

MONITORING TOOL TO MEASURE FINANCIAL COMPLIANCE IN MUNICIPALITIES TO ACCOMPLISH GOOD CORPORATE GOVERNANCE AS REQUIRED BY THE MUNICIPAL FINANCE MANAGEMENT ACT

ANNEXURE A

FROM: NAME OF MUNICIPALITY	NC074 – KAREEBERG MUNICIPALITY
TO: NORTHERN CAPE PROVINCIAL TREASURY	FINANCIAL GOVERNANCE
DUE: NOT LATER THAN 10 WORKING DAYS AFTER THE END OF EACH QUARTER	DIRECTORATE: ACCOUNTING SERVICES

N.B: PLEASE ATTACH REASONS/COMMENTS AND ACTION PLANS WITH THE TIME FRAMES TO ADDRESS NON-COMPLIANCE WITH THE MINIMUM FINANCIAL MANAGEMENT PERFORMANCE INDICATORS.

NO	PERFORMANCE INDICATOR	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
1	All transactions are supported by authentic and verifiable source documents.	YES	
2	All deposits and receipts have been recorded in the General Ledger and reconciled.	YES	
3	All revenue has been deposited timeously into bank accounts.	YES	

NO	PERFORMANCE INDICATOR	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
4	All cheques/warrant vouchers/electronic fund transfers (EFT)/ Bank credits have been recorded in the General Ledger and the control account reconciled.	YES	
5	All bank reconciliations have been performed and reconciling items cleared.	YES	
6	6. Journals 6.1 All journals have been recorded and authorised on the Financial System 6.2 All supporting documentation to journals are readily available.	YES	
7	All outstanding balances and debts have been recorded, reconciled and paid within the prescribed or agreed period.	YES	
8	All staff debts have been recorded and reconciled.	YES	
9	All reporting requirements of Division of Revenue Act (DoRA), MFMA have been adhered to.	YES	
10	Budgets 10.1 The budget or adjusted budget has been captured on the financial systems as per the Standard Chart of Accounts (SCOA). 10.2 The budget on the financial system has been reconciled to the approved budget /adjusted budget.	YES	
11	Control and Suspense Accounts 11.1 All supporting documentation is readily available. 11.2 Monthly reconciliation of all control or suspense accounts is performed to balances and available supporting documentation.	N/A	No suspense accounts
		N/A	No suspense accounts

NO	PERFORMANCE INDICATOR	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
	11.3 Amounts included in control or suspense accounts are cleared and correctly allocated to the relevant cost centres on a monthly basis.	N/A	No suspense account
	11.4 Reports are provided to the Accounting Officer on uncleared items, and followed up on a monthly basis by the Chief Financial Officer.	N/A	No suspense account
12	Unauthorized, Irregular and Fruitless and wasteful expenditure were disclosed, reported and handled as prescribed. (MFMA Circular 68)	YES	Keep register, refer to audit file. MEC also informed.
13	All commitments have been checked/verified and all outstanding orders are still valid.	YES	
14	All Payments of creditors have taken place within 30 days.	YES	

The Bank Reconciliation for all bank accounts for the reporting month has been done as at 30 JUNE 2016 and copies of the bank reconciliation and bank statements are attached (Do not attach any other documentation).

SIGNATURE: Alex Schall
CHIEF FINANCIAL OFFICER:

SIGNATURE: [Signature]
ACCOUNTING OFFICER:

DATE: 2016-06-30

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REVENUE:

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
1.	RECEIPTS		
1.1	All Keys to cash offices were properly safeguarded and registers updated as required.	YES	
1.2	All monies received were properly safeguarded.	YES	
1.3	Monies received were banked on a daily basis.	YES	
1.4	Reconciliations for daily cash was performed and traced to daily cash transactions.	YES	
1.5	The deposit slips for daily receipts have been completed in full.	YES	
2.	MOTOR REGISTRATION		
2.1	Daily cash has been recorded on a processing sheet.	YES	
2.2	The amounts on processing sheets agreed with amounts on RD 324 (E-Natis system print-out).	YES	
2.3	The reviewing on processing sheets and RD 324 was performed by independent senior financial official.	YES	
3.	MUNICIPAL SERVICES		
3.1	Monthly municipal accounts distributed accurately and on –time to customers	YES	
3.2	Payment facilities in terms of location of pay points and the payment options was available to the customers	YES	
3.3	Regular follow-ups have been done on outstanding accounts.	YES	Council received monthly trial balance Mayor and Municipal Manager received graph shown payment trend services

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
4.	GOVERNMENT GRANTS		
4.1	All grants have been paid timeously into the primary bank account of the municipality.	YES	
4.2	All grants received were recorded in a register.	YES	
4.3	All grants received were compared to the DORA.	YES	
4.4	The allocation letter or any other supporting documentation were safeguarded for audit purposes.	YES	



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LIABILITIES:

NO	ACTION	YES/ NO	REASONS/COMMENTS, ACTION PLAN AND TIME FRAMES
1.	CREDITORS		
1.1	Payment Advices		
1.1.1	A payment advice was completed for every payment.	YES	
1.1.2	All the necessary supporting documentation has been attached to the payment advices.	YES	
1.1.3	All payment advices have been signed by the preparers, authorised by delegated officials, and filed.	YES	
1.2	Payments		
1.2.1	Amounts on cheques have been agreed to payment advices and invoices.	YES	
1.2.2	Cheques have been signed by authorised officials.	YES	
1.2.3	All Invoices paid were in the name of municipality.	YES	
1.2.4	All cheques, payment advices and other supporting documentation were properly filed.	YES	

1.3	Creditors Reconciliation		
1.3.1	All suppliers' statements have been filed.	YES	
1.3.2	A creditor's reconciliation was performed for each payment made.	YES	

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
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ANNEXURE D

TAXES:

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
1.	VAT		
1.1	The VAT reconciliation has been performed.	YES	
1.2	The VAT has been calculated and reviewed by a senior finance official.	YES	
1.3	VAT has been paid over on/before due date.	YES	When applicable
1.4	The VAT 201 return and other supporting documentation has been safeguarded for audit purposes.	YES	
2.	PAYE		
2.1	The PAYE reconciliation has been performed.	YES	
2.2	PAYE has been calculated and reviewed by a senior finance official.	YES	
2.3	PAYE has been paid over before the due date.	YES	
2.4	Supporting documentation has been safeguarded for audit purposes.	YES	


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ASSET MANAGEMENT:

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
1.	PROPERTY, PLANT & EQUIPMENT		
1.1	Acquisition		
1.1.1	Assets were purchased for the period.	YES	
1.1.2	All required supply chain management processes has been followed in the acquisition of assets.	YES	
1.1.3	All acquisitions made were in terms of budgetary provisions.	NO	Not enough cash to do maintenance according to norm of 8%. Some assets replaced due to breakage
1.1.4	All invoices were filed for audit purposes.	YES	
1.1.5	Reconciliation was done between purchases and additions to the asset register.	YES	
1.1.6	The asset register has been reconciled with the total assets as per the General Ledger.	YES	
1.2	Disposal		
1.2.1	Assets were disposed for the period.	NO	
1.2.2	The disposals of assets have been done in accordance with a Council resolution or approved asset management policy.	NO	N/A
1.2.3	The asset register was updated with the disposed assets.	NO	N/A
1.3	Transfer of Assets		
1.3.1	Assets were transferred for the period.	NO	

REASON/COMMENT ACTION PLAN AND TIME FRAMES		
NO	ACTION	YES/ NO
1.3.2	The asset register was updated with the transferred assets.	NO
1.3.3	A list of all assets that were transferred was compiled.	NO
1.3.4	The list of assets has been approved by both the transferring and receiving departments.	NO
1.4	Write-Offs	
1.4.1	Assets were written off for the period.	YES
1.4.2	The write off was done in terms of the approved policy by a delegated official.	YES
1.4.3	The asset register was updated with the written off assets.	YES
1.5	Donations	
1.5.1	Donations were received for the period.	NO
1.5.2	The asset register has been updated with all donations received.	NO
1.6	Revaluations	
1.6.1	Revaluations have been performed in accordance with an approved policy.	YES
1.6.2	All items of a specific class have been revalued.	YES
1.6.3	Depreciation has been calculated on the revalued amounts.	YES
INVESTMENT PROPERTY		
2.	All investment property has been identified and recorded in the investment property register.	NO
2.1	Investment property has been valued according to an approved policy.	NO
2.2		N/A


NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
2.3	Contracts for all rented property are in place and safeguarded.	YES	
2.4	Reconciliation was performed between the amounts received and contract amount.	YES	
2.5	All relevant supporting documentation has been safeguarded, e.g. contracts, reconciliations.	YES	
2.6	Reconciliation has been performed to show movements in investment property values.	NO	N/A
3.	INVESTMENTS		
3.1	All interest accrued has been recorded in the investment register.	YES	
3.2	The investment register was updated (withdrawals, deposits, interest etc) with the details of bank statements and agrees with the balances.	YES	
3.3	Reconciliation has been performed between the investment register and general ledger.	YES	
3.5	All supporting documentation have been safeguarded, e.g. bank statements, register.	YES	
4.	CASH & BANK		
4.1	Petty Cash		
4.1.1	A petty cash requisition has been completed.	NO	N/A
4.1.2	The supporting documents have been attached to requisitions.	NO	N/A
4.1.3	All requisitions have been recorded in the petty cash register.	NO	N/A
4.1.4	The money is locked away at all stages and the key is being kept by the person responsible for petty cash.	NO	N/A
4.2	Bank Reconciliation		
4.2.1	Bank reconciliation has been performed.	YES	

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
4.2.2	The bank statement balance agrees with cash book balance.	NO	THEY DO NOT NECESSARILY AGREE
4.2.3	The bank reconciliation has been approved by a senior finance official.	YES	
4.2.4	Outstanding cheques are followed-up on a regular basis.	YES	
4.2.5	Daily/Weekly reconciliations between cash received and cash banked has been performed.	YES	
4.3	Suspense Accounts		
4.3.1	Debit and credit suspense accounts have been followed up and cleared on a monthly basis.	NO	DO NOT UTILIZED AN ACCOUNT
4.3.2	All supporting documentation has been safeguarded.	NO	N/A
5.	INVENTORY		
5.1	Ordering		
5.1.1	Stock re-order levels have been set.	NO	KEPT NO INVENTORY
5.1.2	A requisition form has been completed and signed by the relevant official and approved by CFO or delegated official.	NO	N/A
5.1.3	Items on purchased order have been compared and verified with items on the requisition form before it is sent to suppliers.	NO	N/A
5.2	Receipting		
5.2.1	Incoming stock has been checked against purchase order and invoice.	NO	
5.2.2	Invoice was signed and stamped before being forwarded to payments department.	NO	
5.3	Issuing		
5.3.1	The register has been updated immediately with the receiving and issuing of stock.	NO	N/A

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
5.3.2	Requisition forms are filled completed when stock are issued.	NO	N/A
5.4	Stock Take		
5.4.1	Stock taking has been performed in accordance with the approved asset management policy.	NO	N/A
5.4.2	Slow moving stock and obsolete stock were identified during stock take, if any.	NO	N/A
5.4.3	A report has been prepared on stock taking and submitted to the CFO.	NO	N/A
5.4.4	Accounting records have been updated with stock taking results.	NO	N/A
5.5	Write-offs		
5.5.1	All write-offs of obsolete and damaged stock were in accordance with an approved policy.	NO	N/A
5.5.2	Details and reasons of write-offs has been filed and properly safeguarded for audit purposes.	NO	N/A
6.	REVENUE CYCLE AND CUSTOMER CARE		
6.1	New Connections		
6.1.1	An application form has been completed, signed by the applicant and approved by a senior finance official.	YES	
6.1.2	New connections were immediately processed on billing system.	YES	
6.1.3	A report for all new connections has been generated and safeguarded for audit purposes.	YES	
6.2	Disconnections		
6.2.1	All disconnections have been done in accordance with the debt collection policy.	YES	
6.2.2	All necessary steps have been taken to recover debt before services were disconnected.	YES	

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
6.3	Meter Readings		
6.3.1	Meter readings are taken on a monthly basis.	YES	INSTANCES MAY OCCUR WHERE ESTIMATES ARE USED
6.3.2	Readings in meter reading books agrees with readings on system.	YES	
6.4	DEBTORS		
6.4.1	A debtor's reconciliation has been performed.	YES	
6.4.2	The debtors control account agrees to the debtor's age analysis.	YES	
6.4.3	All relevant supporting documentation has been safeguarded.	YES	
6.4.4	An indigent register/list is in place and updated on a regular basis.	YES	
6.4.5	All unknown deposits have been cleared on a regular basis.	YES	
6.5	Doubtful Debts/Write Offs		
6.5.1	All reasonable steps have been taken to recover debts.	YES	
6.5.2	A Council Resolution exists for the write-off.	NO	No write-off 2015-16
7.	LEASES		
7.1	All leases have been identified as either operating or finance leases.	NO	N/A
7.2	The lease register has been updated with all new lease agreements and the expired agreements as well.	NO	N/A

7.3	A signed lease agreement is in place for all leases.	NO	N/A
7.4	All payments are in accordance with the signed lease agreements.	NO	N/A
7.5	All relevant supporting documentation has been safeguarded.	NO	N/A


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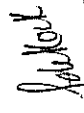

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EXPENDITURE:

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
1.1	Expenditure files have been properly safeguarded.	YES	
1.2	The expenditure files have all payment advices, requisitions, orders, delivery notes, cheques, EFT advices.	YES	INTERNAL AUDIT
1.3	A list of approved accredited suppliers is on the municipality's database.	YES	UPDATED MONTHLY
1.4	All expenditure has been properly approved and authorised.	YES	
1.5	Expenditure monitored against the approved budget.	YES	
1.6	Subsistence and travelling has been paid out in accordance with the approved policy.	YES	


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JOURNALS:

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
1.1	A register is in place for all journals passed.	YES	
1.2	All journals were approved by a senior financial official.	YES	
1.3	All journals have been properly safeguarded with adequate supporting documentation.	YES	



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HUMAN RESOURCE AND PAYROLL MATTERS:

NO	ACTION	YES/ NO	REASON/COMMENT ACTION PLAN AND TIME FRAMES
1.1	Salaries have been reviewed before it was paid out.	YES	
1.2	All third party payments have been reviewed and are in within the limits of the approved budget and the prescriptions of the South African Revenue Services. . .	YES	
1.3	The calculations for leave gratuities have been done in accordance with an approved formula.	YES	
1.4	Time sheets were reviewed for correctness for overtime payments.	YES	
1.5	Overtime payments have been properly reviewed by a senior financial official.	YES	
1.6	All employee files have the necessary information and were updated regularly.	YES	



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