



**NCPT**

**NORTHERN CAPE PROVINCIAL TREASURY**

# **Office of the Provincial Accountant General (PAG) – Municipal Accounting Services**

## **Audit Action plans - S131 of MFMA**

**Presenter**  
**Mr. S Masikela**

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# 1. Introduction

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- ☐ The presentation reminds provincial municipalities of legislative requirement w.r.t. audit action plans
- ☐ Provide guidance on preparation and presentation thereof and
- ☐ Request municipalities to submit plans and implementation progress as required

## 2. Legislation

- ❑ Section 131 of the MFMA require development and implementation of an audit action plan in instance where the office of the Auditor General raised issues in it's audit report.
  - The mayor of a municipality must ensure compliance by the municipality
  - The MFMA task the provincial treasury with responsibility of monitoring, evaluating and providing assistance and support to municipality
  - Provincial treasury is therefore tasked with the responsibility of evaluating and monitoring proposed action plans in order to determine adequacy and progress thereof in addressing issues raised in the audit reports

### 3. Guidance for completion

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Audit action plan **must** be compiled from the **final management letter inclusive of all annexures to the management letter** providing for the following:

- ☐ Finding
- ☐ Impact of the finding on the audit report
- ☐ Classification
- ☐ Internal control deficiency
- ☐ Description of the solution to be implemented
- ☐ Responsible official and department

### 3. Guidance for completion

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- ☐ The start and end dates
- ☐ % presentation of progress made
- ☐ The proposed solution and related activities should at all times relate to the audit finding
- ☐ Timeframes should at all times be realistic in comparison to solution to be undertaken
- ☐ Progress must be reported on all findings and be measurable
- ☐ Template of an Audit Action plan is provided



## 4. Submissions

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Key submission dates are:

- ☐ 31 January 2017
- ☐ 15 April 2017 and
- ☐ 15 July 2017

All submissions should be made to the directorate:

Accounting Services

Templar Building, Ground Floor

Kimberley

## 4. Submissions

Submission statistic for 31 January 2016 to 31 January 2017 is as follows:

DUE DATE	SUBMISSION STATS
31 January 2016	58%
15 April 2016	45%
15 July 2016	32%
31 January 2017	73%
15 April 2017	60%
15 July 2017	





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## 5. Challenges/GAPS

- ☐ Submission of the audit action plans is very poor overall
- ☐ Submitted plans are not reviewed and updated with progress made
- ☐ Some audit action plans submitted were not compiled from the final management report and did not adhere to the guidance for completing the audit action plan as per the letter.
- ☐ Municipalities did not appoint a champion to coordinate the implementation and monitoring for the audit action plan.
- ☐ Municipalities copied the recommendations provided by the Auditor General South Africa and did not provide remedial actions of their own to address the audit findings.

**N.B.: The lack of review and progress of the audit action plan result in overall poor provincial audit outcomes**

## 6. Advantages of Submission and compliance

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- ☐ Compliance with laws and regulation
- ☐ Good governance
- ☐ Improved and sustained audit outcomes
- ☐ Improved control environment in line with new AG methodology
- ☐ Efficient management of key financial management indicators,  
FMCMM

## 7. Conclusion

- ☐ Audit action plans signed off by the municipal manger and reported to the mayor
- ☐ Municipalities are encourages to ensure compliance with all requirements of the MFMA
- ☐ Non compliance will be reported to the office of the Auditor General and relevant authorities
- ☐ It is imperative for mayors to play their legislated oversight role to ensure that key elements of good internal control environment and governance are adhered to



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# Thank You