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SWELLENDAM MUNICIPALITY

4th QUARTER FOLLOW-UP REPORT

AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC)

Dated: 26 June 2024

Purpose

The International Standards for the Professional Practice of Internal Auditing, standard 15.2: Conforming the Implementation of Recommendations of Action Plans, requires that Internal Auditors must follow an established methodology to confirm that management has implemented actions to address engagement findings.

Objectives

Internal Auditors must establish a follow-up process to monitor and ensure that management actions have been effectively implemented and/or that management has accepted the risk(s) of not taking action.

Outcome/Results

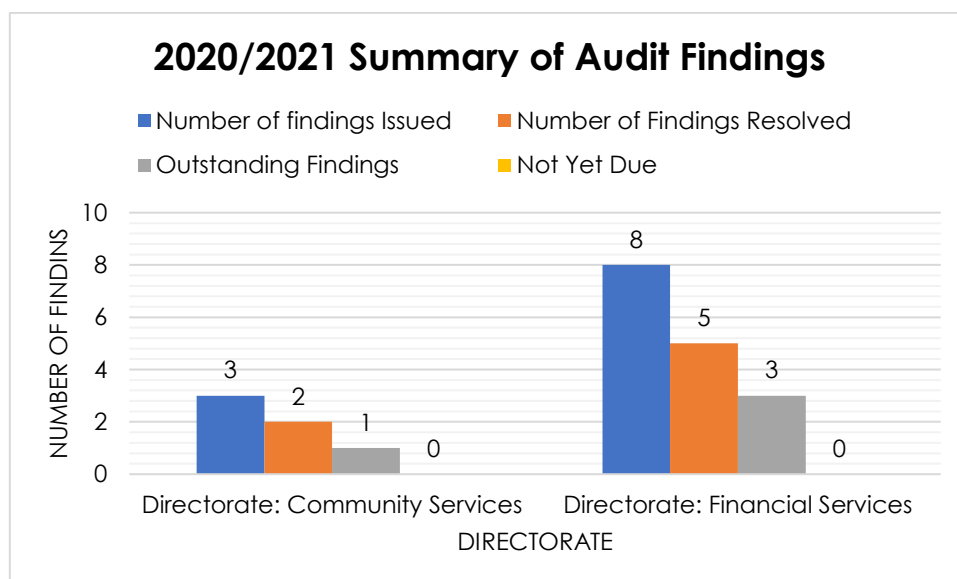
Ref	Directorate	Audit Report Issued	Number of findings Issued	Number of Findings Resolved	Outstanding Findings	Not Yet Due
2020/21-001	Directorate: Community Services	Driver's Examination Review	3	2	1	0
2020/21-008	Directorate: Financial Services	ICT General Control Review	8	5	3	0
Ad Hoc - 2021/22 - 001	Directorate: Community Services	2021/22 Housing Allocation Review	3	0	0	3
2021/22-005	Directorate: Community Services	Q1 Landfill Site Compliance Review - Bontebok	1	0	0	1
2021/22 - 007	Directorate: Community Services	Q2 Landfill Site Compliance Review - Barrydale	1	0	0	1
2021/22- 012	Directorate: Community Services	Q3 Landfill Site Compliance Review- Suurbraak	1	0	0	1

Ref	Directorate	Audit Report Issued	Number of findings Issued	Number of Findings Resolved	Outstanding Findings	Not Yet Due
2021/22 - 013	Transversal	Revenue Management - Sundry Income Review	6	3	3	0
2021/22 - 015	Directorate: Community Services	Q4 Landfill Site Compliance Review - Malagas	1	1	0	0
2022/23 - 001	Directorate: Financial Services	2021/2022 Annual Stockcount	No Findings			
2022/2023 – 002	Office of the Municipal Manager	2021/2022 Annual Performance Management (SDBIP) Review	1	1	0	0
2022-2023 – 003	Office of the Municipal Manager	2021/2022 Compliance Review	1	1	0	0
2022/23 - 004	Directorate: Financial Services	2021/2022 Annual Financial Statements (AFS) Review	No Findings			
2022/2023 – 005	Directorate: Community Services	Landfill Site Review (Cape Infanta)	1	1	0	0
Ad Hoc - 2022/23 - 002	Office of the Municipal Manager	Task Evaluation	2	1	1	0
2022/23 - 006	Office of the Municipal Manager	1st Quarter Performance Management (SDBIP) Review	1	0	1	0
2022/23 - 007	Office of the Municipal Manager	2nd Quarter Performance Management (SDBIP) Review	1	0	1	0
2022/23 - 008	Directorate: Financial Services	Revenue Management Review	5	5	0	0
2022/23 - 009	Directorate: Community Services	Landfill Site Compliance Review-Bontebok	No Findings			
2022/23 - 010	Directorate: Community Services	Illegal Dumping Review	No Findings			
2022/23 - 011	All Directorates	Governance Review	No Findings			
2022/23 - 012	Office of the Municipal Manager	Risk Management Review	No Findings			
Ad Hoc - 2022/23 - 003	Office of the Municipal Manager	Ad Hoc Recruitment, Selection, and Appointment of Staff Process (General Assistants Refuse removal appointment process)	No Findings			
2022/23 - 013	Directorate: Community Services	Landfill Site Compliance Review-Malgas	1	0	0	1
2022/23 - 014	Directorate: Community Services	Landfill Site Compliance Review-Infanta	No Findings			

Ref	Directorate	Audit Report Issued	Number of findings Issued	Number of Findings Resolved	Outstanding Findings	Not Yet Due
2022/23 - 015	Directorate: Financial Services	Supply Chain Management (SCM): Contract Management Review	1	0	1	0
2023/2024 – 002	Office of the Municipal Manager	2022/23 Compliance Review (MFMA, MSA & DORA)	1	0	1	0
2023/2024 – 003	Office of the Municipal Manager	2022/2023 Annual Performance Management (SDBIP) Review	2	0	2	0
2023/2024 – 010	Office of the Municipal Manager	2023/24 2nd Quarter Performance Management (SDBIP) Review	1	1	0	0
2023/2024 – 011	Transversal	2023/24 Governance Review	3	2	1	0
2023/2024 – 012	Directorate: Engineering Services	Ageing and inadequate Roads and Stormwater Review	1	0	0	1
2023/2024 – 013	Office of the Municipal Manager	Risk Management Review	No Findings			
2023/2024 – 014	Office of the Municipal Manager	2023/24 3rd Quarter Performance Management (SDBIP) Review	No Findings			
2023/2024 – 015	Directorate: Engineering Services	Inability to manage Land Invasions & Erection of Illegal Structures Research Review	No Findings			

GRAPHICAL SUMMARY

2020/21 Financial Year

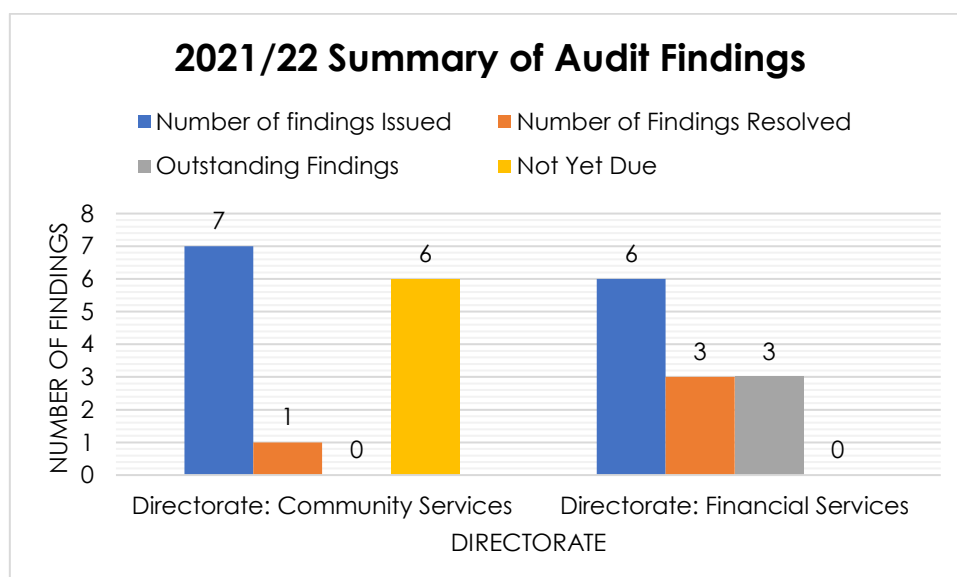


From the table above, it is clear that two audit reports were issued namely that of:

- Directorate Community Services – Traffic Services: Driver's Examination Review and
- Directorate Financial Services – ICT Management: ICT General Control Review.

A total of 11 findings were issued, 7 were resolved and 4 is still outstanding and overdue.

2021/22 Financial Year



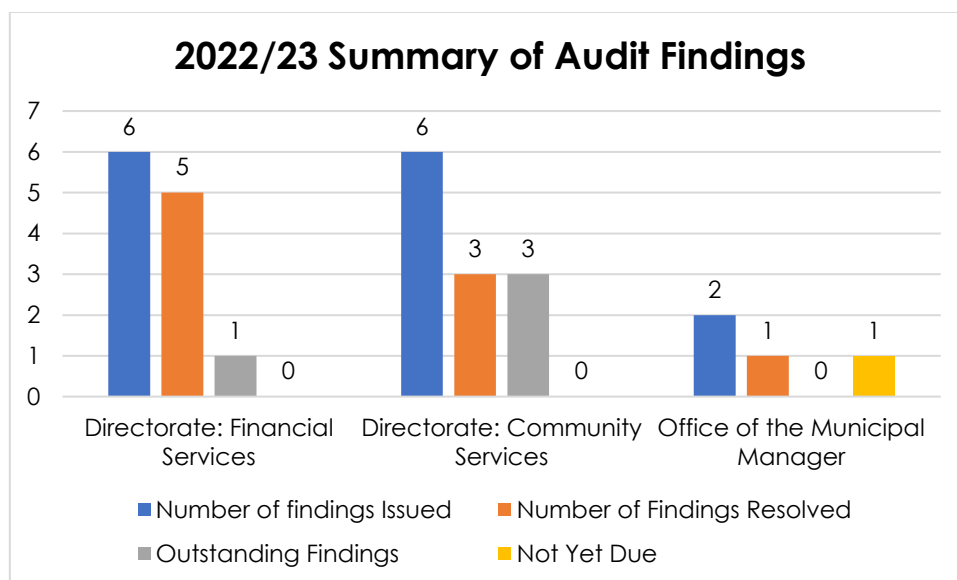
From the table above, it is clear that six audit reports were issued namely that of:

- Directorate Community Services: Housing Allocation Review
- Directorate Financial Services: Revenue Management (Sundry Income) Review
- Directorate Community Services: Q1 Landfill Site Compliance Review (Bontebok)
- Directorate Community Services: Q2 Landfill Site Compliance Review (Barrydale)
- Directorate Community Services: Q3 Landfill Site Compliance Review (Suurbrak) and

- Directorate Community Services: Q4 Landfill Site Compliance Review (Malgas).

A total of 13 findings were issued, 4 were resolved, 3 outstanding and 6 were not yet due

2022/2023 Financial Year



From the table above, it is clear that seventeen audit reports were issued namely that of:

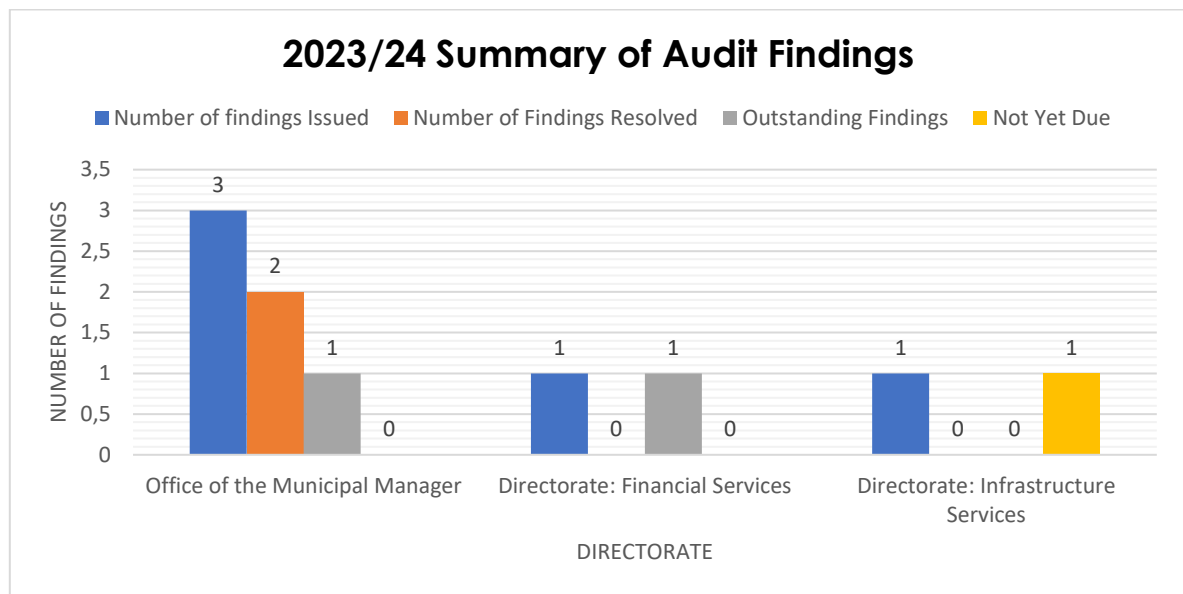
- Directorate Financial Services: 2021/2022 Annual Stock count
- Office of the Municipal Manager: 2021/2022 Annual Performance Management (SDBIP) Review
- Office of the Municipal Manager: 2021/2022 Compliance Review
- Directorate Financial Services: 2021/2022 Annual Financial Statements (AFS) Review
- Directorate: Community Services: Landfill Site Review (Cape Infanta)
- Office of the Municipal Manager: Task Evaluation Review
- Office of the Municipal Manager: 1st Quarter Performance Management (SDBIP) Review
- Office of the Municipal Manager: 2nd Quarter Performance Management (SDBIP) Review
- Directorate Financial Services: Revenue Management Review
- Directorate Community Services: Landfill Site Compliance (Bontebok) Review
- Directorate Community Services: Illegal Dumping Review
- All Directorates: Governance Review
- Office of the Municipal Manager: Risk Management Review
- Office of the Municipal Manager: Ad Hoc Recruitment, Selection, and Appointment of Staff Process (General Assistants Refuse removal appointment process)
- Directorate: Community Services: Landfill Site Compliance (Malgas) Review
- Directorate: Community Services: Landfill Site Compliance (Infanta) Review
- Directorate Financial Services: Supply Chain Management Contract Management

A total of 14 findings were issued, 9 were resolved, 4 were outstanding and 1 were not yet due.

The following finding is unresolved:

Engagement Ref	Engagement Name	Directorate	Finding	Short description of finding	Audit Recommendation	Management Comments	Responsible Person	Due Date	Internal Audit Comments	Implementation Status
2022/2023 - 013	Landfill Site Review (Malgas)	Community Services	Non-Compliance with Permit Conditions	Based on the review that was done, Internal Audit noted a Non-compliance rating of 52,34% which indicated that the WDF is still non-compliant	That the Waste Manager should ensure that the actions as set out in the action plan and Internal Audit report be implemented to ensure ongoing progression is made to ensure that the Malgas WDF is compliant.	The Malgas Landfill site is in the process of closure. Only when our consultant tender is finalised will we be able to identify the actions needed to surrender the site and replace it with a basic drop off site.	Manager: Waste Manager	30 December 2023	Management's Response is noted and accepted. Corrective action will be followed-up	After consultation with the Manager, it was confirmed that the funds for the consultant are not yet available. All functions at the Malgas landfill site have been stopped. There is no refuse being delivered to the Malgas site until such a time as the licence issues have been dealt with. There is a nearby drop off point that is being used for local farmers and the Malgas containers are being used for a majority of waste in Malgas

2023/2024 Financial Year



From the table above, it is clear that three audit reports were issued with findings namely that of:

- Office of the Municipal Manager: Compliance Review
- Office of the Municipal Manager: Governance Review
- Directorate: Infrastructure Services: Ageing and Inadequate Roads and Stormwater Review

***This excludes the quarterly performance management reports for the 2023/24 financial year as well as the risk management annual review*

A total of 5 findings were issued, 2 were resolved, 2 were outstanding and 1 were not yet due. It is imperative to consider that the Internal Audit function of Swellendam collaborated with the Auditor-General South Africa, providing assistance in the 2022/23 Asset Verification audit process. All identified discrepancies were meticulously documented in a formal audit report, subsequently disseminated to the Auditor-General South Africa.

Engagement Ref	Engagement Name	Directorate	Finding	Short description of finding	Audit Recommendation	Management Comments	Responsible Person	Due Date	Internal Audit Comments	Implementation Status
2023/2024 - 011	2023/24 Governance Review	Transversal	2.3. Irregular quarterly ICT Steercom Meetings	Internal audit liaised and confirmed with Financial Services: Secretary/Administrative Clerk that quarterly ICT Steercom meetings were not consistently held according to the ICT Steercom Terms of Reference (ToR). In addition, the last ICT Steercom Meeting was held on 22 June 2023.	Internal Audit recommends that the Director Financial Services should ensure that the ICT Steercom Meeting be held every quarter and if not possible or in the event of unfortunate circumstances consider having a special ICT Steercom meeting as stipulated in the ICT Steercom ToR. In addition, management should consider exploring the utilisation of automated scheduling tools (outlook calendar) to facilitate the coordination of meetings (plan the meeting schedule in advance as a commitment), taking into account key stakeholders' availability.	The quarterly ICT Steercom meeting will commence as per the Terms of Reference (ToR). Due to the riot protest the ICT Steercom meeting could not continue as per the ToR due to unforeseen circumstances faced by the municipality	Director: Financial Services	31 March 2024	Management's Comments are noted and will be followed up.	The ICT manager interviews were concluded, Once the ICT supervisor commence the ICT governance will normalize.

2023//2024 - 012	2023/24 Ageing and Inadequate Roads and Stormwater Review	Directorate: Infrastructure Services	2.2 Inadequate Review of the Standard Operating Procedures	The municipality's governance and risk management are contingent on the regular review of key strategic documents. In addition, the foundation of effective governance and risk management control process in the municipality relies on the regular review and update of crucial strategic documentation.	It is recommended that the Standard Operating Procedures (SOP's) be reviewed in order to be aligned with the current organisational processes. In addition, management should consider implementing a management review process where all standard operating procedures and/or strategic documents are being reviewed on a regular basis.	The relevant SOP's will be amended/ review on a as and when needed basis. Since the methodology and method statement stays constant	Manager Roads and Stormwater /Senior Manager: Civil Engineering Services	30 June 2024	Management's Comments are noted and will be followed up.	Will be followed up 30 June 2024
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The quarterly follow-up report indicates that comprehensive follow-ups are conducted regularly by the Internal Audit function. Prior to presenting findings to the Audit and Performance Audit Committee, the follow-up schedule is diligently updated, ensuring a thorough and timely reporting process.



Senior Internal Auditor
Mr. A. Petersen

18 June 2024

Date