

Briefing to the Portfolio Committee on CoGTA: Lejweleputswa District Municipality

Reputation promise

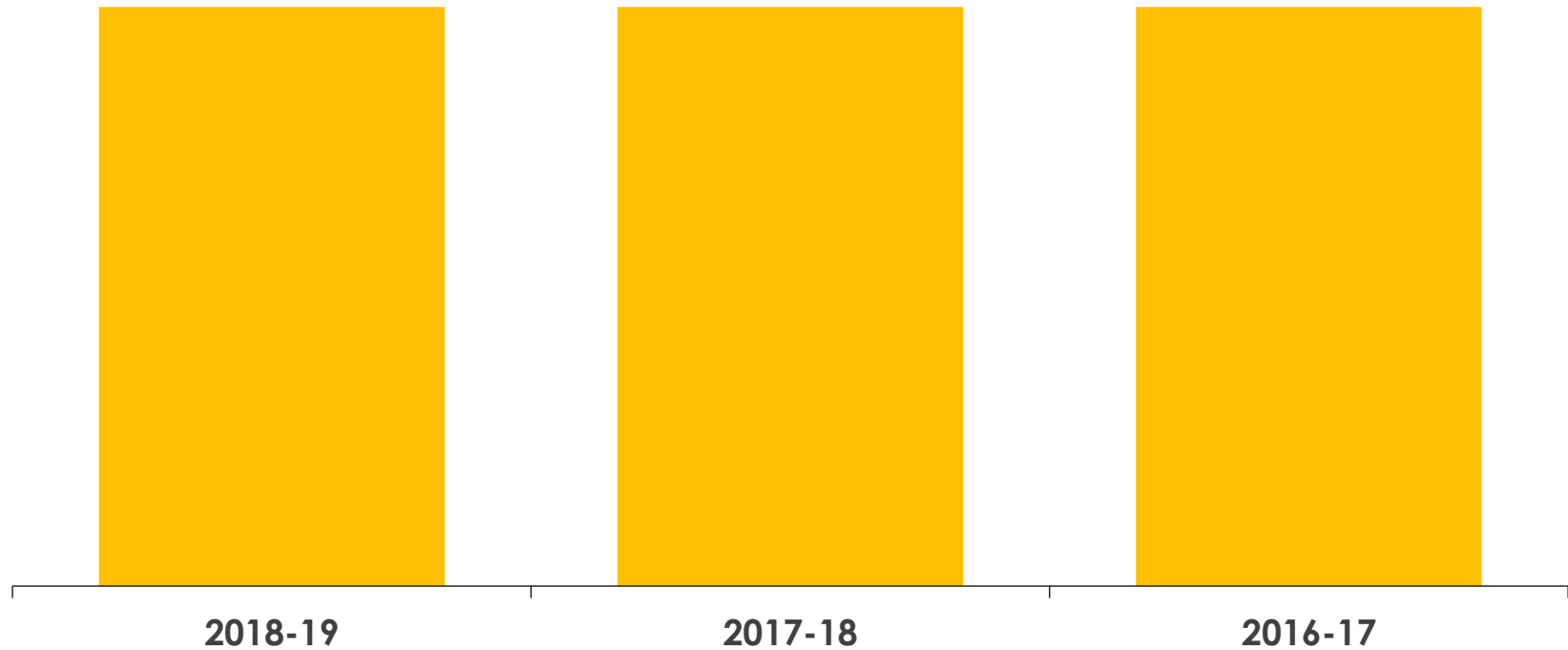
The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the supreme audit institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



The 2018-19 audit outcomes



Audit outcomes over three years



The municipality again received an unqualified audit opinion with findings. The quality of annual financial statements submitted for auditing remains a concern





Performance reporting

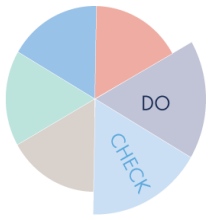
The usefulness and reliability of the reported performance information for the following programmes as presented in the annual performance report were evaluated:

- KPA 2 – Basic services and infrastructure
- KPA 3 – Local economic development

Material findings were raised in respect of the usefulness and reliability on KPA 2 – Basic services and infrastructure as follows:

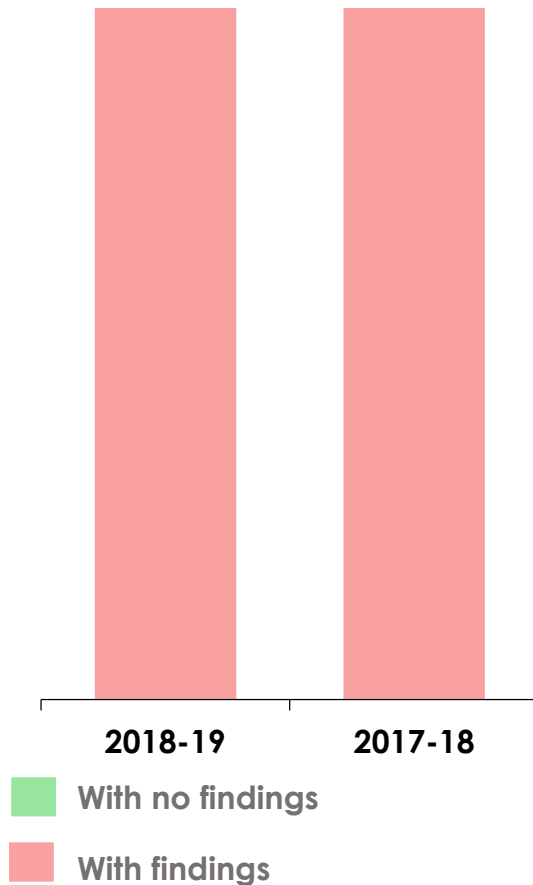
- The method of calculation for achieving the planned indicators was not clearly defined in certain instances.

Material misstatements were identified on KPA 2 – Basic services and infrastructure and were subsequently corrected by management.



Disregard for compliance with legislation

Findings on compliance with key legislation



Non-compliance areas

Expenditure management:

- Reasonable steps were not taken to prevent irregular expenditure

Procurement and contract management:

- Some of the quotations were awarded to bidders that did not score the highest points in the evaluation process.
- Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions.

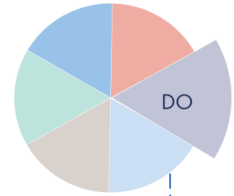
Quality of annual financial statements:

- The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of the MFMA.
- The local community was not invited to submit representations in connection with the 2017-18 annual report.

Strategic planning and performance management:

- The performance management system and related controls were not adequately maintained, as they did not describe how the performance monitoring and reporting processes should be conducted and managed.





Status of internal control

Leadership

Effective leadership



Financial and performance management

Proper record keeping



Daily and monthly controls



Review and monitor compliance



Governance

Risk management

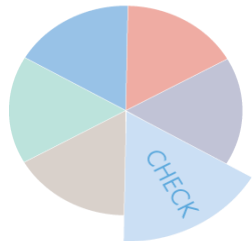


Good

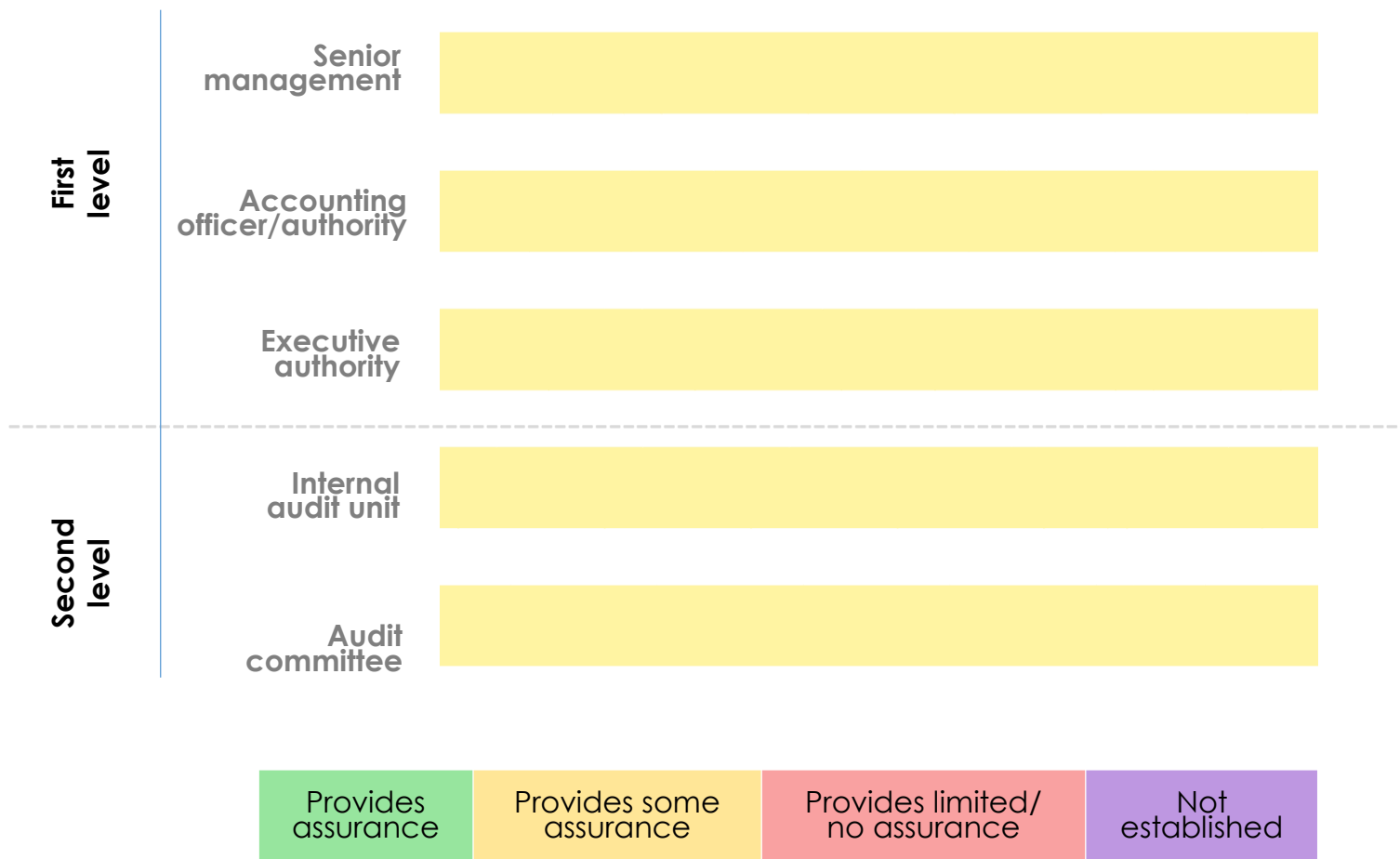
Of concern

Intervention required





Assurance provided



Financial management

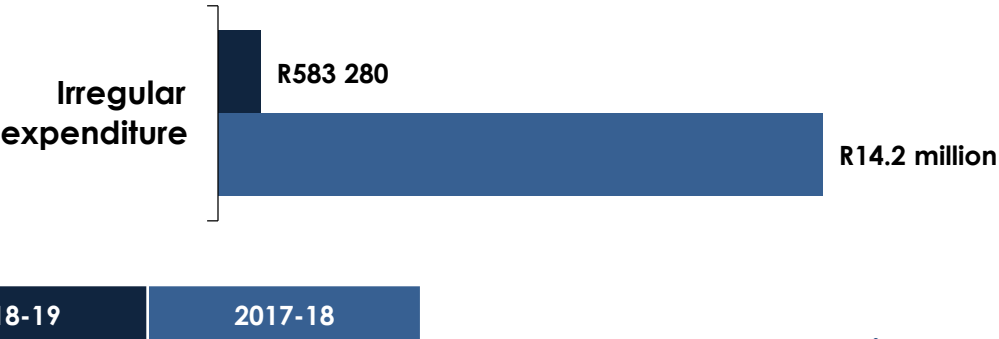


Irregular expenditure decreased over two years

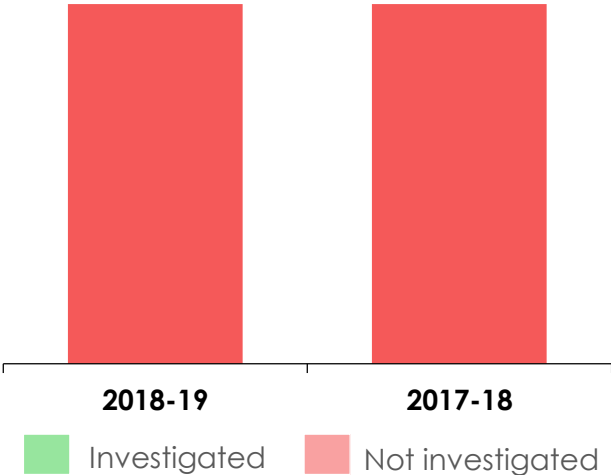
Definition

Expenditure incurred in contravention of key legislation; goods delivered but prescribed processes not followed

Irregular expenditure incurred by entities in portfolio



Previous year irregular expenditure reported for investigation



Nature of irregular expenditure

The municipality incurred irregular expenditure of R583 280 owing to non-compliance with procurement process requirements



Root causes

Slow or no
response to
improving
key controls
and
addressing
risk areas

Management (accounting officers and senior management) and the political leadership (executive authorities) do not respond **with the required urgency** to our messages about **addressing risks and improving internal controls**