

# STATUS OF MATERIAL IRREGULARITIES IN NATIONAL, PROVINCIAL AND LOCAL GOVERNMENT

15 April 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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## Abbreviations and acronyms used in this report

AA	accounting authority
AO	accounting officer
AG	auditor-general
DM	district municipality
LM	local municipality
MFMA	Municipal Finance Management Act
MI	material irregularity
MM	metropolitan municipality
NEMA	National Environmental Act
NPA	National Prosecuting Authority
NWA	National Water Act
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
PPR	Preferential Procurement Regulations
SAPS	South African Police Service
Sars	South African Revenue Service
SIU	Special Investigating Unit
TR	Treasury Regulations

# Material irregularities in national, provincial and local government: status 15 April 2022

## Introduction

The responsibilities and duties of accounting officers and authorities are well defined in legislation, underpinned by the basic values and principles governing public administration, as set out in the Constitution of the country. For many years, our audits have highlighted a systemic failure across government to establish the systems, processes and controls required to make the constitutional and legislative requirements the norm. Not only are irregularities and the resultant losses, misuse and harm not prevented from happening, but such instances are also not appropriately dealt with when they are identified.

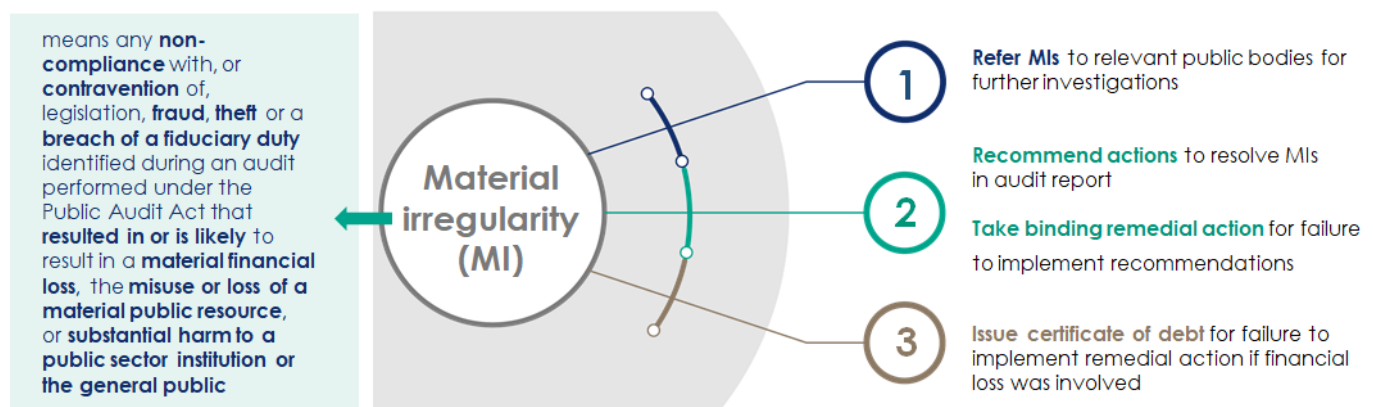
Our mandate has always been to audit and report on these matters so that they can be corrected, but a lack of progress with preventing and dealing with the accountability failures we report on prompted the need for an expansion of our mandate.

The amendments to the Public Audit Act become effective on 1 April 2019.

Rather than being a punitive measure, the amendments are intended to act as a complementary mechanism in the broader public sector accountability value chain by strengthening financial and performance management and instilling the right behaviour in order to prevent MIs and ensure they are appropriately dealt with if they do occur.



If AO/AA does not appropriately deal with MIs, our expanded mandate allows us to:



The aim of our expanded mandate is to:

- promote better accountability
- improve the protection of resources
- enhance public sector performance and encourage an ethical culture
- ultimately, strengthen public sector institutions to better serve citizens.

We are in the third year of implementing the amendments. In this report, we share the material irregularities identified across all spheres of government and their status at 15 April 2022.

This is the second report we publish on the MI status – our previous report was published on 8 December 2021 and reported on the MI status at 15 October 2021.

The report includes the detail on material irregularities identified and the actions being taken to resolve the MIs – by the AO/AA or through the use of our expanded powers. The purpose of publishing these reports is to account in a transparent manner for how we have used our expanded mandate. It further provides oversight bodies, civil society organisations and the general public insight into irregularities that occurred at public sector institutions and the progress or lack of progress with addressing the resultant losses or harm caused.

While this report provides detail about MIs, the insights we gained and the impact being made are not included in this report. Each sphere of government has different stories on the types of MIs that are prevalent, how the AO/AA responded and the impact achieved through the MI process. We deal with such information in our general reports. This MI report is published at the same time as the 2020-21 general report on local government, which includes our reflections on how local government is dealing with the MI process and the impact it is making.

The third report on the MI status will be published together with the 2021-22 general report on national and provincial government later this year.

## Overall status

By 15 April 2022, we were dealing with 327 material irregularities at various stages in the process. We estimate the total financial loss of these material irregularities to be R14,7 billion.

## Material irregularities identified per sphere of government



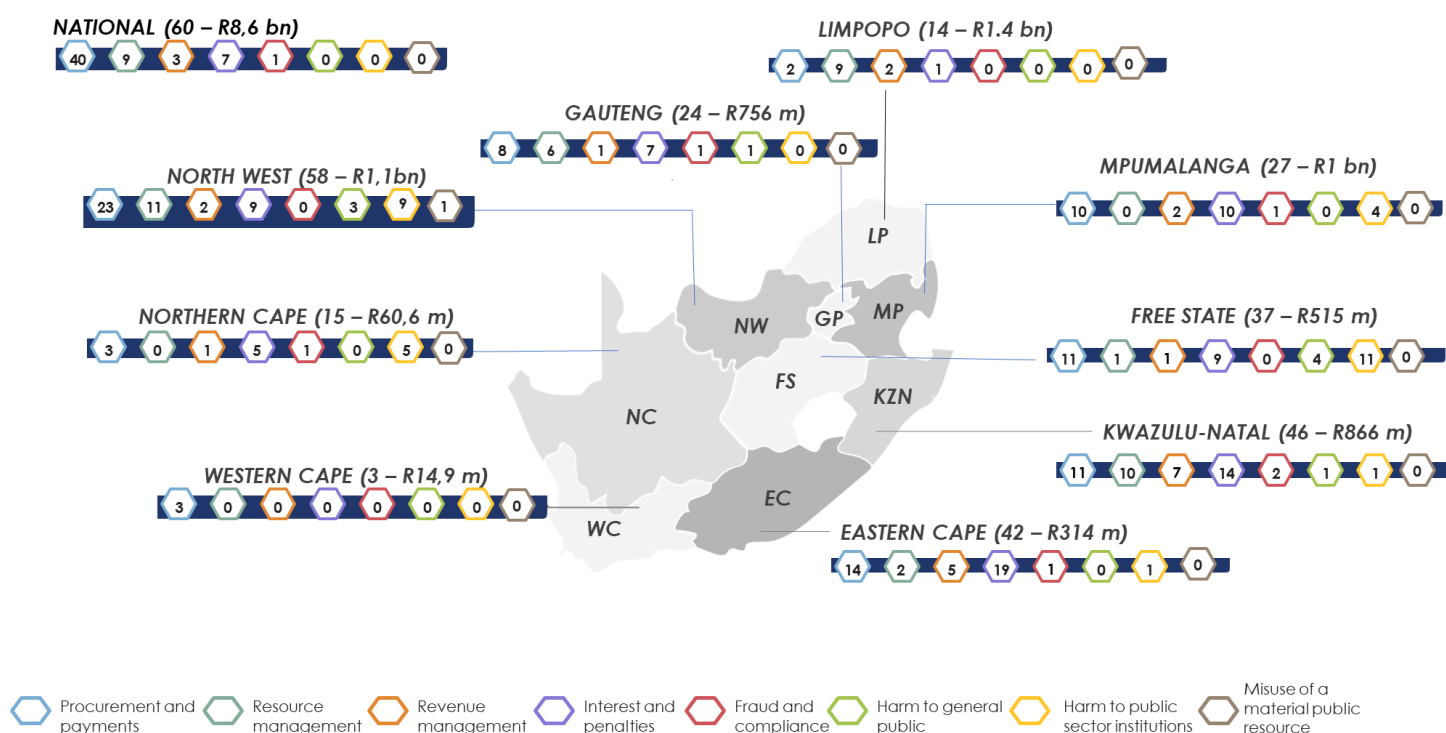
The MIs on which we notified the AO/AA covered irregularities that resulted in material financial loss, misuse of a material public resource and substantial harm to public sector institutions and the general public.

## Nature of material irregularities

The graphics that follow show the spread of the 327 MIs across the provinces (local government and provincial government) and for the national government, as well as the nature of these MIs.

PROCUREMENT AND PAYMENT	RESOURCE MANAGEMENT	REVENUE MANAGEMENT	INTEREST AND PENALTIES	FRAUD AND COMPLIANCE	HARM TO GENERAL PUBLIC	HARM TO PUBLIC SECTOR INSTITUTION	MISUSE OF A MATERIAL PUBLIC RESOURCE
41 Non-compliance in procurement processes resulting in overpricing of goods and services procured or appointed supplier not delivering	16 Assets not safeguarded, resulting in loss	17 Revenue <b>not billed</b>	60 Eskom, water boards, lenders and suppliers <b>not paid on time</b> resulting in interest	4 <b>Suspected fraud</b> , resulting in loss	8 Non-compliance with environmental legislation resulting in <b>pollution of water resources</b>	24 Full and proper records not kept as evidenced by <b>repeat disclaimed opinions</b> – resulting in <b>substantial harm</b> to municipalities	1 Under-utilisation of a material public resource
8 Uneconomical procurement resulting in overpricing of goods and services procured	13 Loss of <b>investments</b>	6 Debt <b>not recovered</b>	21 Payroll and value-added tax returns <b>not paid on time</b> or incorrectly calculated resulting in South African Revenue Service interest and penalties	3 <b>Non-compliance</b> , resulting in penalties	1 Landfill site mismanagement resulting in <b>harm to public</b>	7 <b>Non-submission</b> of financial statement	
77 Payment for goods or services <b>not received</b> / of poor quality/ <b>not in line with contract</b> or to ineligible beneficiaries	19 Inefficient use of resources – no/ limited benefit derived for money spent	1 Receipts <b>not recorded/ deposited</b>					

## Total material irregularities per province and national



We recently notified the AOs and AAs of 39 of these MIs, and by 15 April 2022, their responses were not yet due. Ten MIs were resolved in the prior period.

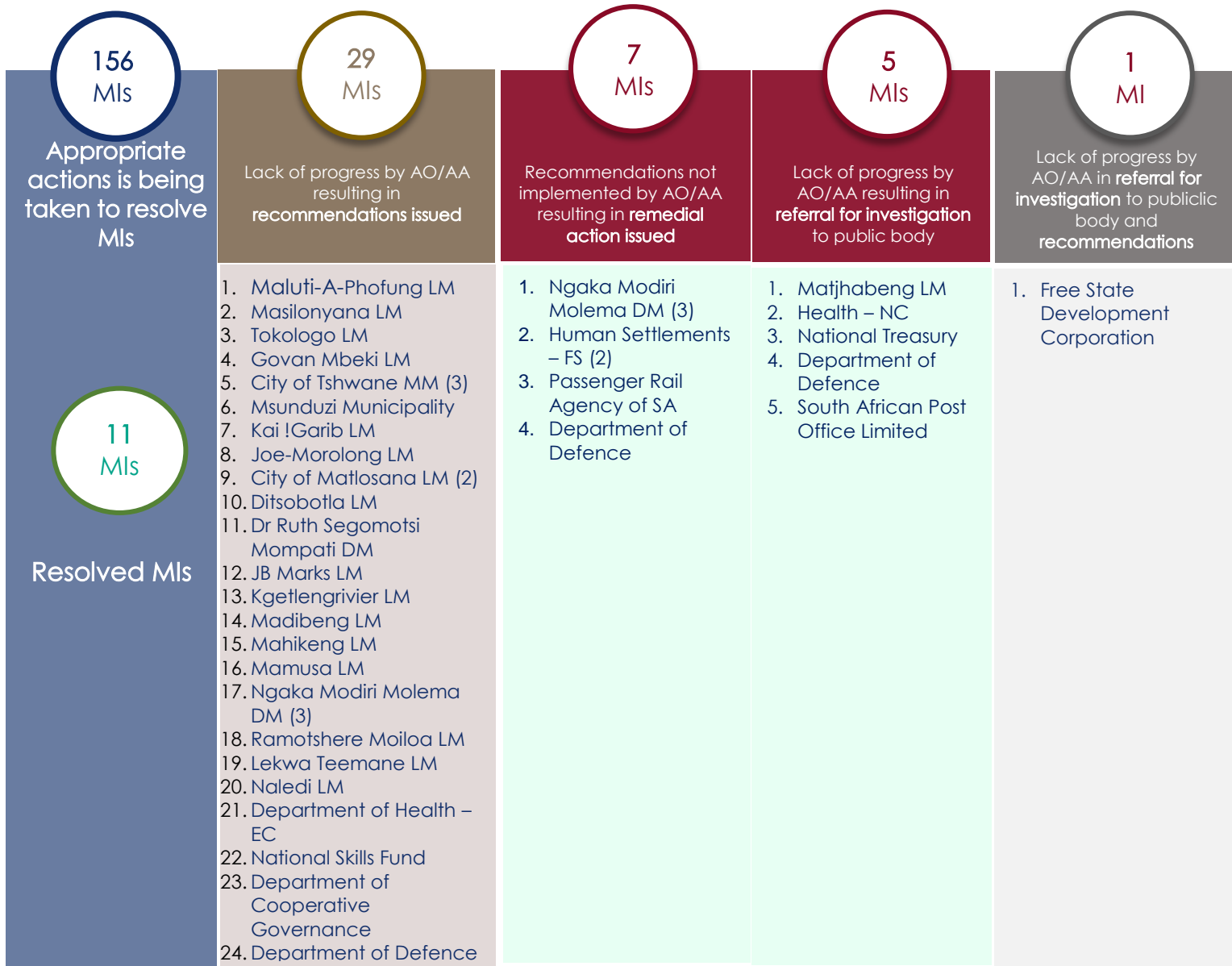
In this report, we include the detail on the remaining 278 MIs.

# Status of the 278 MIs



We did not hesitate to use our enforcement mandate if the AO/AA did not take appropriate action.

## Actions taken by the AGSA



The report is presented per sphere of government. Included in the report are the 278 MIs to which the AO/AA responded. The movement from total MIs notified to those reported in the MI report is as follows:

Sphere of government	Notified	Awaiting response	Resolved in prior period	Reported in the MI report
Local government	185	35		150
Provincial government	83	4	8	70
National	60	0	2	58
<b>Total</b>	<b>327</b>	<b>39</b>	<b>10</b>	<b>278</b>

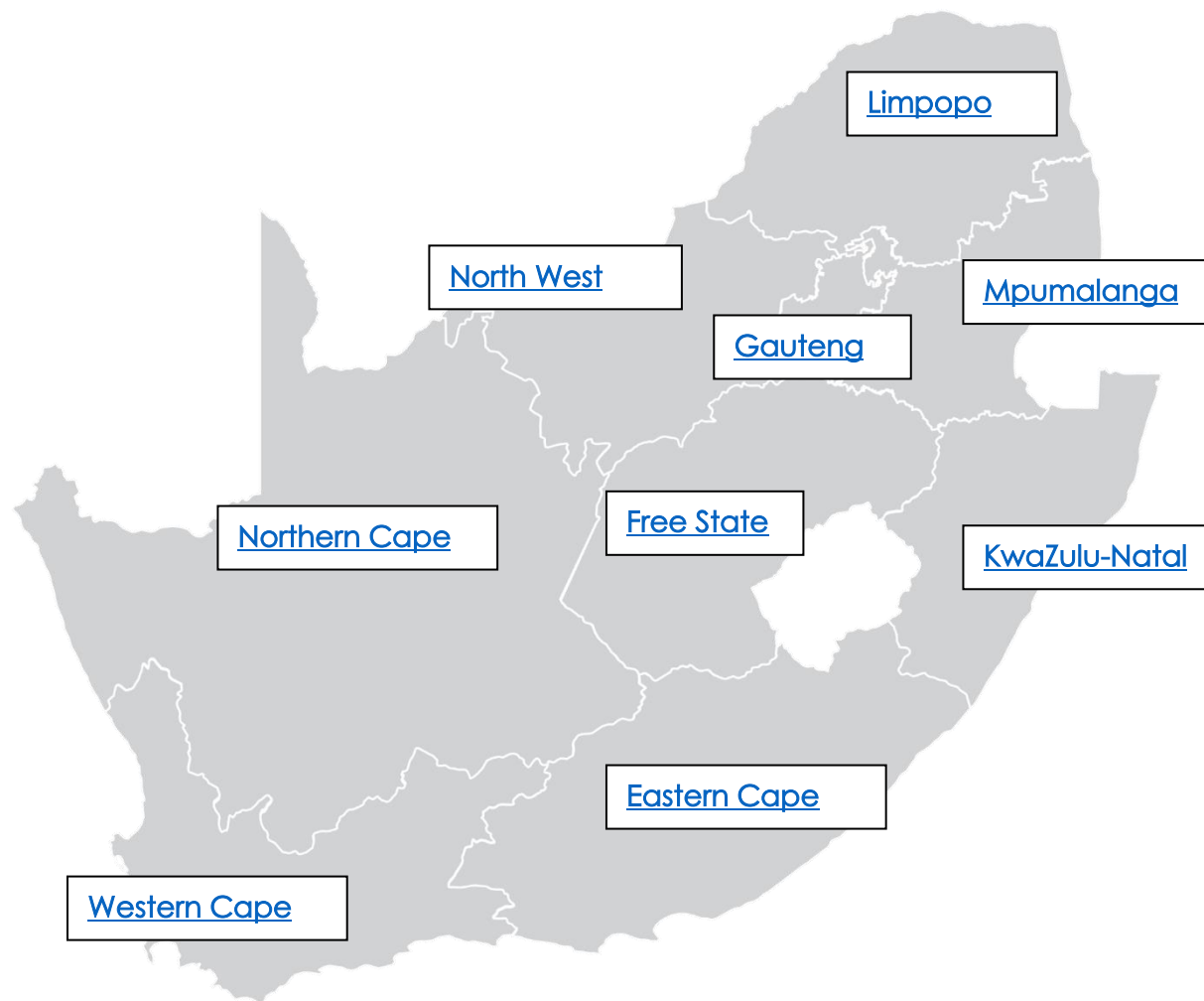




# Local government material irregularities



AUDITOR-GENERAL  
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## EASTERN CAPE (20)



[Buffalo City MM](#)

[Enoch Mgijima LM](#)

[King Sabata Dalindyebo LM](#)

[Ntabankulu LM](#)

[Chris Hani DM](#)

[Intsika Yethu LM](#)

[Makana LM](#)

[OR Tambo DM](#)

[Dr Beyers Naudé LM](#)

[Inxuba Yethemba LM](#)

[Nelson Mandela Bay MM](#)

[Raymond Mhlaba LM](#)

Status of MIs (Total: 20)



No.	Notified	Type	MI description	Status	Status description
<b>Buffalo City MM</b>					
1.	24 March 2021	Unbilled revenue	<p>The municipality omitted to bill a number of customers for water services rendered during the 2019-20 financial year.</p> <p><b>Irregularity:</b> Non-compliance with section 64(2)(b) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R9,6 million</p>	Appropriate action is being taken to resolve the MI	<p>Appropriate actions are being taken by the AO. The AO instituted an investigation into the root causes of this material irregularity. The outcomes of the investigation highlighted a number of control deficiencies, including a lack of integrated processes and systems between the municipality's directorates, and delays in updating systems and registers that linked water meters per property.</p> <p>The municipality notified the affected consumers from the 2020-21 financial year and started to bill them, as per the municipality's credit control policy. The AO instituted disciplinary investigations to identify the persons responsible for the material irregularity.</p>
<b>Chris Hani DM</b>					
2.	19 October 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>The municipality paid a contractor extension of time cost due to delays caused by the contractor with no additional value; therefore, fruitless and wasteful expenditure was incurred.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R20 million</p>	Follow-up or assessment in process	We are determining the most suitable action based on the AO's response.

**Dr Beyers Naudé LM**

3.	31 January 2022	Sars late payments, resulting in interest and penalties	<p>The municipality did not make payments to Sars by the due date, resulting in interest and penalties being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R7,1 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
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**Enoch Mgjijima LM**

4.	31 January 2022	Sars late payments, resulting in interest and penalties	<p>The municipality did not make PAYE payments to Sars by the due date, resulting in interest and penalties being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R1,4 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
5.	24 February 2022	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The department did not make payment to a service provider for the construction of Baccelsfarm Bridge within 30 days, resulting in standing time being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R1,7 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
6.	24 February 2022	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay invoices from Eskom within 30 days, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R6 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.

Intsika Yethu LM

7.	16 November 2021	Payment for goods or services not received	The municipality made payments to a service provider for materials that were not delivered and construction work that was not performed.  <b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA <b>Impact:</b> Material financial loss of R18 million	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.
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Inxuba Yethemba LM

8.	27 January 2022	Payment not made or not made in time, resulting in interest/standing time/penalties	The municipality did not pay invoices from Eskom within 30 days, resulting in interest being charged.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R11,5 million	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
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King Sabata Dalindyebo LM

9.	26 January 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	The municipality did not pay invoices from Eskom within 30 days, resulting in interest being charged.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R4,4 million	Appropriate action is being taken to resolve the MI	The municipality entered into a payment arrangement with Eskom for the payment of the arrear balance. The AO committed to ring fencing electricity income to pay only electricity expenses starting from 1 July 2021.  A cash flow committee was established in August 2021, which is responsible for implementing and monitoring the effectiveness of the cash flow management strategy in pursuit of improving the financial viability of the municipality. A revenue recovery plan was also implemented from August 2021 and a cost-containment target included in the performance agreements of managers and directors for the 2021-22 financial year.
10.	26 March 2021	Sars late payments, resulting in	The municipality did not make PAYE payments to Sars by the due date, resulting in interest and penalties being charged.	Appropriate action is being taken to resolve the MI	The municipality applied for remission to have Sars waive the interest and penalties, but Sars has not yet granted this.

		interest and penalties	<p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R11 million</p>		A cash flow committee was established in August 2021, which is responsible for implementing and monitoring the effectiveness of the cash flow management strategy in pursuit of improving the financial viability of the municipality. A revenue recovery plan was also implemented from August 2021 and a cost-containment policy included in the performance agreements of managers and directors for the 2021-22 financial year.
<b>Makana LM</b>					
11.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Appropriate action is being taken to resolve the MI	<p>The AO is taking the following actions to address the MI:</p> <ul style="list-style-type: none"> <li>• Notified the MEC for local government, MEC for finance and organised local government (Salga) of its financial problems</li> <li>• Prepared a financial recovery plan</li> <li>• Prepared an action plan to address the lack of full and proper records, which included appointing consultants in April 2021 to undertake a full review of the asset register and conditional assessments for assets, and process the necessary corrections and adjustments to the fixed asset register. The consultants' duties will also include the transfer of skills</li> <li>• Appointed a manager: revenue with effect from 1 May 2021 after the position had been vacant since February 2018</li> <li>• Commenced with a door-to-door data cleansing and billing confirmation exercise from April 2021, and this project includes obtaining meter readings for both water and electricity</li> <li>• The management has been trained in the new electronic performance management system, Munsoft Performance Assist, which allows the management to upload evidence and documentation when they report on their indicators. This will prevent the misplacement of documentation.</li> <li>• Commenced with a preliminary investigation and concluded that there are no officials responsible for the non-compliance with the MFMA.</li> </ul>
<b>Nelson Mandela Bay MM</b>					

12.	13 December 2019  (Two material irregularities) 1	Payment for goods or services not received	The municipality paid two contractors in December 2018 for the provision of storm-water drain cleaning services that were not rendered.  <b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA <b>Impact:</b> Material financial loss of R20,2 million	Appropriate action is being taken to resolve the MI	An investigation into the matter by the provincial Hawks unit commenced in January 2020 and the municipality is cooperating with the investigation. The municipality appointed a forensic investigator to assist in quantifying the value of the financial loss incurred and in compiling further evidence for submission to the Hawks unit. On conclusion of the investigation, the AO intends to pursue the recovery of losses incurred and consequence management against the identified responsible official(s).
13.	13 December 2019	Unbilled revenue	The municipality did not bill revenue from water and sanitation services on a monthly basis for a number of households in 2018-19.  <b>Irregularity:</b> Non-compliance with section 64(2)(b) of the MFMA <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	An SLA was signed between the budget and treasury directorate, the infrastructure and the engineering directorate, and the Human Settlements Directorate on 7 July 2021 outlining the value chain process between the directorates in respect of the installation of new water meters, as well as linking them to the billing system.  The AO further plans to ensure that monthly reporting to identify properties without water-related services on the billing system is compiled and sent to the infrastructure and engineering directorate for investigation. Monthly meetings will be held between the relevant directorates to discuss progress and further action required.
14.	9 December 2019	Unbilled revenue	The municipality did not charge interest in 2018-19 on debtors in arrears who had entered into agreements for long-term payment arrangements with the municipality.  <b>Irregularity:</b> Non-compliance with section 64(2)(g) of the MFMA <b>Impact:</b> Material financial loss of R11,2 million	Resolved	An investigation conducted determined that the accounting system was not charging interest on the capital portion that is subject to the arrangement. The accounting system was programmed in February 2020 to raise interest monthly. The municipality has been raising interest on all its interest-bearing, long-term arrangements with effect from February 2020.  The AO tabled a report in the council proposing that the interest not charged in 2018-19 should not be raised retrospectively.
15.	19 May 2021	Unbilled revenue	The municipality did not bill revenue from water and sanitation services on a monthly basis for a number of households in 2019-20.	Appropriate action is being	An SLA was signed between the budget and treasury directorate, the infrastructure and engineering directorate and the human settlements directorates on 7 July 2021 outlining the

<sup>1</sup> The discrepancy between the number of MIs in the graph and that in the detail is because two MIs are discussed under MI 12 Nelson Mandela Bay

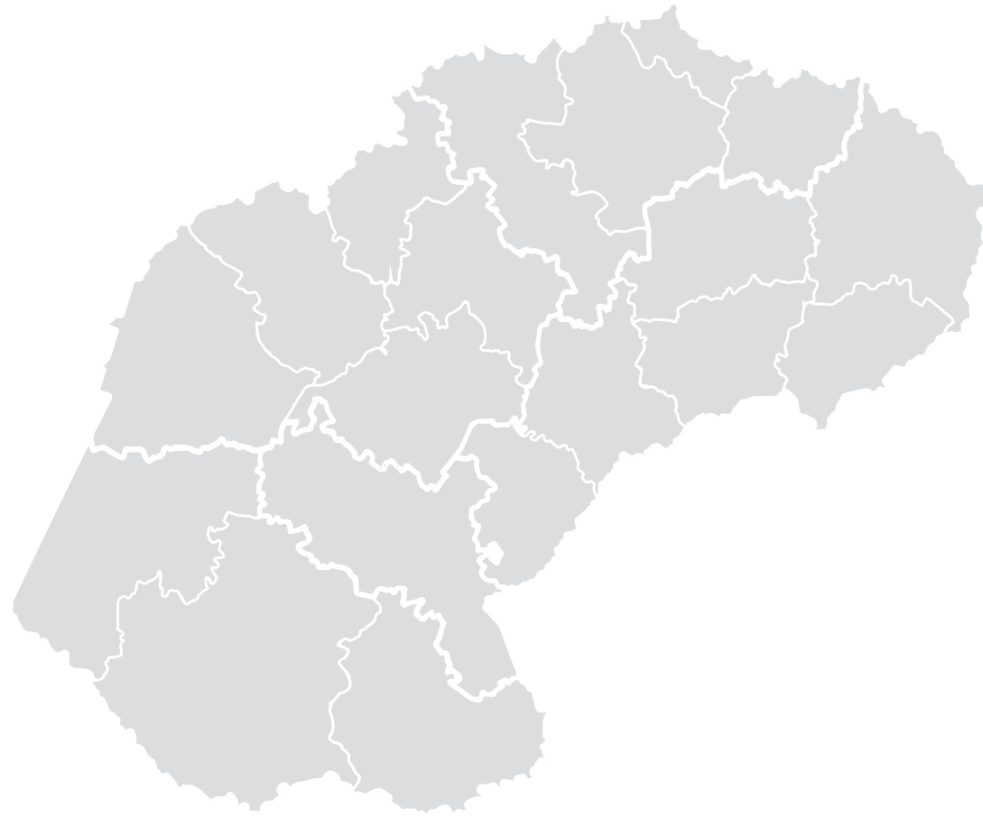


			<p><b>Irregularity:</b> Non-compliance with section 64(2)(b) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	taken to resolve the MI	<p>value chain process between the directorates in respect of the installation of new water meters, as well as linking them to the billing system.</p> <p>The AO further plans to ensure that the following actions are implemented to resolve the material irregularity:</p> <ul style="list-style-type: none"> <li>• Monthly reporting to identify properties without water-related services on the billing system</li> <li>• Sending the monthly report to the infrastructure and engineering directorate for investigation</li> <li>• The infrastructure and engineering directorate to review their internal business processes relating to the transfer of meter installation information to the billing system.</li> <li>• Internal audit and risk assurance to include as part of their audit readiness assessment for 2021-22, the review of the internal controls that have been implemented through the SLA and subsequent standard operating procedures between the budget and treasury directorates, the infrastructure and engineering directorate and the human settlements directorate.</li> <li>• Procurement of additional resources by the infrastructure and engineering directorate to enable the physical verification of water meters on properties and to enable an improved turnaround time.</li> </ul>
<b>Ntabankulu LM</b>					
16.	21 January 2022	Payment not made or not made in time, resulting in interest/ standing time/penalties	The municipality did not pay the correct pension fund in terms of a court judgement. The contributions have since been transferred from the other pension fund (i.e. second respondent) to rectify the incorrect payment as per the court judgement. However, the municipality also incurred interest, as payment was not made within 30 days.	Appropriate action is being taken to resolve the MI	<p>The matter was referred to the council, which referred the matter to the municipality's financial misconduct board for investigation in October 2021. The investigation is still in progress.</p> <p>The municipality also engaged the services of attorneys to assist in determining the amount of interest due. The second respondent is liable in terms of the judgement and to assist in recouping those amounts.</p>

			<p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R5,3 million</p>		
<b>OR Tambo DM</b>					
17.	9 April 2021	Payment for goods or services not received	<p>The municipality made payments to Amatola Water (an implementing agent for water projects) for goods and services that had not been delivered.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(1)(a) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R57 million</p>	Appropriate action is being taken to resolve the MI	<p>The council instituted a forensic investigation into the matter, which was concluded on 17 December 2020. The report of the forensic investigator recommended that the municipality should institute disciplinary actions against the officials of the municipality who facilitated all undue payments without following the due diligence process and/or correct protocols.</p> <p>The disciplinary processes are currently in progress.</p> <p>The service level agreement will be signed by the municipality and the implementing agent, stating unequivocally that all payments for invoices from the implementing agent must be based on work done and should clearly demonstrate value for money. The municipality also reported the matter to the Hawks for criminal investigation. The investigation is still in progress.</p>
<b>Raymond Mhlaba LM</b>					
18.	14 January 2022	Payment not made or not made in time, resulting in interest/ standing time/penalties	<p>The municipality did not pay invoices from Eskom within 30 days, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R13,6 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
19.	14 January 2022	Sars late payments, resulting in interest and penalties	<p>The municipality did not pay employees' tax, which was deducted from employees, over to Sars within seven days after the end of the month during which the amount was deducted. As a result, penalties and interests were charged.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R1,7 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.

No.	Notified	Type	MI description	Status	Status description
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FREE STATE (14)



[Letsemeng LM](#)

[Mangaung MM](#)

[Ngwathe LM](#)

[Tokologo LM](#)

[Mafube LM](#)

[Masilonyana LM](#)

[Nketoana LM](#)

[Maluti-A-Phofung LM](#)

[Matjhabeng LM](#)

[Setsoto LM](#)

No.	Notified	Type	MI description	Status	Status description
<p>Status of MIs (Total: 14)</p> <p> <span style="display: inline-block; width: 15px; height: 15px; background-color: grey; border-radius: 50%; margin-right: 5px;"></span> Follow-up or assessment in process         <span style="display: inline-block; width: 15px; height: 15px; background-color: lightgreen; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Appropriate action         <span style="display: inline-block; width: 15px; height: 15px; background-color: teal; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Resolved         <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations         <span style="display: inline-block; width: 15px; height: 15px; background-color: darkorange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations and referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: pink; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: red; border-radius: 50%; margin-left: 20px;"></span> Remedial action       </p>					
<b>Letsemeng LM</b>					
20.	25 February 2021	Payment not made or not made in time, resulting in interest / standing time / penalties	<p>The municipality did not pay Eskom invoices for the bulk purchase of electricity within 30 days of receipt of the invoice during April 2019 to March 2020, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R3,7 million</p>	Appropriate action is being taken to resolve the MI	<p>The municipality entered into a repayment agreement with Eskom about the Luckhoff account. A payment plan could not yet be agreed on with Eskom for the remaining towns, as the outstanding balance due was subject to legal proceedings between Eskom and the municipality in the Supreme Court of Appeal.</p> <p>The municipality has undertaken projects to replace all faulty electricity and water meters as part of their revenue enhancement strategy. Contractors for the electricity meters were appointed in July 2020 and in February 2020 for the water meters. These projects are in progress.</p> <p>On 30 July 2021, the AO submitted to the municipal public accounts committee (MPAC) a report on fruitless and wasteful expenditure incurred for investigation. This matter will be dealt with by the MPAC.</p>
<b>Mafube LM</b>					
21.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2017-18. The impact was substantial harm to the municipality, as its financial position was so poor that</p>	Appropriate action is being taken to resolve the MI	<p>The following actions have been taken or are planned to address the MI:</p> <ul style="list-style-type: none"> <li>An administrator was appointed by the municipality on 27 January 2020 and a municipal manager was subsequently appointed on 1 May 2021.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
			<p>it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to the public sector institution</p>		<ul style="list-style-type: none"> <li>• A senior official was suspended on 15 February 2021 due to several maladministration issues identified during previous audits. The disciplinary process is still ongoing.</li> <li>• A funding plan for the 2021-22 financial year, which includes activities relating to improved revenue enhancement and cost containment, was developed and approved by the council on 31 May 2021, and implementation thereof is in progress. In addition, the AO and Eskom agreed on a repayment plan on 21 July 2021. The AO committed to a payment plan for the amounts due to the pension fund on 22 April 2021.</li> <li>• The municipality addressed some of the shortcomings with regard to the availability of financial records, which led to the audit outcome for the 2018-19 financial year, as per audit report signed on 30 September 2021, improving from a disclaimer of opinion to a qualified opinion. The qualified opinion was maintained in the 2019-20 audit report. The actions taken to address the lack of full and proper records included the following: <ul style="list-style-type: none"> <li>○ The fixed asset register was updated through asset verifications and reconciled with the general ledger and financial statements.</li> <li>○ The reconciliation of bulk purchases as well as the invoices and statements from the Department of Water Affairs were provided for audit purposes.</li> </ul> </li> </ul>
<b>Maluti-A-Phofung LM</b>					
22.	11 June 2021	Repeat disclaimed audit opinion	The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2018 -19. The impact was substantial harm to the municipality, as its financial position was so poor that	Recommendations	The AO did not take appropriate action to resolve the MI.  We notified the AO of the following recommendations, which should have been implemented by 14 April 2022:

No.	Notified	Type	MI description	Status	Status description
			<p>it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>		<ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and enhancing control weaknesses.</li> <li>• Based on the reasons and circumstances identified, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the municipality's financial affairs are kept, in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas, as a minimum: <ul style="list-style-type: none"> <li>○ Complete asset register of all of the municipality's infrastructure assets and investment property</li> <li>○ Billing information and reconciliations to support revenue from service charges</li> <li>○ Reconciliation of property rates income with the valuation roll</li> <li>○ Register and payment vouchers to support payments made from conditional grant funding, including reconciliations</li> </ul> </li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the municipality's financial problems by 14 July 2022.</p>

No.	Notified	Type	MI description	Status	Status description
					We received information about the implementation of recommendations and are currently evaluating the actions taken by the AO to address the MI.
<b>Mangaung MM</b>					
23.	8 March 2021	Sars late payments, resulting in interest and penalties	<p>The municipality understated PAYE for the month of July 2019, resulting in penalties and interest being charged on to the late payment of the under-declared amount.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R1,7 million</p>	Appropriate action is being taken to resolve the MI	<p>Disciplinary action against the official responsible has commenced. The responsible official signed an acknowledgement of receipt of the notice of misconduct on 22 November 2021.</p> <p>A process has been initiated to engage with Sars regarding the possibility of refunding the interest and penalties. A written submission was made on 29 October 2021 in this regard.</p> <p>A permanent project leader was appointed to process Sars submissions to prevent such non-compliance from recurring.</p>
<b>Masilonyana LM</b>					
24.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2017-18. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should have been implemented by 13 April 2022:</p> <ul style="list-style-type: none"> <li>• The reasons and circumstances behind the non-compliance with section 62(1)(b) of the MFMA should be investigated for the purpose of taking appropriate corrective actions and improving controls to eliminate weaknesses.</li> <li>• Based on the reasons and circumstances identified, appropriate action should be taken to develop and begin to implement an action plan to address poor record keeping so that full and proper records of the municipality's financial affairs are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<p>The plan should include anticipated time frames and should address the following key areas as a minimum:</p> <ul style="list-style-type: none"> <li>○ Complete asset register of all of the municipality's infrastructure assets, including work in progress</li> <li>○ Billing information and reconciliations to support revenue from service charges</li> <li>○ Register and payment vouchers to support payments made from conditional grant funding, including reconciliations</li> <li>○ Payment vouchers, creditor statements and creditor reconciliations for bulk purchases</li> </ul> <p>We further recommend that the AO should take appropriate action to develop and begin to implement an action plan to address the municipality's financial problems, as required by section 135(1) and 135(3)(a) of the MFMA, by 13 July 2022. The plan should describe the anticipated time frame and milestones to be achieved, and should include as a minimum strategy:</p> <ul style="list-style-type: none"> <li>● increasing the collection of revenue</li> <li>● optimising costs for bulk purchases</li> <li>● efficiently managing the municipality's available cash</li> <li>● entering into payment arrangements with major suppliers</li> <li>● repairing and maintaining infrastructure assets.</li> </ul> <p>We are evaluating the actions taken by the AO to address the MI.</p>
<b>Matjhabeng LM</b>					
25.	5 May 2020	Payment for goods or services not received	The municipality paid an estimated R7,2 million between April 2017 and June 2019 for the construction of an attenuation (flood-protection) dam in the Nyakallong storm-water system after it	<b>Referral</b>	The AO could not provide sufficient and appropriate evidence of actions taken in response to being notified of the MI. The actions taken were also considered inadequate.



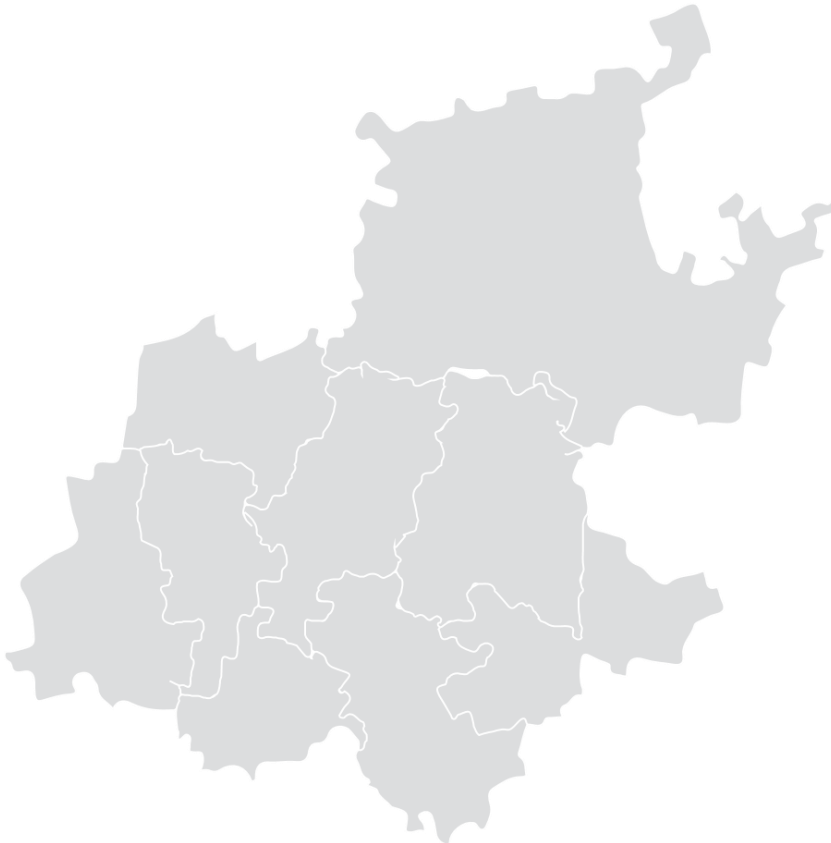
No.	Notified	Type	MI description	Status	Status description
			<p>had been certified as complete. However, a site visit confirmed that the attenuation dam was not constructed, resulting in overpayments on the project.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		As a result, we referred the MI to the Hawks for investigation in June 2021. The investigation is currently in progress.
26.	4 May 2020	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay Eskom invoices for the bulk purchase of electricity within 30 days of receipt of the invoice during April 2019 – March 2020, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R255,5 million</p>	Appropriate action is being taken to resolve the MI	<p>The outstanding balance due to Eskom is currently subject to legal proceedings between Eskom and the municipality. Therefore, an agreement could not yet be reached on a payment plan.</p> <p>The MPAC investigated the fruitless and wasteful expenditure relating to the interest incurred and concluded that no person can be held responsible for the loss as it was due to the financial position of the municipality and cash flow constraints. The MPAC investigation report was tabled in council on 29 October 2020.</p>
27.	15 April 2021	Sars late payments, resulting in interest and penalties	<p>The municipality did not make PAYE payments to Sars by the due date. This resulted in penalties and interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R2,5 million</p>	Appropriate action is being taken to resolve the MI	<p>The municipality engaged with Sars to offset the VAT refund against the PAYE liability, resulting in settlement of the overdue account.</p> <p>The investigation of the fruitless and wasteful expenditure relating to the interest and penalties incurred will be performed by the MPAC to determine if any official should be held liable for the loss.</p>
<b>Ngwathe LM</b>					
28.	24 February 2021	Payment not made or not made in time,	The municipality did not pay Eskom invoices for the bulk purchase of electricity within 30 days of receipt	Appropriate action is being	The municipality is continuously engaging with Eskom to reach a mutually accepted payment agreement.

No.	Notified	Type	MI description	Status	Status description
		resulting in interest/standing time/penalties	of the invoice during April 2019 to March 2020, resulting in interest being charged.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R21,6 million	taken to resolve the MI	The MPAC investigated the loss as part of a fruitless and wasteful expenditure investigation. The investigation concluded that no one was liable but it occurred due to severe cash-flow problems at the municipality. Therefore, the loss could not be recovered from anyone. The council agreed to write off the fruitless and wasteful expenditure on 10 December 2020.
29.	24 February 2021	Sars late payments, resulting in interest and penalties	The municipality did not make payments to Sars within seven days after the end of the month during which the amounts were deducted or withheld from employees in respect of their liability for normal tax. This resulted in interest and penalties being charged for April 2019 to June 2020.  <b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act <b>Impact:</b> Material financial loss of R4,3 million	Resolved	The following actions have been taken by the accounting officer to resolve the material irregularity: <ul style="list-style-type: none"> <li>• The municipality engaged with Sars to waive some of the interest and penalties previously incurred. The full outstanding amount due to the Sars (after the waiver), was paid in September 2021.</li> <li>• The AO submitted a report on fruitless and wasteful expenditure incurred, dated 30 November 2020, to the MPAC for investigation who concluded that no person or party could be held responsible for the loss. On 10 December 2020, the council agreed to write off the fruitless and wasteful expenditure.</li> </ul>
<b>Nketoana LM</b>					
30.	1 February 2022	Repeat disclaimed audit opinion	The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2019-20. The impact was substantial harm to the municipality, as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>		
<b>Setsotho LM</b>					
31.	30 March 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay Eskom invoices for the bulk purchase of electricity within 30 days of receipt of the invoice during April 2019 to March 2020, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss R2,8 million</p>	Appropriate action is being taken to resolve the MI	<p>The municipality is continuously engaging with Eskom to reach a mutually agreed-upon payment agreement.</p> <p>The AO planned to reduce the electricity distribution losses through various interventions as part of their revenue enhancement strategy implemented within the various departments at the municipality.</p> <p>After the council elected new committee members in January 2022, the investigation of the fruitless and wasteful expenditure incurred will be performed by the MPAC to determine if any official should be held liable for the loss.</p>
32.	30 March 2021	Sars late payments, resulting in interest and penalties	<p>The municipality did not make PAYE payments to Sars by the due date from April 2019 to June 2020. This resulted in interest and penalties being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R2 million</p>	Appropriate action is being taken to resolve the MI	<p>The municipality paid the full outstanding amount due to Sars and is currently in the process of appointing a service provider to assist with the recovery of value-added tax and the remission of interest and penalties payable to Sars as part of the revenue-enhancement strategy.</p> <p>After the council elected new committee members in January 2022, the investigation of the fruitless and wasteful expenditure incurred will be performed by the MPAC to determine if any official should be held liable for the loss.</p>
<b>Tokologo LM</b>					

No.	Notified	Type	MI description	Status	Status description
33.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2018 -19. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should have been implemented by 14 April 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and enhancing control weaknesses.</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas as a minimum: <ul style="list-style-type: none"> <li>○ Complete the asset register of all of the municipality's infrastructure assets, including work in progress, as well as payment certificates to support assets purchased</li> <li>○ Meter reading records for revenue from service charges.</li> <li>○ Register and payment vouchers to support payments made from conditional grant funding, including reconciliations.</li> </ul> </li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 14 July 2022. The plan should describe the anticipated</p>

No.	Notified	Type	MI description	Status	Status description
					<p>time frame and milestones to be achieved, and include, as a minimum, strategies to:</p> <ul style="list-style-type: none"> <li>• increase the collection of revenue</li> <li>• optimise costs in respect of bulk purchases</li> <li>• efficiently manage the available cash of the municipality</li> <li>• enter into payment arrangements with major suppliers.</li> </ul> <p>We received information on the implementation of recommendations and are currently assessing the appropriateness of the actions taken by the AO to address the MI.</p>

No.	Notified	Type	MI description	Status	Status description
<b>GAUTENG (16)</b>					
 <p data-bbox="120 1145 427 1177"><a href="#">City of Johannesburg MM</a></p> <p data-bbox="120 1201 360 1233"><a href="#">City of Tshwane MM</a></p> <p data-bbox="120 1257 264 1289"><a href="#">Emfuleni LM</a></p> <p data-bbox="638 1145 853 1177"><a href="#">Merafong City LM</a></p> <p data-bbox="638 1201 815 1233"><a href="#">West Rand DM</a></p>					

No.	Notified	Type	MI description	Status	Status description
<p>Status of MIs (Total: 16)</p> <p>1 12 0 3 0 0 0</p> <p> <span style="display: inline-block; width: 15px; height: 15px; background-color: grey; border-radius: 50%; margin-right: 5px;"></span> Follow-up or assessment in process           <span style="display: inline-block; width: 15px; height: 15px; background-color: yellow; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Appropriate action           <span style="display: inline-block; width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Resolved           <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations           <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations and referral           <span style="display: inline-block; width: 15px; height: 15px; background-color: pink; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Referral           <span style="display: inline-block; width: 15px; height: 15px; background-color: red; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Remedial action         </p>					
City of Johannesburg MM					
34.	18 March 2021	Sars late payments, resulting in interest and penalties	<p>The municipality undercharged employee tax for gratuity payments between 2014 and 2017, as it treated these payments as severance benefit payments. This resulted in the municipality having to pay R9,2 million for the underpayment of employee tax and R6,3 million in penalties and interest charged by Sars.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R15,5 million</p>	Appropriate action is being taken to resolve the MI	<p>The AO has taken the following action:</p> <ul style="list-style-type: none"> <li>Instituted an internal investigation to determine the responsible official(s) who caused the loss. The report was issued on 30 September 2021 with detailed recommendations to be implemented by the AO.</li> <li>A legal consultant was appointed on 25 October 2021 to confirm the prospects of success on the recoverability of the funds, with a legal opinion issued on 29 November 2021. Recovery of monies overpaid to current employees is expected to be finalised by 31 January 2022. Recovery of monies overpaid to former employees is in process.</li> <li>The employees who incurred the loss were referred to the disciplinary board and the process is expected to be finalised by April 2022.</li> <li>Formal training on employee tax was requested from Sars in October 2021.</li> </ul>
35.	15 December 2021	Non-compliance, resulting in penalties	<p>Penalty imposed on the municipality for the construction of fire station without prior authorisation.</p> <p><b>Irregularity:</b> Non-compliance with section 24(F)(1) of the NEMA</p> <p><b>Impact:</b> Material financial loss of R2,5 million</p>	Appropriate action is being taken to resolve the MI	The municipality is still investigating to determine the responsible official and consider the recoverability of the loss.

No.	Notified	Type	MI description	Status	Status description
<b>City of Tshwane MM</b>					
36.	11 December 2019	Assets not safeguarded, resulting in a loss	<p>Assets at the Annlin reservoir project were stolen or vandalised in January 2018, as not all reasonable steps had been taken to safeguard the assets.</p> <p><b>Irregularity:</b> Non-compliance with section 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R5,5 million</p>	Appropriate action is being taken to resolve the MI	<p>The AO was notified of the material irregularity on 11 December 2019. The following actions have been taken to resolve the material irregularity:</p> <ul style="list-style-type: none"> <li>• Reported the matter to the South African Police Service for investigation on 11 January 2018 and the investigation was still in progress.</li> <li>• Installed electronic locks and welded steel doors on access doors to prevent further losses on 9 January 2018.</li> <li>• The AO had committed to appoint a security company to safeguard assets and prevent further losses by 31 March 2020. Due to the late appointment of the technical committee and non-availability of the bid evaluation committee members due to covid-19, the AO deployed security personnel from other departments within the municipality to safeguard the assets from 1 February 2021 as an interim measure. The security tender was advertised and the bid closed on 4 February 2022. The AO planned to finalise the appointment process by 5 May 2022.</li> <li>• The matter was referred to the internal forensic services division for investigation on 12 February 2020, which was completed on 26 June 2020; however, it did not cover the following: <ul style="list-style-type: none"> <li>○ Adherence to the assets management policy of the municipality at the time of the incident</li> <li>○ Verification and quantification of the financial loss</li> <li>○ Whether there was any fraud, corruption or misconduct related to the material irregularity</li> </ul> </li> <li>• The second investigation, which was completed on 19 November 2021 by external investigators, could not</li> </ul>



No.	Notified	Type	MI description	Status	Status description
					<p>determine whether the asset management policy and security policy of the municipality had been adhered to at the time of the incident, as these were not submitted to the investigators.</p> <ul style="list-style-type: none"> <li>The AO further committed to develop a policy or guideline, which will inform the municipality of roles and responsibilities relating to security, frequency of monitoring and evaluation activities by 31 March 2022. As at 15 April 2022, a policy has not yet been developed and the AO indicated that this will be done by 1 July 2022.</li> </ul>
37.	17 December 2019	Assets not safeguarded, resulting in loss	<p>Assets at the Baviaanspoort wastewater treatment works were stolen or vandalised in February 2016, as not all reasonable steps had been taken to safeguard the assets.</p> <p><b>Irregularity:</b> Non-compliance with section 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R3,9 million (Recovered loss to date: R0,2 million)</p>	Appropriate action is being taken to resolve the MI	<p>The following actions have been taken to resolve the material irregularity:</p> <ul style="list-style-type: none"> <li>Reported the matter to the South African Police Service for investigation on 10 February 2016. Two arrests were made on 8 and 11 March 2016. The perpetrators were sentenced to 12 years and 10 years, respectively.</li> <li>Some of the minor assets that were stolen or vandalised were insured and the insurance company reimbursed the municipality R174 716 on 24 February 2017 for the loss.</li> <li>Security personnel were increased and all buildings, housing, motor control equipment and electrical transformers were reinforced with grating on 6 September 2019.</li> <li>Approved the appointment of a contractor to erect a security fence on 5 December 2019 to prevent further losses. Erection of the security fence was completed in March 2021.</li> <li>The AO had committed to appoint a security company to safeguard assets and prevent further losses by 31 March 2020. As a result of the late appointment of the technical committee and availability of the bid evaluation committee members due to covid-19, the AO committed to have a security company appointed by 30 June 2021. However, due</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<p>to the delay in the finalisation of the budgetary process, the AO deployed security personnel from other departments within the municipality from 1 December 2020 as an interim measure. The security tender was advertised and the bid closed on 4 February 2022. The AO plans to finalise the appointment process by 5 May 2022.</p> <ul style="list-style-type: none"> <li>• Referred the matter to the internal forensic services division for investigation on 12 February 2020 and the investigation was completed on 26 June 2020. However, it did not cover the following: <ul style="list-style-type: none"> <li>○ Adherence to the assets management policy of the municipality at the time of the incident</li> <li>○ Verification and quantification of the financial loss</li> <li>○ Whether there was any fraud, corruption or misconduct related to the material irregularity</li> </ul> </li> <li>• The second investigation completed on 19 November 2021 by external investigators concluded that the site did not have sufficient controls in place to mitigate theft and vandalism of assets. Furthermore, the report concluded that there was a lack of monitoring controls relating to the safeguarding of assets. This was as a result of no security policy and guidelines in place.</li> <li>• The AO committed to implement the 2 following by 31 March 2022. <ul style="list-style-type: none"> <li>○ Develop policy or guidelines that will inform the municipality of roles and responsibilities relating to security, frequency of monitoring and evaluation activities.</li> <li>○ Determine if the security company can be held responsible for the losses incurred.</li> <li>○ Obtain representations from the security company in respect of the theft and vandalism.</li> </ul> </li> </ul>

No.	Notified	Type	MI description	Status	Status description
					As at 15 April 2022, a policy has not yet been developed and the AO indicated that this will be done by 1 July 2022.
38.	20 May 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay rental that became due and payable for Bothongo Plaza, in accordance with the contract when the lease agreement was concluded in September 2015.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R7,1 million</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 9 June 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 65(2)(e) of the MFMA should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Any person(s) liable for the losses should be identified and appropriate action should commence to recover the financial loss.</li> <li>• Disciplinary action or, when appropriate, criminal proceedings should commence against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> </ul>
39.	20 May 2021	Payment for goods or services not received	<p>The municipality paid salaries to employees between November 2019 and October 2020; however, no work was allocated to these employees and no work was done for the money received.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R88,4 million</p>	Appropriate action is being taken to resolve the MI	A forensic investigation is ongoing to identify officials responsible for payments made without any work having been performed and the likelihood of recovering monies paid is currently in progress. The AO plans to take actions against implicated officials based on the outcomes of the investigation.
40.	5 March 2021	Payment for goods or services not received	<p>The municipality paid the pension fund contributions on 30 August 2019 to an incorrect beneficiary. This was due to the lack of an effective internal control system relating to expenditure management to</p>	Appropriate action is being taken to resolve the MI	<p>The following actions have been taken by the AO:</p> <ul style="list-style-type: none"> <li>• The first phase investigation by the internal forensic services unit concluded on 28 February 2020 that unauthorised monitoring software was installed on 70 workstations and</li> </ul>

No.	Notified	Type	MI description	Status	Status description
			<p>confirm banking details and manipulation of electronic payment data extracted from the system</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R53,5 million (Recovered loss to date: R23,1 million)</p>		<p>recommended that a further investigation be conducted to identify the person responsible for the installation of the monitoring software over the network.</p> <ul style="list-style-type: none"> <li>• The matter was reported to the Hawks in September 2019 and the investigation is still ongoing.</li> <li>• Criminal charges are being laid against the identified officials, and court proceedings are in process.</li> <li>• The National Prosecuting Authority recovered an amount of R23 million and paid it over to the municipality on 10 November 2021.</li> <li>• As from September 2019, internal controls processes were improved to ensure that human resource third-party beneficiaries were created on the banking system and cannot be edited when payments are made.</li> <li>• The process of awarding a banking tender to allow a host-to-host solution for payments was planned to be finalised by 31 March 2022. As at 15 April 2022, the tender processes were still ongoing and a finalisation date still had to be confirmed.</li> <li>• The AO plans to take action against the implicated officials based on the outcome of the investigations.</li> </ul>
41.	25 March 2021	Payment for goods or services not received	<p>The municipality paid a contractor on 30 June 2016 for an informal trading facility at Barolak taxi rank that was not constructed.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R5 million</p>	Appropriate action is being taken to resolve the MI	<p>A forensic investigation conducted by external investigators was completed on 17 November 2021. Following the conclusions per the investigation report, the AO plans to take disciplinary action against implicated officials and recover the monies paid from them and the contractor.</p> <p>The municipality is reviewing the report and committed to complete the review by mid-May, with the finalisation date for further actions still to be confirmed.</p>
42.	8 June 2021	Payment for goods or services not received	<p>The municipality overpaid three suppliers of fuel due to a lack of an effective internal control system</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p>


No.	Notified	Type	MI description	Status	Status description
			<p>relating to expenditure management between February 2019 and June 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		<p>We notified the AO of the following recommendations, which should be implemented by 9 August 2022:</p> <ul style="list-style-type: none"> <li>• Appropriate action should be taken to ensure that the investigation into all overpayments is finalised.</li> <li>• Appropriate action should be taken to recover all financial losses suffered by the municipality from the three suppliers.</li> <li>• Disciplinary action or, when appropriate, criminal proceedings should commence against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings</li> </ul>
43.	8 June 2021	Unbilled revenue	<p>The municipality did not charge interest on outstanding debtor accounts relating to sundry consumer debtors, contrary to the municipal policy and the MFMA between July 2019 and April 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 64(2)(g) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 9 August 2022:</p> <ul style="list-style-type: none"> <li>• Quantify the full extent of the interest that should have been charged on sundry debtors in accordance with the credit control and debt collection policy of the municipality.</li> <li>• The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Disciplinary action or, when appropriate, criminal proceedings should commence against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> <li>• Appropriate action should be taken to ensure that interest is levied against all sundry debtors in accordance with the municipality's credit control and debt collection policy, as</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					required by section 64(2)(g) of the MFMA. This should include interest that was not previously charged in accordance with the policy.
44.	30 November 2021	Assets not safeguarded, resulting in loss	<p>Assets at Refilwe Manor were stolen or vandalised on 8 January 2018, as not all reasonable steps had been taken to safeguard the assets.</p> <p><b>Irregularity:</b> Non-compliance with section 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	It was determined through an agreement between the municipality and the contractor that the contractor would replace the lost assets, as he was responsible for the loss. The contractor replaced some stolen items and the remaining items, including electrical and mechanical items, are being procured at the cost of the contractor.
45.	15 December 2021	Pollution of water sources, resulting in harm to public	<p>The Rooiwal Wastewater Treatment Works has been operating over capacity with the necessary repairs and maintenance being delayed or not done. This resulted in continued spilling and discharge of effluent into the Apies River and Leeuwkraal Dam over a number of years. The Apies River feeds the Leeuwkop Dam, which is the extraction point of the Temba Water Treatment Plant.</p> <p>The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring, which is likely to cause substantial harm to the communities exposed to and dependent on the contaminated water resources for consumption and farming or agricultural (irrigation) purposes.</p> <p><b>Irregularity:</b> Non-compliance with section 28(1) of the NEMA</p> <p><b>Impact:</b> Substantial harm to the general public</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.

No.	Notified	Type	MI description	Status	Status description
<b>Emfuleni LM</b>					
46.	15 December 2021	Sars late payments, resulting in interest and penalties	<p>The municipality did not make payments due to Sars before the deadline for May 2021 VAT returns, thus incurring penalties.</p> <p><b>Irregularity:</b> Non-compliance with section 28(1)(b)(iii) of the Value Added Tax Act</p> <p><b>Impact:</b> Material financial loss of R1,9 million</p>	Appropriate action is being taken to resolve the MI	The municipality submitted a remission to Sars and is waiting feedback from Sars.
<b>Merafong City LM</b>					
47.	15 December 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not make payments due to Eskom within 30 days of the invoice date in 2018-19 and thus incurred interest on the outstanding amounts.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The municipality concluded nobody was responsible for the loss. In addition, the loss was irrecoverable as it was the result of financial constraints. The municipality entered into a payment agreement with Eskom.
48.	15 December 2021	Loss of investments	<p>During 2017-18, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R52,5 million (Recovered loss to date: R3,5 million)</p>	Appropriate action is being taken to resolve the MI	A claim was lodged with the VBS liquidators. The municipality received a payment of R3,5 million from the VBS liquidator. The Hawks are still investigating the matter and criminal charges have been laid against the identified officials.

No.	Notified	Type	MI description	Status	Status description
<b>West Rand DM</b>					
49.	15 December 2021	Loss of investments	<p>During 2017-18, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R76,1 million (Recovered loss to date: R5,3 million)</p>	Appropriate action is being taken to resolve the MI	A claim was lodged with the VBS liquidators. The municipality received a payment R5,3 million from the VBS liquidators. The Hawks are still investigating the matter and criminal charges have been laid against the identified officials



No.	Notified	Type	MI description	Status	Status description
<b>KWAZULU-NATAL (31)</b>					
					
	<a href="#">Abaqulusi LM</a>		<a href="#">Kwa-Dukuza LM</a>	<a href="#">Newcastle LM</a>	<a href="#">uMzinyathi DM</a>
	<a href="#">eThekweni MM</a>		<a href="#">Mpofana LM</a>	<a href="#">Ugu DM</a>	<a href="#">uThukela DM</a>
	<a href="#">Harry Gwala DM</a>		<a href="#">Msunduzi DM</a>	<a href="#">uMkhanyakude DM</a>	<a href="#">uThukela water entity</a>

No.	Notified	Type	MI description	Status	Status description
<p>Status of MIs (Total: 31)</p> <p>7 20 3 1 0 0 0</p> <p> <span style="display: inline-block; width: 15px; height: 15px; background-color: #d3d3d3; border: 1px solid black; margin-right: 5px;"></span> Follow-up or assessment in process         <span style="display: inline-block; width: 15px; height: 15px; background-color: #d4edda; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Appropriate action         <span style="display: inline-block; width: 15px; height: 15px; background-color: #d4edda; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Resolved         <span style="display: inline-block; width: 15px; height: 15px; background-color: #fff3cd; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Recommendations         <span style="display: inline-block; width: 15px; height: 15px; background-color: #fff3cd; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Recommendations and referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: #f8d7da; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: #f8d7da; border: 1px solid black; margin-left: 20px;"></span> Remedial action       </p>					
<p>Abaqulusi LM</p>					
50.	6 December 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>Payments to a service provider were not made within 30 days, resulting in interest charges being raised in the 2020-21 period</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R2,9 million</p>	Appropriate action is being taken to resolve the MI	<p>The investigation of fruitless and wasteful expenditure was done by the internal audit unit and the report was submitted to the council on 30 June 2021. The council approved the write-off of the fruitless and wasteful expenditure relating to the interest, subject to an investigation by the Special Investigation Committee.</p> <p>This investigation is still underway. No further financial loss was incurred, as the debt has been paid in accordance with a settlement agreement between the municipality and the service provider.</p>
51.	6 December 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>Payments were not made within 30 days to a service provider, resulting in interest charges being raised in 2020-21 period</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R1,9 million</p>	Appropriate action is being taken to resolve the MI	<p>The investigation of fruitless and wasteful expenditure was done by the internal audit unit and the report was submitted to council on 30 June 2021. The council approved the write-off of the fruitless and wasteful expenditure relating to the interest, subject to an investigation by the Special Investigation Committee.</p> <p>This investigation is still underway. No further financial loss was incurred, as the debt has been paid in accordance with a settlement agreement between the municipality and the service provider.</p>

No.	Notified	Type	MI description	Status	Status description
52.	18 January 2021	Unbilled revenue	<p>The municipality did not charge interest on its arrear debtor accounts for the 2019-20 and 2020-21 financial years.</p> <p><b>Irregularity:</b> Non-compliance with section 64(2)(g) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>The credit control policy to charge interest was approved by the council and implemented from January 2022.</p> <p>An item recommending that the council condone the write-off of the previous interest not charged still has to be submitted to the council for approval, as the municipality cannot charge interest retrospectively.</p>
53.	7 February 2022	Unbilled revenue	<p>Some consumers were not billed for sewerage services that had been provided for the period 1 July 2020 to 30 June 2021.</p> <p><b>Irregularity:</b> Non-compliance with section 64(2)(e)(i) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>A data cleansing exercise is underway to establish which households must be billed and were not billed previously.</p> <p>Additional information is still being awaited in respect of investigations to be performed. Council intervention is required where meters cannot be installed. Monthly reconciliations will be performed to identify consumers not being billed on an ongoing basis.</p>
<b>eThekweni MM</b>					
54.	24 November 2021	Suspected fraud, resulting in loss	<p>Payments were made to a service provider for consultation services without evidence of services having been received.</p> <p><b>Irregularity:</b> Suspected fraud</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The municipality is performing an investigation into this material irregularity.
55.	29 October 2021	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>The municipality procured tie-on masks at prices higher than those recommended. This procurement at excessive prices resulted in a financial loss for the municipality.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(a) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R1,9 million</p>	Follow-up or assessment in process	<p>We are evaluating the AO's response to the newly identified MI.</p> <p>The municipality is performing an investigation into this MI.</p>

No.	Notified	Type	MI description	Status	Status description
56.	29 October 2021	Procurement non-compliance, resulting in overpricing of procured goods and services	The municipality procured N95 masks at prices higher than those recommended. This procurement at excessive prices resulted in a financial loss for the municipality.  <b>Irregularity:</b> Non-compliance with section 62(1)(a) of the MFMA <b>Impact:</b> Material financial loss of R1 million	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI. The municipality is performing an investigation into this MI.
57.	15 December 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	In April 2019 – March 2020, payment to a service provider for security services was not made within 30 days, resulting in interest charges being raised.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	Negotiations were held with the supplier. The council will pay the outstanding invoices, as the services had been rendered, and the supplier would issue the council with credit notes relating to the interest that was previously levied on those invoices. In this way, a loss would be prevented.  In addition, the accounts payable department implemented controls to enable suppliers to query outstanding payments and to monitor that outstanding accounts are settled within 30 days:
<b>Harry Gwala DM</b>					
58.	15 February 2022	Inefficient use of resources – no/limited benefit derived from money spent	The municipality was charged standing time by a contractor for delays incurred during the construction of the Gala Bulk pipeline project.  <b>Irregularity:</b> Non-compliance with section 116(2)(a) of the MFMA <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	The matter has been investigated by an independent firm appointed by the municipality. The investigation found that the municipality had overpaid the contractor and that monies had to be recovered from the supplier. This recovery was in process.  Furthermore, disciplinary actions would be instituted against the officials responsible.
<b>Kwa-Dukuza LM</b>					
59.	1 March 2022	Assets not safeguarded, resulting in loss	The municipality did not ensure that all reasonable steps had been taken to safeguard the assets, resulting in work-in-progress assets pertaining to Woodmead Transport Node having been vandalised	Appropriate action is being taken to resolve the MI	The municipality is performing an investigation into this material irregularity.

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 63(1)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		
<b>Mpofana LM</b>					
60.	2 February 2022	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not make payments due to Eskom within 30 days of the invoice date and thus incurred interest on the outstanding amounts.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R17,7 million</p>	Appropriate action is being taken to resolve the MI	<p>The following steps are planned to address the MI:</p> <ul style="list-style-type: none"> <li>The management was in the process of signing a payment plan with Eskom, which will allow the municipality to honour monthly bills and prevent the further escalation of debts.</li> <li>The management was in the process of correcting all debtors' accounts to ensure timeous billing and enforcement of credit control policies for maximum debt collection.</li> </ul> <p>Management prepared a financial recovery plan with the assistance of the provincial treasury.</p>
<b>Msunduzi DM</b>					
61.	1 April 2021	Unbilled revenue	<p>The municipality did not recognise revenue earned from landfill sites, as the weighbridge digitiser at the municipal landfill site had been out of order for six months in 2019-20. Vehicles entering the site were not weighed and, therefore, there was no record of tonnage deposited.</p> <p><b>Irregularity:</b> Non-compliance with section 4(2)(e)(i) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R3,9 million</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p> <p>We notified the AO of the following recommendations, which had to be implemented by 29 April 2022:</p> <ul style="list-style-type: none"> <li>The non-compliance should be investigated to determine if any official might committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA. The financial loss should be quantified.</li> <li>Disciplinary action or, when appropriate, criminal proceedings had to be taken against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>Any person(s) liable for the losses should be identified and appropriate action should commence to recover the financial loss.</li> </ul>
62.	3 May 2021	Unbilled revenue	<p>The municipality failed to collect revenue from a service provider for the disposal of timber in terms of the service level agreement.</p> <p><b>Irregularity:</b> Non-compliance with section 64(2)(a) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R13,6 million</p>	Appropriate action is being taken to resolve the MI	<p>An independent expert has been appointed to conduct a verification of the plantation.</p> <p>A tender notice was issued for the appointment of a suitable service provider for total management of the municipal forestry plantation.</p> <p>The recovery of the financial loss from the supplier was in process.</p>
63.	15 April 2021	Payment for goods or services not received	<p>The municipality made salary payments from December 2016 to July 2019 to an employee who never reported for duty since their appointment date. The municipality received no services in return for the payments made.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R1,7 million</p>	Appropriate action is being taken to resolve the MI	<p>The municipality's internal audit unit conducted a forensic investigation, which was tabled in the council.</p> <p>The recovery of the financial loss from the employee was in process.</p>
<b>Newcastle LM</b>					
64.	26 February 2021	Sars late payments, resulting in interest and penalties	<p>The municipality did not make PAYE payments to Sars by the due date, and thus incurred interest and penalties in 2019-20.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R1,5 million</p>	Appropriate action is being taken to resolve the MI	<p>The AO committed to ensure that the payments to Sars are made within the required time frame and to strengthen controls over creditors, including performing monthly reconciliations. Payments to Sars have since been made on time and no material interest has been incurred.</p>

No.	Notified	Type	MI description	Status	Status description
65.	14 April 2021	Payment to ineligible beneficiaries	<p>The municipality did not timeously remove terminated employees from the human resources and payroll systems. This resulted in employees receiving salary payments although they were no longer in the employ of the municipality.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>The AO committed to strengthen controls to prevent the occurrence of salary overpayments on termination and to investigate and report the findings and recommendations to the council for possible recovery, write-off or condonation.</p> <p>On 9 August 2021, the AO engaged the internal audit unit to investigate unauthorised, irregular, and fruitless and wasteful expenditure for 2017-18 to 2020-21 as per a council resolution taken on 3 March 2021. The internal audit reported the outcomes of the investigation on 13 September 2021.</p> <p>The AO planned to take the necessary actions based on the outcomes of the report and the council resolutions.</p>
66.	26 February 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not make payments due to Eskom within 30 days of the invoice date in 2019-20, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R2,4 million</p>	Resolved	<p>The AO committed to strengthen controls over creditors, to prioritise third-party payments and do monthly reconciliations.</p> <p>The AO entered into a debt repayment agreement with Eskom on 15 July 2020, which suspended future interest charges. The municipality prioritised the Eskom account and ensured that payments were made on time to prevent any further material financial losses.</p> <p>On 25 August 2021, the AO presented the quarterly report on the implementation of the budget for 30 June 2021 to the council, confirming that the municipality had been experiencing cash flow challenges and that no official could be held liable for the financial loss.</p>
67.	26 February 2021	Sars late payments, resulting in interest and penalties	<p>The municipality did not make VAT payments due to Sars by the due date and thus incurred interest and penalties for 2019-20.</p>	Resolved	<p>The AO committed to strengthen controls over creditors, to prioritise third-party payments and to do monthly reconciliations.</p> <p>The municipality prioritised the Sars account and ensured that submission is made on time to prevent any further material</p>

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 28(1) of the Value Added Tax Act</p> <p><b>Impact:</b> Material financial loss of R8,3 million</p>		<p>financial loss. Third-party payments are now made within the required time frames, with zero interest and penalties charged by Sars.</p> <p>On 25 August 2021, the AO presented the quarterly report on the implementation of the budget for 30 June 2021 to the council, confirming that the municipality had been experiencing cash flow challenges and that no official could be held liable for the financial loss.</p>
<b>Ugu DM</b>					
68.	17 January 2022	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not make payments due to the Umgeni Water Board within 30 days of the invoice date and thus incurred interest on the outstanding amounts.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R2,2 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
<b>uMkhanyakude DM</b>					
69.	28 March 2021	Assets not safeguarded, resulting in loss	<p>Unused water pipes were not appropriately safeguarded, resulting in the impairment of the water pipes stock in 2019-20.</p> <p>The non-compliance is likely to result in a material financial loss, as the pipes are unusable due to the poor storage conditions, as confirmed during engagements with both management and an audit expert.</p>	Appropriate action is being taken to resolve the MI	<p>The AO committed to safeguard the assets by implementing the following measures:</p> <ul style="list-style-type: none"> <li>• Obtain a quotation for the proper storage of the steel pipes to reduce and/or eliminate the deterioration of the steel pipes.</li> <li>• Conduct an assessment of the best options to prevent further losses, which will include selling the pipes and identifying future projects where these pipes will be used.</li> </ul> <p>The resolution of the MI is delayed by instability in the AO position.</p>



No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance section 63(1)(a) and 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		
70.	22 April 2021	Payment for goods or services not received	<p>The municipality accepted and paid invoices to suppliers related to covid-19 infrastructure projects during 2020 without confirming whether the goods paid for had been received (there was no evidence that the goods had been received before payment was made).</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The AO committed to conduct an investigation through the internal audit unit to determine if the goods and services were received, to assist with the recovery of monies paid where assets could be located and to determine if any individual(s) should be held accountable. The resolution of the MI was delayed by instability in the AO position.
71.	29 April 2021	Assets not safeguarded, resulting in loss	<p>A contractor moved municipal assets off site in September 2019 on termination of their services with the municipality. The assets were still recorded as work in progress and included in the work-in-progress register of the municipality at the end of the 2019-20 financial year, without any attempt to recover the said assets or report the unlawful removal of the assets by the contractor to the SAPS.</p> <p><b>Irregularity:</b> Non-compliance with section 63(1)(a) and 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The AO committed to appoint a legal firm to assist in the recovery of the goods from the supplier. The resolution of the MI was delayed by instability in the AO position
72.	29 April 2021	Assets not safeguarded, resulting in loss	<p>Prepaid water meters held as inventory were impaired in 2019-20 as a result of poor storage conditions and a poor system of internal control over stock. These meters lost their economic value or service, resulting in a financial loss for the municipality.</p>	Appropriate action is being taken to resolve the MI	The AO committed to assess the remaining water meters for usability and to determine the most feasible option; i.e. whether to sell the water meters or use them in current projects. The resolution of the MI was delayed by instability in the AO position.

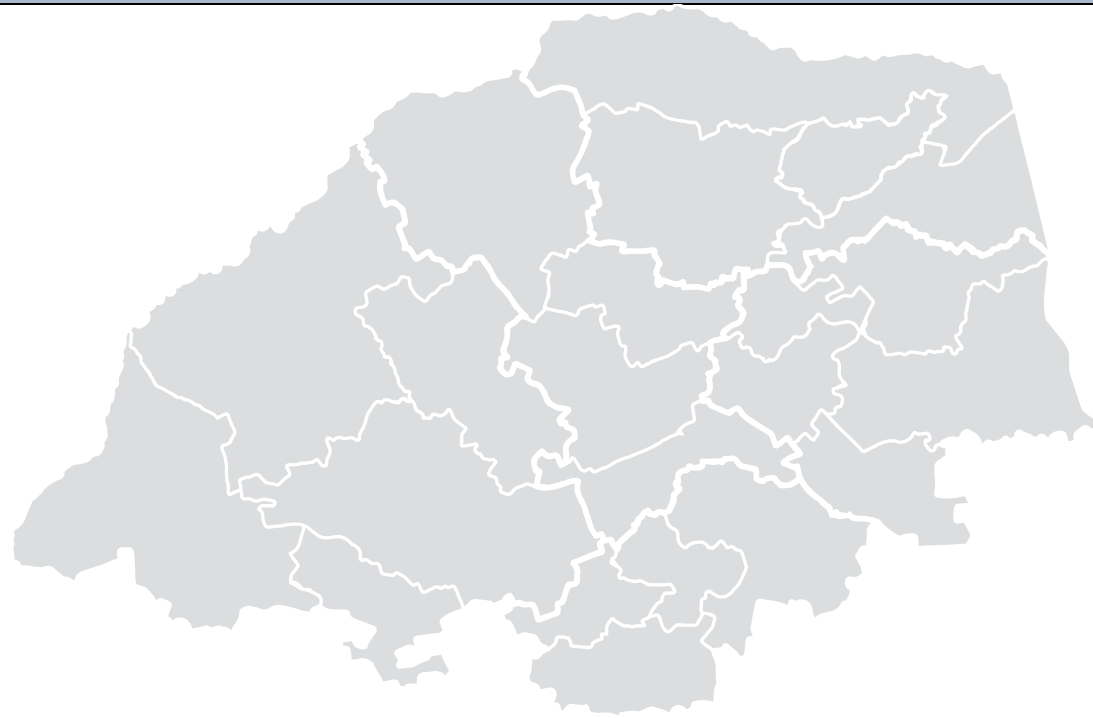
No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance section 63(1)(a) and 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R9 million</p>		
73.	28 March 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality failed to ensure that payments due to a supplier were made within 30 days of the invoice date.</p> <p>The municipality then entered into an acknowledgement of debt and undertook to pay the supplier the outstanding amount over 36 instalments, at an interest rate of 5% per annum. The municipality thus incurred interest on the outstanding amount of R1,2 million for 2019-20, with a further R0,4 million in interest still to be incurred over the remainder of the settlement period.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by instability in the AO position.
74.	28 March 2021	Unbilled revenue	<p>The municipality did not bill a substantial number of customers for services rendered during 2019-20. Furthermore, the municipality did not bill consumers using average billing for the months where actual monthly meter readings were not done.</p> <p><b>Irregularity:</b> Non-compliance with section 64(2)(b) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by instability in the AO position.
75.	9 April 2021	Debt not recovered	<p>No steps were taken to collect long-outstanding debts due to the municipality.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(f)(iii) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by instability in the AO position.

No.	Notified	Type	MI description	Status	Status description
76.	29 April 2021	Assets not safeguarded, resulting in loss	<p>The municipality wrote off infrastructure assets that had been paid for in prior years but could not be verified anymore, due to an ineffective system of control over municipal assets.</p> <p><b>Irregularity:</b> Non-compliance with section 63(1)(a) and 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by instability in the AO position.
<b>uMzinyathi DM</b>					
77.	7 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2020-21. The impact was substantial harm to the municipality, as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Appropriate action is being taken to resolve the MI	<p>The following actions have been undertaken or committed to by the AO to address the MI:</p> <ul style="list-style-type: none"> <li>• A service provider was appointed to assist with the asset register and relevant asset schedules, which will allow a transfer of skills and ensure that these documents are maintained annually.</li> <li>• A water losses policy has been developed.</li> <li>• A process of monthly reconciliations and daily reporting on water and chemical inventory will be implemented, and regular monitoring and oversight maintained on these processes.</li> <li>• Formalisation and implementation of the debt impairment policy, which had been in draft.</li> </ul> <p>The AO also committed to continue putting effort into internal capacity building over record keeping and internal controls, instead of over reliance on external service providers.</p>
78.	21 April 2021	Unbilled revenue	<p>The municipality did not charge interest on its arrear debtor accounts for January 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 64(2)(g) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R2,6 million</p>	Resolved	<p>The error was adequately corrected by charging interest on those accounts that were erroneously omitted and correctly accounting for the prior period error in the financial statements.</p> <p>The debtors systems was updated to keep track of the formal</p>

No.	Notified	Type	MI description	Status	Status description
			(Recovered loss to date: R2,6 million).		payment arrangements/agreements with customers who have overdue accounts to ensure monthly interests is charged to the correct customers and there are no omissions.
<b>uThukela DM</b>					
79.	31 March 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	The municipality did not pay Umgeni Water for the bulk purchase of water within 30 days of receipt of an invoice, resulting in interest on its outstanding accounts in 2019-20.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	The municipality submitted a request to Umgeni Water to have the interest written off. Umgeni Water indicated that they would submit the issue of writing off the interest to their board for consideration.  There was still no final payment arrangement in place and the municipality was servicing the debt with monthly payments.
<b>uThukela water entity</b>					
80.	25 January 2022	Payment not made or not made in time, resulting in interest/standing time/penalties	The municipal entity did not pay the Department of Water and Sanitation within 30 days of receipt of the invoice date and thus incurred interest on the outstanding amounts.  <b>Irregularity:</b> Non-compliance with section 99(2)(b) of the MFMA <b>Impact:</b> Material financial loss of R29,9 million	Appropriate action is being taken to resolve the MI	The AA is engaging with the municipalities responsible for these unpaid amounts and proposed a payment plan for each of the municipalities.  The AA further engaged the Department of Water and Sanitation on the matter in order to start paying some of the outstanding debt, as the entity has not been making payments for the debt in the past. The entity started to make some payments towards the outstanding debts since October 2021.

No.	Notified	Type	MI description	Status	Status description
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LIMPOPO (9)



[Collins Chabane LM](#)

[Greater Giyani LM](#)

[Lepelle-Nkumpi LM](#)

[Ephraim Mogale LM](#)

[Makhado LM](#)

[Vhembe DM](#)

[Fetakgomo Tubatse LM](#)

[Mogalakwena LM](#)


No.	Notified	Type	MI description	Status	Status description
<p>Status of MIs (Total: 9)</p>					
<b>Collins Chabane LM</b>					
81.	4 November 2021	Loss of investment	<p>During 2017-18, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R122 million (Recovered loss to date: R8,6 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R8,6 million from the VBS liquidators.</p> <p>Certain officials were disciplined in respect of their involvement in the matter, including the AO and the CFO who were suspended and subsequently resigned from the municipality. The disciplinary proceedings of the AO were concluded in February 2021.</p> <p>To prevent recurrence, the municipality reviewed and amended their policies. They also intend to establish an Investment committee to monitor investment activities of the municipality.</p>
<b>Ephraim Mogale DM</b>					
82.	8 December 2021	Loss of investment	<p>During 2017-18, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R87 million (Recovered loss to date: R6,1 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R6,1 million from the VBS liquidators.</p> <p>Implicated officials were disciplined and subsequently resigned.</p> <p>To prevent recurrence, the municipality reviewed and amended their policies. They also intend to establish an Investment committee to monitor investment activities of the municipality.</p>

No.	Notified	Type	MI description	Status	Status description
<b>Fetakgomo Tubatse LM</b>					
83.	25 November 2021	Loss of investments	<p>During 2017-18, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R245 million (Recovered loss to date: R16,1 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R16,1 million from the VBS liquidators.</p> <p>Disciplinary processes were initiated against certain officials, including the AO and CFO, for their involvement in this matter and they subsequently resigned.</p> <p>A comprehensive cash management and investment policy was developed and approved by the council to prevent recurrence.</p>
<b>Greater Giyani LM</b>					
84.	9 December 2021	Loss of investment	<p>During 2017-08, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R159 million (Recovered loss to date: R10,7 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R10,7 million from the VBS liquidators.</p> <p>Disciplinary processes were initiated against certain officials for their involvement in this matter. On conclusion of the disciplinary process, one official was dismissed while another resigned prior to the disciplinary hearing.</p> <p>A comprehensive cash management and investment policy was reviewed and approved by the council to prevent recurrence.</p>
<b>Makhado LM</b>					
85.	10 December 2021	Loss of investment	<p>During 2017-18, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R4,4 million from the VBS liquidators.</p> <p>The AO's contract expired prior to the VBS investigation and the CFO resigned to join another municipality before the disciplinary process took place; therefore, the council had no power to discipline them.</p>

No.	Notified	Type	MI description	Status	Status description
			<b>Impact:</b> Material financial loss of R63 million (Recovered loss to date: R4,4 million)		A comprehensive cash management and investment policy was reviewed and approved by the council to prevent recurrence, and the municipality now only invests with banks registered in terms of the Banks Act.
<b>Mogalakwena LM</b>					
86.	14 December 2019	Payment for goods or services not received	The municipality made payments of R13,3 million to a contractor for construction work not delivered at the Moshate Stadium on a R38,8 million contract awarded in March 2016.  <b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA <b>Impact:</b> Material financial loss of R13,3 million	Appropriate action is being taken to resolve the MI	The AO instituted a preliminary investigation into the matter on 12 February 2020. The preliminary investigation revealed that two officials were directly involved. The municipality issued letters of suspension in May 2020 for the duration of the investigation.  The formal investigation was concluded in August 2020, which identified the responsible officials and recommended that they be charged for financial misconduct.  The two officials implicated have both resigned in the process of disciplinary actions which had commenced in March 2021. As a result, the disciplinary proceedings were withdrawn.  The recovery process has commenced through the court.
<b>Lepelle-Nkumpi LM</b>					
87.	30 November 2021	Loss of investment	During 2017-18, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.  <b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c) <b>Impact:</b> Material financial loss of R155 million (Recovered loss to date: R10,5 million)	Appropriate action is being taken to resolve the MI	A claim was lodged with the VBS liquidators. The municipality received a payment of R10,5 million from the VBS liquidators.  Implicated officials were charged by the municipality but they resigned before their disciplinary processes could be concluded.  A comprehensive cash management and investment policy was reviewed and approved by the council to prevent recurrence.



No.	Notified	Type	MI description	Status	Status description
<b>Vhembe DM</b>					
88.	19 October 2021	Loss of investments	<p>During 2017-18, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R316 million (Recovered loss to date: R22 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R22 million from the VBS liquidators.</p> <p>Disciplinary steps were taken against the AO and CFO and both their services were terminated.</p> <p>A comprehensive cash management and investment policy was reviewed and approved by the council to prevent recurrence.</p>
89.	2 August 2021	Unbilled revenue	<p>The municipality did not bill a significant number of customers for services rendered, as meters were not read for the purposes of revenue billing on a monthly basis. This resulted in a significant number of accounts being without variables to enable estimations. The municipality then estimated consumption for the affected consumers to be zero.</p> <p><b>Irregularity:</b> Non-compliance with section 64(2)(b) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>The municipality entered into an agreement with the DBSA in terms of which the DBSA would assist with a revenue enhancement strategy, which would focus on database cleansing, tariff review and structuring thereof, along with an audit of water meters. The agreement was signed on 19 April 2021.</p> <p>The DBSA confirmed that the evaluation of the tender submissions received in respect of revenue enhancement support was underway and would be followed in the appointment of the successful service provider to undertake the revenue enhancement process. It was envisaged that the appointment of the successful service provider would be finalised by the end of January 2022.</p> <p>The revenue enhancement support from the DBSA will be implemented over a period of 18 months.</p>

No.	Notified	Type	MI description	Status	Status description
<b>MPUMALANGA (13)</b>					
					
<a href="#">Bushbuck Ridge LM</a>		<a href="#">Emalahleni LM</a>		<a href="#">Thaba Chweu LM</a>	
<a href="#">City of Mbombela LM</a>		<a href="#">Govan Mbeki LM</a>			
<a href="#">Dr JS Moroka LM</a>		<a href="#">Lekwa LM</a>			

No.	Notified	Type	MI description	Status	Status description
<p>Status of MIs (Total: 13)</p> <p> <span style="display: inline-block; width: 15px; height: 15px; background-color: grey; border-radius: 50%; margin-right: 5px;"></span> Follow-up or assessment in process         <span style="display: inline-block; width: 15px; height: 15px; background-color: yellow; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Appropriate action         <span style="display: inline-block; width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Resolved         <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations         <span style="display: inline-block; width: 15px; height: 15px; background-color: darkorange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations and referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: pink; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: red; border-radius: 50%; margin-left: 20px;"></span> Remedial action       </p>					
<b>Bushbuck Ridge LM</b>					
90.	28 October 2021	Payment for goods or services not received	<p>Payment was made to a service provider for the paving of internal streets and delivery of materials in December 2018 without evidence of the work having been performed and materials having been delivered.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.
<b>City of Mbombela LM</b>					
91.	21 April 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay Eskom in 2019-20 within 30 days of receiving the relevant invoice or statement, resulting in interest being charged</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R31,3 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by the late submission of implementation information supporting the AO's response, which has since been received.
92.	21 April 2021	Payment not made or not made in time, resulting in	In 2019-20, the municipality did not pay a service provider for the provision of water services within 30 days of receiving the relevant invoice or statement, resulting in interest being charged	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by the late submission of implementation information supporting the AO's response, which has since been received.

No.	Notified	Type	MI description	Status	Status description
		interest/standing time/penalties	<b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R1,1 million		
<b>Dr JS Moroka LM</b>					
93.	4 October 2021	Repeat disclaimed audit opinion	The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2018-19 and 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.  <b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA <b>Impact:</b> Substantial harm to public sector institution	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.
<b>Emalahleni LM</b>					
94.	15 April 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	In 2019-20, the municipality did not pay Eskom within 30 days of receiving the relevant invoice or statement, resulting in interest being charged.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R332 million	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by the late submission of the implementation information supporting the AO's response, which has since been received.
95.	4 June 2021	Payment not made or not made in time, resulting in	In 2019-20, the municipality did not pay the Department of Water and Sanitation within 30 days of the invoice date, resulting in interest being charged.	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by late submission of implementation information supporting the AO's response, which has since been received.

No.	Notified	Type	MI description	Status	Status description
		interest/standing time/penalties	<p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R8,7 million</p>		
96.	8 December 2021	Procurement non-compliance, resulting in supplier not delivering on contract	<p>A contract for updating and maintaining the immovable asset register was awarded in February 2020 to a bidder who did not score the highest points in the evaluation process, resulting in higher prices being paid.</p> <p><b>Irregularity:</b> Non-compliance with PPR 4(2)</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.
97.	14 July 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>In 2019-20, the municipality did not pay a municipal supplier within 30 days of the invoice date and thus incurred interest on the outstanding amounts due.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R8,9 million</p>	Resolved	The AO engaged with the supplier who waived the interest charged on outstanding debt. An investigation into the matter found no official liable and, consequently, the MI was resolved.
<b>Govan Mbeki LM</b>					
98.	13 July 2021	Repeat disclaimed audit opinion	The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2018-19 and 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 15 December 2022:</p> <ul style="list-style-type: none"> <li>The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>		<ul style="list-style-type: none"> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of the action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key area as a minimum: <ul style="list-style-type: none"> <li>○ Payment vouchers, creditor statements and creditor reconciliations for purchases.</li> <li>○ The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received.</li> </ul> </li> </ul> <p>We further recommended that the AO should take appropriate action to commence with the implementation of the action plan of the strategies below, to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by the same date:</p> <ul style="list-style-type: none"> <li>• Increase the collection of revenue</li> <li>• Efficiently manage the available resources of the municipality</li> <li>• Repair and maintain infrastructure assets</li> <li>• Negotiate reasonable payment arrangements with suppliers.</li> </ul> <p>The above time frames for the implementation of the recommendations will run concurrently and the AO was requested to provide a progress report on the implementation of the recommendation by 30 August 2022.</p>

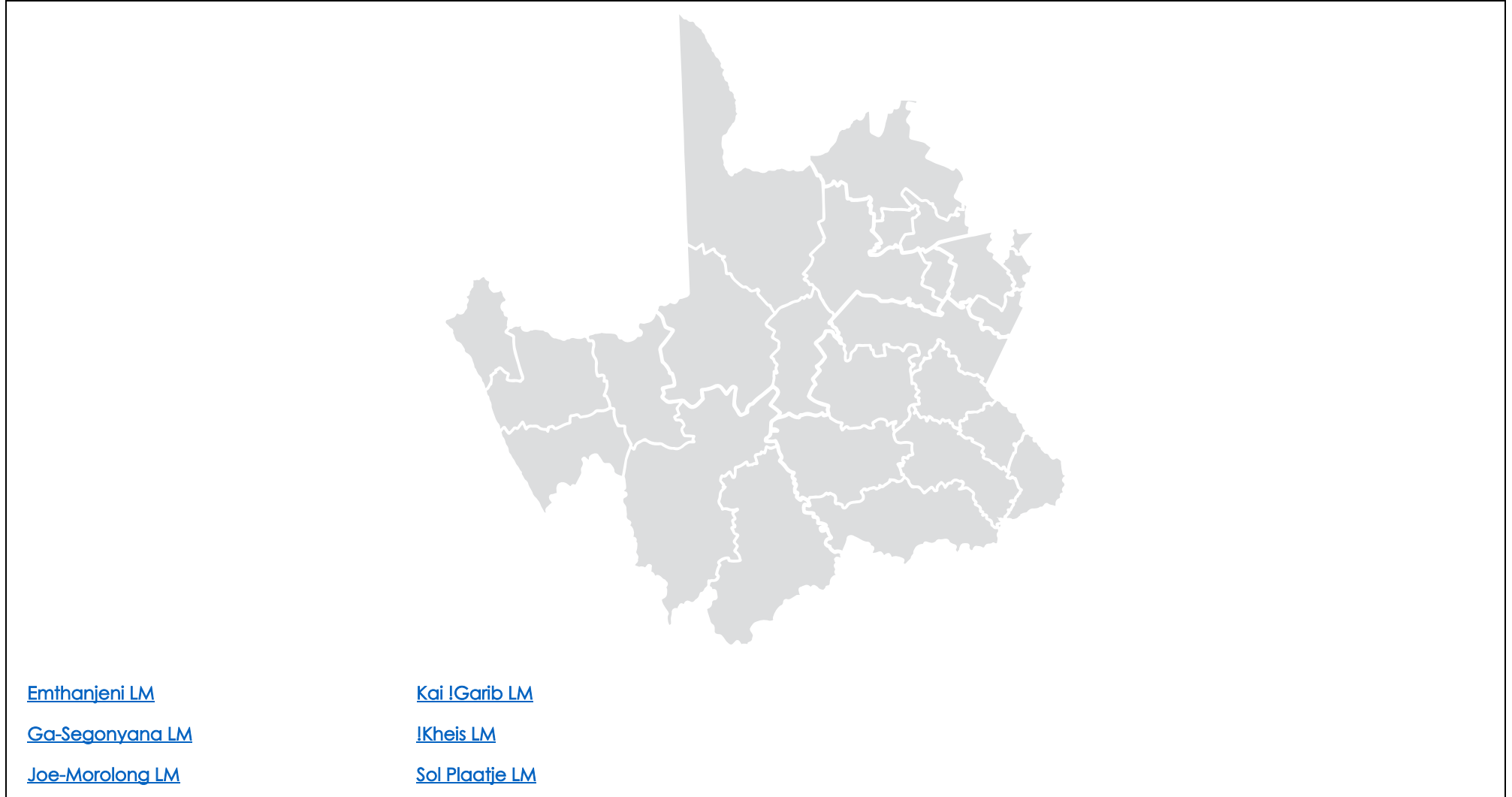
No.	Notified	Type	MI description	Status	Status description
99.	8 April 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	In 2019-20, the municipality did not pay Rand Water for water utilities within 30 days of receiving the relevant invoice or statement, resulting in interest being charged.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R12,8 million	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by instability in the AO position.
100.	8 April 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	In 2019-20, the municipality did not pay Eskom within 30 days of receiving an invoice or statement, resulting in interest being charged  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R161 million	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The delay was caused by instability in the AO position.
<b>Lekwa LM</b>					
101.	11 June 2021	Repeat disclaimed audit opinion	The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2018-19 and 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.  <b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA <b>Impact:</b> Substantial harm to public sector institution	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.

No.	Notified	Type	MI description	Status	Status description
<b>Thaba Chweu LM</b>					
102.	22 April 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay Eskom within 30 days of receiving the relevant invoice or statement.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R38,1 million</p>	Appropriate action is being taken to resolve the MI	<p>The MPAC investigated the fruitless and wasteful expenditure and concluded that no official was liable for the irregularity. Based on the report, the council approved the write-off of the fruitless and wasteful expenditure for 2019-20.</p> <p>The AO committed to continue to ensure full implementation of the debt control and credit policy, prepaid meter audits and replacement of faulty meters. The AO committed to ensure that there is a review of indigent customers so that only customers who qualify are included to prevent further losses from being incurred by the municipality.</p>



No.	Notified	Type	MI description	Status	Status description
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**NORTHERN CAPE (7)**



No.	Notified	Type	MI description	Status	Status description
<p>Status of MIs (Total: 7)</p> <p>1 4 0 2 0 0 0</p> <p>Follow-up or assessment in process    Appropriate action    Resolved    Recommendations    Recommendations and referral    Referral    Remedial action</p>					
<b>Emthanjeni LM</b>					
103.	7 June 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	The municipality did not pay Eskom accounts within 30 days of receipt of an invoice or statement, resulting in interest on its outstanding accounts.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R5,8 millions	Appropriate action is being taken to resolve the MI	An investigation performed concluded that no party/official could be held accountable since cash flow constraints (mainly caused by low recoverability), resulting in interest being incurred. A plan was implemented in an effort to improve the financial position of the municipality.  A repayment agreement was signed with Eskom and agreed arrangements have been honoured by the municipality.
104.	24 November 2021	Suspected fraud, resulting in loss	Internal controls were overridden by an employee who fraudulently processed payments intended for suppliers to his own bank account.  <b>Irregularity:</b> Suspected fraud <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	The AO reported the MI to the Hawks who are currently investigating it. The suspected employee who made payments to himself is no longer in the employ of the municipality; hence, no disciplinary action could be taken against him.
<b>Ga-Segonyana LM</b>					
105.	7 June 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	The municipality did not pay Eskom accounts within 30 days of receipt of an invoice or statement, resulting in interest on its outstanding accounts.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA	Appropriate action is being taken to resolve the MI	An investigation performed concluded that no party/official could be held accountable since cash flow constraints (mainly caused by low recoverability) resulted in interest being incurred. A plan was implemented in an effort to improve the financial position of the municipality.

No.	Notified	Type	MI description	Status	Status description
			<b>Impact:</b> Material financial loss of R2,1 million		A repayment agreement was signed with Eskom and agreed arrangements have been honoured by the municipality.
<b>Joe-Morolong LM</b>					
106.	22 October 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We included the following recommendations in the 2020-21 audit report, which should be implemented by 30 June 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</li> <li>• Appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated time frames and should address the following key areas as a minimum: <ul style="list-style-type: none"> <li>○ Complete asset register of all of the municipality's infrastructure assets, including work in progress and information for assets that have been fully depreciated but are still in use</li> <li>○ Billing information and reconciliations to support revenue from service charges</li> <li>○ Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods</li> </ul> </li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<p>and services paid for were received, including payments made from conditional grant funding.</p> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of the action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 30 September 2022. The plan should describe the anticipated time frame and milestones to be achieved and include as a minimum strategies to:</p> <ul style="list-style-type: none"> <li>• increase the collection of revenue</li> <li>• efficiently manage the available resources of the municipality</li> <li>• repair and maintain infrastructure assets.</li> </ul>
<b>Kai IGarib LM</b>					
107.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 9 September 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<p>time frames and address the following key areas as a minimum:</p> <ul style="list-style-type: none"> <li>o Complete asset register of all of the municipality's infrastructure assets, including work in progress and information for assets that have been fully depreciated but are still in use</li> <li>o Billing information and reconciliations to support revenue from service charges</li> <li>o Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received, including payments made from conditional grant funding.</li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 9 September 2022. The plan should describe the anticipated time frame and milestones to be achieved and include as a minimum strategies to:</p> <ul style="list-style-type: none"> <li>• increase the collection of revenue</li> <li>• efficiently manage the available resources of the municipality</li> <li>• enter into payment arrangements with major suppliers</li> <li>• optimise costs in respect of bulk purchases</li> <li>• repair and maintain infrastructure assets.</li> </ul> <p>The above time frames for the implementation of the recommendations will run concurrently.</p>

No.	Notified	Type	MI description	Status	Status description
<b>IKheis LM</b>					
108.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Appropriate action is being taken to resolve the MI	<p>The AO developed an action plan to address the lack of record keeping.</p> <p>The municipality approached the National Treasury who assisted with the preparation of a financial recovery plan that was provided to the municipality (focused on billing, budgeting and expenditure management) and is in the process of being implemented.</p> <p>An independent investigator was appointed and internal investigations are ongoing.</p>
<b>Sol Plaatje LM</b>					
109.	8 September 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay its accounts within 30 days of receipt of an invoice or statement, resulting in interest on its outstanding accounts.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R5,6 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. The assessment has been delayed by instability in the AO position.

No.	Notified	Type	MI description	Status	Status description
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NORTH WEST (38)



[City of Matlosana LM](#)

[Lekwa Teemane LM](#)

[Maquassi Hills LM](#)

[Ditsobotla LM](#)

[Madibeng LM](#)

[Moretele LM](#)

[JB Marks LM](#)

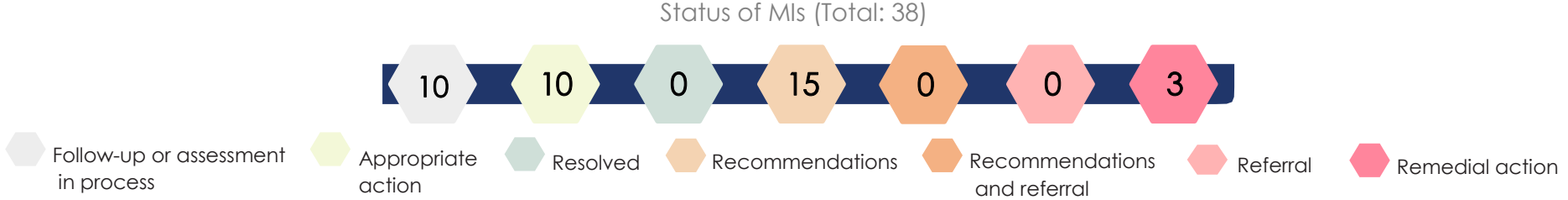
[Mahikeng LM](#)

[Naledi LM](#)

[Kgetlengrivier LM](#)

[Mamusa LM](#)

[Ngaka Modiri Molema DM](#)

No.	Notified	Type	MI description	Status	Status description
<p>Status of MIs (Total: 38)</p> 					
City of Matlosana LM					
110.	22 February 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay Eskom within 30 days, resulting in interest being charged from April 2019 to March 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R46,2 million</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 1 March 2023:</p> <ul style="list-style-type: none"> <li>• Appropriate action should be taken to enhance the existing financial plan and to commence with the implementation of the revised financial plan to address the financial problems of the municipality that are preventing it from paying Eskom within 30 days, as required by section 65(2)(e) of the MFMA. The revised financial plan should include realistic time frames and milestones to be achieved and include, as a minimum, strategies to: <ul style="list-style-type: none"> <li>○ increase revenue</li> <li>○ increase the collection of revenue</li> <li>○ efficiently manage the available resources of the municipality to optimise costs</li> <li>○ reduce water distribution losses</li> </ul> </li> </ul>



No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>o negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.</li> </ul>
111.	22 February 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay the Midvaal Water Company for water service provided within 30 days, resulting in interest being charged from April 2019 to March 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R35,6 million</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 1 March 2023:</p> <ul style="list-style-type: none"> <li>• Appropriate action should be taken to enhance the existing financial plan and to commence with the implementation of the revised financial plan to address the financial problems of the municipality that are preventing it from paying Midvaal within 30 days, as required by section 65(2)(e) of the MFMA. The revised financial plan should include realistic timeframes and milestones to be achieved and include as a minimum strategies: <ul style="list-style-type: none"> <li>o increase revenue</li> <li>o increase the collection of revenue</li> <li>o efficiently manage the available resources of the municipality to optimise costs</li> <li>o reduce water distribution losses</li> <li>o negotiate a reasonable payment arrangement with Midvaal and properly budget for the amounts to be paid.</li> </ul> </li> </ul>
112.	31 March 2021	Debt not recovered	Money owed to the municipality by the fresh produce market from 2017-18 was not collected, resulting in a financial loss.	Appropriate action is being taken to resolve the MI	An internal investigation in the matter was concluded in April 2021 and, subsequently, disciplinary steps were initiated against 10 officials. Six of these disciplinary cases were still in progress.

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 65(2)(f) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R43,3 million</p>		<p>The municipality also instructed the attorneys to initiate legal action to recover the losses, which was still in progress.</p> <p>The municipality referred the matter to the Hawks. This investigation was still underway.</p>
<b>Ditsobotla LM</b>					
113.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements of 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 9 June 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas, as a minimum: <ul style="list-style-type: none"> <li>○ Complete asset register of all of the municipality's infrastructure assets, including work in progress and information for assets that have been fully depreciated but are still in use</li> <li>○ Billing information and reconciliations to support revenue from service charges</li> <li>○ Reconciliations of all bank accounts of the municipality</li> </ul> </li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>o Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received.</li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 9 September 2022. The plan should describe the anticipated time frame and milestones to be achieved and include, as a minimum, strategies to:</p> <ul style="list-style-type: none"> <li>• increase the collection of revenue</li> <li>• efficiently manage the available resources of the municipality</li> <li>• enter into payment arrangements with major suppliers</li> <li>• repair and maintain infrastructure assets</li> <li>• optimise costs in respect of bulk purchases.</li> </ul> <p>The above time frames for the implementation of the recommendations will run concurrently.</p>
<b>Dr Ruth Segomatsi Mompoti DM</b>					
114.	3 March 2021	Loss of investments	<p>During 2018, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R150 million (Recovered loss to date: R10,5 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the liquidators. The municipality received a payment of R10,5 million from the VBS liquidators.</p> <p>An investigation was undertaken and responsible officials identified. Certain officials were disciplined in respect of their involvement in the matter, including the suspended AO, where disciplinary proceedings were also finalised during December 2021, and the contract was terminated.</p>

No.	Notified	Type	MI description	Status	Status description
115.	8 December 2021	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>The municipality awarded a tender in the 2019-20 financial year for VAT recovery services, wherein a percentage-based commission fee would be paid to the supplier for VAT refunds. A bidder that quoted a commission fee percentage that was lower than that of the winning supplier was incorrectly disqualified at the functionality stage, despite having submitted the required information. The municipality would have paid a lower commission fee for total VAT refund had the functionality criteria been correctly applied during the bidding process.</p> <p><b>Irregularity:</b> Non-compliance with PPR 5(7)  <b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are determining the most suitable action based on the AO's response
116.	7 July 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements of 2019-20. The impact was substantial harm to the municipality, as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA  <b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 30 April 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas as a minimum:</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>o Complete asset register of all of the municipality's infrastructure assets, including work in progress, as well as information for assets that have been fully depreciated but are still in use</li> <li>o Billing information and reconciliations to support revenue from service charges</li> <li>o Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received</li> <li>o Formalise agreements with local municipalities for the provisioning of basic water services</li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 31 July 2022. The plan should describe the anticipated time frame and milestones to be achieved and include as a minimum strategies to:</p> <ul style="list-style-type: none"> <li>• Increase the collection of revenue</li> <li>• Optimise costs in respect of bulk purchases</li> <li>• Efficiently manage the available resources of the municipality</li> <li>• Enter into payment arrangements with major suppliers</li> <li>• Repair and maintain infrastructure assets</li> </ul> <p>The above time frames for the implementation of the recommendations will run concurrently.</p>

No.	Notified	Type	MI description	Status	Status description
<b>JB Marks LM</b>					
117.	29 March 2022	Inefficient use of resources – no/limited benefit derived from money spent	<p>The municipality did not adequately plan and budget for the construction of a flood line canal in Ikageng extension 11 phases 1 and 2. The consulting engineers and a contractor were appointed in April 2015 and November 2016, respectively, before funding was secured and the budget finalised. Due to insufficient funds, the project was abandoned for a period of almost three years between July 2017 and June 2020. The work that was done up to July 2017 deteriorated to a state that it required all the work to be redone.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified newly identified MI.
118.	23 March 2021	Assets not safeguarded, resulting in loss	<p>The municipality did not adequately safeguard assets. Buildings that form part of two sport complexes were severely vandalised and the municipality needed to impair these buildings in 2019-20 as per the applicable accounting standards.</p> <p><b>Irregularity:</b> Non-compliance with section 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Material financial loss of R5 million</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 10 May 2022:</p> <ul style="list-style-type: none"> <li>• Reasonable steps should be taken to safeguard these assets of the municipality from any further losses, as required by section 63(1)(a) of the MFMA, read with section 63(2)(c) of the MFMA.</li> <li>• The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Disciplinary action or, when appropriate, criminal proceedings should commence against any official who has allegedly committed an act of financial misconduct or an</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<p>offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</p> <ul style="list-style-type: none"> <li>• Appropriate action should be taken to recover the financial loss suffered, through any applicable insurance policies, which may be in place at the municipality, alternatively, if the financial loss is not recovered in full then, any person(s) liable for the losses should be identified and appropriate action should commence to recover the remaining financial loss.</li> <li>• If it appears that the municipality suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by section 32(6)(b) of the MFMA.</li> </ul>
<b>Kgetlengrivier LM</b>					
119.	5 July 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2018-19. The impact was substantial harm to the municipality, as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 1 May 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<p>time frames and address the following key areas as a minimum:</p> <ul style="list-style-type: none"> <li>○ Billing information and reconciliations to support revenue from service charges</li> <li>○ Consumer debtor reconciliations (including age analysis) of all amounts owed to the municipality</li> <li>○ Creditors reconciliations of amounts due by the municipality to third parties</li> <li>○ Reconciliations of all bank accounts in the name of the municipality</li> <li>○ Complete asset register of all the municipality's property, plant and equipment</li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 1 August 2022. The plan should describe the anticipated time frame and milestones to be achieved and include as a minimum strategies to:</p> <ul style="list-style-type: none"> <li>● implement the debt collection policy and increase the collection of revenue</li> <li>● efficiently manage the available resources of the municipality</li> <li>● enter into payment arrangements with major suppliers</li> <li>● fund routine maintenance as well as urgent repairs of infrastructure assets.</li> </ul> <p>The above time frames for the implementation of the recommendation will run concurrently.</p>



No.	Notified	Type	MI description	Status	Status description
<b>Lekwa Teemane LM</b>					
120.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements of 2019-20. The impact was substantial harm to the municipality, as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 30 April 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas, as a minimum: <ul style="list-style-type: none"> <li>○ Billing information and reconciliations to support revenue from service charges</li> <li>○ Consumer debtor reconciliations (including age analysis) of all amounts owed to the municipality</li> <li>○ Creditors reconciliations of amounts due by the municipality to third parties</li> <li>○ Detailed records of water and electricity purchases and sales to quantify the extent and reason for distribution losses</li> </ul> </li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of</p>

No.	Notified	Type	MI description	Status	Status description
					<p>an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 31 July 2022. The plan should describe the anticipated time frame and milestones to be achieved and include as a minimum strategies to:</p> <ul style="list-style-type: none"> <li>• implement the debt collection policy and increase the collection of revenue</li> <li>• efficiently manage the available resources of the municipality</li> <li>• fund routine maintenance as well as urgent repairs of infrastructure assets.</li> </ul> <p>The above time frames for the implementation of the recommendations will run concurrently.</p>
<b>Madibeng LM</b>					
121.	24 March 2021	Loss of investments	<p>During 2018, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R31,2 million (Recovered loss to date: R2,1 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R2,1 million from the VBS liquidators which amounts to.</p> <p>The AO opened a case with the SAPS in 2018.</p> <p>The municipality initiated disciplinary processes against officials who were involved in making the investments. Some of the officials are on suspension.</p>
122.	19 April 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not pay Eskom for the bulk purchase of electricity within 30 days of receiving the invoice in September and December 2019, resulting in interest being charged on the outstanding amounts.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p>	Appropriate action is being taken to resolve the MI	<p>A court ordered that the municipality settle the outstanding amounts with Eskom. The municipality complied and made the required payments stated in the court order.</p> <p>The Eskom account is currently up to date with no outstanding balance, and, therefore, the municipality is no longer incurring interest on this account.</p>

No.	Notified	Type	MI description	Status	Status description
			<b>Impact:</b> Material financial loss of R3,5 million		When the fruitless and wasteful expenditure was incurred, the municipality did not have sufficient funds to pay Eskom.  The AO submitted reports to the municipal public accounts committee to determine whether any individual could be held liable for the interest incurred by the municipality, considering they had insufficient funds at the time. The recovery of interest is pending the response of the committee.
123.	11 October 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	The municipality did not pay the Department of Water and Sanitation (DWS) for bulk purchase of water within 30 days of receiving the relevant invoice or statement. This resulted in interest being charged on the 31 August 2019 and 29 February 2020 invoices.  <b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA <b>Impact:</b> Material financial loss of R2,7 million	Follow-up or assessment in process	We are determining the most suitable action based on the AO's response.
124.	8 June 2021	Repeat disclaimed audit opinion	The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements of 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.  <b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA <b>Impact:</b> Substantial harm to public sector institution	Recommendations	The AO failed to implement the planned actions to resolve the MI.  We notified the AO of the following recommendations, which should be implemented by 4 May 2022: <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<p>62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas, as a minimum:</p> <ul style="list-style-type: none"> <li>○ Complete records of distribution losses relating to water and electricity</li> <li>○ Billing information and reconciliations to support revenue from service charges</li> <li>○ Reconciliations of the bank accounts</li> <li>○ Clearing of suspense accounts</li> <li>○ Complete records of all procurement processes</li> <li>○ Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received.</li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 4 August 2022. The plan should describe the anticipated time frame and milestones to be achieved and include, as a minimum, strategies to:</p> <ul style="list-style-type: none"> <li>● increase the collection of revenue</li> <li>● efficiently manage the available resources of the municipality</li> <li>● enter into payment agreements with major suppliers.</li> </ul> <p>The above time frames for the implementation of the recommendations will run concurrently.</p>

No.	Notified	Type	MI description	Status	Status description
<b>Mahikeng LM</b>					
125.	24 February 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The municipality did not make repayments on a loan agreement in June 2019, December 2019 and June 2020, resulting in penalty interest charged.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(e) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should have been implemented by 28 February 2022:</p> <ul style="list-style-type: none"> <li>• Appropriate action should be taken to commence with the council investigation to determine if the financial loss should be recovered from any person(s) liable for the fruitless and wasteful expenditure, as required by section 32(2)(b) of the MFMA.</li> <li>• The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Disciplinary or, when appropriate, criminal proceedings should commence against any official who has allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> </ul> <p>The AO's response on the implementation of the recommendations was received on 28 February 2022. The AO has not implemented the recommendations as the implementation of the recommendations is subject to the municipality complying with the settlement agreement, which determines that if the loan is settled in line with the settlement agreement (by December 2022), the interest will not be due and payable.</p> <p>We will follow up after January 2023 whether the loan was repaid in accordance with the settlement agreement.</p>

No.	Notified	Type	MI description	Status	Status description
126.	24 February 2021	Loss of investments	<p>During 2018, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R83,4 million (Recovered loss to date: R5,9 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R5,9 million from the VBS liquidators.</p> <p>An investigation and disciplinary action, including the dismissal of the previous AO, took place.</p>
<b>Mamusa LM</b>					
127.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements of 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO failed to implement the planned actions to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 22 May 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas, as a minimum: <ul style="list-style-type: none"> <li>○ A valuation roll that includes all properties and consumers</li> <li>○ Complete records and reconciliations of all consumers that were billed for services, including meter readings taken for all consumers</li> </ul> </li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>o Complete asset register of all of the municipality's infrastructure assets, property, plant and equipment, including work in progress and information for assets that have been fully depreciated but are still in use</li> <li>o Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received</li> <li>o Detailed records of water and electricity purchases and sales to quantify the extent and reason for distribution losses</li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 22 August 2022. The plan should describe the anticipated time frame and milestones to be achieved and include as a minimum strategies to:</p> <ul style="list-style-type: none"> <li>• implement the debt collection policy and increase the collection of revenue</li> <li>• efficiently manage the available resources of the municipality</li> <li>• enter into payment arrangements with major suppliers</li> <li>• fund routine maintenance as well as urgent repairs to infrastructure assets</li> <li>• replace all damaged water meters.</li> </ul> <p>The above time frames for the implementation of the recommendations will run concurrently.</p>

No.	Notified	Type	MI description	Status	Status description
<b>Maquassi Hills LM</b>					
128.	11 June 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements of 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Appropriate action is being taken to resolve the MI	<p>An investigation into the matter was completed on 31 December 2021 and the municipality prepared a financial recovery plan and action plan by 18 May and 31 August 2021, respectively.</p> <p>The AO committed to implement the action and financial recovery plans by 30 June 2022. Implementation of these plans is in progress and will be assessed during the next audit.</p>
<b>Moretele LM</b>					
129.	26 November 2021	Loss of investments	<p>During 2018, the municipality invested with VBS, which was not a registered bank in terms of the Banks Act.</p> <p><b>Irregularity:</b> Non-compliance with municipal investment regulation 6(c)</p> <p><b>Impact:</b> Material financial loss of R50,7 million (Recovered loss to date: R3,5 million)</p>	Appropriate action is being taken to resolve the MI	<p>A claim was lodged with the VBS liquidators. The municipality received a payment of R3,5 million from the VBS liquidators.</p> <p>The financial disciplinary board did an investigation and reported to the council. The AO had a disciplinary hearing and pleaded guilty, upon which a three-month salary fine and a final written warning were imposed on him. The MM resigned in August 2021.</p> <p>The matter was also investigated by the Hawks and the claims are currently at the Polokwane High Court. It was also elevated from a financial misconduct case to a criminal act. The municipality is awaiting the outcome of this case (case still ongoing).</p>



No.	Notified	Type	MI description	Status	Status description
<b>Naledi LM</b>					
130.	22 September 2021	Repeat disclaimed audit opinion	<p>The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements of 2019-20. The impact was substantial harm to the municipality as its financial position was so poor that it disclosed a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 16 May 2022:</p> <ul style="list-style-type: none"> <li>• The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</li> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas as a minimum: <ul style="list-style-type: none"> <li>○ Complete asset register of all of the municipality's infrastructure assets, property, plant and equipment, including work in progress and information for assets that have been fully depreciated but are still in use;</li> <li>○ Billing information and reconciliations to support revenue from service charges</li> <li>○ Reconciliation of property rates income to the valuation roll</li> <li>○ Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received, including payments made from conditional grant funding</li> </ul> </li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>o Reconciliations of all bank accounts in the name of the municipality.</li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 15 August 2022. The plan should describe the anticipated time frame and milestones to be achieved and include, as a minimum, strategies to:</p> <ul style="list-style-type: none"> <li>• increase the collection of revenue</li> <li>• efficiently manage the available resources of the municipality</li> <li>• enter into payment arrangements with major suppliers.</li> </ul> <p>The above time frames for the implementation of the recommendations will run concurrently.</p>
<b>Ngaka Modiri Molema DM</b>					
131.	14 November 2019	Payment for goods or services not received	<p>The municipality failed to monitor a contract for construction work to the municipal office building and gatehouse, resulting in a contract extension that included items already paid for as part of the original contract. The original contract was awarded in 2012-13 and the said extension was done in March 2019.</p> <p><b>Irregularity:</b> Non-compliance with section 116(2)(b) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	<b>Remedial actions</b>	<p>We included recommendations in the 2019-20 audit report, which the AO was required to implement by 1 October 2021. Based on the information provided by the AO and the follow-up work we performed, we concluded that the recommendations were not implemented adequately.</p> <p>On 9 December 2021, the auditor-general issued a directive to the AO to determine the amount of the financial loss and recover such loss or make progress with the recovery of the loss from the responsible person(s) by 11 April 2022. In addition, the auditor-general notified the AO of the following remedial actions to address the MI, which should have been implemented by the same date:</p>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>• The investigation into the non-compliance must be completed.</li> <li>• The investigation must identify any person(s) that must be held liable for the losses suffered and any official(s) that might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Disciplinary or, when appropriate, criminal proceeding must commence against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> <li>• If it appears that the municipality suffered the financial loss through fraud, it must be reported to the South African Police Service, as required by section 32(6)(b) of the MFMA.</li> </ul> <p>The AO reported that progress has been made with the investigation being performed by the appointed legal firm, but delays were experienced with its finalisation. We granted the AO extension until 1 August to finalise the investigation and take the required actions based on the outcome of the investigation.</p>
132.	28 November 2019	Payment for goods or services not received	<p>The municipality overpaid a supplier appointed in June 2018 for water-tanking services to communities for the period 2018 to 2020. This was due to a lack of an effective system of expenditure control to ensure that claims were based on actual kilometres travelled and services provided.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Remedial actions	<p>We included recommendations in the 2019-20 audit report, which the AO was required to implement by 18 November 2021. Based on the information provided by the AO and the follow-up work we performed, we concluded that the recommendations were not implemented adequately.</p> <p>On 9 December 2021, the auditor-general issued a directive to the AO to determine the amount of the financial loss and recover such loss or make progress with the recovery of the loss from the responsible person(s) by 11 April 2022. In addition, she</p>

No.	Notified	Type	MI description	Status	Status description
					<p>notified the AO of the following remedial actions to address the MI, which should have been implemented by the same date:</p> <ul style="list-style-type: none"> <li>• The investigation into the non-compliance must be completed.</li> <li>• The investigation must identify any person(s) that must be held liable for the losses suffered and any official(s) that might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Evidence must be provided on the reasonable steps taken to implement a system of expenditure control, as required by section 65(2)(a) of the MFMA, to prevent further losses through over-invoicing for the provision of water tankering services.</li> <li>• Disciplinary or, when appropriate, criminal proceeding must commence against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> <li>• If it appears that the municipality suffered the financial loss through fraud, it must be reported to the South African Police Service, as required by section 32(6)(b) of the MFMA.</li> </ul> <p>The AO reported that progress has been made with the investigation being performed by the appointed legal firm, but delays were experienced with its finalisation. We granted the AO extension until 1 August to finalise the investigation and take the required actions based on the outcome of the investigation.</p>
133.	9 December 2019	Assets not safeguarded, resulting in loss	The municipality wrote off (disposed of) assets in 2018-19 as a result of infrastructure and movable assets that could not be located during an asset	Remedial actions	We included recommendations in the 2019-20 audit report which the AO was required to implement by 1 October 2021. Based on the information provided by the AO and the follow-up

No.	Notified	Type	MI description	Status	Status description
			<p>verification and were presumed to have been stolen, due to a lack of an internal control system to safeguard assets.</p> <p><b>Irregularity:</b> Non-compliance with section 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		<p>work we performed, we concluded that the recommendations were not implemented adequately.</p> <p>On 9 December 2021, the auditor-general issued a directive to the AO to determine the amount of the financial loss and recover such loss or make progress with the recovery of the loss from the responsible person(s) by 1 June 2022. In addition, the auditor-general notified the AO of the following remedial actions to address the MI, which should be implemented by the same date:</p> <ul style="list-style-type: none"> <li>• The asset verification and the investigation into the non-compliance must be completed.</li> <li>• The investigation must identify any person(s) that must be held liable for the losses suffered and any official(s) that might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Reasonable steps must be taken to safeguard the assets of the municipality from any further losses, as required by section 63(1)(a) of the MFMA and evidence of this provided.</li> <li>• Disciplinary or, when appropriate, criminal proceeding(s) must commence against any official(s) who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> <li>• If it appears that the municipality suffered the financial loss through theft, it must be reported to the South African Police Service, as required by section 32(6)(b) of the MFMA.</li> </ul>
134.	29 March 2021	Payment for goods or services not received	The municipality made payments for security services in 2020-21 without adequate measures being in place to ensure that the services provided had	Recommendations	<p>The AO failed to implement the planned actions.</p> <p>We notified the AO of the following recommendations, which should be implemented by 27 April 2022:</p>

No.	Notified	Type	MI description	Status	Status description
			<p>actually been rendered before payment was approved and processed.</p> <p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		<ul style="list-style-type: none"> <li>• The financial loss in the form of overpayments should be quantified and appropriate action should commence to recover the loss from the supplier.</li> <li>• A system of expenditure control should be implemented, as required by section 65(2)(a) of the MFMA, for the provision of security services and to prevent payments for services not received.</li> <li>• The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Disciplinary or, when appropriate, criminal proceedings should commence against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> <li>• If it appears that the municipality suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the SAPS, as required by section 32(6)(b) of the MFMA.</li> </ul> <p>The AO reported that progress has been made with the investigation being performed by the appointed legal firm, but delays were experienced with its finalisation. We granted the AO extension until 1 August to finalise the investigation and take the required actions based on the outcome of the investigation.</p>
135.	14 April 2021	Payment for goods or services not received	The municipality paid claims from a supplier of sewerage-tankering services in 2018 without ensuring that the services had actually been rendered and that the claims were based on actual kilometres travelled. This resulted in an overpayment to the supplier.	Recommendations	<p>The AO failed to implement the planned actions.</p> <p>We notified the AO of the following recommendations, which should be implemented by 26 April 2022:</p>

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 65(2)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		<ul style="list-style-type: none"> <li>• The financial loss in the form of overpayments should be quantified, and appropriate action should commence to recover the loss from the supplier.</li> <li>• A system of expenditure control should be implemented, as required by section 65(2)(a) of the MFMA, for the provision of sanitation services and to prevent the over-invoicing of kilometres and hours.</li> <li>• The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>• Disciplinary or, when appropriate, criminal proceedings, should commence against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> <li>• If it appears that the municipality suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the SAPS, as required by section 32(6)(b) of the MFMA.</li> </ul> <p>The AO reported that progress has been made with the investigation being performed by the appointed legal firm, but delays were experienced with its finalisation. We granted the AO extension until 1 August to finalise the investigation and take the required actions based on the outcome of the investigation.</p>
136.	14 December 2020	Assets not safeguarded, resulting in loss	The municipality did not maintain a system of internal control to safeguard assets during 2019-20, which resulted in assets being written off because they were either stolen or vandalised.	Recommendations	<p>The AO failed to implement the planned actions.</p> <p>We notified the AO of the following recommendations, which should be implemented by 1 June 2022:</p> <ul style="list-style-type: none"> <li>• The asset verification and investigation process should be completed and the financial loss quantified.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 63(2)(c) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		<ul style="list-style-type: none"> <li>Any person(s) liable for the losses should be identified and appropriate action should commence to recover the financial loss.</li> <li>Reasonable steps should be taken to safeguard municipal assets from any further losses, as required by section 63(1)(a) and 63(2)(c) of the MFMA.</li> <li>The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA.</li> <li>Disciplinary or, when appropriate, criminal proceedings should commence against any official who allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.</li> <li>If it is determined that the municipality suffered the financial loss through theft, this should be reported to the SAPS, as required by section 32(6)(b) of the MFMA.</li> </ul>
137	17 August 2021	Uneconomical procurement, resulting in overpricing of goods and services procured	<p>The municipality appointed a supplier for the repairs of Boikhutsong Pump Station project, which included the procurement of four generator sets. The AO failed to ensure that the generators were procured at market-related prices.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are determining the most suitable action based on the AO's response.
138.	15 October 2021	Procurement non-compliance, resulting in overpricing of	<p>In March 2020, the municipality made an emergency procurement of generators. This deviation was due to poor planning, as the existing contract was ending in February 2020. As a result, the competitive bidding process was not followed and</p>	Follow-up or assessment in process	We are determining the most suitable action based on the AO's response.



No.	Notified	Type	MI description	Status	Status description
		procured goods and services	the generators were not procured at market-related prices.  <b>Irregularity:</b> Non-compliance with SCM regulation 19(a) <b>Impact:</b> Financial loss to be quantified by the AO		
139.	9 March 2022	Procurement non-compliance, resulting in overpricing of procured goods and services	The municipality made an emergency procurement to appoint two new service providers to supply water services materials and tools. This deviation was due to poor planning, as the existing contract was ending in February 2020. As a result, the competitive bidding process was not followed to assess market-related prices from different suppliers.  <b>Irregularity:</b> Non-compliance with SCM regulation 19(a) <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
140.	1 December 2021	Assets not safeguarded, resulting in loss	The municipality did not maintain a system of internal control to safeguard assets during 2020 -21, which resulted in assets being written off because they were either stolen or vandalised.  <b>Irregularity:</b> Non-compliance with section 63(2)(c) of the MFMA <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.  The municipality is busy with an investigation into the missing assets, which is expected to be completed by June 2022.
141.	14 December 2021	Pollution of water sources, resulting in harm to public	The Coligny Wastewater Treatment Works (including its pump station) has not been operational for more than 18 months due to no electricity at the newly refurbished plant and pump station (construction during 2019-20). This resulted in continued spilling of raw/untreated sewage into the stream/river	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.

No.	Notified	Type	MI description	Status	Status description
			<p>adjacent to the inlet and pump station and its extended watercourse.</p> <p>The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring, which is likely to cause substantial harm to the communities exposed to and dependent on the contaminated water resources for domestic, farming or agricultural (irrigation) purposes.</p> <p><b>Irregularity:</b> Non-compliance with section 28(1) of the NEMA and section 19(1) of the National Water Act</p> <p><b>Impact:</b> Substantial harm to the general public</p>		
142.	14 December 2021	Pollution of water sources, resulting in harm to public	<p>The Itsoseng Wastewater Treatment Works was totally vandalised and collapsed. Despite some refurbishment that commenced in 2021, the plant has not been operational for several years. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment and farmland, including the groundwater and streams.</p> <p>The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring, which is likely to cause substantial harm to the communities exposed to and dependent on the contaminated water resources.</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 28(1) of the NEMA and section 19(1) of the National Water Act</p> <p><b>Impact:</b> Substantial harm to the general public</p>		
143.	14 December 2021	Pollution of water sources, resulting in harm to public	<p>The Lichtenburg/Blydeville Wastewater Treatment Works was not operational for several years due to the system being completely clogged and machinery and equipment being non-functional. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent wetland/stream, and its extended watercourse before and at the plant.</p> <p>The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring, which is likely to cause substantial harm to the communities exposed to and dependent on the contaminated water resources or domestic, farming or agricultural (irrigation) purposes.</p> <p><b>Irregularity:</b> Non-compliance with section 28(1) of the NEMA and section 19(1) of the National Water Act</p> <p><b>Impact:</b> Substantial harm to the general public</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.
<b>Ramotshere Moiloa LM</b>					
144.	25 August 2021	Repeat disclaimed audit opinion	The municipality did not keep full and proper records of its financial affairs, which resulted in a repeat disclaimed opinion on its financial statements for 2019-20. The impact was substantial harm to the municipality, as its financial position was so poor that it disclosed a material uncertainty regarding its ability	Recommendations	<p>The AO failed to implement the planned actions.</p> <p>We notified the AO of the following recommendations, which should be implemented by 8 June 2022:</p> <ul style="list-style-type: none"> <li>The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances</li> </ul>

No.	Notified	Type	MI description	Status	Status description
			<p>to continue operations. This, in turn, is likely to have an impact on the municipality's ability to discharge its service-delivery mandate.</p> <p><b>Irregularity:</b> Non-compliance with section 62(1)(b) of the MFMA</p> <p><b>Impact:</b> Substantial harm to public sector institution</p>		<p>that led to the non-compliance for the purpose of taking appropriate corrective actions and addressing control weaknesses.</p> <ul style="list-style-type: none"> <li>• Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of the action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA. The plan should include anticipated time frames and address the following key areas as a minimum: <ul style="list-style-type: none"> <li>○ maintain complete records of infrastructure assets</li> <li>○ billing information and reconciliations to support revenue from service charges</li> <li>○ reconciliations of all bank accounts of the municipality</li> <li>○ payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received.</li> </ul> </li> </ul> <p>We further recommended that the AO should take appropriate action to develop and commence with the implementation of the action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 8 September 2022. The plan should describe the anticipated time frame and milestones to be achieved and include as a minimum strategies to:</p> <ul style="list-style-type: none"> <li>• increase the collection of revenue</li> <li>• efficiently manage the available resources of the municipality</li> <li>• repair and maintain infrastructure assets.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					The above time frames for the implementation of the recommendations will run concurrently.
<b>Rustenburg LM</b>					
145.	16 March 2021	Sars late payments, resulting in interest and penalties	The municipality incurred penalties on the late submission of value-added tax returns relating to the November 2019 return.  <b>Irregularity:</b> Non-compliance with section 28 of the Value Added Tax Act <b>Impact:</b> Material financial loss of R2,3 million	Appropriate action is being taken to resolve the MI	The AO completed the investigation to determine the responsible person, applicable consequence and whether the money is recoverable. The investigation report was referred to the MPAC during September 2021 for consideration. The MPAC has not yet dealt with the matter. However, it was determined that no official was responsible for the loss.
146.	22 November 2021	Procurement non-compliance, resulting in overpricing of procured goods and services	The municipality entered into a contract for the provision of automated fleet and fuel management solutions during June 2018. In July 2018, the original scope of the work was extended and new services were added to the scope of the services that were not part of the original tender and the competitive bidding process, and had a higher than market-related price.  <b>Irregularity:</b> Non-compliance with SCM regulation 19(a) <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	An investigation was completed and disciplinary steps have been taken against the chair of the bid evaluation committee and the deputy chief financial officer. The chair of the evaluation bid committee, deputy CFO and the AO responsible for concluding the contract resigned. Based on a high court order, the contract with the service provider was terminated during August 2019 to prevent further financial loss.  During August 2019, the AO referred the matter to the Hawks and criminal investigations are in process. The AO also requested National Treasury to conduct a forensic investigation, which is in process.  The municipality also started with legal action against the supplier to recover payments from the supplier.
147.	8 December 2021	Uneconomical procurement resulting in overpricing of goods and	The municipality entered into a contract for the provision of automated fleet and fuel management solutions during June 2018. Several items included in the original tender were procured at prices above reasonable market values.	Appropriate action is being taken to resolve the MI	An investigation was completed and disciplinary steps have been taken against the chair of the bid evaluation committee and the deputy chief financial officer. The chair of the evaluation bid committee, the deputy CFO and the AO responsible for concluding the contract resigned. Based on a

No.	Notified	Type	MI description	Status	Status description
		services procured	<p><b>Irregularity:</b> Non-compliance with section 62(1)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		<p>high court order, the contract with the service provider was terminated during August 2019 to prevent further financial loss.</p> <p>During August 2019, the AO referred the matter to the Hawks and criminal investigations are in process. The AO also requested the National Treasury to conduct a forensic investigation, which is in process.</p> <p>The municipality also started with legal action against the supplier to recover payments from the supplier.</p>

No.	Notified	Type	MI description	Status	Status description
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**WESTERN CAPE (2)**



[City of Cape Town MM](#)

No.	Notified	Type	MI description	Status	Status description
<p>Status of MIs (Total: 2)</p>					
City of Cape Town MM					
148.	17 May 2020	Payment for goods or services not received	<p>Contractors used for the repair of plumbing and installation of water management devices billed for items that were not included on the job cards, resulting in overpayments during 2017 to 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 78(1)(a) of the MFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>The AO appointed a forensic investigator on 8 June 2021 to quantify the full extent of the loss as well as the parties responsible for the loss. The investigation was completed in March 2022.</p> <p>The investigation took longer than initially anticipated because of the volume of documentation involved, as some documents were not in digital format, which could not be analysed electronically and the different service providers' documentation was not standardised, which had an impact on the time needed for the analysis. The AO provided the investigation report and planned further steps to be taken on 15 March 2022.</p> <p>We are assessing the actions taken by the AO to address the MI, inclusive of a detailed review of the investigation report.</p>
149.	17 May 2020	Payment for goods or services not received	<p>The municipality paid for more standby teams during 2017 to 2020 than necessary for the repair of plumbing and installation of water management devices, as account demand trends and historical data were not taken into account when calculating the number of teams needed.</p>	Appropriate action is being taken to resolve the MI	<p>The AO appointed a forensic investigator on 8 June 2021 to quantify the full extent of the loss as well as the parties responsible for the loss. The investigation was completed in March 2022.</p> <p>The investigation took longer than initially anticipated because of the volume of documentation involved, as some documents</p>



No.	Notified	Type	MI description	Status	Status description
			<p><b><u>Irregularity:</u></b> Non-compliance with section 78(1)(b) of the MFMA</p> <p><b><u>Impact:</u></b> Financial loss to be quantified by the AO</p>		<p>were not in digital format, which could not be analysed electronically, and the different service providers' documentation were not standardised, which had an impact on the time needed for the analysis. The AO provided the investigation report and planned further steps to be taken on 15 March 2022.</p> <p>We are assessing the actions taken by the AO to address the MI, inclusive of a detailed review of the investigation report.</p>



# Provincial government material irregularities



No.	Notified	Type	MI description	Status	Status description
<b>EASTERN CAPE (15)</b>					
<p>Status of MIs (Total: 15)</p> <p> <span style="display: inline-block; width: 15px; height: 15px; background-color: grey; border-radius: 50%; margin-right: 5px;"></span> Follow-up or assessment in process         <span style="display: inline-block; width: 15px; height: 15px; background-color: lightgreen; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Appropriate action         <span style="display: inline-block; width: 15px; height: 15px; background-color: teal; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Resolved         <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations         <span style="display: inline-block; width: 15px; height: 15px; background-color: darkorange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations and referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: pink; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: red; border-radius: 50%; margin-left: 20px;"></span> Remedial action       </p>					
<b>Coega Development Corporation</b>					
1.	8 October 2021	Suspected fraud, resulting in loss	<p>An employee at Coega's skills development centre created fictitious students on the system and facilitated the transfer of stipends into his own bank account. This took place from 2013 to February 2021.</p> <p><b>Irregularity:</b> Suspected fraud <b>Impact:</b> Financial loss to be quantified by the AA</p>	Appropriate action is being taken to resolve the MI	<p>The AA investigated the allegations. The employee was dismissed and the matter was reported to the SAPS.</p> <p>The AA lodged an insurance claim for the loss. The internal controls relating to the capturing, review and approval of new students on the system were reviewed to address the deficiencies identified.</p>
<b>Education</b>					
2.	3 August 2020	Payment for goods or services not received	<p>The department made payments in 2019-20 and 2020-21 for a school furniture refurbishment service that was not rendered. This was due to a lack of effective controls for approving and processing payments, as the payments were not approved by the department's project managers.</p>	Appropriate action is being taken to resolve the MI	<p>The AO conducted an investigation, which identified two responsible officials. Disciplinary processes against these officials are in progress.</p> <p>A written communication was sent to the supplier requesting that all the outstanding furniture be delivered by 31 August 2021.</p>

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		The matter was reported to the SAPS and the Mthatha commercial crimes unit in December 2020. The investigation is in process.
3.	22 July 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>Payments to a contractor for maintenance and construction projects at the Sijoka early childhood development centre and the Chebenca P farm school were not made within 30 days, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3</p> <p><b>Impact:</b> Material financial of R3,6 million</p>	Appropriate action is being taken to resolve the MI	<p>The following actions are currently being implemented by the AO to address the MI:</p> <ul style="list-style-type: none"> <li>Internal controls in payment process were improved to ensure timeous processing and payment of invoices.</li> <li>Requested and received additional funding in the form of an overdraft of R1,4 billion from the provincial treasury between 2019-20 and 2020-21 to address the issue of non-payment of suppliers due to a shortfall on the grants and a lack of other funding to meet commitments.</li> </ul>
4.	22 July 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>A payment to a supplier responsible for renovating and redeveloping the Healdtown school campus was not made within 30 days. This led to the supplier instituting legal proceedings against the department and charging interest.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3</p> <p><b>Impact:</b> Material financial loss of R1,3 million</p>	Appropriate action is being taken to resolve the MI	<p>The following actions are currently being implemented by the AO to address the MI:</p> <ul style="list-style-type: none"> <li>Internal controls in the payment process were improved to ensure timeous processing and payment of invoices.</li> <li>Requested and received additional funding in the form of an overdraft of R1,4 billion from the provincial treasury between 2019-20 and 2020-21 to address the issue of non-payments of suppliers due to a shortfall on the grants and lack of other funding to meet commitments.</li> </ul>
5.	22 July 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The department did not pay a service provider responsible for a document management centre project within 30 days, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3</p> <p><b>Impact:</b> Material financial loss of R2,7 million</p>	Appropriate action is being taken to resolve the MI	<p>The following actions are currently being implemented by the department:</p> <ul style="list-style-type: none"> <li>Internal controls in the payment process were improved to ensure timeous processing and payment of invoices.</li> <li>Requested and received additional funding in the form of an overdraft of R1,4 billion from the provincial treasury between 2019-20 and 2020-21 to address the issue of non-payments of suppliers due to a shortfall on the grants and a lack of other funding to meet commitments.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
6.	26 July 2021	Payment for goods or services not received	<p>The department made payments in December 2020 to a supplier for manufacturing and delivering school furniture but the goods were not delivered.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Material financial loss of R1,5 million</p>	Appropriate action is being taken to resolve the MI	<p>The AO instituted an investigation into the matter, which identified the responsible official who should be held accountable for the financial loss. The responsible official was suspended.</p> <p>A criminal fraud case has been opened against the supplier. The state attorney was requested to recover the monies.</p> <p>The matter was reported to the Hawks.</p>
7.	9 September 2021	Payment for goods or services not received	<p>The covid-19 presidential fund was used contrary to its intended purpose. The non-compliance included:</p> <ul style="list-style-type: none"> <li>• double payment of presidential fund educators</li> <li>• payment of educators already paid by the department and also paid from the presidential fund</li> <li>• payment of non-teaching staff</li> <li>• payments to the youth for more than the set amounts.</li> </ul> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Material financial loss of R3,8 million</p>	Appropriate action is being taken to resolve the MI	An investigation has been conducted by the internal audit division of the department. Based on the outcome of the investigation, the department is taking steps to recover the monies from the implicated schools.
8.	1 October 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The department did not make payment to a service provider for construction services within 30 days, resulting in standing time being charged.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3 <b>Impact:</b> Material financial loss of R1,4 million</p>	Appropriate action is being taken to resolve the MI	<p>The AO is implementing the following actions:</p> <ul style="list-style-type: none"> <li>• Internal controls in payment process were improved to ensure timeous processing and payment of invoices.</li> <li>• Requested and received additional funding in the form of an overdraft of R1,4 billion from the provincial treasury between 2019-20 and 2020-21 to address the issue of non-payments of suppliers due to a shortfall on the grants and lack of other funding to meet commitments.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
<b>Health</b>					
9.	31 August 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The department did not pay a contractor within the required 30 days. The supplier left the site and charged the department for standing time.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3  <b>Impact:</b> Material financial loss of R3,6 million</p>	Recommendations	<p>The AO did not take appropriate action to resolve the MI.</p> <p>We notified the AO of the following recommendations, which should be implemented by 4 November 2022:</p> <ul style="list-style-type: none"> <li>• The fruitless and wasteful expenditure incurred in respect of the extension of time claims should be investigated and the financial loss incurred should be quantified, in accordance with the applicable Instruction Note(s) issued by the National Treasury dealing with fruitless and wasteful expenditure.</li> <li>• The investigation should determine the reasons and circumstances that led to the extension of time claims for the purpose of developing and implementing an action plan to address control weaknesses.</li> <li>• Effective and appropriate disciplinary steps should be initiated without undue delay, against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and in accordance with treasury regulation 9.1.3. 4.</li> <li>• Appropriate action should be taken to determine whether the responsible official is liable by law for the losses suffered by the department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1. 5.</li> <li>• Appropriate action should be taken to ensure that the cash flow requirements of all projects, including the cash flow requirements of implementing agents, are included in the annual budget and adjustment budget of the department.</li> </ul>
<b>Human Settlements</b>					
10.	30 October 2020	Procurement non-compliance, resulting in overpricing of	A contract for housing units valued at R30,9 million was awarded to a bidder who did not score the highest points in the evaluation	Appropriate action is being taken to resolve the MI	The AO applied to the High Court for this contract to be set aside. The High Court heard the matter and confirmed that there had been an irregularity, but did not issue an order to cancel the

No.	Notified	Type	MI description	Status	Status description
		procured goods and services	<p>process, resulting in higher prices being paid, as the cost of units from the appointed bidder was higher than that of the bidder scoring the highest points.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		<p>contract. The High Court concluded that the department could continue with the contract.</p> <p>The AO initiated a conduct review to identify the responsible officials and is currently implementing consequence management against the officials based on the outcomes of the review.</p>
11.	30 October 2020	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>A contract for housing units valued at R16,8 million was awarded to a bidder who did not score the highest points in the evaluation process, resulting in higher prices being paid, as the cost of units from the appointed bidder was higher than that of the bidder scoring the highest points.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>The AO applied to the High Court for this contract to be set aside. The High Court heard the matter and confirmed that there had been an irregularity, but did not issue an order to cancel the contract. The High Court concluded that the department could continue with the contract.</p> <p>The AO initiated a conduct review to identify the responsible officials and is currently implementing consequence management against the officials based on the outcomes of the review.</p>
12.	30 October 2020	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>A contract for housing units valued at R21,4 million was awarded to a bidder who did not score the highest points in the evaluation process, resulting in higher prices being paid, as the cost of units from the appointed bidder was higher than that of the bidder scoring the highest points.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>The AO applied to the High Court for this contract to be set aside. The High Court heard the matter and confirmed that there had been an irregularity, but did not issue an order to cancel the contract. The High Court concluded that the department could continue with the contract.</p> <p>The AO initiated a conduct review to identify the responsible officials and is currently implementing consequence management against the officials based on the outcomes of the review.</p>

No.	Notified	Type	MI description	Status	Status description
<b>Transport</b>					
13.	7 July 2020	Assets not safeguarded, resulting in loss	<p>A construction grader was stolen in July 2019 from the premises of a community member, having been left there with the keys and operator tag inside the vehicle.</p> <p><b>Irregularity:</b> Non-compliance with section 38(1)(d) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R1,5 million</p>	Appropriate action is being taken to resolve the MI	<p>The theft was reported to the SAPS in July 2019. The SAPS is in the process of recovering the grader as it had been found in Lesotho.</p> <p>The departmental investigation committee concluded an investigation in August 2020.</p> <p>The AO instituted disciplinary action in February 2021 with the intention of concluding it by July 2021. However, this process was still in progress by the end of September 2021.</p>
14.	21 October 2020	Payment for goods or services not received	<p>Payments were made in November 2016 and February 2017 for a fire truck that the department had not received.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Material financial loss of R3,1 million</p>	Appropriate action is being taken to resolve the MI	<p>A letter of demand and a summons were served on the supplier in November 2020. However, the supplier had gone into business rescue in October 2017 and the company was taken over by new owners.</p> <p>The AO is currently waiting for a legal opinion from the state attorney pertaining to the prospects of recovery from the new owner.</p> <p>Disciplinary actions were taken from July 2018 to April 2020 against the responsible officials. The outcome of the disciplinary process resulted in the following:</p> <ul style="list-style-type: none"> <li>• The chief director involved was demoted.</li> <li>• Lower-level staff involved were docked a month's salary.</li> </ul>
15.	15 October 2021	Payment for goods or services not received	<p>The department paid a contractor for the upgrading of Road DR08589 located between Elitheni coalmine and the R56 without evidence of work having been performed.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Material financial loss of R13,1 million</p>	Follow-up or assessment in process	<p>We are evaluating the AO's response to the identified MI.</p> <p>Additional evidence and information were requested which are being evaluated.</p>



No.	Notified	Type	MI description	Status	Status description
<b>FREE STATE (8)</b>					
<p>Status of MIs (Total: 8)</p> <p> <span style="display: inline-block; width: 15px; height: 15px; background-color: #d3d3d3; border: 1px solid black; margin-right: 5px;"></span> Follow-up or assessment in process         <span style="display: inline-block; width: 15px; height: 15px; background-color: #d4edda; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Appropriate action         <span style="display: inline-block; width: 15px; height: 15px; background-color: #d4edda; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Resolved         <span style="display: inline-block; width: 15px; height: 15px; background-color: #fff3cd; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Recommendations         <span style="display: inline-block; width: 15px; height: 15px; background-color: #fff3cd; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Recommendations and referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: #f8d7da; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: #f8d7da; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Remedial action       </p>					
<b>Education</b>					
16.	16 August 2021	Sars late payments, resulting in interest and penalties	<p>Employee taxes on leave gratuities and pro rata bonuses paid to retiring employees were not withheld and paid to Sars for the 2013 to 2016 tax periods.</p> <p>The department applied for a tax directive instead and incorrectly stated on the application forms that the payments were in lieu of severance benefits payable upon retirement. The matter was concluded by Sars on the final audited assessment dated 13 June 2017. The department paid the interest and penalties to Sars on 9 July 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R55,4 million</p>	Resolved	The AO investigated the loss and determined that no official should be held liable for the loss.

No.	Notified	Type	MI description	Status	Status description
<b>Free State Development Corporation</b>					
17.	23 October 2020	Debt not recovered	<p>A service provider appointed for electricity billing and collection did not pay over all the money collected between April 2019 and March 2020, amounting to R32,6 million. The total accumulative closing balance of the receivable due by the service provider at 31 March 2021 amounted to R109,2 million. Effective and appropriate steps were not taken to collect the outstanding amounts from the service provider. The service provider was placed under voluntary liquidation in May 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(b)(i) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AA</p>	Recommendations and referral	<p>The AO did not take appropriate action to resolve the MI. The matter was referred to the Hawks for investigation on 15 November 2021. The investigation is ongoing.</p> <p>We also notified the AO of the following recommendations, which should have been implemented by 31 March 2022:</p> <ul style="list-style-type: none"> <li>• Appropriate action should be taken to investigate the non-compliance, in order to determine if any official should be held responsible.</li> <li>• Effective and appropriate disciplinary steps should commence against any official that the investigation found to be responsible, as required by section 51(1)(e) of the PFMA.</li> <li>• In addition, I am in the process of referring the material irregularity to a public body for investigation as provided for in section 5(1A) of the PAA.</li> </ul> <p>We are currently assessing the response of the AO to determine if the recommendations were adequately implemented.</p>
18.	14 October 2021	Payment for goods and services not received	<p>The entity paid for the replacement of a transformer at one of its residential properties; however, no proof could be obtained that the transformer had actually been received.</p> <p><b>Irregularity:</b> Non-compliance with section 57(a) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AA</p>	Appropriate action is being taken to resolve the MI	<p>The AA committed to investigate the matter to be able to take the necessary corrective action and to identify if any officials should be held responsible.</p> <p>The AA indicated that due to financial constraints, investigators could not be appointed directly by the entity and assistance was requested from the provincial treasury. The SIU also received allegations regarding this matter and requested documentation from the Free State Development Corporation in a letter dated 3 March 2022 to assess if it will be within their mandate to investigate the matter.</p>

No.	Notified	Type	MI description	Status	Status description
<b>Health</b>					
19.	15 December 2021	Payment for goods or services not received	<p>The department made payments for work not delivered on the contract for the renovations and repairs of workshops, garages, laundry, mortuary, pharmacy and kitchen at the National Hospital.</p> <p><b>Irregularity:</b> Non-compliance with section 45(a) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI. Additional evidence and information were requested, which are being evaluated.
20.	15 December 2021	Payment for goods or services not received	<p>The department made payments for work not delivered on the contract for the renovations and repairs of the doctor's residence and outpatient building at the National Hospital.</p> <p><b>Irregularity:</b> Non-compliance with section 45(a) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
<b>Human Settlements</b>					
21.	12 July 2019	Payment for goods or services not received	<p>From 2014-15 to 2016-17, a contractor was paid for the development of community residential units in Thabong, which were not completed. A new contractor had to be appointed to complete the work.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Material financial loss of R20,2 million</p>	Remedial action	<p>We included recommendations in the 2019-20 audit report, which the AO was required to implement by 28 July 2021. Based on the information provided by the AO and the follow-up work we performed, we concluded that the recommendations were not implemented adequately.</p> <p>The AG notified the AO of the following remedial actions to address the MI, which should have been implemented by 30 April 2022:</p> <ul style="list-style-type: none"> <li>• Effective and appropriate steps must be taken to ensure the timely recovery of the financial loss.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>• Appropriate action must be taken to investigate the non-compliance in order to determine if any official/s should be held responsible.; and</li> <li>• Effective and appropriate disciplinary steps must commence against any official(s) that the investigation finds to be responsible, as required by section 38(1)(h) of the PFMA.</li> </ul> <p>We are currently assessing response by the AO to determine if the remedial actions were adequately implemented.</p>
22.	12 July 2019	Payment for goods or services not received	<p>The department made payments in 2018-19 on duplicate claims submitted by a supplier on the Kroonstad 350 housing project.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Material financial loss of R6,6 million</p>	Remedial actions	<p>We included recommendations in the 2019-20 audit report, which the AO was required to implement by 28 July 2021. Based on the information provided by the AO and the follow-up work we performed, we concluded that the recommendations were not implemented adequately.</p> <p>The AG notified the AO of the following remedial actions to address the MI, which should have been implemented by 28 February 2022:</p> <ul style="list-style-type: none"> <li>• Appropriate action must be taken to investigate the non-compliance in order to determine if any official(s) should be held liable for the losses suffered by the department.</li> <li>• If it is determined that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this must be reported to the SAPS, as required by treasury regulation 12.5.1.</li> <li>• Effective and appropriate disciplinary steps must commence against any official/s that the investigation found to be responsible, as required by section 3.8(1)(h) of the PFMA.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>Effective and appropriate steps must be taken to monitor the recovery process of the financial loss through the Office of the State Attorney.</li> </ul> <p>The AO reported that progress has been made with the implementation of the remedial action but delays were experienced with its finalisation. We granted the AO an extension until 30 April to take required actions. We are currently assessing the response of the AO to determine if the remedial actions were adequately implemented.</p>
23.	15 October 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>The department paid a supplier for standing time during the covid-19 lockdown period, even though the department had no contractual obligation to make such payments.</p> <p><b>Irregularity:</b> Non-compliance with section 45(b) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are determining the most suitable action based on the AO's response.

No.	Notified	Type	MI description	Status	Status description
<b>GAUTENG (8)</b>					
Status of MIs (Total: 8)					
<p> <span style="display: inline-block; width: 15px; height: 15px; background-color: grey; border-radius: 50%; margin-right: 5px;"></span> Follow-up or assessment in process         <span style="display: inline-block; width: 15px; height: 15px; background-color: yellow; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Appropriate action         <span style="display: inline-block; width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Resolved         <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations         <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations and referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: pink; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Referral         <span style="display: inline-block; width: 15px; height: 15px; background-color: pink; border-radius: 50%; margin-left: 20px;"></span> Remedial action       </p>					
<b>Education</b>					
24.	13 October 2021	Uneconomical procurement resulting in overpricing of goods and services procured	<p>Procurement of decontamination, fogging, disinfection and deep cleaning services of educational facilities in 2020-21 at excessive prices.</p> <p><b>Irregularity:</b> Non-compliance with section 38(1)(b) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The AO appointed an accounting firm to perform an investigation to be finalised by 30 April 2022 in order to determine the responsible officials, take disciplinary steps and recover financial losses (where applicable).
<b>Health</b>					
25.	24 June 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>The department awarded a contract for information technology infrastructure in March 2015 without inviting competitive bids, resulting in a financial loss, as cheaper alternatives were available.</p> <p><b>Irregularity:</b> Non-compliance with TR 16A6.1</p> <p><b>Impact:</b> Material financial loss of R148,9 million</p>	Appropriate action is being taken to resolve the MI	<p>Based on the outcomes of a departmental investigation finalised in September 2018, the AO had concluded the disciplinary steps against the two officials and all were found guilty.</p> <p>The state attorney is still considering whether civil claims can be instituted against the implicated officials, and the National Prosecuting Authority is considering possible criminal charges against the implicated officials. The contract ended during the 2020-21 financial year.</p>

No.	Notified	Type	MI description	Status	Status description
26.	31 August 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	The department did not pay medical claims within 30 days from the court judgement in 2019-20, which resulted in interest on the late payments.  <b>Irregularity:</b> Non-compliance with TR 8.2.3 <b>Impact:</b> Material financial loss of R1,5 million	Appropriate action is being taken to resolve the MI	The AO embarked on a legislative drafting project during 2021 to draft the Gauteng Medical Litigation and Mediation Bill intended to reduce the medical claims burden. A meeting was held with the Gauteng Provincial Treasury on 17 September 2021, where they indicated that it was incumbent on the department making provision in its budget for the payment of final court orders, which must be done for 2022-23 financial year allocation.
27.	15 October 2021	Uneconomical procurement, resulting in overpricing of goods and services procured	Procurement of masks in 2020-21 at excessive prices  <b>Irregularity:</b> Non-compliance with national treasury instruction note 5 of 2020/21 <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. Additional evidence and information were requested and are being evaluated.
28.	15 October 2021	Uneconomical procurement, resulting in overpricing of goods and services procured	Procurement of sanitisers in 2020-21 at excessive prices  <b>Irregularity:</b> Non-compliance with national treasury instruction note 8 of 2019/20 <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. Additional evidence and information were requested and are being evaluated.
<b>Human Settlements</b>					
29.	7 September 2020	Payment for goods or services not received	A payment was made to the incorrect contractor in October 2019 because effective internal controls were not in place for approving and processing payments.  <b>Irregularity:</b> Non-compliance with TR 8.1.1	Appropriate action is being taken to resolve the MI	A criminal case was opened against the contractor in November 2019. The contractor was arrested and subsequently released on bail in September 2020.  A forfeiture application by the asset forfeiture unit within the NPA was served on the contractor on 9 March 2020 and an order was

No.	Notified	Type	MI description	Status	Status description
			<b>Impact:</b> Material financial loss of R2,5 million		obtained on 25 March 2020 to preserve some of the funds. A vehicle was also seized and sold with the approval of the NPA.  An investigation into the cause of the breakdown in controls was conducted and the outcomes were approved in April 2021. The investigation identified four officials as responsible.  A disciplinary hearing was held for one of the four officials. The disciplinary hearings for the remaining employees were expected to have been finalised by end-October 2021. These have been delayed due to postponements requested by either the representative or the officials because of the covid-19 lockdown.
30.	15 October 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	Interest on late settlement of court judgements between October 2016 and November 2017  <b>Irregularity:</b> Non-compliance with TR 8.2.3 <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. Additional information was requested, which is being evaluated.
31.	15 October 2021	Uneconomical expenditure due to excessive rental instead of procurement	The department entered into a contract for the provision of temporary residential units and portable toilets without evidence that a fair procurement process was followed in awarding of the contract. The contract did not state an expiry date, resulting in an evergreen contract. This resulted in excessive rental costs.  <b>Irregularity:</b> Non-compliance with section 38(1)(b) of the PFMA <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. Additional information was requested, which is being evaluated.



No.	Notified	Type	MI description	Status	Status description
<b>KWAZULU-NATAL (7)</b>					
Status of MIs (Total: 7)  Legend: <ul style="list-style-type: none"> <li>1 Follow-up or assessment in process</li> <li>5 Appropriate action</li> <li>1 Resolved</li> <li>0 Recommendations</li> <li>0 Recommendations and referral</li> <li>0 Referral</li> <li>0 Remedial action</li> </ul>					
<b>Education</b>					
32.	11 December 2020	Sars late payments, resulting in interest and penalties	<p>The department paid penalties and interest relating to the late payment of employee taxes for temporary teachers. The pay-as-you-earn tax withheld from employees in 2017 was only paid over with the employee tax reconciliations for 2019-20.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1) of the fourth schedule of the Income Tax Act</p> <p><b>Impact:</b> Material financial loss of R6,7 million</p>	Appropriate action is being taken to resolve the MI	<p>The AO is in the process of developing an electronic system that would assist in timeously alerting these related processes. The AO is engaging with Sars on the payments to be made.</p> <p>Actions will be taken from the 2022 tax year against any official whose action or negligence leads to fruitless and wasteful expenditure through interest and penalties. The responsible person has not yet been identified.</p>
33.	30 September 2021AQW	Payment for goods or services not received	<p>Employees who had left the employment of the department were not removed from the human resources and payroll systems on time. This resulted in salary payments to persons who were no longer in the employment of the department.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>The AO has since developed standard operating procedures, which are being implemented to avoid late termination of services of staff exiting the system.</p> <p>Warning letters have been issued to the officials found responsible.</p> <p>The AO appointed debt collectors and implemented its debt management policy to recover these financial losses.</p> <p>District workshops have been held with staff responsible for processing staff terminations.</p>

No.	Notified	Type	MI description	Status	Status description
					An electronic system is being procured and will be implemented to fast track the flow of termination documentation from places of origin (schools) to the point of processing (districts).
<b>Health</b>					
34.	12 February 2021	Uneconomical procurement, resulting in overpricing of goods and services procured	<p>In March 2020, 40 000 units of 1-litre sanitiser were procured at prices higher than those permissible at the time. The department paid R143 per litre against the set price of R110,40 per litre. The procurement at excessive prices resulted in a financial loss for the department.</p> <p><b>Irregularity:</b> Non-compliance with paragraph 3.7.6(ii) of national treasury instruction note 8 of 2019-20</p> <p><b>Impact:</b> Material financial loss of R1,3 million (Recovered loss to date: R500 000)</p>	Appropriate action is being taken to resolve the MI	<p>The matter was investigated by the SIU and an acknowledgement of debt was signed with the service provider. An amount of R500 000 of the R1,3 million has since been recovered by the SIU from the supplier and is pending a transfer to the department.</p> <p>Consequence management was implemented, as warning letters were issued to the responsible officials.</p>
35.	25 June 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>Contracts for radiology equipment were awarded in September 2017 to bidders who did not score the highest points in the evaluation process, resulting in higher prices being paid, as the cost of equipment from the appointed bidders was higher than that of the bidders scoring the highest points.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA</p> <p><b>Impact:</b> Material financial loss of R2,8 million</p>	Resolved	<p>The AO opted to not recover the loss from the responsible officials because the actions were not considered unjust or malicious, but caused by the incorrect understanding and application of the PPPFA.</p> <p>The AO improved the internal controls surrounding the awarding of multiple bidders.</p>

No.	Notified	Type	MI description	Status	Status description
<b>Transport</b>					
36.	1 October 2021	Payment made was not in line with contract	<p>The department incorrectly paid claims submitted by a consultant that were based on budgeted infrastructure expenditure, whereas the bid-pricing document required claims to be priced based on percentages of actual infrastructure expenditure incurred. This resulted in overpayments to the consultant.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1  <b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. Additional evidence and information were requested which are being evaluated.
37.	8 October 2021	Uneconomical procurement, resulting in overpricing of goods and services procured	<p>The department awarded a tender for providing professional consultancy services to all area offices in the province for a period of three years. The contract was not awarded by appropriate application of the bid evaluation process and requirements.</p> <p><b>Irregularity:</b> Non-compliance with paragraph 6(5) and 7(1) of the PPR  <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The AO appointed a service provider to investigate the contract expenditure
38.	8 October 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>The department paid a contractor for standing time after suspending a project that had to commence on 8 June 2019, as the department did not have an approved environmental management plan as required at the date of commencement.</p>	Appropriate action is being taken to resolve the MI	The matter is currently under investigation by the SIU. The AO will take further action pending the outcome of the investigation.

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 38(1)(a)(i) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		

No.	Notified	Type	MI description	Status	Status description
<b>LIMPOPO (2)</b>					
Status of MIs (Total: 2)					
<span style="display: inline-block; width: 15px; height: 15px; background-color: grey; border-radius: 50%; margin-right: 5px;"></span> Follow-up or assessment in process <span style="display: inline-block; width: 15px; height: 15px; background-color: lightgreen; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Appropriate action <span style="display: inline-block; width: 15px; height: 15px; background-color: teal; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Resolved <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations <span style="display: inline-block; width: 15px; height: 15px; background-color: darkorange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Recommendations and referral <span style="display: inline-block; width: 15px; height: 15px; background-color: pink; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Referral <span style="display: inline-block; width: 15px; height: 15px; background-color: red; border-radius: 50%; margin-left: 20px;"></span> Remedial action					
<b>Health</b>					
39.	20 July 2020	Inefficient use of resources – no/limited benefit derived from money spent	<p>The department made lease payments from May 2015 to February 2020 at the Pietersburg Hospital for radiology equipment that was not licensed for use due to safety concerns.</p> <p><b>Irregularity:</b> Non-compliance with section 38(1)(b) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R3,7 million</p>	Appropriate action is being taken to resolve the MI	<p>The AO instituted an investigation in July 2020 and issued an investigative report in March 2021. The investigation was delayed due to the complexity of the matter and the covid-19 pandemic.</p> <p>Disciplinary processes against seven officials identified as responsible are still in progress.</p> <p>The trauma room was deep cleaned to address environmental challenges.</p> <p>The equipment was tested for quality and relicensed by the Radiation Control Board in June 2021.</p> <p>The AO renegotiated the extension of the contract with the supplier, from the initial 24 months for one piece of equipment to 12 months for all six pieces of equipment at no cost, to recover the financial loss incurred. The free-use contract will run from July 2021 up to June 2022. This was formalised through a written contract in September 2021.</p>

No.	Notified	Type	MI description	Status	Status description
					To prevent re-occurrence, the hospital committed to enhance due diligence prior to the processing of payments by ensuring that end users understand the impact of completing and signing off the goods received voucher. Training will be undertaken afforded to all end users regarding the project and contract management.
<b>Public Works, Roads and Infrastructure</b>					
40.	4 March 2021	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>The department awarded a three-year road maintenance contract in September 2018 to a bidder who did not score the highest points in the evaluation process. This resulted in higher prices being paid, as the contract value of the appointed bidder was higher than the bid amount of the bidder who scored the highest points.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA</p> <p><b>Impact:</b> Material financial of R1,6 million</p>	Follow-up or assessment in process	In June 2021, the AO requested a forensic investigation into this matter by the SIU. A secondment agreement was signed with the SIU in August 2021 and the investigation was set to start on 1 September 2021, with a planned completion date of 31 October 2021. However, the SIU was unable to conclude the investigation due to limitations imposed by the auditee. We are determining the most suitable action based on the AO's response and actions.

No.	Notified	Type	MI description	Status	Status description
<b>MPUMALANGA (6)</b>					
Status of MIs (Total: 6)					
<b>Community Safety, Security and Liaison</b>					
41.	4 October 2021	Receipts not recorded/ deposited	<p>The department did not ensure that they have an appropriate process in place to reconcile bank deposits with receipts captured on the financial system during the period 2016 to 2019. This resulted in a loss of revenue to the department because receipts from regional authorities for licenses issued were not deposited in the department's bank account.</p> <p><b>Irregularity:</b> Non-compliance with TR 7.2.1 <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The investigation to this matter is currently underway by the SAPS. Once the investigation is concluded, we will evaluate further actions taken by the AO.
<b>Education</b>					
42.	14 October 2021	Payment for goods or services not received	<p>The department made overpayments during 2016 -2019 for students studying in Russia. This was due to a lack of adequate internal control measures to ensure that overpayments are prevented, or detected and corrected.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI. A substantial amount of information has been provided, which are being evaluated.

No.	Notified	Type	MI description	Status	Status description
43.	8 December 2021	Payment for goods or services not received	The department made payments to service providers for the provision of food supplies at schools during April, May, June and July 2020 for more learners than enrolled at some schools.  <b>Irregularity:</b> Non-compliance with section 38(1)(a)(i) of the PFMA <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
<b>Health</b>					
44.	6 October 2021	Suspected Fraud, resulting in loss	Fictitious payments were made for infrastructure maintenance in February 2021 for which no goods and services were received.  <b>Irregularity:</b> Suspected fraud <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	The AO is taking appropriate action and the matter is with the SAPS. Once the investigation is concluded, we will evaluate further actions taken by the AO.
<b>Mpumalanga Economic Growth Agency</b>					
45.	9 December 2021	Payment for goods or services not received	The public entity paid a service provider for management fees for the implementation of the Government Nutrition Programme without services having been rendered.  <b>Irregularity:</b> Non-compliance with section 57(b) of the PFMA <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.
<b>Public Works</b>					
46.	17 November 2021	Payment for goods or services not received	The department overpaid a service provider for the rehabilitation of 11,8 km of road D3930 from	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.



No.	Notified	Type	MI description	Status	Status description
			<p>Acornhoek and Hluvukani in the Bohlabela Region of the Mpumalanga province.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		

No.	Notified	Type	MI description	Status	Status description
<b>NORTH WEST (18)</b>					
Status of MIs (Total: 18)					
<b>Community Safety and Transport Management</b>					
47.	15 July 2019	Procurement non-compliance, resulting in supplier not delivering on contract	<p>Through participating in a contract of the Free State Department of Police, Roads and Transport, a R35 million contract was awarded to a supplier for learner driver training and a capacitation programme in October 2015. The department did this without complying with the legislative requirements for such participation as it procured beyond the scope of the original contract.</p> <p>As a competitive bidding process was not followed, the ability of the supplier to deliver the services was not assessed.</p> <p>A prepayment was made to the supplier in November 2015 for which services have not been received to date.</p> <p><b>Irregularity:</b> Non-compliance with TR 16A6.6 <b>Impact:</b> Material financial loss of R21,3 million</p>	Appropriate action is being taken to resolve the MI	<p>An investigation determined that the former AO was responsible for the non-compliance. The Office of the Premier is responsible for further action but the process is being delayed.</p> <p>A criminal case was opened with the Hawks in 2017 and the investigation was concluded. Based on the investigation report, the director of public prosecutions in North West declined criminal prosecution.</p> <p>A civil claim for the recovery of the loss was instituted against the supplier in September 2017. The litigation process is currently underway.</p>
48.	15 July 2019	Procurement non-compliance,	The department directly paid scholar transport suppliers in 2017-18 and 2018-19 without following a procurement process. The price paid for scholar	Appropriate action is being taken to resolve the MI	The SIU extended the scope of an investigation into a previous scholar transport tender to the current scholar transport matter. The

No.	Notified	Type	MI description	Status	Status description
		resulting in overpricing of procured goods and services	transport was significantly higher than the market price.  <b>Irregularity:</b> Non-compliance with TR 16A6.1 <b>Impact:</b> Financial loss to be quantified by the AO		investigation is still in process. The AO plans to take further action based on the outcome of the SIU investigation once completed.  The National Treasury instituted a forensic investigation, which was finalised in February 2020. The AO received the report in September 2020 and is in the process of implementing the recommendations. The AO also referred the matter to the premier's office to determine further actions against the former AO.  A judgement was issued in the High Court in December 2019 to set aside the contract, following which a new tender was advertised in April 2021.
49.	15 July 2019	Payment for goods or services not received	Effective internal controls were not in place for approving and processing payments to scholar transport suppliers in 2017-18 and 2018-19, resulting in some suppliers being paid for services not delivered.  <b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	The AO commissioned route verifications through the provincial internal audit unit. Because of these verifications, payments made to suppliers from October 2019 were based on actual verified kilometres. The rate per kilometre was also adjusted to the correct bus capacities.  The SIU extended the scope of an investigation into a previous scholar transport tender to the current scholar transport matter. The investigation is still in process.  The AO plans to take further action based on the outcome of the SIU investigation once completed.
50.	13 February 2020	Payment for goods or services not received	The department awarded a contract amounting to R407 million in March 2015 for the introduction of scheduled flights to Mahikeng and Pilanesberg airports. The payments made in relation to this contract included flight subsidies, route marketing services and other costs relating to the operations of these airports.  The department had already spent R203 million on this contract in previous years; however, no effective internal controls were in place for	Appropriate action is being taken to resolve the MI	The contract was terminated in June 2018 and no further payments were made.  Two criminal cases were opened: one with the SAPS in 2017 and one with the Hawks in May 2020. The AO regularly follows up the status of the investigation with the Hawks. Currently, the investigation is still in progress.  The AO also approached the National Treasury in September 2019 to investigate the matter. As a result, the National Treasury commissioned

No.	Notified	Type	MI description	Status	Status description
			<p>approving and processing these payments, resulting in suppliers being paid for services not delivered.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Financial loss to be quantified by the AO</p>		<p>an external forensic investigation in October 2019. This forensic investigation is still in progress.</p>
51.	1 March 2021	Payment made was not in line with contract	<p>The department overpaid a bus service company in 2019 and 2020 due to escalations applied that were contradictory to those specified in the contract.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>All claims paid from September 2020 were based on the contracted formula and therefore no further overpayments were made after this date.</p> <p>The AO appointed an external investigator to investigate and quantify the overpayments. The investigation was finalised in October 2021 and the investigative report was submitted to the AO.</p> <p>After conclusion of the investigation, the operator, through their lawyers, declared a dispute on the amount reported as being owed and submitted a counter claim for annual adjustments that were not implemented. The AO is in the process of appointing consultants to investigate the counter claim and analyse the payments.</p>
<b>Education</b>					
52.	24 February 2022	Payment for goods or services not received	<p>Appropriate internal procedures and controls were not in place to identify differences in the claims for professional services rendered during the construction of Lykso primary school. This resulted in overpayments to the supplier during 2015 and 2016.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	<p>We are evaluating the AO's response to the newly identified MI.</p>

No.	Notified	Type	MI description	Status	Status description
<b>Health</b>					
53.	18 September 2020	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The department did not honour contractual obligations on two projects (Excelsius Nursing College – phase 1 and Jouberton Community Health Centre) as they did not pay the contractors timeously, which resulted in interest being charged in June 2020.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3 <b>Impact:</b> Material financial loss of R5,5 million.</p>	Appropriate action is being taken to resolve the MI	The internal infrastructure unit conducted a preliminary investigation and confirmed that there was a financial loss, and recommended that an independent investigator be appointed. The independent investigator was appointed and the investigation has subsequently been finalised. The disciplinary processes have commenced.
54.	29 September 2020	Payment for goods or services not received	<p>The department paid a contractor appointed on the Mmabatho Nursing College – phase 1 project in advance during March 2016, which was before the related services were rendered. This prepayment was not provided for in the contract between the department and the contractor.</p> <p><b>Irregularity:</b> Non-compliance with TR 15.10.1.2(c) <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The AO appointed an investigator in August 2020 to look into the matter. The investigation concluded that there had been a prepayment. The disciplinary processes have commenced and steps are being taken to recover the financial loss.
55.	29 September 2020	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>During the evaluation of bidders for a R10,3 million contract for the servicing, repair and maintenance of equipment for three years from August 2019 to July 2022, a supplier was incorrectly disqualified at the functionality stage. Had this bidder not been disqualified, they could have won the award, as the bid of the disqualified supplier was lower than that of the winning supplier.</p> <p><b>Irregularity:</b> Non-compliance with PPR 5(7) <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>An investigation was concluded in June 2021 and it was recommended that the AO seek a legal opinion prior to initiating the process to recover the loss and take action, as the implicated official had resigned.</p> <p>The AO referred the matter to the state attorney in August 2021 for civil recovery from the previous employee.</p>

No.	Notified	Type	MI description	Status	Status description
56.	29 September 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>The department made two payments linked to the extension of time on the Excelsius Nursing College project in 2019-20 and 2020-21 without approval.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The AO appointed an investigator in July 2020 to look into the matter and the investigation has subsequently been finalised. The disciplinary processes have commenced.
57.	29 September 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>The department made payments to the contractor of the Jouberton Community Health Centre project during 2019, which were above the approved extension-of-time amount, resulting in overpayments.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The AO appointed an investigator in October 2020. The investigation recommended that the overpayment be recovered from the parties involved. The AO commenced with the recovery, indicating that the funds can only be recouped once the final account has been done. The final account will be done when the last two payments have been approved, which is expected to be 15 May 2022.
58.	8 February 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>A contract was entered into for the maintenance of medical equipment from November 2016 to October 2020 with a provision that the department had to confirm whether prices for each transaction were market related. This allowed the department to engage another service provider, irrespective of the contract, if prices were not market related.</p> <p>The department did not follow this process and, therefore, did not pay the market-related cost for the service.</p> <p><b>Irregularity:</b> Non-compliance with section 38(1)(b) of the PFMA <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	<p>An investigation into the MI was completed in May 2021 and revealed that the suspended CFO was responsible and consequence management should be implemented. The disciplinary case against the suspended CFO is still ongoing and charges will be added once the current disciplinary process is finalised.</p> <p>In view of the seriousness of the findings, the AO handed the matter over to the Hawks in June 2021 for criminal investigation and recovery, as recommended in the investigation report.</p>

No.	Notified	Type	MI description	Status	Status description
59.	15 October 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>The department did not pay suppliers timeously in 2020, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3</p> <p><b>Impact:</b> Material financial loss of R13,8 million</p>	Appropriate action is being taken to resolve the MI	The AO instituted a preliminary investigation; however, the AO indicated that the investigation did not identify the responsible officials and further investigation needs to be performed on the payments made to this supplier. It is anticipated that the investigation will be completed in August 2022.
60.	15 October 2021	Debt not recovered	<p>The department did not apply the requirements of the revenue and debt management policy before writing off accrued revenue patient debt for the 2020-21 financial year.</p> <p><b>Irregularity:</b> Non-compliance with TR11.4.1</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The AO agreed that the correct process was not followed to write off the debt and management resolved to write back the patient fees.
61.	15 December 2021	Under-utilisation of a material public resource	<p>The department did not ensure that the Jouberton Community Health Centre was fully utilised for its intended purpose. The project was completed in July 2019, but the first patient was only admitted to the maternity ward two years later, in May 2021.</p> <p>By September 2021, still only nine of the 18 units of the facility were fully utilised, including only three medical units for providing medical services and the others, administrative or support units to the hospital Key units such as the theatre, emergency room and crisis control, were observed to be equipped but vacant with most equipment still packaged and unutilised.</p> <p><b>Irregularity:</b> Non-compliance with TR10.1.2</p> <p><b>Impact:</b> Misuse of a material public resource</p>	Appropriate action is being taken to resolve the MI	<p>The AO indicated that 14 of the 16 units in the facility have subsequently been opened and are currently operational.</p> <p>Site visit on 10 March 2022 confirmed that all units, except for the theatre and crisis centre, have subsequently been opened.</p> <p>However, the facility is not operating at full capacity mainly due to staff shortages. Management indicated that the review of the staff structure for the facility is underway and will be finalised in May 2022.</p> <p>Recruitment of the positions envisaged in the new staff structure will commence from June 2022.</p>

No.	Notified	Type	MI description	Status	Status description
<b>Public Works and Roads</b>					
62.	29 September 2020	Payment not made or not made in time, resulting in interest/standing time/penalties	The department did not honour contractual obligations by paying a contractor timeously, which resulted in standing time and interest being charged on the late payments during 2019.  <b>Irregularity:</b> Non-compliance with TR 8.2.3 <b>Impact:</b> Material financial loss of R3,5 million	Appropriate action is being taken to resolve the MI	A preliminary investigation was completed in May 2021. It was found that the standing time was incorrectly paid to the contractor. On 20 August 2021, the process to recover the retention monies from the contractor commenced. The contractor challenged the process and took legal action. The department instructed the state attorney to defend the matter. Litigation is still in process.
63.	26 August 2021	Payment for goods or services not received	The department made a payment in March 2017 for various projects to fix roads and bridges damaged by floods in the province. The payment was made prior to any goods being received or any services being rendered.  <b>Irregularity:</b> Non-compliance with TR 15.10.1.2(c) <b>Impact:</b> Material financial loss of R46,4 million	Appropriate action is being taken to resolve the MI	The department investigated the matter and the investigation was concluded in 2021. The investigation confirmed that the value of services not rendered in relation to the prepayment amounted to R46,4 million. Former HoD and director for roads have since been dismissed. The matter has been handed over to the state attorney for civil recovery from the supplier.
64.	26 August 2021	Procurement non-compliance, resulting in overpricing of procured goods and services	The department appointed a contractor for the patching and resealing of a road during 2019. A bid from one of the bidders was incorrectly disqualified on the basis that the bidder did not have the required CIDB grading. The winning bidder quoted the department an amount that is higher than the incorrectly disqualified supplier who would have won the bid.  <b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve the MI	The AO instituted an investigation that was planned to be completed by 31 March 2022. A follow-up letter was sent requesting progress on the investigation and we are awaiting a response.



No.	Notified	Type	MI description	Status	Status description
<b>NORTHERN CAPE (5)</b>					
Status of MIs (Total: 5)					
<b>Agriculture</b>					
65.	28 February 2022	Payment for goods or services not received	<p>The department made overpayments to a contractor for construction work in 2019-20.</p> <p><b>Irregularity:</b> Non-compliance with section 45(a) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R1,4 million</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.
<b>Health</b>					
66.	18 July 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>The department awarded a three-year contract for medical waste collection in November 2018 to a supplier based on criteria applied in the evaluation process that were different from those in the original bidding invitation. The value of the contract was R4,3 million per month.</p> <p>The non-compliance is likely to result in a material financial loss, as the fixed monthly pricing awarded to the supplier was significantly higher than the variable costing pricing included in the original bidding invitation.</p>	Referral	<p>The AO did not agree that there had been non-compliance in the procurement process.</p> <p>We referred the matter to the National Treasury in October 2019 for investigation. The investigation was completed at the end of February 2022 and outcome was received in April 2022. The National Treasury concluded that further investigation of specific identified aspects will be required and referred those to the Hawks for further investigation.</p>

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with TR 16A3.2(a)  <b>Impact:</b> Financial loss to be quantified by the AO</p>		
67.	17 July 2019	Payment for goods or services not received	<p>The department entered into a radiology services contract from November 2013, which was subsequently extended multiple times. The contract contained a mathematical error that resulted in overpayments, due to a lack of effective internal controls for processing and approving payments. The identified overpayments related to the following periods:</p> <ul style="list-style-type: none"> <li>• April 2014 to March 2015 (first contract extension)</li> <li>• October 2018 to September 2019 (no signed extension contract)</li> </ul> <p>As part of the radiology services contract, the department made payments for mammogram services even though the hospital where the services were rendered did not have a mammogram machine. The identified overpayments related to the following periods:</p> <ul style="list-style-type: none"> <li>• April 2014 to March 2015 (first contract extension)</li> <li>• October 2015 to September 2018 (third contract extension)</li> </ul> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1  <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve the MI	The case was referred by the AO to the Hawks on 20 January 2021. The outcome of the investigation is still awaited. We will follow up on the progress during the 2021-22 audit cycle.
68.	11 October 2021	Payment not made or not made in time, resulting in	Payment was not made within 30 days to a service provider pertaining to laboratory services accounts, resulting in interest being charged in 2020-21.	Follow-up or assessment in process	We are determining the most suitable action based on the AO's response.

No.	Notified	Type	MI description	Status	Status description
		interest/standing time/penalties	<b>Irregularity:</b> Non-compliance with TR 8.2.3 <b>Impact:</b> Financial loss to be quantified by the AO		
69.	11 October 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	The department did not pay the supplier within 30 days, resulting in interest being charged in 2020-21. <b>Irregularity:</b> Non-compliance with TR 8.2.3 <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are determining the most suitable action based on the AO's response.

No.	Notified	Type	MI description	Status	Status description
<b>WESTERN CAPE (1)</b>					
Status of MIs (Total: 1)					
<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  Follow-up or assessment in process         </div> <div style="text-align: center;">  Appropriate action         </div> <div style="text-align: center;">  Resolved         </div> <div style="text-align: center;">  Recommendations         </div> <div style="text-align: center;">  Recommendations and referral         </div> <div style="text-align: center;">  Referral         </div> <div style="text-align: center;">  Remedial action         </div> </div>					
<b>Human Settlements</b>					
70.	24 November 2021	Payment to ineligible beneficiaries or over allocation to eligible beneficiaries	<p>During 2012 to 2021, the evaluation criteria per the housing code was incorrectly applied for the Finance Linked Individual Subsidy Paid; i.e. The FLISP housing subsidy. This resulted in payment of subsidies to invalid beneficiaries or over payment of subsidies to valid beneficiaries.</p> <p><b>Irregularity:</b> Non-compliance with section 45(a) of the PFMA and part 3 of the National Housing Code of 2009</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.

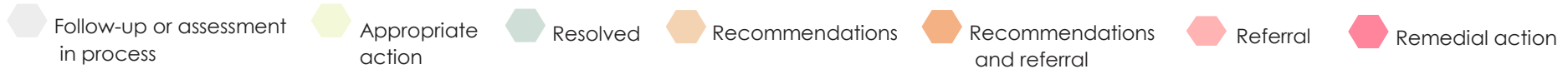


# National government material irregularities



AUDITOR-GENERAL  
SOUTH AFRICA

NATIONAL (58 MIs)



No.	Notified	Type	MI description	Status	Status description
<b>BASIC EDUCATION PORTFOLIO</b>					
<b>Department of Basic Education</b>					
1.	1 July 2021	Payment for goods or services not received	Learner material was distributed to volunteer educators for learners who did not qualify to be on the Kha Ri Guide programme due to deficiencies in learner registration processes.  <b>Irregularity:</b> Non-compliance with section 38(1)(a)(i) of the PFMA <b>Impact:</b> Financial loss to be quantified by the AO	Appropriate action is being taken to resolve MI	The departmental investigation committee concluded an investigation into the matter during 2016-17.  Disciplinary action was instituted against the officials responsible in October 2016 and part of the financial loss had already been recovered during 2017-18.  The matter was referred to the Hawks in 2017-18 to investigate and recover the remaining financial loss.  The Hawks subsequently referred the matter to the NPA for prosecution. The prosecutor requested additional information from the Hawks; this process is currently underway.
2.	1 July 2021	Payment not made or not made in time, resulting in	Payment was not made to a service provider within 30 days for a construction project in the Eastern Cape, resulting in interest charges being raised in March 2019 and June 2019.	Appropriate action is being taken to resolve MI	Investigation by the AO is in progress.

No.	Notified	Type	MI description	Status	Status description
		interest/standing time/penalties	<p><b>Irregularity:</b> Non-compliance with TR 8.2.3</p> <p><b>Impact:</b> Material financial loss of R7 million</p>		
3.	1 September 2021	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>Payment was not made to a contractor within 30 days for a construction project in the Eastern Cape, resulting in the withdrawal of the contractor from the site and the cancellation of the contractual agreements. The contractor claimed for damages due to the cancellation of the contract and the loss of unutilised damaged material on site. Interest was also being charged on the late payments.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3</p> <p><b>Impact:</b> Material financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve MI	Investigation by the AO is in progress.
4.	1 July 2021	Payment for goods or services not received	<p>Payment was made to a service provider of bulk materials on 31 March 2017 for which the department did not receive an equivalent value of materials. The service provider acknowledged this debt on 13 April 2021.</p> <p><b>Irregularity:</b> Non-compliance with TR 15.10.1.2(c)</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve MI	The AO confirmed the financial loss amount recovered and an assessment for more potential financial loss assessment is still in progress

No.	Notified	Type	MI description	Status	Status description
<b>COMMUNICATIONS PORTFOLIO</b>					
<b>South African Broadcasting Corporation</b>					
5.	7 July 2020	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>A contract for security services was awarded in August 2017 to a bidder who did not score the highest points in the evaluation process, resulting in higher prices being paid.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA</p> <p><b>Impact:</b> Material financial loss of R2,3 million</p>	Appropriate action is being taken to resolve MI	<p>An investigation by the AA was concluded in October 2020.</p> <p>The SIU and SABC are taking legal action, which is in process.</p> <p>The board agrees with the SIU's final report and that follow-up steps for consequence management will be instituted once the court case has been finalised.</p>
<b>South African Post Office (Sapo)</b>					
6.	12 November 2020	Inefficient use of resources – no / limited benefit derived from money spent	<p>Sapo was awarded the contract for the administration and processing of the payment of South African Social Security Agency grants through its then Postbank division in 2018. They were required to procure and implement an integrated grants payment system for this purpose. The system was not properly implemented and secured, resulting in the issuer master key for the bank cards of grant beneficiaries being compromised and fraudulent transactions taking place, which is likely to result in material financial losses.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(a)(i) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R158 million</p>	Referral	The matter was referred to the Hawks for investigation on 15 November 2021. The investigation is ongoing and the AGSA receives regular progress feedback on the investigation.



No.	Notified	Type	MI description	Status	Status description
<b>Postbank</b>					
7.	15 February 2022	Inefficient use of resources – no/limited benefit derived from money spent	<p>Postbank failed to implement effective controls on the card management and South African Social Security Agency beneficiary payment system. This resulted in cards being susceptible to fraud or used to perpetuate fraud.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(a)(i) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R13,6 million</p>	Follow-up or assessment in process	We are evaluating the AA's response to this re-issued MI at the Postbank, which was previously issued to SAPO before separation of the two entities.
8.	15 February 2022	Inefficient use of resources – no/limited benefit derived from money spent	<p>Cards that were lost because of a lack of internal controls were written off. Future losses are also likely to occur, as appropriate internal controls are not yet in place.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(a)(i) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R68,8 million</p>	Follow-up or assessment in process	We are evaluating the AA's response to this re-issued MI at the Postbank, which was previously issued to Sapo before separation of the two entities.

No.	Notified	Type	MI description	Status	Status description
<b>COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS PORTFOLIO</b>					
<b>Department of Cooperative Governance</b>					
9.	13 August 2019	Payment for goods or services not received	<p>Payments were made in 2018-19 to non-qualifying government employees as part of the Community Work Programme due to ineffective internal controls for approving and processing payments.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Recommendations	<p>The AO had initially failed to implement appropriate action to resolve the MI.</p> <p>We included the following recommendations in the 2020-21 audit report, which should have been implemented by 31 January 2022:</p> <ul style="list-style-type: none"> <li>• The financial loss relating to non-qualifying participants should be appropriately and accurately quantified.</li> <li>• Appropriate action should be taken to recover the financial losses suffered by the department.</li> <li>• If it is determined that the department suffered financial losses through criminal acts, possible criminal acts or omission, this should be reported to the SAPS.</li> <li>• Appropriate and proactive internal controls should be implemented to prevent payments to non-qualifying government employees through validating participants and removing non-qualifying government employees from the database.</li> <li>• Government employees who confirmed that they have unduly benefitted from the programme should be reported to their employer and the Department of Public Service and Administration.</li> <li>• Effective and appropriate disciplinary steps should be taken against any official that the investigation finds to be responsible.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					We established during our follow up on the implementation of the recommendation that additional time would be required for its full implementation. The implementation date was extended to 1 July 2022.
10.	13 August 2019	Payment for goods or services not received	<p>Payments were made in advance to implementing agents, without evidence of goods and services having been received due to ineffective internal controls for approving and processing payments.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve MI	The investigation conducted by the AO with the implementing agents cleared a significant portion of the financial loss. The investigation of the remaining unresolved balance is in the finalisation stage and will be concluded as part of the close-up procedures. The six officials found to be responsible were suspended in November 2020 and are still on suspension.
11.	26 August 2019	Payment for goods or services not received	<p>Project management fees were paid to implementing agents of the Contract Work Programme from April 2018 to March 2021, without evidence of goods and services having been received due to ineffective internal controls for approving and processing payments.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve MI	<p>The following actions have been taken to resolve the material irregularity:</p> <ul style="list-style-type: none"> <li>• An investigation was concluded in October 2020. Six officials found to be responsible were suspended in November 2020 and are still on suspension.</li> <li>• The contracts of the implementing agents ended in September 2021. The department would only then have been able to determine the project management fees paid versus the amount payable to the implementing agents, taking into account the retention fees and any project management fees not supported in the determination. Subsequent to the closeout procedures, overpayments (if any) will be deducted from the retention fees.</li> </ul>
12.	24 July 2019	Payment for goods or services not received	An incorrect grant payment was made to a supplier in July and August 2018 due to ineffective internal controls for approving and processing payments. The department was unable to recover all the money from the supplier.	Appropriate action is being taken to resolve MI	In 2019-20, the Hawks, the state attorney and the SIU took the incorrectly paid supplier to court to recover the financial loss; these proceedings are currently still in process.

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Material financial loss of R103 million (loss recovered of R4,8 million)</p>		<p>The AO tasked the internal audit unit with conducting an investigation to identify responsible officials, which was completed in 2020-21.</p> <p>Disciplinary action was taken against five of the six officials identified as responsible. Except for one case, disciplinary hearings were conducted and consequences instituted.</p>
13.	13 August 2019	Payment for goods or services not received	<p>Payments were made in 2018-19 to deceased participants in the Community Work Programme due to ineffective internal controls for approving and processing payments.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve MI	<p>In October 2019, the AO appointed a service provider to perform an investigation, which was concluded in October 2020. Deceased participants and participants with incorrect ID numbers were removed from the Community Work Programme Management Information System or recaptured with the correct ID numbers.</p> <p>The financial losses relating to deceased participants have been quantified, and would be, recovered from the non-profit organisations after their contracts had ended in September 2021. The recovery will be done after all documentation had been submitted and close-out procedures performed.</p> <p>The six officials found to be responsible for the MI are still suspended.</p>
<b>DEFENCE AND MILITARY VETERANS PORTFOLIO</b>					
<b>Department of Defence</b>					
14.	18 July 2019	Procurement non-compliance, resulting in overpricing of	In February 2017, the department awarded a contract for inventory and asset management for a period of five years, starting in March 2017. The department did not comply with the requirements of the PPPFA in awarding this contract because it did not award the entire	Remedial actions	The AO failed to make adequate progress with the implementation of the recommendations. On 18 August 2021, the AG issued a directive to the AO to determine the amount of the financial loss and recover such loss or make progress with the recovery of the loss from the

No.	Notified	Type	MI description	Status	Status description
		procured goods and services	<p>contract to the bidder who scored the highest points in the evaluation process.</p> <p>The non-compliance is likely to result in a material financial loss, as the contract was awarded to two bidders on a 50-50 basis at an increased price of R922 million for the same scope of work. This resulted in an increase of R250,6 million to the project cost. The contract came to an end during the 2021-22 financial year and the department spent a total amount of R616,9 million.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		<p>responsible person(s) by 18 November 2021. In addition, she notified the AO of the following remedial actions to address the MI, which should be implemented by the same date:</p> <ul style="list-style-type: none"> <li>• Effective and appropriate disciplinary steps must be taken against any civilian official found to be responsible by the investigation, and appropriate action must be taken to determine whether any such person is liable for the losses suffered by the department for the purpose of recovery.</li> <li>• Steps must be taken to ensure that the chief of the South African National Defence Force takes the same actions against any military command officials found to be responsible by the investigation. If the required action is not taken, the AO must promptly notify the executive authority of such failure.</li> </ul> <p>The responses on the implementation of the remedial action were received on 8 and 23 November 2021. The outcome of the assessment is being considered by the AGSA structures.</p>
15.	11 August 2020	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>In July 2019, the department awarded a contract worth R13,9 million for the supply and delivery of fuel to a supplier using evaluation criteria that differed from those stipulated in the original request for quotations. The latter stipulated that the award would be made to a bidder with a lower price, but the department indicated that they rotated suppliers and used an average price as evaluation criterion to award this contract. The mode of transport was also changed after the award, which resulted in a further price increase.</p>	Referral	<p>In November 2020, the AO completed an investigation and disagreed that there was non-compliance with legislation in awarding this contract.</p> <p>The MI was referred to the Hawks on 15 November 2021. The investigation is currently in progress.</p>

No.	Notified	Type	MI description	Status	Status description
			<p>The awarding of the contract using different criteria resulted in non-compliance with the TR, which requires the supply chain management process to be fair, transparent, competitive and cost-effective. The non-compliance caused a material financial loss of R2,6 million due to a higher price being paid for fuel.</p> <p><b>Irregularity:</b> Non-compliance with TR 16A.3.2(a)  <b>Impact:</b> Material financial loss of R2,6 million</p>		
16.	11 August 2020	Inefficient use of resources – no/limited benefit derived from money spent	<p>The department made a lease payment from 2015-16 to 2019-20 for unoccupied office buildings.</p> <p><b>Irregularity:</b> Non-compliance with section 45(b) of the PFMA  <b>Impact:</b> Material financial loss of R108,3 million</p>	Recommendations	<p>The AO did not take appropriate action.</p> <p>The following recommendations for implementation by 11 November 2021 were included in the 2020-21 audit report:</p> <ul style="list-style-type: none"> <li>• The financial loss should be quantified and the officials responsible for the financial loss identified, in accordance with the applicable National Treasury Instruction Notes dealing with fruitless and wasteful expenditure.</li> <li>• Effective and appropriate disciplinary steps should commence against any civilian official that the investigation finds to be responsible.</li> <li>• Effective and appropriate disciplinary steps should commence against any military command official that the investigation finds to be responsible.</li> <li>• Appropriate action should be taken to determine whether the responsible official(s) is/are liable by law for the losses suffered by the department for the purpose of recovery.</li> </ul> <p>The AO's response was received on 8 and 23 November 2021. We are in the final stages of determining the most</p>

No.	Notified	Type	MI description	Status	Status description
					suitable actions based on the response of the AO on the implementation of the recommendations.
17.	15 July 2021	Uneconomical procurement, resulting in overpricing of goods and services procured	<p>The department procured 1 000 infrared thermometers in April 2020 at prices higher than those recommended (R3 984,75 as opposed to R2 727,86 each). This procurement at excessive prices resulted in a financial loss for the department.</p> <p><b>Irregularity:</b> Non-compliance with national treasury instruction note 8 of 2019-20 (annexure A, table 2)</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.
18.	13 August 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>The department imported 970 895 vials of the unregistered drug Heberon at an estimated cost of R260,6 million from a Cuban supplier without approval from the South African Health Products Regulatory Authority (Sahpra).</p> <p>Sahpra authorised the use of 10 vials of Heberon on a single patient but rejected the department's bulk stock application in October 2020. Sahpra granted no further approvals. The outstanding approvals, together with the approaching expiry dates, will most likely result in the department not administering some or all of the remaining drugs.</p> <p><b>Irregularity:</b> Non-compliance with regulation 6.2 of the General Regulations (R859 of 2017) issued under the Medicines and Controlled Substances Act</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>	Follow-up or assessment in process	<p>The investigation by the Ministerial Task Team (MTT) was concluded and the report was tabled in January 2022. The department returned all the drugs to Cuba. During April 2022, the minister indicated that she had instructed the chief of the South African National Defence Force to implement consequence management as recommended in the MTT report. The process to recover the financial loss has not yet commenced.</p> <p>The appropriateness of the actions taken and planned by the AO is currently being assessed</p>

No.	Notified	Type	MI description	Status	Status description
<b>EMPLOYMENT AND LABOUR PORTFOLIO</b>					
<b>Compensation Fund (CF)</b>					
19.	21 July 2021	Payment for goods or services not received	<p>An overpayment was made to a medical service provider between August 2014 and April 2017 due to a lack of effective internal controls around approving and processing payments to medical service providers.</p> <p>An arrangement was made with the service provider to repay the amount but they did not honour the agreement in full.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(a)(i) of the PFMA</p> <p><b>Impact:</b> Financial loss of R7,8 million (financial loss recovered: R5 million)</p>	Follow-up or assessment in process	We are evaluating the AA's response to the identified MI.
20.	10 September 2021	Payment not made or not made in time resulting in interest / standing time / penalties	<p>The fund failed to pay medical invoices within 75 days as ordered by the court, resulting in interest being charged.</p> <p><b>Irregularity:</b> Non-compliance with section 51(a)(i) of the PFMA</p> <p><b>Impact:</b> Material financial loss to be quantified by the AA</p>	Follow-up or assessment in process	We are evaluating the AA's response to the identified MI.



No.	Notified	Type	MI description	Status	Status description
<b>ENVIRONMENTAL, FORESTRY AND FISHERIES PORTFOLIO</b>					
<b>Komatiland Forests</b>					
21.	18 August 2021	Non-compliance, resulting in penalties	<p>The provisions of the Income Tax Act were incorrectly applied in the calculation of the basic amount for the 2018 assessment year. This resulted in Sars levying penalties, as the provisional tax payable was incorrect.</p> <p><b>Irregularity:</b> Non-compliance with section 19(1)(c) and (d)(ii) the fourth schedule of Income Tax Act,</p> <p><b>Impact:</b> Material financial loss to be quantified by the AA</p>	Appropriate action is being taken to resolve the MI	The AA initiated an investigation into the matter. The investigation is ongoing.

No.	Notified	Type	MI description	Status	Status description
<b>FINANCE PORTFOLIO</b>					
<b>National Treasury</b>					
22.	13 May 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>Payments were made for software licences and annual technical support and maintenance, which related to the Integrated Financial Management System (IFMS), which is not operational. Care was not taken to ensure that the expenditure incurred was aligned to the implemented IFMS project.</p> <p><b>Irregularity:</b> Non-compliance with section 38(1)(b) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R336 million</p>	Referral	The AG approved the referral of the MI to the SIU for further investigation. The matter was referred in January 2022 and will form part of the investigation for which a proclamation had already been issued by the president.

No.	Notified	Type	MI description	Status	Status description
<b>HIGHER EDUCATION, SCIENCE AND TECHNOLOGY PORTFOLIO</b>					
<b>National Skills Fund (NSF)</b>					
23.	6 August 2021	Payment for goods or services not received	<p>The NSF entered into a project funding agreement with an academy for a learnership programme from July 2017 to June 2018, at a contracted amount of R84,2 million.</p> <p>A change request was made, resulting in a subsequent change in the contract amount and an extension of the contract period to March 2021. In the process, the NSF approved and paid for three credits that had already been included in the original modules as additional modules.</p> <p><b>Irregularity:</b> Non-compliance with section 57(b) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R3,2 million</p>	Recommendations	<p>The AA failed to implement the planned actions to resolve the MI.</p> <p>We notified the AA of the following recommendations, which should be implemented by 2 December 2022:</p> <ul style="list-style-type: none"> <li>• Appropriate action should be taken to finalise the investigation into the non-compliance with section 57(b) of the PFMA in order to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.</li> <li>• The financial loss relating to the duplicated modules should be quantified.</li> <li>• Appropriate action should commence to recover the financial loss. The recovery process should not be unduly delayed.</li> <li>• Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the investigation found to be responsible, as required by section 51(1)(e) of the PFMA.</li> </ul>
<b>National Student Financial Aid Scheme (NSFAS)</b>					
24.	15 October 2020	Payment made was not in line with contract	<p>The NSFAS disbursed tuition fees and allowances to students from 2017-18 of more than the maximum amounts stipulated in the written agreements with the students, as a result of ineffective controls. In some cases, the amounts in the agreements were incorrect, while in</p>	Appropriate action is being taken to resolve MI	<p>The AA enlisted capacity to assist with the resolution of all scenarios where over-disbursements occurred and issued all new contracts for signature by 31 August 2022.</p>

No.	Notified	Type	MI description	Status	Status description
			<p>other cases, the disbursed amounts were more than the total cost of study for the students.</p> <p>The non-compliance is likely to result in a material financial loss if the overpayments are not recovered from the students and tertiary institutions.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(a)(i) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AA</p>		
25.	4 November 2020	Debt not recovered	<p>Tertiary institutions (universities as well as technical and vocational education and training colleges, i.e. TVETs) owe the NSFAS money due to students deregistering or being awarded bursaries by other donors and thus not using the NSFAS's funding, or due to disbursements exceeding the students' total cost of study. As most of the institutions have not been following the processes for declaring amounts owing to the NSFAS since 2017, the scheme did not record and collect these amounts.</p> <p>The non-compliance is likely to result in a material financial loss if the debt is not recovered from the institutions.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(c) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AA</p>	Appropriate action is being taken to resolve MI	<p>A service provider was appointed to assist with reconciling the data from NSFAS and that of the institutions at student level for the 2017, 2018, 2019 and 2020 academic years (the closeout project).</p> <p>The service provider finalised the debtor's circularisation process and closeout project reconciliations for the 2017 to 2020 academic years and engagements to finalise exceptions are currently underway.</p>
26.	4 November 2020	Unbilled revenue	<p>In terms of the NSFAS's policy, interest on student loans is supposed to be charged one year after students graduate or leave the tertiary institution. The NSFAS did not have up-to-date information on the status of students, resulting in loan recipients who are no longer studying</p>	Appropriate action is being taken to resolve MI	<p>The AA enlisted a service provider to investigate the root causes, calculate the estimated interest loss and carry out a phased-in approach to correct the relevant records. This process is currently in progress.</p>

No.	Notified	Type	MI description	Status	Status description
			<p>continuing to be recognised as students for many years without interest being charged on their loans.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(b)(i) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AA</p>		<p>The AA is planning to incorporate the interest correction into the loan book system and communicate the updated statements to those debtors who had additional interest added to their accounts.</p> <p>The loan book system will be corrected to resume charging interest on outstanding loans, after the interest correction for the past periods to prevent continuing financial loss. Since 2018, the NSFAS is no longer issuing student loans.</p>
<b>State information Technology Agency (SITA)</b>					
27.	16 September 2021	Inefficient use of resources – no / limited benefit derived from money spent	<p>SITA overpaid a service provider for software asset management services rendered to SITA clients. In terms of the memorandum of agreement signed in November 2017, SITA had to remunerate the service provider for service fees set out per the agreement for software licences. SITA paid the service provider for 31 898 licences in excess of the 2 500 licences deployed by SITA and its clients.</p> <p><b>Irregularity:</b> Non-compliance with section 57(b) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R12,1 million</p>	Appropriate action is being taken to resolve MI	The AA is in the process of taking legal action. The progress with the actions taken will be monitored.
28.	16 September 2021	Payment for goods or services not received	<p>In March 2019, SITA entered into a contract with a service provider to assist with a stakeholder engagement event. An advance payment was subsequently made in April 2019. Both the contract and the payment were done without the appropriate approval. The contract further indicated the amount to be paid as a donation and no services were received for the money spent.</p>	Appropriate action is being taken to resolve MI	<p>The AA is in the process of taking legal action. The progress of the actions taken will be monitored.</p> <p>In addition, the AA has taken disciplinary actions against officials identified.</p>

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 57(a) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R1,5 million</p>		

No.	Notified	Type	MI description	Status	Status description
<b>HUMAN SETTLEMENTS, WATER AND SANITATION PORTFOLIO</b>					
<b>Department of Water and Sanitation</b>					
29.	17 July 2019	Payment for goods or services not received	<p>Payments were made in 2018-19 to a consulting firm for financial management services without evidence of work having been performed.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1</p> <p><b>Impact:</b> Material financial loss of R17,9 million</p>	Appropriate action is being taken to resolve MI	<p>Based on an investigation concluded in July 2018, the AO undertook the following actions:</p> <ul style="list-style-type: none"> <li>• Opened a criminal case with the SAPS in July 2018.</li> <li>• Initiated disciplinary procedures in October 2018 against the officials involved.</li> <li>• The officials resigned but one official joined another department. A request was submitted to that department in June 2020 to continue with the disciplinary process.</li> <li>• In November 2018, a summons was filed with the high court to declare the contract invalid and recover losses in. The application to declare the contract invalid has since been withdrawn as it was no longer relevant, but court proceedings to recover the financial loss continue. The defendant instituted a counterclaim against the department as part of the court proceedings. The action to be taken by the accounting officer is dependent on the outcome of the court case. The court case is still in progress.</li> <li>• Internal control measures to enhance the monitoring of the performance of service providers were implemented.</li> </ul>
<b>Umgeni Water Board (KZN)</b>					
30.	17 March 2021	Procurement non-compliance,	A service provider who had not submitted an original/certified B-BBEE certificate was incorrectly awarded points for having met this provision and was	Resolved	The AA commissioned two independent investigations into the contract. These findings determined that there were control weaknesses but no persons could be

No.	Notified	Type	MI description	Status	Status description
		resulting in overpricing of procured goods and services	awarded the contract. This resulted in higher prices being paid as the bidder who would have scored the highest points had quoted a lower price than the appointed service provider.  <b><u>Irregularity:</u></b> Non-compliance with PPR 10(2) <b><u>Impact:</u></b> Material financial loss of R3,5 million		found to have caused any loss and there is no continued financial loss on the contract.
31.	3 December 2021	Payment for goods or services not received	Payments were made to a supplier for social facilitation services, without proof that the services had been delivered.  <b><u>Irregularity:</u></b> Non-compliance with section 57(b) of the PFMA <b><u>Impact:</u></b> Financial loss to be quantified by the AA	Follow-up or assessment in process	We are evaluating the AA's response to the identified MI.
32.	3 December 2021	Payment for goods or services not received	Lease payments were made in 2017 based on the incorrect size of the land. The payments were made based on the lease agreement which stated 12,5 hectares of land, while the actual size of the land was only 1,5 hectares.  <b><u>Irregularity:</u></b> Non-compliance with section 57(b) of the PFMA <b><u>Impact:</u></b> Financial loss to be quantified by the AA	Appropriate action is being taken to resolve MI	An investigation to determine the root cause and provide recommendations of appropriate steps was conducted. The recommendations are now being implemented through the office of the chief executive and the board.  The matter has further been handed to the legal section to advise and assist with the recovery process.
33.	31 January 2022	Payment for goods or services not received	Payments were made to incorrect suppliers and on invalid invoices for services not received.  <b><u>Irregularity:</u></b> Non-compliance with section 57(b) of the PFMA <b><u>Impact:</u></b> Financial loss to be quantified by the AA	Follow-up or assessment in process	We are evaluating the AO's response to the newly identified MI.



No.	Notified	Type	MI description	Status	Status description
<b>Water Trading Entity</b>					
34.	18 July 2019	Unbilled revenue	<p>Customers were not billed for water usage for a number of years.</p> <p><b>Irregularity:</b> Non-compliance with TR 7.2.1</p> <p><b>Impact:</b> Material financial loss of R346 million</p>	Resolved	<p>An investigation completed in February 2021 identified significant control weaknesses as the cause of the MI.</p> <p>The AO requested written responses from the officials employed in the billing division of the entity at the time when the non-compliance occurred who are still in the employ of the entity. The officials made written representations by 31 March 2021. The AO evaluated the representations in line with the outcome of the investigation performed by the Department of Water and Sanitation's internal risk management unit. After evaluation of the written representation, no officials were found to be responsible for non-billing.</p> <p>As the previous acting chief financial officer and acting director-general are no longer in the employ of the entity, disciplinary action cannot be taken against them.</p> <p>A chief director: revenue management was appointed in June 2021 to provide oversight of the billing process. A chief director: water use licence operation was also appointed. In addition, staff members responsible for billing customers received on-the-job training.</p> <p>An effective records management system was put in place. Follow-ups were done with customers to confirm the accuracy and completeness of information submitted for registration on the entity's systems. This enabled the issuing of water user licences and the ability to bill the customers.</p>

No.	Notified	Type	MI description	Status	Status description
					The accounting officer billed the customers previously recognised as accrued revenue.
35	18 July 2019	Payment not made or not made in time, resulting in interest/standing time/penalties	<p>An advance payment was not made to a service provider, as required by the contract – the court found in favour of the service provider and ordered the entity to pay interest.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.2.3</p> <p><b>Impact:</b> Material financial loss of R2,2 million</p>	Appropriate action is being taken to resolve MI	<p>An investigation was completed in June 2020 and the officials responsible for incurring fruitless and wasteful expenditure were identified.</p> <p>The AO requested legal advice, which confirmed in December 2020 that the losses could be recovered from the identified officials.</p> <p>Recovery letters requesting payment of the losses suffered within 30 days were sent to the three implicated former employees in May 2021.</p> <p>Responses to the claim letters were received from legal representatives of two of the three former officials, who requested access to information and to be afforded the opportunity to make their representations.</p> <p>The AO approved an extension of the investigation to be performed by risk and compliance management, in collaboration with legal services, to consider representations from the former officials. The accounting officer indicated that the expected date of completion of the investigation is 31 May 2022.</p>
36.	8 December 2021	Inefficient use of resources – no/limited benefit derived from money spent	<p>The entity did not pay time- and cost-related charges (standing time and fixed-related charges) to a contractor when the construction project of the Hazelmere Dam was put on hold in January 2018 due to delays in the procurement process.</p> <p><b>Irregularity:</b> Non-compliance with section 38(1)(b) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R28,8 million</p>	Appropriate action is being taken to resolve MI	The AO committed to appoint a professional service provider who will conduct an investigation into the material irregularity. The investigation is expected to be finalised on 30 April 2022.

No.	Notified	Type	MI description	Status	Status description
<b>PUBLIC ENTERPRISES PORTFOLIO</b>					
<b>Transnet</b>					
37.	4 August 2021	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>A tender for the leasing of equipment was advertised in July 2019. The contract was not awarded to bidders who scored the highest points.</p> <p><b>Irregularity:</b> Non-compliance with section 2(1)(f) of the PPPFA</p> <p><b>Impact:</b> Material financial loss of R29,4 million</p>	Appropriate action is being taken to resolve MI	An independent investigation was performed and the report finalised on 29 March 2022. The AA undertook to monitor the recommendations of the investigation report.
38.	4 August 2021	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>The entity contracted a supplier for the leasing of equipment at higher prices and a higher contract value. This overpayment was made since the inception of the contract in January 2020.</p> <p><b>Irregularity:</b> Non-compliance with section 57(b) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R1,7 million.</p>	Appropriate action is being taken to resolve MI	An independent investigation was performed and the report finalised on 29 March 2022. The AA undertook to monitor the implementation of the recommendations of the investigation report.

No.	Notified	Type	MI description	Status	Status description
<b>PUBLIC WORKS AND INFRASTRUCTURE PORTFOLIO</b>					
<b>Department of Public Works and Infrastructure</b>					
39.	3 September 2020	Payment made was not in line with contract	<p>The prices charged on the invoices for three state events from July 2018 to November 2018 differed from the prices quoted on the pricing schedule submitted by the supplier during the tender process.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Material financial loss of R0,8 million</p>	Resolved	<p>Appropriate actions were taken to address the MI. Disciplinary actions were taken and the financial loss is in the process of recovery.</p>
40.	3 September 2020	Payment made was not in line with contract	<p>Expenditure on state funerals between May 2018 and December 2018 exceeded the contract amount, and the services paid for differed from those provided for in the contracts.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Material financial loss of R9,1 million</p>	Appropriate action is being taken to resolve MI	<p>The investigation by the AO was finalised in March 2019. The department's executive authority, together with the acting AO and the executive authority in the Office of the Presidency, is proceeding with disciplinary action against the officials responsible. This process has been prolonged by litigation levelled by the implicated officials against the department.</p> <p>The department implemented segregation of duties within the procurement and payment processes to reduce the possibility of circumventing policies and legislation.</p> <p>The AO opened a criminal case with the SAPS against the service provider and notified the supplier of the intention to prohibit the supplier from doing business with the state. The service provider requested a three-month extension to submit their representations in response to the notification. The matter is in progress with the restriction committee.</p>

No.	Notified	Type	MI description	Status	Status description
					An investigation by the SIU commenced in 2021, with the aim to institute a civil claim against the supplier based on the outcome of the investigation. The contract with the supplier was terminated in 2019-20.
<b>Property Management Trading Entity</b>					
41.	13 November 2020	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>Competitive bidding processes were not followed to appoint contractors and consultant for the Beitbridge borderline infrastructure project in March 2020.</p> <p>This is likely to result in material financial losses, as market-related prices were not secured.</p> <p><b>Irregularity:</b> Non-compliance with TR 16A3.2(a) <b>Impact:</b> Financial loss to be quantified by the AO</p>	Appropriate action is being taken to resolve MI	<p>The public works and infrastructure minister requested an investigation by the governance, risk and control unit of the department, assisted by seconded members from the SIU, which commenced in April 2020 and concluded in July 2020. In November 2020, the SIU instituted legal action against suppliers with the Special Tribunal, which held a trial from 4 to 8 October 2021 concerning this matter. The parties are awaiting the outcome of the court hearing.</p> <p>The National Treasury placed both companies under restriction on 21 September 2021 for a period of 10 years.</p> <p>Disciplinary action against responsible officials is also in progress.</p>
42.	13 November 2020	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>Establishment costs were incorrectly included in the bill of quantities pertaining to the Beitbridge borderline infrastructure project in March 2020, due to ineffective internal controls to prevent the inclusion and payment thereof.</p> <p><b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Material financial loss of R1,1 million</p>	Appropriate action is being taken to resolve MI	<p>The public works and infrastructure minister requested an investigation by the governance, risk and control unit of the department, assisted by seconded members from the SIU, which commenced in April 2020 and concluded in July 2020. In November 2020, the SIU instituted legal action against suppliers with the Special Tribunal, which held a trial from 4 to 8 October 2021 concerning this matter. The parties are awaiting the outcome of the court hearing.</p>

No.	Notified	Type	MI description	Status	Status description
					The National Treasury placed both companies under restriction on 21 September 2021 for a period of 10 years. Disciplinary action against responsible officials is also in progress.
43.	26 August 2021	Assets not safeguarded, resulting in loss	Boilers at Leeuwkop Prison were not appropriately safeguarded during construction, resulting in them being damaged due to exposure to severe weather conditions.  <b>Irregularity:</b> Non-compliance with TR 10.1.1(a) <b>Impact:</b> Financial loss to be quantified by the AO	Follow-up or assessment in process	We are evaluating the AO's response to the identified MI.  The previous AO disagreed with the MI in the response provided. However, on 11 April 2022, a new acting AO was appointed and an engagement is being arranged with him to confirm concurrence with the response that was submitted by his predecessor.
44.	27 August 2021	Payment made was not in line with contract	Between October 2017 and March 2019, payments made on the lease of office accommodation and parking were higher than those provided for in the renewed lease agreement.  <b>Irregularity:</b> Non-compliance with TR 8.1.1 <b>Impact:</b> Material financial loss of R11 million	Appropriate action is being taken to resolve MI	The AO appointed a firm to, among other things, investigate and assist with the verification of data correctness against lease agreements. The mentioned investigation will also identify responsible officials, after which consequence management will be implemented.  Some of the lease payments between April and November 2021 were withheld, which resulted in a reduction in the overpayments to the landlord.
45.	15 October 2021	Payment made was not in line with contract	The construction of the Mamelodi magistrate's court project has been significantly delayed and the expenditure incurred to date exceeds the initial contract amount. The practical completion date of the contract has been extended and PMTE has been approving the contract extensions with adjustments to the contract value that were based on the approved claims that resulted from civil unrest, riots, strikes and lockouts. This was not in line with the contract.	Appropriate action is being taken to resolve MI	The AO sent a letter to the principal agent requesting an explanation of payments made. Based on the response to the aforementioned letter, a letter was issued to the principal agent on 17 November 2021 initiating the recovery process for the identified financial loss.  Three responsible officials, who processed payments, were issued with letters on 17 November 2021 to explain their action.

No.	Notified	Type	MI description	Status	Status description
			<p><b>Irregularity:</b> Non-compliance with section 45(a) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AO</p>		
<b>Independent Development Trust</b>					
46.	28 March 2022	SARS late payments, resulting in interest and penalties	<p>On numerous occasions from March 2020 until October 2022, VAT returns were submitted late by the public entity, which resulted in penalties being charged by Sars.</p> <p><b>Irregularity:</b> Non-compliance with section 28(1) of the Value Added Tax Act</p> <p><b>Impact:</b> Material financial loss of R1,3 million</p>	Follow-up or assessment in process	We are evaluating the AA's response to the newly identified MI.

No.	Notified	Type	MI description	Status	Status description
<b>SOCIAL DEVELOPMENT PORTFOLIO</b>					
<b>South African Social Security Agency (Sassa)</b>					
47.	23 August 2021	Payment for goods or services not received	<p>In April 2018, Sassa incorrectly paid a service provider who was not entitled to the social assistance fees billed. A letter of demand and summons was issued; however, the service provider is currently under liquidation.</p> <p><b>Irregularity:</b> Non-compliance with section 50(1)(a) &amp; (b) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R74,8 million</p>	Appropriate action is being taken to resolve MI	The liquidation process of the supplier is still ongoing. Sassa, through the National Treasury, appointed a firm to investigate whether any current or former officials should be held liable, and once the liquidation process is finalised, any funds not recovered from liquidation may possibly be recovered from those officials who can be held liable by law. The investigation is still in progress.
48.	4 October 2021	Payment for goods or services not received	<p>During 2014, Sassa made a payment to a service provider that was appointed to administer grant payments at the time. The payment was made as part of a variation to the service level agreement with the service provider; however, the variation was not necessary, as the additional services had already been covered by the existing agreement.</p> <p>A court order was issued to repay the money with interest; however, the service provider is currently under liquidation.</p> <p><b>Irregularity:</b> Non-compliance with section 50(1)(c) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R316,4 million</p>	Appropriate action is being taken to resolve MI	The liquidation process of the supplier is still ongoing. Sassa, through the National Treasury, appointed a firm to investigate whether any current or former officials should be held liable, and once the liquidation process is finalised, any funds not recovered from the liquidation may possibly be recovered from those officials that can be held liable by law. The investigation is still in progress.
49.	4 October 2021	Payment of ineligible beneficiaries	Payments were made to ineligible individuals due to inadequate internal controls to perform validations and prevent payments being made to persons who were not	Follow-up or assessment in process	We are determining the most suitable action based on the AA's response.



No.	Notified	Type	MI description	Status	Status description
			<p>entitled to the Social Relief for Distress (SRD) covid R350 grant.</p> <p><b><u>Irregularity:</u></b> Non-compliance with section 50(1)(a)(1) of the PFMA</p> <p><b><u>Impact:</u></b> Financial loss to be quantified by the AA</p>		

No.	Notified	Type	MI description	Status	Status description
<b>TRANSPORT PORTFOLIO</b>					
<b>Passenger Rail Agency of South Africa (Prasa)</b>					
50.	17 July 2019	Procurement non-compliance, resulting in supplier not delivering on contract	<p>Multiple instances of non-compliance in the procurement process for locomotives in July 2012 resulted in the contract being unfairly awarded. A prepayment of R2,6 billion was made to the supplier, but Prasa derived no value, as the locomotives were not fit for purpose. The supplier applied for liquidation in December 2018, making recovery of the financial loss unlikely and resulting in R2,2 billion in debt owed by the supplier to Prasa being impaired in 2018-19.</p> <p>The investigation by the board in 2015 resulted in the matter being referred to the Hawks for investigation and the contract being set aside by the court in May 2019. The second phase of the investigation into implicated officials is still in progress.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA</p> <p><b>Impact:</b> Material financial loss of R2,2 billion</p>	<b>Remedial actions</b>	<p>As little action had been taken to address the MI, the 2018-19 audit report included recommendations that should have been implemented by 31 March 2020.</p> <p>Delays were experienced with the implementation of the recommendations due to changes at AA level and the lockdown measures implemented in response to covid-19. As a result, we granted the new AA extension for the implementation of the recommendations.</p> <p>To implement the recommendations, Prasa requested the SIU to assist with the finalisation of the investigation into the MI through the secondment of resources for six months. The recommendations were not implemented appropriately as the SIU report did not address the purpose of the investigation, namely to identify the responsible officials for disciplinary action. In addition, the AA's response did not indicate what specific actions would be taken and by when, based on the SIU's report.</p> <p>On 15 September 2021, the auditor-general notified the AA of the following remedial actions that must be implemented by 15 December 2021:</p> <ul style="list-style-type: none"> <li>• Appropriate action must be taken to determine the role of the individual bid evaluation and bid adjudication committee members in the appointment of the supplier.</li> </ul>

No.	Notified	Type	MI description	Status	Status description
					<ul style="list-style-type: none"> <li>• Appropriate action must be taken to identify any other employees who were either actively or passively involved in the appointment of the supplier.</li> <li>• Effective and appropriate disciplinary steps must commence against the individual bid evaluation and bid adjudication committee members and any other employees found to be responsible.</li> </ul> <p>During our assessment of the response received on the implementation of the remedial action, we established that additional time would be required for its full implementation. The implementation date was extended to 31 July 2022.</p>
51.	17 July 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	<p>Competitive bidding processes were not followed to appoint contractors for general overhaul and upgrade services – first awarded before 2008 and extended multiple times without following competitive bidding processes.</p> <p>This is likely to result in material financial losses, as market-related prices were not secured.</p> <p><b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA</p> <p><b>Impact:</b> Financial loss to be quantified by the AA</p>	Appropriate action is being taken to resolve MI	The SIU completed the investigation and recommended appropriate consequence management to be implemented. Actions in this regard by the AO were initially supposed to have been completed by December 2021; however, the matter is currently with external parties, e.g. the National Treasury and legal experts, to ensure processes are legal and appropriate. Therefore, the delays are not within the control of the Prasa board.
52.	17 July 2019	Procurement non-compliance, resulting in overpricing of	<p>Non-compliance with supply chain management legislation led to an unfair procurement process for a new signalling system in the Western Cape in July 2012. The value of the contract awarded was also higher than what had been approved.</p>	Appropriate action is being taken to resolve MI	The investigation done by the SIU was completed and it was confirmed that there was no material financial loss. The AA is in the process of implementing the recommendations of the investigation.

No.	Notified	Type	MI description	Status	Status description
		procured goods and services	This is likely to result in material financial losses, as a fair and transparent process was not followed and there was no justification for the contract value exceeding the approved amount.  <b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA		
53.	18 July 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	Competitive bidding processes were not followed to appoint contractors for the provision of bus services in the Western Cape – first awarded in 2005 and extended multiple times without following competitive bidding processes.  This is likely to result in material financial losses, as market-related prices were not secured.  <b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA	Appropriate action is being taken to resolve MI	The investigation done by the SIU was completed and it was confirmed that there was no material financial loss. The AA is in the process of implementing the recommendations of the investigation.
54.	18 July 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	Competitive bidding processes were not followed to appoint contractors for the provision of surveillance services (drones) in February 2018.  This is likely to result in material financial losses, as market-related prices were not secured and the contract was extended without the required approvals.  <b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA	Appropriate action is being taken to resolve MI	The investigation done by the SIU was completed and it was confirmed that there was no material financial loss. The AA is in the process of implementing the recommendations of the investigation.
55.	18 July 2019	Procurement non-compliance, resulting in overpricing of	Competitive bidding processes were not followed for the repair, supply and delivery of signalling equipment in July 2018. The value of the contract awarded was also higher than what had been approved.	Appropriate action is being taken to resolve MI	The investigation done by the SIU was completed and it was confirmed that there was no material financial loss. The AA is in the process of implementing the recommendations of the investigation.

No.	Notified	Type	MI description	Status	Status description
		procured goods and services	This is likely to result in material financial losses, as market-related prices were not secured.  <b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA		
56.	11 July 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	A contract for the control of vegetation was awarded in August 2018 to a bidder who did not score the highest points in the evaluation process, resulting in higher prices being paid.  <b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA	Appropriate action is being taken to resolve MI	The investigation done by the SIU was completed and it was confirmed that there was no material financial loss. The AA is in the process of implementing the recommendations of the investigation.
57.	18 July 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	Competitive bidding processes were not followed in awarding a contract for repairing or replacing signalling equipment in July 2018. The value of the contract awarded was also higher than what had been approved.  This is likely to result in material financial losses, as market-related prices were not secured.  <b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA	Appropriate action is being taken to resolve MI	The investigation done by the SIU was completed and it was confirmed that there was no material financial loss. The AA is in the process of implementing the recommendations of the investigation.
58.	18 July 2019	Procurement non-compliance, resulting in overpricing of procured goods and services	Competitive bidding processes were not followed to appoint contractors for the provision of security services in February 2018.  This is likely to result in material financial losses, as market-related prices were not secured and the contract was extended without the required approvals.  <b>Irregularity:</b> Non-compliance with section 51(1)(a)(iii) of the PFMA	Appropriate action is being taken to resolve MI	The investigation done by the SIU was completed and it was confirmed that there was no material financial loss. The AA is in the process of implementing the recommendations of the investigation.

