

No.	AR/MR Reference	Audit Finding	Description of Audit Finding	Root Cause or Internal Control Deficiency	Recommendation	Management Response	Management Action Plan	Action Owner	Action Date	Classification	Status Report - Q3	Status
<b>EXPENDITURE MANAGEMENT</b>												
1	Paragraph 32.	1. Irregular expenditure not prevented	During the audit of irregular expenditure, it was noted the accounting officer failed to prevent the following irregular expenditure that was incurred in the current year (R15 258 096). Consequently, the accounting officer is in contravention of section 62(1)(d) of the MFMA. Irregular expenditure was identified in the prior year and was also identified in the current year, the major cause of the irregular expenditure for both prior year and current year was expired contracts. The cause of the irregular expenditure could have been prevented if reasonable steps had been taken to prevent re-occurrence of the same non-compliance.	The accounting officer did not take effective and appropriate steps to prevent irregular expenditure.	The accounting officer must ensure that proper processes are in place and are implemented to prevent irregular expenditure	Agree. The recommendation will be implemented. However, irregular expenditure is still to be confirmed with the review of other procurement and expenditure findings.	Irregular expenditure is still to be confirmed with the review of other procurement and expenditure findings	RN Hlongwa (Chief Financial Officer)		Non-compliance with legislation	Internal Audit Planning Memorandum will commence 22/03/2022 with review of 100% of DEVs for period 01/07/2021 to 28/02/2022.  SCM to develop Checklist for all ZDMQ transactions to monitor compliance.  Termination letters have been issued to Service Providers whose contracts have expired.	In-progress
<b>PROCUREMENT AND CONTRACT MANAGEMENT</b>												
2	Paragraph 29.	2. Incorrect minimum threshold for clothing/textiles stipulated on the invitation to quote	During the audit of local content, it was noted that the following invitations to quote stipulated a minimum threshold for local content, which is lower than that prescribed, by the Department of Trade and Industry. Consequently, the non-compliance with section 8(2) of the PPR results in irregular expenditure amounting to R1 261 454.	Processes and procedures were not in place to ensure that the requirements of the Municipal SCM regulations relating to local content were adhered to.	•SCM unit must ensure that they are familiar with the minimum thresholds for designated sectors so that the correct minimum threshold is stated on the invitation/adverts.  •The expenditure incurred on the quotations above should be disclosed as irregular expenditure on the annual financial statements.	Various responses per case.	The expenditure incurred on the quotations above will be disclosed as irregular expenditure on the annual financial statements.	K Thusi (Manager: Supply Chain Management)	19/10/2021	Non-compliance with legislation	The audited financial statements have been correctly adjusted to include the resultant irregular expenditure, refer Note 54.  MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
3	Paragraph 30.	3. Minimum threshold for local content on plastic pipes not met	During the audit of local content, the following was noted in respect of the contract below (ZDM 052/2020) 1)The tender document stipulated the following minimum thresholds for local content which is in line with National treasury designated sectors: 2)The MBD 6.2 declaration was completed by the director of the company on 08/12/2020, however, it did not include the Annexure C calculation in arriving at the minimum threshold for local content on plastic pipes. 3)The Department of Trade and Industry (DTI) received a letter dated 26 March 2021 from the supplier requesting an exemption to import Orientated Polyvinyl Chloride (PVC-O) pipes, however, the request to import the plastic pipes was not granted by DTI. 4)Despite the request to import being denied, the plastic pipes were still imported from Spain and delivered to Zululand District Municipality on 16/04/2021. 5)The supplier therefore failed to meet the minimum threshold of 100% local content for plastic pipes (PVC-O). Consequently, the non-compliance with PPR 8(5) results in irregular expenditure on the contract, to the extent that expenditure has been incurred in the current year.	Processes and procedures were not in place to ensure that the requirements of the Municipal SCM Regulations were adhered to.	•SCM unit must ensure that they are familiar with the requirements of the MBD 6.2 as well as the supporting annexures so that local content is assessed accurately during the evaluation of quotations/bids.  •Training is essential in this regard to ensure there is consistent understanding of the local content requirements; and to ensure the assessment of MBD 6.2 forms submitted by suppliers to prevent the recurrence of such non-compliance in the future.  •The CFO should ensure that the expenditure incurred on the contract above is included in the irregular expenditure schedule and disclosed in the annual financial statements (Note 54).	Agreed. The expenditure to the extent that it has been incurred in the current year will be reported as irregular expenditure in the Annual financial statements.	Irregular expenditures accumulating from this contract during 2021-22 will be recorded and reported to Council for condonment in terms of MFMA S32.	K Thusi (Manager: Supply Chain Management)	30/06/2022	Non-compliance with legislation	To determine irregular expenditure towards awarded contract from first payment to date.  MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
4	Paragraph 30.	4. Minimum threshold for local content not met by winning suppliers	During the audit of local content, it was noted that the following winning suppliers did not declare the percentage of local content on the goods/services quoted on and therefore failed to meet the minimum stipulated threshold for local content. Consequently, the non-compliance with PPR 8(5) results in irregular expenditure amounting to R735 150.	Processes and procedures were not in place to ensure that the requirements of the Municipal SCM Regulations were adhered to.	•SCM unit must ensure that they are familiar with the requirements of the MBD 6.2 as well as the supporting annexures so that local content is assessed accurately during the evaluation of quotations/bids.  •Training is essential in this regard to ensure there is consistent understanding of the local content requirements; and to ensure the assessment of MBD 6.2 forms submitted by suppliers to prevent the recurrence of such non-compliance in the future.  •The expenditure incurred on the contract/quotation above should be disclosed as irregular expenditure in the annual financial statements.	Disagree. The bidder declared in 6.2 under local content declaration	The expenditure incurred on the contract/quotation above will be disclosed as irregular expenditure in the annual financial statements.	K Thusi (Manager: Supply Chain Management)	19/10/2021	Non-compliance with legislation	The audited annual financial statements have been correctly adjusted to include the resultant irregular expenditure, refer Note 54. MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
5	Paragraph 28.	5. Suppliers not tax compliant at the time of award	On assessment of the Central Supplier Database (CSD) supplier compliance history for the following suppliers, it was noted that the suppliers had a non-compliant tax status on the date of evaluation indicating that the tax affairs were not in order during the time of the award. Consequently, the non-compliance results in irregular expenditure amounting to R1 320 188.	Supply chain management processes over compliance control checks were insufficient as they did not adequately identify and account for all instances where suppliers were not compliant with tax affairs during the time of the award.	•The SCM unit should strengthen all processes over compliance checks to ensure that at all relevant stages of the procurement process and assessments are performed on compliance affairs of suppliers.  •It should be noted that CSD interfaces with the SARS TCS system to provide the tax status of a supplier at any time. Therefore, going forward the CSD Compliance History Report can be accessed by the SCM unit and printed to serve as additional evidence that the supplier was tax compliant during the time of evaluating the award  •Management should ensure that irregular expenditure is disclosed for the above contracts to the extent that expenditure has been incurred.	Agreed. The recommendations will be implemented.	Pin to be used at the time of award.  Compliance check list to be used to monitor SCM process.  The identified expenditure will be added to the report of irregular expenditure therefore amend the AFS.	RN Hlongwa (Chief Financial Officer)	05/11/2021	Non-compliance with legislation	The audited annual financial statements have been correctly adjusted to include the resultant irregular expenditure, refer Note 54. MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
6	Paragraph 31.	6. Suppliers in which partners or associates of senior manager and councillor has an interest	During the audit of procurement and contract management, the results of the computer assisted auditing techniques (CAATs) identified the following individuals as having an interest in the supplier (SE Mzobe and ZJ Zungu):  In the event that the officials above did not declare their interest in the supplier, this will result in a non-compliance with section 46(2)(e) of the SCM regulation. In instances where the officials were involved in the awarding process it will result in a non-compliance with section 46(2)(f) and give rise to irregular expenditure to the extent that expenditure was incurred on the contracts awarded.	Management did not ensure proper checks were performed to ensure employees, councillors, and the Mayor with an interest in a supplier had been declared.	Management should investigate the validity of the interest and provide evidence that the officials had disclosed their interest in the supplier.	We agree that the above interests result in non-compliance	Identified officials need to declare their interest in the supplier identified in a prescribed form.	RN Hlongwa (Chief Financial Officer)	23/11/2021	Non-compliance with legislation	SE Mzobe has filed her Disclosure of Benefit Form (MSA).  ZJ Zungu was Councillor in Nongoma Local Municipality but now is no longer a councillor in this new current administration.	Resolved
<b>COVID-19 EXPENDITURE</b>												

7	MR no. 07	7. Goods procured at prices higher than MFMA Circular Annexure A prices	A review of transactions entered into in response to the pandemic revealed that the municipality entered into transactions at prices in excess of the prices determined per annexure A to MFMA Circulars 102 and 105. <b>Procurement of coveralls</b> Prices for disposable coveralls is R149 each as per Annexure A to MFMA Circular 105. On assessment of transactions entered into for disposable coveralls, it was noted that the following were procured in excess of Annexure A prices: Consequently, this is non-compliance with MFMA Circular 105 and results in irregular expenditure of R54 250, and an estimated financial loss of <b>R17 000</b> . <b>KN95 – Mask respirators</b> Prices for mask respirators is R42,90 each as per Annexure A to MFMA Circular 105. On assessment of transactions entered into for mask respirators, it was noted that the following were procured in excess of Annexure A prices: Consequently, this is non-compliance with MFMA Circular 105 and results in irregular expenditure of R75 000, and an estimated financial loss of <b>R10 650</b> .	Management did not implement adequate supply chain management processes in order to ensure that prices paid for goods relating to COVID-19 were in line with the requirements of the MFMA Circulars.	•The supply chain management unit should strengthen controls over compliance with all issued MFMA Circulars to ensure that the municipality does not encounter losses due to paying for goods at prices higher than already negotiated prices.  •The accounting officer should investigate the reasons for procuring of items at prices higher than Annexure A prices. The amounts identified as the losses incurred should be reported accordingly and recovered from those accountable.	Agree, with the finding.	The accounting officer will investigate the reasons for procuring of items at prices higher than Annexure A prices. The amounts identified as the losses incurred will be reported accordingly and recovered from those accountable.	RN Hlongwa (Chief Financial Officer)	05/11/2021	Non-compliance with legislation	The audited annual financial statements have been correctly adjusted to include the resultant irregular expenditure, refer Note 54. MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
<b>PROCUREMENT AND CONTRACT MANAGEMENT</b>												
8	MR no. 08	8. Invalid deviations	During the audit of procurement and contract management, it was noted that the following deviations were not due to emergency, single service provider or exceptional cases and should have followed the official procurement processes: (various) Consequently the non-compliance with Municipal SCM regulations 36(1)(a), 17(a), 17(c) and 19(a) as well as non-compliance with the SCM policy results in irregular expenditure of <b>R775 640</b> .	Processes and procedures were not in place to ensure that the requirements of the municipal SCM regulations were adhered to.	•The CFO should ensure that the invalid deviations identified above are included in the irregular expenditure disclosure (note 54) to the extent that expenditure has been incurred. •All levels of management involved in recommending and approving deviations should undergo training on the municipal SCM regulations to avoid such findings in future.	Agreed with finding. The deviation to be added to the irregular register.	The resultant deviations expenditure will be added to the irregular register.	K Thusi (Manager: Supply Chain Management)	18/10/2021	Non-compliance with legislation	The audited annual financial statements have been correctly adjusted to include the resultant irregular expenditure, refer to Note 54. MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
9	MR no. 09	9. Deviation approved by the accounting officer after date of invoice	During the audit of procurement and contract management, it was noted that the deviations detailed in the table below were only approved subsequent to the appointment of the service provider. Consequently the non-compliance with paragraphs 36(1) (a) and 19(a) of the Municipal SCM regulation as well as non-compliance with the SCM policy results in irregular expenditure of <b>R497 500</b> .	Supply chain management processes were not appropriately implemented to ensure that deviations were approved in line with the SCM regulations.	•The CFO should ensure that the invalid deviations identified above are included in the irregular expenditure disclosure (note 54) to the extent that expenditure has been incurred.  •The SCM unit should strengthen controls around the SCM process relating to deviations to ensure that all procurement processes are followed for each order processed and there is no overriding of controls	Disagree. The offices were closed due to reported cases of Covid within the municipal staff. A report signed by HoD – Corporate and CFO and MM approved	The audited annual financial statements will be correctly adjusted to include the resultant irregular expenditure in Note 54.	K Thusi (Manager: Supply Chain Management)	18/10/2021	Non-compliance with legislation	The audited annual financial statements have been correctly adjusted to include the resultant irregular expenditure, refer to Note 54. MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
10	MR no. 10	10. Post award reporting requirements on local content not performed	During the audit of local content, it was noted that the municipality did not perform the post award reporting requirements as stipulated in section 7(1) of the National Treasury designated sector circular. Through enquiry with the SCM manager, the reason was due to challenges in interpreting the post award reporting requirements.	•Management did not ensure that sufficient training or workshops are held for the SCM unit to ensure that they are able to understand and interpret SCM regulations. •The standard operating procedure does not include processes and procedures to be followed in terms of post reporting requirements.	•The SCM unit must ensure that they are familiar with the requirements of National Treasury designated sector circulars •Training is essential in this regard to ensure there is consistent understanding in respect of post award reporting requirements of local content. •Management must ensure that the standard operating procedure manual for SCM is updated to include requirements for post award reporting and the application thereof. This will ensure consistent application by the SCM unit and will assist the DTI to among others, conduct compliance audits with a view to monitor the implementation of the industrial development strategies.	Agree to the finding. Management has started the process to report to DTI. Going forward, after award of each tender, management will send the report as by the guidance.	After award of each tender, management will send the report as by the guidance.	K Thusi (Manager: Supply Chain Management)	19/10/2021	Internal control deficiency		
<b>EXPENDITURE MANAGEMENT</b>												
11	MR no. 11	11. Incorrect classification of municipal accounts	The following municipal account from uLundi Municipality for billing of electricity was incorrectly recorded as bulk purchases (90031425). Consequently, the electricity account is understated by R100 914,72, whilst bulk purchases is overstated by the same amount. This results in a projected misstatement of R228 645,88.	Management did not adequately review transactions recorded in the general ledger to ensure that transactions were classified and recorded accurately.	•The accounting officer should review expenditure transactions and make the necessary adjustments.  •The accounting officer should ensure that the annual financial statements submitted for audit are adequately reviewed.  •Management should provide us with copies of the proposed adjusting journal entries/ proposed adjustments.	Agreed to the finding	The reclassification will be corrected by journal to amend the AFS	RN Hlongwa (Chief Financial Officer)		Material misstatement (AFS)	Audited AFS was adjusted.	Resolved
12	MR no. 12	12. Overstatement of municipal accounts	During the audit of Eskom utilities (municipal services) account, it was noted that there are other transactions (interest on overdue account) within the account that do not meet the MSCOA requirements for disclosure as municipal services, in terms of standard chart of accounts the classification should be as follows: □ Municipal services: Costs incurred relating to electricity, power, water, sewerage, waste removal and property rates required for municipal occupied buildings. Included in this account will be prepaid electricity bought for satellite offices of the municipality.  □ Interest paid: This item includes the total value of interest payments. These are payments associated with debt, for example interest on borrowing and overdraft facilities. Interest payments on bills and bonds issued by other government units are also included here. Interest paid on overdue accounts should also be included under this item. Interest include Public Sector (Domestic and Foreign) and Private Sector (Domestic and Foreign).  The details of these expenditure transactions are as follows:  Consequently, the municipal services account is overstated by a projected R217 719,37 and the interest paid understated by the same amount. Similarly, the municipal services account is understated by a projected R97 552,17 whilst the VAT receivable is overstated by the same amount due to the VAT being calculated incorrectly.	Management did not adequately review the expenditure accounts to ensure that classifications were in line with MSCOA requirements and in accordance with GRAP 1.	•The accounting officer should review expenditure transactions and make the necessary adjustments.  •Management should revisit the whole population and make the necessary corrections to ensure that expenditure is correctly classified.  •Management should disclose interest on overdue accounts separately in the statement of financial performance as interest paid, in line with MSCOA.  •Management should provide us with copies of the proposed adjusting journal entries/ proposed adjustments.	Agreed. The recommendations will be implemented.	The adjustments to AFS will be effected as per the recommendations	RN Hlongwa (Chief Financial Officer)		Material misstatement (AFS)	Audited AFS was adjusted.	Resolved
13	MR no. 13	13. Inconsistencies identified on the Contracted services	During the audit of contracted services expenditure, it was noted that the following amounts as per the trial balance did not agree to the amount as per the financial statements. Consequently, consultants and Professional Services: Business & Advisory is overstated by R105 501,12 and outsourced services: Business & Advisory is understated by the same amount.	Management did not perform an adequate review of the financial statements before the financial statements were submitted for audit.	Management should ensure that the financials and supporting schedules submitted for audit are adequately reviewed.	Agreed. The recommendation will be implemented.	The adjustments to AFS will be effected as per the recommendations	RN Hlongwa (Chief Financial Officer)		Material misstatement (AFS)	Audited AFS was adjusted.	Resolved

TRAVEL AND SUBSISTENCE												
14	MR no. 14	14. Hotel rates paid in excess of approved policy rates	During the audit of travel and subsistence - accommodation, it was noted that the hotel rates paid were in excess of the approved policy rate. The details are included in the table below (various):  Consequently, this results in fruitless and wasteful expenditure amounting to R14 878,46, and non-compliance with section 62(1)(c)(i) and (d) of the MFMA. The projected overstatement in the travel account is R581 416,88.	•Management did not take all reasonable steps to ensure that fruitless and wasteful expenditure was prevented. •Management did not adequately monitor adherence to the internal approved policies. •Management did not review and monitor compliance with applicable laws and regulations.	•Management should take all reasonable steps to ensure that fruitless and wasteful expenditure is prevented by properly reviewing the hotel rates, to ensure that they are within the limit, before payments are made. •Management should revisit the whole population and make the necessary corrections. •Management should review and monitor compliance with applicable laws and regulations. •Management should enforce and monitor adherence of the internal approved policies. •Management should disclose the fruitless and wasteful expenditure stipulated above	Disagreed. These are accommodation towards the executive mayor which does not fall in this policy category.	The recommendations will be implemented	RN Hlongwa (Chief Financial Officer)		Material misstatement (AFS)	Audited AFS was adjusted.	Resolved
15	MR no. 15	15. Accuracy of the travel amounts claimed	During the audit of travel claims, it was noted that there were differences between the auditor's recalculated amount, using the Department of Transport approved rates and the approved kilometres travelled, and the amount claimed by the employee. The details of the claims are included in the table below (various):	Consequently, the travel amount is understated by a net amount of R15 266,70, resulting in a projected net understatement of R821 832,58.	•Management should properly review the travel claims in order to ensure that the correct number of kilometres and the correct Department of Transport approved rates are used. •Internal audit should perform an investigation into subsistence and travel claims to ensure that amounts paid for are accurate.	Agreed to finding.	The recommendations will be implemented	RN Hlongwa (Chief Financial Officer)		Material misstatement (AFS)	Audited AFS was adjusted.	Resolved
EXPENDITURE MANAGEMENT												
16	MR no. 16	16. Unauthorised and fruitless and wasteful expenditure not prevented	During the audit of unauthorised and fruitless and wasteful expenditure, it was noted the accounting officer failed to prevent the following unauthorised and fruitless and wasteful expenditure that was incurred in the current year:  Consequently, the accounting officer is in contravention of section 62(1)(d) of the MFMA <b>Unauthorised expenditure (R127 661 348)</b> was identified in the current year, however was not identified in the prior year and will therefore only be reported in the management report. The cause of the unauthorised expenditure was due to overspending of the budget, the majority being caused by overspending on contracted services.  <b>Fruitless and wasteful expenditure (R363 040)</b> was identified in the prior year and was also identified in the current year, the major cause was penalties on expired vehicle licenses. The cause of fruitless and wasteful expenditure could have been prevented if reasonable steps had been taken to prevent re-occurrence. However, the fruitless and wasteful expenditure amount is not material and will therefore only be reported in the management report. The amount of fruitless and wasteful expenditure as per the table above takes into account the effect of the finding raised in <b>Communication of audit finding 16</b> .	The accounting officer did not take effective and appropriate steps to prevent unauthorised and fruitless and wasteful expenditure.	The accounting officer must ensure that proper processes are in place and are implemented to prevent unauthorised, and fruitless and wasteful expenditure.	Agree. The recommendation will be implemented.	The adjustments to AFS will be effected as per the recommendations	RN Hlongwa (Chief Financial Officer)	5/11/2021	Non-compliance with legislation	The audited annual financial statements have been correctly adjusted to include the resultant unauthorised and fruitless and wasteful expenditure, refer to Note 55 and 53. MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
17	MR no. 17	17. Payments without prior approval of the CFO	During the audit of expenditure, it was noted that the following payments were made before approval from CFO was obtained (various): Consequently, this results in non-compliance with section 65(2)(a) of the MFMA.	Management did not exercise due care in ensuring that all payments were approved before the payments were made.	Management should ensure that all payments are reviewed and approved by the CFO or the delegated official before the payments are made.	Agreed. The recommendation will be implemented.	The CFO will ensure the approval takes place prior the payment date	RN Hlongwa (Chief Financial Officer)	5/11/2021	Non-compliance with legislation	On-going. CFO's approval is currently done prior payment date.	Resolved
UNAUTHORISED EXPENDITURE												
18	MR no. 18	18. Unauthorised expenditure not reported	During the audit of unauthorised expenditure, no evidence could be provided to the auditors to confirm that the accounting officer informed the relevant authorities, as required by section 32(4) stated above, of the unauthorised expenditure amounting to R127 661 348, as disclosed in note 55 to the financial statements.  Consequently, the accounting officer is in contravention of section 32(4) of the MFMA.	The accounting officer did not take effective and appropriate steps to ensure that unauthorised expenditure was promptly reported as required by section 32(4) of the MFMA.	The accounting officer must ensure that proper processes are in place and are implemented to ensure that unauthorised expenditure is promptly reported to the relevant authorities.	Agreed. Once the council is in place the reporting processes shall be commenced with.	The reported unauthorised expenditure will be reported to Council in the next Council meeting.	RN Hlongwa (Chief Financial Officer)	10/10/2021	Non-compliance with legislation	The audited annual financial statements have been correctly adjusted to include the resultant unauthorised expenditure, refer to Note 55. MFMA section 32 investigation to be instituted and reported accordingly.	In-progress
VALUE ADD AUDIT ON WATER INFRASTRUCTURE												
19	MR no. 19	19. Ineffective remedial actions to address prior year matters on water tanks	During follow up audit of the prior year findings on infrastructure delivery management (water tanks); it was found that the municipality did not implement corrective actions to address issues previously raised. The issues below were raised in 2019/20 for a sample of 5 water tanks Zungwini (Ward 7); Ngwenya (Ward 2); Emasimini (Ward 2); Empelendaba (Ward 6); Ezingulubeni (Ward 8); that amounted to R481 786,30 (i.e. R96 357,26 each). •Needs determination lacked proper assessment as outlined by the Council for Scientific and Industrial Research: Guidelines for Human Settlement Planning and Design (Red book); •Construction not in accordance with the drawings specifications; •Lack of detail in water tanks construction drawings; •Bills of Quantities (BoQ) were not in line with the construction drawings; •Quality deficiencies identified on water tanks such as cracked ground floor slab, leakage GMS outlet pipes. Thus, uncorrected issues are an indication of ineffective remedial actions to address prior year matters. Hence, negatively impacts on the municipality's ability to effectively deliver services and to demonstrate optimal implementation of sound systems of financial, risk management and internal controls.	Management has not taken effective and appropriate steps to remedy prior year reported issues as the identified projects were reflected to be before the time of the current acting Departmental Head for the Technical Department and thus required further time for full internal review.	To effectively deliver on desired services, management should ensure that adequate systems are designed and implemented that respond to challenges that the municipality faces in terms of projects risk management and internal control.	Agreed. Management will review remedial action and implement the recommendations	Management will review remedial action and implement the recommendations	S Kheswa (Acting General Manager: Planning and Development)		Service delivery		

20	MR no. 20	20.Construction of Nongoma Reservoir 7ML with Access road and Reservoir B (3ML)	A site visit was conducted on 6 October 2021 in order to determine whether the necessary quality standards have been met on the construction of Nongoma Reservoir 7ML with access road and Reservoir B (3ML). The formwork requirements for concrete are summarized as follows: <ul style="list-style-type: none"> <li>Formwork should be strong enough to support the weight of concrete during casting and vibration as well as any incidental loads, including workers and equipment.</li> <li>Formwork should be rigidly constructed and efficiently propped and braced both horizontally and vertically to retain the intended shape.</li> <li>Formwork should be accurately set out with sufficiently tightened joints in order to prevent both leakage and disfiguration.</li> </ul> During the site visit, of Reservoir B (3ML), it was evident that the above were not adhered to during construction since the alignment of the exterior face is inadequate (see Figures below).  Although the full construction value has been paid to the appointed service provider, the aesthetic quality and workmanship of the concrete is inadequate.	Lack of inspection during formwork placement or usage of possible defective formwork components.	Management should conduct a structural integrity assessment on all the concrete components of Reservoir B (3ML). Upon conclusion of the structural integrity assessment, management should conduct an investigation into all quality control sign-offs and subsequent payments that were made for concrete by KV3 Engineers (in Joint Venture with RAWS Consulting Engineers) to Town and Around Civils, and take appropriate action. In future projects, management should also ensure that it has sufficient monitoring and supervision mechanisms in place in order to achieve project efficiencies as well as project success.	Management acknowledges the report, since this contract is within the defect liability period, appropriate remedial action will be taken to rectify all deficiencies and also to prevent repetition of such poor monitoring on site.	Management will instruct KV3 Engineers (in Joint Venture with RAWS Consulting Engineers) to recall a contractor to return to site to rectify the identified deficiencies,  Management will at the cost of a project engineer KV3 Engineers (in Joint Venture with RAWS Consulting Engineers) to conduct a structural integrity assessment on all the concrete components of Reservoir B (3ML).  Management will provide in the 3rd quarter of this financial year construction quality assessment training course for all technical officers that conducts quality controls on site.	S Kheswa (Acting General Manager: Planning and Development)	30/11/2021  28/02/2022  31/03/2022	Service delivery		
21	MR no. 21	21.Nongoma reservoirs GB5 Kwaziphethe -400kl; GB4 Ophalule-1ML ; GB2 White City - 600kl and roads	A site visit was conducted on 6 October 2021 in order to determine whether the necessary quality standards have been met on the construction of Nongoma reservoirs GB5 Kwaziphethe (400kl), GB4 Ophalule (1ML), GB2 White City (600kl) and roads. It was found at Ophalule (1ML) that there is a distinct layer of concrete exhibiting signs of honeycombing. If honeycombing is untreated in areas of possible moisture penetration, it may result in serious structural conditions, such as degradation of steel reinforcements. Honeycombing is caused either by compaction not having been adequate enough to cause the mortar to fill the voids between the coarse aggregates, or by holes and gaps in the formwork allowing some of the mortar to drain out of the concrete.  Although the full construction value has been paid to the appointed service provider, the aesthetic quality and workmanship of the concrete is inadequate.	Inadequate monitoring and supervision during preparation and casting of concrete.	Management should conduct a structural integrity assessment on all the concrete components of Ophalule (1ML). Upon conclusion of the structural integrity assessment, management should conduct an investigation into all quality control sign-offs and subsequent payments that were made for concrete by KV3 Engineers (in Joint Venture with RAWS Consulting Engineers) to Town and Around Civils, and take appropriate action. In future projects, management should also ensure that it has sufficient monitoring and supervision mechanisms in place in order to ensure that project efficiencies as well as project success is achieved.	Management acknowledges the report, since this contract is within the defect liability period, appropriate remedial action will be taken to rectify all deficiencies and also to prevent repetition of such poor monitoring on site.	Management will instruct KV3 Engineers (in Joint Venture with RAWS Consulting Engineers) to recall a contractor to return to site to rectify the identified deficiencies,  Management will at the cost of a project engineer KV3 Engineers (in Joint Venture with RAWS Consulting Engineers) conduct a structural integrity assessment on all the concrete components of Ophalule Reservoir (1ML).  Management will provide in the 3rd quarter of this financial year construction quality assessment training course for all technical officers that conducts quality controls on site.	S Kheswa (Acting General Manager: Planning and Development)	30/11/2021  28/02/2022  31/03/2022	Service delivery		
22	MR no. 22	22.Kwankulu stand-alone water supply scheme	A site visit was conducted on 7 October 2021 in order to determine whether the necessary quality standards have been met on Kwankulu stand-alone water supply scheme. During the site visit, eight stand-pipes were inspected. It was noted that from the eight inspected stand-pipes, two of the stand-pipes continue to release water even when not in use. This will contribute to unnecessary water losses for the district. Water losses not only result in physical wastage of water but also in financial wastage since financial resources have been used to treat the water that is wasted.	Performance deficiencies within certain components of the stand-pipe are not attended to in an efficient manner so as to prevent the continued water losses.	Reducing water losses will enable more water availability by allowing the district to increase its water coverage. Management should, in addition to implementing routine processes that enables quicker response, conduct an assessment of all installed stand-pipes for Kwankulu stand-alone water supply scheme, in order to ensure that water losses are reduced by ensuring timeous maintenance.	Management acknowledges the report, the municipality conducted a pilot project to test the efficiency of these standpipes which proved to be a challenge	An interdepartmental meeting will be conducted between O&M and Planning to discuss the outcome of the water saving pilot project and determine the way forward.  Planning and O&M will conduct a full investigation on all standpipe with the intention of coming up with a maintenance plan of action to prevent further water losses.	S Kheswa (Acting General Manager: Planning and Development)	31/12/2021  30/11/2021	Service delivery		
<b>INFORMATION TECHNOLOGY (IT) GOVERNANCE</b>												
23	MR no. 23	23.Vacant positions within the Information Technology function	The Information Technology (IT) function at Zululand District Municipality was not fully capacitated, as the posts of the ICT Manager and IT Service Desk that formed part of the approved municipal structure were vacant for the 2020-21 financial year. In the absence of adequate staff resources, the IT function might not be in a position to provide efficient and effective support to the municipality. This could result in ICT not adequately supporting business operations and in turn not meeting the needs of the municipality.	The ICT budget had to be reprioritised towards other municipal initiatives, which resulted in funding not being available for the vacant IT positions to be filled.	The Municipal Manager (MM) and HoD: Corporate Services should ensure that funding is made available to fill the vacant IT positions. The IT posts should be prioritised for recruitment with management ensuring that they are advertised, suitable candidates shortlisted, interviewed and the appropriate individual appointed.	Response Management agrees with the finding.	Management will ensure that the budget is made available after Budget Adjustments to cater for the filling of vacant posts for the ICT section.	Mrs Linda (General Manager: Corporate Services)	31/03/2022	Internal control deficiency		
24	MR no. 24	24.Business cases have not been developed for IT projects undertaken by the municipality	In the 2020-21 financial year, the municipality had undergone a process to refresh the ZDM network infrastructure as well as to implement new tools to assist in the management of the overall ZDM IT environment. The following projects were undertaken, however no business cases had been documented to motivate for the projects: <ul style="list-style-type: none"> <li>Network infrastructure upgrades</li> <li>Cloud Based server Infrastructure</li> <li>Office 365</li> <li>Mimecast Mail security</li> <li>Endpoint Protection</li> <li>Printers Tender</li> </ul> Failure to document a comprehensive business case to motivate for ICT projects may result in the municipality not adequately evaluating the risks, benefits and costs relating to its proposed spend on IT. This may lead to the municipality pursuing IT projects that do not meet its needs and fails to deliver the expected benefits.	The IT Manager position was vacant and as a result, the ICT Return on Investment Policy and ICT Operations Policy requirements relating to business cases was not implemented within the municipality and adhered to when ICT projects were undertaken.	The Municipal Manager (MM) and HoD: Corporate Services should ensure that the IT Manager post is filled and the ICT Return on Investment Policy and ICT Operations Policy requirements implemented within the municipality. All ICT projects to be undertaken should be supported by a comprehensively documented business case that sets out the risks, benefits and costs relating to the proposed spend. The business case should be approved prior to a project commencing and be utilised throughout the lifecycle of the project as a measure to determine return on investment.	Management agrees with the finding.  It is a fact that the IT department is not adequately staffed; hence this limitation has resulted in many tasks which need to be performed, not executed.	Management will ensure that the budget is made available after Budget Adjustments to cater for the filling of vacant posts for the ICT section.	Mrs Linda (General Manager: Corporate Services)	31/03/2022	Internal control deficiency		
25	MR no. 25	25.IT risks not formally monitored	IT risks have been included in the consolidated risk register of Zululand District Municipality (ZDM). It was however noted that no evidence could be provided to confirm that these risks were being discussed and monitored on a regular basis.  The lack of monitoring of IT risks may result in management not adequately mitigating known deficiencies. This could lead to realisation of IT risks which may negatively impact on the operations of the municipality.	The ZDM Risk Management Committee had been recently formed and was still to convene.	The Municipal Manager (MM) should ensure that the ZDM Risk Management Committee meets regularly to discuss and monitor the risk register. IT risks should be evaluated by the committee and the status of the actions to mitigate the risks assessed.	Management agrees with the finding.	The Municipal Manager (MM) will ensure that the ZDM Risk Management Committee will meet regularly to discuss and monitor the risk register in line with the TOR.	PM Manqele (Municipal Manager)	30/06/2022	Internal control deficiency		
26	MR no. 26	26.IT Inventory listing not maintained	A listing of all IT inventory including the technical specifications, software licensing details, information stored and location was not maintained by ICT.  This may result in the ICT function not being able to plan for and acquire the correct resources to adequately support the current and future ICT hardware and software needs of the municipality	The municipality relied on the asset register to account for hardware and software and was not aware that an IT inventory listing needed to be maintained.	The HoD: Corporate Services should ensure that an IT inventory listing is established. The listing should be utilised to record all IT inventory supported by ICT and ensure that it is being appropriately managed.	Management notes the finding.  The ZDM moveable asset register is available and maintained. The register is audited on an annual basis.	A separate listing with the required additional information will be maintained by ICT.	Mrs Linda (General Manager: Corporate Services)	30/06/2022	Internal control deficiency		

27	MR no. 27	27.Guidance relating to the classification of information stored on IT assets not documented	IT Assets were governed by the Fixed Asset Management Policy of the municipality. It was however noted that the classification of information required specifically for IT assets had not been documented.  The absence of guidance relating to how information stored on IT assets should be classified may result in individuals unknowingly exposing sensitive and confidential information of the municipality. Furthermore, ICT may not be applying the correct level of protection to information stored on IT assets if it has not been classified.	The municipality was not aware that leading best practice of IT environments required criteria for the classification of information stored on IT assets to be established and formally documented.	The HoD: Corporate Services should ensure that criteria for the classification of information stored on IT assets is defined and formally documented. The classification should be distributed to the relevant stakeholders and utilised by ICT to ensure that the correct level of protection is being applied to the municipality's information.	Management agrees with the finding.	Management will ensure that a classification for IT assets is performed	Mrs Linda (General Manager: Corporate Services)	30/06/2022	Internal control deficiency		
28	MR no. 28	28.Standard Services Agreement between Zululand District Municipality and Quartex Technologies does not include some required clauses	It was previously reported, that a service level agreement (SLA) held with Quartex Technologies had not been signed off by the municipality  In the 2020-21 financial period, the municipality had an adequately signed Standard Services Agreement (SSA) with Quartex Technologies, however the following information was noted as not being included in the document: •Availability •Change procedure for any portion of the agreement. •Security requirements.  The lack of an adequately documented agreement could result in the municipality not being able to hold the IT service provider accountable for non-delivery or sub-standard services. Furthermore, if key clauses are not included in agreements held with IT service providers this may result in required controls not being implemented and performed.	The SSA with Quartex Technologies was not thoroughly review to ensure that all required clauses were included in the document before it was signed off by the municipality.	The HoD: Corporate Services should ensure that the SSA with Quartex Technologies is updated to include all required clauses. All agreements should be thoroughly reviewed before being signed off by the municipality.	Management agrees with the finding.	Management response is noted. The progress made in implementing the agreed upon action to address the finding will be assessed in the next audit review cycle.	Mrs Linda (General Manager: Corporate Services)	31/01/2022	Internal control deficiency		
29	MR no. 29	29.IT service provider performance evaluation forms not adequately designed	It was previously reported that performance of key financial systems service providers had not been monitored.  In the 2020-21 financial period, the ICT Charter page 26, section 6.4 Third Party Management included the table below relating to performance of service providers:	It was however noted that the Performance Evaluation of ITC Service Provider Service Contract form that was used to record the results of the IT service provider performance reviews undertaken was inadequately designed. The form did not require the key performance indicators (KPI) and agreed minimum service levels that would be used in the evaluation to be documented.  If service provider performance is not formally monitored against KPI's and minimum service levels this may result in the municipality failing to evaluate the service provider against agreed upon quality and performance measures, which could lead to the service levels received not being consistently evaluated and poor service levels going unreported.	The Performance Evaluation of ITC Service Provider Service Contract form used to monitor IT service provider performance was not aligned to the Third Party Management key control requirements stipulated in the ICT Charter.	Management notes with the finding.  It must be further noted the Service Providers were evaluated on their performance on a quarterly basis, however the form was inadequately designed. It must be noted that the Service Providers were evaluated on their performance relating to network issues, availability, and performance on certain tasks as noted on the form	Management will ensure that the performance evaluation form is updated to cater for the Third-Party Management key control requirements stipulated in the ICT Charter. KPI's and agreed minimum service levels that would be used in the service provider performance evaluation will be clearly indicated on the performance evaluation form.	Mrs Linda (General Manager: Corporate Services)	15/01/2021	Internal control deficiency		
<b>INFORMATION TECHNOLOGY (IT) SECURITY MANAGEMENT</b>												
30	MR no. 30	30.ICT Security Controls Policy omits some information relating to the management of security breaches and incidents	Guidance relating to the reporting and responding to security incidents and malfunctions was included in the ICT Security Controls Policy. The following information was however not defined in the document: •Appropriate contacts with authorities, external interest groups or forums that handle the issues related to information security incidents. •Information security event reporting forms to support the reporting action and to help the person reporting to remember all necessary actions in case of an information security event. •Suitable feedback processes to ensure that those persons reporting information security events are notified of results after the issue has been dealt with and closed.  Inadequate guidance relating to the management of security breaches and incidents may result in the municipality not adequately complying with leading best practice and legislative requirements of IT environments. This could lead to the municipality being liable for penalty fines and negatively affect its reputation.	The HoD: Corporate Services was not aware of some of the leading best practice requirements relating to the management of IT security breaches and incidents that needed to be included in the municipality's policies and procedures.	The HoD: Corporate Services should ensure that all required leading best practice information relating to the management of IT security breaches and incidents is formally defined and documented. Adequate guidance regarding stakeholder's responsibilities should be included to ensure that appropriate actions are adequately implemented.	Management agrees with the finding.	Management will amend the ICT Security policy to include the management of security breaches.	Mrs Linda (General Manager: Corporate Services)	31/03/2022	Internal control deficiency		
31	MR no. 31	31.Guidelines for the management of default accounts have not been included in the ICT Security Controls Policy	The ICT Security Controls Policy omitted information relating to default accounts to be renamed and default passwords to be changed before deployment in the network.  The absence of guidance relating to the management of default accounts and passwords may result in required security controls not being implemented. Default accounts have significant privileges assigned to them and can be easily identified. If these accounts are compromised they could be utilised to perform unauthorised transactions, which may affect the confidentiality, integrity and availability of the municipality's IT systems and business activities.	The municipality was not aware that leading best practice of IT environments required information relating to the management of default accounts and passwords to be formally documented in the ICT Security Controls Policy.	The HoD: Corporate Services should ensure that the required information and guidance relating to the management of default accounts and passwords is formally defined and documented. The required controls for management of default accounts and passwords should be distributed to the relevant stakeholders for information and implementation purposes.	Management agrees with the finding.	The ZDM ICT Security Policy will be updated to include information and guidance relating to the management of default accounts and passwords.	Mrs Linda (General Manager: Corporate Services)	31/03/2022	Internal control deficiency		
32	MR no. 32	32.No security awareness training conducted	The ZDM ICT Security Controls Policy, page 20, section 8.5 User Training states that, "Users should be workshopped on the security policy and procedures and the correct use of information processing facilities to minimize possible security risks. ICT should ensure they present the ICT Policies including the ICT Security Controls Policy at the regular Induction training hosted by the Human Resources Section of the Municipality."  It was however noted that no IT security awareness training initiatives were conducted for the municipality in the 2020-21 financial year.  If IT security awareness initiatives and appropriate skills to deal with information security incidents are not embedded within the municipality this could result in delayed responses to incidents of security breaches that may negatively expose the organisation's reputation.	The vacancy in the ICT Manager position and capacity constraints within the ICT function resulted in there being no resources to conduct required user training stipulated in the ICT Security Controls Policy.	The HoD: Corporate Services should ensure that recruitment processes are undertaken to fill the vacant ICT Manager position and capacitate the ICT function. Required user training as stipulated in the ICT Security Controls Policy should be conducted to ensure that IT security awareness is elevated within the municipality and individuals equipped with appropriate skills to deal with information security incidents.	Management agrees with the finding.	ICT security awareness will be conducted.	Mrs Linda (General Manager: Corporate Services)	31/01/2022	Internal control deficiency		

33	MR no. 33	<b>33.No review of logon violations for the Windows Active Directory, Solar, PayDay, Implementation and Management of Project Information, Local Suppliers' Database and Performance Management System</b>	As previously reported, logon violations for the Windows Active Directory, Solar, PayDay, IMPI, Local Suppliers' Database and PMS were not periodically reviewed to ensure that suspicious logon attempts were identified and investigated.  Not reviewing user logon attempts could result in suspicious and unauthorised access attempts going undetected for extended periods of time. If a user account is compromised and inappropriate transactions performed this may affect the confidentiality, integrity and availability of the data stored on the systems.	System functionality limitations prevented a logon violation report from being generated. The municipality is however currently undergoing a server refresh project which will migrate some servers to the cloud and allow for the generation of logon violation reports for review.	The server refresh project should be completed and logon violation reports regularly generated and reviewed. Evidence of reviews performed and corrective action taken should be retained.	Management agrees with the finding.	The server refresh project should be completed, and logon violation reports relating to Windows Active Directory will be regularly generated, investigated, and reviewed accordingly. Evidence of reviews performed, and corrective action taken should be retained.	Mrs Linda (General Manager: Corporate Services)	31/01/2022	Internal control deficiency		
34	MR no. 34	<b>34.Patch management status reports not reviewed</b>	As previously reported, the ICT Security Controls Policy page 51, section 13.17 Patch Management states that, "The following are the patch management tasks that the ICT Officer must perform: > Assessment - determine what the current patching level is, identifying which patches are installed and which are missing. > Monitoring - watch out for alerts and new patch releases by the application or system vendors and trusted third parties. > Review and Evaluation - determine whether a patch applies to any of the municipality's systems, review its associated documentation, and determine its level of priority or criticality."  It was however noted that no evidence could be provided to verify that patch management status reports had been formally monitored, reviewed and exceptions followed up on for the 2020-21 financial period.  If patch management status reports are not regularly reviewed this may result in management not being able to identify workstations that have not been successfully update with the latest network security patches. Outdated patches may allow an attacker to exploit security vulnerabilities and gain access to the municipality's systems to view sensitive information or cause malicious damage which could lead to the unavailability of IT systems.	Non-compliance with the ICT Security Policy, Patch Management requirements was noted as the ICT Officer did not perform the stipulated patch management tasks. Furthermore, the municipality is currently undergoing a server refresh project which will migrate some servers to the cloud and allow for generation of patch management reports for review.	The server refresh project should be completed and the generation of patch management reports regularly performed. Furthermore, the ICT Officer should ensure patch management status reports are reviewed as per the ICT Security Policy Patch Management requirements. Evidence of reviews and actions taken to resolve deficiencies identified should be retained.	Management agrees with the finding.	The server project is currently underway and expected to be completed by 31 January 2022. This will ensure that patch management status reports are reviewed as per the ICT Security Policy Patch Management requirements. Evidence of reviews and actions taken to resolve deficiencies identified will be documented clearly and filed accordingly.	Mrs Linda (General Manager: Corporate Services)	31/01/2022	Internal control deficiency		
35	MR no. 35	<b>35.Workstations are not running the latest available antivirus software version</b>	It was previously reported that the antivirus software on user machines was not centrally managed.  In the 2020-21 financial year, it was noted that the municipality had purchased the Symantec Endpoint Protection Manager antivirus software however, the following deficiencies were noted: •The version 14.3 RU1MP1 that was being utilised was outdated as it had been released on the 03 March 2021 and subsequent versions were available. •Some workstations still required the manual updating of their antivirus software as they were running operating systems no longer supported.  If antivirus software installed is not the latest available version, this may result in newly released security vulnerabilities and threats not being recognised. Furthermore, the manual updating of antivirus software could lead to some workstations being overlooked and therefore not being adequately protected. Undetected malware could significantly compromise the data stored on IT systems and business operations of the municipality.	The IT Officers did not adequately monitor the antivirus software to ensure that they were informed of newly released versions and rolled them out to the municipality. Furthermore, the municipality still had workstations in its environment that were running operating systems no longer supported and these could therefore not be linked to the tool that centrally managed the antivirus software.	The IT Officers should ensure that the antivirus software is regularly monitored and updated when new versions are released. A process should be established to identify workstations that are running operating systems no longer supported and replace these machines. All workstations should be linked to the tool that centrally manages the antivirus software to ensure that updates are automatically installed.	Management agrees with the finding.	The process of replacing old workstation has commenced at the municipality. Old workstation will be replaced.	Mrs Linda (General Manager: Corporate Services)	30/06/2022	Internal control deficiency		
36	MR no. 36	<b>36.Inadequate management of the firewall</b>	As previously reported, the firewall was not being adequately managed.  In the 2020-21 financial year, the firewall information below was omitted in the ICT Security Policy: •Rule descriptors (meta-data accompanying each rule) •The frequency at which the ruleset is reviewed. •Firewall change management processes. •Firewall backup/ redundancy and recovery process. •Authorisations: who is authorised to access the firewall and what level access they are authorised to have. •Logical access from where can one access the firewall, and over which channels. •Updating/ upgrading requirements. •Firewall configuration settings: specific minimum security configurations such as blocking of unnecessary services, spoofing, illegal and bogus addresses.  Furthermore, the following deficiencies were noted with regard to the administration and management of the firewall: •A firewall ruleset had not been defined. •The following data with regard to the firewall rulesets was not being tracked: oThe purpose of each firewall rule oThe users and devices it affects oThe date the rule was added oWhen the rule should expire (if it is temporary) oThe name of the person who added the rule •There was no established process to proactively and regularly review firewall rules.	Management delayed establishing firewall controls as they expected a new firewall to be implemented, however the municipality was still in the process of securing the required funds to commence with this project.	The required funding to replace the firewall that is no longer supported should be secured and a project to implement and establish adequate firewall controls should be undertaken	Management agrees with the finding.	The Firewall will be purchased.	Mrs Linda (General Manager: Corporate Services)	28/02/2022	Internal control deficiency		
37	MR no. 37	<b>37.Windows Server 2008 R2 and Windows SQL Server R2 used for the Implementation and Management of Project Information, Performance Management System and Local Suppliers' Database is no longer supported</b>	As previously reported, the Windows Server 2008 R2 and Windows SQL Server R2 operating systems on which the IMPI, PMS and Local Suppliers' Database runs on is no longer supported by Microsoft.  Operating systems that are no longer supported do not receive security updates and this may result in them being susceptible to new vulnerabilities and threats. An attacker may be able to exploit known operating system vulnerabilities to gain access to IT systems, view sensitive business information and cause malicious damage or take complete control of networked devices. The lack of updates may also cause these devices to become unstable and inoperable.	The municipality is currently undergoing a server refresh project which will migrate some servers to the cloud and operating systems no longer supported will be decommissioned.	The server refresh project should be completed and the operating systems no longer supported decommissioned. Furthermore, management should ensure that the municipality plans in advance for software that is reaching its end of support to be replaced in a timely manner.	Management agrees with the finding.	The server refresh project should be completed and the operating systems no longer supported decommissioned.	Mrs Linda (General Manager: Corporate Services)	31/01/2022	Internal control deficiency		
<b>USER ACCESS MANAGEMENT</b>												

38	MR no. 38	38. ICT User Management Policy omits some required information	<p>The ICT User Management Policy did not include information relating to the following management of user access controls:</p> <ul style="list-style-type: none"> <li>•Turnaround time to complete activities.</li> <li>•User account termination.</li> <li>•Monitoring of system controller actions on application security level (creation of IDs, user ID maintenance, allocating functions to users etc.)</li> <li>•Monitoring of users activities on operating system level.</li> <li>•Restriction of administrator accounts (to not have access to internet or email).</li> </ul> <p>If all required user access controls are not formalised and documented this may result in municipal staff not being aware of the correct procedures to be performed when user account management activities are required. This may lead to user account management activities not being consistently performed, which could result in unauthorised user access being granted to information stored on the network and application systems.</p>	<p>The municipality did not thoroughly review the ICT User Management Policy to ensure that all required user access controls and leading best practice requirements were included in the document.</p>	<p>The HoD: Corporate Services should ensure that the ICT User Management Policy is updated to ensure all required user access controls information and distributed to the relevant stakeholders for implementation. Policies should be thoroughly reviewed after they are updated to ensure that leading practice requirements of information systems environments have been adequately incorporated into the document.</p>	Management agrees with the finding.	Management will amend the ICT User Management policy to include all required user access controls information.	Mrs Linda (General Manager: Corporate Services)	31/03/2022	Internal control deficiency		
39	MR no. 39	39. Passwords reset log was not periodically reviewed for the Windows Active Directory and Payday system	<p>It was previously reported that there was no formal IT user account management processes in place for IMPI, Local Suppliers Database and PMS.</p> <p>In the 2020-21 financial period, it was noted that the IMPI, Local Suppliers Database and PMS logons were integrated and managed via the Windows Active Directory. A log of passwords reset could be obtained from the Windows Active Directory and Payday system, however these logs were not being reviewed by the municipality.</p> <p>If passwords reset logs are not regularly reviewed, this may result in management not being able to identify passwords that have been changed without the appropriate authorisations. This may further lead to user accounts being compromised and exploited to perform unauthorised transactions.</p>	<p>The log of passwords reset available on the Windows Active Directory and Payday systems was not in a format that could be easily reviewed. The municipality is currently engaged in a server refresh project, which is expected to enhance reporting capabilities and produce better logs.</p>	<p>The server refresh project should be completed to ensure that enhanced passwords reset logs can be generated. These logs should be regularly reviewed with evidence of reviews performed and corrective action taken retained.</p>	Management agrees with the finding.	The server refresh project should be completed and the passwords reset logs reviewed.	Mrs Linda (General Manager: Corporate Services)	31/01/2022	Internal control deficiency		
40	MR no. 40	40. User access rights and administrator activities not reviewed for the Windows Active Directory, Solar and Payday systems	<p>It was previously reported that user access rights and activities performed by administrators were not being reviewed for the Windows Active Directory, Solar, Payday, IMPI, Local Suppliers database and PMS systems.</p> <p>In the 2020-21 financial period, it was noted that the IMPI, Local Suppliers Database and PMS user accounts were integrated and managed via the Windows Active Directory. It was however noted that user access rights and administrator activities were still not being reviewed for the Windows Active Directory, Solar and Payday systems.</p> <p>If periodic reviews of user access rights are not performed, management may not be able to identify users who have been granted excessive access rights or access rights no longer required to perform the roles and responsibilities associated with their job functions. Furthermore, users with administrator privileges have full control over a system and if their activities are not adequately reviewed and monitored, this may result in unauthorised activities performed not being detected in a timely manner.</p>	<p>System functionality limitations prevented user access and administrator activities logs from being generated. The municipality is currently engaged in a server refresh project which will migrate some servers to the cloud and allow for the generation of user access and administrator activities logs.</p>	<p>The server refresh project should be completed and user access and administrator activities logs regularly generated and reviewed. Evidence of reviews performed and corrective actions taken should be retained.</p>	Management agrees with the finding.	System limitations will be addressed accordingly and the new sever upgrades will result in the functionalities of activity log reports being generated. All activity logs will be reviewed.	Mrs Linda (General Manager: Corporate Services)	31/03/2022	Internal control deficiency		
41	MR no. 41	41. Generic and dormant accounts identified on the Windows Active Directory	<p>It was previously reported that generic accounts had not been disabled on the Windows Active Directory.</p> <p>In the 2020-21 financial year, the following thirteen (13) generic accounts that not be linked to a specific individual were noted on the Windows Active Directory (listed):</p> <p>Furthermore, the following four (4) accounts were identified as being dormant due to not logging onto the Windows Active Directory for a prolonged period of time (listed):</p> <p>Generic and dormant accounts may be used to perform unauthorised activities that cannot be traced back to a specific individual. Management will therefore not be able to hold anyone accountable for unauthorised activities performed using these accounts.</p>	<p>A lack of user access reviews resulted in management not identifying generic and dormant accounts on the Windows Active Directory.</p>	<p>The generic and dormant accounts identified should be investigated and corrective action taken to ensure that those no longer required are disabled and each account can be associated with a specific individual. Furthermore, user access reviews should be regularly performed to proactively identify generic and dormant accounts.</p>	Management agrees with the finding.	<ul style="list-style-type: none"> <li>•Management will ensure that the recruitment of vacant posts within the IT Function are fast tracked and filled to ensure that tasks and responsibilities which have not been delegated due to staffing constraints are allocated to the designated future employees hired for this specific purpose.</li> <li>•The new server refresh project will ensure that all accounts Naming Convention is linked to a user.</li> </ul>	Mrs Linda (General Manager: Corporate Services)	28/02/2022	Internal control deficiency		
<b>INFORMATION TECHNOLOGY (IT) SERVICE CONTINUITY</b>												
42	MR no. 42	42. Disaster Recovery Plan testing has not been performed	<p>It was previously reported, that the Disaster Recovery Plan (DRP) omitted some information and had not been tested.</p> <p>In the 2020-21 financial period, the ICT DRP had been updated to include all required information. The ICT DRP page 15, section 7.2 Recovery Site Test Procedures stated that, "ICT schedules one annual test, with sufficient time to test the DR recovery procedures." It was however noted that no DRP testing had been performed by the municipality.</p> <p>In the absence of DRP testing management may not be able to objectively assess the effectiveness of the municipality's DRP and ensure that it can be relied upon to adequately and timeously restore IT systems in the event of a disruption.</p>	<p>The municipality is currently undergoing infrastructure changes. DRP testing could therefore not be performed in line with the frequency stipulated in the ICT DRP. Recovery Site Test Procedures section on new infrastructure is being implemented.</p>	<p>The Head of Department: Corporate Services should ensure that the infrastructure changes are successfully completed and DRP testing performed in line with the requirements stipulated in the ICT DRP. DRP testing results should be formally documented, analysed and utilised to improve the municipality's DRP.</p>	Management agrees with the finding.	<ul style="list-style-type: none"> <li>•The Municipality will ensure that on completion of the infrastructure changes, DRP testing is performed in line with the requirements stipulated in the ICT DRP.</li> <li>•DRP testing results will be formally documented, analysed and utilised to improve the municipality's DRP.</li> </ul>	Mrs Linda (General Manager: Corporate Services)	22/04/2022	Internal control deficiency		

43	MR no. 43	43. Restoration testing of backups not performed	<p>The ZDM ICT Operations Policy, page 33, section 14.1 Key Principles and Guidelines Pertaining to Data Backup &amp; Restore states that,</p> <ul style="list-style-type: none"> <li>&gt; Testing of backup restore shall be performed at least once in two months.</li> <li>&gt; Backup restore testing schedules shall be kept, reviewed and signed-off by the Network Administrator each time they're carried out.</li> <li>&gt; Backup restore testing schedules shall be reviewed and signed-off by the Manager: ICT every three months.</li> <li>&gt; Requests for backup restore should be authorised by the Manager: ICT and ICT System Owner where a system is involved."</li> </ul> <p>It was however noted that for the 2020-21 financial year no backup restoration testing was performed by the municipality.</p> <p>Scheduled restoration testing is critical to determine the readability and integrity of backed up data. If restoration testing is not periodically performed and reported on a regular basis this may result in management not being aware if the available backups are sufficiently readable and can be used to effectively restore data in the event of a disruption.</p>	The vacancy in the ICT Manager position, capacity constraints within the ICT function as well as the server refresh project that is currently being performed, resulted in the municipality not being able to comply with the Key Principles and Guidelines Pertaining to Data Backup & Restore requirements stipulated in the ZDM ICT Operations Policy.	The HoD: Corporate Services should ensure that recruitment processes are undertaken to fill the vacant ICT Manager position and capacitate the ICT function. The server refresh project should be completed and scheduled backup restoration testing regularly performed in compliance with the Key Principles and Guidelines Pertaining to Data Backup & Restore requirements stipulated in the ZDM ICT Operations Policy. Evidence of the restoration testing performed should be maintained and formally reported on.	Management agrees with the finding.	Management will ensure that the backup restoration tests are performed.	Mrs Linda (General Manager: Corporate Services)	31/03/2022	Internal control deficiency		
<b>PROGRAM CHANGE MANAGEMENT</b>												
44	MR no. 44	44. Change logs were not available for the Windows Active Directory, Implementation and Management of Project Information, Local Suppliers' Database and Performance Management System	<p>As previously reported, the Windows Active Directory, IMPI, Local Suppliers' Database and PMS systems were not able to generate program change logs.</p> <p>In the absence of system generated change logs management may not be able to identify unauthorised or untested changes that have been implemented in the production environment. This could lead to applications not operating as intended and the confidentiality, integrity and availability of data stored on the system being compromised.</p>	The HoD: Corporate Services did not ensure that the action plans committed to address the previous audit finding were adequately and timeously implemented. System functionality limitations prevented change logs from being generated on the Windows Active Directory, IMPI, Local Suppliers' Database and PMS systems. The municipality is currently undergoing a server refresh project which will migrate some servers to the cloud and allow for the generation of program change logs for review.	The HoD: Corporate Services should ensure that agreed upon action plans to resolve audit findings are adequately and timeously implemented. The server refresh project should be completed and program change logs regularly generated and reviewed to ensure that no unauthorised changes have been implemented. Evidence of reviews performed and corrective actions taken should be retained.	Management agrees with the finding.	A task list will be designed to ensure the process is implemented and performed. All systems operated by the Municipality will be assessed accordingly to ascertain change logs applicable, and corrective actions which need to be implemented.	Mrs Linda (General Manager: Corporate Services)	28/02/2022	Internal control deficiency		
<b>AUDIT COMMITTEE</b>												
45	MR no. 45	45. Audit committee deficiencies	<p>The following was identified during the audit:</p> <ol style="list-style-type: none"> <li>1. The audit committee did not consider and satisfy itself of the appropriateness of the expertise and adequacy of resources of the municipality's finance function.</li> <li>2. The audit committee did not review and approve the internal audit plan before the start of the 2020/2021 financial year. The internal audit plan submitted for audit was reviewed and approved by the audit committee on 4 December 2020, which was after the start of the 2020-21 financial year to which it relates.</li> </ol> <p>Consequently, the audit committee is non-compliant with PSACF-Assessment of the finance function, and section 166(2)(a)(i) of the MFMA as it did not approve the risk-based annual audit plan before the start of the 2020-21 financial year.</p>	The accounting officer did not in all instances ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.	The audit committee should ensure consistent performance of their functions as per the MFMA and the per the audit committee charter.	Disagree. Management disagrees, the audit plan was indeed approved prior to execution of internal audit work in terms of section 165 of the MFMA-(2) The internal audit unit of a municipality or municipal entity must- (a) prepare a risk-based audit plan and an internal audit program for each financial year. The MFMA is silent in terms of the timeframes for approval of the IA Plan. Furthermore, the finding which is based on PSACF, Council and the Municipality has not adopted recommendations of this body. The finding is raised based on good practice mentioned by a body that has nothing to do with the Municipality. The Municipality follows legislations related to Local Government, Regulations and other Circulars. In light of paragraph 2 of the PSACA of the finance function state that; The Audit Committee's assessment of the finance function is not a specific requirement of the PFMA or MFMA therefore; The PSACF is a forum with no legal standing and the municipality has no legal requirement to comply with their resolutions or their	The Audit Committee will approve the Internal Audit Plan as soon as practically possible before the commencement of internal audit work that requires approval.	PM Manqele (Municipal Manager)	31/05/2022	Internal control deficiency		
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE</b>												
46	MR no. 46	46. Internal control deficiency identified	<p>Upon obtaining an understanding of the processes in place for key performance indicators under the basic services delivery and infrastructure objective, the following internal control deficiency was identified:</p> <p>The controls in place for the review of quarterly/annual performance information is inadequate as there is no evidence of review by the HOD's/General managers as the officials do not sign and date when validating/ reviewing the information captured. Consequently, there is a risk that information captured may not be valid, accurate and complete and the responsible officials cannot be held accountable for errors that could have been picked up during reviews.</p>	The performance management unit did not ensure that controls in place for the review of quarterly/annual performance information is adequately designed to ensure that the information reported was valid and accurate and complete.	The performance management unit must ensure that the responsible officials provide evidence of their reviews on the validated quarterly/annual performance information to ensure that errors identified are corrected before being reported on the quarterly/annual performance report.	Management agree with the Audit Finding. Most hard copies were signed.	PMS undertakes to ensure all PMS related documents are signed by the HOD as a verification and confirmation of accuracy of information submitted.	NG Mvelase (Deputy General Manager: Performance Management Systems)	04/11/2021	Internal control deficiency		
<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>												
47	MR no. 47	47. Creditors reconciliation	<p>During the audit of payables from exchange transactions and bulk purchases, it was noted that the municipality does not prepare monthly creditors reconciliations for Department of Water and Sanitation. Consequently, the Department of Water and Sanitation balance may not be accurate and complete.</p>	Management did not implement controls over daily and monthly processing and reconciling of transactions in order to ensure that the Department of Water and Sanitation balance is complete and accurate.	Management should prepare monthly creditors reconciliations for Department of Water and Sanitation to ensure that the Department of Water and Sanitation balance at year-end is complete and accurate.	Agreed. Monthly reconciliation will be performed. However, the year end balance was reconciled to reflect the correct amount owing.	Monthly reconciliation will be performed	RN Hlongwa (Chief Financial Officer)	11/11/2021	Internal control deficiency		

**SUMMARY**

7 Resolved  
30 Not Resolved  
10 In-Progress  
47 Total