impossible for us to cap our over time to 40hrs for electricians.</p> <p>Community Services: Management does not agree with the finding.</p> <ul style="list-style-type: none"> Community services is an essential service, this then implies that the department works 7days a week including Saturday, Sundays and Public Holidays. There are 2 Public Toilet teams which rotate weekends and must work from 07h00- 17h00. (All hours worked on weekends and public holidays are regarded as overtime as per the BCEA) The team 					

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					<p>Leader exceeded 40 overtime hours as he should be present on weekends and public holidays not only to supervise his team consisting of ten labourers working at 6 different toilet blocks, but also to issue cleansing materials and toilet paper and to report breakages.</p> <ul style="list-style-type: none"> The employee cannot be given time off for overtime worked, as there is no one to stand in for him if he is given time off. Pre-approval was applied by the Director and approved by the Municipal Manager. 					
14	AAP50252-2023	Employees on standby without authorization.	The accounting officer did not ensure that municipal employees comply with the SALGA requirements	The accounting officer should ensure that approval is granted in writing before employees can be placed on standby per the	Management does not agree with the finding. During 2021/2022 audit, the division was advised by AG	Yes	3	Mosibudi Rabothata	Management will ensure that Stand-by allowance pre-approval forms is adhered to.	Noted management responses. The finding remains. The accounting officer should ensure that approval is granted in

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			on the standby allowance.	South African local government bargaining council	to introduce a pre- approval for Standby allowance to ensure accountability; and also ensure that proper and effective internal control measures are in place. The Stand-by allowance pre-approval forms were developed during the prior year audit period 2021/22 and implemented immediately following the audit conclusion with effect from November 2022.					writing before employees can be placed on standby per the South African local government bargaining council
15	AAP50268-2023	Project Delays	1. Delays were incurred due to stoppage of works as a result of budget depletion due to over commitment of the budget by the municipality and work stoppages by the community on street 2 demanding the road to be moved.	1. The municipality should ensure that adequate budget is available and ring-fenced. In addition, the project should be managed adequately to ensure that projects are completed within time and cost. 2. The	Management does not agree with the finding	No		Tshepiso Maila		Management comments are noted. Management disagreed with the finding. The Engineer misrepresented the fact that the extension of time, along with the additional cost, was for the engineer. However, such an extension

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			<p>2. Lack of oversight led to the municipality approving 123 days that should have been time barred.</p> <p>3. The municipality did not have infrastructure standard operating procedures for variation orders and extension of time and the process to hold responsible contractor, consultants or officials accountable for the additional costs/time.</p>	<p>municipality should update the fruitless and wasteful expenditure register and disclose the financial loss of R1 087 369.32 incurred for time related costs.</p> <p>3. The municipality should implement contractual obligations by imposing penalties to the contractor for failure complete street 2 on time.</p>						<p>was disguised as an extension for the contractor. This is further evidenced by reliance on clauses that are primarily applicable to the contractor in terms of application and extension of practical completion. It must be noted that the nature of the contract in use is referred to as traditional procurement, where the design is done by the employer and the construction by the contractor. Therefore, the contract administration should be aligned with the contracting strategy in place, where each party between the contractor and the engineer has their own contract and separate</p>

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										<p>duties.</p> <p>The extension of time for the consultant should have been clear and precise, as opposed to this extension being submitted as the extension for the contractor. The approval of this extension further indicates that there is a lack of control to detect practices that are not aligned with the contractual prescriptions. The basis of this claim is considered invalid, as it relies on clauses that are not applicable to the engineer. Therefore, this amount R973 296.75 is a financial loss, as it was approved for the contractor, however, it was paid to the consultant. Management</p>

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										should discourage such practices as they can be misleading and have an element of manipulation by the engineer and it further lacks transparency. Therefore, the finding remains and will be reported in the management report.
16	AAP50269-2023	Material on site – Culverts	Lack of monitoring by the consultant and the municipality led to the municipality incurring expenditure for work that was not done. In addition, the municipality did not verify that the works claimed by the contractor were no site prior to payment processing.	The municipality should ensure that claims by the contractor are thoroughly reviewed for accuracy and correctness prior to making payment to the contractor. This will ensure items being claimed for are aligned to the work done on site.	Management does not agree with the finding	No	1	Tshepiso Maila		Management comments are noted. Management disagrees with the finding; however, the contractor was overpaid by an amount of R1 171 138.19. The difference in quantities measured on-site and quantities claimed by the contractor is deemed to be significant and not a reasonable and fair estimate of the work done. The auditors take note of

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										<p>clause 6.10.1.1, which indicates that the interim payment is based on the estimated value of work done. However, this difference indicates a lack of sufficient control to ensure that the measured quantities align with the work done. Management should take note of clause 6.10.7, which states that the correction can be applied to the next interim payment certificate. Therefore, management can proactively make the correction as and when an overpayment/underpayment is identified. The municipality should have internal control processes in place to ensure that the measured quantities</p>

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										claimed align with the work done on-site. Therefore, the finding remains and will be followed up in the next audit cycle to confirm that the amount has been reconciled/corrected.
17	AAP50274-2023	Performance information : Poor Planning	Management did not adequately review the SDBIP before approval and publishing to ensure that planned targets are appropriate.	The accounting officer should adequately review SDBIP to ensure that planned targets are appropriate, realistic and have a clear reference to the base line.	The baseline will be set as a new target. Proper review of the targets will be done before the finalization of the SDBIP.	No		Ria Baloyi	The baseline will be set as a new target. Proper review of the targets will be done before the finalization of the SDBIP.	Management response acknowledged, however the set target can only be rectified in the next coming financial year. For the year under review this will be recognised as an internal control deficiency.
18	AAP50275-2023	Non-compliance with the SLA – Bulk water	Non-compliance with the service level agreement	Bulk water purchases must be procured by Mopani District Municipality as per par 20 of the service level agreement.	Management agrees with the finding. GTM has been paying for bulk purchases over the years. The amount paid will be refunded by MDM as it forms part of the debt owed. Management is still busy	No		Olga Hulisani Tshisevhe	GTM will do follow up with MDM to arrange the meeting to discuss the debt so that the debt can be settled and MDM to start to pay for the purchase of bulk water.	Bulk water purchases must be procured by Mopani District Municipality as per par 20 of the service level agreement.

No.	Reference	Finding	Root Cause	Recommendation	Management Response	Repeat Finding	No. of Years Repeated	Responsible Person	Action Plan	Auditors Conclusion
					engaging MDM (meeting was held on the 17th October 2023) about the payment of Bulk water invoices in order to avoid water restrictions. If water restrictions are implemented the community will not have water and it will lead to community unrest and GTM avoids that by paying for the bulk purchases.					
19	AAP50293-2023	COMAF 21 - Commitments – Misstatement of commitments	Inadequate review of the financial statements and supporting schedules	Accounting officer should: <ul style="list-style-type: none"> • Properly review the financial statements to that they agree with supporting schedules. • Disclose the correct amount of Commitments in the financial statements. 	Management agrees with the finding Correct amounts will be disclosed in the commitment register once approval is granted by the AG	Yes	2	Mosibudi Rabothata	Management will ensure the accuracy by updating commitment register (supporting schedules) on a monthly basis; and compiling quarterly AFS.	Although the matter was corrected in the financial statements, attention should be given to commitments as material adjustments are processed annually, There must be a proper review the financial statements and AFS must agree supporting schedules.