Midvaal Local Municipality
OPCA Plan - External Audit Findings

As per Management Letter and Audit report 2024 - 2025

FINDINGS NOT YET RESOLVED

Control no.	Detailed Finding	Root Cause	Area	Resp. ED	Audit Recommendation	Management Comments	Official(s) delegated to	Key tasks that need to be performed	Target Date
1	**COAF 1. AOPO: Difference between reported achievement and supporting schedules** **Overstatement of reported achievement** During the audit of KPA 6: Infrastructure & Sustainable Living Environments for the 2024-25 financial year, we identified that the detail listings submitted for audit did not agree with the reported achievements on the Annual Performance Report (APR) for three (3) indicators. Consequently, the achievements against the targets were overstated. **Understatement of reported achievement** During the audit of KPA 6: Infrastructure & Sustainable Living Environments for the 2024-25 financial year, we identified that the detail listings submitted for audit did not agree with the reported achievements on the APR for two (2) indicators. Consequently, the achievements against the targets were understated.	Management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information. This has resulted in misstatements reported on the APR.	PMS	ED: Corporate Services	Management should implement adequate controls over the reporting of information on the APR, to ensure that the listings agree with the information reported. Management should adjust the annual performance report to indicate the correct achievements.	1. **KPI 034 – Number of additional formal households with access to basic level of sanitation per annum** The finding is noted. It was brought to the attention of the Auditor-General by management that the achievement reported was overstated by 6, due to an additional exercise done by management on the Midvaal Geospatial Viewer. The corrected supporting evidence is attached and the Annual Performance Report restated. 2. **KPI 036 – Number of additional formal households with access to basic level of water per annum** The finding is noted. It was brought to the attention of the Auditor-General by management that the achievement reported was overstated by 3. The relevant supporting evidence reflecting the root cause and the corrected evidence is attached. 3. **KPI 038 – Number of additional formal households with access to basic level of electricity per annum** The finding is noted. It was brought to the attention of the Auditor-General by management that the achievement reported was overstated by 1. The relevant supporting evidence reflecting the root cause and the corrected evidence is attached. 4. **KPI 060.2 – Percentage of allocated budget spent to upgrade roads from gravel to surface identified roads annually** The difference of 0.02% in the reported achievement, due to rounding is noted. Reported achievement was 99.20% versus the listing of 99.18%. 5. **KPI 031 – Percentage of allocated budget spent to reseal tarred roads** The reported figure (98.12%) was based on the SOLAR Report dated 11 July 2025. On 15 Jul 2025 payment to the amount of R7 284.79 was processed, which was also considered in the Annual Financial Statements on 18 Aug 2025. This payment resulted in an expenditure of 98.85%. 6. **KPI 053 – Number of km/m of gravel road converted to tarred road** During the Adjustments Budget dated 27 Feb 2025 per Council Resolution C3475/02/2025 an additional amount was approved for the gravel to tar project. Management omitted to report the performance achieved against the increased budget.	R van Greune	1. Management will in future ensure that Residential and Commercial connections are reported separately, i.e. to maintain two separate connection registers to prevent any possible calculation errors. 2. Monthly performance reports to be submitted by the relevant indicator owners. 3. The departmental performance reports with the applicable listings will be subjected to quarterly auditing to detect any differences earlier. 4. The Annual Performance Report has been updated as per this response. 5. The "no rounding" principle will be reiterated once again. 6. Corrective measures, in terms of payments processed after the issuing of the Section 71-report at year-end, will be discussed with the Chief Financial Officer to agree to appropriate corrective actions.	2025/07/01
2	**COAF 08: Instances of fruitless and wasteful expenditure were not investigated to determine if any person is liable for the expenditure** During the audit of consequence management for the financial year ended 30 June 2025, we identified that the investigations were not conducted for some of the instances of fruitless and wasteful expenditure disclosed in the prior year. As a result, the municipality did not comply with the requirements of Sections 62(1)(d) and 32(2) of the Municipal Finance Management Act (MFMA), which obligate the accounting officer to prevent such expenditure and ensure that it is properly investigated and recovered or appropriately written off.	• Inadequate monitoring and oversight of consequence management processes by both the accounting officer and council. • Weak internal controls relating to tracking and follow-up of reported fruitless and wasteful expenditure. **Leadership** The accounting officer was unable to ensure that fruitless and wasteful expenditure incurred in the prior year was investigated timeously and recovery was actioned to implement adequate consequence management.	PMS	ED: Corporate Services	• Leadership should ensure that the investigations for fruitless and wasteful expenditure are done timeously and complies with applicable laws and regulations • The accounting officer should implement a tracking mechanism to monitor progress of all consequence management actions • The council should review investigation outcomes and take appropriate actions, including recovery from liable officials or approval of write-offs where justified.	**Management comment on audit finding:** Management noted the finding and is in agreement with the Auditor-General (SA). **Management comment on internal control deficiencies:** Due to various operational challenges, namely the restructuring, changes in roles and responsibilities and working processes and procedures within the Office of the Municipal Manager the desired results could not be achieved. These challenges have been addressed and management is in the process of addressing the prior year reported UIFW Expenditure. **Management comment on recommendation:** Management can confirm that the relevant tracking mechanisms to monitor progress of all consequence management actions are in place and investigation outcomes are attended without any delay. The tracking mechanisms since identifying, reporting, investigation and recommendation of any relevant disciplinary and/or possible recovery processes are in place. This also includes the implementation of the recommended consequence management.	R van Greune	The number of pending (reported) matters until 31 Dec 2025 is 18. Progress is reported as follows: 1. Number of reports finalised by the FDB and commented on by the Municipal Manager for consideration by MPAC during Jan 2026: 6 2. Number of reports currently in process to be investigated and finalised by the FDB: 9 3. Number of incidents reported, awaiting end-user department reports: 3	2026/03/31

Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks. **INTERNAL CONTROLS**									
3	**COAF 09. ICT Governance Framework not approved for the period under review** The audit team obtained the draft IT Governance Policy Framework, last reviewed in June 2020. The draft policy indicated on page 18 of 70 that the municipality has adopted King IV, COBIT, and ISO/IEC 38500 as the guiding frameworks for its IT governance environment. However, despite the presence of these frameworks, the policy remains in a draft state and has not received formal approval. Upon further inspection, it was noted that the draft policy is comprehensive and includes several key components of IT governance. These include documented IT governance processes, IT reporting and accountability structures, IT compliance to relevant laws and regulations, IT risk management and IT controls, IT strategy integration within the strategic business planning process, IT benefits realisation, and IT value and performance measurement processes. This demonstrates that management has drafted a policy containing the essential elements of an effective IT governance framework.	There was no effective control to ensure that all IT governance policies, particularly the ICT Governance Framework, were periodically reviewed, updated, and formally approved by the appropriate oversight structures (e.g., Mayoral Committee, ICT Steering Committee). The absence of a Policy Master Register contributes to inconsistent tracking of ICT policies, leading to oversights in review and approval cycles. ICT governance oversight is weakened due to the framework not being properly endorsed and embedded across the organisation.	ICT	Director: ICT	Management should consider the following recommendations: Prioritise the Finalisation and Approval of the ICT Governance Framework by: • Reviewing, updating and submitting the ICT Governance Framework to the relevant governance structures (e.g., ICT Steering Committee, Mayoral Committee) for formal approval. • Ensure that the framework aligns with adopted standards (King IV, COBIT, ISO/IEC 38500) and reflects the current ICT environment and organisational structure. • Stipulates the frequency of approving the policies and procedures, which is between one to three years. • Determine the approval levels for the policies and procedures which may vary. Policies usually undergo a more extensive process of committee approvals as opposed to procedures which can be approved by the Head of Department. Develop and Maintain an ICT Policy Master Register Embed Governance Awareness Across ICT and Business Units • Communicate the approved ICT Governance Framework across relevant departments to ensure consistent adoption and accountability.	ICT agrees with the finding. The ICT Governance Framework was drafted and submitted for internal review; however, the formal approval processes were not finalised within the period under review due to delays in stakeholder consultations and alignment with updated municipal strategic documents. Non-compliance was due to delays in securing all stakeholder inputs, as well as competing organisational priorities that affected the timeline for review and approval.	S Mnguni	1. The ICT Governance Framework will be finalised, The framework is in its final stages of refinement (70%). 2. The documents will be submitted to the reporting cycle for comments on the week of the 19th January 2026. 3. After the comments are addressed it will tabled for Council approval. 4. Once approved, ICT will implement an annual review cycle to ensure continuous compliance with governance standards such as COBIT and MFMA ICT requirements.	2026/06/30
4	**COAF 10. Inability to obtain system generated application change logs due to legacy system limitations** During the 2024/25 audit, system-generated application-level change logs for Payday, Solar, Cashdrawer, and the Traffic Contravention Software System (TCMS) could not be obtained for testing. This issue has been consistently reported in prior financial years (2021/22 and 2022/23). The municipality indicated that these applications are legacy systems that do not have built-in capabilities to generate detailed change logs at the application layer. In previous years, Midvaal deployed AD Plus as a compensating control to record activities performed on the operating systems. However, AD Plus logs capture every event across the server environment and do not have the functionality to distinguish or filter logs related specifically to application-level program changes. Therefore, it was not possible to isolate and verify system changes for these applications. Management additionally implemented another compensating control whereby service provider activities were monitored through video recordings when accessing application systems. However, no evidence was provided to demonstrate that these recordings were periodically reviewed, logged, or used for oversight. For the current year, the audit confirmed that vendors' privileged access is controlled through a Privileged Access Management (PAM) tool, which logs activity performed during vendor sessions. While this tool enabled visibility into vendor actions, the logs remain insufficient to confirm the completeness of all changes.	The following internal control deficiencies were noted: • The municipality does not have the capability to generate audit-ready, system-generated application change logs for key legacy systems. • There is no structured risk acceptance process in place to formally acknowledge and govern the risks arising from the legacy systems' limitations. • Absence of authenticated system logs impairs the ability of management and auditors to validate the design and operating effectiveness of change management controls.	ICT	ED: Corporate Services	Management should consider the following recommendations: *Implement a Formal Risk Acceptance Process* • Document, evaluate, and present the risks associated with legacy systems' inability to produce application-level change logs. • Ensure risk acceptance is approved at the appropriate governance level (e.g., ICT Steering Committee, Accounting Officer). •Risk acceptance decisions should include: - Justification for retaining legacy systems, - Compensating controls to mitigate identified risks, - Timelines for system replacement or enhancement (if necessary), and - periodic review of the accepted risk. *Evaluate Long-Term System Options* • Perform an assessment of legacy applications to determine feasibility of: - Introducing change-logging functionality, - Integrating third-party audit-logging tools, or - Planning for system replacement where appropriate.	ICT agrees with the finding as the current legacy system does not have the technical capability to generate or retain detailed application change logs required for audit purposes. The legacy system's architecture and outdated audit-trail capabilities do not support system-generated change logs. This limitation has existed historically and could not be remedied without system redesign or upgrade.	S Mnguni	Implement a Formal Risk Acceptance Process. This finding will be added to the risk register to formalise the risk acceptance process and will be monitored with other risks identified.	2026/06/30

5	**COAF 11. Inadequate user account management and failure to disable terminated and duplicate user accounts** During the review of user access on all critical systems we noted that on the Solar and TCMS applications for the period under audit, where user accounts belonging to terminated employees or users with changed responsibilities remained active. These weaknesses persisted despite evidence from management's access review indicating that the accounts should have been removed. *Terminations* On Solar, it was observed that user accounts belonging to "TSHEPISO" and "VINCENTS" were reviewed with a comment stating, "Remove employee resigned," yet the accounts remained active in the application. Similarly, for TCMS, the audit identified that the account belonging to Mr. SC Rammalo, who was terminated on 30 June 2025, was still active at the time of the review September 2025. Although activity logs were obtained and no malicious activity was noted, the continued availability of these accounts presents a control weakness. *Duplicates* Audit further identified duplicate or redundant user accounts on TCMS and Solar. On TCMS, Ronel van der Merwe had two accounts: one as a payments cashier and another as a system administrator. Management explained that the cash-office account remained active after Ronel's promotion, as the previous account was not deactivated. Activity logs showed no malicious use. On Solar, Heidi Ward had two user accounts, cash4 and cash5. The cash4 account was previously used at the now-dissolved Rand Vaal Engineering office and was not removed due to historical transactional records linked to the account. Cash5 was created when she resumed cashier duties after a colleague stepped down for medical reasons. Additionally, Gwenith Abe had two accounts, Cash6 and Cashier9. Cash6 was created for cashing activities at the swimming pool facilities, while Cashier9 was incorrectly created and subsequently replaced by Cash6.	The following internal control deficiencies were noted: • The municipality does not consistently implement timely deactivation of user accounts belonging to resigned, terminated, or transferred employees. • Duplicate user accounts are not adequately managed or disabled, leading to redundant access and weakening the principle of least privilege. • There is no structured tracking process to ensure that corrective actions identified during access reviews are implemented in the systems. • Some systems retain old accounts to preserve historical transactional data, but no formal mechanism exists to enforce restricted access or convert accounts to non-active archival status.	ICT	ED: Corporate Services	Management should consider the following recommendations: *Enforce Timely User Account Deactivation* • Immediately disable all accounts belonging to terminated or resigned employees in Solar, TCMS and other related systems. • Implement a process requiring HR termination notifications to trigger automatic or same-day deactivation procedures. *Strengthen User Access Review Processes* • Ensure that user access review comments accurately reflect system actions and that all accounts marked for removal are independently validated as disabled. • Introduce reconciliation steps between access review forms and system user listings. *Address and Manage Duplicate Accounts* • Review all duplicate accounts and disable or archive those no longer required. • Where historical accounts must be retained for audit trail purposes, convert them to inactive / locked status so that they cannot authenticate to the system. *Enhance System and Process Controls* • For legacy systems that cannot automatically handle user lifecycle controls, implement compensating measures such as: - Manual deactivation checklists, - Restricted access profiles for historical accounts,	ICT agrees with the finding because the review confirmed that some terminated and duplicate user accounts were not timeously disabled due to gaps in the user account management process and delays in receiving termination notifications. Non-compliance resulted from manual processes, delayed communication of staff exits, and the absence of an automated workflow to ensure immediate disabling of accounts.	S Mnguni	Implement a formalised User Account Management Procedure aligned to ICT Governance Framework. Enforce mandatory HR to ICT termination notifications within 24 hours of an employee exit. Conduct Monthly audits of all active accounts across systems (AD, SOLAR, Email, etc.). Integrate HR termination workflows with ICT to automate account deactivation where possible.	2026/06/30
6	**Audit of infrastructure delivery (Meyerton Wastewater treatment works)** **COAF 12: Groundwater Monitoring** It is noted that the Wastewater Treatment Works (WWTW) is not implementing groundwater monitoring as required. There are no boreholes being sampled, no monitoring records for the current financial year, and no evidence of reporting submitted to the Department of Water and Sanitation (DWS).	• Lack of a structured environmental monitoring programme at the WWTW. • Absence of designated personnel or service provider to undertake groundwater monitoring. • Inadequate oversight and enforcement of WUL conditions.	Water and Sanitation	ED: Engineering	• Management should immediately develop and implement a Groundwater Monitoring Programme, aligned with the Water Use Licence requirements. • Monitoring boreholes must be rehabilitated or installed if missing. • A qualified internal team or external service provider should be appointed to conduct periodic sampling, analysis, and reporting to DWS as per WUL conditions. • Monitoring results must be reviewed quarterly by management and corrective action taken where deviations are detected.	Midvaal LM agrees with the audit finding. Midvaal LM agrees with the root cause.	R Madimutsa	1. Drill at least 3 monitoring boreholes by 15 June 2026 2. Develop Tender specification for borehole monitoring by 30 January 2026 3. Appoint service provider by 30 June 2026 4. Implement ground water monitoring by 1 July 2026	2026/07/01
7	**COAF 13: Bio-Monitoring** It is noted that the WWTW is not conducting any bio-monitoring of the receiving water resource downstream of the effluent discharge point. There are no records, no sampling results, and no reports submitted for the current financial year. This indicates that the WWTW is not performing required aquatic ecosystem assessments.	• Lack of an established bio-monitoring programme. • No appointed internal specialist or external environmental consultant. • Lack of oversight regarding WUL compliance.	Water and Sanitation	ED: Engineering	• The municipality should develop and implement a bio-monitoring programme aligned with the Water Use Licence specifications. • Appoint a qualified aquatic ecologist or environmental service provider to conduct SASS5, habitat and water quality assessments at required intervals. • Review all bio-monitoring results quarterly and implement corrective action where ecosystem health declines.	Midvaal LM agrees with the audit finding on biomonitoring, however there is monitoring of downstream and upstream on the river system. Midvaal LM agrees with the root cause.	R Madimutsa	1. Develop Tender specification for bio-monitoring by 30 January 2026 2. Appoint service provider by 30 June 2026 Implement for bio-monitoring by 1 July 2026	2026/07/01
8	**COAF 14: Effluent quality** It is noted that the WWTW is receiving influent volumes above its hydraulic design capacity of 10 Ml/day. The results above show that inflow per day exceeds the plant's design capacity. As a result of the overloading, the WWTW is consistently failing to meet effluent discharge limits. Below is a snippet from lab test results in the WWTW Compliance Monthly Report dated June 2025.	•The WWTW has insufficient hydraulic and organic treatment capacity to handle current inflows. •Population growth, industrial discharges, inflow and infiltration have exceeded original design assumptions. •Delays in upgrading the WWTW.	Water and Sanitation	ED: Engineering	• Prioritise the upgrade of the WWTW to meet current and projected flow demands. • Develop a hydraulic loading management plan that aligns inflows with the design capacity. • Ensure strict monitoring of daily inflow volumes and implement operational adjustments during peak flows.	Midvaal LM agrees with the audit finding. Midvaal LM agrees with the root cause.	R Madimutsa	Monitor theRand Water progress on the construction of the wastewater treatment plant upgrade. Upon completion, monitor the compliance of the effluent over a period of time	2026/06/30