

ANNEXURE A

ENTERPRISE ILEMBE
2021 YEAR-END AUDIT ACTION PLAN AS AT 31 DECEMBER 2021

AG FINDINGS								
No.	Audit Finding	Unit	Internal Control Deficiency	Actions	Assigned To	Date of Action	Action to Date	% Complete
1	Related parties' amount in the AFS does not agree to the amount disclosed in IDM's AFS.	Finance	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available for audit purposes.	The amount disclosed by IDM is the total amount transferred to the Entity for the year, whereas the Entity only discloses what has been spent for the year on the Related Parties note and the unspent balance under the Unspent Grants note. AG requested that the balance be also disclosed under the Related Parties note which was done.	CFO	30-Jun-22	The difference was disclosed under the Related Parties note on the AFS for the year ended 30 June 2021 and will be treated the same for the coming audits.	100%
2	Segment information not presented as required by GRAP 18 "Segment Reporting".	Finance	Management did not take all reasonable steps to ensure that the prepared AFS are accurate, complete and that relevant information per GRAP 18 is disclosed.	This was not included based on how the GRAP standard was interpreted by the Entity (as the understanding was that it applies to services, of which the Entity does not directly provide services and is administrative and functional in nature) - also in consultation with other Entities who had not disclosed this and it was not raised as a finding. Even Treasury was consulted but did not come back with a clear answer. However, because AG insisted that the entire income statement must be translated to Segment Reporting, this was subsequently done.	CFO	30-Jun-22	Segment Reporting was included on the AFS for the year ended 30 June 2021 and will be part of the AFS going forward.	100%
3	Inaccurate disclosures of amounts on the cash flow statement and the accompanying notes.	Finance	The AFS were not adequately reviewed in a timely manner to ensure that information is fairly and accurately disclosed.	The cash generated from operations balance on the cashflow was correct - it was the reconciling note that had discrepancies due to casting errors. This was subsequently corrected.	CFO	30-Jun-22	The figures were corrected on the final set of AFS submitted to AG.	100%
4	Other material adjustment to the AFS: *Contingent Asset - Claim against supplier with probable settlement not disclosed in AFS *Capital Commitments not disclosed in AFS	Finance	The AFS were not adequately reviewed in a timely manner to ensure that information is fairly and accurately disclosed.	Contingent Asset - When the legal opinion was sought on the matter, it was to review the agreement between the Entity and Phambili energy due to a dispute currently in place. Subsequent to the appointment of the legal team, Phambili Energy then proposed a settlement option which was not yet accepted by the Entity when audit was finalized. However, on insistence by AG, this was subsequently included on the AFS. Capital Commitments - This was initially not included in the AFS as all our contracts contain a cancellation clause, however as the YEP project is grant funded, this was subsequently include on the AFS.	CFO	30-Jun-22	The contingent asset and capital commitments notes were updated on the final AFS submitted to AG.	100%

No.	Audit Finding	Unit	Internal Control Deficiency	Actions	Assigned To	Date of Action	Action to Date	% Complete
9	Payments due to creditors not settled within 30 days	Finance	Management did not ensure that all payments to suppliers are settled within 30 days of receipt of invoice. Supplier statements were not monitored to ensure payments are made within 30 days	The suppliers are not paid if there are outstanding matters on their side, i.e. work not completed satisfactorily or tax matters not in order. This was communicated to AG and CSD reports as well as letters from suppliers provided.	CFO	30-Jun-22	No further action	100%
10	Receivables from DOE has not been recovered and included in the provision for doubtful debts	Finance	Management did not properly prepare and review the provision raised for debt impairment. No adequate use of the GRAP Framework to ensure reasonability of the provision	1. Draft a letter to DOE requesting payment of outstanding amount. 2. Receipt of amount from DOE/Approval of write-off of debt by Board.	CFO	30-Jun-22	A letter is being drafted to DOE.	0%
11	SCM Department - Manager position vacant for major part of the year	Finance	The SCM Accountant will be the only employee reviewing tender documents. There is currently a lack of division/ segregation of duties. The procurement process can be omitted as the SCM department is under pressure to meet deadlines	To capacitate the SCM department by filling the two vacant positions.	CFO	30-Jun-22	The position of the SCM Officer has been filled on a contract basis.	50%
12	The VAT receivable balance as per the AFS does not agree with SARS records	Finance	Management did not properly prepare and review the monthly VAT calculations and ensure that the VAT calculations are complete. The financial statements were not adequately reviewed in a timely manner to ensure that they were prepared accurately and completely to ensure that they are fairly presented.	1. Engage with a Tax Practitioner to perform a review of VAT for prior periods - 50% 2. Reconcile the SARS balance to the Entity Balance - 50%	CFO	30-Jun-22		0%
13	Recommendations made by the Enterprise's legal representatives not followed up and implemented	Office of the CEO	Management did not implement the recommendations by their legal representative.	Finalize legal review of Phambili energy transaction	CEO	30-Jun-22	Management is currently awaiting the legal opinion for the Phambili Energy matter	0%

(Calculation based on the SUM of J8 to J20 divided by 13)

Progress to date:

42%