

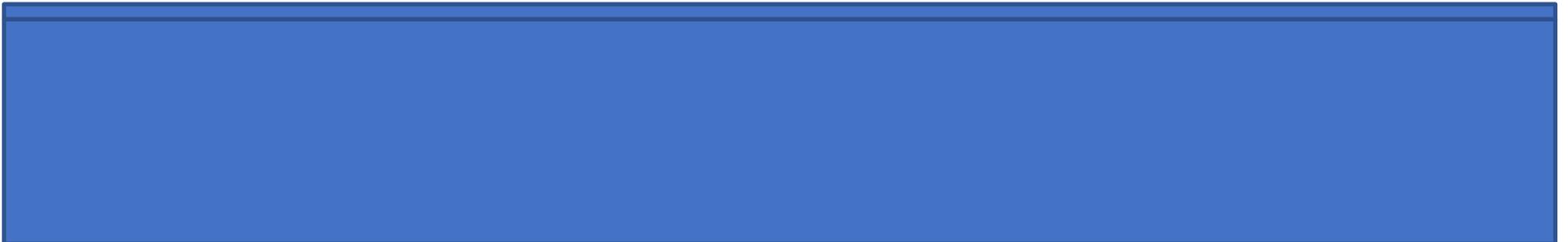


Audit Action Plan

31 January 2026

TO ADDRESS AGSA FINDINGS FOR 2024/2025

BA-PHALABORWA MUNICIPALITY



Audit Action Plan to address AG Findings

2024/2025 Audit Report

31 January 2026

Introduction

The Municipality obtained a Qualified Audit Opinion in the 2024/2025 financial year with 2 qualification paragraphs. The Municipality maintained its status as 2023/2024. The qualification paragraphs are all new findings on Payable (unallocated Deposits) and Provision on landfill site. The Municipality has developed an action plan to address these findings, which was reviewed by management, Internal Audit, Audit Committee, Stakeholders and Council. The Accounting Officer arranged the Audit Action Plan Workshop where she invited Management, Audit Committee, AFS Preparers, CCG Systems, SALGA, AGSA, National Treasury, Limpopo Provincial Treasury and COGHSTA. This was to allow all stakeholders to provide their expertise to resolve the findings raised by the AGSA. The workshop reviewed action plans and provided recommendations to the management on how to resolve the findings raised. The Audit Committee will oversee the implementation of the Audit action Plan and provide assurance to Council quarterly.

Overview

The Municipality used communication of audit findings (COMAFs) to develop the audit action plan. Additional to the findings raised, the findings raised during adjustment were also included in the action plan to allow management to address internal control deficiencies. The findings are categorized as follows:

Findings	Total	Comments
Qualification Paragraphs	2	Unallocated Deposits Provision for landfill site
Other Findings	27	These findings includes: <ul style="list-style-type: none"> • Non-compliance • Other reporting matters
Findings Resolved during adjustments	32	

The Audit findings also cut across different departments as follows:

Departments	Total Findings
Office of the MM	7
Budget & Treasury	47

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Corporate Services	12
Planning & Development	3
Community Services	4
Technical Services	3
Total Findings	61 (23 Findings are shared amongst the departments)

Detailed Audit findings

Reference	Finding	Finding Details	Root Cause	Responsible Person	Due Date Imp	Action Plan	Implementation Status
AAP91620-2025	Payables from exchange transactions	It was noted that there was inadequate review to substantiate the accounting treatment of the prior period adjustment before processing it, resulting in the inappropriate clearing of unallocated deposits against cash-in-transit balances. See below table: Amount as per 2024 audited AFS R24 593 587 Comparative amount	1.Reconciliation was not done in terms of cash in transit 2. Uncleared suspense accounts	Ndivhuho Tshishonga, Rhulani Shiburi	30/Jun/2026	1. Cash in transit will be cleared monthly. Due Date 28 Feb 2026. historic transactions will be investigated and addressed. Due Date 31 Mar 2026. an assessment on unallocated deposit will be conducted so that allocation can be made. Due Date 31 Mar 2026 on other unallocated deposits the deposit policy will be applied.	In Progress

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		as per 2025 AFS R (15 971 539) Adjustment R (40 565 126)					
AAP91625-2025	Provisions - Inappropriate disclosure for environmental rehabilitation provision	During the audit, it was noted that the Namakgale landfill site previously recognized as requiring rehabilitation has been illegally occupied and converted into residential dwellings by the community. The municipality, however, continues to recognize a provision for landfill site rehabilitation relating to this area. No assessment was performed by management to determine whether the present legal obligation still exists, nor whether the recognition of the provision remains appropriate in terms of GRAP 19. See the table below: Amount as per expert report Namakgale Landfill site R39 284 546	Expert report not provided to substantiate the provision made. No rehabilitation done in terms of the license of the Landfill sites.	Doron Peter Maswanganyi, Thabo Hlongwane	31/Mar/2026	1. Appointing a service provider to perform an assessment on the Namakgale Landfill Site. (Expected to be done 31 March 2026) 2. Performing an assessment on the Namakgale and Gravelotte Landfill Sites. (Expected to be done 31 March 2026) 3. Implementation of the recommendations made by environmental expert (30 June 2026) 4. Disclose the assessment outcome appropriately in the Annual Financial Statement (AFS) as per the expert report. (Expected to be done 30 June 2026)	Not Yet Started

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		Furthermore, the provision for the Gravelotte landfill site has remained unchanged despite the site having been cleared of waste. Management did not perform an assessment or adjustment to the provision to reflect the reduced rehabilitation obligation, in line with the requirement that provisions be measured at the best estimate of the expenditure required to settle the present obligation.					
AAP95538-2025	Employee benefit obligations— Understatement on Long Service Bonus payout	We noted differences between the long service bonus paid as per Actuary report and the auditors recalculation of the long service bonus, the difference is due to the long service bonus for the below mentioned eligible employees that were omitted from the long service bonus schedule	Inadequate Review of information sent to the actuaries	Isaiah Tselagale Mokganya, Sonica Mokoena	31/Mar/2026	1.Employee obligation-related information will be reviewed by at least two official from BTO and Human Resources.	Completed
AAP92490-2025	Property, plant, and equipment	In contravention with the above requirements, it was noted that assets recorded in the fixed	1.None implementation of council resolution on assets.	Doron Peter Maswanganyi	30/Jun/2026	1. Write-off assets lost/ stolen from the asset register. (During the year 2025/ 2026). (quarterly) 2. Review the asset register to ensure that the assets lost/ stolen are being removed from the asset register	Not Yet Started

Audit Action Plan to address AG Findings
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		asset register of the municipality could not be physically verified, therefore, the existence thereof could not be confirmed. Refer to the table below.1 623 15437 MOV-623 Property Plant And Equipment COMPUTER EQUIPMENT R17 852,562 621 15462 MOV-621 Property Plant And Equipment COMPUTER EQUIPMENT R17 852,56	2. None development of SOP (checklist)			before submitting to the AGSA. (To be done on 30 June 2026). (30 June 2026).	
AAP92500-2025	Employee-related costs	Contrary to the above requirement, during the audit of employee-related cost-leave pay, we noted differences between the leave paid as per payroll report and auditors recalculations. Refer to the table below. A417 R43 705.95 R27 489.76 R16 216.19 0142 R97 525.66 R 97 652.21 -R126.55 0459 R112 073.93 R112 137.43 -R63,50 Total R16 026	Human error due to manual calculations	Isaiah Tselagale Mokganya, Teddy Monyela	01/Jun/2026	1.Total Population will be investigated and differences will be cleared. (31 May 2026)2.Pass a relevant journal to raise a debtor for employees who were overpaid. (31 May 2026)3.Recover the funds from the overpaid employees and pass the relevant journal to clear them as debtors in the current year(2025/2026). (31 May 2026)4.Engage the system vendor to automate all the earning lines in the system. (31 Jan 2026)	In Progress

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AAP92502-2025	Internal control deficiency - Ineffective debt management and service disconnection control	<p>Contrary to the above, during the audit of consumer debtors we identified that the municipality issues water disconnection notices to customers with overdue accounts. However, despite these notices, water services continue to be billed in subsequent periods, even when disconnection was supposed to have taken place.</p> <p>The following table outlines the details.</p> <p>Information as per disconnection notice</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Date</th> <th>Account number</th> <th>Name</th> <th>Amount Due</th> <th>Reconnection Fee</th> <th>Service disconnected</th> <th>service billed after notice?</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>03-Mar-25</td> <td>5 BR Mbetsa</td> <td>R 504 522,35</td> <td>R1 600,00</td> <td>Water</td> <td>Yes</td> <td></td> </tr> <tr> <td>2</td> <td>19-Nov-24</td> <td>13 WS Mohlahlane</td> <td>R</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	No.	Date	Account number	Name	Amount Due	Reconnection Fee	Service disconnected	service billed after notice?	1	03-Mar-25	5 BR Mbetsa	R 504 522,35	R1 600,00	Water	Yes		2	19-Nov-24	13 WS Mohlahlane	R					<p>1. The disconnection template letter on the system only specify the water service</p> <p>2. illegal Connection of both Water Electricity Consumption</p> <p>3. Lack of follow up on non-responsive customers after the disconnection</p> <p>4. Lack of capacity to do Meter Audit</p>	Ndivhuho Tshishonga, Rhulani Shiburi	30/Apr/2026	<p>1 2. Management to create a new template of (1) Warning Letter (2) Disconnection Notice on the system which will include all the services. Due Date 28 Feb 2026</p> <p>3. An investigation of the disconnection and reconnection will be assessed. Due Date 30 April 2026</p> <p>4. disconnection template indicating request for disconnection by BTO and execution by Technical Services will be developed. Due Date 28 Feb 2026</p>	In Progress
No.	Date	Account number	Name	Amount Due	Reconnection Fee	Service disconnected	service billed after notice?																								
1	03-Mar-25	5 BR Mbetsa	R 504 522,35	R1 600,00	Water	Yes																									
2	19-Nov-24	13 WS Mohlahlane	R																												

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		<p>199 312,93 R1 600,00 Water Yes</p> <p>3 14-Sept-24 18 TT Thete R 719 978,38 R1 600,00 Water Yes</p> <p>4 10-Jan-25 61 Madumane Michael Molele R 451 271,89 R1 600,00 Water Yes</p> <p>5 06-Jul-24 107 Silonque (Pty) Ltd R 634 694,38 R1 600,00 Water Yes</p> <p>6 05-Aug-24 122 Silonque 5 R7 572 730,38 R1 600,00 Water Yes</p> <p>7 12-Dec-24 225 Slinger R 270 838,55 R1 600,00 Water Yes</p> <p>8 14-Oct-24 245 Rep Van Suid-Afrika R 241 721,47 R1 600,00 Water Yes</p> <p>9 25-Feb-25 312 Masunda R 310 010,91 R1 600,00 Water Yes</p>				
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AAP92512-2025	Investment property - No measures in place to safeguard investment property	<p>During the audit, it was observed that certain investment properties were illegally occupied by tenants. There were no adequate controls or measures in place to prevent or address illegal occupation.</p> <p>The following property was illegally occupied.</p> <p>INV1908 602 T000000000000000000 0014 Building 2 Building 2 INVESTMENT PROPERTY</p> <p>INV1909 603 T000000000000000000 0015 Building 3 Building 3 INVESTMENT PROPERTY</p> <p>INV1910 604 T000000000000000000 0016 Paved Surface - Block Paving Paved Surface - Block Paving INVESTMENT PROPERTY</p> <p>INV1911 605 T000000000000000000 0017 Gate 2 Gate 2 INVESTMENT</p>	1.Inadequate management of Investment properties.	Tshepo Sekwari, Tholo Mphaga, Ntwanano Shikwambana, Jonas Mahesu	31/Mar/2026	<ol style="list-style-type: none"> 1. Implement the recommendations of the Security Assessment. (After the report of the security assessment) 2. Monitoring of investment properties.(28 Feb 2026) 3. Legal unit to attend to unauthorized occupants of municipal buildings. (31 March 2026). 4. Needs assessment to maintain the investments properties. (30 April 2026) 5. Conduct Security Assessment at the site.(28 Feb 2026) 	Not Yet Started
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		PROPERTY INV1912 606 T000000000000000000 0018 1.8m high diamond mesh 1.8m high diamond mesh INVESTMENT PROPERTY					
AAP92519-2025	Property, Plant and equipment - Inadequate measures in place to safeguard and use of assets	In contravention of the above requirement, during physical verification we have noted certain municipal buildings are not adequately safeguarded, resulting in instances of vandalism and exposure to theft. This situation increases the risk of loss in value, as it diminishes the municipality's ability to derive future economic benefits or service potential from these assets. The affected buildings were previously held as standby houses, but are currently unoccupied, indicating that they are not being	Inadequate management of Investment properties.	Tshepo Sekwari, Ntwanano Shikwambana, Jonas Mahesu, Mahlogonolo Makgato	30/Apr/2026	<ol style="list-style-type: none"> 1. Implement the recommendations of the Security Assessment. (After the report of the security assessment) 2. Monitoring of investment properties.(28 Feb 2026) 3. Legal unit to attend to unauthorized occupants of municipal buildings. (31 March 2026). 4. Needs assessment to maintain the investmet properties. (30 April 2026) 5. Conduct Security Assessment at the site.(28 Feb 2026) 	Not Yet Started

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		used for their intended purpose.Refer to the table below:94 BUI094 Electrical standby 365 315,50 Poor96 BUI096 Standby house Turning and fitting standby 290 591,87 Poor98 BUI098 Turning and fitting standby Turning and fitting standby 730 631,00 Poor					
AAP92524-2025	Budget Management	Issue 1:Contrary to the above, the accounting officer did not submit monthly statements on the state of the municipality's budget to the mayor.	Lack of compliance officer/Unit.	Welhemina Motloutsi	30/Jun/2026	1.Establishment of a compliance Unit (30 June 2026). 1. Develop and maintain a register to track the submission of S71 reports and obtain written acknowledgement of receipt from the Office of the Mayor (Secretary and/or Personal Assistant) on behalf of the mayor (28 Feb 2026) 2. Create a team's reminder for the Budget Unit to ensure that the S71 reports are prepared and submitted within the legislated timeframes. (28 Feb 2026)	Not Yet Started
AAP92527-2025	Budget Management	Issue 2:Contrary to the above, the accounting officer did not submit the statement on the state of within 10 days after the end of the following months to the provincial treasury Month Due Date Submission Date 1Aug-242024/08/142024/11/21 2Sep-242024/09/142024/11/21 3Oct-242024/10/142024/11/214 Nov-	Lack of compliance officer/Unit.	Welhemina Motloutsi	30/Jun/2026	1. Establishment of a compliance Unit (30 June 2026).2. Implement a formal monthly submission schedule with automated teams' reminder for the Budget section to ensure that preparation and submission of S71 reports are submitted within the legislated timeframes (28 Feb 2026)	Not Yet Started

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		242024/11/142024/11/215 Dec- 242024/12/142024/12/17 6Jan- 242024/01/142025/02/12					
AAP92530-2025	Publication of approved adjustment budget and related resolution	Issue 1The council resolutions for the approval of the adjustment budgets were not made public as required by the Par 26(1) of the Municipal budget and reporting regulations.	Lack of compliance officer/Unit.	Roger Seretse Chuene, Welhemina Motloutsi, Jonas Mahesu, Caswell Baloyi	30/Jun/2026	1.Establishment of a compliance Unit (30 June 2026). 2. Develop and maintain a register to track the submission of S71 reports and obtain written acknowledgement of receipt from the Office of the Mayor (Secretary and/or Personal Assistant) on behalf of the mayor (28 Feb 2026) 3. Create a team's reminder for the Budget Unit to ensure that the S71 reports are prepared and submitted within the legislated timeframes. (28 Feb 2026)	In Progress
AAP92532-2025	Publication of approved adjustment budget and related resolution	Issue 2The special adjustment budget was approved by council through resolution number 495/25 council on 24 April 2025. However, it was made public on the municipality's website on 1 April 2025 before council approval.	Management oversight	Caswell Baloyi, Roger Seretse Chuene, Welhemina Motloutsi, Jonas Mahesu	31/Mar/2026	1. The Accounting Officer to sign the certificate on or after the budget has been approved by the Council.	Not Yet Started
AAP92534-2025	Consequence Management	Contrary to the above the following were identified: Irregular expenditure incurred in the prior year(s) was not investigated as at 30 June 2025 to determine if any person was liable for the expenditure.The following table outlines the details:Opening	1. Prior year balance could not be investigated because files are still with the Hawks. The current year balance was submitted late in the year to Council and	Willard Ntsoatsoaile Selepe, Lulu Khoza	28/Feb/2026	The balance of R922 534 will be Investigated by Mpac and tabled to council for consideration.	Not Yet Started

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		balance (IE) Irregular expenditure Investigated by hawks Irregular Expenditure available for investigation Irregular expenditure investigated and written off Irregular expenditure not investigated 40 590 671 (17 904 303) 22 686 368 (21 763 834) 922 534	MPAC. 2. Not performing investigations on time.				
AAP92541-2025	Consequence Management	Contrary to the above the following were identified: Fruitless and wasteful expenditure incurred in the prior year(s) was not investigated as at 30 June 2025 to determine if any person was liable for the expenditure. Finding Value (R) Fruitless and wasteful expenditure identified in the previous year(s) was not investigated to determine if any person was liable for the expenditure. 7 193 499	The Financial Misconduct Board was not effective in the year under review.	Tshepo Sekwari, Jonas Mahesu, Tholo Mphaga	27/Feb/2026	The new board to be considered the report. (28 Feb 2026)	In Progress

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AAP92543-2025	Human resource management	During the planning phase of the audit, we identified that the municipality has an overall vacancy rate of 38.47% across its approved organization structure. This resulted in several critical posts, including those in technical and service delivery departments, remaining vacant, which may have an adverse impact on service delivery.	1.Lack coordination within departments to finalise appoint 2. None alignment of the organgram with the budget.	Jonas Mahesu, Yvonne Mashele, Sonica Mokoena	30/Jun/2026	1. Review of the organogram (30 June 2026) 2.Perform skills audit. (30 June 2026) 3. Alignment of organogram to the budget (30 June 2026)	Not Yet Started
AAP92547-2025	Human resource management	It was noted that "employees other than the municipal manager and managers who are directly accountable to the municipal manager" have signed performance agreements, however there were no performance reviews/evaluations performed in the current year under review (2024/25) financial year. It was noted that only Senior Managers have signed performance agreements and performance reviews/evaluations were performed.	None implementatio n of the policy	Yvonne Mashele, Sonica Mokoena, Jonas Mahesu	31/Mar/2026	Training of the Moderation Committee by COGHSTA will enable the Committee to start with the evaluation of employees other than Municipal Manager and Senior Managers directly accountable to the Municipal Manager. (31 March 2026)	In Progress

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AAP92549-2025	IT	Contrary to the above requirement, we have noted that ICT strategic plan submitted for audit was approved and implemented in the 2024/25 financial year.	Management did not have capacity to review the Strategy.	Roger Seretse Chuene, Jonas Mahesu	31/Mar/2026	The ICT user requirement will be updated in the strategy The strategy will be presented to the council for approval (28 February 2026)	In Progress
AAP92552-2025	Action Plan	Contrary to the above requirement upon review of the municipality's audit action plan we noted that the municipality omitted the finding raised on consequence management report as per paragraph 34 of the audit report dated 30 November 2024.	Management Oversight.	Rodney Mohlala	31/Jan/2026	Comparison will be done between the Action Plan, Audit Report and Management Letter to ensure that all findings are covered.	Not Yet Started
AAP92560-2025	Overall policies	Contrary to the above, we have noted that the following policies submitted for audit have not been approved. Policy name Issue Acting on other positions policy Not approved BPM user access management policy Not approved	Lack of policy review register.	Roger Seretse Chuene, Ndivhuho Tshishonga, Sonica Mokoena, Caswell Baloyi, Jonas Mahesu	31/May/2026	The all policies will be reviewed and taken to the council for approval before the end of each financial year. (31 May 2026)	In Progress

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		<p>BPM ICT backup policy Not approved</p> <p>BPM ICT change management policy Not approved</p> <p>BMP ICT security policy Not approved</p> <p>Leave policy Not approved</p> <p>IPMDS policy Not approved</p> <p>Code of conduct policy Not approved</p> <p>Tariff by law Not approved</p> <p>Creditors control, debt collection and consumer care policy Not approved</p> <p>Impairment methodology Not approved</p> <p>Furthermore, we have noted that the following policies submitted for</p>					
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		<p>audit have not been reviewed.</p> <p>Policy name Reviewal period per the policy Last review date</p> <p>Staff study bursary The policy shall be reviewed annually per par 12 of the policy Last reviewed in October 2015</p> <p>Employee transfer policy The policy shall be reviewed annually per par 9 of the policy Last reviewed in July 2015</p> <p>Relocating policy The policy shall be reviewed every 3 years per par 12 of the policy Last reviewed in September 2014</p> <p>We have also noted that the following policies submitted for audit do not relate to the current period.</p>					
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		<p>Policy name Issue IPMDS policy Not approved and the policy is for 2025/26 financial period</p> <p>Funeral policy The policy is for 2023/24 financial period</p>					
AAP92562-2025	Employee related costs	<p>During the audit of employee-related cost-car allowance we have noted differences between car allowance paid as per payroll report and car allowance rates per the Motor Vehicle Allowance Policy (after adjusting the rates in the policy by the current year salary and related increase).as the policy was approved by the council before the increase was communicated. SALGA circular No 6/2024 entails that employees shall receive an increase of 4.5% with effect from July and a further increase of 1.5% with effect from 1 March 2025. Refer to the table below:</p>	<p>The policy was not updated to align to Collective Agreement increase.</p>	<p>Yvonne Mashele, Sonica Mokoena, Isaiah Tselagale Mokganya, Teddy Monyela</p>	<p>31/Mar/2026</p>	<p>1.Review the travelling allowance policy. (next council after 31 Jan 2026)2.Revise the control sheet for approval of travelling allowance. (annually)</p>	<p>Not Yet Started</p>

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		<p>A111 Ms SM MASHALE Post Level 5 July 13 527.58 13 475.28 52.31</p> <p>A437 Mrs KA MADZHIE Post Level 7 August 5 733.88 4 928.36 805.52</p> <p>A069 Ms MM MAKHONGELA PL.02 September 28 700.36 28 592.56 107.80</p> <p>A323 Mr MB MOAGI Post Level 05 (PTH) October 14 136.32 13 475.28 661.05</p> <p>A106 Mr RE MAAKE PL.05 December 14 136.32 13 475.28 661.05</p> <p>A456 Mr RST SHIBURI PL.04 March 20 560.35 20 830.79 (270.44)</p> <p>A421 Mr MS MOTADI</p>				
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		<p>PL.05 April 18 887.32 18 275.15 612.17</p> <p>A033 Ms MD MAKGATO PL.03 May 21 528.58 21 851.51 (322.93)</p> <p>A437 Mrs KA MADZHIE PL.03 June 25 399.16 24 580.40 818.76</p> <p>184 138.45 181 013.17 3 125.28</p>					
AAP94453-2025	Waste Landfill Site	Some significant non-compliances with the license conditions were observed during the site visit to the current operational Phalaborwa Waste Landfill Site. The vast areas were not properly compacted (filled, closed and capped) as well as limitations on water runoff, leachate and gas management are of concern.	<ol style="list-style-type: none"> 1. The landfill was initially a dumping site then later licenced. 2. Planning which was to be done on development of the landfill site. 	Thabo Hlongwane, Mohale sekhwela	30/Apr/2026	<ol style="list-style-type: none"> 1. Appointment of the service provider to develop the new landfill site. (30 June 2026) 2. Appointment of service provider to conduct closure and rehabilitation of the existing Phalaborwa landfill site (30 June 2026) 3. Apply consequence management on the service provider in terms of filling, capping, compaction, and covering (30 June 2026) 	Not Yet Started

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AAP94464-2025	Waste Landfill Site	The original closure licence for Namakgale Landfill site was for 2 years but has now lapsed	Illegal occupation by the community members.	Thabo Hlongwane, Mohale sekhwela	30/Apr/2026	1. Appointment of the Environmental specialist to conduct Environmental Risk Assessment (31 January 2026)2. Perform environmental risk assessment for Namakgale landfill site (30 April 2026)3. Implement environmental risk assessment report recommendations (30 June 2026)	Not Yet Started
AAP94479-2025	Waste Landfill Site	More emphasis is needed on waste separation (also for recycling purposes), that includes organic waste diversion and composting. The municipality should (for future references) consider and apply for a cell that receives hazardous general (household) waste.	1. The landfill was initially a dumping site then later licenced. 2. Planning which was to be done on development of the landfill site.	Thabo Hlongwane, Mohale sekhwela	30/Apr/2026	1. Development of a database for recyclers (28 February 2026)2. Implementation of the IWMP to address issues of recycling and animal carcasses (Ongoing)3. Industrial symbiosis on garden waste for composting purposes (30 June 2026)	Not Yet Started
AAP95436-2025	Number of indigent HH receiving free basic electricity - Reported achievement could not be validated	In contrary to the above we could not verify whether the electricity benefits were received by the relevant indigents. The name as per application does not correspond to the ID supported the application.4701220324080 MASHEGO,LUCKY MAHATSE 8112090792081 MOKGALABONE MAPULA CHRISTINA 5902010300087 PILUSA MATSATSI CHRISTINA	Poor records management on indigents customers	Ndivhuho Tshishonga	31/Mar/2026	1. Management will review the Indigents Application forms against the Property Owner2. Where the owner is deceased copy of the Death Certificate will be requested3. Indigent Register will be updated	In Progress

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AAP95439-2025	Revenue from exchange transactions (service charges) – Prior period misstatement not corrected	Contrary to the above requirements, during the audit of Revenue from Exchange Transactions (Service Charges), it was noted that management did not correct the prior period uncorrected misstatement of R29 362 172 , as it is not disclosed as a prior period adjustment in the current year’s annual financial statements and is not reflected in the corresponding figure for Revenue from Exchange Transactions (Service Charges). The comparative amount for service charges in the current year AFS remains unchanged from the prior year, indicating that the correction was not appropriately presented in accordance with GRAP 3.	Management oversight	Ndivhuho Tshishonga	31/Mar/2026	1. All errors noted in the 2024/25 FY to be resolved, correctly disclosed Narrated in the AFS	In Progress
AAP95441-2025	Internal control deficiency - Expired contracts included in the contract register.	Contrary to the above requirement upon review of the municipality’s contract register, we noted that the municipality included contracts that	Inadequate review of contract register	Willard Ntsoatsoaile Selepe	31/Mar/2026	1.To exclude the expired contracts that are not falling within the financial period in the contract register2.To review the contract register on a monthly basis	Not Yet Started

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		have expired and are not applicable in the current year in the contract register					
AAP95449-2025	Accounting policies not disclosed in accordance with GRAP	<p>Contrary to the above, we have noted that the accounting policies disclosed in the AFS are not in accordance with GRAP as detailed below:</p> <p>AFS item Accounting policy disclosed per AFS Issue 1.38 Expenditure - Contracted Services This expenditure type distinguishes between Outsourced services, Contractors and Professional and special services The accounting policy does not disclose how expenditure contracted service will be measured (measurement basis) as required by GRAP 1.127</p> <p>1.39 Expenditure - Bulk Purchases Bulk Purchase of electricity purchased from Eskom for resale to consumers The accounting policy does not disclose how expenditure- Bulk</p>	Late preparation of AFS	Welhemina Motloutsi, Nkanyane Ndlozi	31/Mar/2026	To ensure that the accounting policies disclosed in the AFS are in accordance with GRAP on measurement basis as required by GRAP 1.127	Not Yet Started

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		purchase will be measured (measurement basis) as required by GRAP 1.127					
AAP95451-2025	Overstatement on Employee benefits obligations	issue 1- In contrary to the above-mentioned requirements, Differences noted on note 18 of the Annual Financial Statements as they incorrectly included Mopani District Employees in the employee benefit obligation.	Inadequate review of information sent to the actuaries	Isaiah Tselagale Mokganya	31/Mar/2026	1.Information will be reviewed by the at least two official from both BTO and Human Resources before it is sent to the actuaries.	Completed
AAP95453-2025	Overstatement on Employee benefits obligations	Issue 2-We noted differences between the long service bonus paid as per Actuary report and the auditors recalculation of the long service bonus, the difference is due to the leave encashment incorrectly included in the long service bonus award	Inadequate review of the information before it is sent to the actuaries	Isaiah Tselagale Mokganya	31/Mar/2026	1.Employee obligation related information will be reviewed by at least two official from BTO and Human Resources.	Completed
AAP95468-2025	Non compliant to GRAP 1,104 and 108	Finding 2- The municipality has impaired consumer receivables amounting to R122 179 265 as disclosed in note 38 to the annual financial statements (AFS). The VAT amount relating to impairment of receivable amount	Inadequate review of VAT disclosures	Isaiah Tselagale Mokganya	31/Mar/2026	1.Ensure that VAT Payable and Receivable are disclosed in line with GRAP 1,104 and 108 requirements.	Completed

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		results in a reduction of the VAT output accrual that was initially recognized when the revenue transactions were concluded. The VAT amount relating to receivable amount impaired must be disclosed as a reduction of the VAT out accrual liability disclosed in the AFS to demonstrate a fair presentation in terms of GRAP 1. Contrary to the above, the municipality did not separately disclose the VAT amount relating to impairment as a reduction of the VAT out accrual in the annual financial statements. This resulted in a non-compliance with GRAP 1 requirements.					
AAP95473-2025	Debt Impairment– Difference identified between the amount in the annual financial statements and the auditor’s recalculation	Contrary to the above requirements, we noted a difference between the amount as per the annual financial statements and note 38 and the auditor’s recalculation. Negative impairment loss amounts indicate that the recoverable	Impairment policy not aligned to GRAP	Ndivhuho Tshishonga, Doron Peter Maswanganyi	31/Mar/2026	Debt Impairment to be calculated inline with Grap 104	In Progress

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		amount exceeds the carrying amount. Therefore, no impairment is recognised for those services (Property Rental Sundry Services) in accordance with GRAP 104, the impairment loss is limited to zero.					
AAP95535-2025	Receivables from non-exchange transactions – Prior period error adjustment not disclosed	Contrary to the above requirements, it was noted that there is a difference between the corresponding figures disclosed for Receivables from non-exchange transactions as disclosed in the current year’s annual financial statements and the final audited figures from the prior year’s annual financial statements.	Ommssion of Disclosure of receivables	Ndivhuho Tshishonga	31/Mar/2026	1. All errors noted in the 2024/25 FY to be resolved, Correctly Disclosed and Narrated on the AFS	In Progress
AAP95536-2025	Payables from exchange transactions: Trade payables include amounts for which services were not rendered before year-end	During the audit of trade payables, it was noted that certain invoices were included in the trade payables balance as at year-end, even though the related services had not yet been rendered. The affected invoices were dated and received after year-end. This indicates that	Incorrect accounting of Trade payable.	Isaiah Tselagale Mokganya	31/Mar/2026	1.Ensure all invoices that qualifies to be be identified as Trade payables are properly accounted for in the accounting system at year end.	Completed

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		liabilities were recognised for services not yet incurred, resulting in an overstatement of trade payables.					
AAP95539-2025	Receivables from exchange transactions - Other debtors – Differences between the amount in the General Ledger and the supporting documents	Finding 1- Contrary to the above requirements, during the audit of Other Debtors, differences amounting to R965 085.38 were identified between the balances per the general ledger and the supporting documentation (e.g. prepaid electricity schedules and prior year AFS).	Inaccurate and incomplete financial reporting	Rdivhuho Tshishonga, Rhulani Shiburi	31/Mar/2026	1. AFS to be reconciled against the Supporting Schedule	In Progress
AAP95540-2025	Receivables from exchange transactions - Other debtors – Journal posted at incorrect amount	Finding 2- Contrary to the above requirements, during the audit of journals processed for other debtors at year end, it was noted that a journal of R596 865 was processed to reverse debtors for the 2023/24 financial year revenue receipted in 2024/25. However, inspection of the prepaid electricity listing indicated that only R297 730 was receipted in 2024/25 for prepaid electricity	overstatement of the other debtors	Rhulani Shiburi, Ndivhuho Tshishonga	31/Mar/2026	1. AFS to be reviewed against the supporting schedule2. All errors noted in the 2024/25 FY to be resolved, Correctly Disclosed and Narrated on the AFS	In Progress

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		purchased in 2023/24, resulting in a difference of R299 135.					
AAP95541-2025	Receivables from exchange transactions Other debtors – Journal posted to incorrect vote	<p>Finding 3- Contrary to the above requirements, during the audit of journals processed for other debtors at year end, it was noted that</p> <ul style="list-style-type: none"> • A journal of R596 865 was processed to reverse debtors for the 2023/24 financial year revenue receipted in 2024/25. However, the journal incorrectly debited the debtor account instead of crediting it, which caused an increase instead of a decrease in the debtor balance. • A second journal of R91 874.78 was processed to recognize prepaid electricity revenue for 2024/25 that had not yet been deposited into the municipality’s bank account as at 30 June 2025. However, the journal credited the debtor account instead of debiting it, resulting in a decrease rather than an increase in the 	Inaccurate and incomplete financial reporting for other debtors	Ndivhuho Tshishonga	31/Mar/2026	1. AFS to be reviewed against the supporting schedule2. All errors noted in the 2024/25 FY to be resolved, Correctly Disclosed and Narrated on the AFS	In Progress

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		debtor balance. The following table outlines the details.					
AAP95542-2025	Receivables from non-exchange transactions – Inadequate supporting documents for journals processed	<p>Finding 1 Contrary to the above requirements, it was noted that no supporting documentation (such as debtor schedules, traffic fine registers, or approval documentation) was provided to substantiate the basis of this reversal of the below journal entry.</p> <p>DATE VOTE VOTE TYPE DEBIT (R') CREDIT (R') REFERENCE 2025/06/30 D0001/IA02477/F0001/X049/R0236/001/2003 7820 - Receivables from Non-exchange Transactions - 689 230.00 Reversal of recognition of traffic fine debtors</p>	Inadequate implementation of controls over the processing of journals	Ndivhuho Tshishonga, Rhulani Shiburi	31/Mar/2026	1. AFS to be reviewed against the supporting schedule2. Reconcile the GL to the TCS System report	In Progress
AAP95544-2025	Revenue from non-exchange transactions (service charges) – Prior period error partially corrected:	<p>Finding 2 Contrary to the above requirements, during the audit of Revenue from Exchange Transactions (Service Charges), it was noted that management</p>	Inadequate implementation of controls over the processing of journals	Rhulani Shiburi, Ndivhuho Tshishonga	31/Mar/2026	1. All errors noted in the 2024/25 FY to be Resolved, Corrected and Narrated on the AFS	In Progress

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	erroneous billing not reversed	processed a journal entry to correct the prior year misstatement relating to differences between meter readings per the billing reports and the meter readings reports. However, review of the correction journals revealed that only a new billing entry was posted, while the erroneous billing from the prior year was not reversed. As a result, both the incorrect and the new billing transactions are reflected in the financial records, leading to an overstatement of service charges revenue.					
AAP95545-2025	Revenue from exchange transactions – Inappropriate INEP grant description	MSCOA Circular No.16 INEP prompted the Municipality to reclassify the INEP Grant received from Revenue from Non exchange to Revenue from exchange transactions as they receive and utilize the grant for electrification projects (provide electrification services	Inadequate implementation of controls on the review of AFS	Welhemina Motloutsi	31/Mar/2026	Management request approval to amend “Sale of Goods” to “Sale of Goods and Rendering of Services: Construction Contract Revenue” on the Annual Financial Statements to align with mSCOA circular 16. The issue is resolved.	Completed

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		to the community). The circular provides guidance on the recording of transactions by municipalities in relation to a 5B INEP allocation using the MSCOA chart. Ba-Phalaborwa disclosed the description of the revenue item in correlation with the MSCOA Circular, however the description of the line items is not fully disclosed as "Sale of Goods and Rendering of Services: Construction Contract Revenue" per the guidance provided in the MSCOA Circular No.16 but rather as just "Sale of goods". This may be misleading to the users of the Annual Financial Statements as there is no sale of goods but rather rendering of services.					
AAP95548-2025	Property, plant and equipment: Building assets not assessed for impairment	In contravention to the above, it was noted that several assets classified as being in Poor or Very Poor	Inaquate assessment and classification of assets	Doron Peter Maswanganyi	31/Mar/2026	1. Perform an assessment for impairment of assets at yearend 30 June 2026.2. Review the assessment for impairment of assets at yearend 30 June 2026.	Not Yet Started

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		Condition were not assessed or recognised for impairment, despite their condition clearly triggering the requirement for impairment under GRAP 104 and the municipality's impairment methodology. These assets remain at their carrying value before impairment, which does not reflect the reduction in service potential or economic benefits					
AAP95550-2025	Receivables from non-exchange transactions – Incorrect ageing presentation of Statutory Receivables	The municipality's ageing of statutory receivables from non-exchange transactions (rates) for the year ended 30 June 2025 is disclosed as follows: Rates Current (0 -30 days) R 29 991 981,00 31 - 60 days R 10 401 439,00 61 - 90 days R 9 387 606,00 91 - 120 days R 9 095 158,00 121 - 365 days R 642 853 416,00 R 701 729 600,00 The ageing bracket labelled "121-365	Missclassification of assets	Ndivhuho Tshishonga, Doron Peter Maswanganyi	31/Mar/2026	1. Review of AFS against the Supporting Schedule	In Progress

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		days”, which implies that the category only includes receivables outstanding only until 365 days. However, there is no category provided for receivables older than 365 days and it appears that balances older than 120 days may have been incorrectly grouped together.					
AAP95553-2025	Assets - Accounting policy includes information that is not relevant	In contradiction to the above requirement, during the audit of assets it was noted that Biological Assets accounting policy was included in the financial statements, even though there are no related transactions or corresponding line items presented in the statements.	Policy not reviewed and updated	Doron Peter Maswanganyi	31/Mar/2026	1. Disclose correctly the Accounting Policy in the Annual Financial Statement in line with the Asset Management Policy. (30 June 2026)2. Review the accounting policy to ensure that it is disclosed properly in line with Asset Management Policy. (30 June 2026)	Not Yet Started
AAP95558-2025	Financial instruments - Financial instruments disclosed at incorrect as amounts	Finding 2 We have identified differences between the amount for financial instruments disclosed in note 48 and the auditor’s calculations 2025 Annual Financial statement (AFS) line item Amount	Poor review of the AFS	Ndivhuho Tshishonga	31/Mar/2026	1. AFS to be reviewed against the supporting schedule	In Progress

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		<p>as per note 48 (financial instruments)</p> <p>Auditors' recalculation</p> <p>Difference between amount as per note and Auditor's calculations</p> <p>Comment Finance income</p> <p>R57 715 019 R18 680 079 R39 034 940 N/A</p> <p>Debt impairment R138 091 679 R24 120 299</p> <p>R113 971 380</p> <p>Amount includes impairment amount relating to property rates and traffic fines. We have noted that the municipality has incorrectly included bulk purchases as debt impairment</p> <p>Payables from exchange transactions</p>					
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		<p>R349 165 177 R347 211 772 R1 953 405 N/A</p> <p>2024 Finance income R53 839 100 R19 371 405 R34 467 695</p> <p>The auditor has considered the amount as per note 28</p> <p>Debt impairment R258 191 379 R181 195 048 R76 996 331</p> <p>Amount includes impairment amount relating to property rates and traffic fines</p>					
AAP95563-2025	KPA 2 - Number of indigent households receiving free basic waste removal services by 30/06/2025 - Deceased individuals included in the indigent register	Contrary to the above we have identified, through CAATS, individuals who are deceased, who have been included in the indigent register.	Poor vetting of the Indigents listed on the register	Ndivhuho Tshishonga	31/Mar/2026	1. Indigent Register to be vetted after reconciling the Application forms against the register	In Progress

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AAP95564-2025	Payables from exchange transactions: Inadequate Presentation and Disclosure of Prior Period Error Adjustments relating to Mopani District Municipality account	During the audit of the current year's financial statements, it was noted that the municipality had a prior-year qualification relating to an amount of R126 million. Although the financial impact of the misclassification did not result in an over- or understatement of the closing balance, the municipality subsequently passed journals to correct the presentation of the opening balance. However, this prior-period adjustment was not disclosed in the annual financial statements as required by GRAP 3.	Inadequate review of the AFS	Ndivhuho Tshishonga	31/Mar/2026	1. All errors noted in the 2024/25 FY to be resolved, Correctly Disclosed and Narrated on the AFS	In Progress
AAP95569-2025	Revenue from non-exchange transactions (Service Charges) – Incorrect accounts recorded for journals processed	During the audit of service charge-journals it was noted that the incorrect accounts were recorded in the processing of the below stated journals	No adequate implementation of controls over the recording of journals relating to revenue from exchange transaction	Ndivhuho Tshishonga	31/Mar/2026	1. Journals to be reviewed before posting on the system (GL)2. AFS to be reconciled against the Supporting Schedule	In Progress

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AAP95571-2025	Number of indigent HH receiving free basic electricity by 30/06/2025	In contrary to the above we could not trace the below-mentioned beneficiaries included in the list of households receiving free basic electricity to the Eskom list of Free Basic Electricity. No ID Number Surname Name Meter Number 1 8205130386086 MOKGALAKA,KEFINY 1080477530 2 5507295375082 MASHEGO BOY METLLOS 37201936558 3 7807170459086 MOKGALAKA JULIA MORE 1318132295 4 3706105511082 MOKGALAKA KGASHANE JOHANNES 4103320257	Poor records management on indingents customers	Ndivhuho Tshishonga	31/Mar/2026	1. Customers not claiming the Free Basic Electricity will be removed form the listing	In Progress
AAP95574-2025	Contracted Service – VAT implications not accurately accounted for	Contrary to the above requirement, we noted that the VAT implications on the invoices listed below have not been accurately accounted for in the general ledger. Refer to the table below for more details. SEMODI	Incorrect capturing of VAT for contracted services Invoices by end users which leads to BTO having to pass journals to correct the	Isaiah Tselagale Mokganya	31/Mar/2026	1.Ensure that VAT is correctly accounted for when creating a requisition before an invoice could be processed on the system.	Completed

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		TRADING PTY LTD Modjadji Raphesu Inc MMMG Attorneys Inc M B Mabunda Sempro Consulting	VAT portion on the system.				
AAP95577-2025	Number of indigent Households receiving free basic waste removal service by 30/06/2025	Issue 1 - During the audit, we noted that there were no updated application forms to support the validity of the reported achievement as per APR. The last applications were approved by the council in 2022 financial year. Further we traced the sample to the vetting list however we could not find the following beneficiaries: 7410145417089 MOKGAHLA JL 6712090635081 MANGANYI MS 5304305029085 GROBLER JA	Poor records management on indingents customers	Ndivhuho Tshishonga	31/Mar/2026	Customers residing in the rural area's /villages are not billed municipal services and will not be included on the Basic Refuse Schedule	In Progress
AAP95579-2025	Number of indigent Households receiving free basic waste removal service by 30/06/2025	Issue 2 We were not provided with the evidence to prove that the below mentioned beneficiaries appearing in the indigents listing have received the free basic waste removal service. 4512130453087 SIBIYA ME 7012115762088 MAHASHA PA	Poor vetting of the Indigents listed on the register	Ndivhuho Tshishonga	31/Mar/2026	Customers residing in the rural area's /villages are not billed municipal services and will not be included on the Basic Refuse Schedule	In Progress

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		7202185475089 MOHLALA SD 6702120820084 MASWANGANYI AT 5602095263081 MOKONE TF 5210125713081 SHABANGU KA 4905231919081 MBOWENI HG 9108011275080 MABASA A					
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Recommendations

1. That the 2024/2025 Audit action Plan be noted as approved by Council on the 30th January 2026
2. That 61 findings are included in the Audit action Plan.