



Stand 13433 Kingfisher Road, Portion 7
Remainder of Harlingen Farm, Mkuze, 3965

P. O. Box 449, Mkuze, 3965

Tel: 035-573 8600
Fax: 035-573 1094
Email: nmthembu@ukdm.gov.za

02 September 2019

Enquiries: Office of the GM: Corporate Services

**COUNCIL
RESOLUTION CERTIFICATE
TO WHOM IT MAY CONCERN**

This is to certify that the Council of Umkhanyakude District Municipality, in its meeting of 30 August 2019 resolved as follows regarding Audit Readiness Report for the year ended 30 June 2019:

**MEMUDVC 0396/19 AUDIT READINESS REPORT FOR THE YEAR
ENDED 30 JUNE 2019**

Council resolved that:

1. The Annual Financial Statements (AFS) for the year ended 30 June 2019, prepared in terms of MFMA and as per GRAP requirements; and that the AFS will be submitted to Auditor General South Africa for audit no later than 31 August 2019 be noted.
2. The write off of R7.5 million (63%) from water meters written off from the Statement of Financial Position (Balance Sheet) in order to prevent the overstatement of inventories due to unusable water meters found as per the impairment test report be approved.
3. The wasteful expenditure resulting from water meters that are written off from inventories on the bases of impairment test conducted. The water meters written off were purchased by the Municipality from Lesira Tech through Joat Sales and Service be noted.

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4. To refer to the MPAC, for further investigation of the wasteful expenditure as a result of the write off of water meters on the bases of the impairment test report.
5. The write off of R1 925 307 arising from the advance payment that was made during 2013/2014 to different suppliers when the Municipality procured the infrastructure pipes be approved. We could not locate documents sufficient to trace the payment that was made.
6. The fruitless and wasteful expenditure arising from the write off of R1 925 307 from the untraceable advance payment made to different suppliers when the Municipality procured the infrastructure pipes be noted.
7. To refer to MPAC the fruitless and wasteful expenditure arising from the write off of R1 925 307 from the untraceable advance payment made to different suppliers when the Municipality procured the infrastructure pipes for investigation and possible write off from the UIFWE register where necessary.
8. The write off of R16.7 million arising from the WIP accounting transactions that cannot be associated with projects listed as per the WIP register maintained by Technical Services be approved.
9. The wasteful expenditure of R16.7 million arising from the WIP accounting transactions that cannot be associated with projects listed as per the WIP register maintained by Technical Services be noted.
10. To refer to MPAC the wasteful expenditure of R16.7 million arising from the WIP accounting transactions that cannot be associated with projects listed as per the WIP register maintained by Technical Services for further investigation and recommend back to Council for possible write offs from the UIFWE register where necessary.
11. The CFO of UMkhanyakude District Municipality to urgently engage with UMhlosinga Development Agency to finalise on the accrual amount of

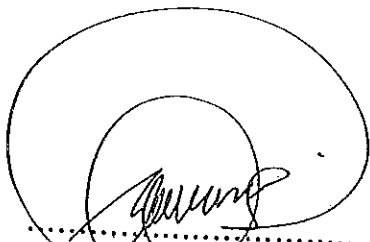
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R5.03 million for possible write off before the consolidation report is finalised for approval for audit.

12. The estimated revenue loss of R47.8 million as a result of poor revenue management throughout the financial year be noted.
13. In order to reduce the estimated revenue losses suffered during the year under audit, the Management to finalize within the second quarter of the 2019/2020 financial year, the appointment of an appropriately competent service provider to implement the water balance and metering system that is fully integrated with the current municipal Financial Information Management System (FIMS).
14. The revenue losses suffered as a result be condoned.
15. The significant increase/decrease in the expenditure items incurred during the financial year be noted.
16. The Council notes and write off the irregular, Unauthorized, Fruitless and Wasteful Expenditure incurred for the year and prior years.

Proposer: Cllr N.E.Zuma
Seconder: Cllr T.S.Mkhombo

Approved & Signed by:



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MR. M.A. NKOSI
MUNICIPAL MANAGER

Tel: 035 573 8600 Fax: 035 573 1904 Email: nmthembu@ukdm.gov.za
