

		(ii) make another recommendation to the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must			(a) consider the report and recommendations of the bid evaluation committee; and either— (b) make another recommendation to the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must	
--	--	--	--	--	---	--

		adjudication committee referred to in paragraph (a); and (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration. (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the			prior to awarding the bid— (i) check in respect of the preferred bidder whether		
--	--	---	--	--	---	--	--

		evaluation committee or the adjudication committee back to that committee for the reconsideration of the recommendation.			that bidder's municipal rates and taxes and municipal service charges are not in arrears; and (ii) notify the accounting officer.		
		In this case the accounting officer approved the appointment of the above mentioned service providers for hands-on support.			The above regulation was complied with, by the bid adjudication committee and submitted to the accounting officer.		
					(b) The accounting officer may— (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the		

		bid adjudication committee referred to in paragraph (a); and (ii) if the decision of the bid adjudication				

[illegible]

[illegible]

CAF 121 Bid awarded to bidder not recommended by the BEC	Management disagrees with the finding. In terms of Supply Chain Management Regulations, 29 states that "(1) A bid adjudication committee must— (a) consider the report and recommendations of the bid evaluation committee; and (b) either— (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid— (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and (ii) notify the accounting officer.	Chief Financial Officer (Chairperson: BAC) Infrastructure Manager (Chairperson: BEC) Financial Accounting Manager (Chairperson: BSC)	30 June 2022	In terms of Supply Chain Management Regulations, 29 states that "(1) A bid adjudication committee must— (a) consider the report and recommendations of the bid evaluation committee; and (b) either— (ii) make another recommendation on to the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.
--	--	---	--------------	---	-----	--

	The above regulation was complied with, by the bid adjudication committee and submitted to the accounting officer.				the one recommended by the bid evaluation committee, the	
	(b) The accounting officer may— (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and					

(b) The accounting officer may—
(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and

the one
recommended
by the bid
evaluation
committee, the

[illegible]

[illegible]

[illegible]

ISS.133	CAF 122: Internal control deficiency: SCM - No support for the commencement of the procurement process to appoint a new provider	Lateral Unison Insurance Broker contract ended on 30 September 2021, these are however management have commenced with procurement process in the relevant accounting period to appoint a new provider has commenced.	Chief Financial Officer (Chairperson: BAC) Infrastructure Manager (Chairperson: BEC) Financial Accounting Manager (Chairperson: BSC)	30 June 2022		officer approved the appointment of the above mentioned service providers for hands-on support.	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.
---------	--	--	---	--------------	--	---	-----	--

	CAF 131 - Procurement and contract management Declaration of interest not provided	Management investigated the finding raised on the entire population of expenditure necessary disclosure for irregular expenditure in the financial statements was adjusted	Chief financial Officer SCM Manager	30 June 2022	Management investigated the finding raised on the entire population of expenditure necessary disclosure for	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation		

		Management have filed the declaration of interests that were submitted when the suppliers were providing the services to the municipality.			irregular expenditure in the financial statements was adjusted Management have filed the declaration of interests that were submitted when the suppliers were providing the services to the municipality.		and reported to Council.
	CAF 132 - Procurement: Functional test issue with Bid TMDM/MM/RECOVERY/01/08/2020	Management applied the criterion based on the approved specifications set Furthermore, details of the functionality evaluation will be investigated by oversight committee, the full extent of the irregular expenditure from the tender will be disclosed.	Chief financial Officer SCM Manager	30 June 2022	Management applied the criterion based on the approved specifications set Furthermore, details of the functionality evaluation will be investigated by oversight committee, the full extent of the irregular expenditure	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

					from the tender will be disclosed.			
ISS.122	CAF 134: Procurement and contract management: Service level agreement for vodacom not submitted	Management submitted the Vodacom SLA as requested to the audit team to be audited.	Chief financial Officer SCM Manager	30 June 2022	Management submitted the Vodacom SLA as requested	100%	Confirmed with Vodacom contract that is in place	

			Director Corporate Services		to the audit team to be audited.		through AG communication register dated 25 November 2021. The Contract amount were also corrected from R10M to R1M in the Council minutes for write-off.	
--	--	--	-----------------------------	--	----------------------------------	--	--	--

CAF 136: Procurement: Quotation issue	Management will ensure that the reasons are attached on instances where the lowest bidder was not awarded, regarding the raised finding the lowest bidder did not include all requested goods.	Chief financial Officer SCM Manager	30 June 2022	Management will ensure that the reasons are attached on instances where the lowest bidder was not awarded, regarding the raised finding the lowest bidder did not include all requested goods.	75%	Confirmed with management that UJF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.
ISS.7 CAF 1: EV - Irregular expenditure: Difference between the register and the AFS for the amount written off	Management agrees with finding, the request for information 15 which was issued by auditors included that a request of a contingent register, management has submitted the signed register agreeing with the Annual Financial Statement on the 6th of September 2021 to auditors.	Chief financial Officer SCM Manager	30 June 2022	Management agrees with finding, the request for information 15 which was issued by auditors included that a request of a contingent register,	100%	Confirmed with the Council the minutes that were corrected for amount written off as per MPAC report and Council resolution. And the AFS were adjusted to

					management has submitted the signed register agreeing with the Annual Financial Statement on the 6th of September 2021 to auditors.		indicate correct write offs. Note 31 old and new AFS.
ISS.60	CAF 93: Procurement and contract Management - Required number of quotations not obtained	Management disagrees with audit finding, supply chain management processes were followed municipality requests quotations using emails to service providers and the emails are kept as evidence that at least 3 quotes were requested and	Chief financial Officer SCM Manager	30 June 2022	Management disagrees with audit finding, supply chain management processes were followed municipality requests quotations using emails to service providers and the emails are kept as evidence that at least 3 quotes were requested and	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

						by the CFO or an official designated by the CFO			
ISS.61	CAF 94: Procurement and contract management - Deviation not approved by the Accounting officer	Management agrees with audit finding, municipality had electricity challenges and a service provider was appointed to fix and switch on the back-up generator payment will be included to UIF register for further investigation by the MPAC. This amount of R127 000 will be disclosed as irregular expenditure on the adjusted AFS set.	Chief financial Officer SCM Manager	30 June 2022	Management agrees with audit finding, municipality had electricity challenges and a service provider was appointed to fix and switch on the back-up generator payment will be included to UIF register for further investigation by the MPAC. This amount of R127 000 will	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.		

ISS.78	CAF 95: Procurement and contract management - BBBEE requirements not applied during the evaluation of quotations	Management disagrees with audit finding, municipality established a list of approved service providers through a competitive bidding process in terms of SCM reg 19(a) Goods and services with a transaction value of more than R 200 000 or long-term contracts were procured through a competitive bidding process, the BBBEE was evaluated at this stage SCM Accounting officer guide paragraph states that 5.11.1 Where consultancy services are required on a recurring basis, a panel of consultants/list of approved service providers for the rendering of these services may be established. These panels/lists should be established through the competitive bidding process, usually for services that are of a routine or simple nature where the scope and content of the work to be done can be described in detail. Requirements for admission to the list and criteria should be	Chief financial Officer SCM Manager	30 June 2022	Management disagrees with audit finding, municipality established a list of approved service providers through a competitive bidding process in terms of SCM reg 19(a) Goods and services with a transaction value of more than R 200 000 or longterm contracts were procured through a competitive bidding process, the BBBEE was evaluated at this stage SCM	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.
--------	--	---	--	--------------	--	-----	--

					linked to the numeric value in terms of which applicants will be measured, for example qualifications, experience, acceptability, facilities and resources, etc. A predetermined standard method of					Accounting officer guide paragraph states that 5.11.1 Where consultancy services are required on a			
--	--	--	--	--	---	--	--	--	--	--	--	--	--

to the list and criteria should be linked to the numeric value in terms of which applicants will be measured,

[illegible]

[illegible]

[illegible]

ISS.87	CAF 96: Procurement and contract management - Proof of BBBEE status not provided	Management investigated the finding raised on the entire population of expenditure to identify if there is no similar noncompliance and Furthermore, management made the necessary disclosure for irregular expenditure AFS	Chief financial Officer SCM Manager	30 June 2022	Management investigated the finding raised on the entire population of expenditure to identify if there is no similar noncompliance and Furthermore, management made the necessary disclosure for irregular expenditure AFS	75%	Confirmed with management that UIF&V for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.
--------	--	--	--	--------------	--	-----	--

Provisions							

ISS.54	CAF 53: Employee benefit obligation: Difference identified on the benefits paid	Amounts currently disclosed are actuarial assumption estimates, management will adjust the benefits paid with actual amounts that were paid instead of assumptions from methodology applied by actuaries on the adjusted AFS set	Chief Financial Officer Financial Accounting Manager	30 November 2021	Amounts currently disclosed are actuarial assumption estimates, management will adjust the benefits paid with actual amounts that were paid instead of assumptions from methodology applied by actuaries on the adjusted AFS set	100%	Confirmed with adjusted AFS Note 12 actuaries amount were corrected from estimates to actual amount.
---------------	--	--	---	------------------	--	------	--

CAF 68	CAF 68 - Employee benefit obligation - Long service awards: Differences identified	Management disagrees with audit finding, kindly refer below for management comments on each raised finding. Collective agreement on conditions of employment for free state division states section 11; Long service bonus states that in addition to normal leave, an employee shall qualify for the following additional leave together with the following monetary awards as long service recognition for continuous service at the completion of the following 11.1.1 5 years' service – 5 days accumulative leave plus a once off payment equal to 2% of the employees' annual salary.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management disagrees with audit finding, kindly refer below for management comments on each raised finding. Collective agreement on conditions of employment for free state division states section 11; Long service bonus states that in addition to normal	100%	Confirmed with AFS Note 12 that long service provision for officials within political offices is provided as they are appointed in line with collective agreement from bargaining Council.
--------	--	--	---	------------------	--	------	--

		Based on this conditions' municipality had to pay 5 year continuous service for employees whether permanent or on fixed contract as long as the 5 year service was continuous. Therefore, it was necessary for municipality to include fixed contract employees on data to actuaries in order for the provision to consider long service awards for these employees. Interns and employees on shortterm contracts (less than 6 months) contracts are the only excluded employees.			leave, an employee shall qualify for the following additional leave together with the following monetary awards as long service recognition for continuous service at the completion of the following 11.1.1 5 years' service - 5 days accumulative leave plus a once off payment equal to 2% of the employees' annual salary. Based on this conditions' municipality had to pay 5 year continuous service for		
--	--	---	--	--	--	--	--

[illegible]

[illegible]

ISS.72	CAF 69: Employee benefit obligations - Incorrect disclosure of Discount rate	Management agrees with the audit finding, presentation and disclosure of employee benefit obligation in terms of GRAP 25 will be updated with discount rate as at 30 June 2021. Kindly note that we have used the yield curve for discounting purposes. This yield curve is a series of more than 1000 different interest rates, depending on the duration. The main characteristic of using the yield curve as opposed to the point estimates as was used in the past, is that payments which occur at different time periods, will be discounted at different interest rates. As you will see from the attached yield curve, it	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management agrees with the audit finding, presentation and disclosure of employee benefit obligation in terms of GRAP 25 will be updated with discount rate as at 30 June 2021. Kindly note that we have used the yield curve for discounting	100%	Corrected on adjusted AFS Note 12, the narration was not indicating the correct disclosure rate.
--------	--	---	---	------------------	---	------	--

		is a series of 40 different interest rates. A payment which is expected to be made in 10 years, will be discounted with the 10-year interest rate. Likewise, a payment which is expected to be made in 30 years, will be discounted with a 30 year interest rate. In the past, all future payments were discounted with the same interest rate. The interest rate used was that of a bond that matched the implied duration of the liability. It is of our opinion that the yield curve is a more accurate representation of the liability, as all future payments are discounted at an interest rate exactly matching the duration.			purposes. This yield curve is a series of more than 1000 different interest rates, depending on the duration. The main characteristic of using the yield curve as opposed to the point estimates as was used in the past, is that payments which occur at different time periods, will be discounted at different interest rates. As you will see from the attached yield curve, it is a series of 40 different interest rates. A payment which is expected to be		
--	--	--	--	--	--	--	--

			made in 10 years, will be discounted with the 10year interest rate. Likewise, a payment which is expected to be							
--	--	--	---	--	--	--	--	--	--	--

[illegible]

