



AUDITOR - GENERAL  
SOUTH AFRICA

**Consolidated general report**  
on the national and provincial audit outcomes

# Consolidated general report on the national and provincial audit outcomes PFMA 2012-13

## Our reputation promise/mission

"The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence."



The information and insights presented in this flagship publication of my office are aimed at empowering oversight structures and executive leaders to focus on those issues that will result in reliable financial statements, credible reporting on service delivery and compliance with laws and regulations.

This publication also captures the commitments that leaders have made to improve audit outcomes.

**Terence Nombembe**  
**Auditor-General**

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Our responsibility extends to citizens who trust us to make a contribution towards a better South Africa



**AUDITOR - GENERAL**  
**SOUTH AFRICA**

# Overview

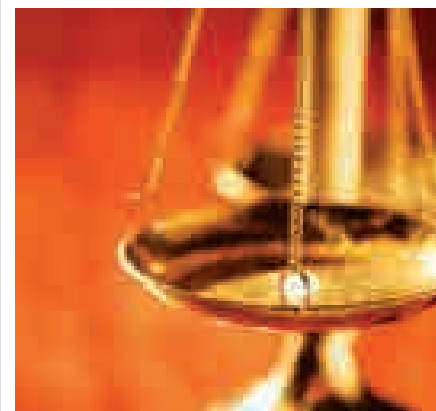


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# CLEAN AUDITS 2012-13

UNQUALIFIED FINANCIAL STATEMENTS WITH  
NO MATERIAL FINDINGS ON PREDETERMINED  
OBJECTIVES OR COMPLIANCE WITH  
LEGISLATION

# NATIONAL CLEAN AUDITS 2012-13



## DEPARTMENT

Performance Monitoring and Evaluation  
Public Service Commission  
Social Development



## PUBLIC ENTITY

Armaments Corporation of South Africa Limited  
Armcor Defence Institutes (Pty) Ltd  
Artscape  
Banking Sector Education and Training Authority (BANKSETA)  
Council for Mineral Technology (Mintek)  
Council for Scientific and Industrial Research (CSIR)



## **PUBLIC ENTITY**

Criminal Asset Recovery Account	KwaZulu-Natal Museum
Disaster Relief Fund	Land and Agricultural Bank of South Africa
Driving Licence Card Account	Legal Aid South Africa
Education, Training and Development Practices Sector Education and Training Authority	Luthuli Museum
Finance and Accounting Services Sector Education Training Authority	Media Development and Diversity Agency
Financial Services Board	Media, Information and Communication Technologies Sector Education and Training Authority
Freedom Park	Medical Research Council of South Africa
Guardians Fund	National Consumer Tribunal
Human Sciences Research Council	National Film and Video Foundation of South Africa
Independent Electoral Commission	National Museum
Independent Regulatory Board for Auditors	National Prosecuting Authority
International Trade Administration Commission	National Research Foundation
iSimangaliso Wetland Park Authority	Office of the Ombud for Financial Service Providers

## **PUBLIC ENTITY**

Office of the Pension Funds Adjudicator	State Diamond Trader
President's Fund	State President Fund
Project Development Facility	Technical Assistance Unit
Public Investment Corporation Limited	Technology and human resources for industry programme
Refugee Relief Fund	The Playhouse Company
Road Accident Fund	The South African Nuclear Energy Corporation SOC Ltd
SA Bureau of Standards (SABS)	Unemployment Insurance Fund
Social Relief Fund	War Museum of the Boer Republics
South Africa Diamond and Precious Metals Regulator	
South African Civil Aviation Authority	
South African Local Government Association (SALGA)	
South African National Defence Force Fund	
South African National Parks	
South African Tourism	
Special Defence Account	

# EASTERN CAPE **CLEAN AUDITS 2012-13**

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## **DEPARTMENT**

Office of the Premier  
Provincial Treasury



## **PUBLIC ENTITY**

Eastern Cape Socio Economic Consultative  
Council

# FREE STATE CLEAN AUDITS 2012-13



## DEPARTMENT

Provincial Treasury  
Office of the Premier  
Sport, Arts, Culture and Recreation



## PUBLIC ENTITY

Free State Fleet Management Trading Entity

# GAUTENG CLEAN AUDITS 2012-13

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## DEPARTMENT

Office of the Premier  
Provincial Legislature  
Provincial Treasury  
Social Development  
Sports, Arts, Culture and Recreation



## PUBLIC ENTITY

Gauteng Funding Agency  
Gauteng Partnership Fund  
Gautrain Management Agency

# KWAZULU-NATAL CLEAN AUDITS 2012-13



## DEPARTMENT

Provincial Legislature  
 Provincial Treasury  
 Transport



## PUBLIC ENTITY

Amafa Akwazulu-Natali	
Dube Tradeport Company	Natal Joint Municipal Pension Fund (Retirement)
KwaZulu-Natal Gaming and Betting Board	Natal Joint Municipal Pension Fund (Superannuation)
KwaZulu-Natal Growth Fund Managers (Pty) Ltd	KwaZulu-Natal Sharks Board
KZN Political Parties' Fund	Trade and Investment KwaZulu-Natal
KwaZulu-Natal Tourism Authority	uMsekeli Municipal Support Services
Natal Joint Municipal Pension Fund (Provident)	

# MPUMALANGA CLEAN AUDITS 2012-13

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## DEPARTMENT

Finance  
Office of the Premier



## PUBLIC ENTITY

Mpumalanga Gambling Board

# NORTHERN CAPE CLEAN AUDITS 2012-13



## DEPARTMENT

Social Development



## PUBLIC ENTITY

Northern Cape Housing Fund

# WESTERN CAPE CLEAN AUDITS 2012-13

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## DEPARTMENT

Agriculture  
Community Safety  
Cultural Affairs and Sport  
Economic Development and Tourism  
Transport and Public Works



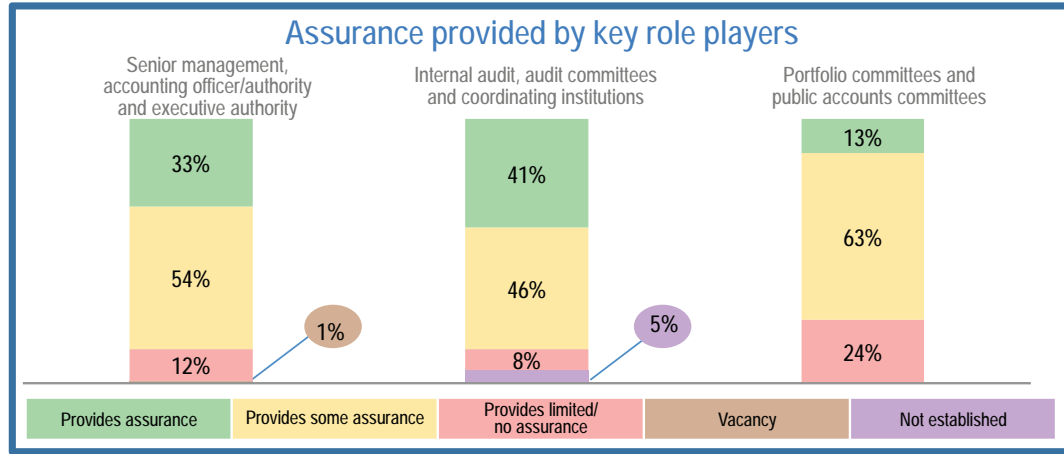
## PUBLIC ENTITY

Destination Marketing Org (TA Cape Town Routes Unlimited)  
Western Cape Gambling and Racing Board  
Government Motor Transport  
Western Cape Liquor Authority  
Western Cape Cultural Commission  
Western Cape Investment and Trade Promotion Agency  
Western Cape Language Committee





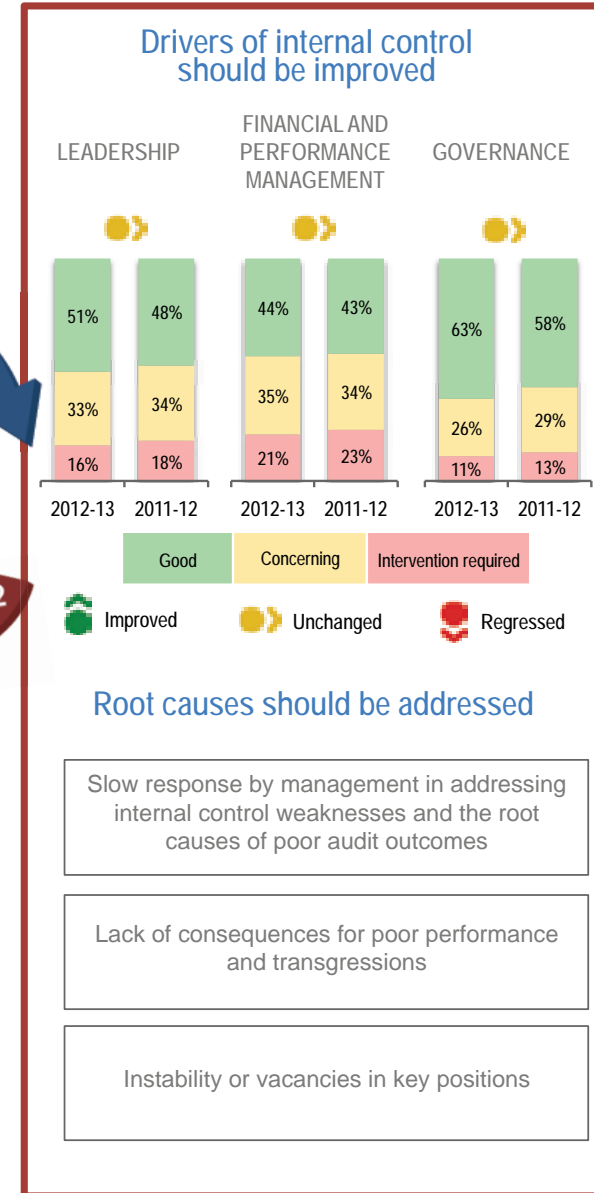
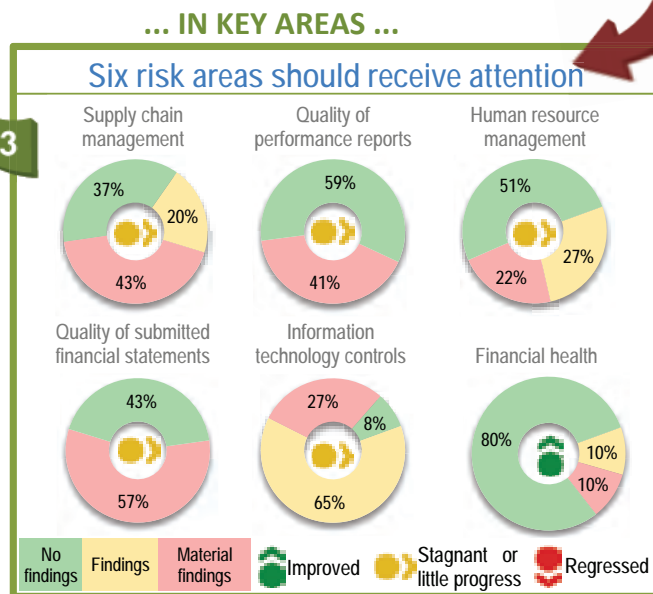
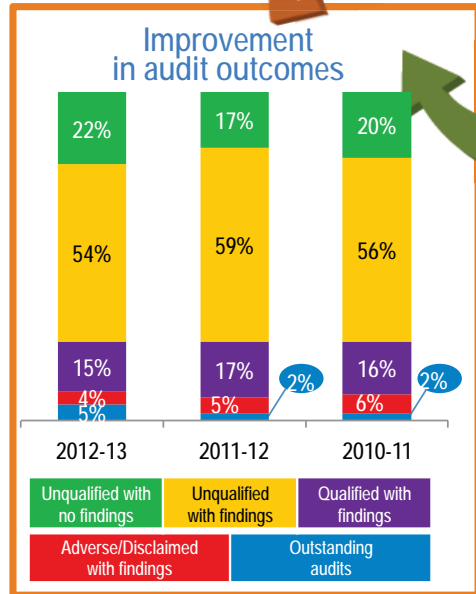
# FOREWORD



### THE KEY ROLE PLAYERS NEED TO ...

... TO ENSURE IMPROVED RESULTS.

... TAKE SOME VITAL ACTIONS



# FOREWORD

In this, my final general report as auditor-general, I reflect on

- (a) the pattern of positive outcomes starting to emerge
- (b) the need for newly introduced interventions to be sustained
- (c) a reiteration of the value of strengthening key controls
- (d) the expectations and role of key role players in giving assurance, and realising the full potential of the portfolios they oversee.

Overall, this year's audit outcomes of all national and provincial departments and public entities reflect an improvement. We are seeing small but welcome improvements in the opinions on financial statements, the quality of the annual performance reports and the degree of compliance with legislation.

While some areas, such as non-compliance with legislation, remain a greater concern than others, we are starting to see the blossom and, in some cases, the fruit of leaders giving time and careful attention to the messages in previous audit reports and general reports. In particular, focusing the attention of their managers on attending earnestly to the key daily and monthly duties of processing, monitoring and reporting, is a foundation point that needs constant attention.

In my opinion, strengthening these basic internal controls and disciplines will also have a significant impact on the audit

outcomes of those auditees that are struggling to improve the quality of their financial and performance reports and will prevent non-compliance. I am convinced that the roles played by the National Treasury, the provincial treasuries and the Department of Public Service and Administration are crucial in this regard. They could help to institutionalise the controls through the legislation being developed and by providing monitoring and support through guidance, standard operating procedures and capacity building.

The high prevalence of the three root causes of poor audit outcomes which I also emphasised in recent reports remain a stumbling block to creating a strong control environment that will lead to improved audit outcomes. These three root causes were the slow response by management in addressing the root causes and improving controls, the lack of consequences for poor performance and transgressions, and the instability or vacancies in key positions. Improvements in outcomes are generally the result when all involved give attention to addressing these three root causes. If we do things the right way all the time we will see more such outcomes become the norm of government business.

My office will continue to seek opportunities to meet with and deliver helpful messages to leaders in government, which they should use to raise the performance of their portfolios, and to address risks in areas such as information technology, supply chain management, financial health and human resources.



**Terence Nombembe**  
**Auditor-General**

Our citizens will then be able to say that the affairs of national and provincial government are well managed and that our departments and public entities serve us and meet our needs.

With a view to further improvement in audit outcomes and to maintain the gains achieved, there is a need for sustained attention to the three key control areas of leadership, financial and performance management, and governance. The executive and oversight structures, coordinating departments, accounting officers and authorities, senior managers, internal audit units, audit committees, partners and role players across the full spectrum of private and public organisations, must link their objectives and activities to:

- secure the gains made in audit outcomes and administration
- further strengthen the key controls, especially the daily and monthly disciplines
- deliver the assurance relevant to their roles.

My office continues to support our nation's journey to build the capacity of the state to meet our developmental objectives for the benefit of our citizens and for our future. As I wrote in our most recent annual report, my tenure ends at the dawn of a general election. Soon thereafter, the fifth Parliament will be expected to assume its duties with renewed energy to build on the successes of the fourth Parliament in driving effective collaboration between portfolio committees and public accounts committees.

All assurance providers have a distinct role to play to ensure that the modest gains are not erased, and that opportunities are not lost due to inadequate coordination.



**Auditor-General  
Pretoria  
November 2013**

## SECTION 1: EXECUTIVE SUMMARY

## Our audit and reporting process

We audit every department and 313 of the public entities in the country, also called *auditees* in this report, so that we can report on the quality of their financial statements and annual performance reports, and on their compliance with legislation. We also assess the root cause of any error or non-compliance, based on the internal control that failed to prevent or detect it. We include these aspects in the following three types of reports:

- We report our findings, the root causes and recommendations in **management reports** to the senior management and accounting officers or authorities of auditees, which are also shared with the ministers and members of the executive council and audit committees.
- Our opinion on the financial statements, material findings on the performance report and non-compliance with legislation, as well as significant deficiencies in internal controls, are included in an **audit report**, which is published with the auditees' annual report and dealt with by the public accounts committees and portfolio committees as applicable.
- Annually, we report on the audit outcomes in nine provincial **general reports** and a consolidated report (such as this one) which also includes auditees at national level, in which we analyse the root causes that need to be addressed to improve audit outcomes. Before the general reports are published, we share the outcomes and root causes with the national and provincial leadership, Parliament and the legislature, and key role players in national and provincial government.

Over the past few years, we have intensified our efforts to assist with the improvement in audit outcomes by identifying the key controls that should be in place at auditees, assessing these on a quarterly basis and sharing the assessment with ministers, members of the executive council, accounting officers and authorities, as well as audit committees.

We further identified the following six key risk areas that need to be addressed to improve audit outcomes and financial and performance management and we specifically audit these so that we can report on the status thereof:

Quality of submitted financial statements	Quality of annual performance reports
Supply chain management	Financial health
Information technology controls	Human resource management

In the audit process we work closely with the accounting officers and chief executive officers, senior management, the audit committee and internal audit units as they are key role players in providing assurance on the credibility of the financial statements, performance report as well as the auditees' compliance with legislation. We also continue to strengthen our relationships with coordinating and monitoring departments (such as the treasuries and the departments of public service and administration, and performance monitoring and evaluation), premiers, ministers and members of the executive council, Parliament and legislatures as we are convinced that their involvement and oversight played, and will continue to play, a crucial role in the performance of departments and public entities. We share our messages on key controls, risk areas and root causes with them and obtain and monitor their commitments to implement initiatives that can improve audit outcomes.

The rest of this section provides a summary of the audit outcomes for 2012-13 and our key recommendations for improvements.

## Audit outcomes improved

There has been an overall improvement in audit outcomes. The significant aspects of the 2012-13 audit outcomes of the 450 auditees whose audits had been finalised by 31 August are listed below:

- **Overall, the audit outcomes** improved as 96 auditees improved and 61 regressed. The number of auditees with **clean audit opinions** increased to 24 departments and 81 public entities.
- The national departments and departments in all provinces had a net improvement in audit outcomes, with the exception of the departments in KwaZulu-Natal whose outcomes remained unchanged and those in Limpopo that regressed. The audit outcomes of public entities in four provinces (Free State, KwaZulu-Natal, Mpumalanga and the Northern Cape), as well as the national public entities, improved. There was regression in the audit outcomes of public entities in the Eastern Cape, Gauteng, North West and the Western Cape, while those in Limpopo remained at the same level as the previous year.
- Almost 75% of the 59 auditees that regressed were public entities.
- More than 50% of the departments of **education, health and public works** received a financially qualified opinion, compared to 17% of the other departments. All five departments that received a disclaimer of opinion on the financial statements for 2012-13 were in the education, health and public works sectors.
- In total, 74% of the 257 auditees with **unqualified with findings** audit opinions have been in this category for the past two years. Only 56 auditees were able to improve to clean audit opinions since the previous

year. A total of 4% of the auditees received an **adverse opinion or a disclaimer of opinion**, 10 of which remained in this category for the past two years.

- There has been some improvement in the **audit outcomes since 2008-09**, with a net increase of 6% in the number of auditees with unqualified audit opinions, but fewer than a quarter progressed to clean audit opinions. The improvement was more prominent at departments than at public entities.
- Although more than 40% of the auditees had material findings on the **quality of their annual performance reports**, there has been a steady improvement in the past three years. We reported on material findings on the usefulness of the annual performance reports such as inconsistency with the performance plans, poorly defined indicators and targets, and the omission of measures that would be taken to improve performance. Although the number of auditees with findings on usefulness decreased, there has been an increase in the number of auditees with material findings on the reliability of the annual performance reports. Such findings included the fact that performance information in the annual reports was not accurate, valid and complete.
- We reported material **non-compliance with legislation** at 75% of the auditees. While there has been a slight overall reduction in the number of auditees with such findings, the levels of non-compliance by national departments (93%) and provincial departments (83%) remained unchanged. The most common non-compliance findings were on material misstatements in the financial statements submitted for auditing, supply chain management as well as the prevention and follow-up of unauthorised, irregular as well as fruitless and wasteful expenditure.
- **Unauthorised expenditure** of approximately R2,3 billion was incurred by 32 departments. Little progress has been made in decreasing the extent thereof in the past three years.
- **Irregular expenditure** of R26,4 billion was incurred by 294 auditees. Although there has been some reduction at departments, the amount increased by 33% for public entities.
- **Fruitless and wasteful expenditure** of just over R2,1 billion was incurred by 227 auditees. This expenditure increased by 43% since the previous year. Four provincial departments incurred more than half of the total.

## **The six risk areas should continue to receive attention**

Our audit of the six risk areas shows that our recommendations to address these risks to financial and performance management have not yet been implemented. Significant aspects of five of the risk areas are listed below, while reflections on

the quality of performance information were included as part of the audit outcomes in the preceding paragraph.

## *Quality of submitted financial statements*

The quality of the financial statements submitted for audit purposes did not improve, with only 43% of the auditees submitting financial statements that did not contain material misstatements. One hundred and sixty-seven auditees (37%) received a financially unqualified audit opinion only because they corrected all the misstatements we had identified during the audit. The auditees that could not correct the misstatements received qualified, adverse or disclaimer of audit opinions. The most common financial statement qualification areas for departments were property, infrastructure, plant and equipment, and disclosure of financial commitments and irregular expenditure. Common qualification areas for public entities were revenue and expenditure.

The delay in the completion of the audits of 26 auditees was due to the late or non-submission of financial statements or poor quality financial statements submitted for auditing, caused by inadequate financial reporting disciplines at these auditees.

## *Supply chain management*

There has been no overall reduction in the number of auditees with weaknesses in their procurement processes and contract management. We reported findings on supply chain management at just over 60% of the auditees. However, there were fewer auditees with material findings, which is a sign that auditees were paying attention to supply chain management.

It is of major concern that we again experienced limitations in auditing supply chain management this year. Forty-nine (11%) auditees could not provide us with procurement documentation.

The main findings from our audit were in respect of uncompetitive and unfair procurement processes and indications of inadequate contract management by auditees.

Departments made awards to suppliers to the value of R232 million in which employees or their close family members had an interest. Although such awards are not prohibited, it is of concern that suppliers and employees do not always declare their interest. There has been no improvement in this regard.

## *Human resource management*

Overall, there has been no improvement in auditees' management of human resources with just fewer than half of the auditees still having weaknesses. The number of departments with no human resource findings decreased by 13 (8%) to only 24 (15%), while the number of public entities without any human resource

findings increased by 4% to 203 (71%). The most common findings were on non-compliance with the requirements for appointments and the management of leave.

In this report we also raise concerns about the management of vacancies, which result in prolonged acting periods. Of particular importance is that the positions of accounting officers and/or chief financial officers at a fifth of the departments were vacant at year-end. There is also instability at this level, with accounting officers only serving in the position for an average of 26 months and chief financial officers for less than three years. There were still weaknesses in the performance management of senior management such as performance contracts not being in place.

## Information technology

The number of auditees with findings on the status of their information technology controls remained at the same level as last year. However, there has been a significant reduction (from 49% to 27%) in the number of auditees with findings considered material. It is therefore evident that auditees are paying attention to improving their information technology controls.

Most auditees are in the process of implementing the information technology governance framework approved by the cabinet for national and provincial government, as well as for public entities. When fully implemented, the information technology governance framework should have a positive impact on the functioning of the information technology control environment and service delivery in the public service domain. However, the legislatures opted not to adopt the cabinet-approved framework and are struggling to either develop or implement alternative frameworks, which is a matter of concern. Furthermore, the status of controls in the areas of security management, user access and information technology service continuity leaves much to be desired as more than half of the auditees are still struggling with the design of these controls and have not yet begun to implement them. This poses a risk in terms of the confidentiality, integrity and availability of the information on the information technology systems concerned.

We have also identified a number of risks in the manner in which systems are being developed and changed. Weaknesses such as user requirements not being clearly defined and poor planning, governance and project management are creating challenges that affect major system developments, i.e. projects such as the Integrated Financial Management System and the Integrated Justice System. Strengthening internal controls would create an enabling environment that would increase the likelihood of these information technology projects progressing economically, efficiently and effectively and delivering positive results.

## Financial health

Our audits included a high-level analysis of auditees' financial indicators to provide management with an overview of selected aspects of their current financial management and to enable timely remedial action where the auditees' operations and service delivery may be at risk. Although the analyses identified 126 departments and 169 public entities with financial indicators that were of concern, 43 of these (10% of auditees) had more than two such indicators. Important findings from the analyses were the following:

- Forty-five public entities (16%) either disclosed that a material uncertainty existed with regard to their ability to operate in the near future (i.e. as a going concern) or were qualified because such disclosures were not included.
- The financial statements of almost a fifth of the departments would have shown a deficit instead of a surplus had they been prepared in the same manner as public entities and local government. Thirty-five departments had an overdraft at year-end, 20 of which also had an overdraft in the previous year.
- Forty-one per cent of departments underspent on their capital budget and 9% on their conditional grants by more than 10%.
- Although there has been a reduction in the number of departments that took more than 90 days to recover the money owed to them, extended debt collection periods remained a challenge for 22% of the auditees. The weakness in debt management is further highlighted by the fact that 24% of auditees estimated that more than 10% of their debtors would not be able to pay them.

## The significant deficiencies in internal controls and the root causes should be addressed to improve audit outcomes

We assessed internal controls to determine the effectiveness of their design and implementation in ensuring reliable financial and performance reporting and compliance with legislation. There has been little improvement in the leadership controls that require attention at just fewer than half of the auditees and there has been some improvement in governance controls, which includes the effectiveness of the audit committees and internal audit units.

The financial and performance management controls need the most attention. These controls are the basic daily and monthly controls for the processing and reconciliation of transactions, the preparation of regular and credible financial and performance reports and the review and monitoring of compliance with legislation.



If these controls and disciplines are implemented and institutionalised it will prevent and detect material misstatements in the financial statements and annual performance reports and non-compliance with legislation.

Many auditees did not receive a clean audit opinion as their financial and performance reports were of poor quality and they had high levels of non-compliance with legislation. The most common root causes of the audit outcomes that need to be addressed are the following:

- The slow response of accounting officers and senior managers in addressing the internal control weaknesses and the root causes of the audit findings we report to them.
- A lack of consequences for transgressions and poor performance that is apparent from the findings we report on.
- Instability and vacancies in key positions – particularly at the level of accounting officer and chief financial officer.

## ***All role players should increase the level of assurance they provide***

Management and the leadership of the auditee and those that perform an oversight or governance function should work towards improving the key controls. They should address the root causes and ensure that there is an improvement in the six key risk areas, thereby providing assurance on the quality of the financial statements and performance reports as well as compliance with legislation. Based on our assessment, these role players are not providing the necessary assurance.

Senior management, accounting officers/authorities and executive authorities provide adequate assurance at only 33% of the auditees. Particular attention should be given to the assurance provided by senior management as accounting officers and the executive authorities are relying on senior management to implement financial and performance management controls.

In total, 41% of the contributors to the second level of assurance (internal audit, audit committees and coordinating institutions) are providing the required level of assurance. These role players, when fully effective and if supported by the accounting officers/authorities and executive authorities, will have a significant impact in improving the controls at auditees.

The assurance provided by public accounts committees and portfolio committees was not yet at the level needed to ensure that the oversight and accountability

processes have a direct and positive impact on auditees' controls and audit outcomes. Some of the weaknesses that need attention are the lack of collaboration between the committees and the minimal interactions by provincial portfolio committees with my office.

## ***The initiatives and commitments of all role players should continue to have a positive impact on future audit outcomes***

We shared our key message on the actions needed to improve audit outcomes with every accounting officer or authority and minister or member of the executive council through our reports and interactions with them.

Almost all the ministers and members of the executive council honoured their commitment in the past year to engage with us on the audit outcomes and performance of their portfolio and the majority did so three or more times during the year. As reported in the detailed portfolio assessment that we include in this report and every provincial general report, they continue to make and mostly honour the commitments made to improve the audit outcomes. Our assessment of their impact on the audit outcomes is that they had a positive impact at more than half of the auditees.

During our roadshow on audit outcomes in September and October, we also shared these with the legislatures, premiers and members of the executive council. We confirmed the progress of the commitments made by all these role players in response to the previous year's audit outcomes.

It is encouraging that most of the initiatives committed to last year have either been completed or are in progress and are starting to have an impact on improving audit outcomes. If the remaining initiatives committed to last year and the new ones in response to our 2012-13 messages are fully implemented in a coordinated manner and responded to by the auditees, the improvements in audit outcomes will continue.

In section 2 of this general report you will find an overview of the overall audit outcomes and specifically of the quality of the annual performance report and compliance with legislation as we reported on it in the audit reports. Section 3 provides the outcome of our audits of the risk areas, while section 4 provides our assessment of the status of internal controls and the root causes of poor audit outcomes. Section 5 provides our assessment of the assurance provided by the role players in national and provincial government. Section 6 presents the results of our audits per ministerial portfolio.



## SECTION 2: OVERVIEW OF AUDIT OUTCOMES

Figure 1: Audit outcomes over past five years (all auditees)

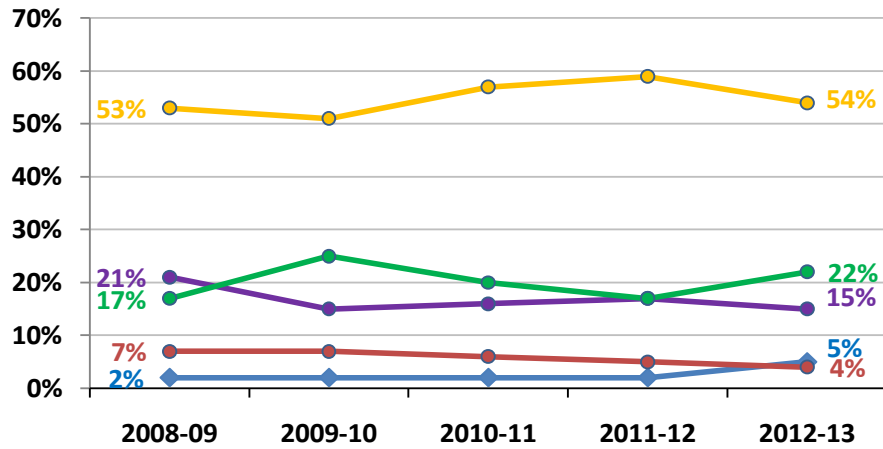


Figure 2: Improvement in audit outcomes (all auditees)

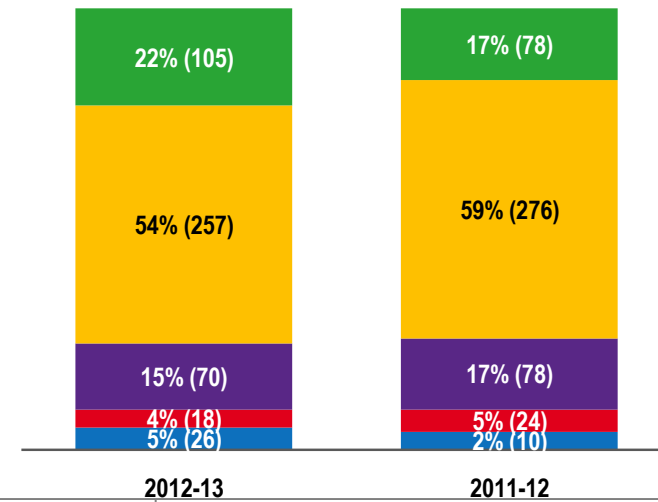


Figure 3: Improvement in audit outcomes (departments)

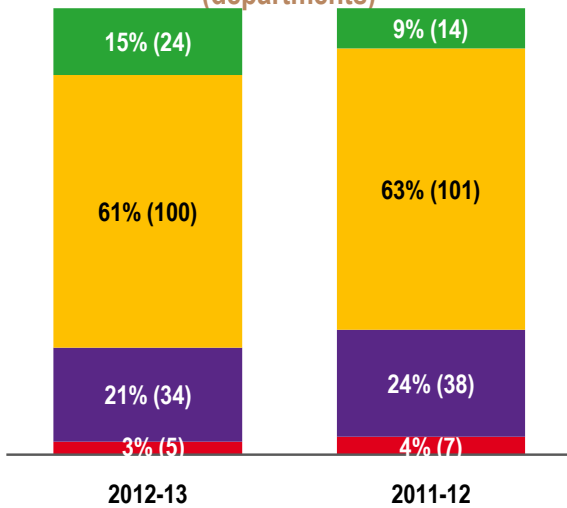


Figure 4: Improvement in audit outcomes (public entities)

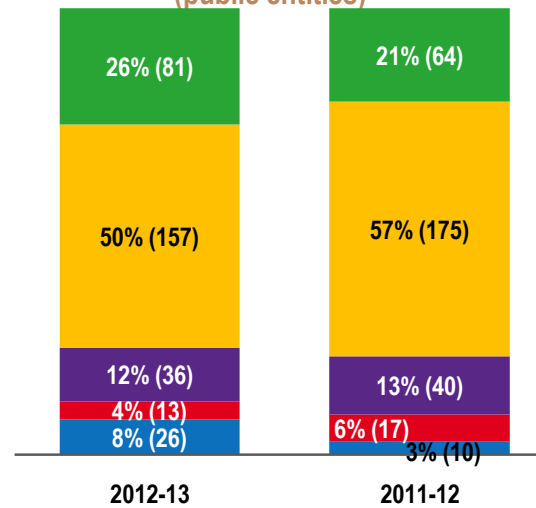
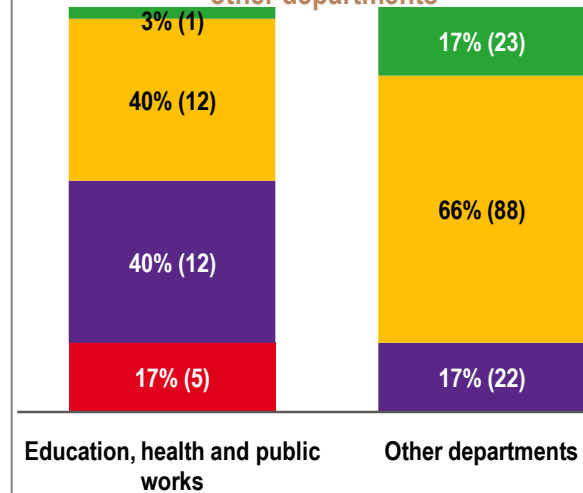


Figure 5: Education, health and public works vs other departments



Unqualified with no findings
Unqualified with findings
Qualified with findings
Adverse/Disclaimed with findings
Outstanding audits

## 2.1 Overall audit outcomes

The following three points help clarify this report:

- Auditees receive a clean audit opinion when the opinion on the financial statements is unqualified and there are no reported audit findings in respect of either the annual performance report or non-compliance with legislation.
- “With findings” refers to findings on either reporting on the annual performance report or non-compliance with legislation, or findings on both these aspects.
- A movement of more than 5% since the previous year is regarded as an improvement or a regression.

### *Audit outcomes in the past five years<sup>1</sup>*

Figure 1 shows the five-year audit outcomes of national and provincial government. There was a small overall improvement in the audit outcomes since 2008-09, with a net increase of 6% in the number of auditees with unqualified audit opinions over these five years (from 70% to 76%). However, less than a quarter of these auditees progressed to clean audit opinions. Two auditees’ financial statements have received a disclaimer of opinion since 2008-09.

The most significant reduction in the number of auditees with a financially qualified audit opinion since 2008-09 was national departments (from 39% to 15%), national and provincial public entities (from 23% to 14%), constitutional institutions and trading entities (from 41% to 19%) and other entities (from 34% to 23%). The provincial departments (at 27% with financially qualified audit opinions) remained at the same level as in 2008-09. Only the major public entities and government business enterprises regressed over the five-year period (from 24% financially qualified to 32%).

### *Education, health and public works*

In 2012-13, the expenditure of the national and provincial departments of education, health and public works contributed to almost 80% of the total spending

<sup>1</sup> National and provincial government consists of 163 departments and 463 public entities. The public entities include 236 national and provincial public entities, 76 major public entities and government business enterprises, 34 constitutional institutions and trading entities, 73 higher education institutions and 44 other entities that are not subject to the PFMA. The number of departments has increased with one due to the closure of two departments and the establishment of three new departments. The number of public entities has decreased from 509 due to the closure of nine public entities and the establishment of seven new public entities. Forty-four public entities that are subsidiaries of holding companies or dormant were excluded from the report. We do not audit 150 of the public entities. (They are audited by private auditors.) The audit outcomes of those public entities are not included in this report, except in the portfolio outcomes (section 6) if a minister has executive responsibility for the public entity and in the annexures to this report.

by departments. Figure 5 shows that 57% of these departments’ financial statements received financially qualified opinions compared to those of 17% of the other departments. All five departments that received a disclaimer of opinion on their financial statements for 2012-13 are in the education, health and public works sectors. Except for one clean audit, all of these departments had material findings on the quality of their annual performance reports and/or non-compliance with legislation.

These sectors receive the biggest portion of the budget and are responsible for implementing key programmes to improve the health and welfare of the citizens. Their poor audit performance should receive urgent attention from all role players to ensure accountability and thereby improved service delivery.

### *Movement in audit outcomes*

Figures 2, 3 and 4 and the following table analyse the movement in the audit outcomes of departments and public entities since the previous financial year which contributed to the net improvement in the audit outcomes.

Table 1 shows the prior year audit opinions of 16 of the 26 audits that had not been completed by 31 August 2013, which is the cut-off date we set for inclusion of audit outcomes in this report. The 2011-12 audits of 10 of these auditees remained outstanding at September 2013. The late completion is mainly due to late or non-submission of financial statements and information for audit purposes.

A total of 447 (94%) auditees were able to submit their financial statements on 31 May 2013 as required by legislation.

The number of auditees with clean audit opinions increased to 105 (22%) auditees, which represents only 8% of the national departments, 17% of the provincial departments, 23% of the national and provincial public entities, 36% of the major public entities and government business enterprises, 23% of the constitutional institutions and trading entities and 65% of other entities.

In total, 74% of the 257 auditees that received unqualified with findings audit opinions had the same opinion last year. Had it not been for the 59 auditees that regressed the overall improvement in audit outcomes would have been greater. The regression was most prominent at public entities. Although good progress has been made towards financially unqualified audit opinions, the remaining challenge is to address the material findings on the quality of the annual performance report and the non-compliance with legislation. In section 2.2 and 2.3 we give an overview of the progress made by auditees over the past three years as well as key findings in these areas .

Annexure 1 lists all auditees with their current and prior year audit outcomes, while annexure 2 lists the audit outcomes for the past five years.

**Table 1: Movement in audit outcomes reflecting more improvements than regressions**

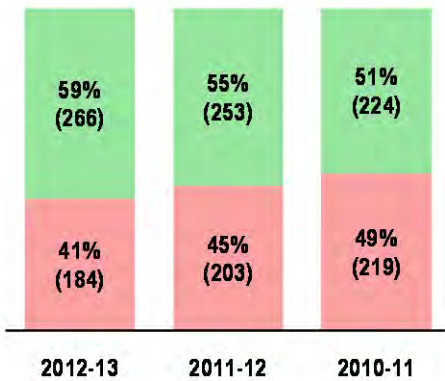
		Unqualified with no findings	Unqualified with findings	Qualified with findings	Adverse/Disclaimed with findings
<b>96</b>	Improved	15 (DEP) 42(PE)	17 (DEP) 14 (PE)	3 (DEP) 5 (PE)	n/a
<b>283</b>	Unchanged	7 (DEP) 38(PE)	77 (DEP) 113(PE)	20 (DEP) 18 (PE)	4 (DEP) 6 (PE)
<b>61</b>	Regressed	n/a	6 (DEP) 24 (PE)	10 (DEP) 13 (PE)	1 (DEP) 7 (PE)
<b>10</b>	New auditees	2 (DEP) 1 (PE)	6 (PE)	1 (DEP)	.
<b>26</b>	Outstanding audits – previous year opinion	2 (PE)	5 (PE)	3 (PE)	6 (PE)

DEP – departments PE – public entities

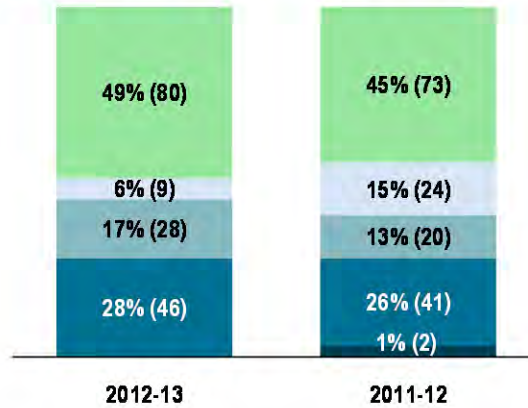
Of the 26 outstanding, 10 audits were also outstanding in the 2011-12 financial year.



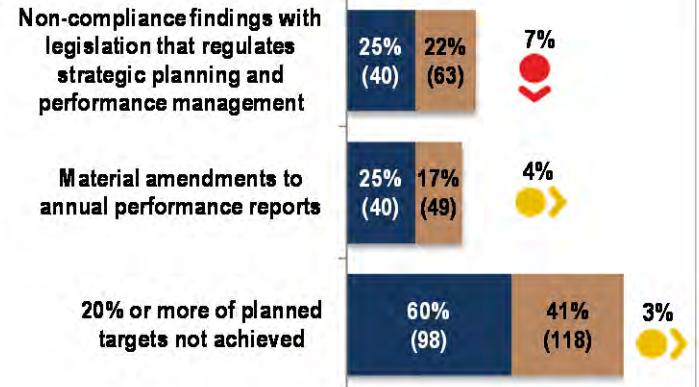
**Figure 6: Status of quality of annual performance reports (all auditees)**



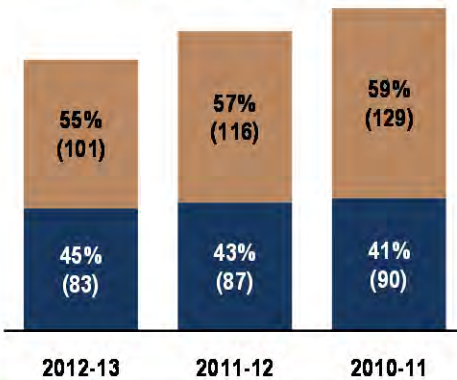
**Figure 7: Findings on quality of annual performance reports (departments)**



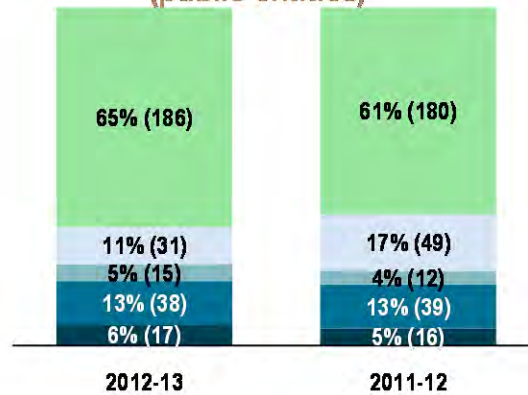
**Figure 8: Other performance-related outcomes (all auditees)**



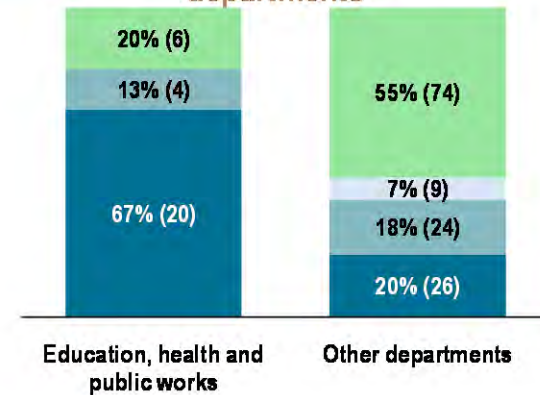
**Figure 9: Auditees with findings on quality of annual performance reports**



**Figure 10: Findings on quality of annual performance reports (public entities)**



**Figure 11: Findings on annual performance report – Education, Health and Public Works vs other departments**





## 2.2 Quality of the annual performance reports

Auditees are required to measure their service delivery against the performance indicators and targets set for each of their predetermined performance objectives and report on it in the annual performance reports. We audit the annual performance reports to determine whether the information in these reports is useful and reliable. In the audit report, we reported findings from the audits that were material enough to be brought to the attention of the users of the annual performance report.

### *Status of auditees with findings on annual performance reports*

Figures 6 and 9 reflect the number and type of auditees with material findings on their annual performance reports over the past three years, including those auditees that did not prepare an annual performance report or those that submitted their report too late for auditing. There has been a steady improvement in the quality of the annual performance reports since 2010-11. The most significant reductions in auditees with material findings in the past three years were national departments (from 69% to 53%), constitutional institutions and trading entities (from 67% to 26%), national and provincial public entities (from 46% to 40%) and other entities (from 24% to 8%). The provincial departments (at 50%), and the major public entities and government business enterprises (at 40%) remained at the same level as in 2010-11.

### *Findings on the quality of the annual performance reports*

Figures 7 and 10 show the nature of the material findings in the current and previous year for departments and public entities. All the departments submitted their performance information on time for auditing this year.

We measured the usefulness of reported information against the criteria of presentation, consistency, relevance and measurability. The number of auditees with material findings in this regard decreased by 6% since the previous year with the biggest improvement found at departments. The most common remaining findings on usefulness were the following:

- The annual performance report included objectives, indicators or targets that were different from those in the performance plans.
- The performance indicators were not well defined and the targets were not specific enough to ensure that the required performance could be measured and reported in a useful manner.

- The measures taken to improve performance were not included in the annual performance report.

Findings on reliability relate to whether the reported information could be traced back to the source data or documentation and whether the reported information was accurate, complete and valid when compared to the source. The number of auditees with material findings on the reliability of the information increased overall by 3% since the previous year.

As shown in figure 11, 80% of the departments of education, health and public works had material findings on their annual performance reports compared to 45% of the other departments. The prevalence of annual performance reports containing information that is not useful or reliable is a sign of weaknesses in the ability of auditees to adequately plan, manage and report on their performance. If addressed, it will improve the transparency and accountability of national and provincial government and contribute to improving the service delivery experience of citizens.

Annexure 1 also details the auditees with material findings on the quality of the annual performance reports and the nature of the findings.

### *Other performance-related outcomes*

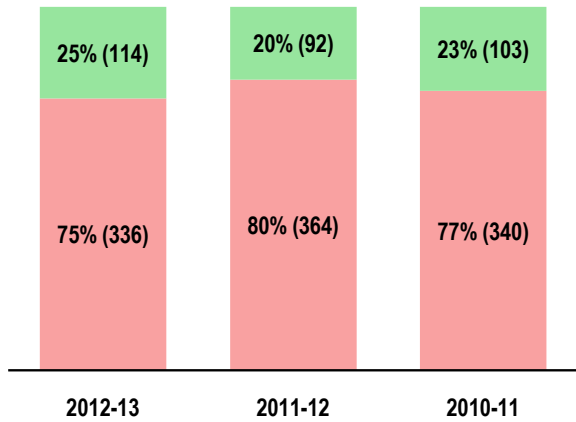
Figure 8 shows the number of auditees in the current year that:

- had findings on non-compliance with legislation on strategic planning, performance management and reporting (also refer to section 2.3)
- made amendments to the annual performance report submitted for auditing to correct material misstatements identified during the audit process
- did not achieve 20% or more of the planned targets reported in their annual performance reports.

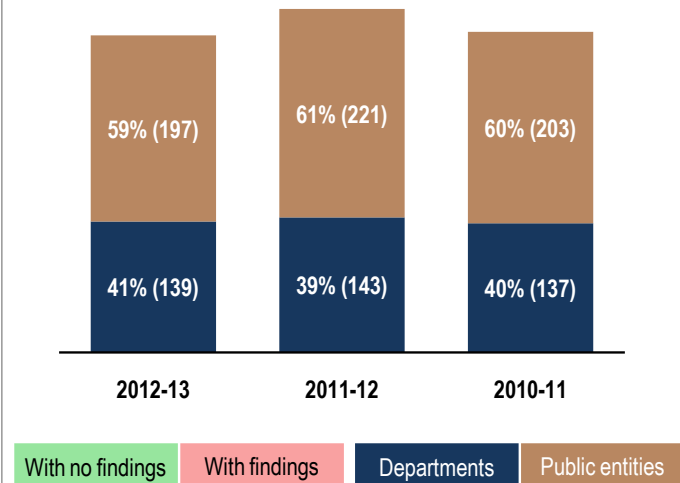
The higher incidence of non-compliance (9% by departments) and the 20% of auditees that made material amendments to their annual performance serve as warning that these audit outcomes might not be sustainable as the systems and disciplines supporting generation of credible performance information on a regular basis are inadequate.

In total, 16 (53%) of the departments of education, health and public works and 82 (62%) of the 133 other national and provincial departments did not achieve 20% or more of their planned performance targets. The 41% of public entities that did not achieve 20% or more of their planned performance targets constitutes a regression of 6% from 2011-12.

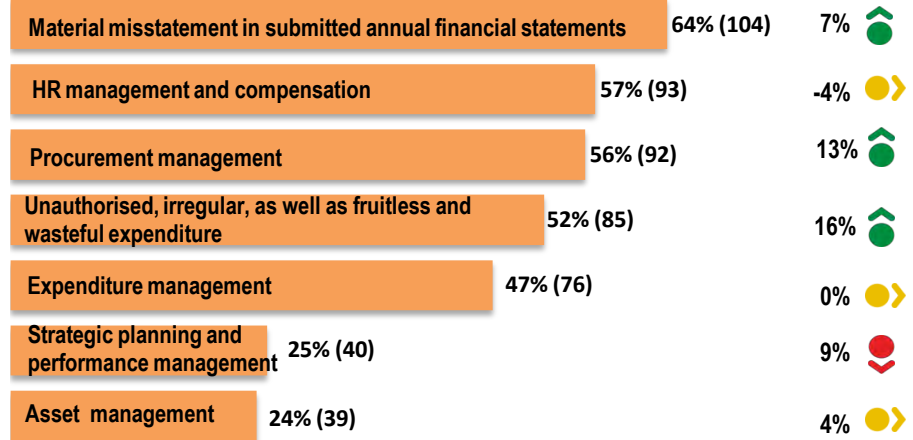
**Figure 12: Status of compliance with legislation (all auditees)**



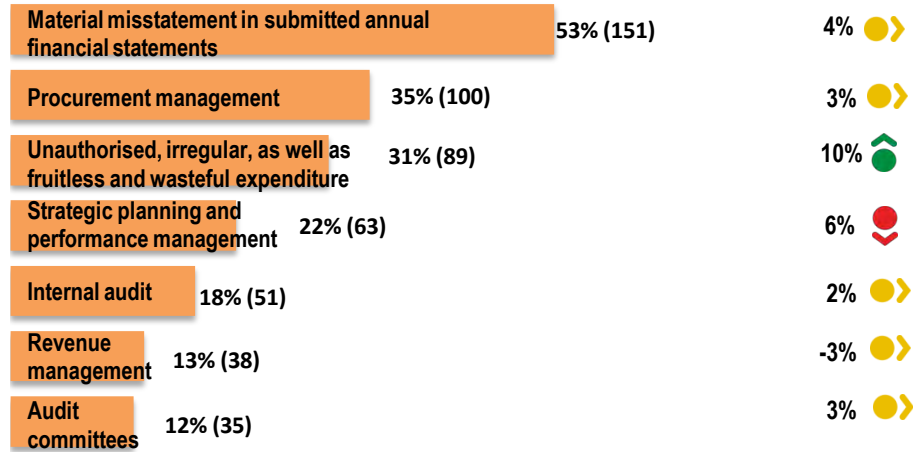
**Figure 14: Auditees with findings on non-compliance**



**Figure 13: Findings on non-compliance with legislation (departments)**



**Figure 15: Findings on non-compliance with legislation (public entities)**



Improved 
 Stagnant or little progress 
 Regressed

## 2.3 Compliance with legislation

We annually audit and report on compliance with legislation applicable to financial matters, financial management and other related matters. We focused on the following areas in our compliance audit:

■ Material misstatements in the submitted annual financial statements ■ asset and liability management ■ audit committees ■ budget management ■ expenditure management ■ unauthorised, irregular as well as fruitless and wasteful expenditure ■ financial misconduct ■ internal audit ■ revenue management ■ strategic planning and performance management ■ annual financial statements and annual report ■ transfer of funds and conditional grants ■ procurement and contract management (in other words, supply chain management (SCM)) ■ Human resource (HR) management and compensation.

In the audit report, we reported findings from the audit that was material enough to be brought to the attention of the oversight body and the public.

### *Status of compliance with legislation*

Figures 12 and 14 show the number and type of auditees with material non-compliance findings over the past three years. Overall, non-compliance with legislation remained at a high level since 2010-11.

The following auditees showed significant reductions in material non-compliance findings over the past three years: constitutional institutions and trading entities (from 97% to 77%), other entities (from 44% to 30%) and major public entities and government business enterprises (from 68% to 64%). However, national departments (at 93%), provincial departments (at 83%), as well as national and provincial public entities (at 73%) remained largely unchanged.

### *Findings on non-compliance with legislation*

Figures 13 and 15 show the compliance areas with the most material findings for departments and public entities in the current year and the progress made by auditees in addressing the findings. In the past three years, material misstatements in submitted financial statements, procurement management, and unauthorised, irregular, as well as fruitless and wasteful expenditure, have consistently been the areas with the most non-compliance. The improvements by departments in these areas are a positive sign that they are beginning to address gaps and further improvements must be the focus in future.

It is of concern that there is a regression in the area of strategic planning and performance management.

Although the overall improvements are encouraging, non-compliance remains at high levels and significant attention is still required to improve compliance with legislation.

The most common non-compliance findings across these compliance areas were the following:

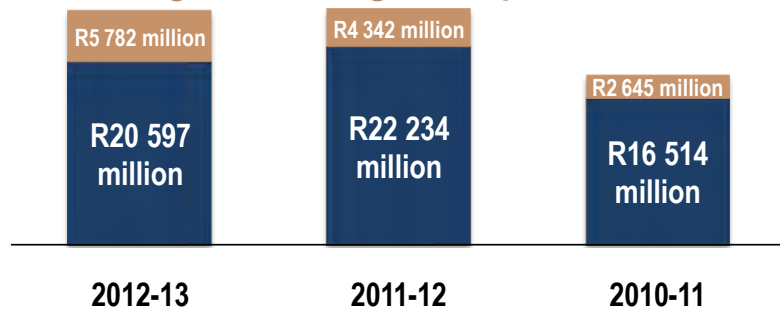
- Material misstatements or limitations in the financial statements submitted for auditing (refer to section 3.1 for more detail in this regard)
- Departments did not always do proper verification of new appointments
- Unfair and uncompetitive procurement processes (refer to section 3.3 for more detail)
- Unauthorised, irregular as well as fruitless and wasteful expenditure was not prevented or adequately dealt with
- Some 39% of departments and 2% of public entities did not pay their creditors within 30 days or an agreed-upon period
- Lack of an effective, efficient and transparent system of internal control regarding performance management
- Some public entities did not have internal audit units and some internal audit units did not evaluate the reliability and integrity of financial and operational information
- Some departments did not have proper control systems for the safeguarding and maintenance of assets
- Some public entities did not take effective and appropriate steps to timeously collect all revenue due
- Some public entities did not have audit committees in place, and where these were in place no review of internal controls, internal audit function, compliance with legislation and financial reporting was performed

Annexure 1 also details the auditees with material non-compliance findings and whether these findings are repeated.

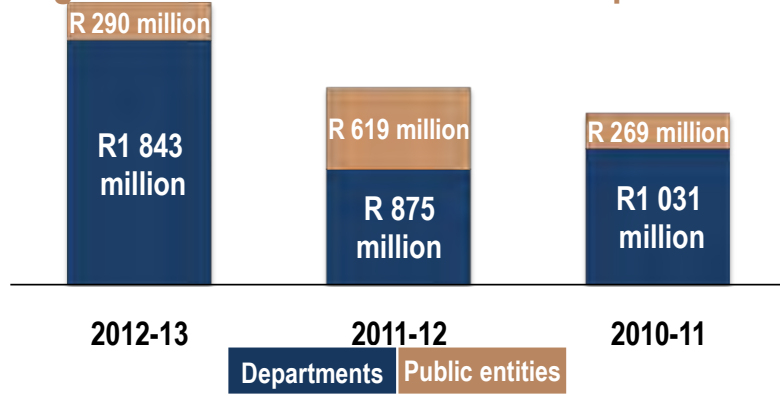
### Figure 16: Unauthorised expenditure



### Figure 17: Irregular expenditure



### Figure 18: Fruitless and wasteful expenditure



## Unauthorised expenditure

Unauthorised expenditure is expenditure by departments that was not made in accordance with the approved budget. Figure 16 reflects the three-year trend in unauthorised expenditure, which shows little improvement.

The provincial departments of education and health accounted for the majority (68%) of unauthorised expenditure in 2012-13 (2011-12: 89%). The number of departments incurring such expenditure (20%) increased overall from 25 to 32 due to 11 departments that prevented recurrence, but 18 additional departments incurring unauthorised expenditure in 2012-13 did not have such expenditure in 2011-12.

## Irregular expenditure

Irregular expenditure is expenditure that was not incurred in the manner prescribed by legislation. Such expenditure does not necessarily mean that money had been wasted or that fraud had been committed. However, it is a measure of an auditee's ability to comply with legislation relating to expenditure and procurement management.

Figure 17 shows the three-year trend which reflects high levels at departments with some improvement, but public entities more than doubled their irregular expenditure in the past year.

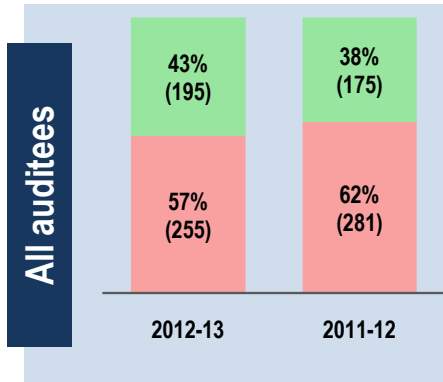
Although irregular expenditure showed no significant movement over the past year, 10 auditees incurred a total of R8,3 billion more than they did last year, while 25 auditees incurred R8,2 billion less than they did last year. In total, 294 auditees (65%) incurred irregular expenditure, 240 of which (82%) also had such expenditure in the previous year. Only 44 auditees prevented recurrence. The main contributor to irregular expenditure remains non-compliance by auditees with legislation on SCM.

## Fruitless and wasteful expenditure

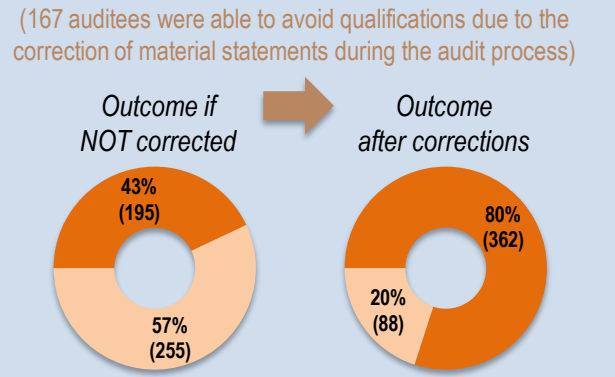
Fruitless and wasteful expenditure is expenditure that was made in vain and that could have been avoided had reasonable care been taken. Figure 18 reflects the three-year increasing trend in such expenditure. Four provincial departments contributed significantly (R1,3 billion) to the 43% increase from the previous year. Such expenditure was incurred by 227 (50%) auditees, which represents a reduction of 4% for departments and a reduction of 2% for public entities.

## SECTION 3: RISK AREAS

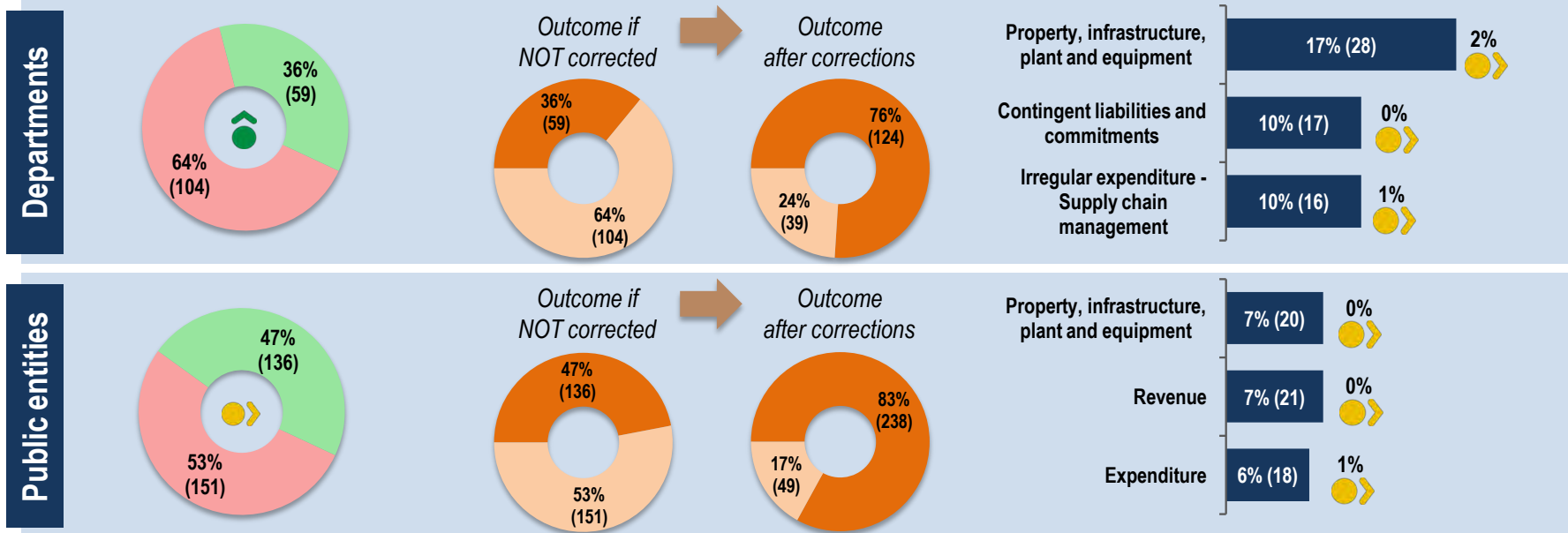
**Figure 19: Status of submitted financial statements**



**Figure 20: Quality of submitted financial statements**



**Figure 21: Top three financial statement qualification areas**



■ With no material misstatements   
 ■ With material misstatements   
 ■ Financially unqualified   
 ■ Financially qualified   
 ⬆ Improved   
 ⬆ Stagnant or little progress   
 ⬆ Regressed

Our auditees face six key risk areas that need to be addressed to improve audit outcomes and financial and performance management. Five risk areas are discussed in this section, while the quality of performance information is included in section 2.2.

### 3.1 Quality of submitted financial statements

The purpose of the annual audit of the financial statements is to provide the users thereof with an opinion on whether the financial statements fairly present, in all material respects, the key financial information for the reporting period, in accordance with the financial framework and applicable legislation. The audit provides the users with reasonable assurance on the degree to which the financial statements are reliable and credible, on the basis that the audit procedures performed did not identify any material errors or omissions in the financial statements. We use the term *material misstatement* to refer to such material errors or omissions.

#### *The quality of the financial statements submitted for auditing*

Almost all auditees submitted their financial statements for auditing on time, but figure 19 shows that only 195 auditees (43%) submitted financial statements that did not contain material misstatements. Overall, there has been no improvement in this regard since the previous year. Figure 20 shows that 65 departments (40%) and 102 public entities (36%) received a financially unqualified audit opinion only because they corrected all the misstatements we identified during the audit. Many auditees lack systems that support the preparation of credible financial information on a regular basis; resulting in the preparation and review of full sets of financial statements being a once-a-year exercise for them. However, the continued reliance on the auditors to identify corrections to be made to the financial statements is not a sustainable practice. Furthermore, it places undue pressure on legislated deadlines and increases the audit fees.

#### *Uncorrected material misstatements*

Even though we reported the material misstatements to management for correction, 84 auditees (2011-12: 94) could not make the necessary corrections to the financial statements, which resulted in qualified, adverse or disclaimer of audit opinions. In addition to these 84, the financial statements of four auditees who are not PFMA-listed entities also contained uncorrected material misstatements. The major reasons for not making the corrections were the unavailability of information or documentation to determine the correct amounts to be reflected in the financial statements.

Annexure 1 details the auditees that submitted financial statements with material misstatements and in which financial statement areas auditees were qualified. Figure 21 indicates a lack of progress in addressing the most common financial statement qualifications since the previous year. The reasons for the qualifications are as follows:

#### *Property, infrastructure, plant and equipment*

More than 67% of the departments with this qualification were in the education, health, public works and arts and culture sectors. At arts and culture departments exemption was granted for a number of years for the values of library books. As from 2012-13 library books had to be disclosed as assets. The disclosures were incorrect or could not be verified as a result of inadequate records and systems to account for them. The most common qualifications in the education, health and public works sectors were properties disclosed at incorrect amounts, a lack of evidence of ownership or the value of the properties and inadequate records on the transfers of properties to the public works departments.

Auditees further included values of assets that no longer existed or for which we could not physically verify or determine what the correct value is as a result of incorrect and incomplete asset registers and inadequate or missing supporting documentation. The public entities did not review the value of their assets annually or they performed the calculation incorrectly, resulting in assets being included in the financial statements at unrealistic values.

#### *Commitments and irregular expenditure (departments)*

All commitments towards third parties were not disclosed as a result of inadequate systems for recording and monitoring of the commitments made through contracts or other agreements.

As a result of inadequate processes at departments to account for irregular expenditure, the completeness of amounts disclosed could not be verified.

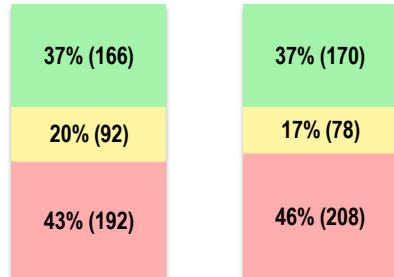
#### *Revenue and expenditure (public entities)*

We could not determine whether the revenue amounts were correct as a result of inadequate systems and records to determine the amount of revenue received or that should have been received.

We could not audit the correctness of the expenditure amounts as the supporting documentation was insufficient or missing. Accounting errors also resulted in incorrect amounts being disclosed.

**Figure 22: Status of supply chain management**

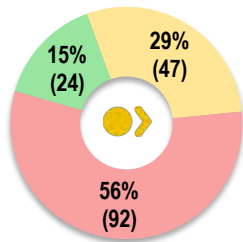
All auditees



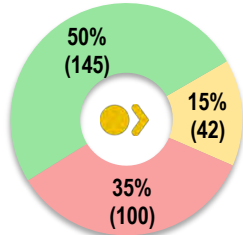
2012-13

2011-12

Departments



Public entities



**Figure 23: Findings on supply chain management (departments)**

Limitation on planned scope of audit of awards

13% (21) 4% (6)

-4% ➡

Awards to employees

17% (27) 10% (16)

-2% ➡

Awards to close family members of employees

14% (23) 9% (14)

0% ➡

Uncompetitive or unfair procurement processes

26% (43) 53% (86)

3% ➡

Inadequate contract management

11% (18) 4% (6)

7% ⬆

Internal control deficiencies

18% (30) 5% (8)

17% ⬆

**Figure 25: Findings on supply chain management (public entities)**

Limitation on planned scope of audit of awards

5% (15) 2% (7)

-3% ➡

Awards to employees

5% (14)

-1% ➡

Awards to close family members of employees

3% (5)

-1% ➡

Uncompetitive or unfair procurement processes

13% (37) 34% (99) 2% ➡

Inadequate contract management

6% (16) 3% (9)

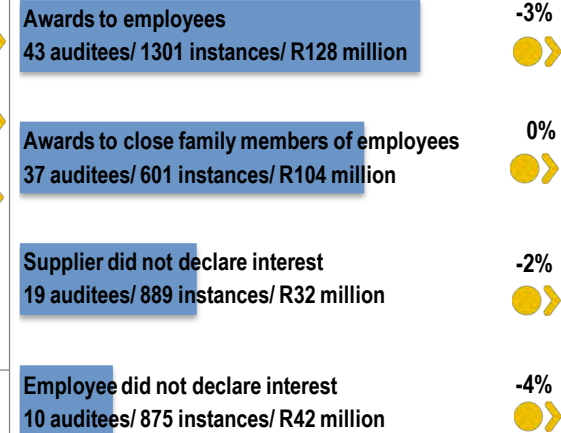
-4% ➡

Internal control deficiencies

10% (28) 2% (4)

3% ➡

**Figure 24: Awards to employees and close family members (departments)**



At public entities awards were made to employees at 14 auditees, in 44 instances and to the value of R17 million. The number of auditees making such awards increased by three over the previous year.

With no findings    With findings    With material findings    ⬆ Improved    ➡ Stagnant or little progress



## 3.2 Supply chain management

We tested 6 303 contracts (with an approximate value of R75,5 billion) and 19 959 quotations (with an approximate value of R3 billion), referred to as *awards* in the rest of the report. We tested whether the prescribed procurement processes had been followed to ensure that all suppliers are given equal opportunity to compete and that some suppliers are not favoured above others.

We also focused on contract management, as shortcomings in this area can result in delays, wastage, as well as fruitless and wasteful expenditure, which in turn have a direct impact on service delivery. We further assessed the financial interests of employees of the auditee and their close family members in suppliers to the auditee. Legislation does not prohibit awards to suppliers in which employees or their close family members have an interest, but requires employees and prospective suppliers to declare any financial interest they have in order for safeguards to be put in place to prevent improper influence and an unfair procurement process. We also assessed whether auditees implemented adequate internal controls to prevent, detect or correct irregularities in auditees' supply chain management processes.

We reported all findings from the audit to management in a management report to auditees, while we reported material non-compliance findings in their audit reports.

Figure 22 reflects the number of auditees that had audit findings and those where we reported material non-compliance findings in the audit report in the current and previous years. Overall, there has been no progress with reducing the number of auditees with audit findings (284 auditees compared to 286 in the prior year). However, the 3% overall reduction in the number of auditees with *material findings* is a sign that some auditees are paying attention to SCM. There could be further improvements in auditees' SCM processes if the matters outlined in the rest of this section are addressed.

Annexure 1 lists auditees that had findings on their SCM controls and processes.

### *Limitations on planned scope of audit of awards*

In total, we could not audit awards with a value of R3 billion at 49 auditees (11% of auditees) that could not provide us with evidence that awards had been made in accordance with the requirements of SCM legislation. We had encountered similar limitations at 17 of these 49 auditees (35%) in the previous year. Overall, it should serve as a red flag to oversight structures that we could not perform any alternative audit procedures to obtain reasonable assurance that the expenditure incurred in respect of these awards was not irregular.

The main reason for us not being able to audit these contracts was that supporting documentation for the award process was not made available because the documentation either did not exist or could not be retrieved as a result of poor document management.

### *Awards to employees and close family members*

Figure 24 shows the extent of awards to employees and family members and whether the required financial interest declarations had been made by them. At 53 (33%) departments and 18 (6%) public entities awards were made to employees and family members of employees and there was no significant overall reduction in the number of instances of such awards.

Although such awards are not prohibited by current legislation, it is of concern that no progress was made in addressing the lack of financial interest declarations made by the employees and suppliers.

### *Uncompetitive or unfair procurement processes*

Overall, there was not a significant reduction from the previous year in the number of auditees with findings on uncompetitive or unfair procurement processes. The number of departments with repeat findings on uncompetitive or unfair procurement processes was 111 (68%) and the number of public entities with repeat findings was 92 (32%).

The most common findings were: (i) Three written quotations were not invited and the deviation was not approved, or the approved deviation was not reasonable or justified, (ii) procurement from suppliers who did not have a SARS tax clearance (iii) no financial interest declaration was submitted by suppliers or, where submitted, such financial interest declarations were false.

### *Inadequate contract management*

The overall level of contract management findings remained unchanged as only 11 departments addressed the prior year findings in this focus area while nine additional public entities had findings.

The most common findings were: (i) No or inadequate contract performance measures and monitoring (ii) contracts amended or extended without proper approval.

## *Inadequate supply chain management controls*

Auditees should put in place adequate SCM controls to ensure compliance with legislation and to prevent irregularities in their procurement processes. Overall, the number of auditees with inadequate internal control deficiencies did not improve significantly from the 2011-12 financial year.

The most common findings were: (i) Employees that performed additional remunerative private work that had not been approved and (ii) no or inadequate actions taken to address SCM risks identified.

## *Effective management of consultants*

Some of the departments and entities appointed consultants and contractors to manage certain projects. Supply chain management regulations contain specific guidelines for the appointment and management of consultants. Our audits identified a number of deficiencies in the management of consultants and the need for decisive corrective actions.

The report on the use of consultants at selected national departments was tabled in Parliament on 24 January 2013. We identified findings with regard to the planning for and appointment of consultants, and shortcomings in the transfer of skills, performance management and monitoring, and the closing and finalisation of projects.

### 3.3 Human resource management

Figure 26: Human resource management findings (overall)

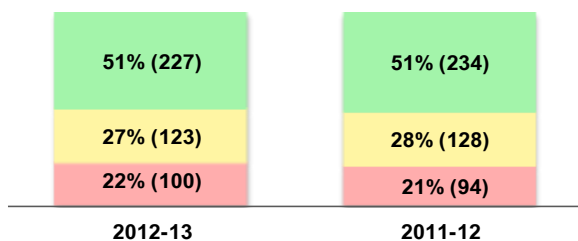
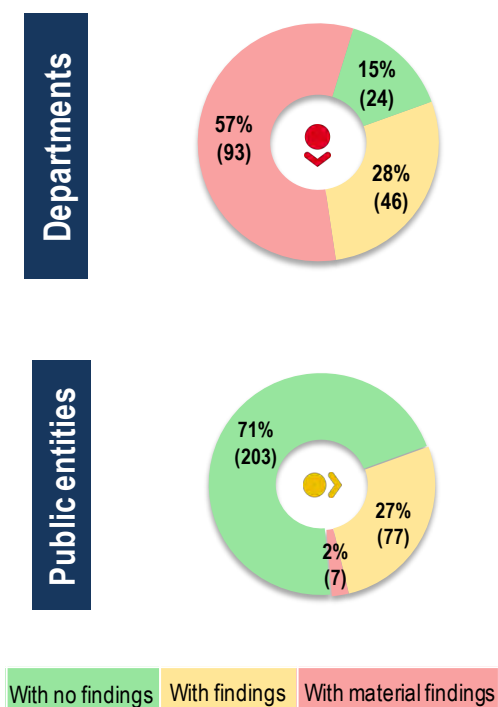


Figure 27: Human resource management findings



HR management is effective if adequate and sufficiently skilled staff are in place and if staff performance and productivity are properly managed.

Our audits included an assessment of HR management that focused on the following areas:

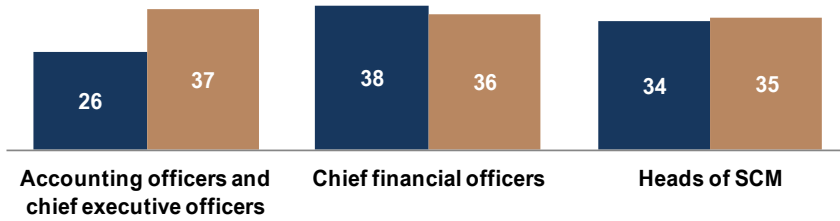
- HR planning and organisation
- Management of vacancies
- Appointment processes
- Performance management
- Acting positions
- Management of leave, overtime and suspensions

We reported all findings arising from the audit to management in a management report, while we reported material non-compliance findings in the audit report.

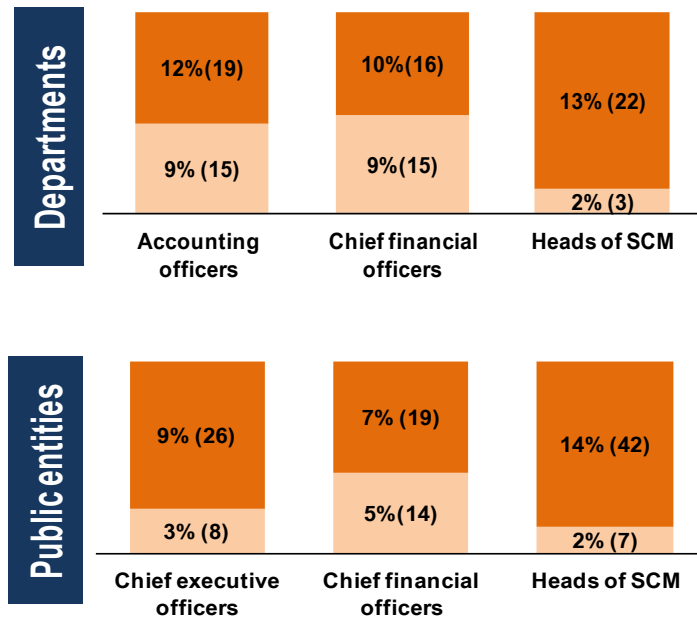
Figures 26 and 27 reflect the number of auditees that had findings and those where we reported material non-compliance findings in the audit report in the current and previous year. Almost half of the auditees had findings in the current and the previous year and for approximately one-fifth of auditees these were material findings. The number of departments that did not have HR findings reduced by 13 (8%), while the number of public entities without any HR findings increased by 6 (4%).

Figures 30 and 31 indicate the extent of findings in the areas that our audits focus on and the movement since the previous year.

**Figure 28: Stability in key positions**  
(Average number of months filled)

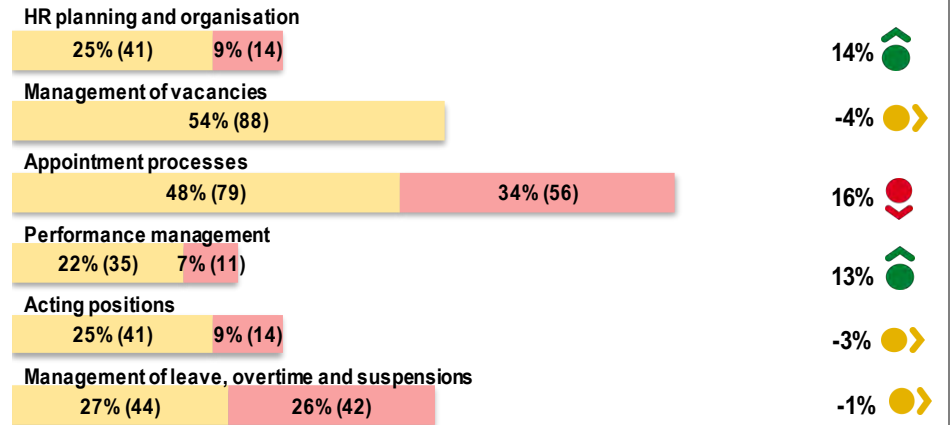


**Figure 29: Vacancies in key positions**

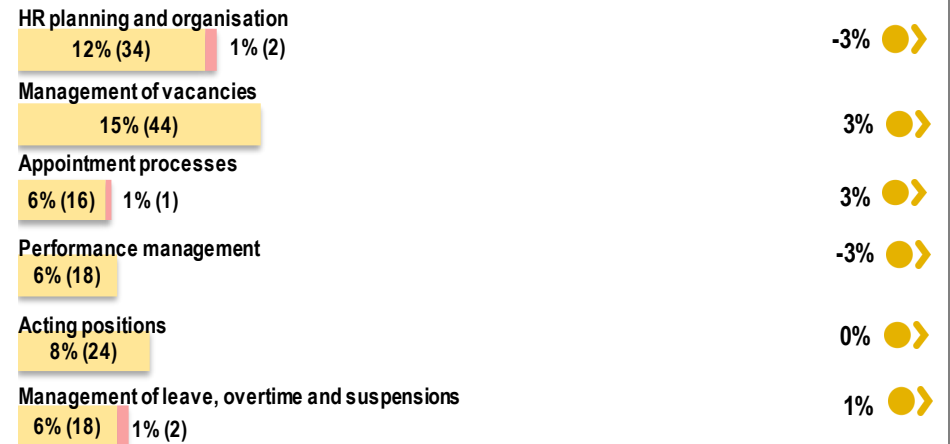


Vacant less than 6 months    Vacant more than 6 months    Departments    Public entities

**Figure 30: Weakness in focus areas (departments)**



**Figure 31: Weakness in focus areas (public entities)**



Improved    Stagnant or little progress    Regressed

## Management of vacancies and acting positions

The average overall vacancy rate at year-end was 15% (16% in departments and 14% in public entities), while the vacancy rate in senior management was 15% (18% departments and 13% public entities) and that in the finance units was 12% (16% in departments and 9% in public entities).

Figure 29 shows the vacancy rates at the level of accounting officer or chief executive officer (CEO), chief financial officer (CFO) and head of the SCM unit at year-end and indicates the period for which the positions have been vacant. Figure 28 shows the average number of months for which these key officials have been in their positions.

One of the biggest challenges remains the ability to attract and retain qualified and competent persons. Departments generally had higher vacancy rates and instability in key positions than public entities. The vacancies and instability in accounting officer positions affect the performance of departments and the ability of the executive authority and oversight structures to hold individuals accountable.

On average, accounting officers at departments with adverse opinions and disclaimer of opinions have served in the position for only 14 months. Vacancies in CFO positions, combined with the high vacancy levels in the financial units, hinder the ability of auditees to perform proper financial planning, record-keeping and financial reporting, which results in financial statements of poor quality that require many corrections. It further impacts on the implementation of daily and monthly processing and reconciling of transactions. Although the average period for which CFOs serve in their posts is almost three years, approximately half of the CFOs have served in the position for only 12 months.

The most common findings on the management of vacancies and acting positions were that senior managers acted in positions for more than six months and other employees for more than 12 months, and that those positions were not filled within 12 months. For departments, these findings also included non-compliance with the requirements of the Public Service Act. The concern is that acting positions are intended as a short-term solution, as acting individuals are likely to take on less than the full responsibility, functions and powers of the higher position and are less committed to the deliverables, due to the temporary nature of the position.

## Performance management

In order to improve the performance and the productivity of staff, the leadership should set the correct tone by implementing sound performance management processes, evaluating and monitoring performance, and consistently demonstrating that poor performance has consequences.

It is of concern that the following most common findings on performance management indicate that a culture of performance is not yet entrenched: Senior managers at 39 auditees (9%) did not have performance contracts or their contracts had not been signed early enough in the financial year. In addition, 15 heads of departments (9%) and 65 CFOs (14%) did not have performance contracts.

## Consequences for transgressions

In accordance with legislation, the failure to comply with legislated obligations and responsibilities, and the occurrence of unauthorised, irregular, and fruitless and wasteful expenditure (UIFW) should be investigated as it could constitute financial misconduct by accounting officers or officials.

There are clear responsibilities for steps to be taken in response to possible financial misconduct and to follow up on the expenditure. In total, 20% of auditees had findings on material non-compliance with legislation that required investigations to be conducted into all allegations of financial misconduct made against officials and 12% of auditees did not comply with the prescribed disciplinary steps against officials who made or permitted UIFW.

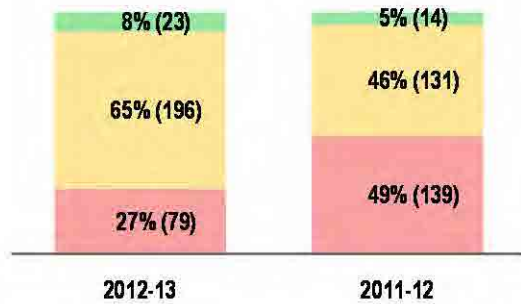
The lack of consequences could create an environment where transgressions will continue.

## Other common human resource findings

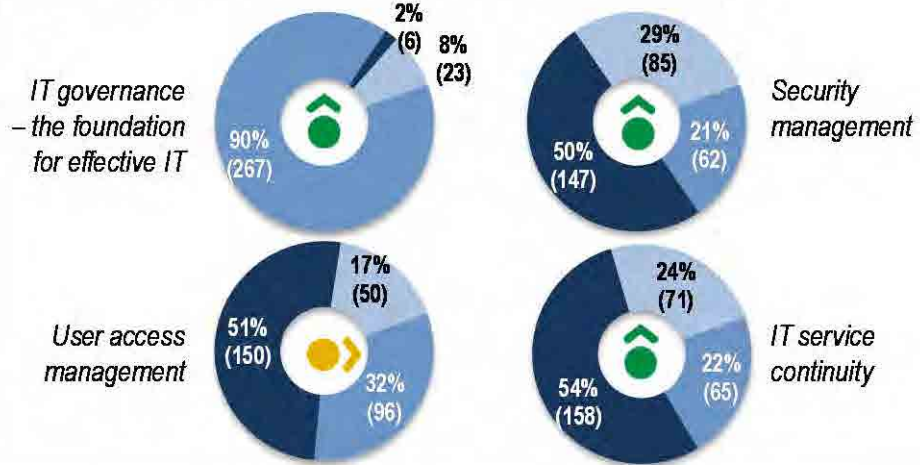
Other findings included the following ■ Proper verification process for new appointments did not always take place ■ An HR plan based on the strategic plan was not in place ■ Employees received more special leave than they were entitled to.

Annexure 1 shows which auditees had findings on human resource management.

**Figure 32:**  
Status of information technology controls



**Figure 33: Findings on information technology controls**



**Figure 34: Status of information and controls**

	Confidentiality	Integrity	Availability
Status of national and provincial government information	The necessary level of secrecy is enforced for all national and provincial government information. This was assessed by auditing the following focus areas: <ul style="list-style-type: none"> <li>Security management</li> <li>IT governance</li> <li>User access controls</li> </ul>	All national and provincial government information is authentic, remains unaltered until authorised to change, and is complete. This was assessed by performing data analytics and auditing the following focus areas: <ul style="list-style-type: none"> <li>Security management</li> <li>User access controls</li> </ul>	All national and provincial government information is ready for use when expected. This was assessed by auditing the following focus areas: <ul style="list-style-type: none"> <li>Security management</li> <li>IT service continuity</li> </ul>
Status of key enabling controls	Good governance of information technology		
	Effective management of information technology		
	Secure architecture or infrastructure of information technology		

With no findings	With findings	With material findings	IT controls embedded and functioning effectively	IT controls designed still to be implemented	IT controls to be designed	Good	Concerning	Intervention required	Improved	Stagnant or little progress	Regressed
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## 3.4 Information technology

Information technology controls ensure the confidentiality, integrity and availability of state information, enables service delivery and promotes national security. Therefore it is essential that good IT governance, effective IT management and a secure IT infrastructure should be in place.

In the assessment of the findings on IT controls (figure 33) the criteria are determined by the stage of development reached and are grouped into three categories:

**Where IT controls are being designed**, management should ensure that the controls would mitigate risks and threats to IT systems.

**Where IT controls are being implemented**, management should ensure that the designed controls are implemented and embedded in IT processes and systems. Particular attention should be given to ensuring that staff are aware of and understand the IT controls being implemented, as well as their roles and responsibilities in this regard.

**Where IT controls have been embedded and are functioning effectively**, management should ensure that the IT controls that have been designed and implemented are functioning effectively at all times. Management should sustain these IT controls through disciplined and consistently performed daily, monthly and quarterly IT operational practices.

The status of IT controls (figure 32) demonstrates that improvements have been made since the previous financial year. However, most auditees are still experiencing challenges in all areas (excluding IT governance) and should therefore prioritise the design and implementation of the required controls.

### *Information technology governance*

Effective IT governance ensures that the organisation's IT control environment functions well and enables service delivery. Figure 33 shows that most auditees are in the process of implementing the cabinet-approved IT governance framework.

All departments and entities are required to adopt and implement the IT governance framework and guidelines within the next three financial years. In the 2013-14 financial year the implementation of phase 1 should be prioritised. As the legislatures have opted to develop their own IT governance frameworks, management should prioritise the implementation of these customised governance frameworks.

### *Security management*

A secure IT environment ensures the confidentiality, integrity and availability of critical IT systems and business processes.

While 29% of the auditees have IT controls that are embedded and functioning effectively, figure 33 shows that 50% of the auditees continue to experience challenges with design and 21% with the implementation of security management policies. Management should prioritise the design and implementation of the security management policies to mitigate the risk of unauthorised access to, and unavailability of, IT systems.

### *User access management*

User access controls are the measures designed by management to prevent and detect unauthorised access to, and the creation or amendment of financial and performance information stored in the application systems.

While 17% of the auditees have IT controls that are embedded and functioning effectively, figure 33 shows that 51% of the auditees still experience challenges with the design of user access policies and procedures, i.e. the required policies and procedures have either not yet been approved, or lack key controls. Furthermore, 32% of the auditees continue to experience challenges with the implementation of user access policies and procedures. Management should prioritise the design and implementation of the user access policies and procedures to mitigate the risk of unauthorised access and transactions within the application systems.

### *Information technology service continuity*

IT service continuity controls enable institutions to recover critical business operations and application systems affected by disasters or major system disruptions within reasonable time frames.

While 24% of the auditees have IT controls that are embedded and functioning effectively, figure 33 shows that 54% of the auditees continue to experience challenges with design and 22% with the implementation of appropriate disaster recovery plans. In the case of departments, the data hosted on their transversal systems is available at the disaster recovery (DR) site of the State Information Technology Agency (SITA). However, there is still a risk of auditees not being able to connect to SITA's DR site because of departments' lack of participation in SITA's annual DR testing exercise. As the entities are not connected to SITA, it is important that management prioritise the design and implementation of the IT service continuity controls required to mitigate the risk of unavailability of

systems or lack of completeness of data in the event of major system disruptions or data loss.

***The following are the drivers of the lack of improvement in IT controls:***

- SITA, in consultation with the State Security Agency, has not yet set the standards for the information system security environment of departments, as required in terms of the State Information Technology Agency Act, 1998 (Act No. 88 of 1998) (SITA Act).
- Some departments took the initiative to design their own standards. However, neither the senior managers at the departments nor the management of entities is monitoring the implementation of the controls designed to ensure that they remain adequate and are consistently operating effectively.
- With the exception of the Western Cape and Gauteng, IT controls in provinces are not adequately coordinated.
- There is a lack of appropriately skilled resources to design and implement IT security controls, such as IT security policies and procedures.
- Departments are not successful in attracting and filling vacant key posts, such as those of IT managers, system controllers and information security officers.
- Staff are not fulfilling their responsibilities to ensure compliance with the controls established to secure and regulate departments' IT environments.
- The approval of IT policies and procedures is not prioritised.

***Risks and concerns associated with system developments or changes in IT systems across government***

*The following are the most prevalent areas of inefficiency noted where systems are in the process of being developed or implemented:*

- User requirements are not clearly defined.
- The infrastructure architecture required to support the application is often underestimated or poorly designed.
- The cabinet-approved Free and Open Source Software (FOSS) policy is not consistently adhered to.
- IT projects are poorly governed.

- IT project timelines are not adequately managed, with the result that the projects overrun their approved budgets.
- The scope of IT projects is not adequately managed, with the result that processes that were not initially approved are added to a project, which sometimes results in project delays or budget overruns.
- There are no consequences for those charged with governance when IT projects are not delivered within timelines, scope and budget.

**Transversal systems at departments**

A number of transversal systems are being developed and implemented in government. Various inefficiencies have been identified in the processes followed, which led to the delays and challenges outlined below.

The Integrated Financial Management System (IFMS) project was initiated in 2002 to replace the ageing transversal financial systems, namely the Basic Accounting System (BAS), Personnel and Salary System (Persal) and the Logistical Information System (Logis). Cabinet approved the project, which was supposed to commence in 2005 with an estimated project timeline of seven years. However, despite project spending amounting to approximately R650 million to date, it has not yet been finalised due to several challenges. The delayed implementation also resulted in departments having to implement another system as an interim measure while the IFMS was being implemented. At this stage, the incomplete modules are on hold as a cabinet decision is required to change the overall approach.

The Integrated Justice Systems (IJS) project was initiated in 1999 to electronically enable and integrate the end-to-end criminal justice business processes at an estimated cost of R4 billion across several departments. Cabinet approved the project to commence in 2000. As at 2011-12, the project spending was amounted to approximately R2,3 billion, but actual costs have not been tracked since. The IJS project is ongoing, but the Department of Correctional Services' sub-project is on hold. Over the past few years, the IJS programme management office has been losing momentum and is not operational at this stage, which has been identified as the key risk to the project meeting its defined objectives.



## **Other systems**

The weapons system was intended to develop a secure, state-of-the-art computerised firearms control system for the South African Police Service (SAPS) to ensure that SAPS complied with the Firearms Control Act, 2000 (Act No. 60 of 2000). A part of this act deals with firearm dealers, manufacturers and official institutions (including the SAPS). The project was initiated in 2004 at an estimated cost of R92 million. Four addendums totalling R342 million have been signed since then. The project is currently on hold due to a legal dispute with the vendor.

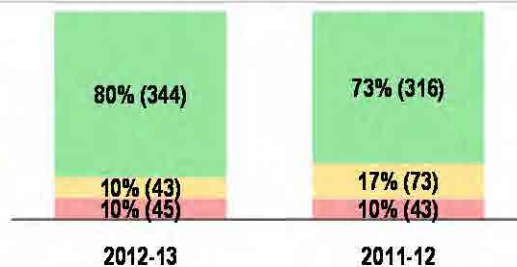
## **Systems implemented at legislatures**

Some legislatures initiated projects to replace existing systems with Enterprise Resource Planning (ERP) systems. However, the risk associated with such implementations is that they are undertaken independently with minimal involvement by SITA. Currently, there is no legislation to govern the ICT processes of legislatures. In addition, legislatures do not have the internal capacity to manage or maintain the systems after implementation, which creates the risk of dependency on consultants. Furthermore, no process is in place to ensure that economies of scale are achieved in the event of more than one legislature implementing an ERP, as would have been the case had such implementations been managed through SITA.

## **Systems implemented at public entities**

Several entities procured new systems or replaced systems with either ERPs or in-house developed systems. The risk associated with such implementations is the lack of SITA involvement as provided for in the SITA Act, which gives entities the choice to either make use of the services of SITA or procure systems independently. Since the latter option is not normally used, there is no ICT framework or standard in place to govern such independent implementations to ensure that system duplications are eliminated and economies of scale are achieved. The risk of dependency on consultants is also exacerbated by independent implementations as most often there is a lack of internal capacity to manage or maintain systems after implementation.

**Figure 35:**  
Number of auditees with indicators of financial health risks (overall)

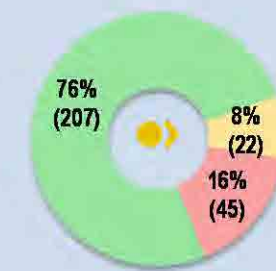


**Figure 36:** Number of auditees with indicators of financial health risks

**Departments**



**Public entities**



**Figure 37:** Areas of financial health concerns

Expenditure exceeded revenue (accrual-adjusted deficit)	17% (27)	13%	Improved
More than 10% of next year's budget used to fund current's year expenditure	4% (6)	24%	Improved
Year-end bank balance in overdraft	22% (35)	1%	Stagnant or little progress
Capital budget underspent by more than 10%	41% (65)	-4%	Stagnant or little progress
Conditional grants underspent by more than 10%	9% (15)	-2%	Stagnant or little progress
Debt-collection period of more than 90 days	28% (45)	9%	Improved
More than 10% of debt irrecoverable	15% (24)	5%	Stagnant or little progress
Debt-collection period of more than 90 days	18% (49)	0%	Stagnant or little progress
More than 10% of debt irrecoverable	28% (78)	-2%	Stagnant or little progress
Expenditure exceeded revenue (deficit)	32% (87)	6%	Regressed
Current liabilities exceeded current assets	22% (59)	-2%	Stagnant or little progress
Total liabilities exceeded total assets	9% (26)	-1%	Stagnant or little progress
Year-end bank balance in overdraft	1% (4)	3%	Stagnant or little progress

With no/limited indicators
With indicators
With going concern risk

 Improved
 
 Stagnant or little progress
 
 Regressed

## 3.5 Financial health

Our audits included a high-level analysis of auditees' financial indicators to provide management with an overview of selected aspects of their current financial management and to enable timely remedial action where the auditees' operations and service delivery may be at risk. We also performed procedures to assess whether there were any events or conditions that may cast significant doubt on a public entity's ability to continue as a going concern.

Figure 35 indicates the number of auditees that had more than two of the indicators discussed in this section and the number of public entities with material going concern uncertainties. It excludes 18 auditees that had adverse opinions or disclaimers of audit opinion, as their financial statements were not reliable enough to be analysed. Although the analyses identified 126 departments and 169 public entities with financial indicators that were of concern, only 10% of these had more than two such indicators. The improvement since the previous year was caused by 26 fewer departments with more than two indicators of financial health risks.

Annexure 1 to this report identifies those auditees whose indicators are of concern.

Figure 36 shows the number of auditees, with their indicators and movement since the previous year. The indicators are discussed in the rest of this section.

### *Financial management by departments on the modified cash basis of accounting*

Departments prepare their financial statements on the modified cash basis of accounting. This means that the expenditure disclosed in the financial statements is only what was paid during the year and does not include accruals (the liabilities for unpaid expenses) at year-end. As part of the analyses, we reconstructed the financial statements to determine whether the departments' surpluses at year-end would also be evident had an accrual basis of accounting as applied by public entities and local government been used. We also assessed the impact of the unpaid expenses at year-end on the following year's budget.

The reconstructed financial statements of almost one-fifth of departments showed a deficit instead of a surplus. Although the spending of more than 91% of departments was within their approved budgets, 79% of departments technically would not be able to pay all liabilities at year-end if the unpaid expenses at year-end are taken into account. For most departments, this would have a minor impact, but six departments started the 2013-14 financial year with more than 10% of their budget effectively spent. The number of departments

with deficits and technical overspending of budgets decreased significantly over the previous financial year.

Continued improvements will be aided by improved in-year monitoring of expenditure incurred (and not just paid) and systems to account for liabilities incurred. Addressing the late payments of creditors (as reported in section 2.3) will further reduce the unpaid expenses at year-end.

A further matter that requires attention is the 35 departments that had an overdraft at year-end, 20 of which also had an overdraft in the previous year. This was largely as a result of previous years' unauthorised expenditure, overspending and the voted funds not being drawn from the revenue fund.

### *Underspending of capital budgets and conditional grants*

The number of departments that underspent on their conditional grants and capital budgets remains high, which places the achievement of service delivery objectives by these departments at risk. Thirteen (20%) of these departments are in the education, health and public works sectors.

The root causes of underspending were a lack of capacity to deliver, monitor and oversee capital projects and key national service delivery programmes and delays in appointing service providers.

### *Debt management*

Although there was a reduction in the number of departments that took more than 90 days to recover the money owed to them, extended debt collection periods remained a challenge for 22% of auditees. The weakness in the management of debts is further highlighted by 24% of auditees that estimated that more than 10% of their debtors would not be able to pay them.

As departments use the modified cash basis of accounting, revenue is not recognised until it is received. All debts that are not recovered should be considered in the context of revenue that has been or could be lost to the state.

Poor revenue collection and debt management practices are the root cause of the long-outstanding debts, which in turn could place the revenue funds under pressure, or impact on the ability of public entities to operate.

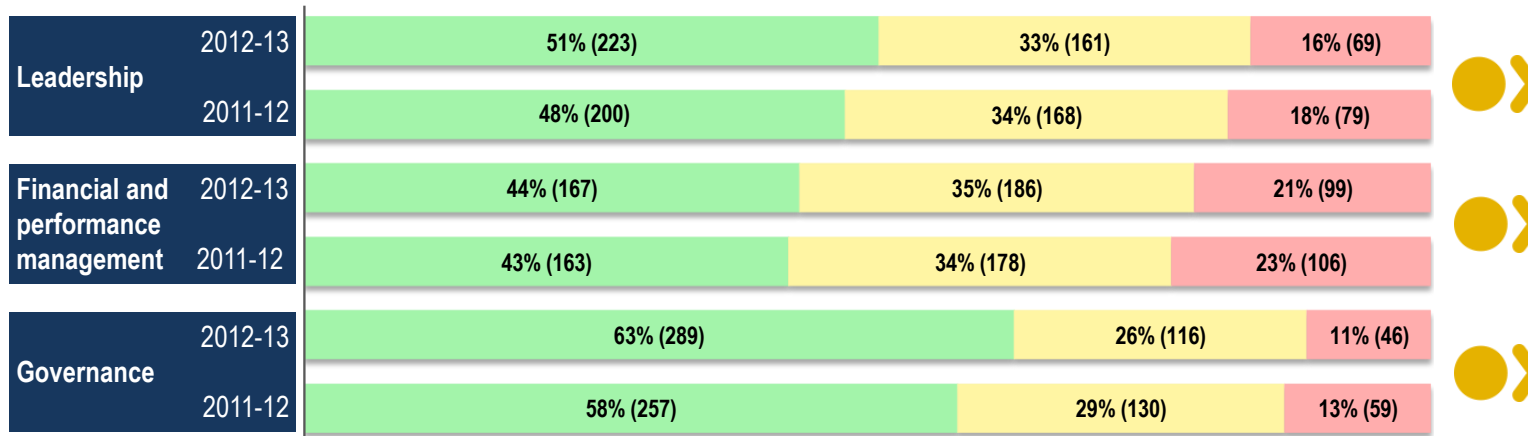
### *Financial health risks at public entities*

Forty-five public entities either disclosed that a material uncertainty existed with regard to their ability to operate in the foreseeable future (i.e. as a going

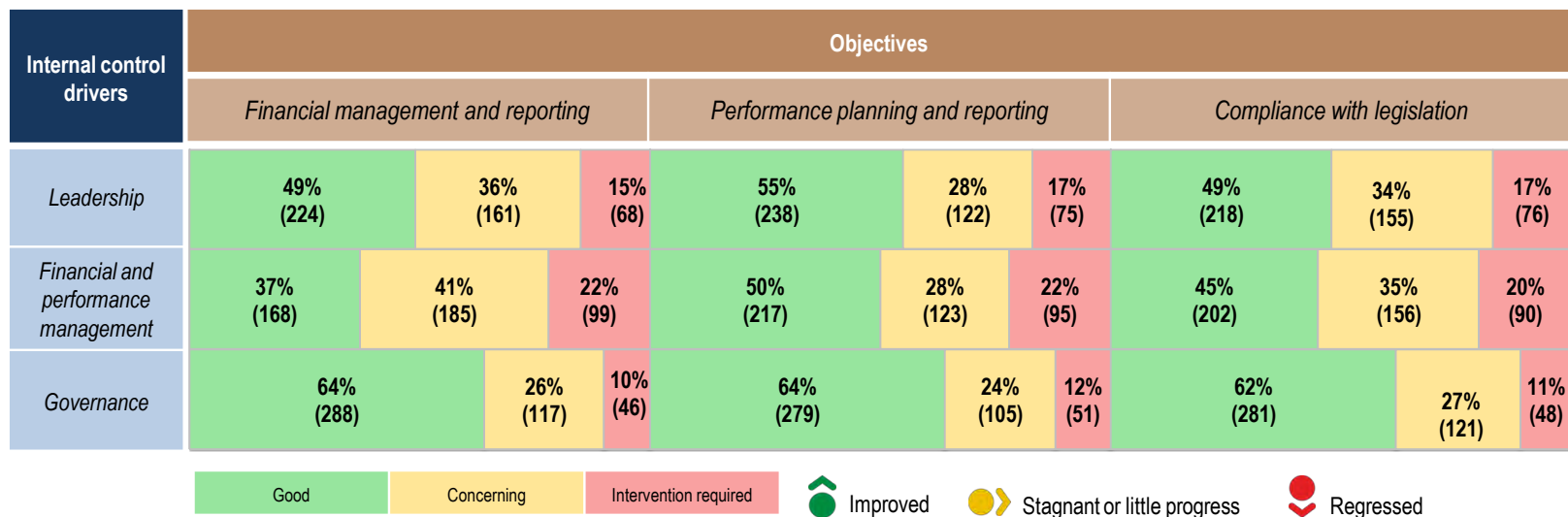
concern) or were qualified because such disclosures were not included. In addition to these public entities, others also displayed indicators of financial health risk relating to spending more in one year than they have resources to cover, with the result that their income is less than their expenditure or their liabilities exceed their assets. Fourteen public entities had deficits in the past year as well as negative asset/liability ratios, while three of these public entities also had a year-end bank balance in overdraft. Even though the majority of public entities will be able to continue their operations, the negative indicators raise concerns about the financial viability of some and the pressure placed on acquiring additional funding from government.

## **SECTION 4: INTERNAL CONTROLS AND ROOT CAUSES OF AUDIT OUTCOMES**

**Figure 38: Movement of drivers of internal control**



**Figure 39: Objectives on which drivers of internal control have an impact**



## 4.1 Significant deficiencies in internal controls

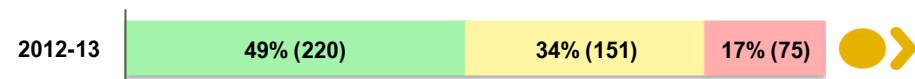
A key responsibility of accounting officers, senior managers and officials is to implement and maintain effective and efficient systems of internal control. We assessed the internal controls to determine the effectiveness of their design and implementation in ensuring reliable financial and performance reporting and compliance with legislation. To make it easier to implement corrective action, we categorised the principles of the different components of internal control as leadership, financial and performance management, or governance. We call these *the drivers of internal control*.

### Status of the drivers of internal control

Figure 38 provides an overall assessment of the drivers of internal control and the movement since the previous year, based on the significant internal control shortcomings identified during the audits. Figure 39 assesses the impact of the drivers on auditees' objectives related to financial management and reporting, performance planning and reporting, and compliance with legislation.

Overall, there was some improvement in governance which was caused by the improvements in the effectiveness of internal audit units and audit committees. There was limited progress in improving the weaknesses in leadership controls that we identified last year, but the basic financial and performance management controls remain the biggest challenge. The weaknesses in financial and performance management are most pronounced in financial reporting and compliance, as evidenced by the lack of improvement in the quality of submitted financial statements and non-compliance with legislation. Auditees should pay special attention to the following internal controls which resort under financial and performance management and which have shown the least improvement.

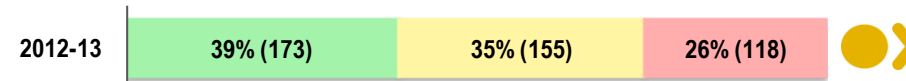
### Implement controls over daily and monthly processing and reconciling of transactions



Controls should be in place to ensure that transactions are processed in an accurate, complete and timely manner, which will in turn reduce the errors and omissions in financial and performance reports. Such controls include (i) the daily capturing of financial transactions, supervisory reviews of captured information, and independent monthly reconciliations of key accounts, (ii) the collection of performance information at intervals that are appropriate for

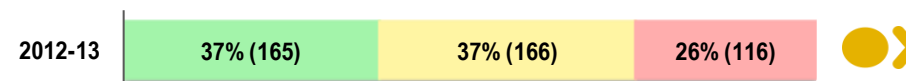
monitoring service delivery targets and milestones as well as the validation of recorded information and (iii) confirming that legislative requirements and policies have been complied with before initiating transactions. We assessed these controls as being good at only 38% of departments and at 55% of public entities (therefore 49% overall).

### Prepare regular, accurate and complete financial and performance reports



Material misstatements in financial statements submitted for auditing and material adjustments to annual performance reports will be significantly reduced with the in-year preparation and independent review of financial statements and performance information. As in the prior year, fewer than half of the auditees prepared regular, accurate and complete financial and performance reports. Management's responsibility to account for finances and performance is not limited to the annual financial statements and performance report. Management should also prepare regular (monthly and quarterly), accurate and complete financial and performance reports for the accounting officer or authority, the minister/ MEC and, where required, for monitoring institutions such as the treasuries. We assessed these controls as being good at only 32% of departments and at 43% of public entities.

### Review and monitor compliance with legislation



As detailed in section 2.3 many auditees did not comply with legislation, which indicates that the internal controls of auditees failed to prevent and detect non-compliance with legislation. Auditees did not have mechanisms that (i) identified applicable legislation as well as changes thereto, (ii) assessed the requirements of legislation and (iii) implemented processes to ensure and monitor compliance with legislation. We assessed these controls as being good at only 27% of departments and 42% of public entities.

Annexure 3 details the status of auditees' key controls and the movement since the previous year.

## 4.2 Summary of root causes

Our audits included an assessment of the root causes of audit findings, based on identifying the internal controls that failed to prevent or detect the error or non-compliance. These root causes were confirmed with management and shared with the accounting officer and the executive authorities in the management report. We also included the root causes of material findings reported as internal control deficiencies in the audit report, classified under the key drivers of leadership, financial and performance management, or governance.

As reported in section 2, many auditees did not receive a clean audit opinion as their financial and performance reports were of a poor quality and they had high levels of non-compliance with legislation. The information that follows summarises the three most common root causes of the audit outcomes and provides recommendations to address the root causes.

### *Slow response by management in addressing the root causes of poor audit outcomes*

#### *Detail of root cause*

We identified the slow response by management (accounting officers/authorities and senior management) to our messages about addressing the root causes of audit outcomes as a root cause of poor audit outcomes at 62% of the auditees that did not receive clean opinions. As shown in section 4.1 we found that the key controls at more than half of the auditees were not in place to support quality financial statements and annual performance reports and compliance with legislation. Role players such as the executive and coordinating institutions can positively contribute to an auditee's control environment. However, it is the responsibility of accounting officers and senior management to design and implement the controls and to ensure that they work effectively and consistently. As discussed in section 5, the accounting officers and senior management also did not provide the level of assurance required.

The status of the key controls is assessed on a quarterly basis and discussed with the accounting officers and key senior management officials. We specifically audit the risk areas annually. We report all our audit findings to them in a management report that includes the root causes of the findings and our recommendations. Our message and their delivery have been consistent for a

number of years, but management's slow response to this message is hampering improvements in audit outcomes.

In our assessment, the slow response is more prevalent at public entities (65%) although it also has been identified as root cause at 58% of departments.

### *Recommendations*

The following actions should be taken to address the root cause:

- Accounting officers and authorities should view the AGSA, internal audit units, audit committees and the risk management function as important partners in fulfilling their legislated responsibilities. Attention should be given to the reports of these assurance providers and there should be regular interactions with them.
- Accounting officers and authorities should ensure that senior management has action plans in place to address the internal control deficiencies identified by our reports as root causes of audit findings. The action plans should focus on the root causes of audit outcomes and not only on addressing specific findings, as this would prevent new or similar findings in future. Accounting officers and authorities should monitor implementation of the plans.
- Executive authorities should hold accounting officers responsible for control weaknesses that are not addressed as it is an indication of neglect of their legislated duty to ensure there are effective, efficient and transparent systems of financial and risk management and internal control. In turn, accounting officers should ensure that senior managers fulfil their duties and address any negligence in this regard.
- The treasuries should intensify their current initiatives to support departments in improving their controls through guidance, interactions, capacity building and monitoring. Both treasuries and the departments responsible for public entities should give similar support to public entities where it is apparent that the slow response by management in this regard is as a result of inadequate capacity and skills at management level.



## **Lack of consequences poor performance and transgressions**

### *Detail of root cause*

We identified a lack of consequences for poor performance and transgressions to be a root cause of poor audit outcomes at almost 59% of the departments and 45% of the public entities that did not receive clean audit opinions.

Leaders and officials that deliberately or negligently ignore their duties and disobey legislation should be decisively dealt with through performance management and by enforcing the legislated consequences for transgressions. If they are not held accountable for their actions, the perception is created that such behaviour and its results are acceptable and tolerated.

The 2012-13 audits again confirmed weaknesses in the performance management of senior management. There were also weaknesses in dealing with allegations of financial misconduct or investigations into unauthorised, irregular as well as fruitless and wasteful expenditure. The low level of action in response to the high levels of non-compliance, poor audit outcomes, SCM transgressions and unauthorised, irregular as well as fruitless and wasteful expenditure clearly shows a lack of consequences for transgressions. Section 3.3 includes more information in this regard.

### *Recommendations*

The following actions should be taken to address the root cause:

- Accounting officers and authorities should ensure that non-compliance findings are investigated to determine whether there are indicators of financial misconduct or misconduct in the SCM processes, then disciplinary hearings should be held where misconduct was confirmed. All unauthorised, irregular as well as fruitless and wasteful expenditure should also be investigated timeously to determine whether such expenditure should be recovered from the responsible official.
- In order to improve the performance and productivity of officials, the leadership should set the tone by implementing sound performance management processes, evaluating and monitoring performance, and consistently demonstrating that poor performance has consequences.

- Accounting officers and authorities, executive authorities and senior managers should demonstrate the importance of integrity and ethical values through actions and behaviour, and establish expectations for standards of conduct. The leadership should also ensure that they identify deviations from expected standards and address these in a timely manner.

## **Instability or vacancies in key positions**

### *Detail of root cause*

We identified instability and vacancies in key positions to be a root cause of poor audit outcomes at 39% of the auditees that did not receive clean audit opinions.

As discussed in section 3.3, the overall vacancy rates at auditees remain high and in our view the vacancies and instability at the level of accounting officer, CEO and CFO are affecting the rate at which audit outcomes improve.

In our assessment, the impact of instability and vacancies is affecting audit outcomes at 48% of departments and to a lesser degree of public entities at 34%.

### *Recommendations*

The following actions should be taken to address the root cause:

- Executive authorities should appoint accounting officers in the departments where there are still vacancies and should endeavour to retain accounting officers in their positions for the period of their contract. Accounting authorities should commit to the same for CEOs and particular attention should also be paid to the appointment and retention of CFOs.
- Offices of the premier, the department of performance monitoring and evaluation, the treasuries and the departments responsible for the public entities should monitor vacancies and retention in key positions and provide support where needed.



## SECTION 5: IMPACT OF KEY ROLE PLAYERS ON AUDIT OUTCOMES

Figure 40: Assurance provided by key role players

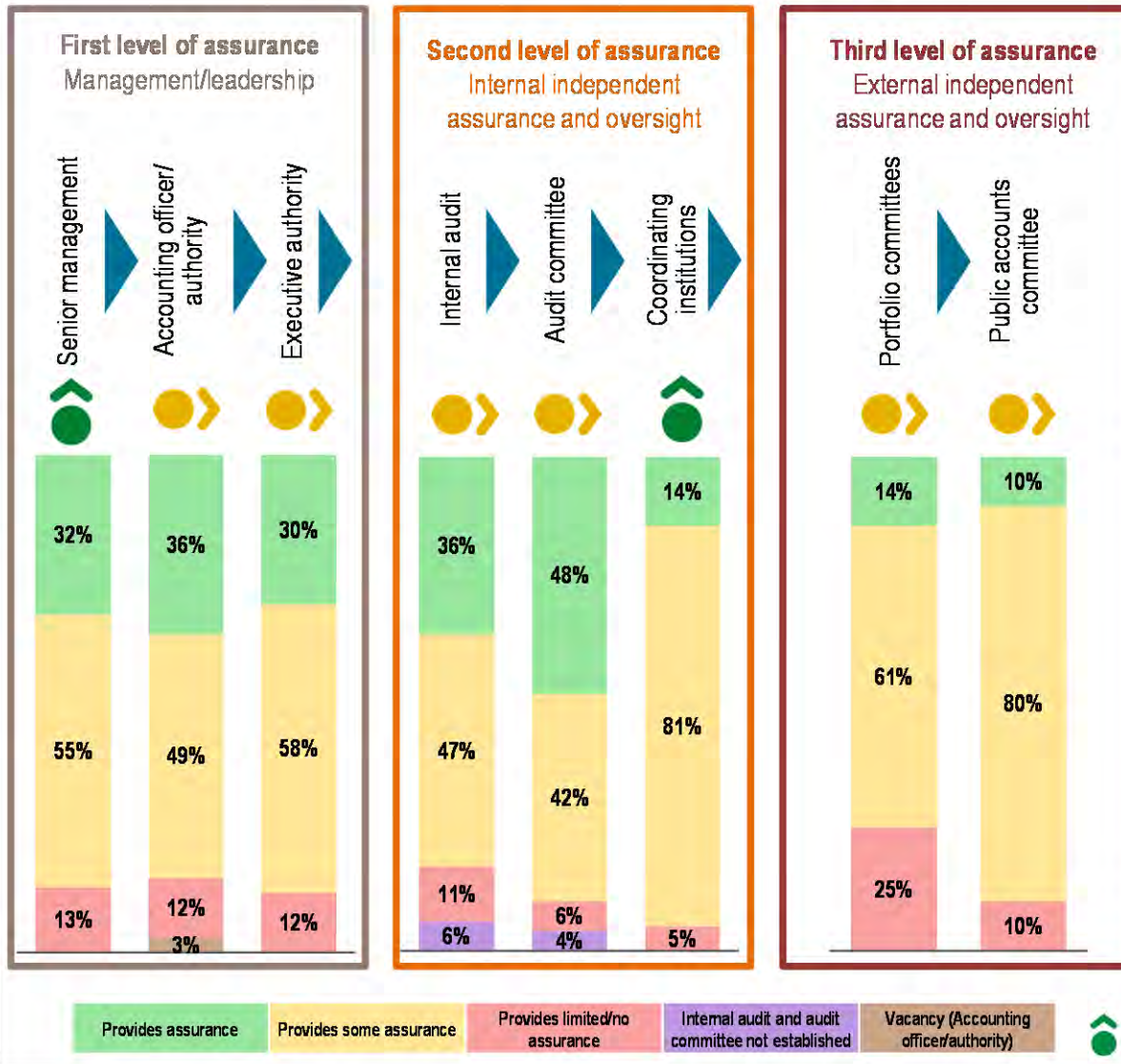
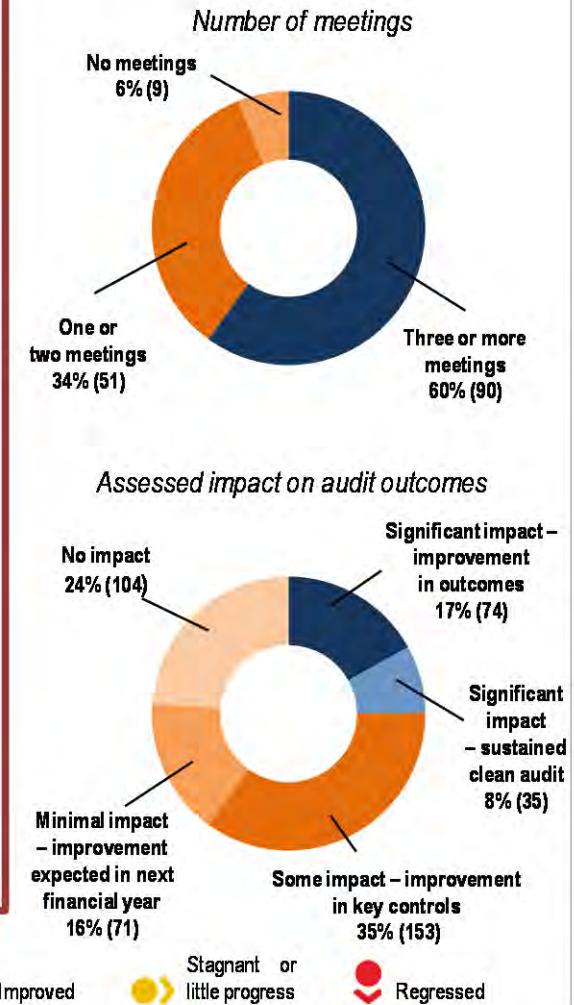


Figure 41: Interactions with ministers and MECs and assessed impact thereof



## 5. Initiatives of key role players and impact on audit outcomes

Ministers, MECs and accounting officers use the annual report to report on the financial position of auditees, their performance against PDOs, and overall governance, while one of the important oversight functions of legislatures is to consider auditees' annual reports. To perform their oversight function, they need assurance that the information in the annual report is credible. To this end, the annual report also includes our audit report, which provides assurance on the credibility of the financial statements, the annual performance report as well as the auditees' compliance with legislation.

Our reporting and the oversight processes reflect on history as it takes place after the financial year. Many other role players contribute throughout the year to the credibility of financial and performance information and compliance with legislation by ensuring that adequate internal controls are implemented.

These role players have a different mandate than we have and we categorised them as follows: (1) Those directly involved with the management of the auditee (management/leadership assurance); (2) Those that perform an oversight or governance function, either as an internal governance function or an external monitoring function (internal independent assurance and oversight); (3) The independent assurance providers that give an objective assessment of the auditee's reporting (external independent assurance and oversight).

We assessed the level of assurance provided by the role players based on the status of internal controls of auditees and the impact of the different role players on these controls. In the current environment, which is characterised by inadequate internal controls, corrected and uncorrected material misstatements in financial and performance information, and widespread non-compliance with legislation, all role players should provide an extensive level of assurance.

Figure 40 shows the assessed level of assurance provided by key role players. An overview of the assurance provided by each of the three levels of assurance providers follows.

### **First level of assurance: Management/leadership**

#### *Senior management*

Although there was improvement in the assurance provided by senior management, further improvement is needed to strengthen the first level of assurance. Accounting officers and the executive authorities are relying on

senior management, which includes the chief financial officer, chief information officer and head of the SCM unit, to implement basic financial and performance management controls. These controls include the following:

- Ensure proper record-keeping so that complete, relevant and accurate information is accessible and available to support financial and performance reporting
- Implement controls over daily and monthly processing and reconciling of transactions
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
- Review and monitor compliance with applicable laws and regulations
- Design and implement formal controls over IT systems

The assessment of controls (as reported in section 4.1) shows that at more than 60% of auditees, these controls were a cause for concern or required intervention with little progress since the previous year. Consequently, senior management at 68% of the auditees provided only some, limited or no assurance. The senior management at only 21% of departments provided the required level of assurance, compared to 38% of public entities.

It is also concerning that senior management's representations to us at the start of each audit, including those relating to the quality of the financial statements submitted for auditing, continue to be unreliable. It highlights the risk that decisions taken by accounting officers and the executive authorities throughout the year could be based on incomplete or incorrect information provided by senior management.

Auditees' HR management challenges outlined in section 3.3 should be addressed to improve the level of assurance provided by senior management. Vacancies need to be filled and senior management should be held accountable for the execution of their responsibilities through an effective system of performance management.

### *Accounting officers or accounting authorities*

The assurance provided by accounting officers (heads of departments or directors-general) or the accounting authorities of public entities has shown little improvement from the previous year and less than 40% provided the required level of assurance. The accounting officers at only 30% of departments provided the required level of assurance, compared to the accounting authorities at 39% of public entities.

As reported in section 4.1, there has been little improvement in the status of those internal controls for which accounting officers and authorities are responsible, as their leadership, planning, risk management, oversight and monitoring did not always result in sustainable practices that translated into improved audit outcomes. Although accounting officers and authorities depend on senior management to design and implement the required financial and performance management controls, they should create an environment that helps to improve such controls by focusing on the following:

- Provide effective and ethical leadership, and exercise oversight over financial and performance reporting and compliance with legislation.
- Implement effective HR management to ensure that adequate and sufficiently skilled staff are employed and that performance is monitored.
- Establish policies and procedures to enable sustainable internal control practices, and monitor the implementation of action plans to address internal control deficiencies.
- Establish an IT governance framework that supports and enables the achievement of objectives, delivers value and improves performance.
- Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.
- Ensure that an adequately resourced and functioning internal audit unit is in place and that internal audit reports are responded to.
- Support the audit committee and ensure that its reports are responded to.

## Executive authorities

The executive authorities (ministers and MECs) have a monitoring and oversight role in their portfolios and play a direct role in departments, as they have specific oversight responsibilities towards their departments in terms of the PFMA and the Public Service Act. They are well placed to bring about improvements in the audit outcomes by becoming more actively involved in key governance matters and by managing the performance of the accounting officers and authorities. Our assessment that executive authorities are not yet providing the required level of assurance is based on the inadequate leadership controls observed at almost half of the auditees (as detailed in section 4.1). It is further supported by our assessment of the impact they have on audit outcomes as observed through our regular interactions with them and the commitments they had made and honoured to improve audit outcomes.

In the past three years, we have increasingly engaged with ministers and MECs on how they can bring about improvements in the audit outcomes of their portfolios. At these interactions we discussed the status of key controls, their commitments to improve audit outcomes, and we also shared the identified risks.

Figure 41 shows that almost all the ministers and MECs made time in the past year to engage with us in this manner and the majority did so three or more times in the year. It also shows our assessment of their impact on the audit outcomes. Overall, it is apparent that almost half of the executive authorities do not yet have a direct impact. No minister is directly responsible for Parliament, the nine legislatures and three other departments. Therefore figure 41 therefore does not include interactions at ministerial level or any corresponding impact assessments.

However, those ministers and MECs we met with three or more times, contributed to the significant improvements in the audit outcomes of 22% of the auditees they are responsible for and the overall improvement of the key controls of 45%. Those we met with once or twice contributed to significant improvements in audit outcomes at 18% of the auditees and key control improvement at 41% of the auditees.

We are convinced that the oversight and monitoring role of the executive strengthens the assurance processes significantly and that in the past year it had a positive impact on the audit outcomes and will continue this impact in future. We therefore undertake to continue with the quarterly engagements, but with more emphasis on quality conversations that will yield an increased impact.

Section 6 of this report provides the audit outcomes of the departments and public entities in the portfolios of the individual ministers. It also includes details of the frequency and impact of our meetings with the ministers and the status of the prior year and new commitments they made. We shared these portfolio outcomes with them and include the information in this general report to enable and encourage their ongoing oversight and monitoring of their complete portfolios. Our provincial general reports contain similar information relating to the MECs.

## Second level of assurance: Internal independent assurance and oversight

### Internal audit

Internal audit assists accounting officers and authorities in the execution of their duties by providing independent assurance on internal controls, financial

information, risk management, performance management and compliance with legislation. Legislation requires auditees to have an internal audit unit, but these were in place at only 94% of auditees.

Internal audit units of only 28% of departments provided the required level of assurance, compared to those of 40% of public entities. There has not been a significant increase in assurance provided by internal audit since the previous year, mainly in public entities.

The operations of only 15% of the internal audit units did not fully comply with the requirements of legislation, while the work of most of the units covered all the required aspects. This is good, but further improvements are required from the internal audit units of 29% of departments and 21% of public entities that did not evaluate information systems (IT controls), and also from the 15% of the internal audit units that did not evaluate the reliability of performance information.

Internal audit units can only be effective if they are adequately resourced, if audit committees oversee and support their operations, and if accounting officers or authorities and senior management cooperate and respond to their advice and recommendations. At some auditees, well-resourced and effective internal audit units have helped to improve internal controls and impacted positively on audit outcomes but further improvement is needed. Only 53% and 62% of departments' and public entities' units, respectively, had a positive impact on audit outcomes. At 47% of departments and 38% of public entities the lack of impact was partly due to management not addressing internal audit findings.

## Audit committees

An audit committee is an independent body, created by legislation, that advises the accounting officer or authority, senior management and the executive authorities on matters such as internal controls, risk management, performance management as well as the evaluation of, and compliance with, legislation. The committee is further required to provide assurance on the adequacy, reliability and accuracy of financial and performance information.

Audit committees were in place at 94% of auditees. Almost half of the audit committees were already providing full assurance and the work of most of the committees covered all the required aspects. However, 12% of the committees did not evaluate information systems and 8% did not evaluate performance information.

In our assessment, the audit committees of 81% of departments and public entities had a positive impact on the audit outcomes and their assurance was also enhanced by the interactions of 83% departments and 84% public entities with their ministers and MECs in the past year to share information and risks.

For audit committees to provide the required level of assurance as second-level assurance providers, they depend a lot on the reliability of the assurance provided by senior management and internal audit units. The lower the assurance provided by these two role players, the more difficult it is for audit committees to assess the control environment of the auditee accurately, including being assured that all significant risks are being reduced.

## Coordinating institutions

At national and provincial level there are departments that play a coordinating and monitoring role as defined in legislation and in their mandates which should contribute to the overall assurance process. These departments are the provincial treasuries, the National Treasury, offices of the premiers, the Department of Monitoring and Evaluation (DPME) and the Department of Public Service Administration (DPSA). We assessed the impact of these departments on the controls of the auditees based on interactions with the departments, commitments made and honoured and the impact of their actions and initiatives.

In our opinion, the majority of the departments were providing some assurance through their coordinating and monitoring functions and were committed to play a bigger role in improving audit outcomes. A summary of the assessments follow.

### Provincial treasuries and National Treasury

We assessed that all provincial treasuries provided some assurance, except in the Free State and the Northern Cape. These two treasuries provided the full level of assurance required to impact on the credibility of provinces' financial statements and performance reports and its compliance with legislation. The provincial general reports provide detail of the assessments as well as the commitments and initiatives made by the MECs of finance and the treasuries to improve audit outcomes.

In relation to audit outcomes, the areas within the National Treasury's sphere of influence are primarily the promotion of sound budgetary, reporting and financial management, and the promotion and enforcement of transparency through the effective management of revenue, expenditure, assets and liabilities. In our assessment, the National Treasury continues to be instrumental in strengthening the credibility of financial and performance information, including compliance with the Public Finance Management Act and through improved governance arrangements.

The National Treasury provides support to auditees through strategic support plans, frameworks and guidance documents. Although these initiatives contributed to the improvement in financial management, our assessment is that

they have not yet provided the level of assurance that is required to improve audit outcomes significantly, especially since there are still audit concerns around the compliance with legislation and in the area of procurement and contract management.

The National Treasury is committed to continue with, amongst others, the following initiatives to improve public financial management and to improve audit outcomes:

- Improvement of public sector financial management capacity through initiatives related to the capacity-building strategy
- Increasing of support for public sector financial management reforms
- Improvement of the Treasury Regulations to align such with the King III Code on Corporate Governance for South Africa, strengthening of the supply chain management framework to mitigate against incidents of fraud and corruption and regulate functions related to the office of the CFO
- Development of financial management and reporting frameworks and alignment of such with local and international best practices
- Development and implementation of accounting policies
- Assess the quality of quarterly financial reports and take corrective action, where required. In so doing, strengthen the discipline of financial reporting towards clean administration.
- Develop strategic support plans in conjunction with targeted departments and public entities to address financial management weaknesses identified through the audit process and through the financial management capability maturity model (FMCMM) assessments.
- Enhance the FMCMM to assess the financial maturity of departments, constitutional institutions and public entities listed in schedule 3A and 3C to the PFMA.
- Roll out the FMCMM to departments, constitutional institutions and public entities listed in schedule 3A and 3C to the PFMA and analyse the results for inclusion in a report to the Standing Committee on Public Accounts (SCOPA) and to the Standing Committee on Finance on the improvement of financial management. The results of these assessments will also be provided to provincial treasuries and to accounting officers and accounting authorities, highlighting areas of concern within their respective institutions for which strategies could be developed to address such concerns.

- Monitor compliance by departments with supply chain management norms and standards.

### *Offices of the Premier*

We assessed that the majority of offices of the premier in the provinces provided some assurance. The exceptions were Gauteng, which provided the full level of assurance required to impact on the credibility of provinces' financial statements and performance reports and its compliance with legislation, and Limpopo, which only provided limited assurance. The provincial general reports provide detail on the assessments as well as the commitments and initiatives made by premiers and their offices to improve audit outcomes.

We noted that their targets included in their annual performance plans were input based. This means that they measure and report on their coordination and implementation activities and not on the audit outcomes or service delivery impact of the province. Although their plans covered their constitutional mandate and there were no material findings on their annual performance reports, the input-driven plans contributed to the inadequate assurance provided by premiers' offices. In future audits we will increase our audit focus on offices of the premier and their role in provinces.

### *The Department of Performance Monitoring and Evaluation*

The DPME's contribution to assurance is primarily the following:

- Facilitate the development of plans or delivery agreements for the cross-cutting priorities or outcomes of government and monitor and evaluate the implementation of these plans
- Monitor the performance of individual national and provincial government departments
- Monitor frontline service delivery
- Manage the Presidential Hotline
- Perform evaluations of major and strategic government programmes
- Promote good monitoring and evaluation practices in government

In our assessment, the DPME provides some assurance as they monitor and evaluate various aspects that are linked to the audit outcomes of government. The result of this enables the cabinet to identify the weaknesses in government that needs to be addressed to ensure improved performance/service delivery by government institutions.



Ongoing initiatives of the DPME include the following:

- Monitoring progress with the implementation of the delivery agreements for the 12 outcomes related to the five key priority areas and facilitating quarterly reporting to the cabinet
- Continuing with the Management Performance Assessment Tool (MPAT) annual assessments and reporting the results to the cabinet
- Continuing with the front-line service delivery monitoring programme through visiting a targeted number of service delivery sites

### *The Department of Public Service and Administration*

The DPSA is responsible for establishing norms and standards for national and provincial government in a number of areas. The following specifically contribute to assurance in the public sector:

- Human resource management: Establish norms and standards relating to skills, capacity, vacancies and performance management
- The management of information technology: Manage and oversee ICT policy and planning in the public sector
- Compliance with legislation by departments: Establish regulations and codes of conduct regarding integrity, ethics, conduct and anti-corruption in the public service.

The DPSA, in cooperation with the Government Information Technology Officer (GITO) Council, developed the corporate governance of information and communication technology policy framework (CGICTPF), which is applicable to all spheres of government, organs of state and public enterprises. Parliament approved the CGICTPF for implementation on 21 November 2012.

The DPSA has taken great strides in addressing the weaknesses in public administration as reported in our general reports of national, provincial and local government by developing the Public Administration Management (PAM) Bill to replace the outdated Public Service Act. The PAM bill will address the following weaknesses: (i) Inadequate capacity (vacancies and skills) and professionalisation of the public sector (ii) Conflicts of interest that affect SCM processes (iii) Lack of consequences for misconduct and transgressions (iv) Poor monitoring of compliance with legislation (v) Inadequate and inconsistent norms and standards for HR management, compensation and ICT.

Other initiatives implemented by the minister of Public Service in 2012-13 include:

- transforming PALAMA into the School of Government

- establishing an anti-corruption bureau
- establishing an Office of Standards and Compliance in the Public Service to ensure compliance with norms and standards and rapid reaction to provinces in distress.

In our assessment, the DPSA provides only some assurance as they lack adequate capacity and systems to consolidate, monitor and analyse the audit outcomes of government to enable it to identify weaknesses in current legislation, regulations and guidance to ensure improved performance/service delivery by government institutions.

In order for the DPSA to enhance the level of assurance given the inadequate capacity and systems, the following areas need further attention:

- The Public Information and Communication Technology Management (PSICTM) branch in the DPSA must be fully capacitated to provide training and support during the implementation of the corporate governance of information and communication technology policy framework (CGICTPF) which is applicable to all spheres of government.
- The position of the office of the government chief information officer (OGCIO), which has been vacant for more than two years, must be filled urgently.
- The DPSA has to play its oversight role in ensuring that SITA fulfils its mandate in the public sector effectively.
- SITA and the DPSA should prioritise the rollout and implementation of the Integrated Financial Information System (IFMS) to ensure that there is one integrated information system in the country.
- More collaboration and coordination are required among the departments and entities charged with the responsibility of managing ICT within the public sector to allow the different role players to leverage from one another's technologies and capabilities to achieve the e-government objective and to enable and support the implementation of the National Development Plan.

### ***Third level of assurance: External independent assurance and oversight***

In terms of the Constitution, Parliament and the provincial legislatures must maintain oversight of all executive organs of state. Oversight entails proactive interactions with the executive authorities and the departments and public

entities within their portfolios to encourage compliance with their constitutional obligations with a view to delivering on agreed-to objectives for the achievement of government priorities. The mechanism used to conduct oversight is generally through committees. The PACs and portfolio committees deal with financial and performance management and the implementation of legislation by auditees and are key assurance providers in this regard.

We assessed the level of assurance given and the impact on audit outcomes of the national portfolio committees, PACs and portfolio committees, as independent assurance providers on the internal controls of the auditees. The assessments are based on our interactions with them, commitments made and honoured and the impact of their resolutions, actions and initiatives.

### *National portfolio committees*

We had 75 interactions with the 36 national portfolio committees and a further 66 interactions with their chairpersons. There was an increased level of interest as demonstrated by the availability of chairpersons of portfolio committees at the National Assembly (except in the case of three chairpersons) to interact with us quarterly for key control discussions. We further briefed all portfolio committees during the annual assessment of departments that takes place each year in October. During such briefings, we provided oversight committees with insight into whether departments have exercised proper stewardship of their budgets, based on our audits.

We observed that all portfolio committees were able to focus on critical areas that require oversight intervention during the annual assessment of departments. They further used the insight gained to make practical recommendations on corrective actions that departments must take in order to achieve clean administration and good governance.

Although portfolio committees have shown substantial progress regarding interactions with departments, the following issues still require urgent attention:

- Continuous assessment of progress made with corrective measures and follow-up activities of committees
- Engagement with the audit committee chairpersons to enhance the understanding of the status of internal controls
- Institutionalisation of joint committee hearings
- House debate on committee resolutions and recommendations, followed by a frequent monitoring of the adequacy of responses from departments

- Enhancement of the committee planning to adopt resolutions timeously after departments' hearings to improve the efficiency of reporting on progress with action plans and tabling resolutions in Parliament

Consequently, the national portfolio committees provided only some level of assurance.

### *Provincial portfolio committees and provincial public accounts committees*

Figure 40 also reflects our assessment of the assurances provided by the 91 portfolio committees established in the nine provinces to provide oversight over portfolios that include the following departments over which they have oversight responsibilities: Agriculture, Budget Economic Development, Environmental Affairs, Education, and Finance, Health, Housing, Local Government and Traditional Affairs, Public Participation and Petitions, Public Works, Roads Safety and Security, Social Development, Sport, Recreation Arts and Culture and Transport.

The provincial portfolio committees had limited interactions with us and our observation was that the oversight engagement had limited impact on audit outcomes. We will seek more regular interactions, at which we will add value to the oversight process by sharing the key controls dashboards of departments and public entities, highlighting weakness in internal controls and review of annual reports, as well as progress with the implementation of our recommendations. We were able to secure two or more meetings with all of the provincial public accounts committees.

Areas that should be addressed for improved assurances and greater impact by these committees include the following:

- The status of auditees' action plans to address reported internal control deficiencies as well as commitments has not yet been included on the agendas of all portfolio committee meetings to ensure effective monitoring of progress.
- More audit committees should be invited to have regular interactions with portfolio committees. At such meetings, the audit committees should independently inform committees of the status of the auditees' systems for PDO monitoring, recording and reporting, and of the status of the implementation of audit committee and internal audit recommendations.
- There should be greater collaboration between portfolio committees and the PPAC to ensure effective sharing of information relevant to their oversight responsibilities.

Overall, provincial portfolio committees provided some assurance. The public accounts committees of seven provinces were assessed to have provided some level of assurance. Our provincial general reports provide more comprehensive assessments of the impact and assurances given by these committees.

### *National Standing Committee on Public Accounts*

The national SCOPA provided some assurance by conducting hearings during which it extracts commitments from ministers and executive authorities to take corrective actions on our findings. We had 24 interactions with SCOPA, who continued to structure its oversight engagements with departments based on the insight gained from our briefings. All SCOPA hearings focused on root causes of key audit findings with amplified focus on departments that incurred high amounts of fruitless and wasteful expenditure.

In an effort to ensure that the highest level of leadership within the departments own commitments and take corrective actions on them, SCOPA extended an invitation to all ministers whose departments appeared before the committee to be part of the proceedings. By ministers being present the committee was able to satisfy itself further about the commitment of executive leadership to take decisive actions to address issues raised in the audit reports.

The committee further heightened its oversight by undertaking oversight visits to various departments based on the assessment of responses gained during the hearings; such visits enabled SCOPA to strengthen its resolutions by including practical evidence of issues of service delivery.

While SCOPA's progress in focusing on critical areas within departments is commendable, the committee would strongly benefit from increased positive collaboration with portfolio committees in order to achieve high impact. So far, portfolio committees and SCOPA have not intensified collaboration efforts at most of the hearings. This lack of collaboration will result in fragmented oversight.

The Association of Public Accounts Committee (APAC) has engaged with us in quarterly intervals to influence systematic and focused oversight over departments. These interactions further tracked the implementation of commitments made by APAC. While the impact of APAC is moderate in relation to improved audit outcomes, significant work was done regarding commitments made against audit outcomes in the previous PFMA audit cycle.

The highlight was jurisdictional visits to the legislatures to engage the Speakers on the slow response to the implementation of SCOPA resolutions. The implementation of SCOPA resolutions is linked to the root causes of audit outcomes. Thus, there was an effort to engage and encourage Speakers to make sure that departments track and monitor their responses to the legislature

such that audit outcomes are improved. Although there was evidence as presented by the head of department that they were monitoring resolutions, the impact is not significant to show improvements in audit outcomes. The visits will continue to all provinces in the near future.

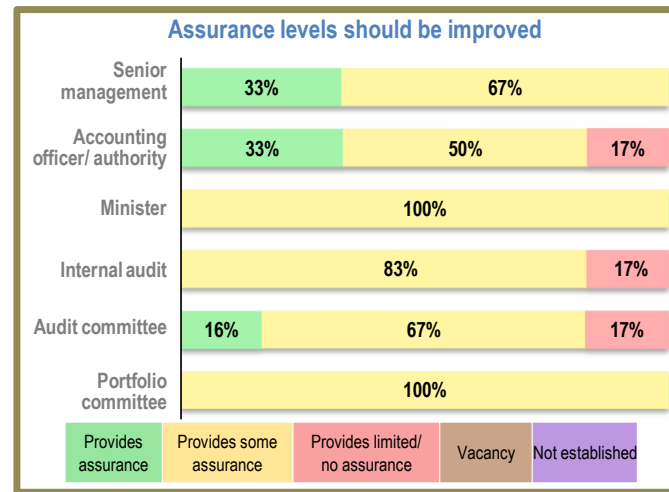
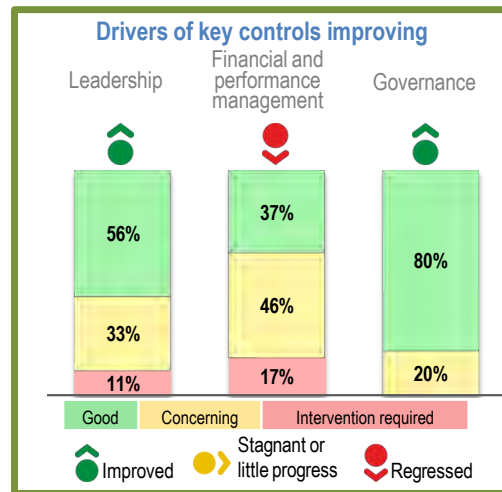
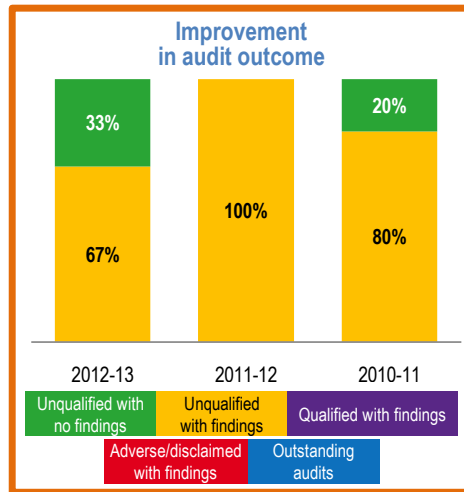
We recommend the following for improved assurance:

- The lack of collaboration between SCOPA and the portfolio committees is a major obstacle to effective and high-impact oversight; therefore there is a need for centralised planning of committee activities at house chairperson level in order to enhance collaboration.
- SCOPA's oversight impact would benefit from a high-level engagement with coordinating ministries based on the insight gained from the general report and its usage as one of the major tools for oversight.



## **SECTION 6: AUDIT OUTCOMES OF INDIVIDUAL PORTFOLIOS**

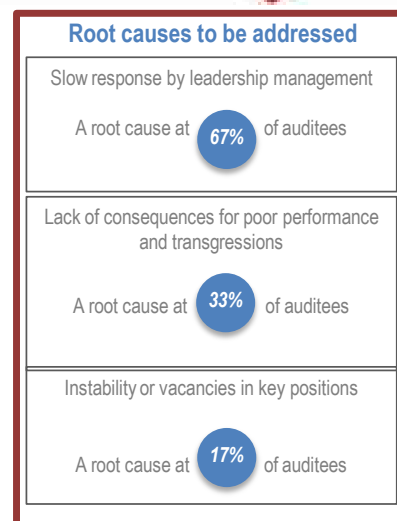
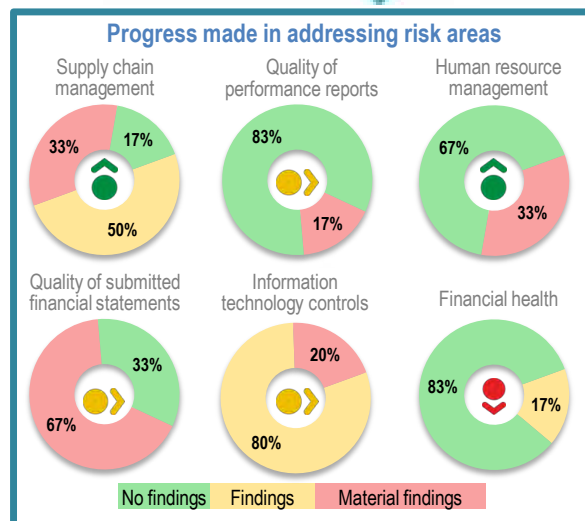
# Vote 1: The Presidency (including Performance Monitoring and Evaluation and Government Communication and Information Systems)



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- Brand SA ■ Department of Performance Monitoring and Evaluation
- Government Communication and Information System ■ Media Development and Diversity Agency ■ National Youth Development Agency
- The Presidency

### *Significant movement in audit outcome*

The improvement in the audit outcome of the portfolio was as a result of the DPME and the Media Development and Diversity Agency receiving clean audit opinions. The audit outcomes for the remaining entities in the portfolio were financially unqualified with findings on compliance with laws and regulations, thus unchanged from the prior year.

### *Six key risk areas*

Progress has been made in addressing the key risk areas; most notably in the areas of supply chain management and human resource management.

The status of supply chain management controls within the Presidency and the National Youth Development Agency remains unsatisfactory. These auditees must focus on developing stricter review and monitoring controls to ensure that the process of procuring goods and services complies with all the applicable laws and regulations.

There was no improvement in the quality of the financial statements submitted for Brand SA, Government Communication Information System, National Youth Development Agency and the Presidency. Auditees must focus on submitting financial statements that are free from material misstatements.

In addition, there was no improvement in the quality of performance reports submitted and the general controls in the information technology environment.

The main concern on financial health is the debt collection rate of the NYDA on the loan book that is not improving.

### *Key controls and root causes*

The improvement in the key controls was as a result of the DPME improving its leadership controls and the National Youth Development Agency partly addressing its financial and performance reporting and governance weaknesses.

Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Adequate oversight by the leadership to ensure the achievement of clean audit outcomes, including monitoring and reviewing compliance with legislation and regular financial and performance reporting.
- Management should exercise effective oversight over SCM processes and develop policies and procedures that will ensure compliance with applicable SCM prescripts.

Internal audit units and audit committees should extensively review annual and interim financial statements and quarterly performance reports to ensure that they meet the requirements of the reporting frameworks.

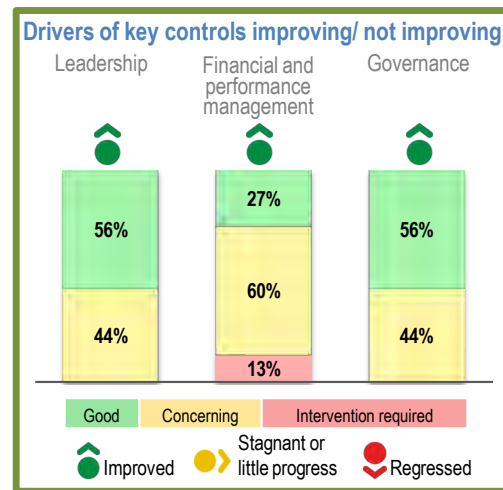
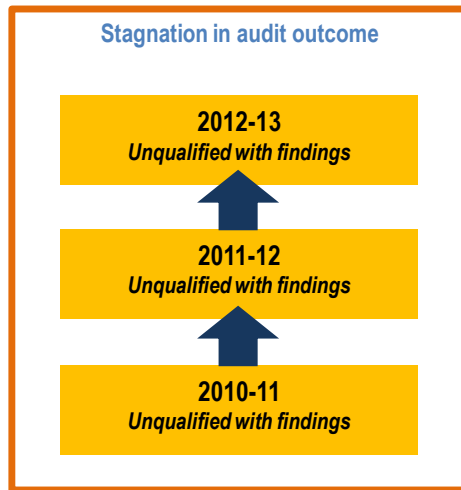
### *Impact of key role players on audit outcomes*

Management should improve the assurance levels by implementing a review mechanism at leadership and senior management level for financial and performance reporting and compliance with laws and regulations. This will improve the quality and accuracy of financial and performance reporting and prevent irregular expenditure arising from SCM non-compliances.

We met with the minister twice in the past year and these interactions had some impact on the audit outcomes of the portfolio. The reason for our assessment is that there was an improvement in the audit outcomes.

The assurance provided through the oversight of the Standing Committee on Appropriations over the DPSE and the National Youth Development Agency and the Portfolio Committee on Communications over the Brand SA, Government Communication and Information System and the Media Development and Diversity Agency should be improved. Both committees committed to fully implement the previous year's commitments to ensure accuracy of financial statements submitted for auditing, track progress of implementation of action plans by the auditees and monitoring of key controls on a quarterly basis with specific focus on compliance with SCM regulations.

# Vote 2: Parliament



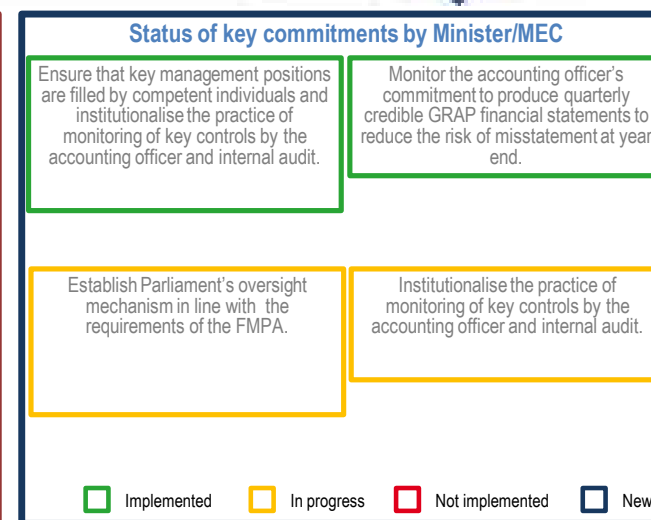
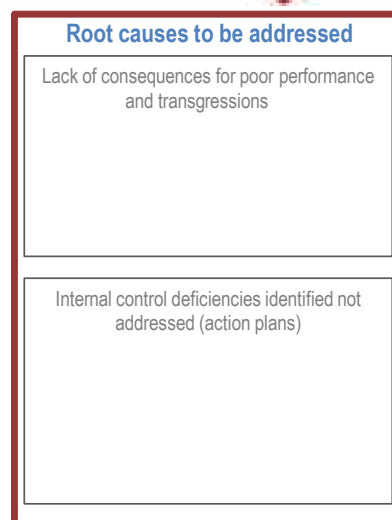
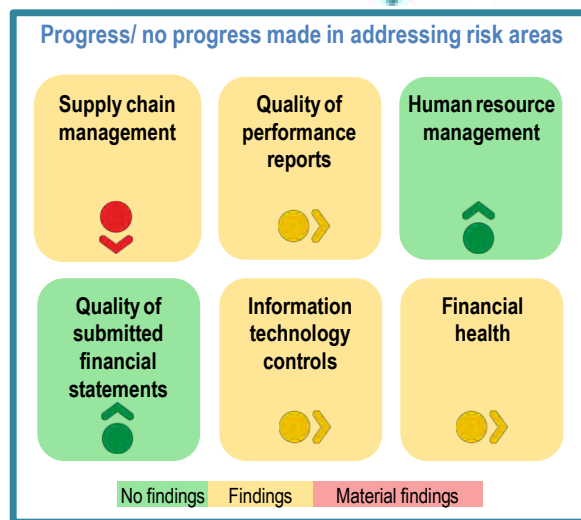
### Assurance levels should be improved/maintained

Senior management	Provides some assurance
Accounting officer	Provides some assurance
Executive Authority	Provides assurance
Internal audit	Provides some assurance
Audit committee	Provides assurance
Parliamentary Oversight Authority	Provides assurance

The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments





## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

### ■ Parliament of the Republic of South Africa

#### *Stagnation in audit outcome*

The stagnation in the audit outcome of Parliament was caused by Parliament not being able to pay its creditors within 30 days, as required by the Financial Management of Parliament Act. While the overall audit outcome has not changed, there were improvements in the area of compliance with laws and regulations, as well as the quality of the financial statements submitted for auditing.

#### *Six key risk areas*

Progress has been made in addressing the key risk areas, most notably in the areas of human resource management and the quality of the submitted financial statements. Although there were no material findings on the report on predetermined objectives, 45% of the reported targets for the legislation and oversight programme were materially misstated, while 46% of the reported targets for the public and international participation programme were materially misstated, all of which were corrected by management. These findings could have been prevented had the performance report been prepared earlier so that it could have been subject to a review process prior to being submitted for auditing.

#### *Key controls and root causes*

The improvement in the key controls of Parliament was due to an improvement in financial and performance management controls and addressing leadership weaknesses. These included improved oversight by the executive authority of Parliament and the preparation of regular, accurate and complete financial and performance reports which were subjected to independent reviews by internal audit. Parliament should strengthen the following controls to create a control environment that will continue to support reliable financial and performance reporting and compliance with legislation:

- Financial and performance management: Compliance monitoring and holding individuals accountable for instances of non-compliance

- Financial and performance management: Design and implementation of formal control over IT systems to ensure the reliability of the systems and the availability, accuracy of information required to report performance

Key role players should address the root causes of inadequate controls as follows:

- Monitor the implementation of the re-engineering of the PDO process to ensure that internal controls to sustain clean PDO audit outcomes are institutionalised.
- Monitor compliance with the PFMA and supply chain management regulations and hold individuals accountable through the performance evaluation and management systems.
- We recommend that the executive authority meet with the chairperson of the audit committee on a quarterly basis to be appraised on the effectiveness of Parliament's internal control and that of the internal audit function.

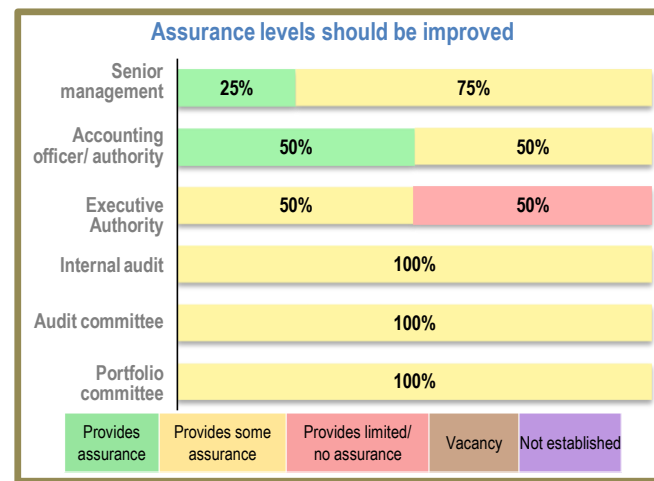
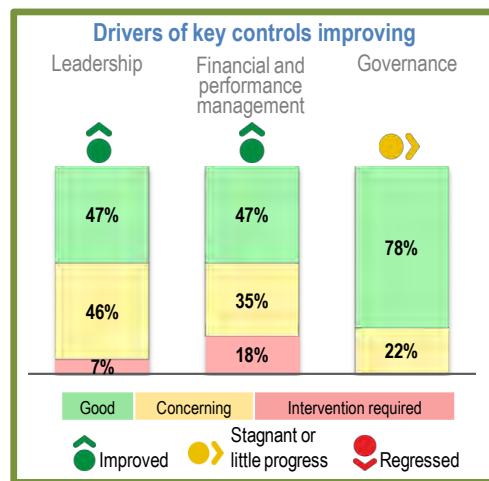
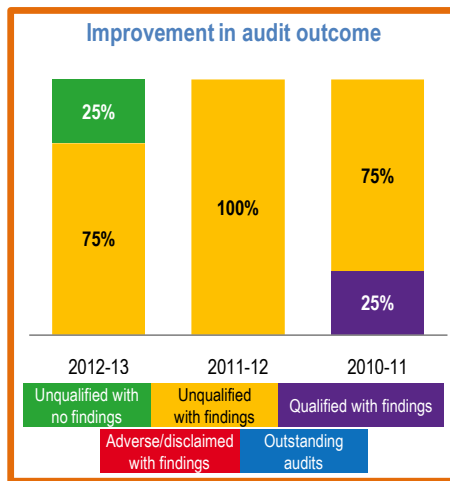
#### *Impact of key role players on audit outcomes*

The accounting officer and senior management should improve the assurance levels by improving the credibility of information produced for reporting.

We met with the executive authority three times in the past year and these interactions had a significant impact on the audit outcomes. The impact of the executive authority on the auditee's controls, as well as the status and impact of the commitments contributed to the assessed assurance provided by the executive authority.

The impact of the Parliamentary Oversight Authority, as independent assurance providers on the internal controls of the auditees, was mainly assessed on the basis of the AGSA's interactions with the chairpersons of the committee (i.e. the executive authority), commitments made and honoured and the impact of their resolutions, actions and initiatives.

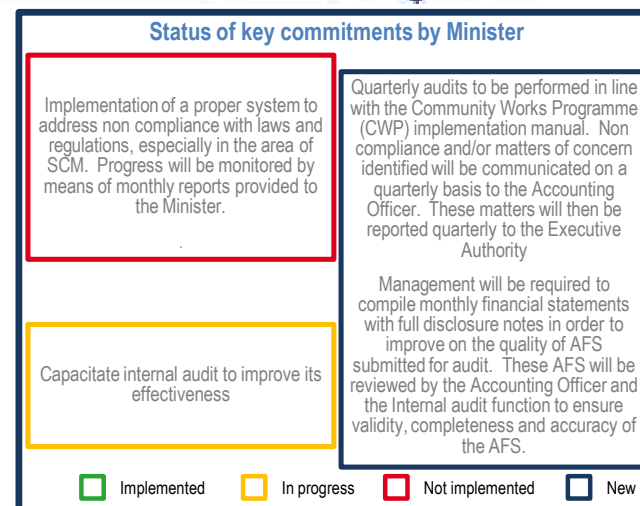
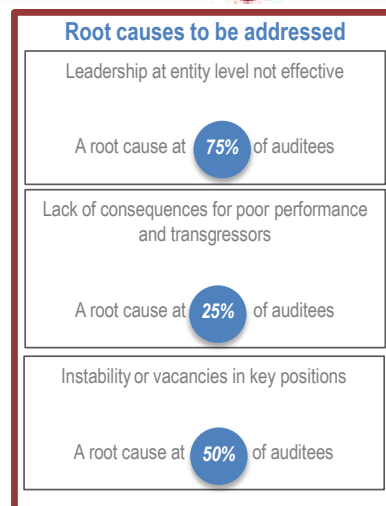
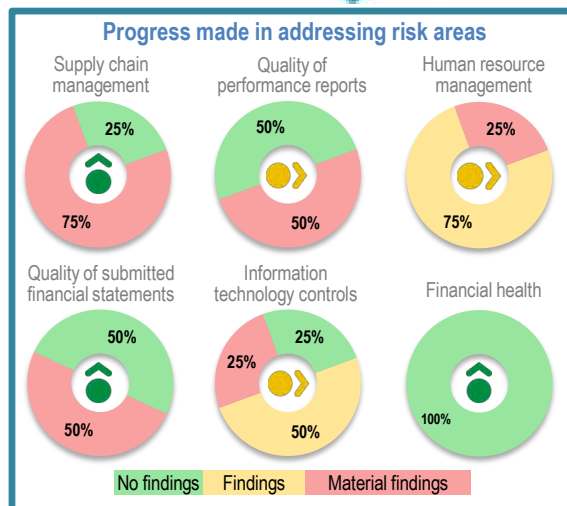
# Vote 3: Cooperative Governance and Traditional Affairs (including the Municipal Demarcation Board and the Commission for the Promotion and Protection of cultural, religious and linguistic communities which are constitutional institutions)



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- Department of Cooperative Governance and Traditional Affairs (CoGTA)
- South African Local Government Association (SALGA)

### *Significant movement in audit outcome*

The improvement in the audit outcome of the ministerial portfolio was due to SALGA addressing internal control weaknesses, which led to contravention of the PFMA and Treasury Regulations in the prior year, and resulted in SALGA incurring irregular expenditure.

### *Six key risk areas*

Progress has been made in addressing the majority of the key risk areas by SALGA. The entity still experiences challenges on human resource management and IT controls, but no material findings were noted.

The status of SCM remains unsatisfactory for CoGTA as a result of it not complying with the requirements of SCM laws and regulations. The quality of CoGTA's annual performance report remained unchanged and focus should be placed on the measurability (usefulness) and reliability of reported performance information to address the material findings.

The quality of the financial statements that SALGA submitted for audit purposes has improved, however, no movement was noted for CoGTA, whose financial statements contained material misstatements which were corrected. There was no movement in human resource management and IT controls as corrective action regarding deficiencies in prior year controls at CoGTA were only implemented late in the financial year.

Progress was noted in the financial health analyses as SALGA improved on its debt collection, resulting in the entity having a positive cash flow at year-end.

### *Key controls and root causes*

The improvement in the key controls at SALGA was due to the leadership at entity level implementing and monitoring its action plan to address prior year weaknesses in the supply chain environment and improving the quality of its financial statements.

A regression was noted in the key controls of CoGTA due to entity level leadership not implementing its audit action plan in a timely manner, resulting in it incurring irregular expenditure due to non-compliance with SCM laws and regulations. The internal audit unit is still not focusing on addressing matters relating to the key focus areas, and where it does, work is performed late.

CoGTA must improve key controls in SCM.

Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information
- Review and monitor compliance with applicable laws and regulations

The accounting officer/authority, chief financial officers and chief audit executives should address the root causes of poor audit outcomes and inadequate controls as follows:

- Prepare monthly financial statements to eliminate material corrections to the financial statements submitted for audit purposes. Adequate review of the financial statements by management and those charged with governance should be performed.
- Implement adequate controls to properly review and monitor compliance with laws and regulations, mainly in the area of SCM, to ensure that irregular expenditure is prevented. Appropriate and timely action to be taken against transgressors.
- The recently appointed minister must ensure that action plans are implemented timeously.

### *Impact of key role players on audit outcomes*

The assurance levels at CoGTA should be improved by ensuring timely implementation of appropriate action plans to address prior year findings and monitoring those regularly in order to prevent repeat findings. These should include monthly preparation of financial statements with full disclosure notes, adequate review of the annual financial statements, adequate monitoring of compliance with laws and regulations, especially in the SCM environment, and taking appropriate action against repeat transgressors.

We met with the previous minister four times in the past financial year and these interactions had minimal impact on the audit outcomes. The reason for our assessment was the prevalent repeat findings reported for CoGTA in the current year as a result of prior year commitments and action plans not being fully and effectively implemented and monitored.

The minimal impact of the minister on the controls at CoGTA as well as the status and impact of the commitments contributed to the assessment of

assurance provided by the minister. We also once met with the recently appointed minister, who reinforced the commitments already obtained.

The assurance provided through the oversight of the portfolio committee should be improved. In the previous year the committee committed to the following:

- Request the auditees to prepare monthly financial statements
- Confirm adequate review of annual financial statements by the chief financial officers, accounting officers and audit committees
- Confirm that actions plans are implemented and monitored
- Confirm that the chairpersons of the audit committee regularly interact with the minister and monitor quarterly key control assessments.

No new commitments have been obtained from the portfolio committee.

### *Constitutional institutions*

■ Commission for the promotion and protection of the rights of cultural, religious and linguistic communities (CRL Rights Commission) ■ Municipal Demarcation Board (MDB)

The audit outcomes of the constitutional institutions of the MDB and the CRL Rights Commission remained unchanged from the prior year.

The status of SCM remains unsatisfactory for both the MDB and CRL Rights Commission, mostly as a result of the auditees not complying with the requirements of the SCM laws and regulations. The quality of the annual financial statements and performance information revealed no change. Audit action plans should be developed without delay and the implementation thereof against predetermined deadlines should be rigorously enforced to ensure improved quality in the upcoming year.

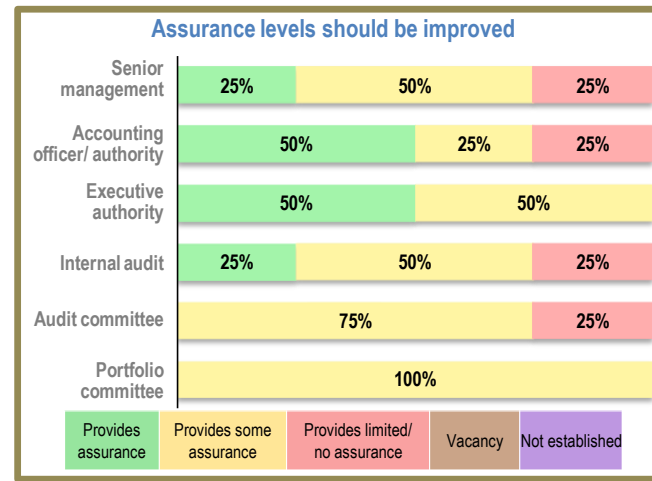
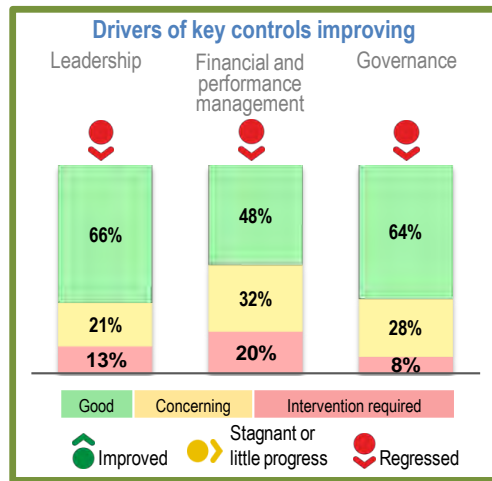
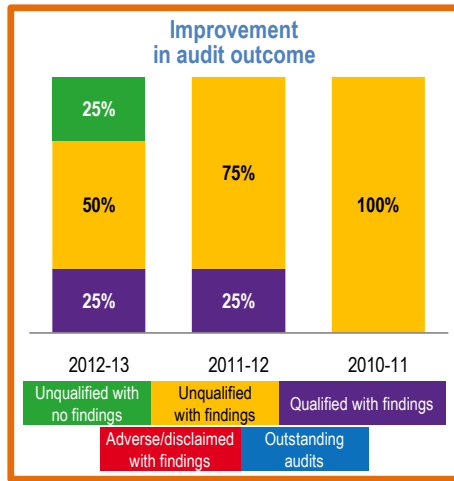
The CRL Rights Commission experienced a regression in the effectiveness of key controls, mainly due to instability of leadership and lack of action taken in respect of the prior year findings raised.

No significant changes were noted in the key controls at the MDB. Compliance with SCM laws and regulations still remains a challenge, resulting in the entity incurring irregular expenditure.

The chairperson of the board and the chairperson of the commission should focus on improving the key controls which impact on these areas, including the preparation of monthly financial statements with all disclosure notes which are adequately reviewed by management and those charged with governance, to eliminate material corrections to the financial statements submitted for audit purposes.



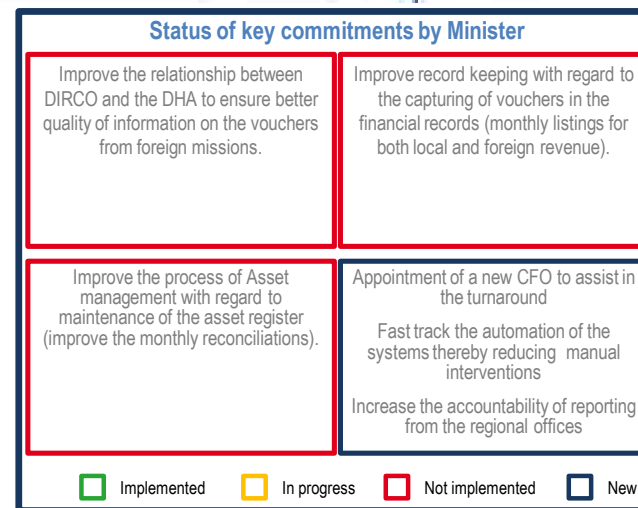
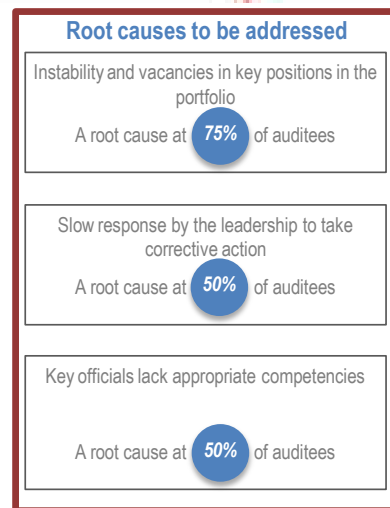
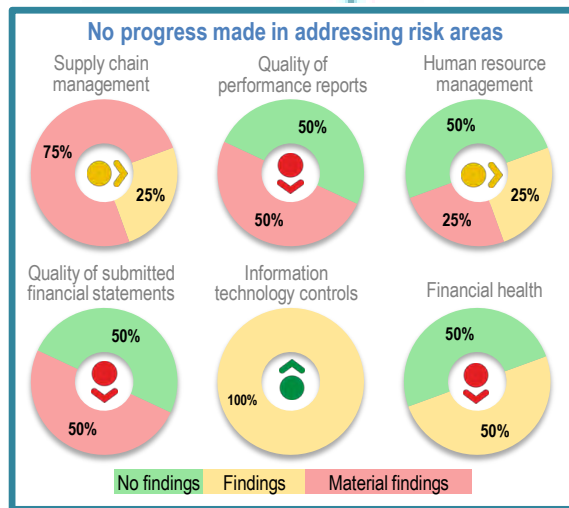
# Vote 4: Home Affairs



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- Department of Home Affairs (DHA) ■ Film and Publication Board (FPB)
- Government Printing Works (GPW) ■ Independent Electoral Commission (IEC)

### *Significant movement in audit outcome*

There was one improvement in the portfolio as the IEC received an unqualified audit opinion with no findings. The department remained qualified and two entities received unqualified audit opinions with findings on compliance with laws and regulations and/or performance information.

### *Key risk areas*

The department made no progress in addressing the key risk areas and the following areas remain a concern:

- The quality of the financial statements submitted for auditing deteriorated, especially at the department.
- The department overspent on its budget, yet did not achieve 75% of its total planned targets for the year.
- Non-compliance with laws and regulations relating to procurement.
- Reliability of the reported performance information at the department.
- Consistency between the reported targets in the annual performance report of the FPB and the planned targets as per the approved strategic plan.
- Vacancies in senior management positions at the DHA and the GPW.
- The financial health of the FPB as it incurred a deficit for the year and was in a net liability position.
- IT environments around user account management and IT security due to a lack of alignment of controls with IT procedures and policies.

### *Key controls and root causes*

The regression in key controls was due to a lack of effective leadership and inadequate implementation and monitoring of action plans. The department did not implement processes and controls to address the internal control deficiencies identified in the previous year's audit. Auditees should strengthen the following controls:

- Implement daily disciplines and monthly controls and monitoring to improve the quality of financial and performance information.
- Implement proper record-keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available
- Establish and communicate policies and procedures to enable and support an understanding and execution of internal control objectives.

The leadership and senior management should address the root causes of poor audit outcomes and inadequate controls as follows:

- Ensure that the portfolio has adequate skills and resources to report appropriately and effectively in terms of financial and service delivery
- Establish clear lines of responsibility and accountability and take corrective action against poor performance and transgressions
- Implement processes to ensure that there is a common understanding and implementation of the applicable accounting frameworks

### *Impact of key role players on audit outcomes*

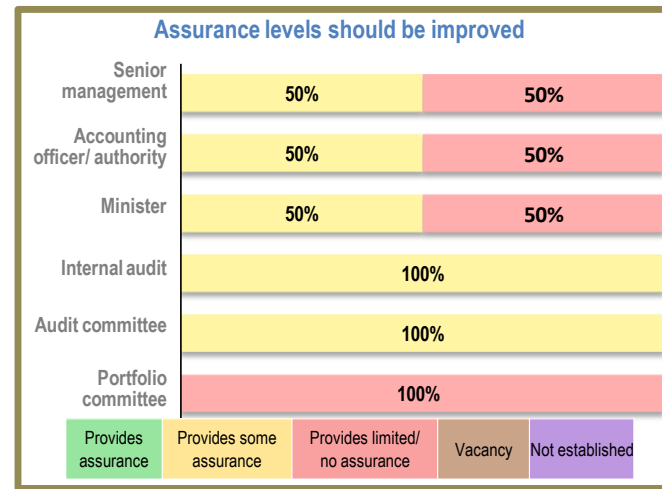
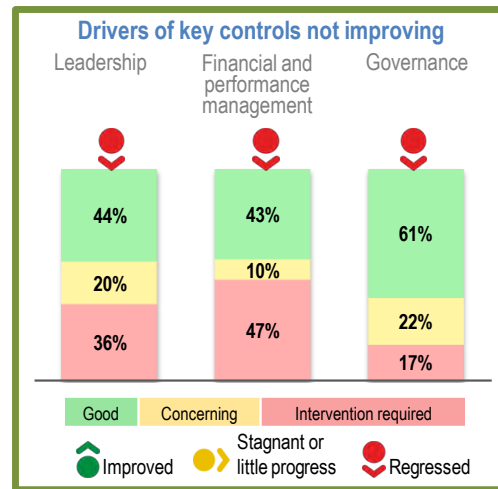
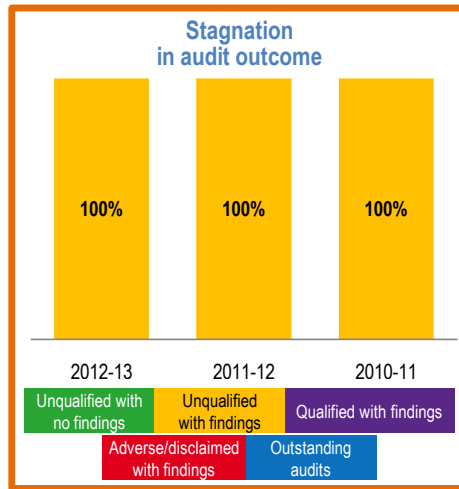
The assurance levels should be improved by ensuring stability at the level of senior management. Internal audit units and audit committees should implement an effective and consistent method of follow-up on actions taken.

We met with the minister four times in the past year and these interactions had a relatively low impact on the audit outcomes. The audit of the department was delayed at the request of the minister and none of the prior year commitments have been implemented.

The assurance provided through the oversight of the portfolio committee should be improved. New commitments have not yet been agreed with the portfolio committee. The commitments made in the prior year were not fully implemented and are therefore carried over to this year:

- Improve on the role of review by internal audit and have the audit committee chairperson account to the portfolio committee
- Focus on improvement of the relationship between the Department of International Relations and Cooperation and the Department of Home Affairs
- Focused oversight on the improvement of the record keeping, especially revenue and asset management

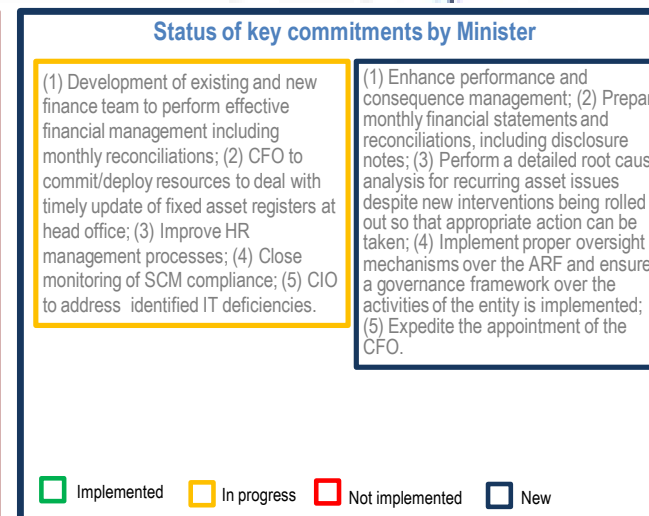
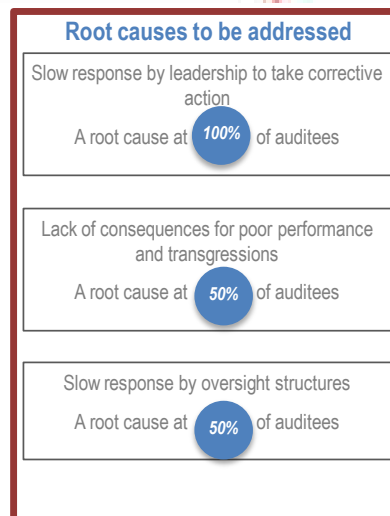
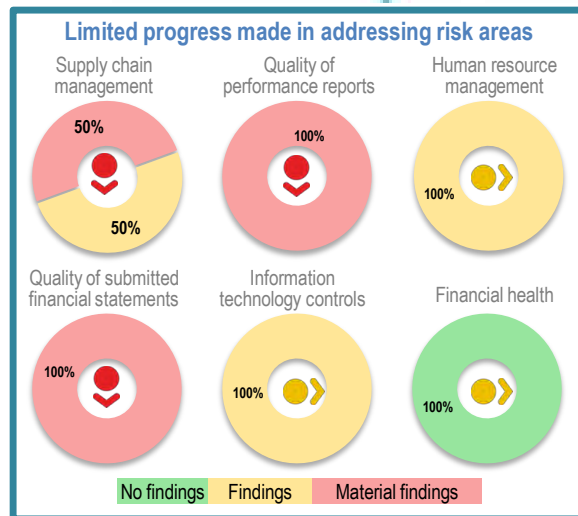
# Vote 5: International Relations and Cooperation



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.





## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- African Renaissance and International Cooperation Fund (ARF)
- Department of International Relations and Cooperation (DIRCO)

### *Movement in audit outcome*

The portfolio audit outcomes for the 2012-13 financial year remained unchanged with unqualified with findings for both DIRCO and the ARF, compared to the outcomes of the financial year 2011-12. In the non compliance area, there was a regression by the African Renaissance and International Cooperation Fund due to a significant number of non-compliance matters identified and reported, including the failure to compile a strategic plan, annual performance plan and annual performance report, poor quality financial statements that resulted in material adjustments, non-compliance with SCM prescripts, ineffective systems to prevent irregular expenditure, no delegation of authority, no materiality and significance framework and non-compliance related to ineffective systems of financial and risk management and controls. The lack of movement in the audit outcomes, despite numerous interventions put in place as well as the quarterly key control discussions, is a concern.

### *Six key risk areas*

DIRCO has made steady progress in addressing the previously reported material findings related to the key risk areas of supply chain management and most of the significant issues identified in the prior year on human resource management have since been addressed. However, there was no improvement in addressing the significant issues identified in IT controls with regard to security management and user account management. The ARF regressed in the area of supply chain management due to the lack of a proper governance framework over the activities of the fund. The slow response by the DG and the CFO in addressing the ineffective oversight and review function over the financial reporting process of both DIRCO and the ARF resulted in a regression in the quality of financial statements. DIRCO should focus on the measurability of the performance information to address the material findings on the usefulness of its performance report. The ARF did not report on performance due to the failure to compile a strategic plan, annual performance plan and the quarterly reports. This was mainly due to the lack of oversight by the accounting authority over the performance reporting process.

### *Key controls and root causes*

The regression in the key controls was mainly as a result of ineffective leadership at the ARF and the slow / inadequate response by DIRCO to address

previously reported deficiencies in oversight over key processes, including financial reporting, asset management and compliance monitoring. The following controls need to be strengthened by the department:

- Oversight responsibility and effective leadership culture regarding financial and performance reporting and compliance and related internal controls
- Regular, accurate and complete processing and reconciling of financial transactions, and performance reports including compliance monitoring

The leadership and management should eradicate the root causes preventing the department and the entity from improving audit outcomes by implementing adequate controls as follows:

- Establish and implement a suitable governance framework for the ARF, including policies and procedures
- Improve oversight over the activities of the ARF and implement processes for effective reviews and monitoring of compliance
- Perform reconciliations for areas such as assets and bank, and apply consequence management for breach of policies and procedures
- IT controls relating to security management and user account management must be actioned

An investigation into the ARF's non-compliance matters must be initiated by the minister in accordance with Treasury Regulations 33.1.3.

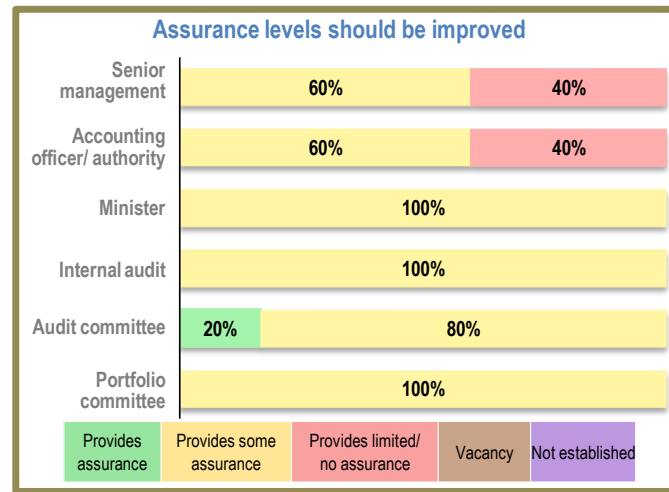
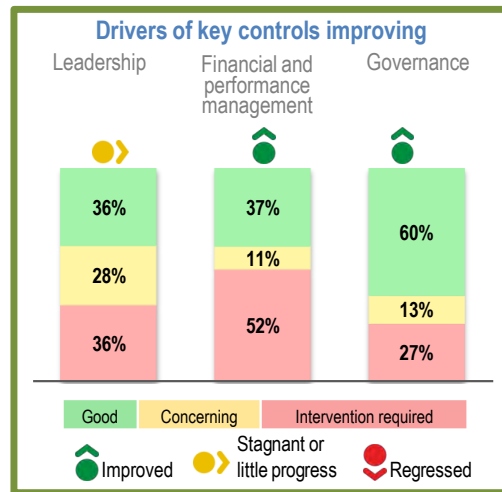
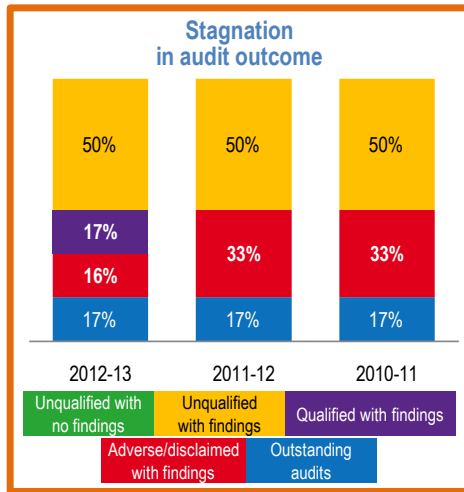
### *Impact of key role players on audit outcomes*

The level of assurance provided by each of the key role players should be improved through regular interactions and by following up on the implementation of the recommendations of internal audit and providing insights to the audit committee.

We met with the minister three times in the past year and these interactions had some impact on the audit outcomes of DIRCO. Our assessment of the impact is based on the commitments and effort that has been made in substantially addressing the issues reported on performance management with only the issue on measurability remaining.

The assurance provided on the audit outcomes through the oversight of the portfolio committee should be improved. The AGSA did not have any interactions with the portfolio committee during the 2012-13 audit cycle.

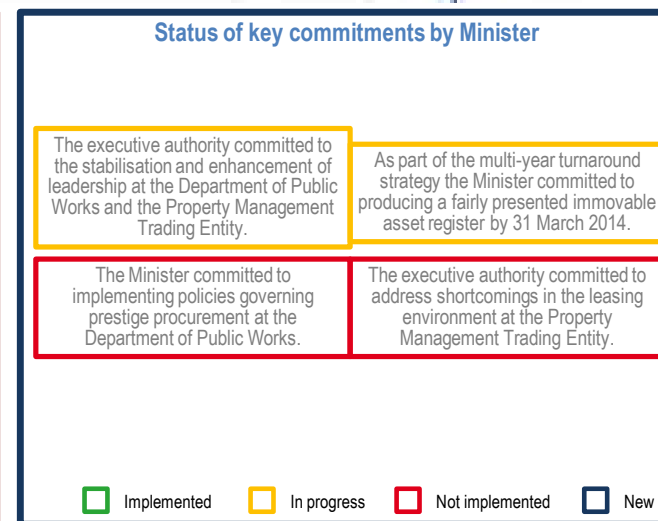
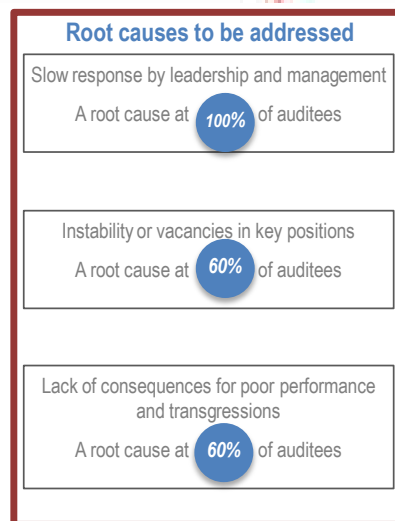
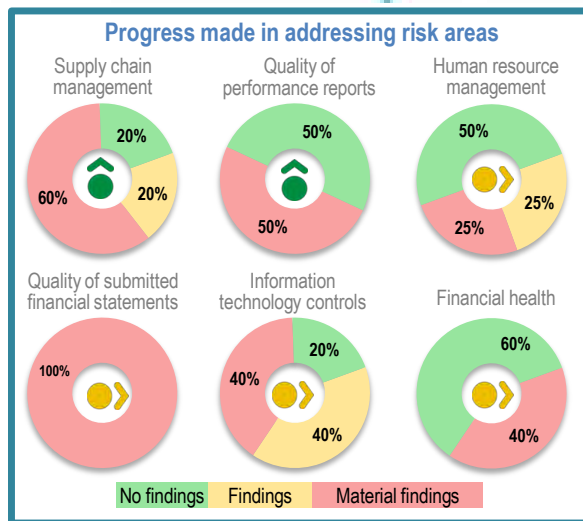
# Vote 7: Public Works



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Construction Industry Development Board (CIDB) ■ Council for the Built Environment (CBE) ■ Independent Development Trust (IDT)  
■ National Department of Public Works (DPW) ■ Property Management Trading Entity (PMTE) ■ Parliamentary Villages Management Board

### *Significant movement in audit outcome*

The improvement in the audit outcome of the portfolio was due to an improvement in the audit outcome of the DPW from a disclaimer of opinion to a qualified audit opinion. The improvement is mainly attributable to the stabilisation in leadership in the fourth quarter, which coincided with the appointment of a consortium of consultants which assisted management in resolving some of the historical qualification areas. However, the stability in leadership and the appointment of consultants did not translate into an improved outcome for the PMTE, which again received a disclaimer of opinion mainly due to significant shortcomings in the management of the lease portfolio, which resulted in pervasive scope limitations throughout the financial statements. The Parliamentary Villages Management Board has not submitted financial statements for auditing since the last audit report had been issued for the financial year ended 31 March 2007. The minister is urged to take urgent action to ensure that financial statements are prepared for all subsequent financial years and presented for auditing.

### *Six key risk areas*

Some progress has been made in addressing the key risk areas, most notably in the areas of supply chain management and quality of performance reports by the CIDB and the CBE. The aforementioned improvement was as a result of a concerted effort by the management of these two entities to implement corrective action as a result of audit findings raised in the previous year. Monitoring and oversight were enhanced to ensure adherence to supply chain management prescripts and in the area of performance reports internal audit played a critical role in ensuring the usefulness and reliability of reported information.

Supply chain management remains a major concern at the DPW and the PMTE, with irregular expenditure incurred still being at an unacceptable level. Procurement planning and contract management should be enhanced, especially in the areas of leasing and maintenance of the prestige portfolio. The quality of financial statements must be improved through proper in-year reporting and reviewing by internal audit, leadership and those charged with governance. This will alleviate reliance on the audit process to identify material adjustments

that are made to the financial statements. The same applies to performance reporting at the DPW and the IDT where reported targets were again found not to have been reliable.

The state of human resource management and IT controls remained unchanged. The DPW and the PMTE continue to struggle to fill vacant posts with appropriately skilled officials and, as a result, appointed numerous consultants to alleviate the situation. There should therefore be a major focus on appropriate skills transfer to existing employees while continuing the effort to fill vacancies with appropriate candidates. There are several initiatives in progress to improve IT controls at the DPW and the PMTE must hastily replace current deficient systems that are not supportive of their mandate.

Going concern issues are being experienced by the IDT and the PMTE with the business models of these two entities currently under review with a view to improving their financial health.

### *Key controls and root causes*

The improvement in the key controls was due to the CIDB improving controls surrounding financial and performance management, particularly with respect to record-keeping, while the CBE and the IDT addressed the governance weaknesses in risk management and internal audit. Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Rigorous reviewing and monitoring of compliance with legislation by the leadership at entity level and those charged with governance and the application of strict consequence management
- Timely and regular preparation and review of credible financial and performance reports
- Implementation of proper record keeping to ensure easy accessibility and retention of all documentation in support of financial and performance reports.
- Implementation of appropriate compliance checklists and exception reporting must be reviewed by the leadership and those charged with governance at least on a monthly basis. Immediate disciplinary action should be initiated, where appropriate.
- Monthly preparation and review of financial statements must be done quarterly for annual performance reports. Emphasis should be placed on ensuring that all reported figures are supported by appropriate audit evidence. Internal audit should play a key role in this process.

- Specific policies and procedures must be developed to address records management, adherence should be monitored and non-compliance should not be tolerated.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring stability at the level of accounting officer and senior management and implementing the recommendations of internal and external audit through developing and timeously implementing a comprehensive action plan.

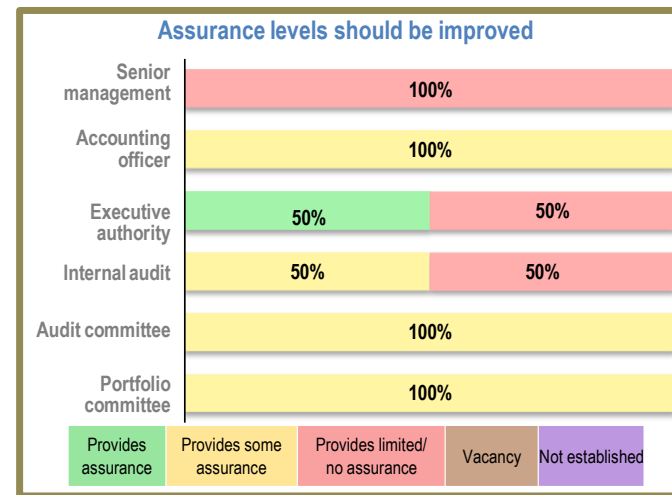
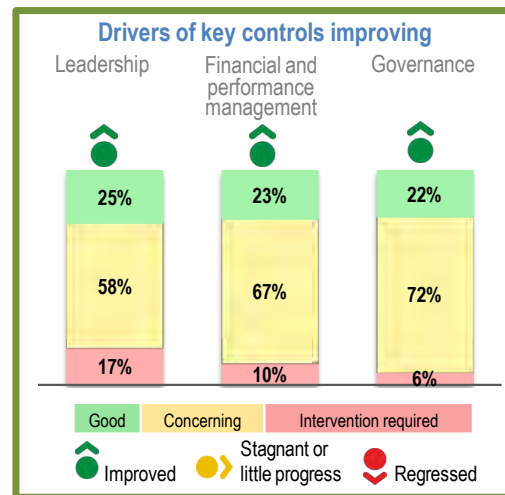
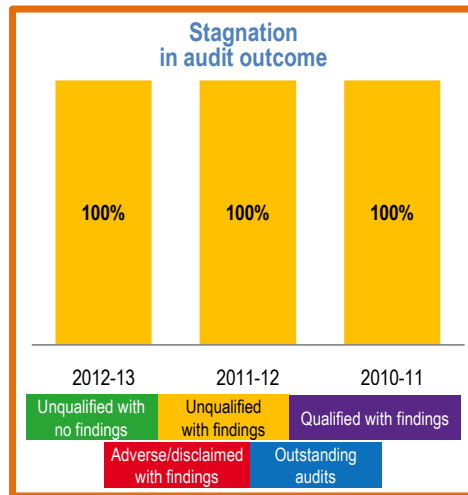
We met with the minister five times in the past year and these interactions had some impact on the audit outcomes. The reason for our assessment is the improvement in the outcome of the DPW; however, the lack of improvement in the audit outcome of the PMTE remains an area that must be addressed. This assessment, the status and the impact of the commitments contributed to the assessed assurance provided by the minister.

The assurance provided through the oversight of the portfolio committee should be enhanced. The committee committed to fully implement the previous year's commitments listed below. The committee also made a new commitment to monitor the going concern issues at the IDT and the PMTE.

- Monitor progress on the action plan/turnaround strategy against short- and long-term milestones, specifically the reconstruction of the immovable asset and lease register. The DPW and the PMTE will be required to submit feedback at least on a monthly basis to enable effective monitoring.
- Monitor progress against the department's proposed deadlines for finalising the PMTE's business case.
- Monitor progress with the implementation of iE-Works and an accrual-based accounting system for PMTE to replace the current Basic Accounting System which is not an accrual system.
- Request feedback from the department on a monthly basis regarding progress made with disciplinary action taken against officials who failed to prevent unauthorised, irregular, fruitless and wasteful expenditure.
- Monitor to determine whether a comprehensive set of financial statements is being prepared on a monthly basis and whether it is reviewed by appropriate officials in senior management (primarily the CFO).
- Monitor progress made in capacitating governance functions, namely internal audit and the risk management unit.



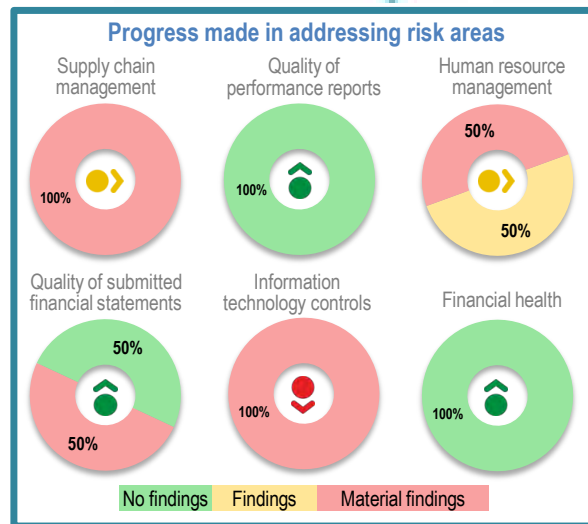
# Vote 8: Women, Children and People with Disabilities (including Commission for Gender Equality)



The current audit outcomes are the result of the attention given to the six key risk areas.

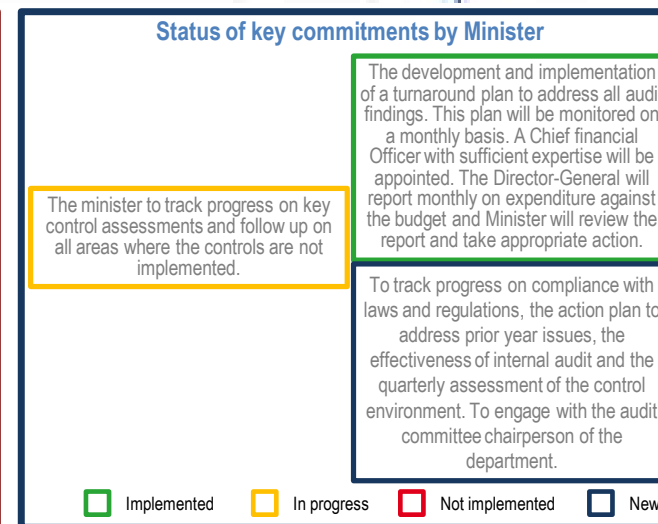
The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



### Root causes to be addressed

Leadership in the form of senior management not effective.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

### ■ Department of Women, Children and People with Disabilities

#### *Significant movement in audit outcome*

The audit outcome of the department remained unchanged as a financially unqualified opinion with findings on non-compliance with laws and regulations.

An improved audit outcome on PDOs was achieved as no material findings were reported in the current year.

#### *Six key risk areas*

Although some progress has been made in the key area of PDOs, the following areas still remain a concern:

- Compliance with supply chain management prescripts
- Human resource management in relation to timeous capturing of leave
- Quality of submitted annual financial statements
- Information technology controls

#### *Key controls and root causes*

The improvement in key controls is due to the commitment of the acting accounting officer to move towards a clean audit in areas of compliance and PDOs. This improvement could have been more significant had lower level management implemented actions to address prior year findings and had internal audit been effective. The department should strengthen controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation.

The accounting officer, senior management and those charged with governance should address the root causes of audit outcomes and inadequate controls as follows:

- Monthly preparation and review of a full set of financial statements.
- Implementation of appropriate compliance checklists and reports to be reviewed. Disciplinary action should be initiated, where necessary.

- Development and implementation of action plans to address internal and external audit findings and related root causes.

#### *Impact of key role players on audit outcomes*

The assurance levels should be improved by the implementation and the monitoring of action plans to address the recommendations of the AGSA and by increased focus on the effectiveness of internal audit.

The leadership at the AGSA met the minister seven times during the 2012-13 financial cycle and these interactions had some impact on the audit outcomes. The audit outcome remained the same, however, there were fewer non-compliance matters. The assurance provided by the minister led to improved key controls.

The assurance provided through the oversight of the portfolio committee should be improved. The committee committed to fully implement the previous year's commitments which related to tracking progress in financial reporting, action plans and quarterly key control assessments. The following new commitments were also made:

- The committee will monitor progress against the annual performance plan on a quarterly basis and track the implementation of actions plans to address previously identified findings by the AGSA on a quarterly basis. Furthermore, the committee will track the progress with ensuring the that internal audit unit is fully established and capacitated so that it can deliver against the internal audit plan.

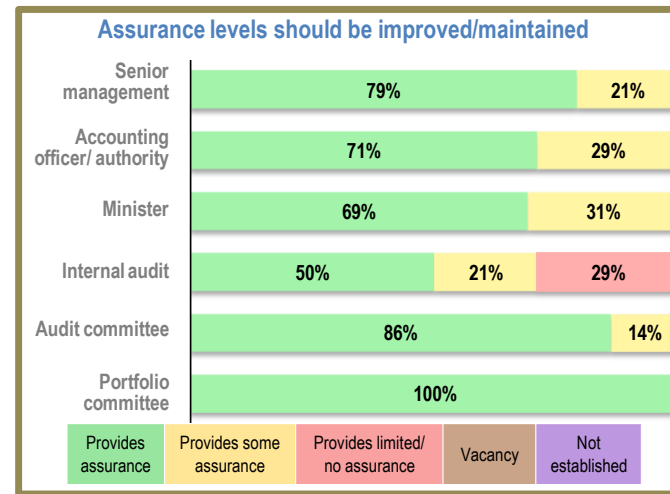
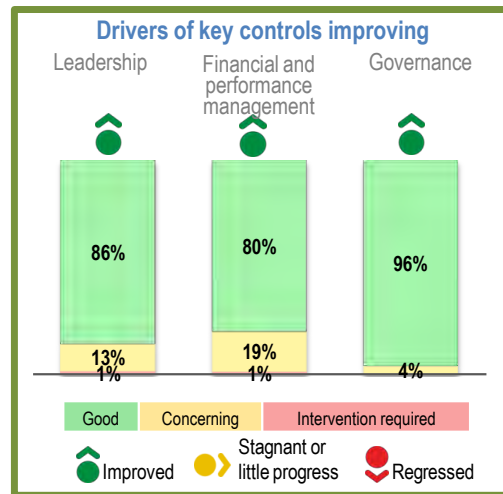
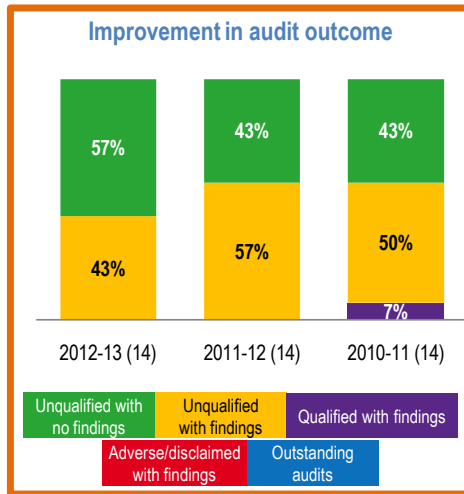
#### *Constitutional institution*

### ■ Commission for Gender Equality

The audit outcome of the entity remained unchanged as a financially unqualified opinion with findings on compliance with laws and regulations.

There was no improvement in the areas of SCM and information technology. There was improvement in the areas of PDOs and the quality of financial statements submitted. This was due to the leadership showing more commitment and taking audit findings and key messages communicated more seriously. The leadership should develop action plans to address external audit findings and related root causes.

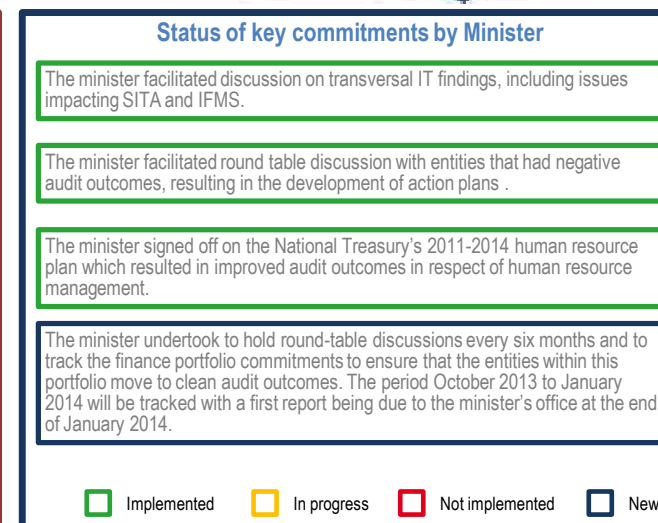
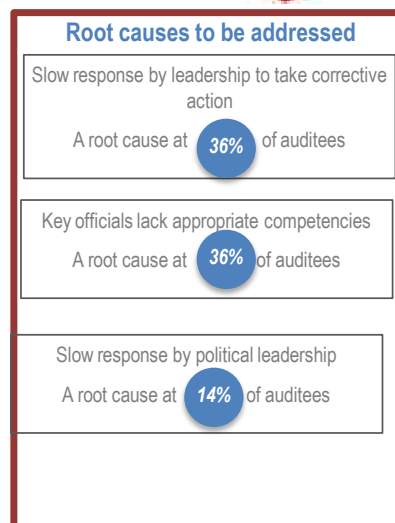
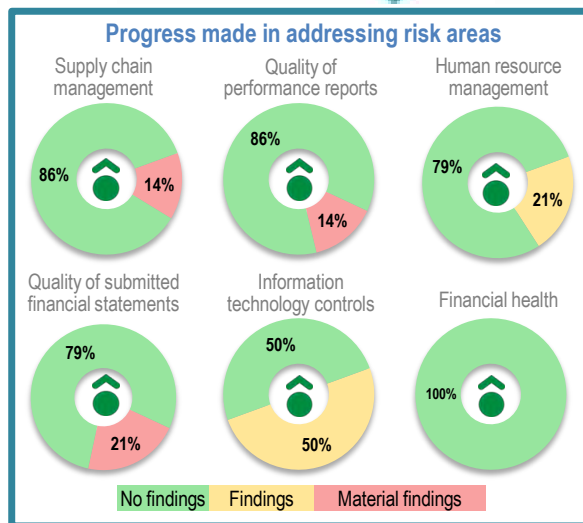
# Vote 10: Finance (National Treasury)



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments





## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Co-operative Banks Development Agency (CBDA) ■ Financial and Fiscal Commission (FFC) ■ Financial Intelligence Centre (FIC) ■ Financial Services Board (FSB) ■ Government Pensions Administration Agency (GPAA) ■ Independent Regulatory Board for Auditors (IRBA) ■ Land and Agricultural Bank of South Africa (Land Bank Group) ■ National Treasury (NT) ■ Office of the Ombud for Financial Services Providers (FAIS Ombud) ■ Office of the Pension Funds Adjudicator (PFA) ■ Project Development Facility (PDF) ■ Public Investment Corporation Limited (PIC) ■ South African Revenue Services (SARS) ■ Technical Assistance Unit (TAU)

### **Significant movement in audit outcome**

The improvement in the audit outcome related to strengthening compliance, as well as reporting on performance information. This was prevalent at the FAIS Ombud and the PIC in respect of compliance and the NT, the CBDA, the GPAA, the FAIS Ombud and the PFA in respect of reporting on performance information. The impact of the above improvement was dampened by the weaknesses in reporting on performance information at SARS, as well as stagnant audit outcomes at a number of entities, despite management intervention.

### **Six key risk areas**

Progress was made with addressing the key risk areas, most notably in the areas of supply chain management (NT, CBDA, FIC and PIC), human resource management (NT, FIC, GPAA and Land Bank), the quality of submitted financial statements (FAIS Ombud and PIC) and the quality of performance reports (NT, CBDA, GPAA, and PFA). Although the quality of submitted financial statements improved, these auditees (NT, FIC and CBDA) should continue to focus on strengthening control in respect of monthly financial reporting, augmented by enhanced review of financial statements against applicable reporting frameworks. Although the quality of performance reports has improved, these auditees (FIC and SARS) should strengthen the review of annual performance plans, ensuring that indicators and targets are SMART (specific, measurable, attainable, relevant and time-bound) and verifiable, in order to address the material findings on the usefulness of performance information. Additionally, the information technology controls for the portfolio showed some improvements for the year under review with no significant matters to report in the access controls, security management and business continuity.

### **Key controls and root causes**

The improvement in the key controls was due to quarterly engagements between the AGSA and management; the implementation of action plans and commitments by management and those charged with governance; and ministerial intervention.

Further improvement is required in respect of reliable financial and performance reporting, as well as compliance with legislation. This could be achieved through enhanced performance and consequence management, up-skilling key officials and improved response by the political leadership to matters of compliance.

In this regard, the leadership and management should consider refinement of the performance management system; regular meetings of the CFO forum to share knowledge and seek common goals; six-monthly forum meetings between the AGSA, the ministry and the entities to monitor and provide feedback on progress being made towards achieving clean outcomes; and prioritising requests that require a response from the minister.

### **Impact of key role players on audit outcome**

The accounting officers and senior management should strengthen assurance levels to enhance the control environment in respect of financial and performance reporting, implement the recommendations of internal audit and direct the work of the audit committee towards evaluating the quality of financial statements. We met with the minister twice in the past year and these interactions had a significant impact on the audit outcome, with clean audits in the portfolio increasing from 43% (2011-12) to 57%, hence our assessment of assurance is 100%.

The assurance provided through the oversight of the portfolio committee should be maintained. The committee agreed to follow up on the portfolio entities' action plans to address the root causes.

As outlined in section 3.4 of this report, a number of transversal systems are being developed and implemented in government. The DPSA, together with the National Treasury, is the key role player in the Integrated Financial Management System (IFMS) project. The success of this project will contribute to improved audit outcomes in the whole of government.

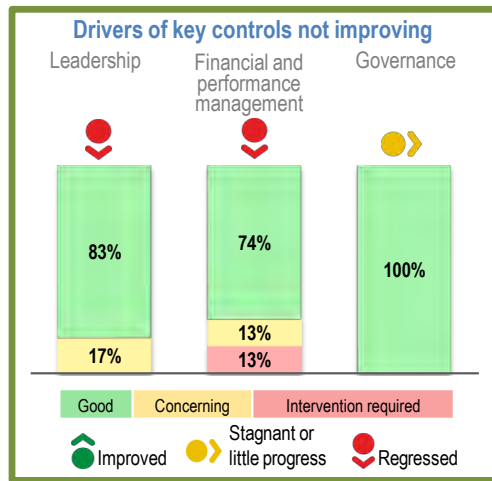
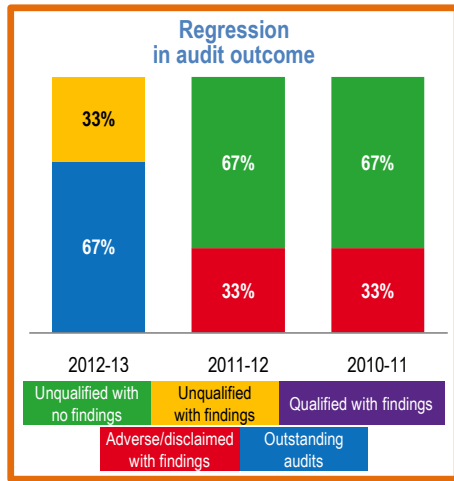
### **Entities included in the portfolio not audited by the Auditor-General of South Africa**

We do not audit the following entities included in the portfolio of the minister and as a result their outcomes are not incorporated in the above analysis:

■ Accounting Standards Board ■ Development Bank of Southern Africa  
■ Development Bank of Southern Africa Development Fund ■ South African Special Risk Insurance Association

The audit outcomes of these entities remained the same as in the previous year with each entity achieving an unqualified opinion with no findings.

# Vote 11: Public Enterprises



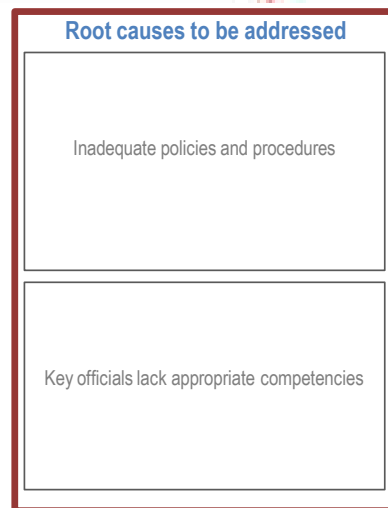
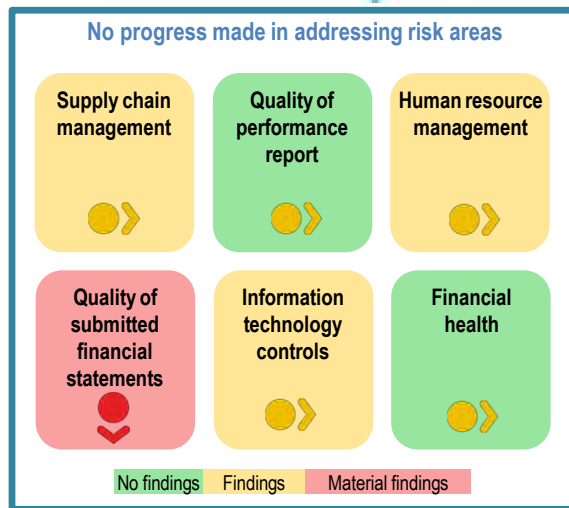
### Assurance levels should be improved

Senior management	Provides some assurance
Accounting officer/ authority	Provides some assurance
Minister	Provides some assurance
Internal audit	Provides some assurance
Audit committee	Provides some assurance
Portfolio committee	Provides some assurance

The current audit outcomes and the extent of the attention given to the six key risk areas

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments



### Status of key commitments by Minister

Focus on the sustainability of the clean audit and clean administration in order to lead by example for the state-owned companies	The DPE portfolio managers must attend audit committee meetings / board meetings to pick up and identify issues earlier to avoid surprises
Continuous focus on the engagements between the audit committee and board chairpersons of state-owned companies and the executive.	All entities in the portfolio must provide the DPE with action plans and progress made to address audit findings and achieve clean audits in 2013-14
The DPE and SOCs must prepare interim financial statements subject to an interim audit	Internal audit must implement processes to review action taken by entities to improve audit outcomes

Legend: ■ Implemented ■ In progress ■ Not implemented  New

## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Public Enterprises (DPE) ■ South African Express Airways SOC Limited (SAX) ■ South African Forestry Company SOC Limited (SAFCOL)

### *Significant movement in audit outcome*

The regression in the audit outcome of the portfolio was caused by the Department of Public Enterprises submitting financial statements for auditing which contained material misstatements that had to be corrected to obtain an unqualified audit opinion. This also constituted non-compliance with the PFMA.

The audits of South African Express Airways SOC Limited and South African Forestry Company SOC Limited were finalised subsequent to the date of this report.

### *Key risk areas*

Although no significant findings were reported on the quality of performance information of the department, there is still concern around:

- material misstatements in the financial statements identified during the audit
- vacancies in senior management positions
- inadequate contract management
- the department had informal controls in place within the IT environment but lacked formal IT procedures and policies due to the pending implementation of the DPSA's IT governance framework.

### *Key controls and root causes*

The regression in the key controls was due to manual activities and misinterpretation of the financial reporting framework. The key root cause for the late finalisation of SAX and SAFCOL is leadership instability. The department should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Prepare monthly financial statements with all relevant disclosure notes and performance reports that are supported by reliable information
- Establish and communicate policies and procedures to enable and support an understanding and execution of internal control objectives, processes and responsibilities

- Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting

The executive authority should address the root causes of inadequate controls as follows:

- Ensure that the department has adequate skills and resources to report appropriately and effectively in terms of financial and service delivery.
- Establish clear lines of responsibility and accountability and take corrective action against poor performance and transgressions.
- Implement processes to ensure that there is a common understanding and implementation of the applicable accounting frameworks and standards.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring stability in senior management. The audit committee should direct the work of internal audit towards reviewing financial information on a regular basis.

We met with the minister four times in the past year and although these interactions were mostly focused on governance and oversight of the SOCs, they had some impact on the audit outcomes.

The minister has been actively involved in improving the control environment of the SOCs through regular interaction with the chairpersons of the boards and audit committees and through detailed, in-depth discussions with the shareholders' unit and the AGSA on issues pertaining to service delivery and audit outcomes. Interventions by the minister resulted in a new strategy for the national airlines and the cooperative understanding between the SOCs to enhance efficiencies.

The assurance provided through the oversight of the portfolio committee should be improved to ensure that the portfolio moves towards clean administration. New commitments have not yet been agreed with the portfolio committee. The commitments made in the prior year were not fully implemented and are therefore carried over to this year:

- Improve on the role of internal audit and have the audit committee chairperson account to the portfolio committee
- Assist the department in increasing its oversight capacity on SOCs, especially in the reduction of irregular and fruitless and wasteful expenditure

## *Entities included in the portfolio not audited by the Auditor-General of South Africa*

We do not audit the following entities included in the portfolio of the minister:

■ Alexkor SOC Limited ■ Broadband Infraco SOC Limited ■ Denel SOC Limited  
■ Eskom Holdings SOC Limited ■ South African Airways SOC Limited ■  
Transnet

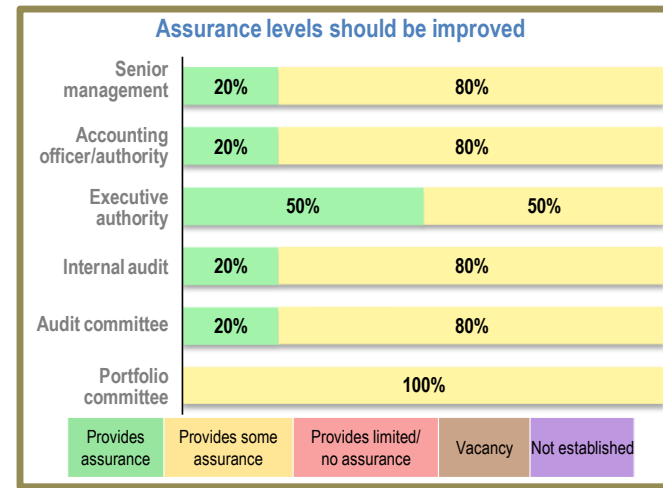
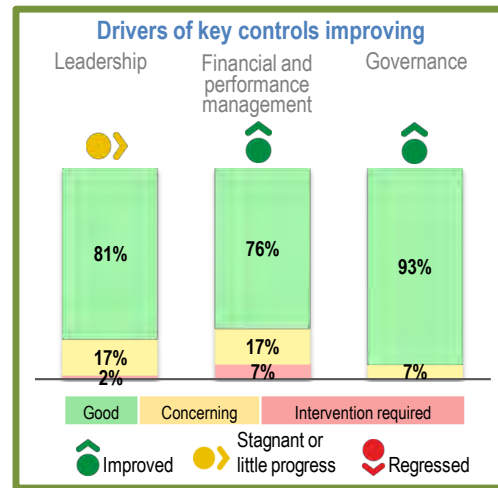
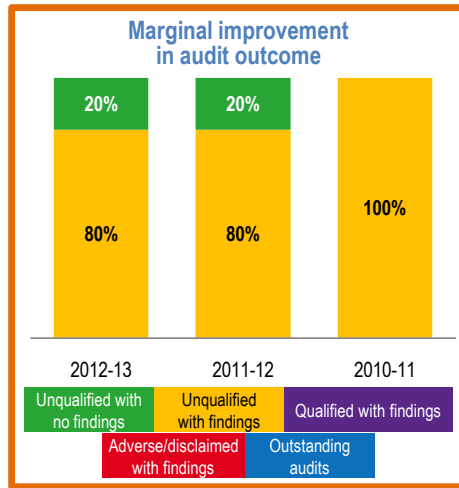
The audit outcomes were as follows:

- Denel SOC Limited maintained its status and received an unqualified opinion with no findings.
- Eskom regressed from a clean audit to financially unqualified with a non-compliance finding on procurement management.
- Alexkor, Broadband and Transnet remained unchanged and received unqualified opinions with findings on non-compliance with applicable laws and regulations.
- The audit of South African Airways SOC Limited had not yet been finalised at the date of this report.

There are concerns regarding the implementation of certain provisions of the Preferential Procurement Regulations which became applicable to schedule 2 entities with effect from 8 December 2012.



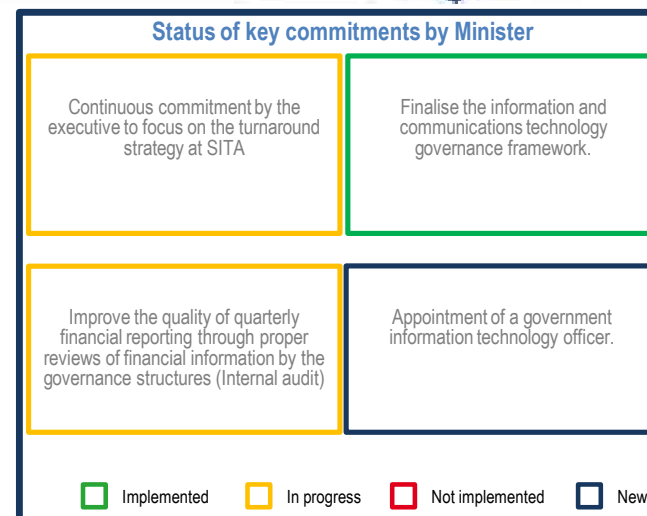
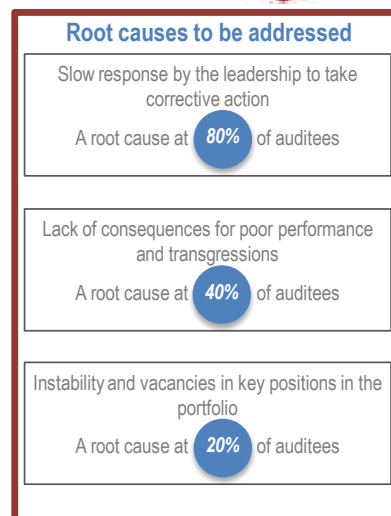
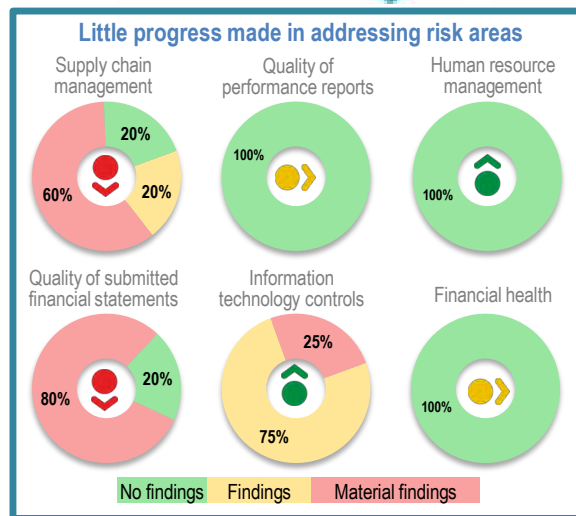
# Vote 12: Public Service and Administration (including Public Service Commission and PALAMA)



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Public Service and Administration (DPSA) ■ Public Service Commission (PSC) ■ Public Administration Leadership and Management Academy (PALAMA) ■ Public Administration Leadership and Management Academy Training Trading Account (PALAMA TTA) ■ State Information Technology Agency SOC Limited (SITA)

### *Significant movement in audit outcome*

The audit outcomes of the portfolio showed marginal improvement with new non-compliance findings reported at SITA. The PSC sustained its clean audit status due to the culture of accountability and responsibility which is prevalent at the entity. The portfolio maintained its status with regard to performance information in that no significant findings on the usefulness and reliability of the performance information were reported in the audit reports.

### *Key risk areas*

No significant findings were reported on the quality of performance reports, human resource management and financial health. The following areas still remain a concern at most of the auditees:

- Material misstatements in the financial statements identified during the audit
- Non-compliance with laws and regulations relating to procurement
- The non-achievement of targets in the portfolio
- IT environments within the portfolio around user account management, IT security and IT service continuity. These deficiencies in controls were generally due to a lack of alignment of controls with IT procedures and policies and management oversight.

### *Key controls and root causes*

The improvement in the key controls was due to the leadership stabilising under the guidance of the new minister who focused on the filling of key vacancies in the portfolio. Monitoring controls at SITA were not effective in detecting non-compliance with established internal control processes. There were also significant changes in the accounting authority of SITA.

Auditees in the portfolio should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Implement daily disciplines and monthly controls and monitoring to aid in the improvement of the quality of financial information
- Implement proper record-keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available
- Review and monitor compliance with applicable laws and regulations through the use of compliance checklists that must be signed off

The leadership and senior management should address the root causes of poor audit outcomes and inadequate controls as follows:

- Establish clear lines of responsibility and accountability and take corrective action against poor performance and transgressions
- Ensure that the portfolio has adequate skills and resources to report appropriately and effectively in terms of financial and service delivery
- Implement processes to ensure that there is a common understanding and implementation of the applicable accounting frameworks and standards

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by implementing recommendations of internal and external audit to ensure that issues are resolved in time.

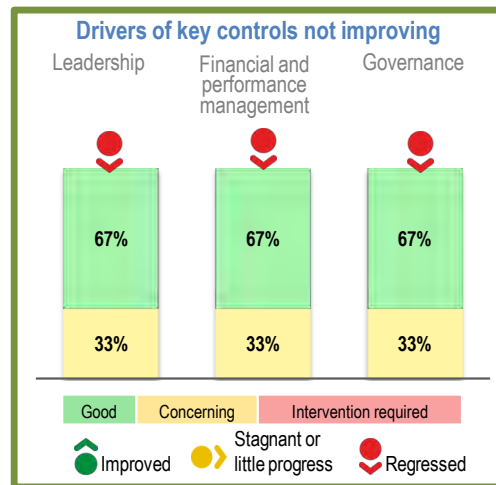
We met with the current minister three times in the past year and these interactions had some impact on the audit outcomes, despite the portfolio having had three ministers in the past year. Although the minister made significant progress with improving the ICT governance of government, not all the prior year commitments made were implemented.

The assurance provided through the oversight of the portfolio committee should be improved. The portfolio committee still faces a challenge in that it needs to find a way in which it can analyse the audit outcomes and the response to DPSA developments across the whole of government and filter this into the department's future strategies. New commitments have not yet been agreed with the portfolio committee. The commitments made in the prior year were not fully implemented and are therefore carried over to this year:

- Improve on the role of internal audit and have the audit committee chairperson account to the portfolio committee

As outlined in section 3.4 of this report, a number of transversal systems are being developed and implemented in government. The DPSA, together with the National Treasury, is the key role player in the IFMS project. The success of this project will contribute to improved audit outcomes in the whole of government.

# Vote 13: Statistics South Africa



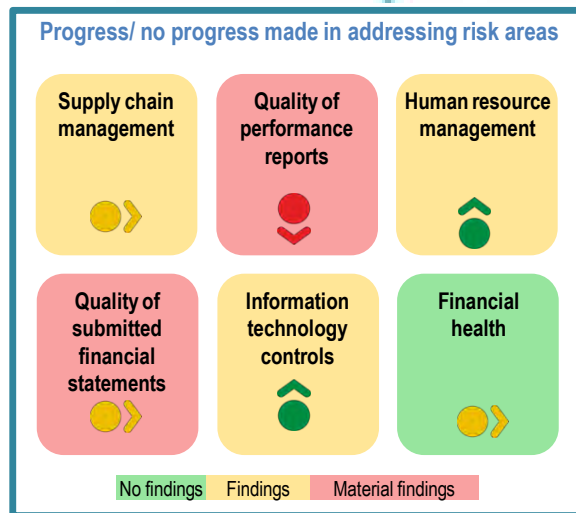
### Assurance levels should be improved/maintained

Senior management	Provides some assurance
Accounting officer	Provides assurance
Minister	Provides assurance
Internal audit	Provides limited / no assurance
Audit committee	Provides some assurance
Portfolio committee	Provides limited/no assurance

The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



### Root causes to be addressed

The leadership did not exercise adequate oversight responsibility through peer reviews and the bi-weekly audit progress meetings.

Executive managers did not adequately review the performance reports under their control.

The department is reliant on related government agencies to carry out statutory verifications of new employees and these agencies have backlogs and are slow to respond.

### Status of key commitments by Minister/MEC

Office of the Statistician undertook to track the progress made with leave approvals through monthly progress reports from HRM	Implemented
AGSA should facilitate a workshop with management to discuss the root causes of the qualification and recommendations in this regard.	Not implemented
Management has committed to implementation of controls to collate information required for year end disclosure notes.	In progress
The minister together with management committed to the implementation of a corrective action plan which will monitor and track the corrective actions taken.	In progress
Management undertook to hold executive managers accountable for the quality of performance reports through the performance management system.	Implemented
The minister committed to enhance performance and consequence management, and follow up on the investigations on procurement of goods and services	Not implemented

Implemented In progress Not implemented New



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

### ■ Statistics South Africa

#### *Significant movement in audit outcome*

The department's outcome improved to an unqualified opinion with findings in the 2012-13 financial year, compared to the qualified opinion in the 2011-12 financial years. The improvement in the audit outcome is attributable to the leadership implementing the action plans of the prior year and delivering on the commitments provided through the quarterly key control discussions with management.

#### *Six key risk areas*

Despite the improvement in the audit outcomes there are still some concerns around the internal controls of Stats SA. To be able to drive clean administration Stats SA needs to ensure that the financial statements have no material adjustments. This will be achieved by staff members taking responsibility for ensuring accurate and complete financial records. There was a slight improvement in the IT environment of Stats SA as they had addressed some of the issues raised in the previous year, however, there is still room for improvement regarding the user access controls and security management regarding the financial systems. Human resources also showed an improvement and the only matter that still needs to be addressed is the vetting of new employees that need to be carried out by related government agencies who are slow to responding to requests by Stats SA. SCM remained unchanged from the previous year.

There was a regression in the area of performance information as there were inconsistencies between the reported performance and supporting evidence leading to material adjustments to the reported information.

#### *Key controls and root causes*

The improvement in the audit outcomes was caused by the implementation and monitoring of the action plans to mitigate the root causes identified during the 2011-12 audit, as well as quarterly key control discussions with management and the minister. However, the inadequate review process led to a regression in the area of predetermined objectives. The department should, however, strengthen the following controls to address the regression of internal controls and to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Review process on the financial and performance reporting and monitoring of compliance and related controls.
- Effectively manage human resources to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored and consequence management is in place.
- Compile regular, accurate and complete financial and performance reports and controls to gather; monitor and consolidate information required for the disclosure notes and enhance review of the disclosure notes.

The leadership and management should address the root causes preventing the department from obtaining positive audit outcomes and adequate controls as follows:

- The leadership should continue to exercise their oversight responsibility through structured progress meetings and continuously monitor submitted reports on the status of addressing emerging risks.
- Executive managers should be held accountable for the quality of their performance reporting.
- The minister should engage the DPSSA's minister, SSA and SAQA to discuss the risks created by the backlog of vetting process.

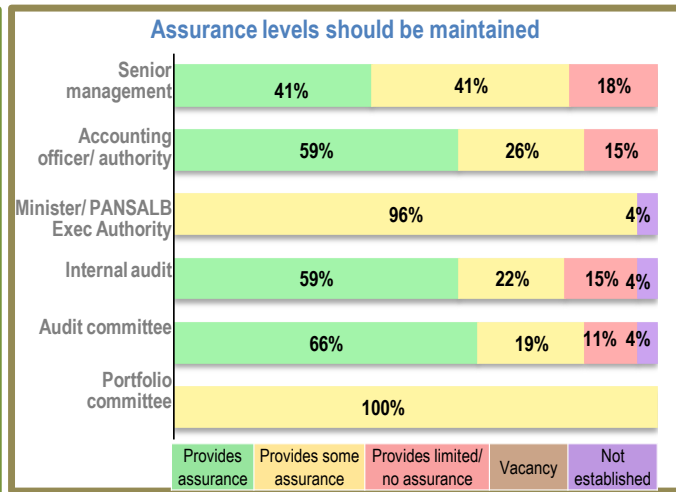
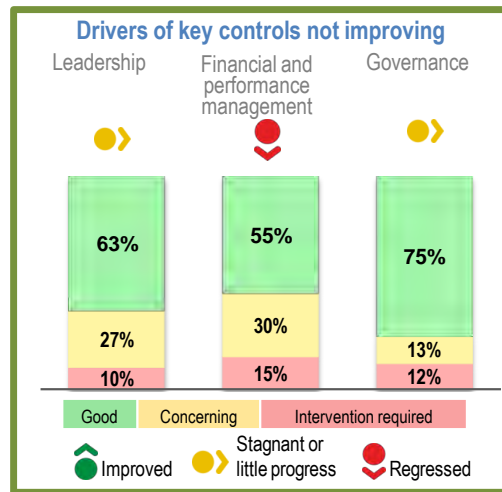
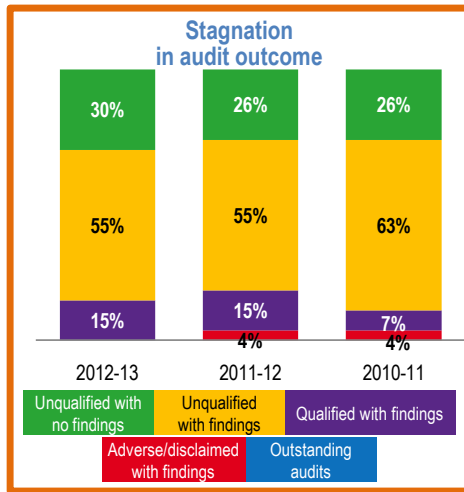
#### *Impact of key role players on audit outcomes*

The assurance levels should be improved and maintained by ensuring stability at senior management level and implementing the recommendations of internal audit. The concerns around the internal audit unit not finalising the planned audits on time and the performance issues within the section had a negative impact on the assurance obtained from internal audit and the audit committee.

We met with the minister four times in the past year and these interactions had some impact on the audit outcomes. The reason for our assessment is the improvement from a qualified audit opinion to an unqualified audit opinion with findings. This assessment, the impact of the minister on the controls of the auditee as well as the status and impact of the commitments contributed to the assessed assurance provided by the minister.

The assurance provided through the oversight of the portfolio committee should be improved. The AGSA did not have any interactions with the portfolio committee and therefore we could not assess the assurance provided by the committee.

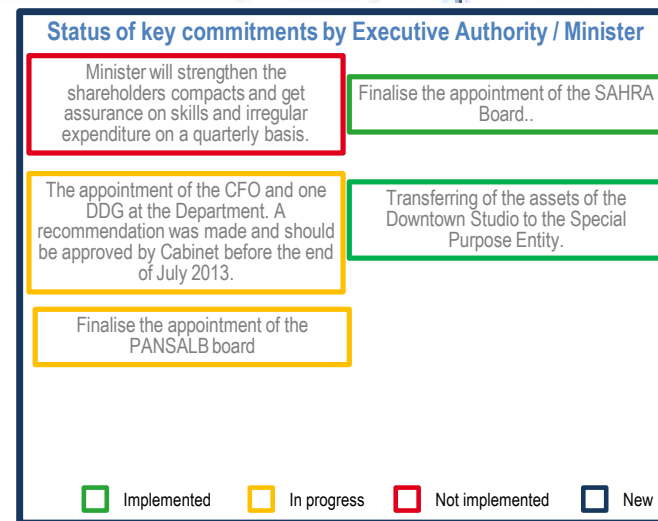
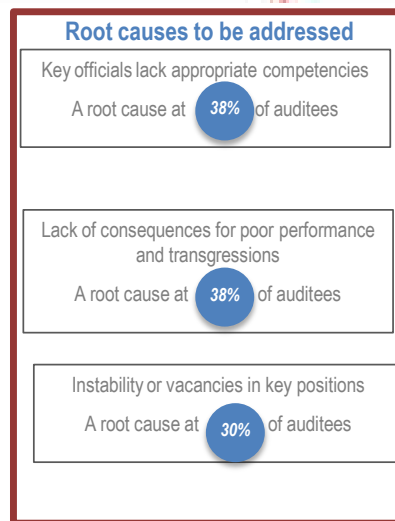
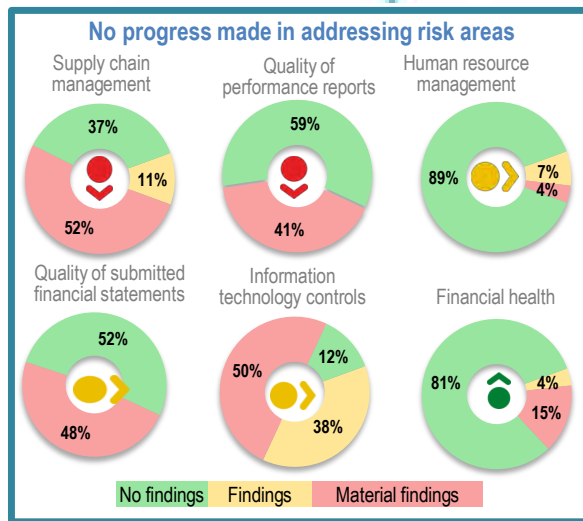
# Vote 14: Arts and Culture



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Arts and Culture (DAC) ■ Artscape ■ Die Afrikaanse Taalmuseum (ATM) ■ Ditsong: Museums of South Africa ■ Freedom Park ■ Iziko Museums of Cape Town ■ KwaZulu-Natal Museum ■ Luthuli Museum ■ Market Theatre Foundation ■ Msunduzi/Voortrekker Museum ■ National Arts Council of South Africa (NAC) ■ National English Literary Museum (Grahamstown) ■ National Film and Video Foundation of South Africa ■ National Heritage Council of South Africa (NHC) ■ National Library of South Africa (NLSA) ■ National Museum ■ Nelson Mandela National Museum (Mthatha) ■ Pan South African Language Board (PANSALB) ■ Performing Arts Centre of the Free State (PACOFs) ■ Robben Island Museum (Cape Town) (RIM) ■ South African Library for the Blind (Grahamstown) ■ South African Heritage Resources Agency (SAHRA), ■ The Playhouse Company ■ The South African State Theatre (SAST) ■ War Museum of the Boer Republics ■ William Humphrey's Art Gallery ■ Windybrow Theatre

### *Significant movement in audit outcomes*

Overall, the portfolio remained unchanged with 55% of the entities being financially unqualified with other findings.

Due to decisive leadership interventions the outcomes of Artscape, the National Film and Video Foundation, the National Museum, and the War Museum of the Boer republics improved from financially unqualified with other findings opinions to clean opinions, that of PACOFs improved from qualified to financially unqualified with other matters and that of SAHRA improved from a disclaimer to qualified.

Lack of consequences and inadequate skills resulted in three entities, Msunduzi, Market Theatre and Iziko, regressing from clean to financially unqualified with other matters and William Humphrey regressing from unqualified to qualified.

### *Six key risk areas*

Leadership instability, lack of consequences and inadequate skills contributed to the portfolio not addressing the key risks.

Adhering to SCM procedures regressed as 63% of the entities had procurement findings, including eight auditees that did not have SCM findings in 2011-12. The quality of performance information regressed with six (22%) of the entities having findings not reported on in the previous year.

The quality of financial statements remains a concern as 46% of entities submitted financial statements with material errors and/or omissions. IT controls

remain unsatisfactorily with 50% of the entities having material findings on the design and implementation of IT controls. Only three entities had no IT findings.

Financial health improved overall, only the NLSA regressed with repeat findings at Ditsong, PANSALB and PACOFs. The portfolio should focus on improving HR management at the DAC, Nelson Mandela Museum and PACOFs to achieve 100% compliance in the portfolio.

### *Key controls and root causes*

The following controls should be strengthened to create an environment that supports reliable financial and performance reporting and compliance with legislation:

- Implement controls over daily and monthly processing and reconciling of transactions
- Monthly preparation of financial and performance information

The executive authority, accounting officers and accounting authorities should address the root causes of poor audit outcomes and inadequate controls as follows:

- Leadership should be stabilised by filling vacant leadership positions, including those of board members.
- Human resources (skills) should be strengthened by filling key vacant positions.
- Senior officials should be held accountable for the responsibilities assigned to them.

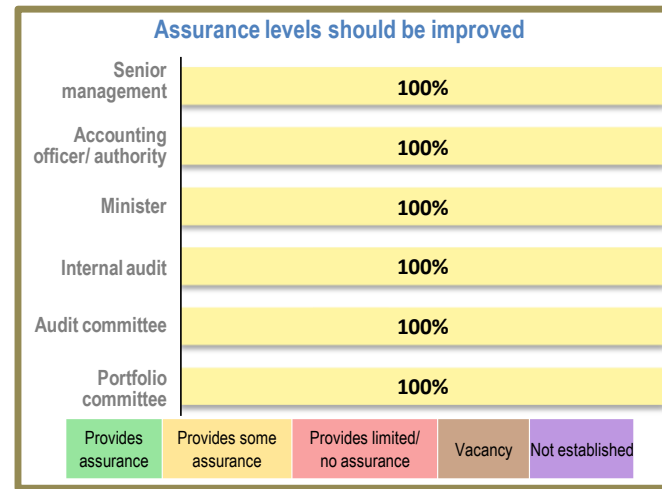
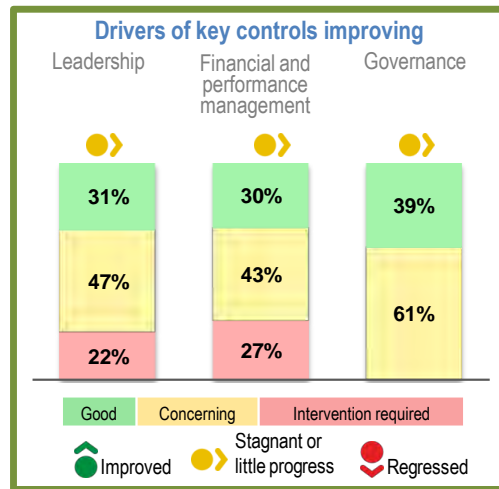
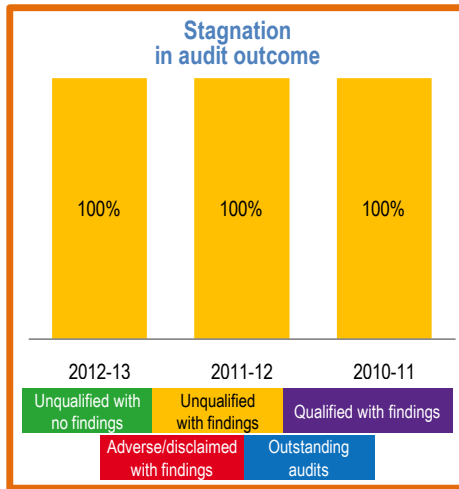
### *Impact of key role players on audit outcomes*

Accounting officers and accounting authorities should improve the assurance levels by implementing the recommendations of external and internal audit. Furthermore, adequate monitoring controls should be implemented to ensure adherence to good control practices.

We met with the minister four times in the past year and these interactions had some impact on the audit outcomes. The reason for our assessment is that commitments were implemented to appoint boards at institutions that were experiencing leadership challenges.

The assurance provided through the oversight of the portfolio committee could improve to assist the portfolio in improving the overall outcomes.

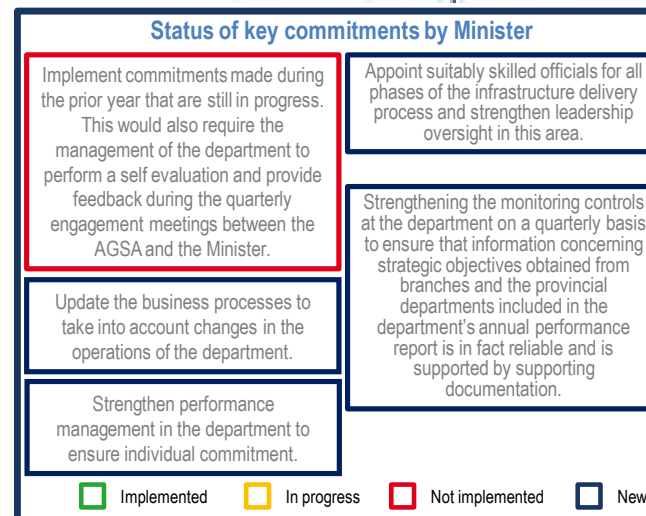
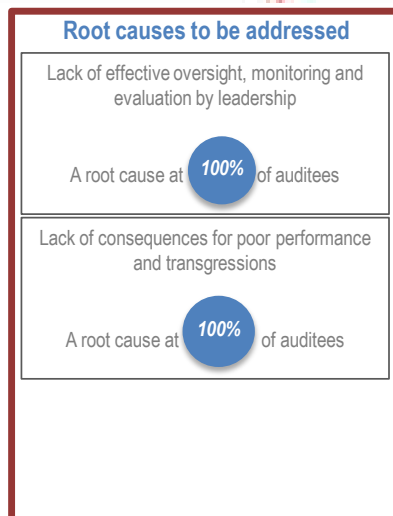
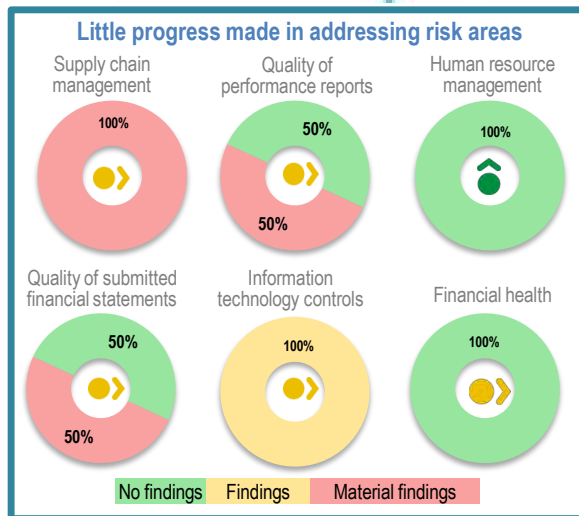
# Vote 15: Basic Education



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Basic Education ■ Education Labour Relations Council

### *Significant movement in audit outcome*

The audit outcomes of the portfolio remained unchanged primarily because of challenges regarding performance reporting. Although there was a general improvement in financial reporting, the challenges experienced as a result of the newly acquired mandate of the department in relation to the Accelerated School Infrastructure Delivery Initiative (ASIDI) negatively impacted on the audit outcomes in respect of financial reporting.

### *Key risk areas*

Although the IT environment is stable, special attention needs to be given to the newly acquired ASIDI mandate. The following areas remain a concern:

- The measurability and reliability of the performance information reported
- Supply chain management processes related to infrastructure projects
- The quality of the financial statements submitted for audit purposes
- Design and implementation of IT security, user access and service continuity controls

### *Key controls and root causes*

There has been little change in key controls for the portfolio. Auditees should address the following root causes of poor audit outcomes to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Leadership not effective
- Lack of consequences for poor performance and transgression

The minister and the accounting officer should address the root causes of poor audit outcomes and inadequate controls as follows:

- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
- Monthly and quarterly financial and performance reporting should include an assessment of compliance with applicable laws and regulations and verification of the credibility of information collected.

- Improve the existing performance management system to enhance accountability to ensure that there are consequences for poor performance and transgressions.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved through, amongst others, effective risk assessment processes that must be used to direct the efforts and work of the internal audit function and audit committee towards evaluating performance and financial information.

We met with the minister three times in the past year and these interactions had some impact on the audit outcomes in other areas of the department, except for the areas of performance reporting and ASIDI. It should also be noted that the audit was delayed at the request of the minister to allow management to take corrective action relating to several account balances that impacted on the audit opinion.

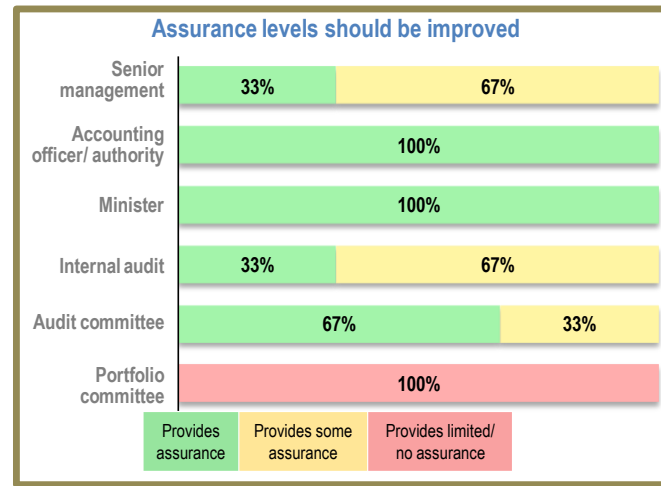
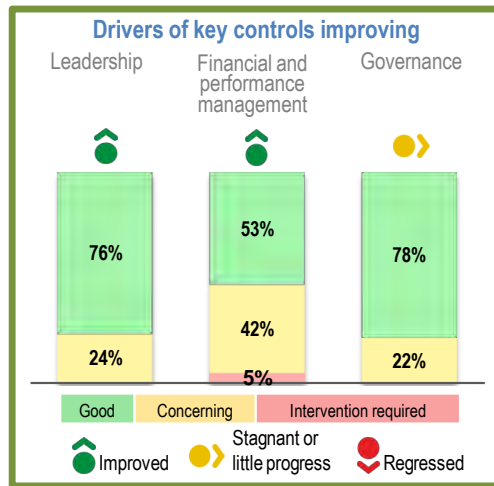
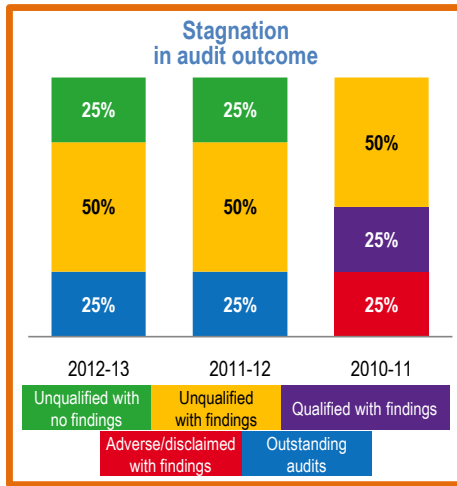
The reason for our assessment is that not all of the commitments previously made by the minister were implemented due to a lack of follow-up and implementation of action plans to address control deficiencies in the areas of performance reporting and risk assessment processes.

New commitments have not yet been agreed with the portfolio committee. The assurance provided through the oversight of the portfolio committee should be improved. All commitments made in the prior year have not yet been fully addressed.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

■ South African Council for Educators (SACE) unchanged from the prior year  
■ Umalusi improved from the prior year.

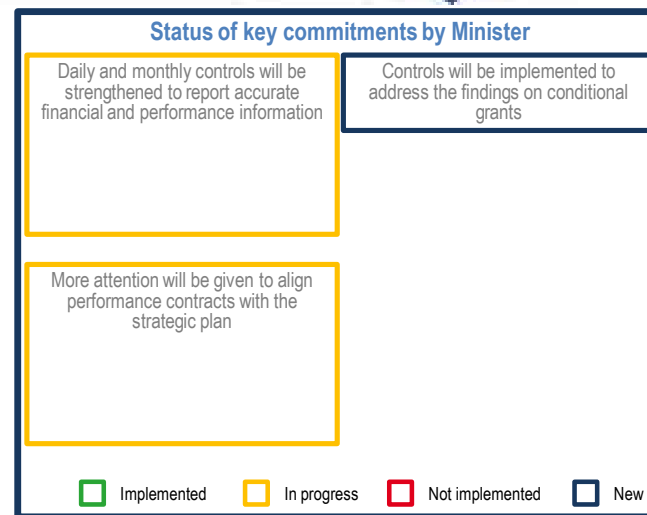
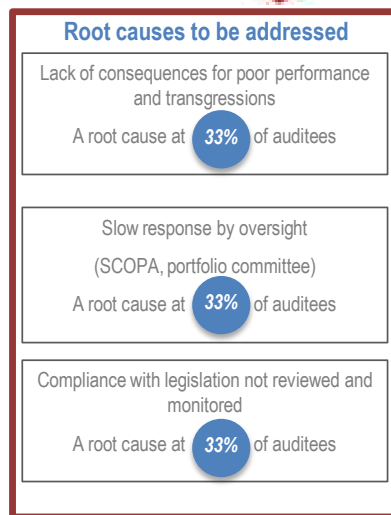
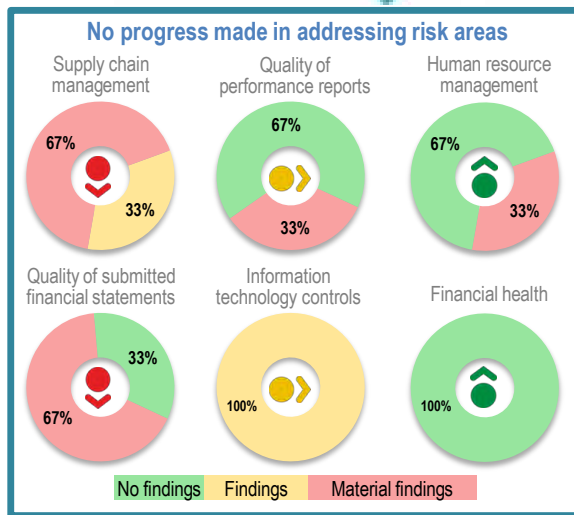
# Vote 16: Health



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Compensation Commissioner for Occupational Diseases (CCOD) ■ Council for Medical Schemes (CMS) ■ Department of Health (NDoH) ■ South African Medical Research Council (MRC)

### *Significant movement in audit outcome*

The stagnation in the audit outcome of the portfolio resulted from an improvement in the outcome of the MRC and a regression in the outcome of the CMS. The MRC addressed the prior year non-compliance findings on procurement and contract management while the CMS had new findings in this area due to inadequate monitoring and review.

The CCOD did not submit annual financial statements for audit purposes for the 2011-12 and 2012-13 years. The audit report for the 2010-11 financial year has not yet been tabled and no dates have been committed for the tabling of this audit report or for submission of the 2011-12 and 2012-13 financial statements.

### *Six key risk areas*

The portfolio did not make significant progress in addressing the key risk areas. Due to leadership involvement the MRC improved in the areas of HR management and financial health. No entity made progress in addressing IT controls. A regression was noted in the quality of financial statements submitted by the NDoH and the CMS. The status of SCM remains unsatisfactory, mostly as a result of the NDoH not holding staff accountable for performing remunerative work outside their employment without permission and as a result of the CMS not adequately reviewing compliance with the preference point system during the awarding of bids.

### *Key controls and root causes*

The improvement in the key controls was related to the MRC leadership's commitment to improve the internal control environment, which resulted in them moving to a clean audit opinion. The NDoH and the CMS should improve on the following to improve their audit outcomes:

- Implement controls over daily and monthly processing and reconciling of transactions
- Review and monitor compliance with applicable laws and regulations

The minister and the accounting officer should address the root causes of poor audit outcomes and inadequate controls as follows:

- They should take appropriate action against poor performance and transgressions that resulted in non-compliance and that had an impact on service delivery.
- The portfolio committee and SCOPA must review the progress made with dealing with the accounting and service delivery concerns related to the CCOD.

### *Impact of key role players on audit outcomes*

The assurance levels for the NDoH and the CMS should be improved by addressing areas of internal control weaknesses to move towards clean audit outcomes. The internal audit unit at the NDoH needs to assist management by effectively and timeously reporting of control weaknesses.

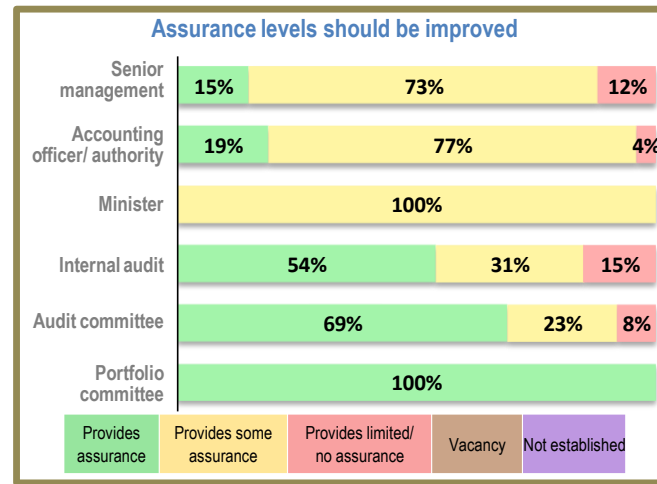
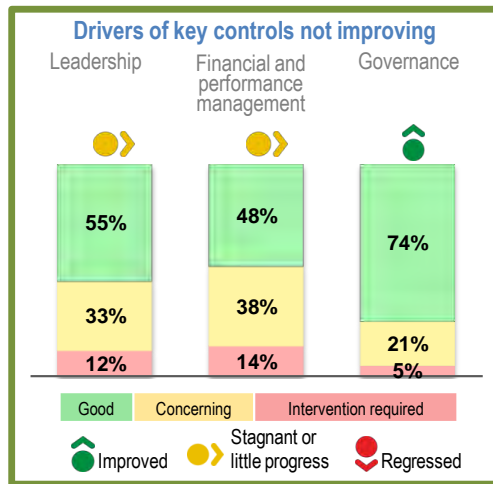
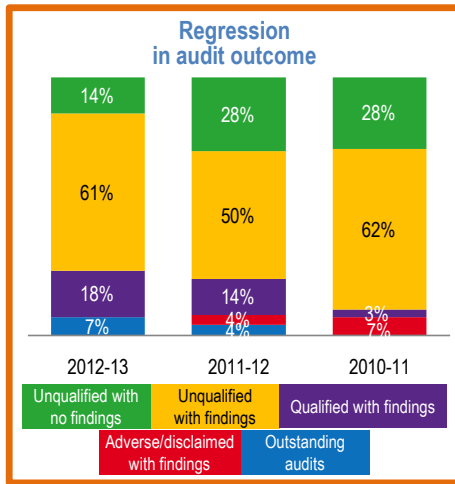
We met with the minister five times in the past year and these interactions had some impact on the audit outcomes. Our assessment is primarily due to his tone conveyed to the entities to ensure that they address areas of audit concern. This assessment, as well as the status and impact of the commitments, contributed to the assessed assurance provided by the minister.

The assurance provided through the oversight of the portfolio committee should be improved. The committee committed to fully implement the previous year's commitment by engaging with the audit team on weaknesses identified in the strategic and annual performance planning process. The portfolio committee and SCOPA have not adequately followed up on the non-submission of financial statements for audit purposes.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

We do not audit the National Health Laboratory Services which is included in the portfolio of the minister. The entity received a financially unqualified opinion with findings on compliance with laws and regulations.

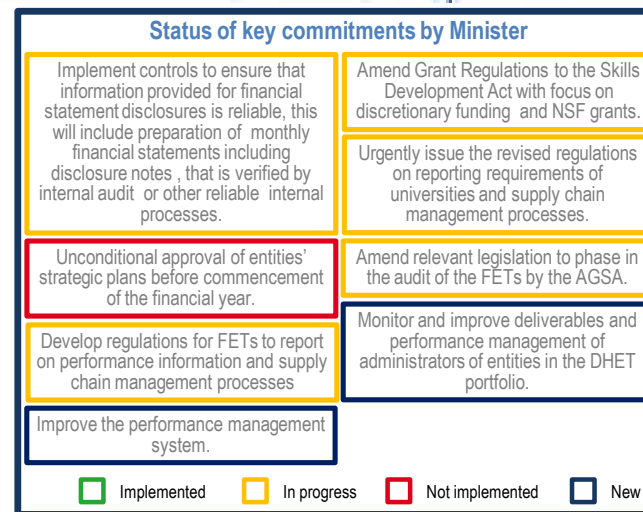
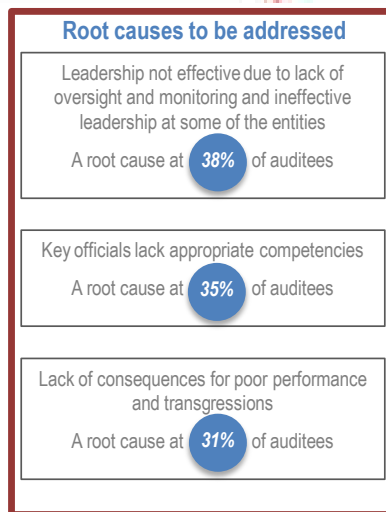
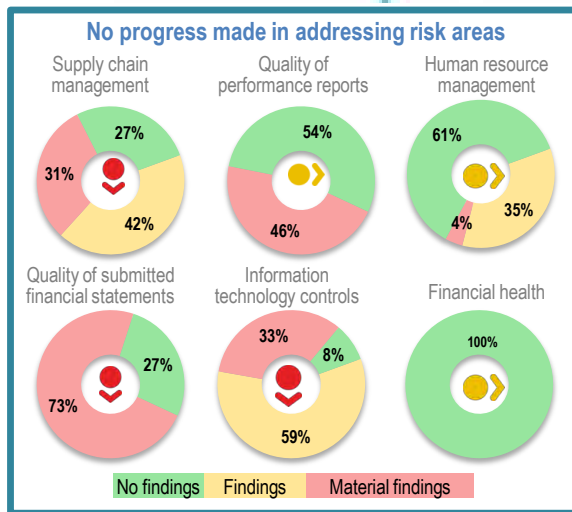
# Vote 17: Higher Education and Training



The current audit portfolio and the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.





## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Higher Education and Training ■ Agriculture Sector Education and Training Authority (AGRISETA) ■ Banking Sector Education and Training Authority (BANKSETA) ■ Construction Sector Education and Training Authority (CETA) ■ Council on Higher Education (CHE) ■ Chemical Industries Education and Training Authority (CHIETA) ■ Culture, Arts Tourism, Hospitality and Sport Education and Training Authority (CATHSSETA) ■ Energy and Water Sector Education and Training Authority (EWSETA) ■ Education, Training and Development Practices (ETDPSETA) ■ Fibre Processing and Manufacturing Sector Education and Training Authority (FP&MSETA) ■ Financial and Accounting Services Sector Education and Training Authority (FASSET) ■ Food and Beverages Sector Education and Training Authority (FOODBEV) ■ Health and Welfare Sector Education and Training Authority (HWSETA) ■ Media, Information and Communication Technologies SETA (MICTS) ■ Insurance Sector Education and Training Authority (INSETA) ■ Local Government Sector Education and Training Authority (LGSETA) ■ Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA) ■ Mining Qualifications Authority (MQA) ■ National Skills Funds (NSF) ■ National Student Financial Aid Scheme (NSFAS) ■ Public Services Sector Education and Training Authority (PSETA) ■ Qualification Council for Trades and Occupations (QCTO) ■ Safety and Security Sector Education and Training Authority (SASSETA) ■ Services Sector Education and Training Authority (SERVICES SETA)(Audit report outstanding) ■ South African Qualifications Authority (SAQA) ■ Transport Education and Training Authority (TETA) ■ Wholesale and Retail Sector Education and Training Authority (W&R SETA) ■ National Institute for Higher Education: Northern Cape

### *Significant movement in audit outcome*

The regression in the audit outcome of the portfolio is mainly due to the lack of consequence management for not addressing internal control deficiencies previously reported by internal and external audit.

The audit of Services SETA had not yet been finalised at the cut-off date of this report due to the late submission of financial statements. The audit of the National Institute for Higher Education: Northern Cape for the previous and current financial years is also still outstanding.

### *Key risk areas*

The following areas remain a concern at most auditees:

- Human resource management

- The quality of the submitted financial statements
- Compliance with laws and regulations relating to supply chain management
- The usefulness and reliability of the performance report
- Design and implementation of some IT controls
- The department does not have processes in place to effectively measure the performance of administrators appointed by the department in SETAs, universities and FET colleges
- The department does not have processes in place to effectively measure the performance of the accounting authorities of its public entities

The department and its entities should place continued focus on implementing daily checks and balances and performance management to address the key risk areas.

### *Key controls and root causes*

The regression in the key controls was caused by inadequate leadership intervention in ensuring that the key risks are addressed. Auditees should strengthen the following and address the root causes of poor audit outcomes to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Leadership is not effective
- Key officials lack appropriate competencies
- Lack of consequences for poor performance and transgressions

The minister should hold the accounting officer and accounting authorities accountable to address the root causes of poor audit outcomes and inadequate controls as follows:

- Incorporate consequence management in the performance management system
- Implement daily controls to enable credible monthly financial (including disclosure notes) and performance reporting
- Perform a gap analysis in relation to the current level of skills and competencies. Put in place an action plan to address the gaps identified.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by implementing the recommendations of external and internal audit and directing the work of the audit committee towards evaluating compliance with laws and regulations and performance information.

We met with the minister three times in the past year and these interactions had minimal impact on the audit outcomes. The reason for our assessment is the lack of follow-up on the status and impact of the commitments. This contributed to the assessed assurance provided by the minister.

The assurance provided through the oversight of the portfolio committee should be maintained. The committee committed to fully implement the previous year's commitments to hold the department and its entities accountable, and also made the following new commitment:

- Engage with the respective auditees, including FET colleges and universities, on their action plans to address the audit outcomes for 2012-13 and continuously track progress made.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

We do not audit the following entities included in the portfolio of the minister:

#### ■ Universities (31 December 2012 year-end)

The audit outcomes of these entities have regressed from the previous year. The audit outcomes were as follows:

- Seventeen (74%) universities had an unqualified opinion with no findings – a regression from the 20 (87%) in the previous year.
- Four (17%) universities obtained an unqualified opinion with findings on compliance with laws and regulations.
- The audits of Rhodes University and Walter Sisulu University had not been finalised at the cut-off date for this report.

#### ■ Further Education and Training Colleges (31 December 2012 year-end)

The audit outcomes of these entities have regressed from the previous year. The audit outcomes were as follows:

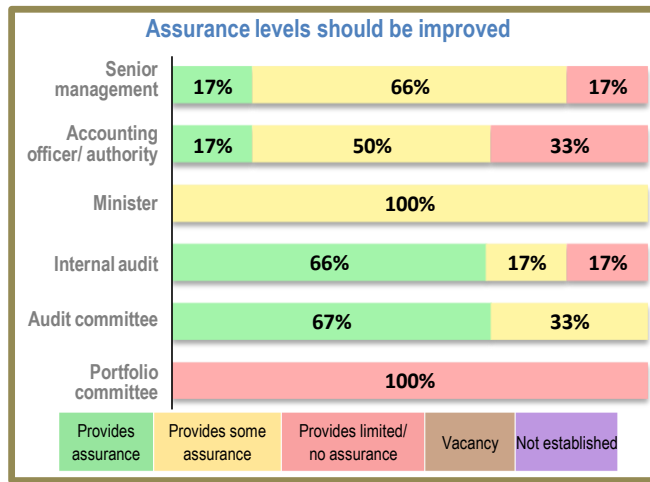
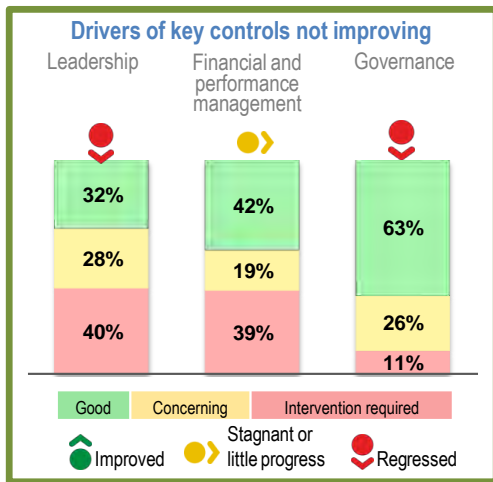
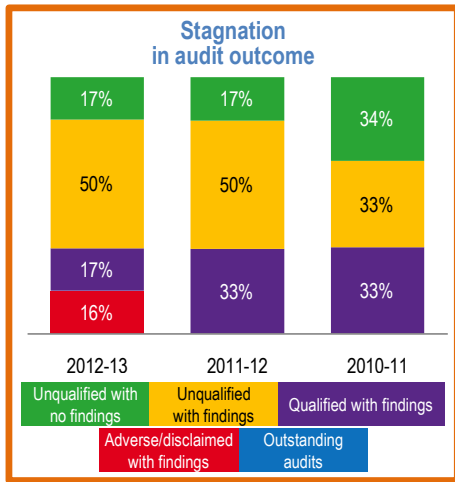
- Eleven (22%) FETs received an unqualified opinion with no findings – a regression from the 15 (30%) in the previous year.

- Twelve (24%) FETs received an unqualified opinion with findings on compliance with laws and regulations, two (4%) received a qualified opinion with findings, while two (4%) received a disclaimed/adverse opinion.
- The audits of 23 (46%) FETs had not been finalised at the cut-off date for this report.

■ **The National Institute for Higher Education: Mpumalanga** received an unqualified opinion with no findings on compliance or predetermined objectives, which is an improvement from the prior year.



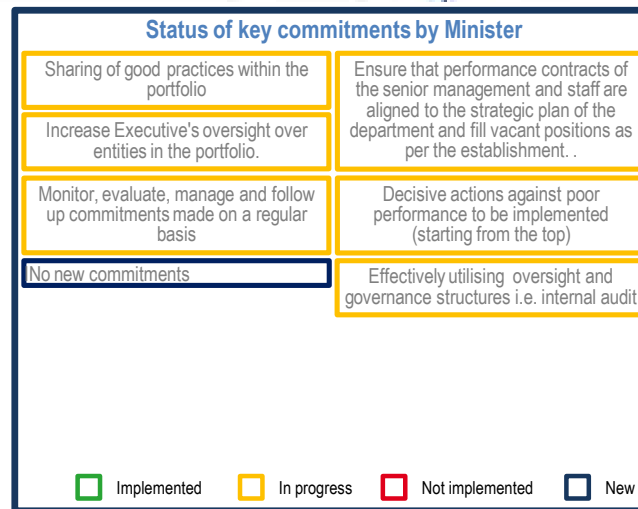
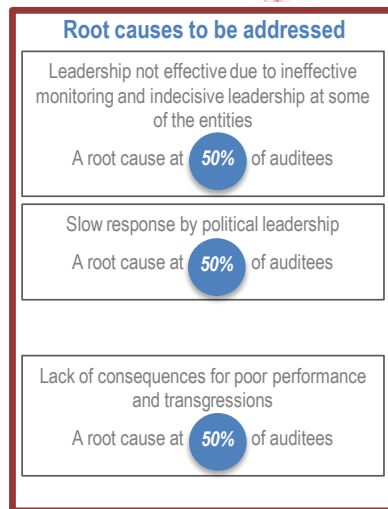
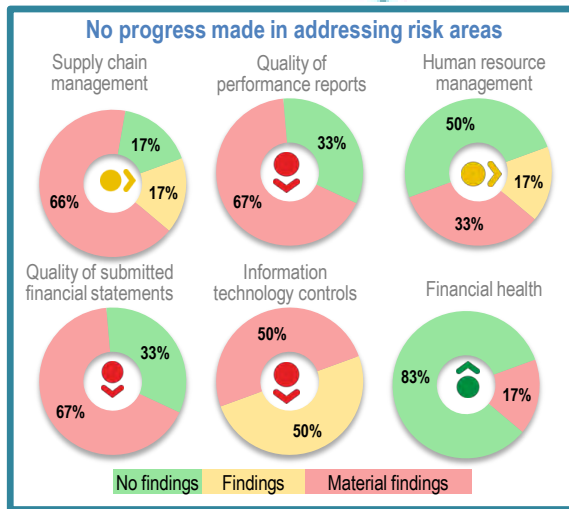
# Vote 18: Labour



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Labour (DoL) ■ Commission for Conciliation, Mediation and Arbitration (CCMA) ■ Compensation Fund (CF) ■ National Economic Development and Labour Council (NEDLAC) ■ Sheltered Employment Factories (SEF) ■ Unemployment Insurance Fund (UIF)

### *Significant movement in audit outcome*

The stagnant audit outcomes were mainly due to the lack of timeous and effective follow-up on agreed action plans and commitments and the fact that no performance management system was in place.

### *Key risk areas*

The following areas still remain a concern at most auditees:

- The usefulness and reliability of the performance report
- Quality of submitted annual financial statements
- Compliance with laws and regulations relating to supply chain management
- Design and implementation of IT security and user access controls
- Performance management
- Financial sustainability of the Sheltered Employment Factories

### *Key controls and root causes*

The regression in the key controls was caused by a lack of effective leadership and a lack of consequences for not addressing the control deficiencies. The department and its entities should address the following root causes of poor audit outcomes to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Leadership not effective
- Slow response by political leadership
- Lack of consequences for poor performance and transgressions

The accounting officer and senior management should address the internal control deficiencies as follows:

- Implement daily controls to enable credible monthly financial (including disclosure notes) and performance reporting

- Incorporate consequence management in the performance management system
- Follow up on agreed action plans and commitments timeously and effectively

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by implementing the audit recommendations and directing the work of the audit committee towards evaluating performance information.

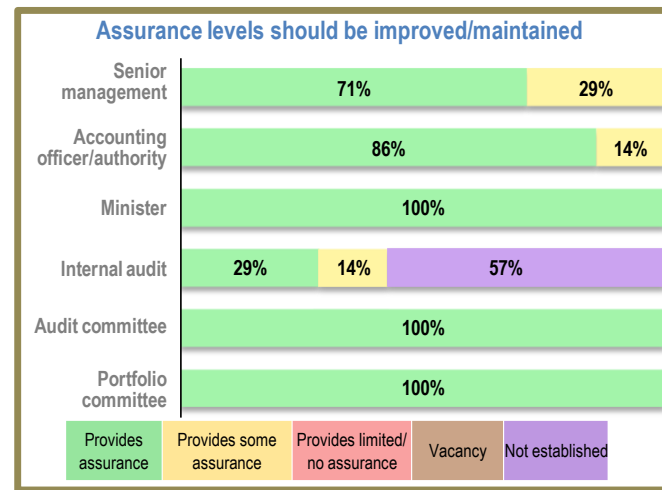
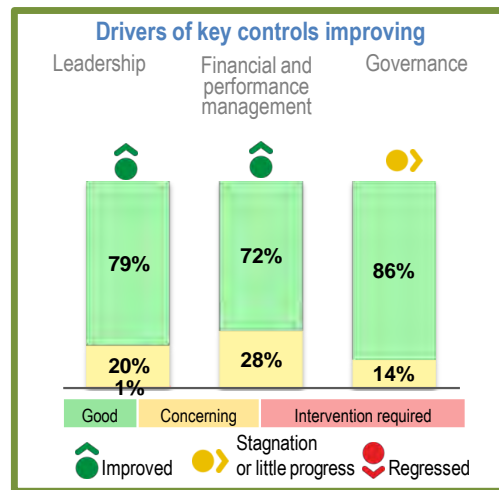
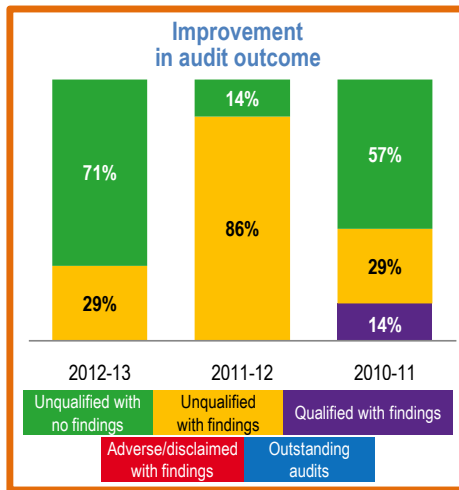
We met with the minister four times in the past year and these interactions had minimal impact on the audit outcomes. This is mainly due to slow implementation of effective actions in line with the audit recommendations. Commitments and actions regarding oversight responsibilities over the public entities were not followed through, specifically at the Compensation Fund. This assessment, as well as the status and impact of the commitments, contributed to the assessed assurance provided by the minister.

The assurance provided through the oversight of the portfolio committee should be improved. New commitments have not yet been agreed with the portfolio committee. All commitments made in the prior year have not yet been fully addressed.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

Productivity South Africa (PSA) remained unchanged from the prior year.

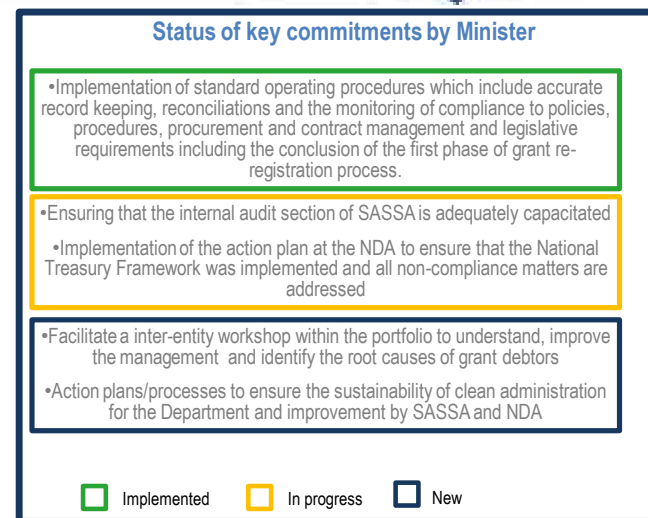
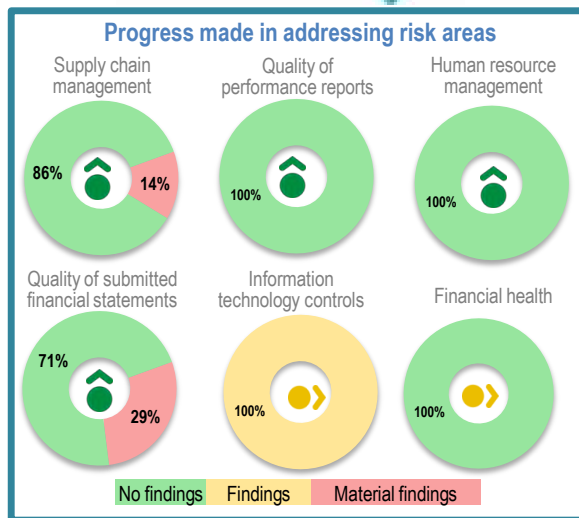
# Vote 19: Social Development



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Social Development ■ Disaster Relief Fund ■ National Development Agency (NDA) ■ Refugee Relief Fund ■ Social Relief Fund ■ South African Social Security Agency (SASSA) ■ State President Fund

### *Significant movement in audit outcome*

The improvement in the audit outcome of the portfolio was caused by the Department of Social Development addressing the non-compliance findings on procurement and expenditure management and also by the improvement made by SASSA, as the agent of the department, in compliance with the Social Assistance Act in respect of the social assistance grants. Furthermore, the disaster relief, refugee relief, social relief and state president funds addressed the non-compliance findings on the quality of submitted annual financial statements. For the first time in SASSA's existence, the leadership of SASSA made a strategic decision not to make use of consultants in compiling the financial statements. SASSA was successful in compiling the financial statements, except for some disclosure notes that were materially adjusted during the audit process. This resulted in a material non-compliance finding on the financial statements. This adjustment, as well as the non-compliance findings on internal audit regarding their three-year rolling plan not being in place, led to a regression in the audit outcome from a clean audit opinion to unqualified with findings. The audit outcome for the National Development Agency remained unchanged.

### *Six key risk areas*

The department made progress in addressing the key risk areas, most notably in the areas of human resource management (by all auditees) and the quality of submitted financial statements (by all auditees, except SASSA and the NDA). The quality of annual performance reports has improved for the department, SASSA and the NDA. The disaster relief, refugee relief, social relief and state president funds are not subject to the PFMA and therefore predetermined objectives and internal audit are not legal requirements.

No findings were identified for the financial health analysis. Due to a reorganisation/deregistration process, the disaster relief, refugee relief, social relief and state president funds all had going concern issues emphasised at year-end. Overall, the status of SCM has improved, mostly as a result of auditees addressing procurement findings. However, the NDA still had a material finding on the deviation from the procurement policy.

Management has designed adequate controls surrounding IT systems. Policies and procedures are in place and adherence to most policies is monitored.

However, there were certain controls that had been designed but not implemented.

### *Key controls and root causes*

The improvement in the key controls was caused by all the auditees improving leadership controls, financial and performance management and governance controls. The department and its entities should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Improve leadership oversight regarding the review and implementation of policies and procedures over financial management, performance information and compliance
- Effective monitoring of compliance with laws and regulations
- Ensure competent staff

Senior management should address the root causes of poor audit outcomes and inadequate controls as follows:

- Improve oversight by ensuring that policies are designed, approved, communicated and reviewed for compliance throughout SASSA and the NDA, which will ensure that the financial statements are complete, accurate and adequately disclose required information
- Regularly review compliance with laws and regulations relating to both financial and performance information to ensure that information is produced according to the requirements of the National Treasury's prescripts and the PFMA
- Appoint competent staff in key and supporting positions in regional offices to ensure the production of accurate and complete financial and performance information

### *Impact of key role players on audit outcomes*

The assurance levels should be maintained by ensuring stability at the level of accounting officer/authority and senior management, by implementing the recommendations of internal audit and directing the work of the audit committee towards evaluating performance information.

We met with the minister three times in the past year and these interactions had a significant impact on the audit outcomes. The reason for our assessment is the improvement of five of the portfolios' audit outcomes. In this assessment, the impact of the minister on the controls of the auditees, as well as the status and

impact of the commitments, contributed to the assessed assurance provided by the minister. The following new commitments were also made:

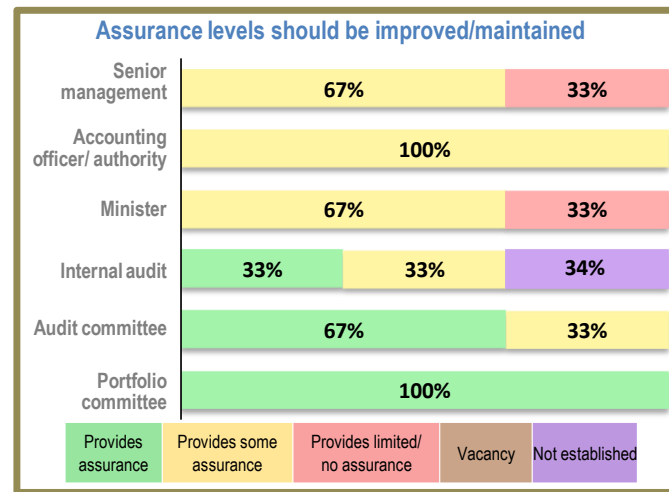
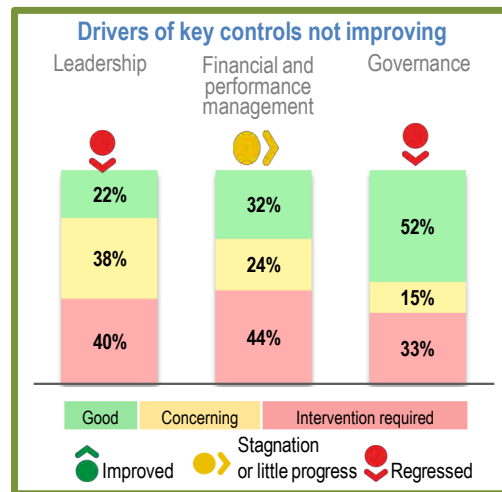
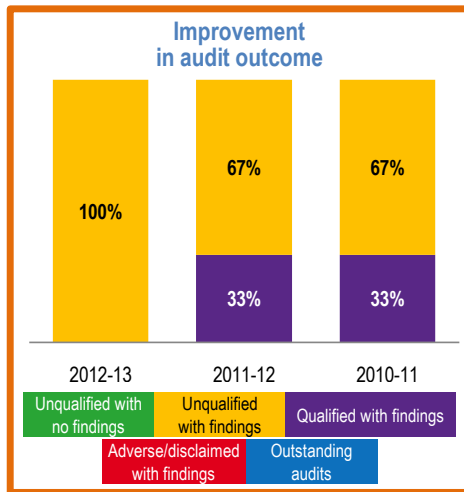
- To facilitate an inter-entity workshop within the portfolio to understand and improve the management and to identify the root causes of grant debts
- To see to it that action plans/processes ensure the sustainability of clean administration for the department (including the funds) and improvement by SASSA and the NDA.

The assurance provided through the oversight of the portfolio committee should be maintained. The relevant committee should ensure the implementation of the previous year's commitments. No new commitments were made.





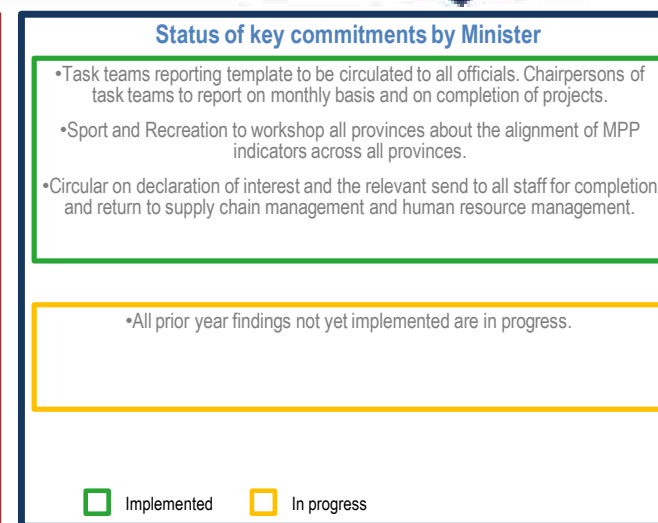
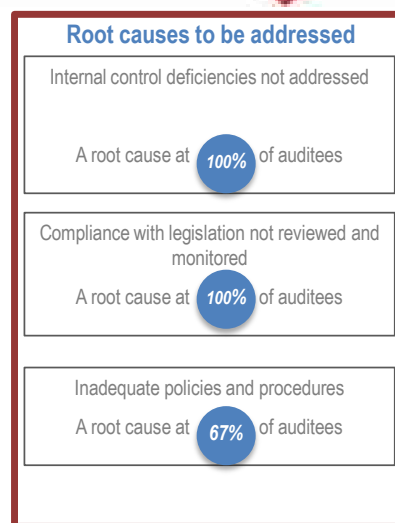
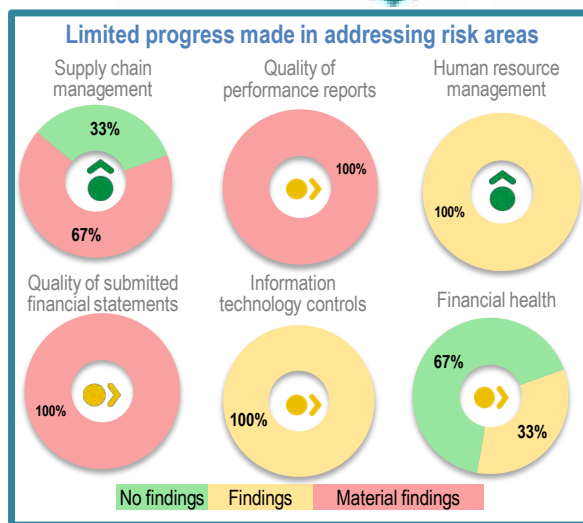
# Vote 20: Sport and Recreation South Africa



The current audit outcomes are the result of the attention given to the six key risk areas:

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- Boxing SA ■ Department of Sport and Recreation South Africa
- South African Institute for Drug Free Sport

### *Significant movement in audit outcome*

Boxing SA improved from a qualified opinion to unqualified with findings. The improvement in the audit outcome of the portfolio was caused by the auditee addressing the qualification on payables and receivables.

### *Six key risk areas*

The department made no progress in the key risk areas of supply chain management in that findings were included in the audit reports of two of the auditees in the portfolio, and quality of performance reports regressed for Boxing SA as they had not submitted performance information for audit purposes. The remaining auditees remained unchanged from the prior year. Human resource management improved and there was no change in the quality of submitted financial statements as all financial statements had to be materially amended for the auditees to achieve unqualified opinions.

The IT environments at the department had issues of concern around user account management and IT security. These deficiencies in controls were generally due to a lack of approved IT procedures, policies and succession planning for key IT resources.

### *Key controls and root causes*

The key controls for financial and performance management improved as management implemented some of the commitments that were agreed to

between management, the minister and the auditors. Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Address internal control deficiencies
- Review and monitor compliance with legislation
- Develop and implement policies and procedures

Management, i.e. the accounting officer and the chief executive officers, should address the root causes of poor audit outcomes and inadequate controls as follows:

- Management should institute adequate controls where it is currently lacking as per the commitments made.

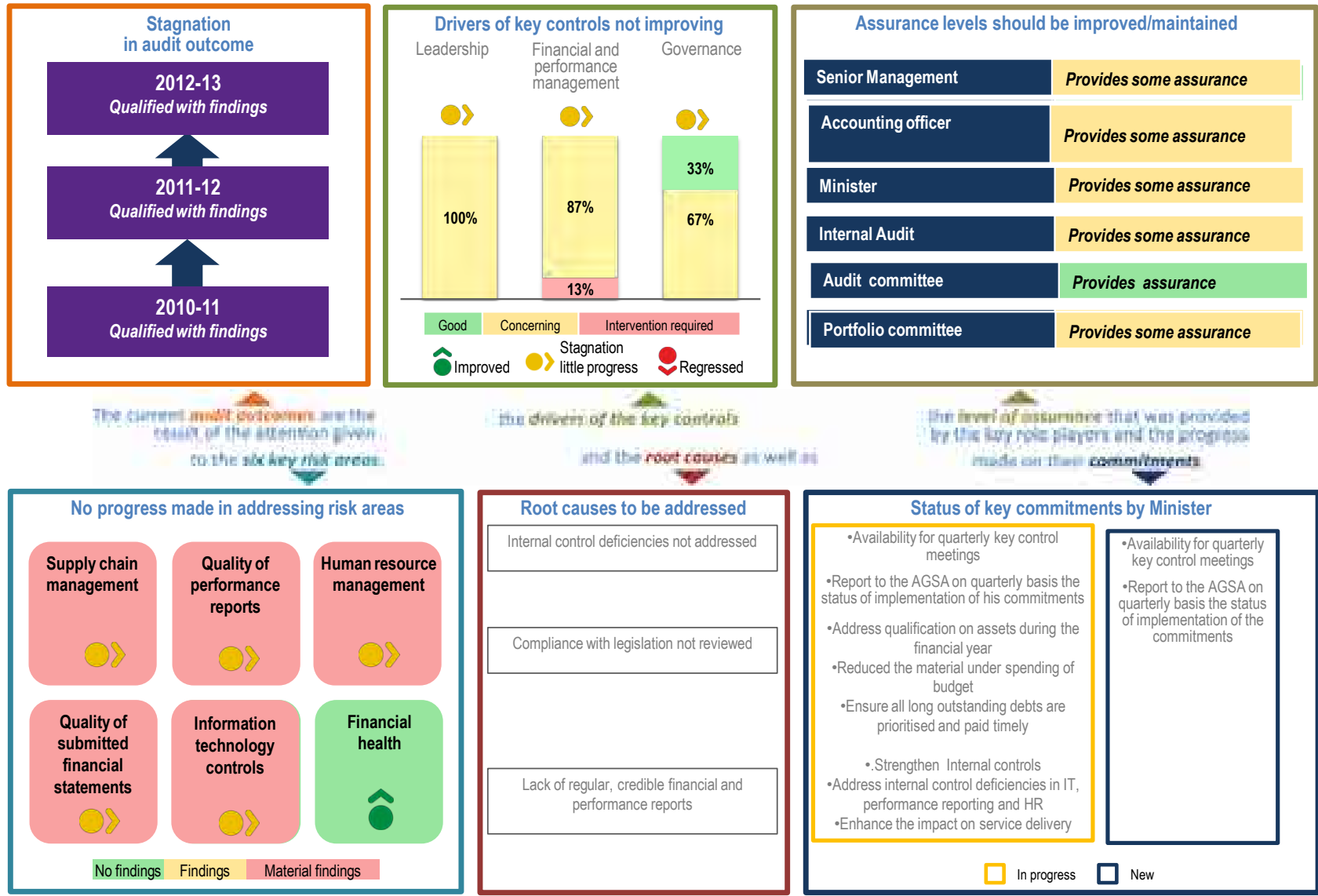
### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring stability at the level of accounting officer and senior management, implementing the recommendations in the management report and directing the work of the audit committee towards evaluating performance information.

We met with the minister three times in the past year and these interactions had some impact on the audit outcomes. The reason for our assessment is the commitment received from the minister and the director-general coupled with the action plans compiled to address the ongoing internal control weaknesses.

The assurance provided through the oversight of the portfolio committee should be improved. The committee committed to fully implement the previous year's commitments.

# Vote 21: Correctional Services



## *Auditee included in the portfolio audited by the Auditor-General of South Africa*

### ■ Department of Correctional Services

#### *Significant movement in audit outcome*

The audit outcome for the current year is a qualified audit opinion on movable tangible major and minor assets with findings on PDOs and non-compliance. The audit opinion remained the same.

#### *Six key risk areas*

The department made progress with addressing the key risk area of financial health. The findings in the key risk areas of supply chain management, human resource management and quality of submitted financial statements remained the same as in the previous year. The department had not yet addressed the prior year material finding on usefulness/reliability of the annual performance report. The department should focus on addressing compliance findings on supply chain management and human resource management.

The status of IT controls demonstrates that there has been little improvement since the previous financial year. Although formal policies and procedures had been established, there were instances where the design of the controls was inadequate. This mainly contributed to the deficiencies reported with regard to the implementation of the controls that had been established in the user access management and security management focus areas. Furthermore, management needs to place emphasis on the implementation and monitoring of compliance with these controls.

#### *Key controls and root causes*

The Department of Correctional Services should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Review and monitor compliance with legislation
- Maintain regular, credible financial and performance reports
- Address internal control deficiencies

Management should address the root causes of poor audit outcomes and inadequate controls as follows:

- Monitor controls implemented over daily and monthly processing and reconciling of transactions
- The department must prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information
- Implement procedures to ensure compliance with laws and regulations

#### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring stability at the level of accounting officer and senior management, and by implementing the recommendations of internal audit and directing the work of the audit committee towards evaluating performance information.

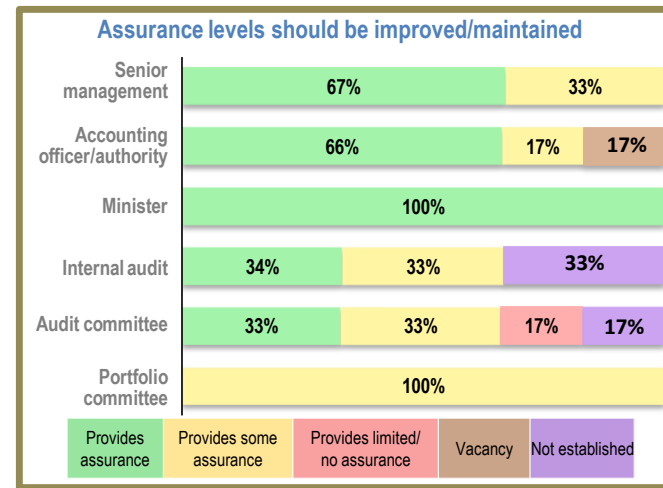
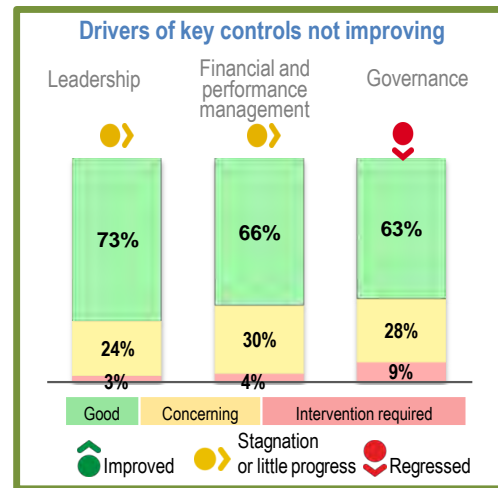
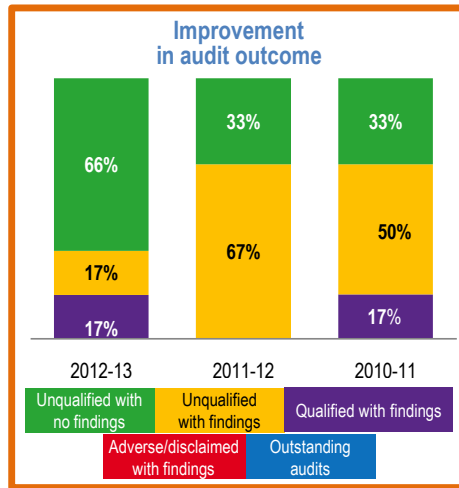
We met with the minister only once in the past year and this interaction had some impact on the audit outcomes. The reason for our assessment is that the minister has committed himself to be available when needed and he has shown a positive attitude towards the implementation of key controls and commitments.

The following new commitment was also made:

- The minister further committed himself to be available for all the quarterly key control meetings, to drive the implementation process of his commitments and to report on the status of the implementation process to us on a quarterly basis.

No commitments were obtained from the portfolio committee.

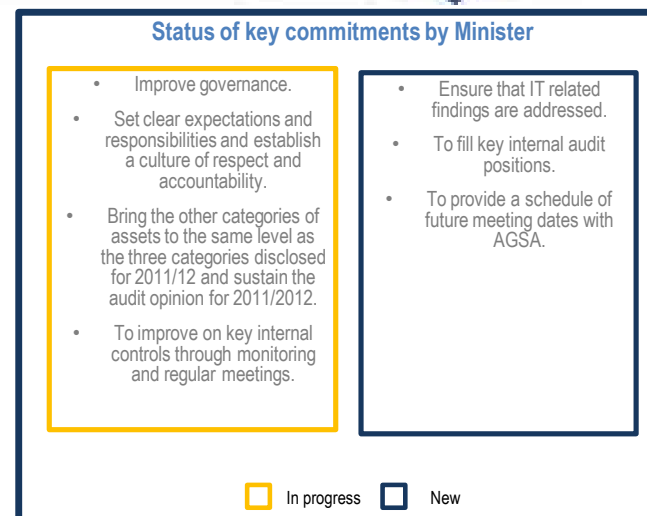
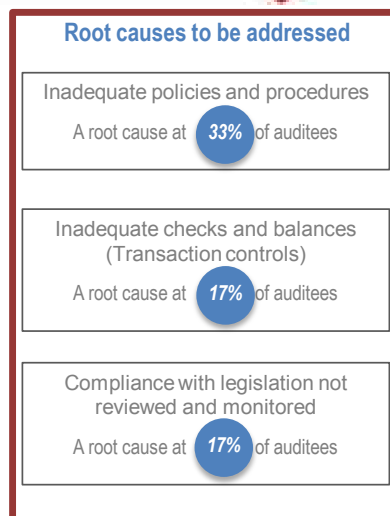
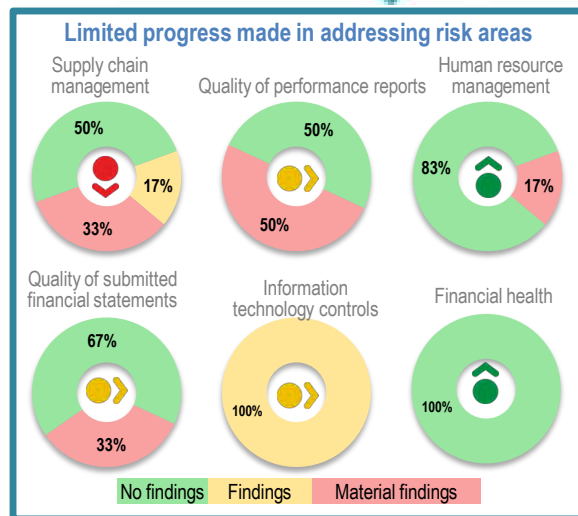
# Vote 22: Defence and Military Veterans



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Armaments Corporation of South Africa Limited ■ Armscor Defence Institute (Pty) Ltd  
■ Castle Control Board ■ Department of Defence ■ South African National Defence Force Fund ■ Special Defence Account

### *Significant movement in audit outcome*

The audit report of the Department of Defence was signed on 26 September 2013. The department received a qualified audit opinion relating to tangible and intangible assets, which was a regression from the prior year when they received an unqualified with findings opinion. The National Treasury previously granted the department a departure to only disclose certain categories of assets for the financial year ended 31 March 2012.

The entities in the portfolio have improved because Armaments Corporation of South Africa Limited and Special Defence Account improved from unqualified with findings to unqualified with no findings.

### *Six key risk areas*

The department had findings on supply chain management, quality of the submitted financial statements and human resource management.

Supply chain management stayed the same since two entities continued to have material findings and one entity regressed from unqualified with no findings to unqualified with findings in supply chain management, procurement and contract management.

Effective steps were not taken to prevent irregular expenditure, resulting in non-compliance with section 38(1)(c)(ii) of the PFMA and TR 9.1.1.

Two of the four auditees who produced performance reports had no findings. Castle Control Board had no performance report in 2011-12 and in 2012-13 the reported information was not useful. The department had findings on reliability of performance information. Therefore there has been no progress with decreasing the number of auditees with findings.

Only one of the six auditees had findings on HR management. This was an improvement from the prior year as three auditees had findings in the prior year. Applications of newly appointed employees were not verified.

Quality of submitted financial statements stayed the same as two auditees continued to have findings on the quality of financial statements.

The South African National Defence Force Fund is not subject to the PFMA and therefore predetermined objectives and internal audit are not legal requirements.

IT environments within the portfolio had issues of concern around user account management and IT security. These deficiencies in controls were generally due to a lack of alignment of controls with IT procedures and policies.

### *Key controls and root causes*

The improvement in the key controls was caused by the effective actions taken by management to improve the leadership controls and financial and performance management controls of the individual entities. However, it must be noted that a significant number of auditees still had key control deficiencies.

Governance remained a concern as the internal audit component has not yet been capacitated and therefore cannot effectively support the audit committee.

Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Adequate policies and procedures
- Adequate checks and balances, thereby strengthening transaction controls
- Monitor and review compliance with legislation

The accounting officer should address the root causes of poor audit outcomes and inadequate controls as follows:

- Implement adequate policies and procedures throughout
- Implement adequate checks and balances, thereby strengthening transaction controls
- Implement procedures and practices to monitor and review compliance with legislation

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by appointing an effective internal audit unit, thereby empowering the audit committee.

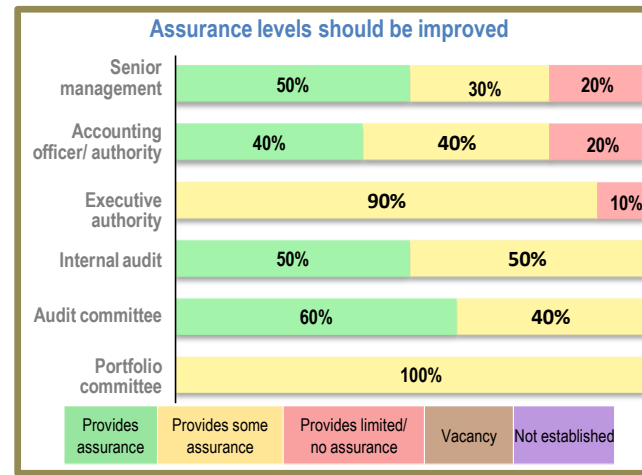
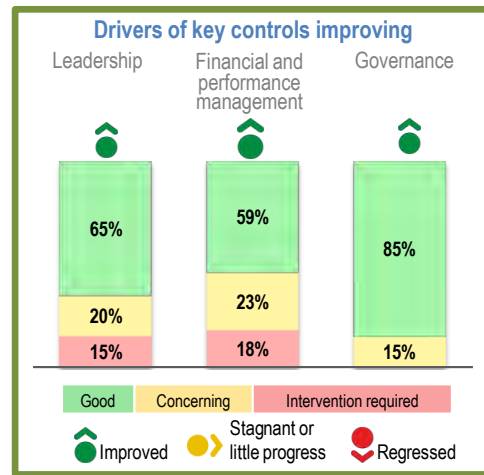
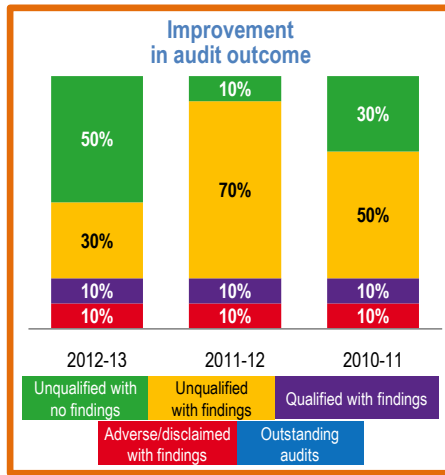
We met with the minister three times in the past year and these interactions had some impact on the audit outcomes. The reason for our assessment is that significant changes were made to the financial statements of both the 2011-12 and 2012-13 financial years.

The following new commitments were also made:

- To ensure that IT-related audit findings are addressed
- To fill key internal audit positions
- To provide a schedule of future meeting dates with the AGSA

The assurance provided through the oversight of the portfolio committee should be improved.

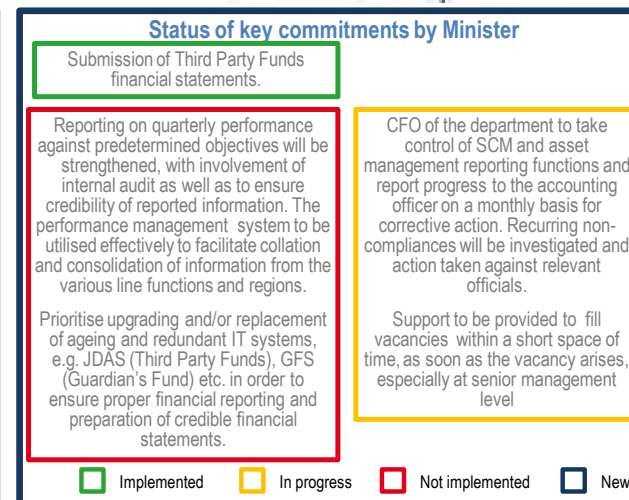
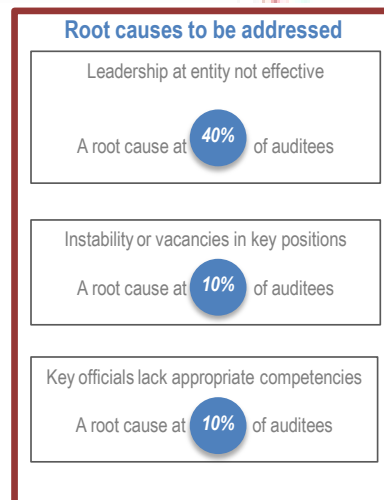
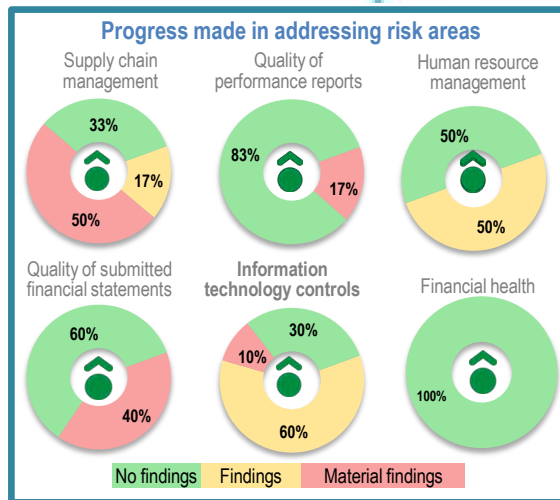
# Vote 24: Justice and Constitutional Development (including Public Protector South Africa [PPSA] and South African Human Rights Commission [SAHRC] which are constitutional entities)



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.





## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ **Criminal Assets Recovery Account (CARA)** ■ **Department of Justice and Constitutional Development (DoJ&CD)** ■ **Guardian's Fund (GF)** ■ **Legal Aid South Africa (LASA)** ■ **National Prosecuting Authority (NPA)** ■ **President's Fund (PF)** ■ **Special Investigating Unit (SIU)** ■ **Third Party Funds (TPF)**

### *Significant movement in audit outcome*

The improvement in the audit outcome of the portfolio was as a result of the DoJ&CD submitting financial statements for the TPF timeously in order to address the qualification matters affecting various line items on the financial statements of the department relating to the TPF, LASA addressing the non-compliance finding with SCM prescripts, the NPA addressing numerous non-compliance findings from the previous year, CARA and the GF addressing the non-compliance matter by improving the quality of the financial statements submitted for auditing.

### *Six key risk areas*

Progress has been made with addressing the key risk areas, most notably in the areas of IT controls and human resource management by the DoJ&CD and the quality of the financial statements submitted by CARA, the GF, LASA, the NPA and the PF. Management should prioritise the governance and coordination of the Integrated Justice System (IJS) project, which has not been finalised and rolled out although it was launched in 1999 and an estimated R2,3 billion has been spent on the project to date. Although the quality of the annual performance reports has improved, the SIU should focus on the consistency of the performance information to address the material findings on the usefulness of its performance report. The audit outcome of the TPF remains unchanged, however, financial statements were submitted timeously. Although no auditees had more than two of the indicators we focused on in our financial health analyses, the DoJ&CD and the NPA will use a small portion of the next year's budget as a result of accruals outstanding for longer than 30 days at year-end. The status of supply chain and expenditure management remains unsatisfactory, mostly as a result of auditees not complying with the requirement to obtain three quotations and the accounting officer/authorities not taking effective steps to prevent irregular and/or fruitless and wasteful expenditure by the DoJ&CD and the SIU. Effective and appropriate disciplinary steps were not taken against officials who made and/or permitted irregular expenditure at the DoJ&CD.

## *Key controls and root causes*

The improvement in the key controls was as a result of the DoJ&CD addressing the weaknesses in governance controls and improved key controls in the areas of leadership, financial and performance management at CARA, the DoJ&CD, the GF, LASA and the NPA.

Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Adequate oversight by accounting officer/authorities and senior managers to ensure greater effectiveness in achieving clean audit outcomes
- Monitoring and reviewing compliance with legislation
- Effective in-year controls to facilitate preparation of accurate financial and performance reports

The accounting officer/authorities, senior managers and internal auditors should address the root causes of poor audit outcomes and inadequate controls as follows:

- Exercise effective leadership regarding financial reporting, performance reporting, compliance and related internal controls to ensure an improved audit outcome
- Annual and interim financial statements and quarterly performance reports should be extensively reviewed by management and internal audit prior to submission to the executive authority, audit committee and external auditors.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by implementing a review mechanism for financial and performance reporting at the level of leadership and senior management as well as prevention of irregular expenditure due to SCM non-compliance and for implementation of detailed action plans to resolve all internal and external audit findings. Greater involvement is also required from internal audit in the area of performance against predetermined objectives to ensure that critical findings are addressed by management prior to the commencement of external audit in this area.

We met with the minister twice in the past year and these interactions had a significant impact on the audit outcomes. The reason for our assessment is the overall improved audit outcomes. This assessment, the impact of the minister on

the controls of the auditees, as well as the status and impact of the commitments, contributed to the assessed assurance provided by the minister.

The assurance provided through the oversight of the portfolio committee should be improved. The committee committed to fully implement the previous year's commitments to request entities to compile monthly financial statements, ensure accuracy of financial statements submitted for auditing after having being reviewed by senior management and those charged with governance, track progress of the implementation of action plans by auditees and monitoring of key controls on a quarterly basis with specific focus on compliance with SCM regulations. No new commitments were made.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

We do not audit the following entity included in the portfolio of the minister:

- South African Board for Sheriffs

### *Constitutional Institutions audited by the Auditor-General of South Africa*

- Public Protector South Africa (PPSA) ■ South African Human Rights Commission (SAHRC)

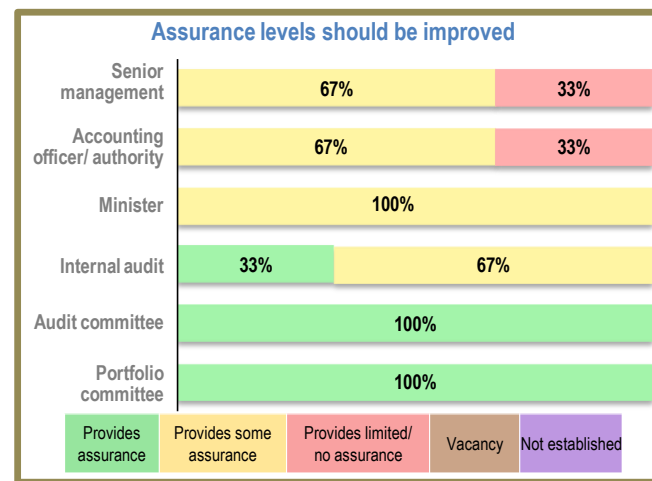
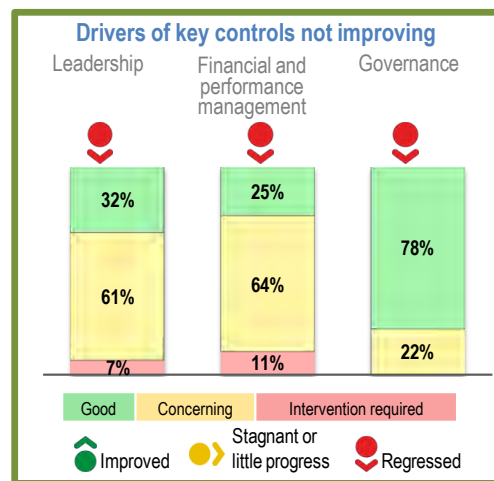
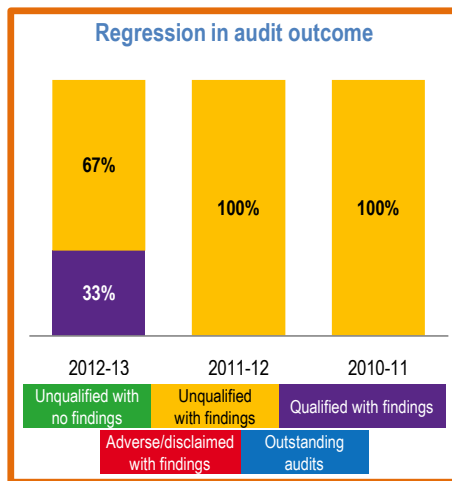
The outcome for the PPSA remained unqualified with non-compliance findings while the SAHRC regressed to a qualified audit opinion with non-compliance findings.

The regression in the SAHRC was due to a qualification which relates to misstatements identified in the areas of accounts payable and property, plant and equipment. Controls over accounting system changes and in-year financial controls implemented by management were ineffective. Controls relating to the correctness of the fixed assets register, correct capturing of transactions and key reconciliations were inadequate.

The key challenge for the movement of audit outcomes towards clean administration remains primarily in the areas of submission of financial statements which are free from material misstatements and compliance with SCM prescripts. The Public Protector and the chairperson of the commission should focus on improving the key controls which impact on these areas, including the requirement to prepare full monthly financial statements that are properly reviewed by those charged with governance. The audit outcome was unqualified with non-compliance with laws and regulations – unchanged from the previous year.



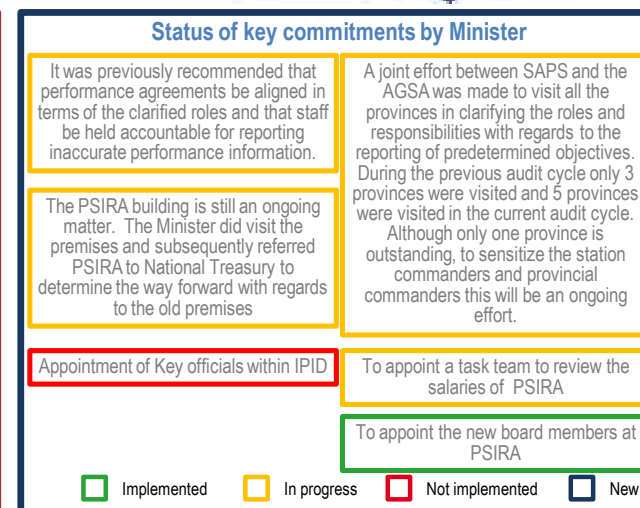
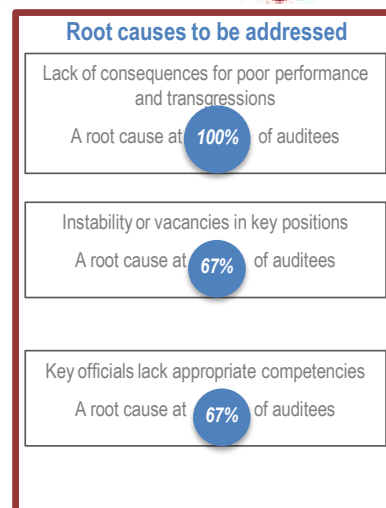
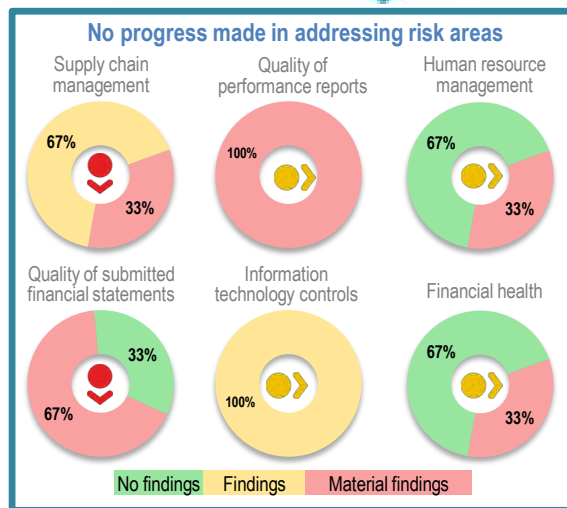
# Vote 25: Police (including Independent Police Investigative Directorate)



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Police (SAPS) ■ Independent Police Investigative Directorate (IPID) ■ Private Security Industry Regulatory Authority (PSIRA)

### *Significant movement in audit outcome*

The regression in the audit outcome of the portfolio was caused by inadequate consequences and skills at PSIRA, resulting in them not providing sufficient and appropriate audit evidence for the disclosure of unknown deposits in the financial statements.

### *Six key risk areas*

We noted a regression in respect of SCM as findings were reported at PSIRA, and the quality of financial statements submitted for auditing also regressed at IPID and PSIRA.

The IT *Governance framework for government* was designed and approved by the Cabinet for implementation. No information systems audit was conducted at PSIRA and therefore the IT assessment included SAPS and IPID only. As referred to in section 3.4 on information technology, SAPS initiated the procurement of a weapons system in 2004 at an estimated cost of R92 million. Four addendums have since been signed, totalling R342 million. The project is currently on hold due to a legal dispute with the vendor.

Reporting against performance information remained unsatisfactory at all three auditees, mostly as a result of ineffective leadership, resulting in objectives not being specific and measurable at IPID and PSIRA. SAPS implemented inadequate consequences because performance information was not monitored and reviewed for accuracy and completeness.

HR management remained unchanged as IPID has still not appointed key officials, including the accounting officer position. Financial health remained unchanged due to concerns at PSIRA's as a going as large amounts of bad debts are continuously being written off due to ineffective monitoring and a lack of financial skills.

## *Key controls and root causes*

The regression in the key controls was caused by a lack of consequences for not ensuring that checks and balances are implemented and monitored. Vacant positions were also not filled timeously.

All three auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Leadership – implement adequate systems/processes to support accurate and reliable financial and performance information.
- Financial and performance management – enhance the “checks and balances” during the year to ensure that all reconciliations are done on a daily/monthly basis
- Leadership – implement adequate systems/processes to focus on overall compliance with procurement processes

The accounting officers/accounting authority should address the root causes of poor audit outcomes and inadequate controls by doing the following:

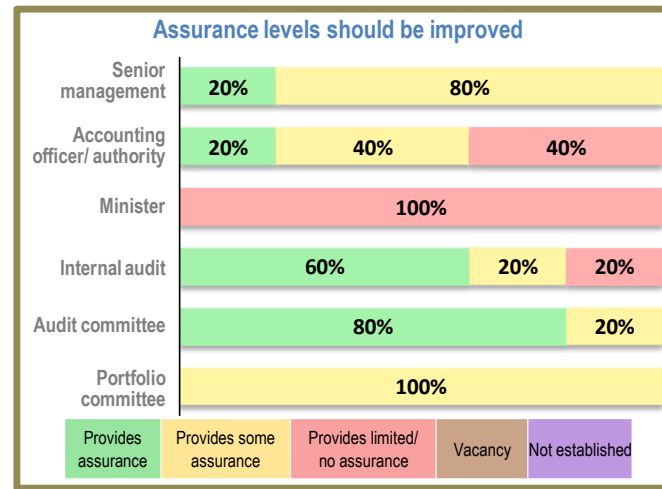
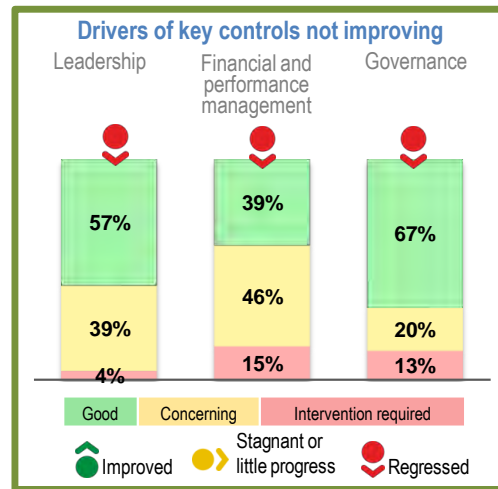
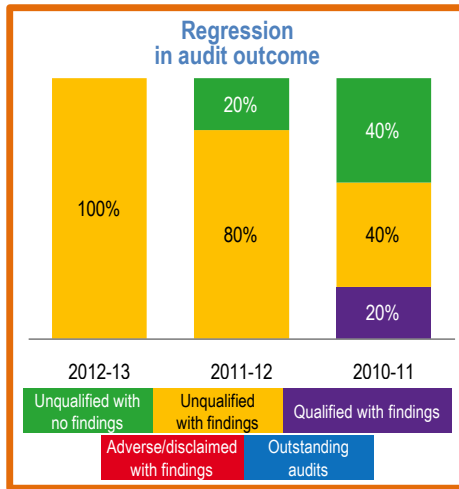
- Strengthening the controls (checks and balances)
- Providing training to key officials
- Holding individuals with poor performance accountable.

## *Impact of key role players on audit outcomes*

The assurance levels should be improved at the level of senior manager and accounting officer/accounting authority by ensuring that recommendations from audit findings are implemented.

We met with the minister eight times during the past year and these interactions had some impact on the audit outcomes. Some problems, for example the percentage error rate on the CAS dockets findings have decreased from 58% to 15% within SAPS.

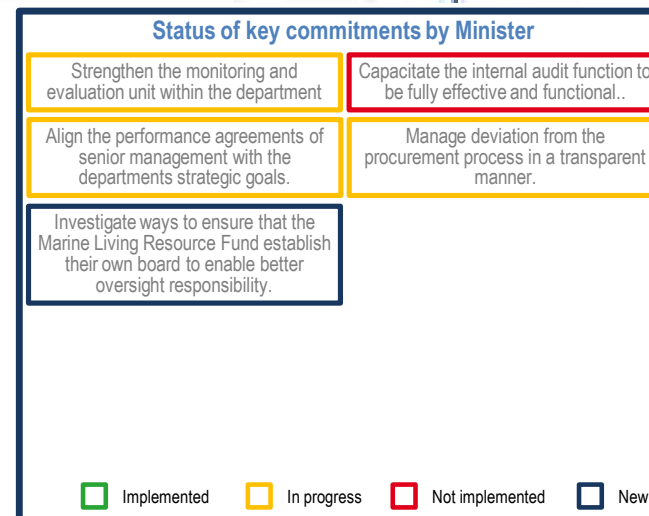
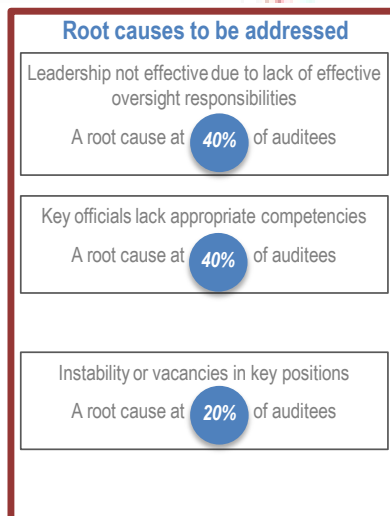
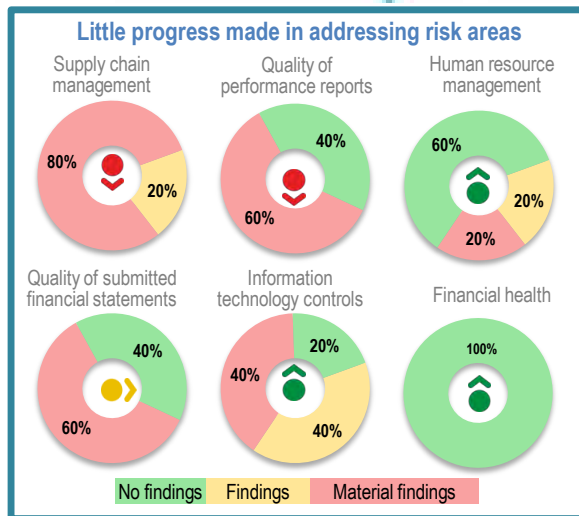
# Vote 26: Agriculture, Forestry and Fisheries



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Agriculture, Forestry and Fisheries (DAFF) ■ Agricultural Research Council (ARC) ■ Marine Living Resources Fund (MLRF) ■ National Agricultural Marketing Council (NAMC) ■ Onderstepoort Biological Products Limited (OBP)

### *Significant movement in audit outcome*

There was an overall regression in the portfolio due to the recurring challenges in compliance with laws and regulations and predetermined objectives areas.

### *Key risk areas*

While improvements were noted in the portfolio's IT environment, human resources management and financial health, there is still concern around:

- Compliance with laws and regulations relating to procurement
- Skills, policies and procedures in the department to guide the reporting on predetermined objectives are not adequate. Poor budgeting processes and failure to set achievable indicators and targets should also be addressed
- Repeat findings on material adjustments to financial statements
- The instability in the position of director-general as well as the availability of the acting director-general. Capacity and instability in the internal audit
- Design and implementation of IT security and user access controls.

### *Key controls and root causes*

The regression in key controls at NAMC and MLRF was as a result of ineffective leadership in the following areas.

Lack of monitoring and evaluation by senior management of the quarterly reporting, as well as inadequate skills and procedures, resulted in material adjustments made to annual performance reports and financial statements across the portfolio. Another root cause is the slow responses to the audit recommendations and lack of skills at the regional offices.

Leadership of the department and entities should take ownership of the process of reporting and compliance by:

- ensuring that daily checks and balances are in place that will result in credible monthly reporting on financial statements, including disclosure notes, and predetermined objectives
- continuously monitoring compliance with laws and regulations
- continuous monitoring of implementation of action plans to address internal control deficiencies.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring stability and accessibility of the accounting officer. The internal audit function must be capacitated to be fully effective and functional to assist the audit committee to fulfil its duties and to direct the work of the committee towards evaluating performance information.

We met with the minister twice after the end of the financial year, where the portfolio key controls were discussed and commitments were made. Some progress has been made with some of the commitments, but the impact has been limited partly due to a lack of follow through and instability in the accounting officer position. Commitments should be fulfilled in order to receive clean audit outcomes in the next financial year.

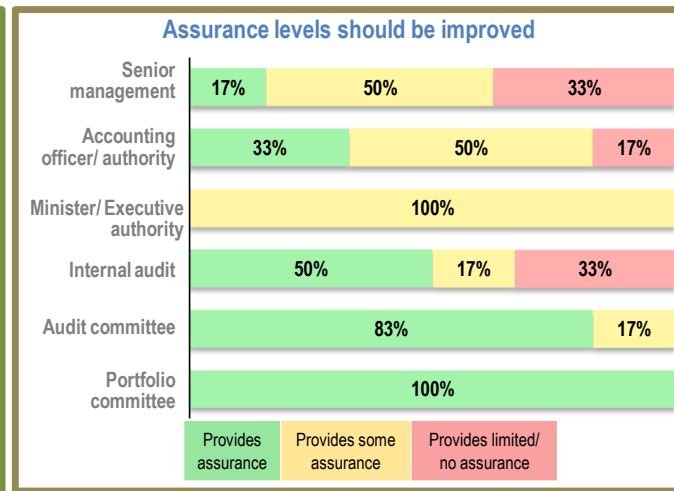
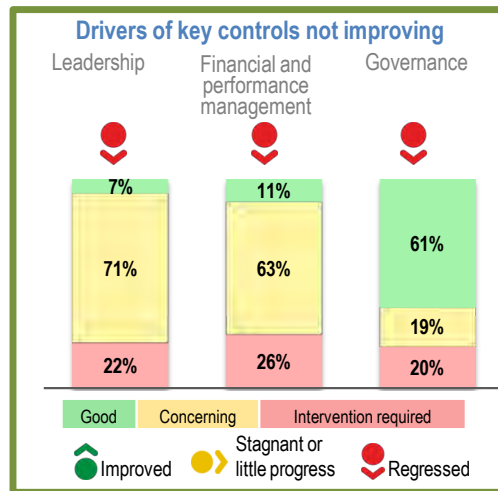
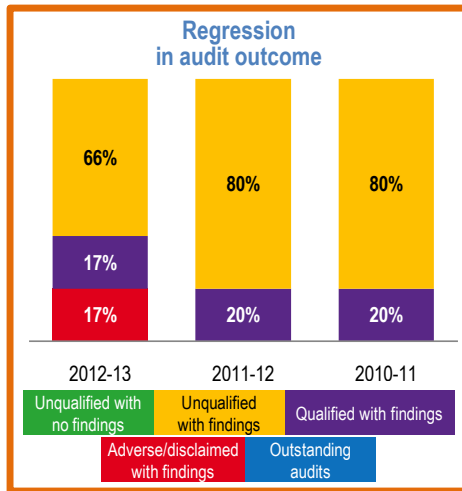
The assurance provided through the oversight of the portfolio committee should be improved to ensure that the portfolio moves towards clean administration. New commitments have not yet been agreed with the committee and all commitments made in the prior year were not fully addressed and are therefore carried over to the following year.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

■ Perishable Products Export Control Board (PPECB) ■ Ncera Farms (Pty) Ltd.

Both audit outcomes remained the same as the prior year.

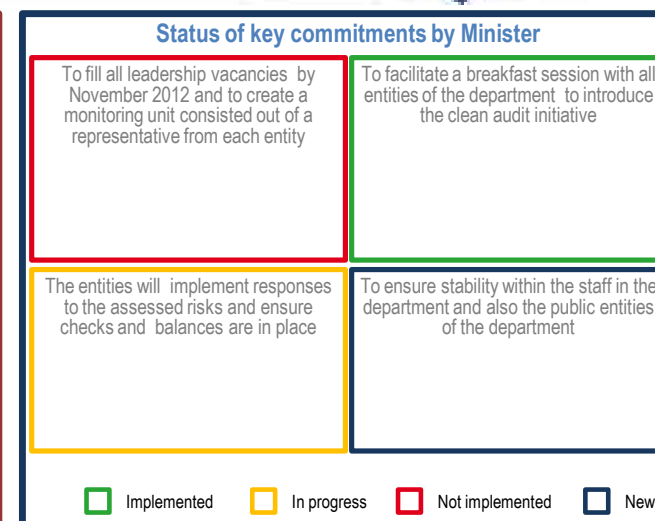
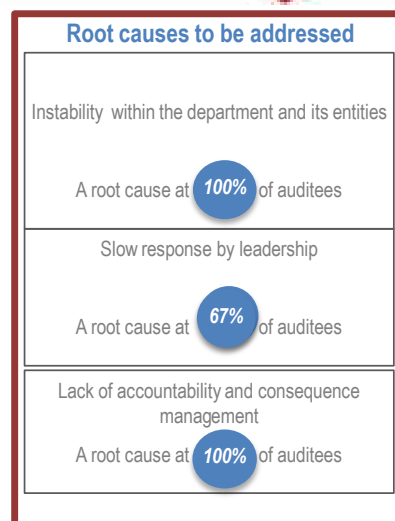
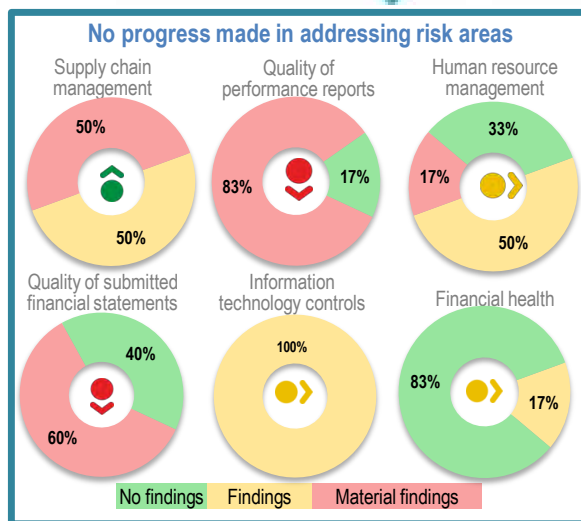
# Vote 27: Communications



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.





## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Communications ■ National Electronic Media of South Africa (NEMISA) ■ Universal Service and Access Agency of South Africa (USAASA) ■ Independent Communications Authority of South Africa (ICASA) ■ Universal Service and Access Fund (USAF) ■ South African Broadcasting Corporation (SABC)

### *Significant movement in audit outcome*

Overall, the portfolio's audit outcome regressed. This was as a result of the disclaimed opinion for the SABC and the qualified opinion for USAF. The regression can be attributed to leadership instability and a lack of consequences. The slow response by the executive to fill critical vacancies and a lack of technical accounting skills further contributed to the audit outcome for the SABC.

ICASA improved to financially unqualified with other matters as a result of the interventions by the council to obtain information that had not previously been available. This resulted in the audit report only being signed on 20 September which was after the cut-off date for inclusion in the overall general report, therefore ICASA is only included in this section and not in the rest of the report.

### *Six key risk areas*

Overall, the department made no progress in addressing the key risk areas. The department improved with no findings on SCM and no material corrections to the financial statements, however, they did not address the HR findings previously reported. Except for USAF the other entities had SCM findings, which resulted in one of the qualifications at the SABC. These entities also had to make material corrections to their financial statements.

IT controls are still a concern as most of the issues identified in the prior year had not yet been resolved at the end of the financial year. We performed an assessment of IT controls at only 50% of the auditees in the portfolio. Financial health findings were only raised at NEMISA. ICASA resolved their findings on AOPO with the SABC and the department who regressed after they did not have findings in the previous year; the remainder of the entities all had repeat findings.

## *Key controls and root causes*

The regression in the key controls for the portfolio was caused by leadership instability with slow response to fill critical vacancies, inadequate accountability and a lack of consequences. Auditees should strengthen the following controls:

- Monthly preparation of financial and performance information
- Checks and balances to review and confirm accuracy of information and compliance with laws and regulations

The executive authority, boards and senior management should address the root causes of poor audit outcomes and inadequate controls as follows:

- Human resources (skills) should be strengthened by filling key vacant positions.
- Senior officials should be held accountable for the responsibilities assigned to them.

### *Impact of key role players on audit outcomes*

The senior managers, accounting officer/authorities and the executive should improve on the assurance that is provided by implementing daily and monthly checks and balances. Findings raised by internal audit should be responded to timeously.

We met with the minister four times during the year and these interactions had some impact on the audit outcomes as a slight improvement was visible for some of the entities

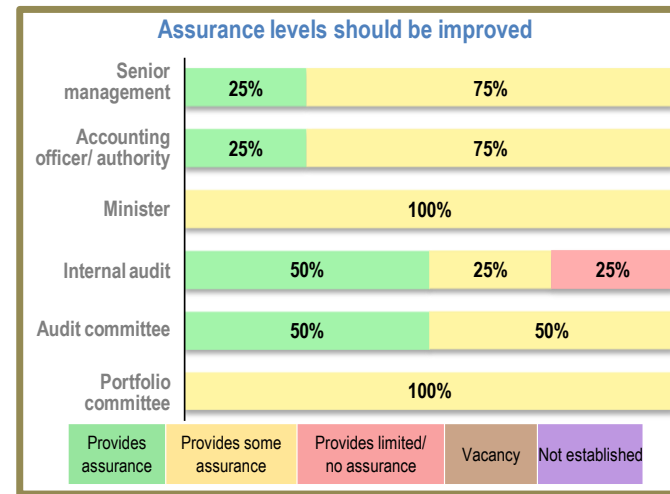
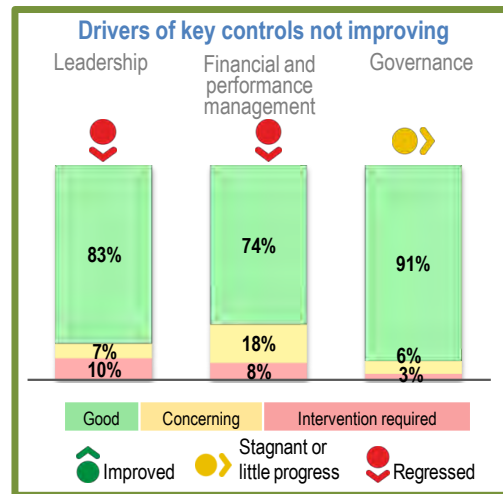
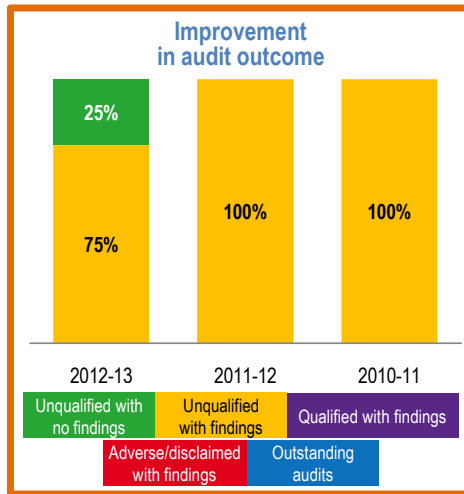
The department should maintain the assurance provided through the oversight of the portfolio committee.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

The overall audit outcomes for the entities were included in the portfolio of the minister, which are not audited by the AGSA improved.

SAPO remained unchanged on financially unqualified with compliance findings, while Sentech improved to financially unqualified with no other findings and Telkom maintained their clean status.

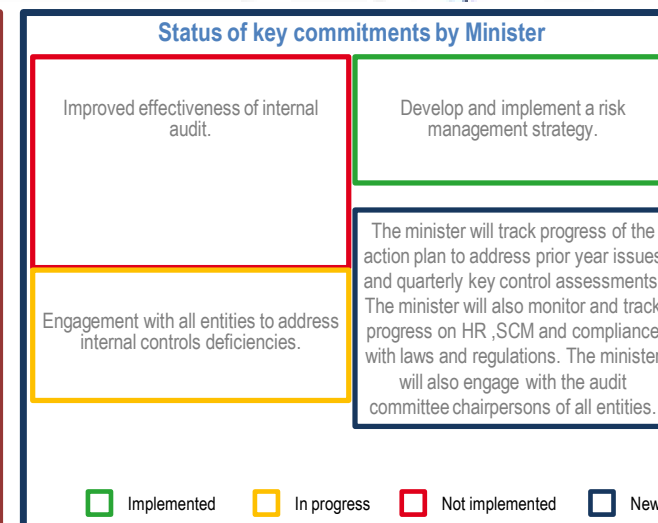
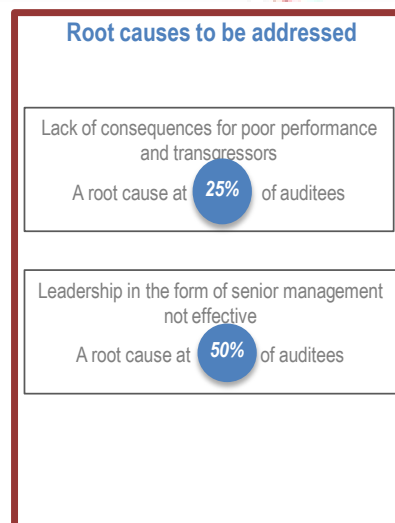
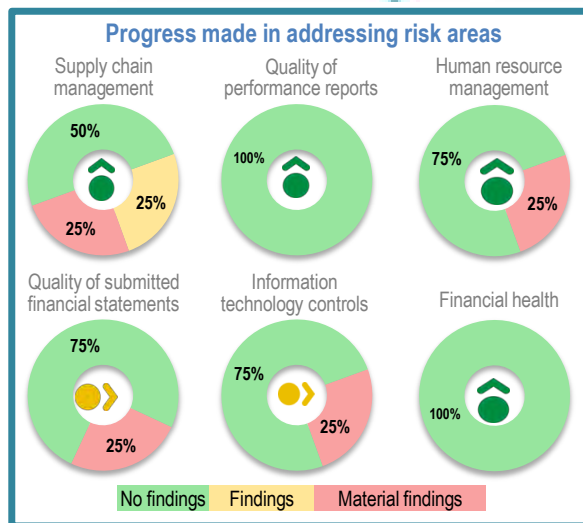
# Vote 28: Economic Development



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Competition Commission ■ Competition Tribunal ■ Economic Development Department ■ International Trade Administration Commission of South Africa (ITAC)

### *Significant movement in audit outcome*

There was one improvement in the audit outcome which related to the ITAC, which moved from financially unqualified with findings on compliance with laws and regulations and predetermined objectives to financially unqualified with no findings. The outcomes for the rest of the portfolio remained unchanged in the unqualified with findings on compliance with laws and regulations and predetermined objectives category.

### *Six key risk areas*

There are no common challenges in this portfolio with regard to the risk areas. Overall, there has been an improvement in supply chain management (ITAC and Competition Tribunal), quality of performance reports (ITAC) and information technology controls (Competition Tribunal). The department should focus on human resource management, specifically with regard to leave management and the certification of payroll and further focus should be placed on the submission of financial statements for auditing which are free from material misstatements. The status of SCM remains unsatisfactory at the Competition Commission mostly as a result of non-compliance with the requirements to obtain tax clearance certificates and three quotations. There were no concerns with regard to financial health.

### *Key controls and root causes*

The overall regression in key controls was due to the department and the Competition Commission not adequately monitoring action plans to resolve previously reported findings. The auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Rigorous reviewing and monitoring of action plans by the leadership and those charged with governance.

- Timely and regular preparation and review of financial statements.

The accounting officer/accounting authorities should address the root causes of poor audit outcomes and inadequate controls as follows:

- Development and implementation of a credible plan to address internal and external audit findings. The plan should address root causes and set out clear time frames and responsibilities. Progress should be monitored by the leadership and those charged with governance on a continuous basis and strict consequence management should be enforced.
- Implementation of appropriate compliance checklists to be reviewed by the leadership and those charged with governance. Implementation of daily and monthly controls to ensure complete and accurate financial statements. Disciplinary action should be initiated where necessary.

### *Impact of key role players on audit outcomes*

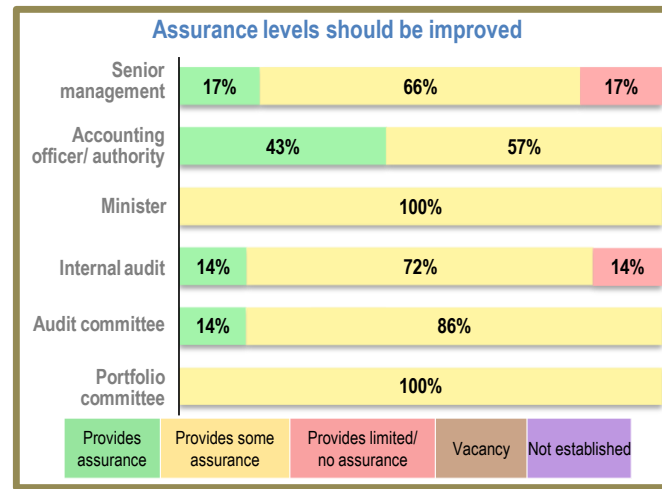
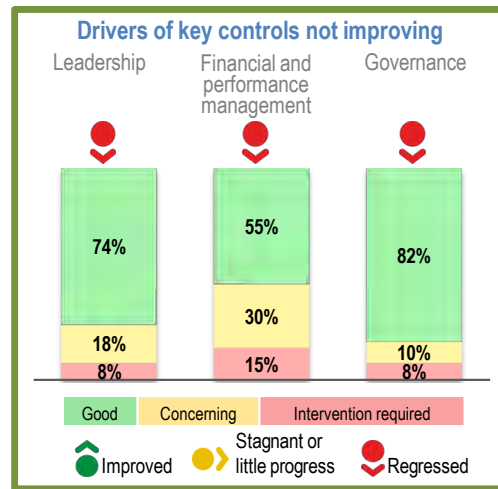
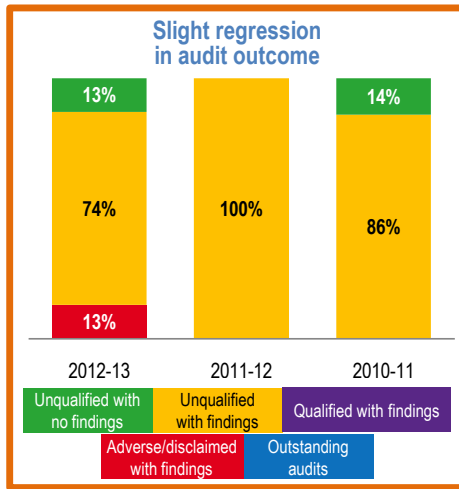
The assurance levels should be improved by the implementation and the monitoring of action plans to address the recommendations of the AGSA. We met with the minister twice in the past audit cycle and these interactions had some impact on the audit outcomes. Our assessment of the minister's assurance level is due to minimal improvement in the audit outcome. This assessment, the impact of the minister on the controls of the auditee as well as the status and impact of the commitments contributed to the assessed assurance level provided by the minister. The assurance provided through the oversight of the portfolio committee should be enhanced. The committee committed to fully implement the previous year's commitments which related to tracking progress over financial reporting, action plans and quarterly key control assessments. A new commitment was also made to track progress towards clean audits on a quarterly basis.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

We do not audit the following entities included in the portfolio of the minister:  
■ Industrial Development Corporation of SA (IDC) ■ Small Enterprise Finance Agency (SEFA)

The audit outcomes of the IDC remained the same. SEFA was established during the year. Both auditees had an unqualified opinion with no findings.

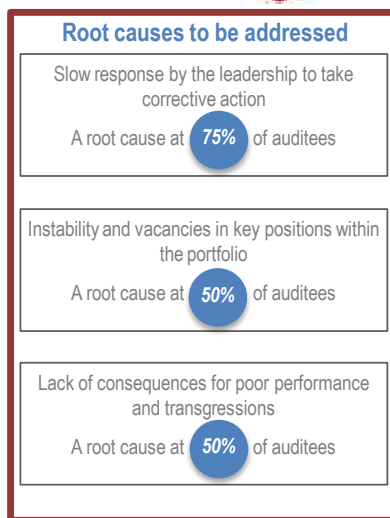
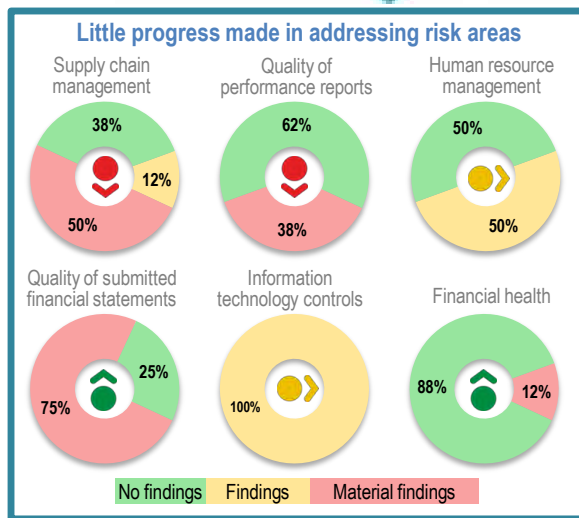
# Vote 29: Energy



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Energy (DOE) ■ CEF SOC Limited ■ Electricity Distribution Industry Holdings SOC Limited ■ Equalisation Fund ■ National Energy Regulator of South Africa (NERSA) ■ National Nuclear Regulator (NNR) ■ The South African Nuclear Energy Corporation SOC Limited (NECSA) ■ South African National Energy Development Institute (SANEDI)

### *Significant movement in audit outcome*

There was a slight regression in the portfolio due to one of the entities receiving an adverse audit opinion. Although one of its entities received a clean audit outcome, the department and most of its entities remained unchanged primarily because of findings on non-compliance with laws and regulations.

### *Key risk areas*

Although the department made progress in addressing the quality of submitted financial statements, the following areas still remained a concern at most auditees:

- Material misstatements in the financial statements identified during the audit
- Non-compliance with laws and regulations relating to procurement
- Inconsistencies between planned and reported performance information due to changes made to performance indicators that were not approved by the appropriate structures. These \*changes also contributed to more than 20% of targets not being achieved.
- Vacancy rate at senior management level. Furthermore, senior managers acted in positions for more than six months.
- IT environments within the portfolio around user account management and IT security due to a lack of alignment of controls with IT procedures and policies.

### *Key controls and root causes*

The slight regression in the key controls was caused by the vacancies in key positions and the lack of daily and monthly disciplines. The leadership of the entities does not ensure that decisions made are adequately implemented. Auditees in the portfolio should strengthen the following controls:

- Prepare monthly financial statements with all relevant disclosure notes and performance reports that are supported by reliable information
- Implement daily disciplines and monthly controls and monitoring to aid in the improvement of the quality of financial information
- Review and monitor compliance with applicable laws and regulations through the use of compliance checklists that must be signed off to ensure accountability

The leadership and senior management should address the root causes of poor audit outcomes and inadequate controls as follows:

- Establish clear lines of responsibility and accountability and take corrective action against poor performance and transgressions
- Ensure that the portfolio has adequate skills and resources to report appropriately and effectively in terms of financial and service delivery objectives
- Implement processes to ensure there are common understanding and implementation of the applicable accounting frameworks and standards

### *Impact of key role players on audit outcomes*

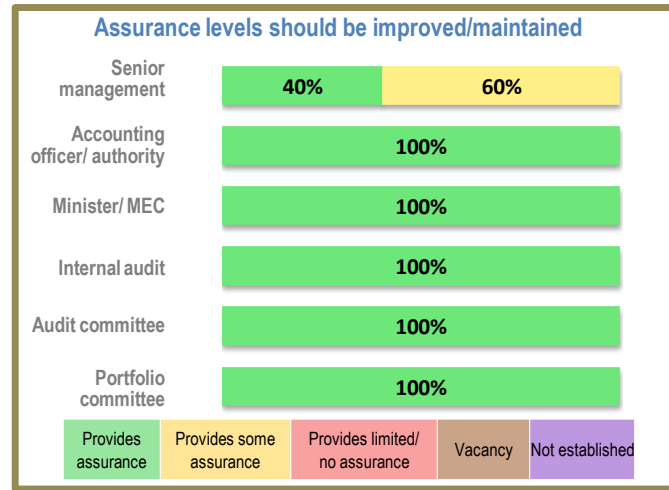
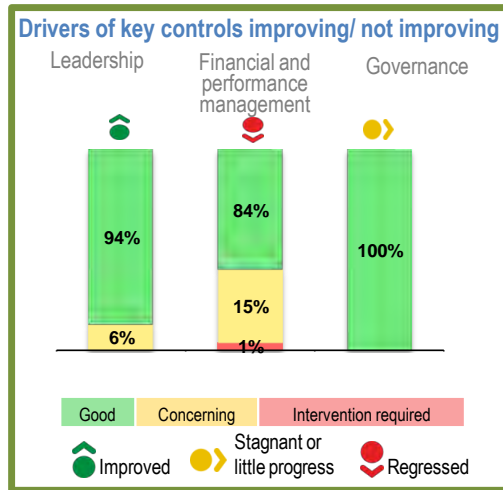
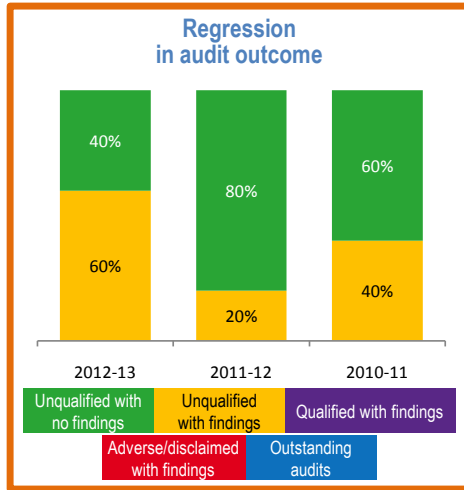
The assurance levels should be improved by ensuring stability at the level of accounting officer/authorities and senior management. The audit committee should direct the work of internal audit towards reviewing and evaluating financial and performance information as well as compliance with legislation.

We met with the former minister twice in the past year and these interactions had some impact on the audit outcome. The prior year commitments had not yet been implemented.

The assurance provided through the oversight of the portfolio committee should be improved. New commitments have not yet been agreed with the portfolio committee. The commitments made in the prior year were not fully implemented and are therefore carried over to this year:

- Improve on the role of internal audit and have the audit committee chairperson account to the portfolio committee
- Assist the DoE in obtaining additional funding to ensure that key positions can be filled to effect oversight of the roll out of the national infrastructure programmes relating to energy

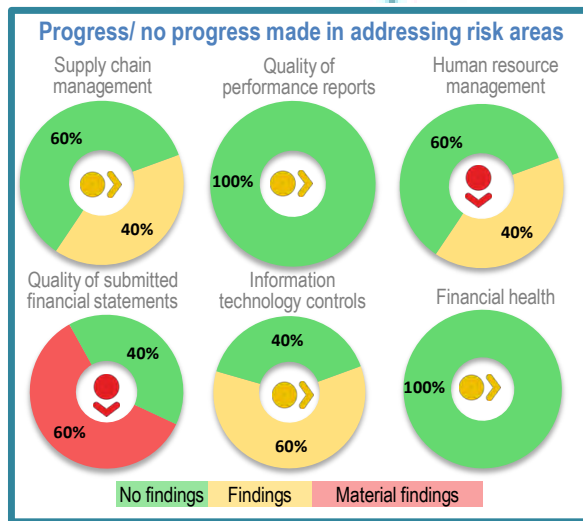
# Vote 30: Environmental Affairs



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



### Root causes to be addressed

Inadequate checks and balances in the preparation of regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.  
A root cause at **60%** of auditees

Lack of consequences for poor performance and transgressions as a repeat finding was noted in the quality of submitted financial statements.  
A root cause at **20%** of auditees

### Status of key commitments by Minister

A commitment was made to have the IT governance frameworks approved before 31 December 2012.

This commitment was honoured before 31 December 2012.

■ Implemented  
■ In progress  
■ Not implemented  
■ New

## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Environmental Affairs (DEA) ■ iSimangaliso Wetland Park  
■ South African National Biodiversity Institute (SANBI) ■ South African National Parks (SANParks) ■ South African Weather Service (SAWS)

### *Significant movement in audit outcome*

The regression in the audit outcome of the portfolio was caused by the DEA and the SAWS regressing from a clean audit opinion to a financially unqualified with findings audit opinion as a result of both auditees having to make material amendments to the annual financial statements.

### *Six key risk areas*

There was an overall regression due to inadequate reviews to ensure that financial statements are accurate. This resulted in material amendments made to the annual financial statements of the DEA, the SAWS and SANBI.

A lack of consequences resulted in no improvement in supply chain management. Five employees at the DEA had interests in various suppliers but did not obtain approval to perform additional remunerative work and SANBI incurred irregular expenditure after contravening SCM legislation.

Due to leadership involvement the portfolio did not have audit findings relating to predetermined objectives in the entire portfolio for the third consecutive year.

Human resource management regressed as SANParks and the SAWS did not hold staff accountable for not monitoring the appointment processes.

The leadership was ineffective in improving the IT control environment at the DEA, the SAWS and SANParks.

However, the IT governance framework was approved for the DEA and the SAWS and it will be implemented in a three-phased approach.

## *Key controls and root causes*

The regression in the key controls was caused by the DEA and the SAWS regressing in financial key controls. Auditees should create a control environment that supports reliable financial reporting by implementing the following:

- Controls over daily and monthly processing and reconciling of transactions

The chief financial officers should address the root causes of poor audit outcomes and inadequate controls as follows:

- A detailed review performed on the financial statements to ensure that amounts disclosed in the annual financial statements are accurate, complete and valid and agrees to the supporting audit evidence.

The accounting officer/accounting authority should address the root causes of poor audit outcomes and inadequate controls as follows:

- holding staff accountable for poor performance

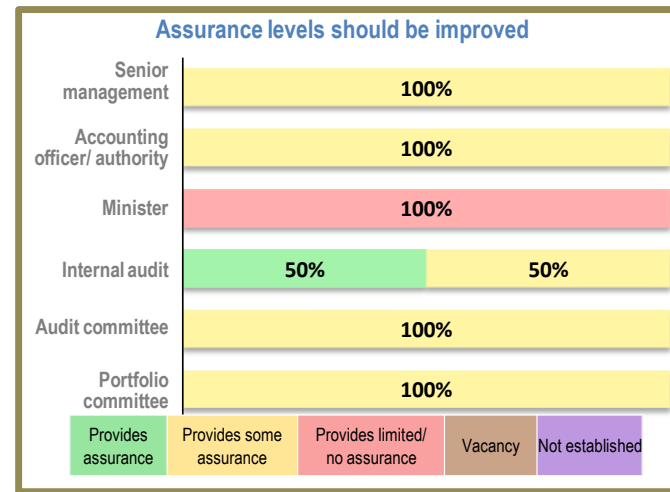
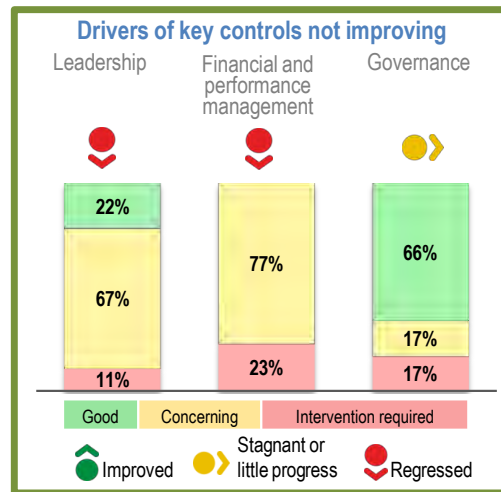
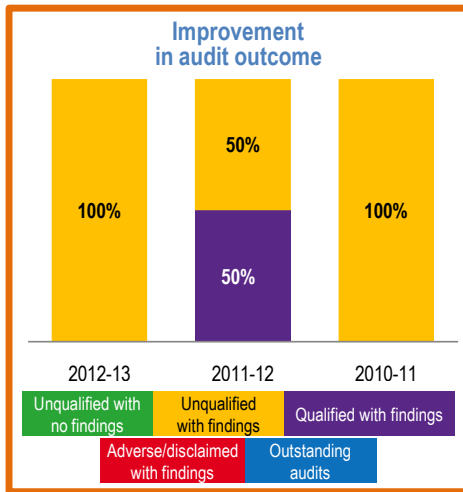
### *Impact of key role players on audit outcomes*

The assurance levels should be improved by the CFOs performing detailed reviews on financial statements prior to submission to ensure that they are free from material misstatements.

We met with the minister five times during the past year and these interactions had some impact on the audit outcomes as SANParks and iSimangaliso Wetland Park maintained their clean audit status. This assessment, the impact of the minister on the controls of the auditees as well as the status and impact of the commitments contributed to the assessed assurance provided by the minister.

The assurance provided through the oversight of the portfolio committee should be maintained. The committee committed to fully implement the previous year's commitments to obtain confirmation from the department and SANBI that an action plan is in place and is being monitored by the accounting officer/authority. No new commitments were made by the portfolio committee.

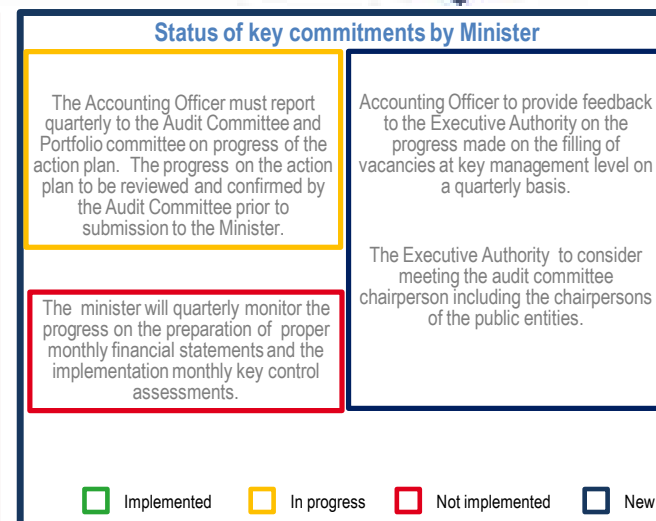
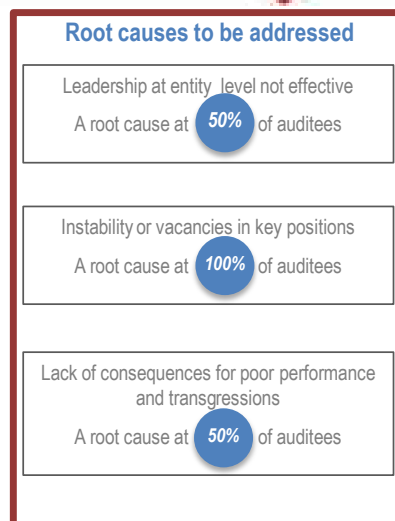
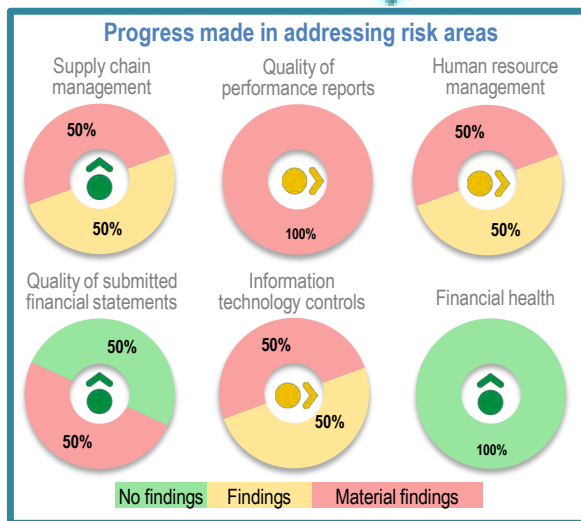
# Vote 31: Human Settlements



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments





## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ National Department of Human Settlements (NDHS) ■ National Home Builders Regulatory Council (NHBRC)

### *Significant movement in audit outcome*

Improved audit outcomes are as a result of the NHBRC implementing adequate controls to ensure the appropriate treatment of irregular expenditure.

### *Six key risk areas*

Although improvements have been noted in the SCM of the NDHS and the quality of submitted financial statements by the NHBRC, there is still concern around the following:

- Quality of performance reports at both entities.
- Delays were experienced in filling vacancies at senior management level and certifying the payroll by management of the NDHS.
- Prior year IT findings at the NDHS were not addressed.

### *Key controls and root causes*

The regression in the key controls at the NDHS was due to a failure to implement its audit action plan to address internal and external audit findings.

Improved key controls at the NHBRC were due to the appointment of the CEO and the establishment of the internal audit unit.

Management should strengthen the following controls to create a control environment that supports improved audit outcomes:

- Develop and monitor the implementation of action plans to address internal control deficiencies.
- Implement controls over daily and monthly processing and reconciling of transactions.
- Review and monitor compliance with applicable laws and regulations.

The leadership of the department and entity should address the root causes of poor audit outcomes and inadequate controls as follows:

- Progress on the implementation of the audit action plans must be reviewed by senior management and audit committees on a quarterly basis. The progress reports must also be submitted to the minister.

- The accounting officer must provide quarterly feedback to the minister on the progress made on the filling of vacancies at key management level.
- The NDHS must develop a system that will enable them to timeously verify the reliability of information from provincial departments and other entities within the portfolio reported on to improve the reliability of their performance reporting.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring stability at the level of senior management, monitoring the implementation of audit action plans to address internal and external audit findings, and improving the effectiveness of audit committees.

We met with the former minister twice in the financial cycle, where the portfolio's key controls were discussed and commitments were made. Most commitments were not implemented or were implemented late in the financial cycle, leading to a minimal impact on audit outcomes. We also met with the recently appointed minister to reinforce the commitments already obtained.

The assurance provided through the oversight of the portfolio committee should be improved. The committee provided the following commitments in the prior year which were reinforced in the current year:

- Request entities to compile monthly financial statements.
- Obtain confirmation from entities that financial statements have been reviewed by CFOs, accounting officers/authorities and audit committees prior to submission for auditing.
- Obtain confirmations from entities that audit action plans are in place and are being monitored by the accounting officer/authority to ensure resolution of audit findings.
- Obtain confirmation from chairpersons of audit committees that regular interactions are taking place between the chairpersons and executive authorities.
- Monitor quarterly key control dashboard reports of all entities with particular focus on compliance with laws and regulations and supply chain management.
- Internal audit can also assist in monitoring and tracking the implementation of the audit action plan and how the entities are resolving the external audit findings.

## *Entities included in the portfolio not audited by the Auditor-General of South Africa*

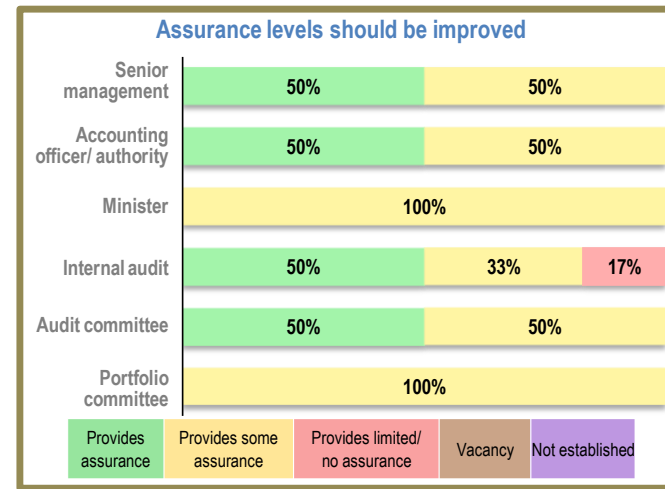
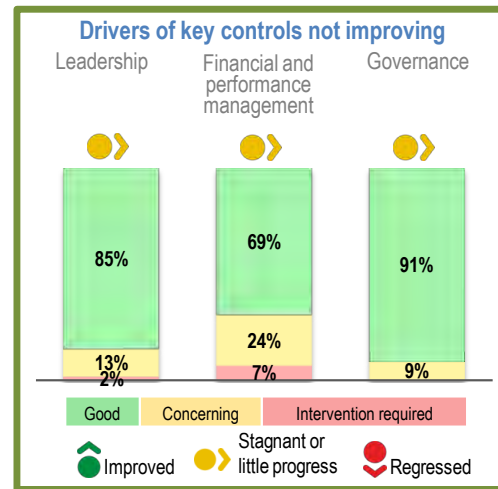
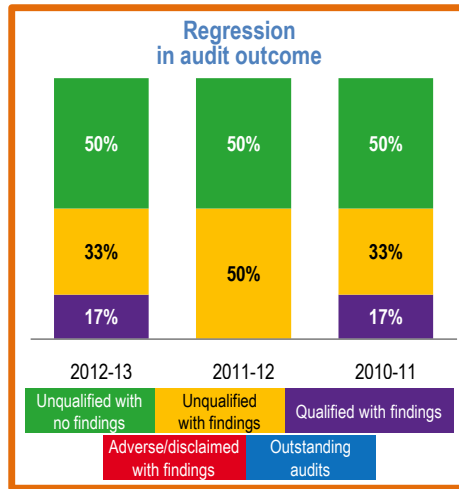
We do not audit the following entities included in the portfolio of the minister:

Estate Agency Affairs Board (transferred from the DTI portfolio) ■ Housing Development Agency ■ National Housing Finance Corporation Ltd ■ National Urban Reconstruction and Housing Agency ■ Rural Housing Loan Fund ■ Servcon Housing Solutions (Pty) Ltd ■ Social Housing Foundation ■ Social Housing Regulatory Authority ■ Thubelisha Homes

The audit outcomes of the entities in the portfolio not audited by the AGSA show no significant changes in audit opinion, as five (55%) of the nine auditees maintained an unqualified opinion with no findings.



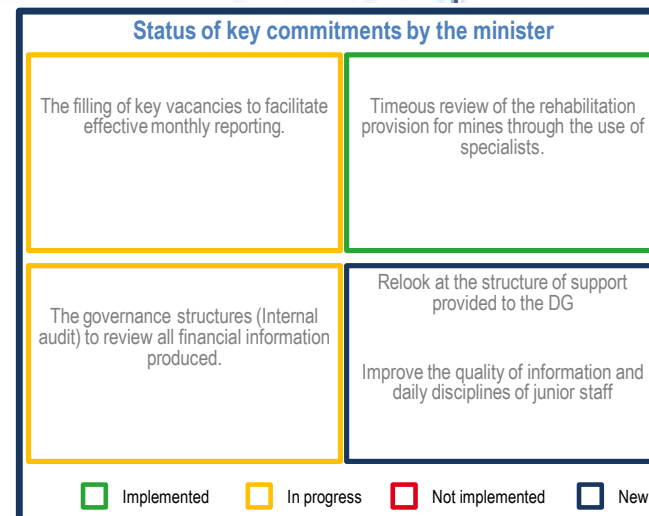
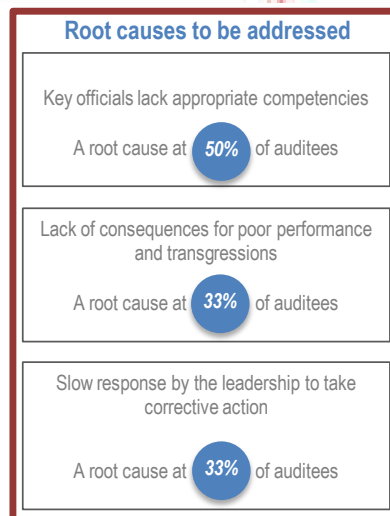
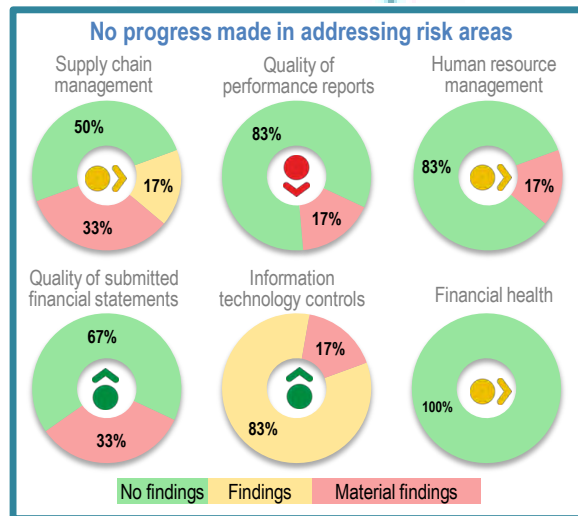
# Vote 32: Mineral Resources



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- Department on Mineral Resources ■ Council for Geoscience (CGS)
- Council for Mineral Technology (MINTeK) ■ Mine Health and Safety Council (MHSC) ■ South Africa Diamond and Precious Metals Regulator
- State Diamond Trader

### *Significant movement in audit outcome*

There was one regression in the portfolio due to the Department of Mineral Resources being qualified. The remaining entities remained unchanged with three entities receiving unqualified opinions with no findings and two receiving unqualified opinions with findings on non-compliance with laws and regulations and/or performance information.

### *Key risk areas*

While a slight improvement has been noted in the quality of submitted financial statements, the following areas remain a concern:

- Non-compliance with laws and regulations relating to procurement.
- Measurability of the performance information at the MHSC.
- Vacancies in senior management positions at the department.
- IT environments within the portfolio around user account management, IT security and IT service continuity. These control deficiencies were generally due to a lack of alignment of controls with IT procedures and policies and management oversight.

### *Key controls and root causes*

There has been no change in the key controls in the portfolio. Poor daily disciplines and inadequate review by senior officials remain the key contributors to the audit outcomes. Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Prepare monthly financial statements with all relevant disclosure notes and performance reports that are supported by reliable information.

- Implement daily disciplines and monthly controls and monitoring to aid in the improvement of the quality of financial information and compliance with laws and regulations.
- Establish and communicate policies and procedures to enable and support an understanding and execution of internal control objectives, processes and responsibilities.

The leadership and senior management should address the root causes of poor audit outcomes and inadequate controls as follows:

- Ensure that the portfolio has adequate skills and resources to report and monitor appropriately and effectively in terms of financial and service delivery.
- Establish clear lines of responsibility and accountability, and take corrective action against poor performance and transgressions.
- Implement processes to ensure that there is a common understanding and implementation of the applicable accounting frameworks and standards.

### *Impact of key role players on audit outcomes*

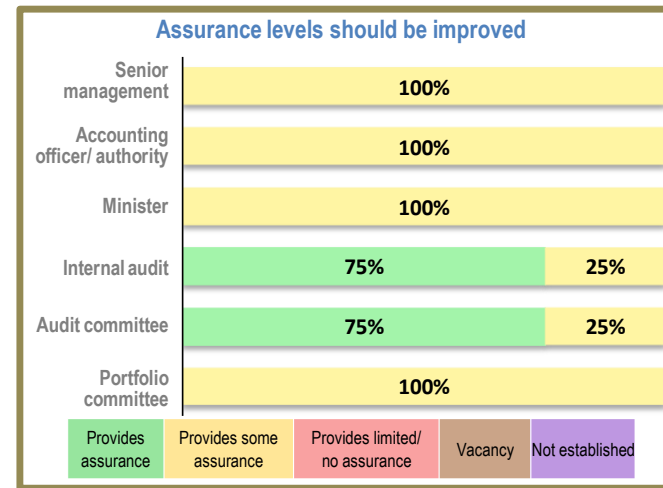
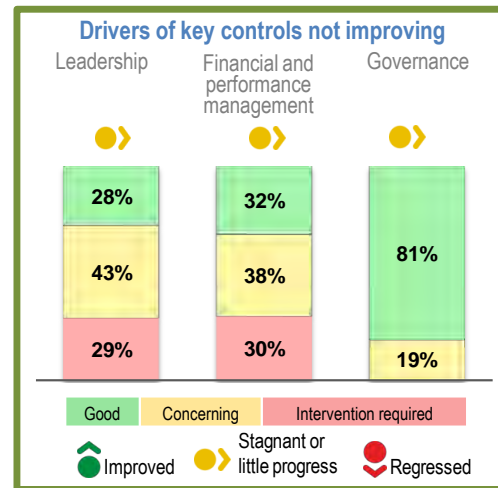
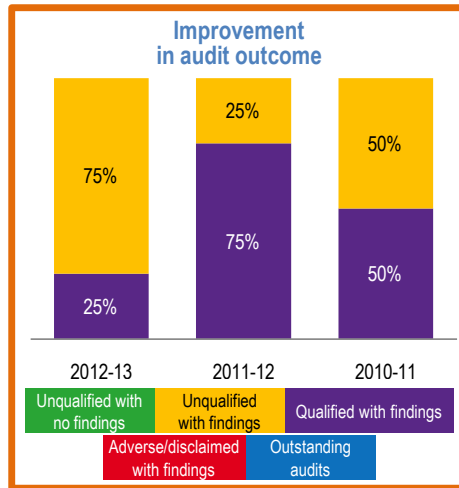
The assurance levels should be improved by ensuring stability at the level of senior management at the department. Internal audit and audit committees should implement an effective and consistent method of follow-up on actions taken to address audit findings relating to internal control weaknesses.

We met with the minister four times in the past year and these interactions had a minimal impact on the audit outcomes. The audit of the department was delayed at the request of the minister and not all commitments made were implemented.

The assurance provided through the oversight of the portfolio committee should be improved to ensure that the portfolio moves towards clean administration. New commitments have not yet been agreed with the portfolio committee. The commitments made in the prior year were not fully implemented and are therefore carried over to this year:

- Improve on the role of internal audit and have the audit committee chairperson account to the portfolio committee.
- Engage with the entities to reduce irregular as well as fruitless and wasteful expenditure.

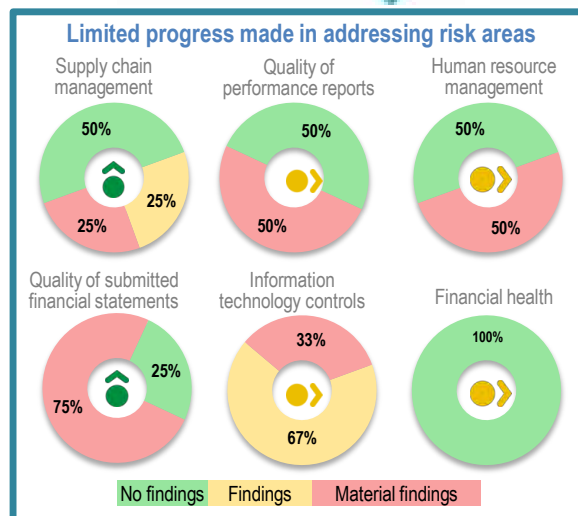
# Vote 33: Rural Development and Land Reform



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



### Root causes to be addressed

- Leadership not effective due to lack of oversight responsibilities  
A root cause at **100%** of auditees
- Instability or vacancies in key positions  
A root cause at **50%** of auditees

### Status of key commitments by Minister

Draft and implement new operational and financial policies to help the department to mitigate risks, detect and prevent irregularities and safeguarding assets and records.	Create a separate unit to focus on management information systems support.
Ensure that internal audit function is fully staffed.	Develop action plans to address weakness in system of internal controls and to give progress reports quarterly.
Enhance communication and management of information enabling enhanced decision making, performance reporting and the ability to meet strategic objectives efficiently and effectively.	Develop the strategic plans for 2011-2015 financial years using the new planning framework, ensuring that the department wide objectives are clearly defined, risks associated with each objective will be defined, and it will be controlled throughout the financial year.

□ Implemented □ In progress □ Not implemented □ New

## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- Department of Rural Development and Land Reform (DRDLR) ■ Agricultural Land Holding Account (ALHA) ■ Deeds Registration Account (Deeds)
- Ingonyama Trust Board (ITB)

### *Significant movement in audit outcome*

There has been some improvement in the outcome of the portfolio, as both the DRDLR and Deeds resolved their qualification areas from the prior year. This is due to management implementing action plans to address identified weaknesses in processes and controls, and the executive authority holding staff accountable for the implementation and monitoring of the action plans.

### *Key risk areas*

- The department still needs to develop and implement a process to survey and register all state land to ensure that it is accounted for by the relevant government department.
- Fair value accounting of immovable assets owned by the ITB as required in terms of SA GRAP is of concern considering the funding required for the valuation.
- The portfolio should implement appropriate daily/weekly and monthly checks and balances and also improve capacity in finance departments to ensure the quality of submitted financial statements and performance reports.
- Policies and procedures relevant to the current business operations should be developed, as well as IT controls critical to the success and achievement of the portfolio audit outcomes.
- Monitoring and evaluation of responsibilities relating to performance information and compliance with laws and regulations are still a concern, as is the alignment of performance contracts to the strategic plan of the department.

### *Key controls and root causes*

Little progress has been made in the key controls due to inadequate leadership intervention. Auditees should address the following root causes of poor audit outcomes to create a more effective control environment:

- Ineffective leadership
- Instability and vacancies in key positions

The executive authority, accounting officer and senior management should address the root causes of poor audit outcomes and strengthen inadequate controls as follows:

- Implement effective HR management processes.
- Implement daily controls to enable credible monthly financial reporting (including disclosure notes) and performance reporting.
- Continuously monitor compliance with laws and regulations.

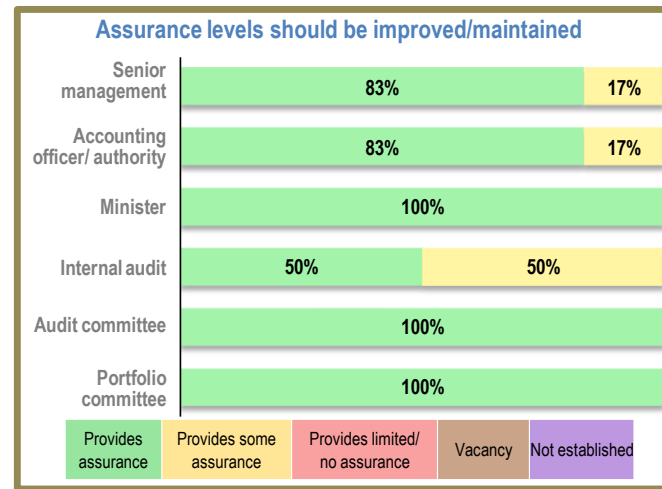
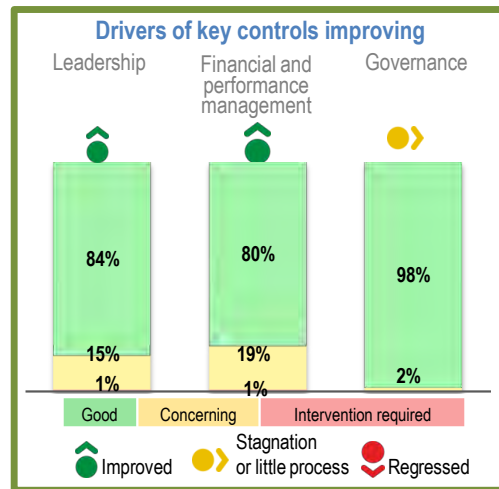
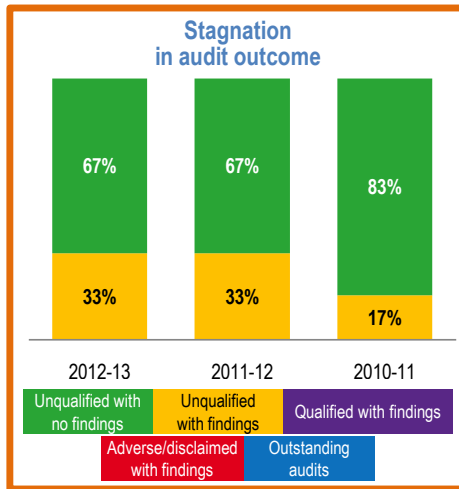
### *Impact of key role players on audit outcomes*

The assurance levels should be improved by implementing the recommendations of external and internal audit and directing the work of the audit committee towards evaluating compliance with laws and regulations and performance information.

We met with the minister twice in the past year and these interactions had some impact on the audit outcomes. The reason for our assessment is the improved audit outcomes; however, the department needs to be proactive in correcting the root causes that led to the audit findings and not only the findings reported during the prior years. The number of commitments made in the prior year that have not been fully implemented to date is cause for concern. Lack of follow-up on the status and impact of the commitments contributed to our assessment of the assurance level provided by the minister.

The assurance provided through the oversight of the portfolio committee needs improvement. New commitments have not yet been agreed with the portfolio committee. All commitments made in the prior year have not yet been fully addressed.

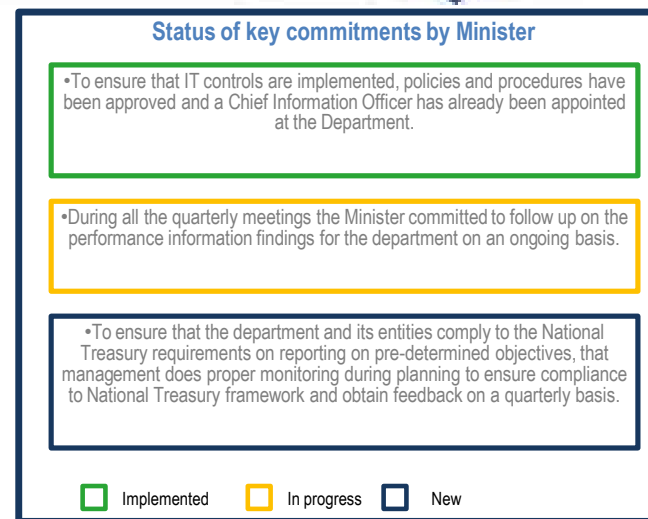
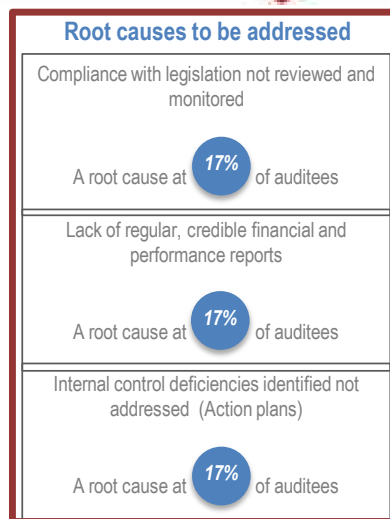
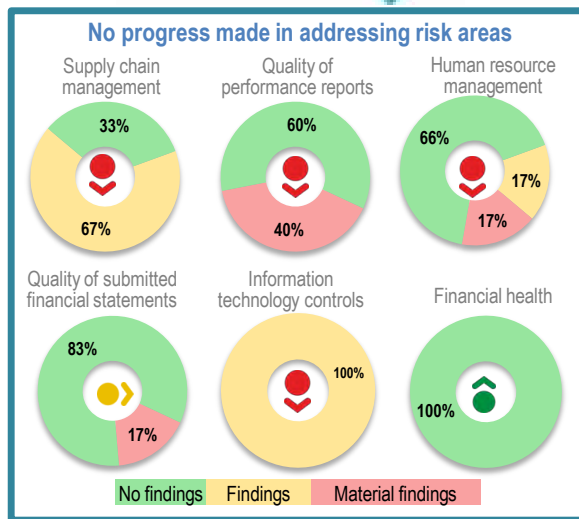
# Vote 34: Science and Technology



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.





## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- African Institute of SA (AISA) ■ Council for Scientific and Industrial Research (CSIR) ■ Department of Science and Technology (DST) ■ Human Science Research Council (HSRC) ■ National Research Foundation (NRF)
- Technology and Human Resources for Industry Programme (THRIP)

### *Significant movement in audit outcome*

The outcomes of the portfolio generally remained unchanged. The NRF, including the THRIP, the CSIR and the HSRC, received unqualified opinions with no findings on PDOs and non-compliance. The DST and AISA received unqualified opinions with findings on non-compliance and PDOs.

AISA recorded instances of non-compliance, as material adjustments were made to the annual financial statements submitted on 31 May 2013 and the performance targets were not specific and time bound. The DST managed to resolve its finding of the prior year on the usefulness of PDOs, but had new findings relating to the reported performance information not being reliable and non-compliance with laws and regulations regarding the compensation of employees as the verification process had not been followed for new appointments.

### *Six key risk areas*

The department made progress in addressing the key risk areas, most notably in the areas of financial health for all auditees because they had implemented previous year commitments.

Although five of the auditees submitted good quality financial statements, it remains a challenge for AISA to improve because they failed to implement action plans on the internal control deficiencies identified. HR management regressed for the portfolio due to the material finding on non-compliance, as the DST did not follow the verification process for new appointments, although the number of findings reduced across the portfolio.

The quality of performance reports remains unsatisfactory. AISA should focus on the measurability of the performance information to address the material findings on the usefulness of its performance report. The DST managed to implement action plans to address the risk relating to usefulness but had a finding on the reliability (validity and accuracy) of its performance information. There was a slight regression in the SCM focus area.

IT environments within this portfolio were well governed with minimal or no deficiencies. Areas of concern at AISA related to the implementation of controls for user account management, IT security and IT continuity. This was due to the lack of alignment of controls to the IT procedures and policies.

### *Key controls and root causes*

The improvement in the key controls was caused by all the auditees improving the leadership, financial and governance controls. The main areas of concern for the DST and its entities were the findings relating to PDOs. The department and its entities should focus on the following areas in the next financial year to ensure that its objectives are well defined, time bound and specific:

- Review and monitor compliance with legislation.
- Maintain regular, credible financial and performance reports.
- Implement action plans to address internal control deficiencies.

Senior management should address the root causes of poor audit outcomes and inadequate controls as follows:

- Effectively review and monitor compliance with legislation. Implement policies and procedures that address compliance with legislation relating to HR management.
- Implement procedures to ensure that regular financial and performance reports are maintained with reliable supporting documents.
- Institute measures to monitor implementation of action plans.

### *Impact of key role players on audit outcomes*

We met with the minister three times in the past year and in our opinion these interactions had a significant impact on the audit outcomes. Our opinion is based on the commitment of the minister, which is evident in the portfolio results.

In response to the audit outcomes, the minister and the chair of the portfolio committee committed to fully implement the previous year's commitments.

The following new commitments were also made:

- To ensure that the department and its entities comply with the National Treasury's requirements on reporting on PDOs.
- To ensure that management does proper monitoring during planning to ensure compliance with the National Treasury's framework and to obtain feedback on a quarterly basis.

The assurance provided through the oversight of the portfolio committee should be maintained. The commitments above were confirmed by the portfolio committee.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

We do not audit the following entities included in the portfolio of the minister:

■ Academy of Science of South Africa (ASSAF) ■ South African National Space Agency (SANSA) ■ Technology Innovation Agency (TIA)

The audit outcomes of these entities remained the same as in the previous year. The audit outcomes were as follows:

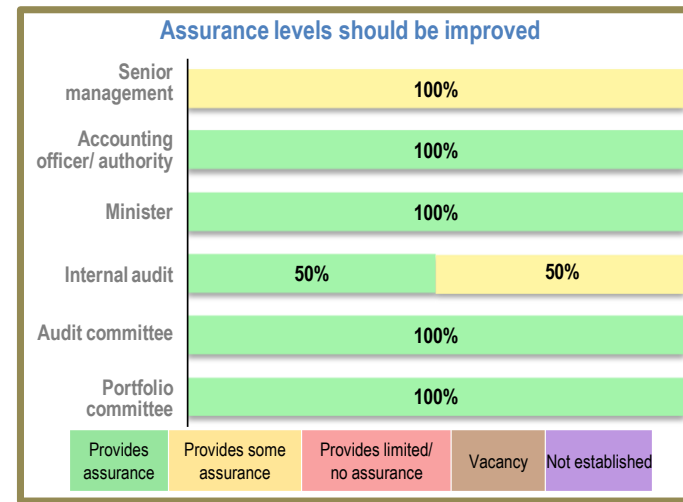
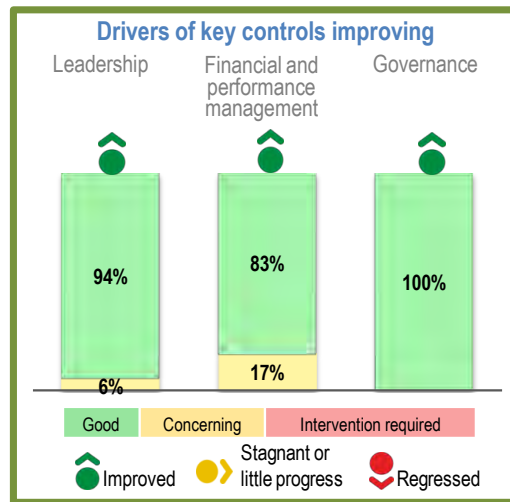
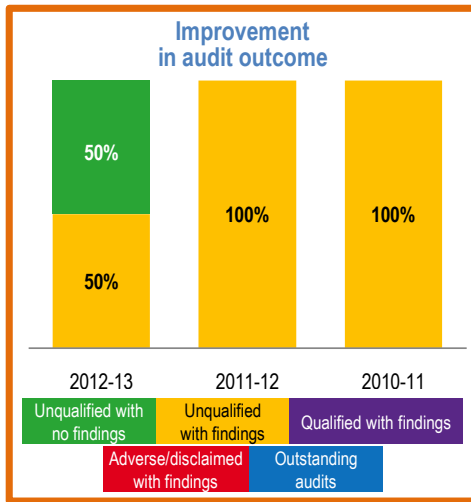
- One auditee (33%) had an unqualified opinion with no findings.
- Two auditees (67%) had an unqualified opinion with findings on PDOs.

SANSA and the TIA had findings on PDOs as indicators were not well defined.

There was an overall improvement in compliance with laws and regulations as a result of commitments from management.



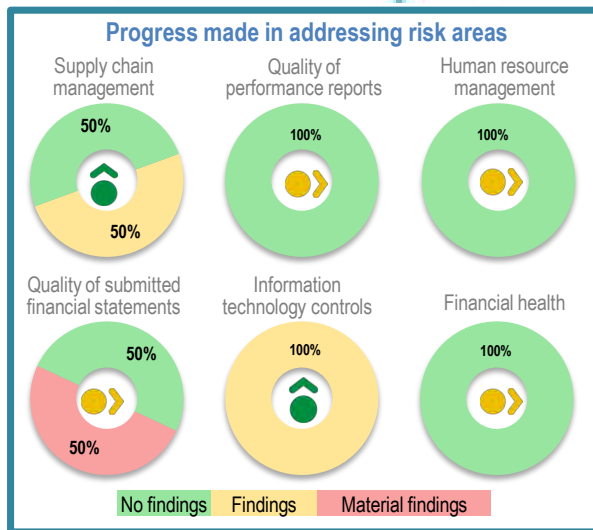
# Vote 35: Tourism



The current audit outcomes are the result of the attention given to the six key risk areas.

The drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



### Root causes to be addressed

Inadequate review of financial statements prior to submission for the audit.  
 Management's slow response in addressing asset register findings reported prior year.  
 A root cause at NDT

Management did not implement programme change controls, while security controls and user access were not formally documented.  
 \*Management procured goods from suppliers without valid tax clearance certificate and without obtaining three quotes.  
 A root cause at NDT and \*SAT

### Status of key commitments by Minister

■ Implemented ■ In progress ■ Not implemented ■ New

- The Minister committed to continued Quarterly interaction with AGSA and management NDT and SAT.
- The Minister committed to give priority to these engagements.
- The Minister will give more attention to the setting of performance targets and indicators for both the NDT and SAT.
- They will focus attention on the Expanded Public Works Programme projects as this is an area of concern.
- Implementation of controls to collect, monitor and reconcile information relevant for the preparation of disclosure notes.
- Structure of government in relation to the management of the Expanded Public Works Programme should be enhanced.
- SAT committed to giving feedback on the foreign currency impact on their operations.

## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Department of Tourism (NDT) ■ South African Tourism (SAT)

### *Significant movement in audit outcome*

The audit outcomes of the portfolio have improved compared to those of the prior year as a result of the SAT achieving an unqualified audit opinion with no findings (i.e. clean report).

The improvement in the audit outcome of the SAT is attributed to the leadership in the entity implementing the action plans of the prior year and delivering on the commitments provided through the quarterly key control.

The unchanged audit outcome of the NDT was due to material adjustments to the financial statements in respect of the disclosure notes (new non-compliance finding). However, the 2011-12 compliance findings related to non-compliance with the transfer payment requirements of the expanded public works programme (EPWP) that had been fully addressed by the director-general during 2012-13.

### *Six key risk areas*

Good progress has been made in addressing the key risk areas, most notably in the areas of IT (by both auditees) and the quality of the submitted financial statements (by the SAT). However, at the NDT monthly reconciliations need to be performed between the asset register(s) and the amount reflected in the financial system, and the supporting documentation needs to be reviewed for correctness to ensure that no material adjustments are made to the financial statements. The quality of the annual performance report and HR management remained the same for both auditees as sufficient controls were in place. Our financial health analysis of both auditees did not highlight any significant indicators that might have an impact on the financial status of the auditees. The status of SCM at the SAT improved during 2012-13, mainly as a result of the accounting authority taking steps against officials who did not comply with the SCM requirements.

### *Key controls and root causes*

Although the NDT addressed non-compliance issues reported in 2011-12, material adjustments were made to the financial statements in respect of the disclosure notes (new non-compliance finding) in 2012-13, mainly due to a lack of ownership and accountability and the inadequate review process.

The improvement in the key controls in the SAT was caused by continuity in the leadership who took ownership of the audit outcomes and implemented action plans to address previous years' findings.

Auditees should strengthen the following controls to create a sustainable control environment that supports reliable financial and performance reporting and compliance with legislation:

- Implement controls to collect, monitor and consolidate information required for the year-end disclosure notes and ensure that this information is supported by reliable evidence.
- Management should perform monthly reconciliations between the asset register(s) and the amount reflected in the financial system, and the supporting documentation needs to be reviewed for correctness.

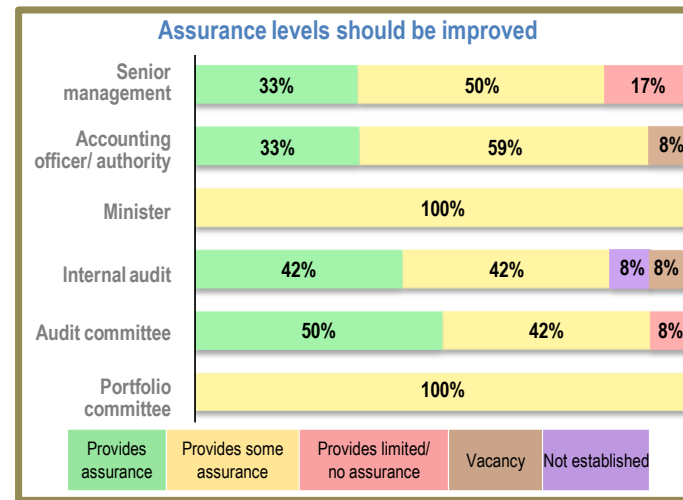
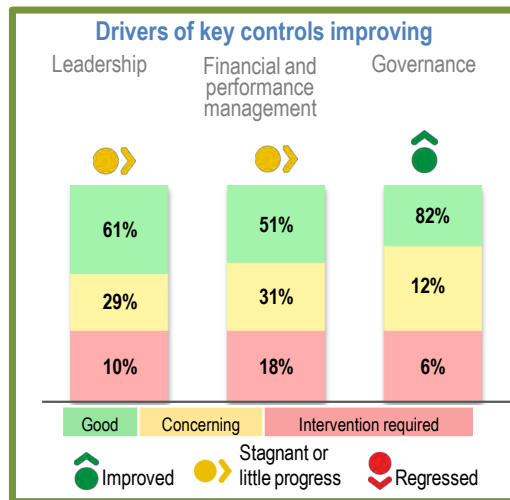
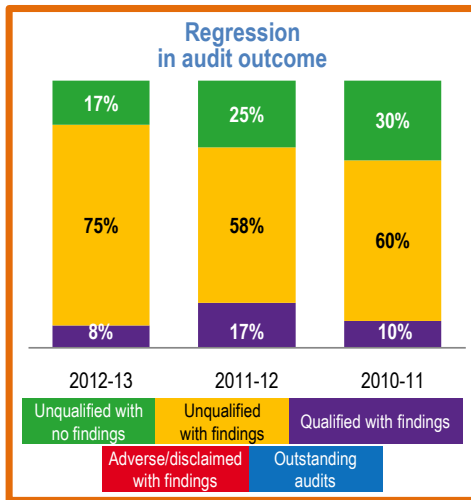
### *Impact of key role players on audit outcomes*

The assurance levels in respect of senior management at both auditees and the internal audit unit at the NDT should be improved. The SAT's senior management should focus on improving the accuracy and completeness of financial statements, SCM compliance and IT policies and procedures by implementing and monitoring action plans to address the remainder of all the insignificant internal and external audit findings relating to disclosure notes in the financial statements, as well as SCM compliance. The NDT's senior management and internal audit unit should review the annual financial statements, including the disclosure notes, before submitting them for audit purposes to ensure that the amounts are supported by schedules from the asset management system. Other assurance levels should be maintained by implementing and monitoring action plans to address all internal and external audit findings.

We met with the minister three times in the past year and these interactions had a significant impact on the audit outcomes. The minister is committed to clean administration and having clean audit reports for the auditees in this portfolio. This assessment, the impact of the minister on the controls of the auditees as well as the status and impact of the commitments contributed to the assessed assurance provided by the minister.

The assurance provided through the oversight of the portfolio committee should be maintained. The committee committed to fully implement the previous year's commitments.

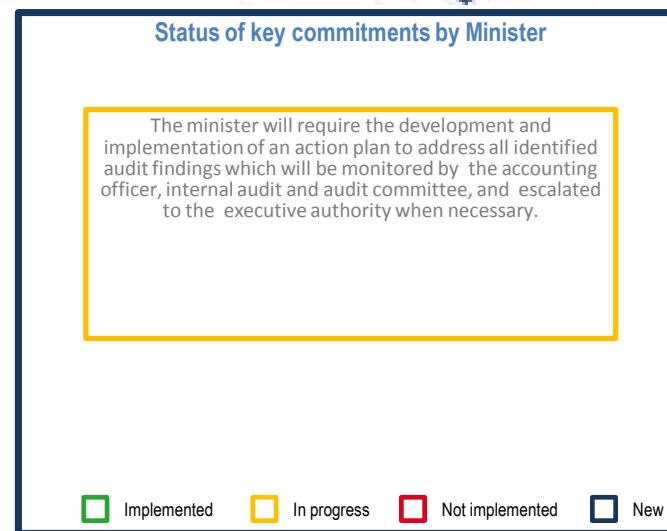
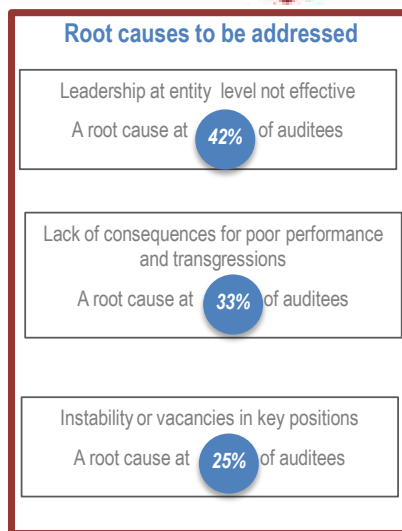
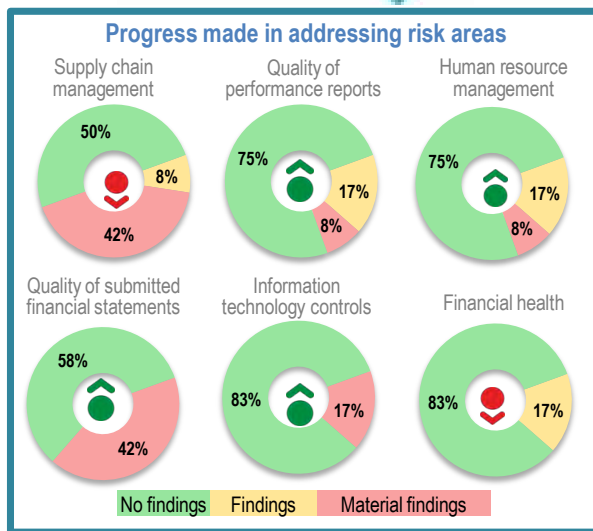
# Vote 36: Trade and Industry



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Companies Intellectual Property Commission (CIPC) ■ Companies Tribunal ■ Department of Trade and Industry (DTI) ■ National Consumer Commission (NCC) ■ National Consumer Tribunal (NCT) ■ National Credit Regulator (NCR) ■ National Gambling Board (NGB) ■ National Lotteries Board (NLB) ■ National Lottery Distribution Trust Fund (NLDTF) ■ National Regulator for Compulsory Specifications (NRCS) ■ Small Enterprise Development Agency (SEDA) ■ South African Bureau of Standards (SABS)

### *Significant movement in audit outcome*

The regression in the audit outcome of the portfolio was as a result of the outcomes of the NCC, the SEDA and the Companies Tribunal.

The audit outcome of the NCC moved from financially unqualified with findings on non-compliance with laws and regulations to a qualified audit opinion, as a result of a lack of sufficient and appropriate audit evidence for irregular expenditure and not correctly accounting for operating expenditure.

The audit outcome of the SEDA moved from a clean audit opinion to a financially unqualified opinion with findings on non-compliance with laws and regulations. The regression was due to non-compliance as a result of material adjustments made to the financial statements.

The audit outcome of the Companies Tribunal moved from a clean audit opinion to a financially unqualified opinion with findings on PDOs. The reason for the movement was that the Companies Tribunal only commenced operations during the year under review and required key controls and processes had not been fully implemented.

The audit opinions of the CIPC and the NRCS improved from qualified to financially unqualified with findings on non-compliance with laws and regulations and PDOs. The improvement was a direct result of management's drive to address technical accounting issues relating to the financial statements of the CIPC and an improvement in the controls relating to the revenue recognition of the NRCS.

The audit opinion of the NCT improved from financially unqualified with findings on PDOs to a clean audit opinion as a result of management addressing all prior year audit findings.

The audit outcomes of the rest of the portfolio remained unchanged. The department and other entities remained financially unqualified with findings on non-compliance with laws and regulations and/or PDOs. The SABS maintained a clean audit opinion with no reported findings.

## *Six key risk areas*

There were common challenges relating to SCM at six of the auditees within the DTI portfolio, specifically the DTI, the CIPC, the NCC, the NGB, the NLB and the NRCS.

Although there has been an improvement in the quality of performance reports and the quality of submitted financial statements, five auditees still faced challenges in several risk areas, specifically with regard to in-year monitoring of performance information and material adjustments to financial statements submitted for audit purposes. These entities should focus on submitting financial statements that are free from material misstatements, in-year monitoring of the quality of performance information, and adherence to SCM prescripts.

The status of performance reporting remained unsatisfactory at the CIPC and the Companies Tribunal as a result of insufficient audit evidence with regard to performance information to substantiate actual achievements.

### *Key controls and root causes*

The improvement in the key controls was attributed to the CIPC and the NRCS improving and addressing governance weaknesses. Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Adequate oversight by the leadership to ensure greater effectiveness of the control environment and monthly review processes.
- Preparation of regular, accurate and complete financial and performance reports supported and evidenced by reliable information.
- Monitoring and reviewing compliance with legislation.

The accounting officer/ authority and the chief financial officer should address the root causes of audit outcomes and inadequate controls as follows:

- Action plans to address external and internal audit findings should be implemented and monitored.
- Compliance with laws and regulations should be monitored and actions should be taken against transgressors.
- The leadership must exercise sufficient oversight responsibility in the areas of financial reporting and PDOs, and develop appropriate policies and procedures.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring the implementation and monitoring of action plans to address the recommendations of the AGSA and increase focus on the effectiveness of internal audit.

We met with the minister twice in the past year and these interactions had some impact on the audit outcomes. The reason for our assessment is that the clean audit opinions within the portfolio regressed. However, the audit opinions of some entities within the portfolio improved. The minister has established a forum for the chairpersons of the audit committees to focus and facilitate sharing of best practices that will improve audit outcomes.

The assurance provided through the oversight of the portfolio committee should be maintained. The committee is committed to fully implement the previous year's commitments, including management preparing monthly financial statements for the department and the entities.

The following new commitments were also made. The committee will:

- follow up with management on vacant positions and the competency of staff, especially in key management positions
- review the adequacy of policies to ensure that there is compliance with laws and regulations in this regard
- obtain representations from the CFO and the accounting officer on the status of compliance with SCM prescripts
- require the accounting officer to provide feedback to the portfolio committee on the progress made with the action plan to address audit findings as well the above focus areas
- encourage more DTI involvement in assisting entities to obtain clean audits.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

We do not audit the following entities included in the portfolio of the minister:

■ **Export Credit Insurance Corporation of South Africa** ■ **National Empowerment Fund (NEF)** ■ **National Metrology Institute of South Africa** ■ **South African National Accreditation System (SANAS)**

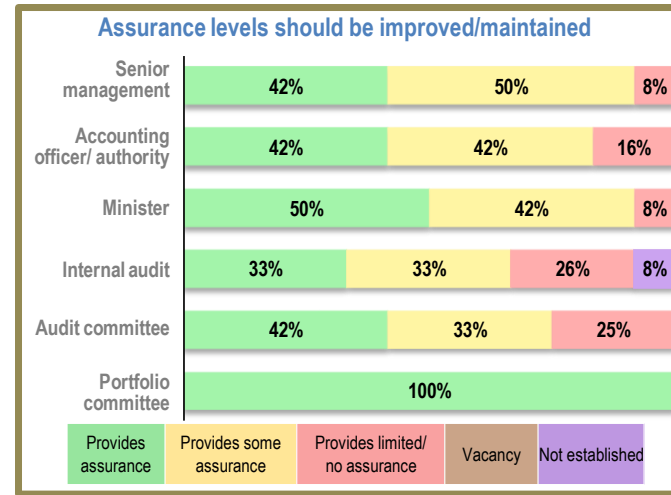
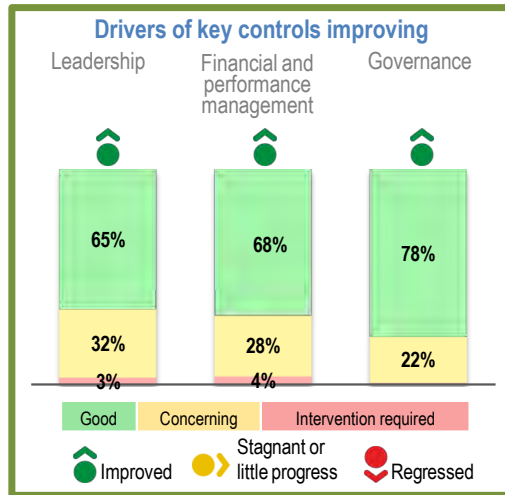
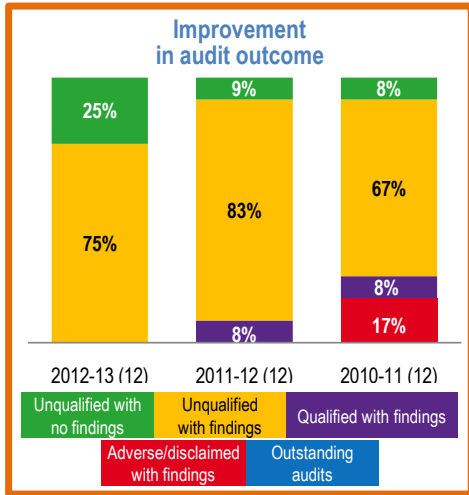
The audit outcomes of these entities have regressed from the previous year. The audit outcomes were as follows:

- Two auditees (50%) had an unqualified opinion with no findings – a regression from the three (75%) in the previous year. The regression was due to findings on non-compliance with laws and regulations at SANAS.





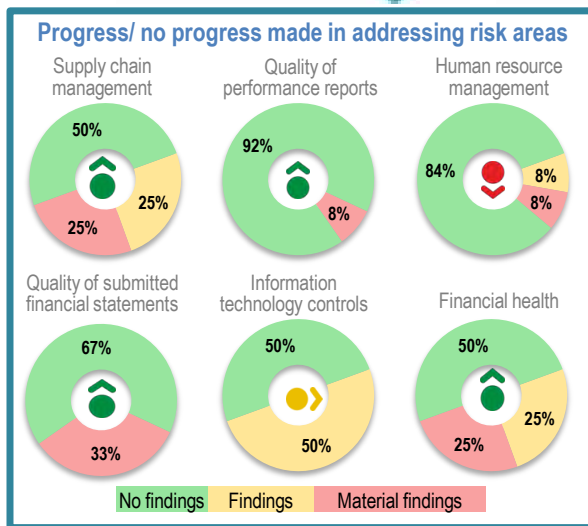
# Vote 37: Transport



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



### Root causes to be addressed

- Leadership was considered to not be effective due to the fact that there is a slow response to correct prior year findings. A root cause at 58% of auditees.
- There were vacancies in key positions and furthermore there was a lack of appropriate competencies at some of the entities. A root cause at 33% of auditees.
- There was a lack of consequences for employees who transgressed. A root cause at 17% of auditees.

### Status of key commitments by Minister

- Review Governance Structures and strengthen oversight at the entities. **Implemented**
- To meet regularly with the chairpersons of the boards and audit committees of the public entities. **Implemented**
- Filling of key vacancies at the department and entities. (Accounting Officer) **In progress**
- Monitoring implementation of action plans to address prior year audit findings. **In progress**
- Tracking the completion of the take over plan for the ENATIS system. **In progress**
- Consequence management has been implemented to address the non-compliance with SCM practices in the department. **Implemented**
- Skills transfer from the consultant engaged to assist the department on the predetermined objectives reporting was implemented within the Department. **Implemented**
- Encourage co-operation by all stakeholders in the implementation of the AARTO Act. **Not implemented**

## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

■ Cross-Border Road Transport Agency (CBRTA) ■ Driving Licence Card Account (DLCA) ■ Department of Transport (DOT) ■ Passenger Rail Agency of South Africa (PRASA)\* ■ Independent Ports Regulator (Ports Regulator) ■ South African Civil Aviation Authority (SACAA) ■ South African Maritime Safety Authority (SAMSA) ■ South African National Roads Agency (SANRAL) ■ Road Accident Fund (RAF) ■ Railway Safety Regulator (RSR) ■ Road Transport Infringement Agency (RTIA) ■ Road Traffic Management Corporation (RTMC)

\* PRASA has the following subsidiaries that have been consolidated: Autopax (Pty) (Ltd) and Intersite Property Management Services (Pty) Ltd

### *Significant movement in audit outcome*

The improvement in the audit outcome of the portfolio was as a result of the leadership in the entities implementing the action plans of the prior year and delivering on the commitments provided through the quarterly key control discussions. The RAF, the DLCA and SACAA improved their opinions from unqualified with findings on non-compliance or PDOs to unqualified with no findings. The CBRTA also improved from a qualified opinion to an unqualified opinion with findings on non-compliance. SANRAL regressed from an unqualified opinion with no findings to an unqualified opinion with findings on non-compliance, due to the leadership not ensuring compliance with SCM.

### *Six key risk areas*

There was an overall improvement in compliance with regard to SCM (CBRTA, RSR, RTIA and SACAA), the quality of performance reports (CBRTA, RTIA and SAMSA), and the quality of financial statements (CBRTA, Ports Regulator, SAMSA). The key contributing factors for the improvement were that the leadership implemented their action plans and delivered on their commitments.

The regression in HR management (DOT) was a result of the slow response of management in filling key vacant posts after the restructuring had been finalised. These vacancies were subsequently filled after the end of the 2012-13 financial year.

The status of the IT findings was maintained. Fifty per cent of entities in the portfolio had findings. Areas of concern related to user access controls and security management. This was due to the slow response of the leadership to address prior year findings (DOT, PRASA, RAF, CBRTA and SAMSA).

Our audits included a high-level analysis of auditees' financial indicators to provide management with an overview of selected aspects of their current

financial management and to enable timely remedial action where the auditees' operations and service delivery may be at risk. The financial health of the portfolio has improved compared to the prior year, as a result of interventions that management has put in place to ensure good financial sustainability. The entities that improved their financial health indicators are the DLCA, Ports Regulator, the RTMC, the RTIA, the RSR, the RTIA and SAMSA. The financial health of the RAF, SANRAL and the CBRTA poses a concern for the portfolio when measured on a going concern basis, which was highlighted in the audit reports of the specific entities.

Further strides towards clean administration could be made by addressing the slow response of the leadership at some entities to implement action plans of the prior year, delivering on commitments, ensuring that there are consequences for officials who do not comply with legislation, monthly updating of financial information to support the financial statements, including disclosure notes, and a thorough review of the financial statements before they are submitted for auditing.

### *Key controls and root causes*

Of the three key drivers of internal control, namely leadership, financial and performance management as well as governance, there was an improvement in all areas due to management at some auditees delivering on their action plans to address prior year findings (CBRTA, RAF, DLCA and SACAA). However, there is room for improvement to progress towards clean administration in the portfolio.

Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- The leadership exercising their oversight responsibility regarding financial and performance reporting and compliance and related internal controls.
- Preparing regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
- Reviewing and monitoring compliance with applicable laws and regulations.

The leadership should address the root causes of poor audit outcomes and inadequate controls as follows:

- Implementing action plans of the prior year.
- Delivering on commitments provided during the quarterly key control discussions.

- Performing adequate reviews of the financial statements submitted for auditing.

The audit outcome of the ATNS remained unchanged from the prior year, namely unqualified with no findings.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring that internal audit is established at all entities, and that they perform audits focusing on areas that gave rise to negative audit outcomes in the prior year without compromising their mandate. Furthermore, the assurance level could be improved if senior management fills key vacant posts. Less assurance was provided by the accounting authorities as in some instances the leadership was not proactive in resolving prior year findings. The audit committees could not provide full assurance due to the number of repeat findings in some instances, including the areas of concern around internal audit.

We met with the minister four times in the past year and these interactions had a significant impact on the audit outcomes. The reason for our assessment is the improvement in the audit outcomes during the current financial year. This assessment of the impact of the minister on the controls of the auditees, as well as the status and impact of the commitments, contributed to the assessed assurance provided by the minister. Ministerial assurance levels could be improved if there is continuity or stability of the minister in the portfolio over an extended period.

The minister should, on a consistent basis, engage with the respective entities on the implementation of the action plans and delivery on the commitments as well as implement a system of consequence management for officials that do not comply with applicable legislation. Regular interactions should be held with chairpersons of the boards and audit committees to gain insight into how the respective entities are progressing towards clean administration and identifying any challenges that require intervention by the minister.

The assurance provided through the oversight of the portfolio committee should be maintained. The committee committed to fully implement the previous year's commitment to visit the portfolio entities.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

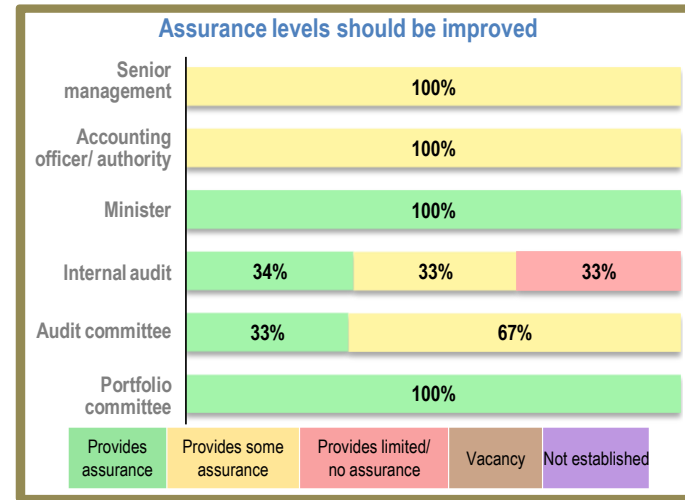
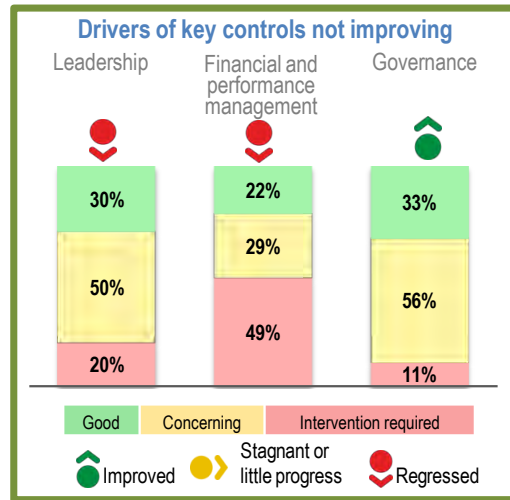
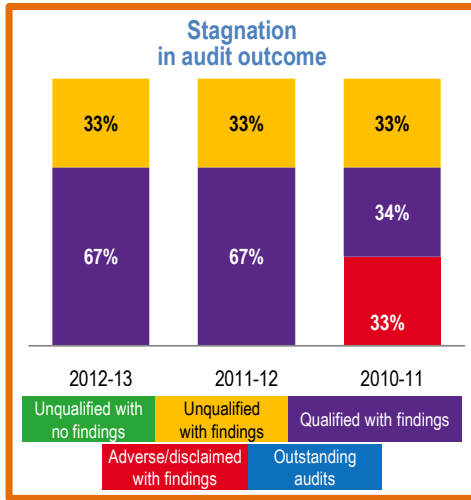
We do not audit the following entities included in the portfolio of the minister and, as a result, they have not been incorporated in the above analysis:

- Airports Company of SA Ltd (ACSA) ■ Air Traffic Navigation Services (ATNS)

The audit outcome of ACSA improved from unqualified with findings on non-compliance in the prior year to unqualified with no findings in the current year.



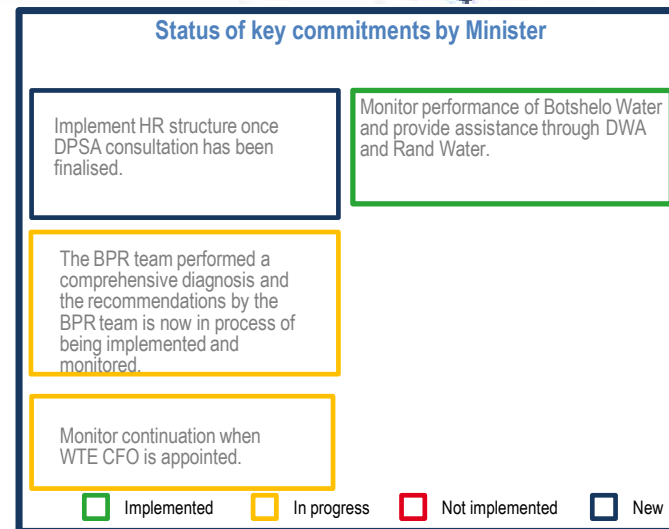
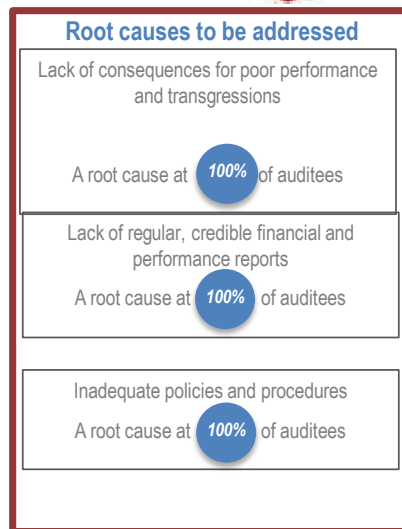
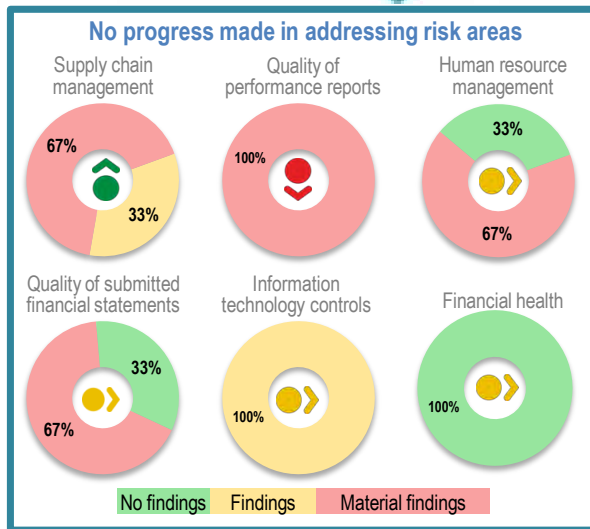
# Vote 38: Water Affairs



The current audit outcomes are the result of the attention given to the six key risk areas.

the drivers of the key controls and the root causes as well as

the level of assurance that was provided by the key role players and the progress made on their commitments.



## *Auditees included in the portfolio audited by the Auditor-General of South Africa*

- Water Research Commission (WRC) ■ Department of Water Affairs (DWA)
- Water Trading Entity (WTE)

### *Significant movement in audit outcome*

The audit outcome of the portfolio remained unchanged. However, as part of the multi-year plan, the DWA and the WTE addressed some of the 2011-12 qualifications in 2012-13.

### *Six key risk areas*

Due to leadership instability and a lack of consequences, the portfolio did not make any progress in addressing the key risk areas. All three auditees incurred irregular expenditure, while material non-compliance with SCM regulations was reported at the DWA and the WRC.

All three auditees had to make material corrections to their financial statements and the reliability of performance information could not be confirmed for any of them. No improvement was made to enhance their IT environment, as the IT systems at the WTE and the DWA were not adequately designed and implemented to ensure the availability, accuracy and protection of information.

### *Key controls and root causes*

Due to leadership instability, critical vacancies not being filled and a lack of consequences, the key controls for the portfolio regressed.

Auditees should strengthen the following controls to create a control environment that supports reliable financial and performance reporting and compliance with legislation:

- Monthly preparation of financial and performance information.
- Checks and balances should be implemented to review and confirm the accuracy of information and compliance with laws and regulations. This includes oversight by the leadership.

The executive authority and senior management should address the root causes of poor audit outcomes and inadequate controls as follows:

- HR should be strengthened by filling key vacant positions.
- Senior officials should be held accountable for the responsibilities assigned to them.

### *Impact of key role players on audit outcomes*

The assurance levels should be improved by ensuring stability at the level of accounting officer and senior management, implementing the recommendations of internal audit, and directing the work of the audit committee towards evaluating performance information.

The DWA and the WTE have experienced leadership instability since 2009 as a result of a number of suspensions and dismissals in key leadership positions.

We met with the minister seven times in the past year and these interactions had a significant impact. The reason for our assessment is that the DWA resolved three of the previous seven qualification areas in the current year and the WTE was only left with the revenue and receivables qualification in the current year, after having resolved the assets and irregular expenditure qualifications.

The assurance provided through the oversight of the portfolio committee is adequate and should be maintained.

### *Entities included in the portfolio not audited by the Auditor-General of South Africa*

The following entities are included in the portfolio of the minister but not audited by the AGSA:

- Breede-Overberg Catchment Management Agency (BOCMA) regressed from a clean audit to an unqualified opinion with findings.
- Inkomati Catchment Management Agency (ICMA) and Trans Caledon Tunnel Authority (TCTA) remained unchanged on financially unqualified with no other findings.





# ANNEXURES

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives			
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit
<b>Sphere of government: National</b>																			
<b>Portfolio: Agriculture, forestry and fisheries</b>																			
<b>Department</b>																			
1	Agriculture, Forestry and Fisheries		R	R		R	R											R	R
<b>Public entities</b>																			
2	Agricultural Research Council			R			R												
3	Marine Living Resources Fund		N	R			N											N	
4	National Agricultural Marketing Council			N															
5	Onderstepoort Biological Products Ltd		R	R		R	R											R	
<b>Public entities (not audited by the AGSA)</b>																			
6	Ncera Farms (Pty) Ltd		A	R		R	R											A	A
7	Perishable Products Export Control Board																		
<b>Portfolio: Arts and culture</b>																			
<b>Department</b>																			
1	Arts and Culture		R	R		R	R											A	N
<b>Public entities</b>																			
2	Artscape			A			R												
3	Die Afrikaanse Taalmuseum			R			R												
4	Ditsong: Museums of South Africa		N	R		A	R											N	N
5	Freedom Park																		
6	Iziko Museums of Cape Town			N			A												
7	KwaZulu-Natal Museum																		
8	Luthuli Museum																		



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R	R							N	N		N		R	R		R	R	R	A	-	1,3m	0,41m
R								A								R	R	N		-	1,1m	-
	N											N				N		R		-	9,1m	-
	N			N								N				N		N		-	2,9m	0,04m
R	R		A					A		R		R			R	A	R		-	1,2m	0,3m	
								R	N		A											
A	R					A							N	N		R	R	R		-	95,5m	2,7m
A																A				-	-	-
R	N							N					N			N			A	-	0,24m	0,006m
R																			R	-	0,06m	-
																				-	-	-
N																				-	-	0,02m
																N				-	-	-
																				-	-	-

Legend (findings)	Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure	Irregular expenditure	Fruitless and wasteful expenditure
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## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
9	Market Theatre Foundation			N		A														
10	Msunduzi/Voortrekker Museum			N																
11	National Arts Council of South Africa			R		A	R			A	A				A					
12	National Film and Video Foundation of South Africa		A	A		N	R									A				
13	National Heritage Council of South Africa		N	R		A	R									N	N			
14	National Library of South Africa		A	N		R	A										A			
15	National Museum			A			N													
16	Nelson Mandela National Museum (Mthatha)		R	R		R	R									R	A			
17	Pan South African Language Board		R	R		R	R			R		R	R	R	R	R	N	A		
18	Performing Arts Centre of the Free State		N	R		R	A									N	N			
19	Robben Island Museum, Cape Town		R	R		R	R									R	R			
20	South Africa Library for the Blind (Grahamstown)		N	R		R										N				
21	South Africa Heritage Resources Agency		A	R		R	R	A	A	A		R	A	A	A	N	A	A		
22	The South African State Theatre		R	R		R	R	N		A			N		R		A	R		
23	National English Literary Museum (Grahamstown)			R		R														
24	The Playhouse Company																			
25	War Museum of the Boer Republics			A		R														
26	William Humphreys Art Gallery		N	R			N	N								N				
27	Windybrow Theatre		N	R		A	R									N	N			
<b>Portfolio: Basic education</b>																				
<b>Department</b>																				
1	Basic Education		R	R		R	R										R	R		



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
	N												N			R				-	4,1m	-
													N			N			A	-	0,84m	-
R	R												R			R		R		-	4,9m	0,05m
A	A												A			A		A		-	-	-
N	R		N										R			R		R		-	0,47m	0,001m
	N												N			N	A	A	N	-	0,73m	-
															A				A	-	-	0,009m
N	N				N			A			N		N			R	N	N		-	1,2m	-
R	R					R		N	N		R		R		N	R	A	N	R	-	11,3m	0,001m
N	R	N	A		R		A	N	R				R			R	R	A	R	-	25,8m	0,27m
			A								R		N			R				-	-	-
R		A						N	R									N	A	-	-	-
R	R		R		N			A	R	R	A		A			R	A			-	0,02m	-
R	R		A								R		R			R		R	A	-	4,4m	0,44m
R	R					A							N			N		N		-	0,61m	-
																N				-	-	-
															A				R	-	-	-
A	A		N					R	R		N		A			R				-	0,36m	-
N	R		A								N		R			R				-	13,7m	0,98m
																				-	-	-
R	A	N				N							R	A		R	A	R		-	82,8m	-

Legend (findings):

- Material misstatement or limitations in submitted AFS
- Unauthorised, irregular, as well as fruitless and wasteful expenditure
- Annual financial statements and annual report
- Asset management
- Liability management
- Budgets
- Expenditure management
- Financial misconduct
- Audit committees
- Internal audit
- Revenue management
- Strategic planning and performance management
- Transfer and conditional grants
- Procurement management
- HR management
- Other
- Procurement and contract management
- Human resource management and compensation
- Information technology controls
- Financial health

Legend (irregularities):

- Irregular
- Unauthorised
- Fruitless and wasteful

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
<b>Public entities</b>																				
2	Education Labour Relations Council		R			R														
<b>Public entities (not audited by the AGSA)</b>																				
3	South African Council of Educators		R			R											R			
4	Umalusi QA on Further Training and Education		A			N											A			
<b>Portfolio: Communications</b>																				
<b>Department</b>																				
1	Communications		N	R		A	R										N			
<b>Public entities</b>																				
2	National Electronic Media Institute of South African		R	R		N	R										R			
3	South African Broadcasting Corporation		N	R		A	R	R	N	N			N	N	R		N	N		
4	Independent Communications Authority of South Africa					R	R													
5	Universal Service and Access Agency of South Africa		R	R		R	R										R	N		
6	Universal Service and Access Fund		R	R		N	R			N			N							R
<b>Public entities (not audited by the AGSA)</b>																				
7	Sentech Limited			A			R													
8	South African Post Office Limited		A	R		N	R										A			
9	Telkom Limited																			
<b>Portfolio: Cooperative governance and traditional affairs</b>																				
<b>Department</b>																				
1	Cooperative Governance and Traditional Affairs		R	R		R	R										R	R		
<b>Public entities</b>																				



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure					
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
	R						A		R	A		R			R		N	A		-	1,6m	0,07m	
A	A					R						A	R		R	R	R			-	5,9m	1,1m	
N	N						N		N	A		R			R	R	A	R		-	0,07m	0,17m	
R	R	R	R				A	R	A	N	R		R	A		N	N	N	X		-	106,3m	22,1m
																					-	-	-
N	R	A				N					A		R			R	R	A			-	0,47m	0,93m
	A										R		A			R					-	-	2,5m
A	A						A	A		A			A								-	-	-
	N			N									A										-
R	R		A			R					R		R	R		R	R	R			-	643,8m	0,002m

Legend (findings): A N R X -

Legend (expenditure): A N R X -

**Annexure 1:**

**Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure**

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
2	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities		R	R		R	R										N	R		
3	Municipal Demarcation Board			R			R													
4	South African Local Government Association (SALGA)			A		A	R													
<b>Portfolio: Correctional services</b>																				
<b>Department</b>																				
1	Correctional Services		R	R		R	R	R									R	R		
<b>Portfolio: Defence and military veterans</b>																				
<b>Department</b>																				
1	Defence		N	R			R	N											N	
<b>Public entities</b>																				
2	Armaments Corporation of South Africa Limited			A			N													
3	Armcor Defence Institutes (Pty) Ltd																			
4	Castle Control Board		R	R		R	R										N			A
5	South African National Defence Force Fund																			
6	Special Defence Account			A			R													
<b>Portfolio: Economic development</b>																				
<b>Department</b>																				
1	Economic Development			R			R													
<b>Public entities</b>																				
2	Competition Commission			R			R													
3	Competition Tribunal			R			R													





Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
A	A	N	A			N					N		R			R	N	N	A	-	0,86m	0,02m
A	A					N							R			R	R	A		-	2,5m	-
A	A												A			A	R	R	A	-	37,3m	0,28m
R	R	R	R			R				R	R		R	R		R	R	R	A	-	363,8m	1,6m
R		N				N		N	R		A	N	R	R		R	R	R	A	-	325,3m	0,09m
											A					N	A	R		-	2,1m	0,002m
																	A	A	N	-		-
R	N	A			R			A	N		N		N			R				-	0,52m	-
							A													-	102,8m	100,0m
R									N					N		N	R	A		-	0,06m	-
	A					N							R			R		R		-	75,5m	0,23m
	R												A			A		R		-	0,43m	-

Legend (findings)	Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure	Irregular expenditure	Fruitless and wasteful expenditure
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## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
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4	International Trade Administration Commission	A	A		R	R										A				
<b>Public entities (not audited by the AGSA)</b>																				
5	Industrial Development Corporation of SA																			
6	Small Enterprise Finance Agency																			
<b>Portfolio: Energy</b>																				
<b>Department</b>																				
1	Energy			R		A	R													
<b>Public entities</b>																				
2	CEF (SOC) Ltd		N	R			R										N	N		
3	Electricity Distribution Industry (EDI) Holdings SOC Ltd			R			R													
4	Equalisation Fund		N	R			N	N	N	N	N	N	N							N
5	National Energy Regulator of South Africa			R			N													
6	National Nuclear Regulator		A	R		R	R									A	A			
7	The South African Nuclear Energy Corporation SOC Ltd			A			R													
8	South African National Energy Development Institute (SANEDI)		R	R		N	N									R	A			
<b>Portfolio: Environmental affairs</b>																				
<b>Department</b>																				
1	Environmental Affairs			N																
<b>Public entities</b>																				
2	iSimangaliso Wetland Park Authority																			
3	South African National Biodiversity Institute (SANBI)			R			R													



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
	A												A			A				-	-	-
	A	A	A									R	R			A	A	R		-	8,2m	-
	R	A				N		N					N			R	R	R		-	875,2m	38,7m
	R	N	N															R		-	-	24,9m
	R		N						N		N							X		-	-	-
	R			N													A	R		-	3,1m	0,001m
	R		A										N			R	N	R		-	0,28m	-
		A														R	R	R	A	-	0,06m	0,11m
	R	N											N			N	N		A	-	12,6m	0,002m
	N															R		R		-	-	-
	R															R	A			-	0,08m	-

Legend (findings):

- Material misstatement or limitations in submitted AFS
- Unauthorised, irregular, as well as fruitless and wasteful expenditure
- Annual financial statements and annual report
- Asset management
- Liability management
- Budgets
- Expenditure management
- Financial misconduct
- Audit committees
- Internal audit
- Revenue management
- Strategic planning and performance management
- Transfer and conditional grants
- Procurement management
- HR management
- Other

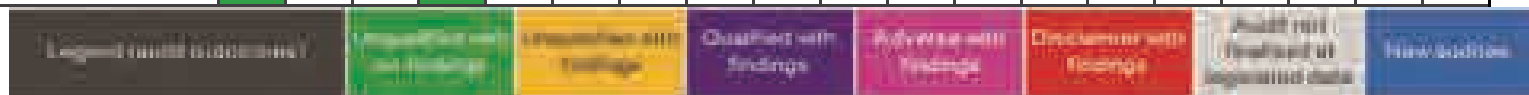
Legend (irregularities):

- Irregular
- Fruitless and wasteful
- Unauthorised

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

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		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
4	South African National Parks						A													
5	South African Weather Services			N																
<b>Portfolio: Finance (Treasury)</b>																				
<b>Department</b>																				
1	National Treasury		A	R		R	R												A	
<b>Public entities</b>																				
2	Co-operative Banks Development Agency		A	R		R	R												A	
3	Financial Intelligence Centre		R	R		N	R												R	
4	Financial Services Board																			
5	Government Pensions Administration Agency		A	R		N	R												A	
6	Independent Regulatory Board for Auditors																			
7	Land and Agricultural Bank of South Africa																			
8	Office of the Ombud for Financial Service Providers		A	A		N	N													A
9	Office of the Pension Funds Adjudicator		A			R	A												A	
10	Project Development Facility					A	A													
11	Public Investment Corporation Limited			A			N													
12	South African Revenue Services (Administered Revenue)		N																N	
13	South African Revenue Services (Own Account)		N																N	
14	Technical Assistance Unit					A	A													
15	Financial and Fiscal Commission			R		A	R													
<b>Public entities (not audited by the AGSA)</b>																				
16	Accounting Standards Board																			



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure					
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
																N	R			-	-	-	
N																N	R			-	-	-	
R											A		A	A	N	A	R	R			-	0,12m	-
R	A							A			A		A		R	A	R				-	-	0,005m
R	A		A										A			A	A	R	A		-	-	-
								A			A		N			R	A	R	A		-	-	-
																	A	R			-	-	0,008m
A		A																			-	-	-
																N					-	-	-
A																A		N			-	1,3m	0,46m
																		R			-	-	-
																	N				-	-	-
A													N			R					-	0,49m	-

Legend (findings): A N R - Legend (expenditure): A N R

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
17	DBSA - Development Fund																			
18	Development Bank of Southern Africa																			
19	SASRIA Limited																			
<b>Portfolio: Health</b>																				
<b>Department</b>																				
1	Health		R	R		R	R										N	R		
<b>Public entities</b>																				
2	Compensation Commissioner for Occupational Diseases																			
3	Council for Medical Schemes			N		A	A													
4	Medical Research Council of South Africa			A		A	R													
<b>Public entities (not audited by the AGSA)</b>																				
5	National Health Laboratory Service			R		A	R													
<b>Portfolio: Higher education and training</b>																				
<b>Department</b>																				
1	Higher Education and Training		R	R		R	R										R	N		
<b>Public entities</b>																				
2	Agricultural Sector Education and Training (AGRISETA)		R	R		N	N										R			
3	Banking Sector Education and Training Authority (BANKSETA)																			
4	Chemical Industries Education and Training Authority			N			A													
5	Construction Education and Training Authority		R	R		R	R										R	R		
6	Council on Higher Education			N			A													





## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives					
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report	
7	Culture, Arts, Tourism, Hospitality and Sports Education and Training Authority		A	N		R	A											A			
8	Education, Training and Development Practices Sector Education and Training Authority						A														
9	Energy and Water Sector Education and Training Authority		R	R		R	R											N	R		
10	Fibre Processing Manufacturing Sector Education and Training Authority		N	R			N												N		
11	Finance and Accounting Services Sector Education Training Authority																				
12	Food and Beverages Manufacturing Industry Sector Education Training Authority			R			R														
13	Health and Welfare Sector Education and Training Authority		R			N	A											R	N		
14	Insurance Sector Education and Training Authority (INSETA)		N	R			N												N		
15	Local Government Education and Training Authority		R	R		N	R			A				R	A		R	N	A		
16	Manufacturing Engineering & Related Services Education and Training Authority			R		A	R														
17	Media, Information and Communication Technologies Sector Education and Training Authority																				
18	Mining Qualifications SETA		N																	N	
19	National Institute for Higher Education - NC																				
20	National Skills Fund			R		A	R														





Findings on non-compliance															Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure			
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
N										N						N	R	N		-	-	0,06m
																	R			-	-	0,05m
R	R					R		N			N		R			R	A	R		-	5,9m	1,3m
N	N	N							A				N			N	R	R		-	3,8m	0,17m
																N		R		-	0,03m	0,22m
N	R							R	A	R			R			R	N	R	A	-	8,5m	0,03m
																A		R		-	-	-
R																N		N		-	1,1m	-
N	R								A				R			R	R	R		-	259,5m	0,27m
R	A												A			A		R		-	0,33m	-
																R		N		-	0,04m	-
																		R		-	0,03m	-
R		N	A						A	N							R			-	-	-



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
21	National Student Financial Aid Scheme			R			R													
22	Public Service Sector Education and Training Authority		A	R		R	R			R				A			A			
23	Quality Council for Trades and Occupations		R	R		N	N										A	N		
24	Safety and Security Sector Education and Training Authority (SASSETA)		R	R		R	R			R		R	R				R	R		
25	Services Sector Education and Training Authority (Services SETA)					R	R													
26	South African Qualifications Authority			N																
27	Transport Education and Training Authority (TETA)		R	A		R	R										R	A		
28	Wholesale & Retail Sector Education and Training Authority		A	R		N	N					A					A			
<b>Public entities (not audited by the AGSA)</b>																				
29	Boland FET College																			
30	Buffalo City FET College			A			N													
31	Cape Peninsula University of Technology																			
32	Capricorn FET College																			
33	Central JHB FET College			R			N													
34	Central University of Technology																			
35	Coastal FET College																			
36	College of Cape Town (FET)			A			N													
37	Durban University of Technology																			
38	East Cape Midlands FET College			R			N	A												
39	Ehlanzeni FET College																			



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure					
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
R	R												R			R	R	N		-	7,9m	-	
R	R								N				N			R		N		-	5,7m	0,08m	
R	N								A							N	N			-	0,77m	-	
R	R							N					R			R	N	R		-	122,8m	-	
N																N		N		-	-	-	
A																R	A	R		-	0,71m	-	
R	A												A			A		R		-	2,7m	-	
A									A														
		R									A				N								
									A														
								N	A														

Legend (findings)

Compliance

Non-compliance

Irregular

Material misstatement or limitations in submitted AFS

Legend (expenditure)

Irregular

Fruitless and wasteful

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
40	Ekurhuleni East FET College			R		N														
41	Ekurhuleni West FET College			N																
42	Elangeni FET College																			
43	Esayidi FET College																			
44	False Bay FET College																			
45	Flavius Mareka FET College																			
46	Gert Sibande FET College																			
47	Goldfields FET College					N														
48	Ikhala FET College			R		N	R		R				N							
49	Ingwe FET College																			
50	King Hintsa FET College						N	N	N		N	N	N							
51	King Sabatha Dalindyebo FET College																			
52	Lephalale FET College																			
53	Letaba FET College			R		N														
54	Lovedale FET College					N														
55	Majuba FET College					N														
56	Maluti FET College																			
57	Mangosuthu University of Technology																			
58	Mnambithi FET College																			
59	Mopani South East FET College			R		N														
60	Motheo FET College			R		N	R	R	A											
61	Mthashana FET College																			
62	National Institute for Higher Education - MP			A		A	R													



Findings on non-compliance															Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
									R						N								
									R		A				N				X				
																			X				
									A						N								
									R														
		R					A	A															
											A												

Legend (findings)

Material misstatement or limitations in submitted AFS

Unauthorised, irregular, as well as fruitless and wasteful expenditure

Annual financial statements and annual report

Asset management

Legend (irregularities)

Irregular

Fruitless and wasteful

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
63	Nelson Mandela Metropolitan University																			
64	Nkangala FET College		R			N														
65	North West University																			
66	Northern Cape Rural FET College					N														
67	Northern Cape Urban FET College		R			N	A													
68	Northlink FET College																			
69	Orbit FET College																			
70	Port Elizabeth FET College		R			N														
71	Rhodes University																			
72	Sedibeng FET College		R			N														
73	Sekhukhune FET College					N														
74	South Cape FET College		R			N														
75	South West Gauteng FET College		R			N	A	N												
76	Taletso FET College																			
77	Thekwini FET College																			
78	Tshwane North FET College																			
79	Tshwane South FET College			A		N														
80	Tshwane University of Technology		N																	
81	Umfolazi FET College																			
82	Umgungundlovu FET College																			
83	University of Cape Town																			
84	University of Fort Hare						A													
85	University of Johannesburg																			

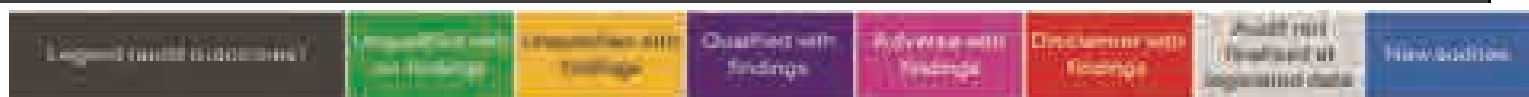




## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
86	University of Kwa-Zulu Natal																			
87	University of Limpopo			R			N													
88	University of Pretoria																			
89	University of South Africa			N																
90	University of Stellenbosch			N																
91	University of the Free State																			
92	University of the Western Cape																			
93	University of the Witwatersrand																			
94	University of Venda																			
95	University of Zululand																			
96	Vaal University of Technology																			
97	Vhembe FET College						N													
98	Vuselela FET College			R			N													
99	Walter Sisulu University for Technology and Science					N														
100	Waterberg FET College							A	A		A									
101	West Coast FET College																			
102	Western College for FET																			
<b>Portfolio: Home affairs</b>																				
<b>Department</b>																				
1	Home Affairs		R	R		R	R	N		N		R						A	R	
<b>Public entities</b>																				
2	Film and Publication Board		N	R			R											N		
3	Government Printing Works			R		A	R													







## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
4	Independent Electoral Commission			A		A	R													
<b>Portfolio: Human settlements</b>																				
<b>Department</b>																				
1	Human Settlements		R	R		R	R											R	N	
<b>Public entities</b>																				
2	National Home Builders Regulatory Council		R	R		R	R							A				R		
<b>Public entities (not audited by the AGSA)</b>																				
3	Estate Agency Affairs Board			R			R													
4	Housing Development Agency					A														
5	National Housing Finance Corporation Ltd																			
6	National Urban Reconstruction & Housing Agency																			
7	Rural Housing Loan Fund																			
8	Servcon Housing Solutions (Pty) Ltd						R													
9	Social Housing Foundation																			
10	Social Housing Regulatory Authority					N	N													
11	Thubelisha Homes																			
<b>Portfolio: International relations and cooperation</b>																				
<b>Department</b>																				
1	International Relations and Cooperation		R	R		R	R											R		
<b>Public entities</b>																				
2	African Renaissance and International Cooperation Fund		R	N		R	A											A		N
<b>Portfolio: Justice and constitutional development</b>																				



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
	A												A			R	A	R		-	31,3m	0,01m
R	A		R			R					N	N	A	R		R	R	R	A	-	0,56m	-
A	A						A		A	R			R			R	R	R	A	-	307,2m	0,27m
A	A	N					A			A			A									
R	R		R			R					R		A			R	N	R		-	10,9m	1,1m
N	N	N									N		N		N	N	N			-	540,2m	-

Legend (findings): A R N R N A R N R

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas							Findings on predetermined objectives					
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
<b>Department</b>																				
1	Justice and Constitutional Development		R		A	R		A	A		A	A								
<b>Public entities</b>																				
2	Criminal Asset Recovery Account		A			R														
3	Guardians Fund		A			N														
4	Legal Aid South Africa		A			N														
5	National Prosecuting Authority		A			R														
6	President's Fund																			
7	South African Human Rights Commission		R		A	R									N					
8	Special Investigating Unit		R	R		R	R									R	A			
9	The Public Protector of South Africa		R		A	R														
10	Third Party Funds (Monies in Trust)							R	R		R									
<b>Portfolio: Labour</b>																				
<b>Department</b>																				
1	Labour		R	R		R	R										R	R		
<b>Public entities</b>																				
2	Commission for Conciliation, Mediation and Arbitration		R			N														
3	Compensation Fund		N	R		A	R	R	N		N	R	R	N	N	N	N			
4	National Economic Development and Labour Council		R	R		N	R					A				A	N			
5	Sheltered Employment Factories		R	R		R	R		N							R				
6	Unemployment Insurance Fund																			
<b>Public entities (not audited by the AGSA)</b>																				
1	Productivity SA		N	R		N										N				



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure					
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
R	A		A			R				A			A	A		R	R	R	A		160,9m	39,2m	
A																		N			-	-	-
A																		R			-	-	-
	A												A			A		R			-	37,3m	0,07m
A	A					A							A			A	R	R			-	20,9m	1,9m
																		N			-	-	-
R	A		N			N							R			R		R	A		-	1,0m	-
R	R		A							R			R		A	R	R	R			-	28,7m	2,8m
A	N					R							N			N	A	R	A		-	7,9m	13,7m
																		A	X		-	-	-
R	R		A			R				R			R	R		R	R	R			-	41,6m	0,88m
	A												N			R		N			-	4,7m	-
R	N		A	N		R				R			R	A	N	R	A	R	X		-	666,4m	0,54m
N	N		N				N	A	R		N					R	N	N			-	20,4m	-
R	R		N		N					R	N		R	R		R	A	R	R		-	36,9m	0,73m
																		N			-	-	-
R	N									N			N						A				

Legend (findings):

- Material misstatement or limitations in submitted AFS
- Unauthorised, irregular, as well as fruitless and wasteful expenditure
- Annual financial statements and annual report
- Asset management
- Liability management
- Budgets
- Expenditure management
- Financial misconduct
- Audit committees
- Internal audit
- Revenue management
- Strategic planning and performance management
- Transfer and conditional grants
- Procurement management
- HR management
- Other
- Procurement and contract management
- Human resource management and compensation
- Information technology controls
- Financial health
- Unauthorised expenditure
- Irregular expenditure
- Fruitless and wasteful expenditure

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas							Findings on predetermined objectives					
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
<b>Portfolio: Mineral resources</b>																				
<b>Department</b>																				
1	Mineral Resources		R			R														
<b>Public entities</b>																				
2	Council for Geoscience		R			N														
3	Council for Mineral Technology (Mintek)																			
4	Mine Health and Safety Council		N	R			R										N	N		
5	South Africa Diamond and Precious Metals Regulator						A													
6	State Diamond Trader																			
<b>Portfolio: Parliament</b>																				
<b>Department</b>																				
1	Parliament of the Republic of South Africa			R		R														
<b>Portfolio: Police</b>																				
<b>Departments</b>																				
1	Police		R	R		R	R													R
2	Independent Police Investigative Directorate		R	R		R	R											N	A	
<b>Public entity</b>																				
3	Private Security Industry Regulatory Authority		R	R		R	R		N	N			N						R	
<b>Portfolio: Public enterprises</b>																				
<b>Department</b>																				
1	Public Enterprises			N																
<b>Public entities</b>																				
2	South African Express Airways SOC Limited					N	R													



Findings on non-compliance															Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure			
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R	A				A					R				R		R	R	R		-	3,3m	-
R	A		N										R			R		N		-	-	-
													R				R			-	-	-
A	R								N				R			R		R		-	2,7m	0,06m
																		R		-	-	0,03m
																		R		-	-	-
A						R				A						N	A	R		-	2,3m	0,04m
											R					R		R		-	3,5m	0,09m
N						R							R			N	R	R	A	-	0,71m	0,002m
R	A		N							R	R		R			R		A	R	-	7,7m	0,4m
N																R	R	R		-	-	-
																				-	-	-

Legend (findings)

A	Authorised
N	Not authorised
R	Responsible
-	Not applicable

Legend (expenditure)

A	Authorised
R	Responsible

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
3	South African Forestry Company SOC Limited																			
<b>Public entities (not audited by the AGSA)</b>																				
4	Alexkor SOC Limited			R		A	N													
5	Broadband Infracore SOC Ltd			R			R													
6	Denel SOC Ltd																			
7	Eskom Holdings SOC Limited			N																
8	South African Airways SOC Limited						R													
9	Transnet SOC Limited			R			R													
<b>Portfolio: Public service and administration</b>																				
<b>Departments</b>																				
1	Public Service and Administration			R		A	R													
2	Public Administration Leadership and Management Academy			R			R													
3	Public Service Commission						A													
<b>Public entities</b>																				
4	Public Administration Leadership and Management Academy Training Trading Account			R			R													
5	State Information Technology Agency SOC Limited			R			R													
<b>Portfolio: Public works</b>																				
<b>Department</b>																				
1	Public Works		R	R		R	R	R				R		A	R		A	R		
<b>Public entities</b>																				
2	Construction Industry Development Board		A	R		R	R										A			





Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
																				-	-	-
N	N	A				N										N			A	-	-	0,15m
N											A		N						A	-	-	-
													N						A	-	-	-
																			A	-	-	-
	R															N			A	-	-	-
R																N	A	R		-	1,7m	0,12m
R	N					A	A				N		R			R		R		-	0,2m	-
																		R		-	-	0,03m
N	N					A					N		N			R			A	-	4,2m	0,009m
R					N		N						R		N	R	A	R	A	-	44,4m	1,2m
R			R		A	R	R		R	R	A	N	R	R		R	R	R		166,4m	874,5m	54,8m
R	A				A								A			A		A		-	6,1m	0,004m

Legend (findings):

- Material misstatement or limitations in submitted AFS
- Unauthorised, irregular, as well as fruitless and wasteful expenditure
- Annual financial statements and annual report
- Asset management
- Liability management
- Budgets
- Expenditure management
- Financial misconduct
- Audit committees
- Internal audit
- Revenue management
- Strategic planning and performance management
- Transfer and conditional grants
- Procurement management
- HR management
- Other
- Procurement and contract management
- Human resource management and compensation
- Information technology controls
- Financial health
- Unauthorised expenditure
- Irregular expenditure
- Fruitless and wasteful expenditure

Legend (severity):

- Material misstatement or limitations in submitted AFS
- Unauthorised, irregular, as well as fruitless and wasteful expenditure
- Annual financial statements and annual report
- Asset management
- Liability management
- Budgets
- Expenditure management
- Financial misconduct
- Audit committees
- Internal audit
- Revenue management
- Strategic planning and performance management
- Transfer and conditional grants
- Procurement management
- HR management
- Other
- Procurement and contract management
- Human resource management and compensation
- Information technology controls
- Financial health
- Unauthorised expenditure
- Irregular expenditure
- Fruitless and wasteful expenditure

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas									Findings on predetermined objectives			
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
3	Council for the Built Environment (CBE)		A	R		R	R										A			
4	Independent Development Trust		R	R		R	R											R		
5	Parliamentary Villages Management Board																			
6	The Property Management Trading Entity						R													
<b>Portfolio: Rural development and land reform</b>																				
<b>Department</b>																				
1	Rural Development and Land Reform		R	R		R	R	A									R	R		
<b>Public entities</b>																				
2	Agricultural Land Holding Account			R			R													
3	Ingonyama Trust Board			R			R	R	R			R								
4	Deeds Registration Trading Account		R	R		R	N			A			A			N	A			
<b>Portfolio: Science and technology</b>																				
<b>Department</b>																				
1	Science and Technology		R	N		N											A	N		
<b>Public entities</b>																				
2	Africa Institute of South Africa, Pretoria		N	R			N										N			
3	Council for Scientific and Industrial Research (CSIR)																			
4	Human Sciences Research Council					A	A													
5	National Research Foundation																			
6	Technology and human resources for industry programme																			
<b>Public entities (not audited by the AGSA)</b>																				
7	Academy of Science of South Africa																			



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R	A		A		N						A		A			A				-	0,04m	0,22m
R						N				N			R			R	N	R	R	-	-	0,71m
																				-	-	-
R	R		A								R			N		N	R	R		-	7,9m	35,7m
R	R		R							R								R		-	-	0,02m
R			R		R	R				R			A			A				-	-	-
R	N					N							R	N		R	R	R		-	36,9m	0,02m
														N		N	R	R		-	0,57m	-
R	A												A			R	A	R	N	-	0,04m	-
																N		N		-	-	-
																A		R		-	0,13m	0,1m
																R	R	R		-	2,4m	-

Legend (findings):

- Material misstatement or limitations in submitted AFS
- Unauthorised, irregular, as well as fruitless and wasteful expenditure
- Budgets
- Financial misconduct
- Internal audit
- Revenue management
- Strategic planning and performance management
- Transfer and conditional grants
- Procurement management
- HR management
- Other
- Procurement and contract management
- Human resource management and compensation
- Information technology controls
- Financial health
- Unauthorised expenditure
- Irregular expenditure
- Fruitless and wasteful expenditure

**Annexure 1:**

**Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure**

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas									Findings on predetermined objectives			
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
8	South African National Space Agency		R	A		N	R										R	A		
9	Technology Innovation Agency		R	A		R	R										R			
<b>Portfolio: Social development</b>																				
<b>Department</b>																				
1	Social Development			A		A	R													
<b>Public entities</b>																				
2	Disaster Relief Fund			A			N													
3	National Development Agency		A	R		R	R											A		
4	Refugee Relief Fund			A			N													
5	Social Relief Fund			A			N													
6	South African Social Security Agency (SASSA)			N		A														
7	State President Fund			A			N													
<b>Portfolio: Sport and recreation South Africa</b>																				
<b>Department</b>																				
1	Sport and Recreation South Africa		R	R		R	R										N	R		
<b>Public entities</b>																				
2	Boxing South Africa		R	R		R	R		A	A							A	A	N	
3	SA Institute for Drug-free Sport		R	R		R	R										R			
<b>Portfolio: Statistics South Africa</b>																				
<b>Department</b>																				
1	Statistics South Africa			R			R			A										
<b>Portfolio: The presidency</b>																				
<b>Departments</b>																				



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure					
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
											A		A			A							
A	A										A		A										
	A											A	A			A	A	R			-	22,7m	0,37m
A																			R				
R	A				N	R							R			R		R			-	17,1m	0,23m
A																			R				
A																			R				
N									N							A	A	R			-	47,4m	0,28m
A																			R				
R						R					R	R		A		A	R	R	A		-	0,007m	
R	A		R			N		R	A	A	R		R			R	R	A	A		-	0,82m	0,13m
R	R				N				N				R			R	R		R		-	0,31m	
R						A								R		R	R	R	A		-	0,14m	7,5m

Legend: Findings: Significant (A), Minor (M), Negligible (N), Not Reported (NR), Irregular (R), Fruitless and Wasteful (F), Unauthorised (U). Legend: Irregularities: Irregular (R), Fruitless and Wasteful (F), Unauthorised (U).

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives			
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit
1	Performance Monitoring and Evaluation	A	A		N	N										A			
2	Government Communications and Information System		N	R		R											N		
3	The Presidency			R	A	R													
<b>Public entities</b>																			
4	Media Development and Diversity Agency	A		A		N													
5	National Youth Development Agency			R		R													
6	The South African International Marketing Council Trust/Brand South Africa			R		R													
<b>Portfolio: Tourism</b>																			
<b>Department</b>																			
1	Tourism			R		R													
<b>Public entity</b>																			
2	South African Tourism	A		A		R													
<b>Portfolio: Trade and industry</b>																			
<b>Department</b>																			
1	Trade and Industry			R	A	R													
<b>Public entities</b>																			
2	Companies and Intellectual Property Commission		R	R		R	R	A	A			A				R	R		
3	Companies Tribunal		N													N	N		
4	National Consumer Commission			R		N							N	N					
5	National Consumer Tribunal	A			R	A										A			
6	National Credit Regulator			R		N													
7	National Gambling Board of South Africa	A	N		R	A										A			



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
A	A													A		R	A	R		-	0,46m	-
R													A	N		R	R	R		-	-	-
R	R					R							R	R		R	R	R		-	0,69m	-
	A												A			A		R	A	-	-	-
R	A	A	A		A	N		A		R			R		N	R	A	R	R	-	62,1m	1,1m
N	R				A								A			R	A	A			-	-
N												A				A		R		-	0,03m	0,1m
A													A			R		R	R	-	17,8m	1,m
A	R		A										R	A		R	A	R		-	33,0m	0,17m
A	N					N			A	A	N		N	N		R	R	R		-	2,7m	-
R	R	N	R		N	N		R	R				R			R	R	R		-	15,6m	3,6m
																		A		-	-	-
R										N								A	N	-	-	0,07m
N																N		A	N	-	0,3m	-

Legend: Findings: A Authorised, N Not authorised, R Rejected, - Not applicable. Findings on specific focus areas: A Authorised, N Not authorised, R Rejected. Unauthorised, irregular, as well as fruitless and wasteful expenditure: - Nil, - Nil, - Nil.

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas									Findings on predetermined objectives			
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
8	National Lotteries Board			R			R													
9	National Lottery Distribution Trust Fund			R			R													
10	National Regulator for Compulsory Specifications		R	R		N	R	A								A	R			
11	Small Enterprise Development Agency			N																
12	SA Bureau of Standards (SABS)																			
<b>Public entities (not audited by the AGSA)</b>																				
13	Export Credit Insurance Corporation of SA					A														
14	National Empowerment Fund																			
15	National Metrology Institute of SA			R		A	R													
16	SA National Accreditation System			N																
<b>Portfolio: Transport</b>																				
<b>Department</b>																				
1	Transport			R		A	R													
<b>Public entities</b>																				
2	Autopax (Pty) Ltd		N	R			N										N			
3	Cross-Border Road Transport Agency		A	R		R	R	A		A							A	A		
4	Driving Licence Card Account			A		A	R													
5	Intersite Property Management Services (Pty) Ltd		R	R		N	N										R	A		
6	Passenger Rail Agency of South Africa			R			R													
7	Ports Regulator of South Africa			R		A	R													
8	Railway Safety Regulator			R			R													
9	Road Accident Fund			A			R													
10	Road Traffic Infringement Agency		A	R		R	R										A			





Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
A	R												R			R	A	R		-	35,8m	-
R	A											A						R		-	-	-
R	A		A			N					N		R			R	R	R		-	33,2m	0,01m
N																	A			-	-	0,001m
																	R			-	-	1,4m
N	N				A								A									
N																						
	A					N							R	N		R	N	R	R	-	345,8m	0,64m
R	R					A							R			A	A		R	-	16,4m	-
A	A					N	A				A		A			A	A	R	N	-	0,92m	0,01m
						A			A									A		-	-	-
R	N												N			N	A			-	0,04m	-
R	R	N				N							R			R	R	R	R	-	17,2m	6,3m
A								R	R		A					N				-	-	0,008m
						N							A			A				2,0m	-	0,002m
	A															N		R	R	-	4,3m	20,2m
R	A												A		N	A		A		-	0,55m	0,09m

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
11	Road Traffic Management Corporation		R	R		R	R										A	N		
12	South African Civil Aviation Authority			A		A	R													
13	South African Maritime Safety Authority		A	R		R	R										A			
14	The South African National Roads Agency Limited			N																
<b>Public entities (not audited by the AGSA)</b>																				
15	Air Traffic Navigation Services																			
16	Airports Company of SA Limited			A			N													
<b>Portfolio: Water affairs</b>																				
<b>Department</b>																				
1	Water Affairs		R	R		R	R	R	A	R		R		A	R		R	R		
<b>Public entities</b>																				
2	Water Research Commission		N	R		A	N											N		
3	Water Trading Account		R	R		R	R	A	R		R	R	A	A		R	R			
<b>Public entities (not audited by the AGSA)</b>																				
4	Breede-Overberg Catchment Management Agency			N			A													
5	Inkomati Catchment Management Agency																			
6	Trans-Caledon Tunnel Authority																			
<b>Portfolio: Women, children and people with disabilities</b>																				
<b>Department</b>																				
1	Women, Children and People with Disabilities		A	R		R	R										A			
<b>Public entity</b>																				
2	Commission on Gender Equality		A	R		R	R										A			
<b>Sphere of government: Provincial</b>																				



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R															N	N			A	-	1,2m	0,2m
													A			A				-	-	2,7m
A						N		R			A					A		R		-	0,13m	-
N						N							N			N		R	R	-	5,4m	-
								A														
R	R		N			R	N				N		R	R		R	R	R	A	-	22,1m	1,7m
R	R												R			R		A	A	-	1,7m	-
R	R	A	A			R	N		R	R	R		A	R		R	R	R		-	53,7m	0,46m
													N									
																			A			-
R	R				A			A	R	A	A		R	R		R	A	R	A	-	6,4m	-
A	A		R			R							R			R	A	R	A	-	1,9m	-

Legend (findings): A N R - -

Legend (expenditure): A N R - -

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas									Findings on predetermined objectives			
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
<b>Eastern Cape</b>																				
<b>Departments</b>																				
1	Agriculture and Rural Development		R	R		R	R											A	R	
2	Economic Development and Environmental Affairs		A	R		R	R											A	A	
3	Education		R	R		R	R	R	A	R		R	A	R	R	R		R	R	
4	Health		R	R		R	R	A	A	A		R		R	R	N		R	R	
5	Human Settlements		R	R		R	R					A							R	
6	Local Government and Traditional Affairs		R	R		R	R												R	
7	Office of the Premier			A			R													
8	Eastern Cape Provincial Legislature		R	R		N	N											R	R	
9	Eastern Cape Provincial Treasury			A		A	R													
10	Roads and Public Works		R	R		R	R	R	N			R		R	R	R		R	R	
11	Safety and Liaison		N	R			R												N	
12	Social Development			R		A	R													
13	Sport, Recreation, Arts and Culture		R	R		R	R	N				A			N			R	R	
14	Transport		R	R		R	R											R	R	
<b>Public entities</b>																				
15	East London Industrial Development Zone Corporation		R	R		R	R								N			R	A	
16	Eastern Cape Appropriate Technology Unit		R	R		R	R	N		N	N	N		N	N			R	R	
17	Eastern Cape Development Corporation		R	R		R	R											A	N	
18	Eastern Cape Gambling and Betting Board		A	R		R	R											A	A	
19	Eastern Cape Government Fleet Management Services		R	R		N	N	N	N				N							R
20	Eastern Cape Liquor Board		R	R		R	R												R	



Findings on non-compliance															Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure			
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R	R					R				R	N		R	R		R	R	R	A	-	29,4m	0,37m
R	R	A			N	R	A	A	A	R		A	R	R		R	R	R	A	-	9,3m	-
R	R		R		A	R	R	A	R	R	R	R	R	R		R	R	R		-	631,9m	631,3m
R	R		A		A	R	R			R	N	N	R	R		R	R	R	N	52,4m	304,0m	128,5m
R	R	N				R			A	N	N	N	R	R	N	R	R	R		-	359,7m	0,06m
R	A				A				A		R		R	R		R	R	R		-	3,3m	-
	A					A							A	A		A	A	R		-	-	0,03m
R	N								A				N			N		R		-	7,1m	-
											A			A			N	R		-	-	-
R	R	A	R		A	R	R			R	R	R	R	R		R	R	R	X	-	661,9m	5,1m
R	R		A			R	A				N		R	N		R	N	R		-	1,6m	0,01m
N						A						R	R	N		R	R	R		-	21,5m	0,87m
R	A		R			N	N			N	N		R	R		R	R	R		-	65,0m	0,24m
R	R			A	A	A			R	R	N	A	R	R		N	R	R	R	-	39,0m	0,45m
R			N					A	R		R		N			R	R	R	R	-	-	0,28m
R	R		N		N		N	A	A		N		R			R	A		X	-	5,3m	-
R			A									N				A	N	R	A	-	-	-
A	A		A								R		A			A	A	R	R	-	-	-
R	N	R	R					A	R	R	N		N			N	N	R		-	13,3m	0,08m
A			A								N		N			N	A	R		-	0,09m	0,001m

Legend (findings)	Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure	Irregular expenditure	Fruitless and wasteful expenditure
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## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
21	Eastern Cape Parks and Tourism Agency			R			R													
22	Eastern Cape Provincial Arts and Culture Council		R	R		R	R										A	R		
23	Eastern Cape Provincial Legislature Political Party Fund			R			N								A					
24	Eastern Cape Rural Development Agency		R	R		R	R										R	N		
25	Eastern Cape Socio Economic Consultative Council			A		A	R													
26	Mayibuye Transport Corporation		A	R		R	R	N	N	N	N	N	R	R	N		A	A		
<b>Free State</b>																				
<b>Departments</b>																				
1	Agriculture and Rural Development		R	R		R	R										N	R		
2	Cooperative Governance and Traditional Affairs		R	R		N	R										R		A	
3	Economic Development, Tourism and Environmental Affairs		A	R		R	R	R			A			R				A		
4	Education		R	R		R	R										R	R		
5	Free State Provincial Treasury																			
6	Health		R	R		R	R	R	R	N		N		R	R	N		R		
7	Human Settlements		R	R		R	R			R			A	A			R	R	A	
8	Police, Roads and Transport		A	R		R	R		A			A	A		A		A			
9	Office of the Premier																			
10	Free State Provincial Legislature		N	N		A	A										N			
11	Public Works		R	R		R	R	R	R				A				N	R		
12	Social Development		R	R		R	R											R		
13	Sport, Arts, Culture and Recreation		A	A		R	R										A			
<b>Public entities</b>																				



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R	N		A						A				R			R	R	N		-	2,4m	-
	N				R					N	R		R			R	R	R	A	-	2,3m	0,003m
A		N																		-	-	-
R	R		A					A	R	R	N		R			R	R	N	R	-	0,96m	0,31m
A		A			A						A		A			A		N	N	-	-	-
R	R		R							R	R		N			R	N	R	X	-	23,2m	0,23m
R	R		R	N	N	R		R		N		R	A	R		R	R	R	N	5,1m	2,5m	0,58m
R	R		R						A				R	R		R	R	R		-	32,1m	0,03m
R	R		N							N		R	R	R		R	R	R		-	29,8m	6,1m
R	R	A			N	N	A			R		N	R	A		R	R	R	A	79,4m	361,8m	0,13m
																R	R	R		-	-	0,17m
R	R		R	N	R	R	R	R	R	R	N	R	R	R	N	R	R	R	R	135,8m	143,7m	3,2m
R	R		R			R			A			R	R	R		R	R	R		0,03m	630,2m	1,1m
R	R				N	R		A	A	A	R	N	R	R		R	R	R	R	31,3m	669,0m	0,45m
																R	N	R	R	-	1,5m	0,002m
											N					A	A	R		-	-	-
R	R		R							R			A			R		R		-	71,7m	0,01m
N	A											R	A	R		R	R	R		-	0,5m	-
		A	A											A		R	R	R		-	2,4m	2,4m



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
14	Central Medical Trading Account			R			R													
15	Free State Development Corporation		A	R		N	R	R	R	R	A	A	A	A		R				A
16	Free State Fleet Management Trading Entity			A			R													
17	Free State Gambling and Liquor Authority		R	R			R							A		R	R			
18	Free State Political Party Fund																			
19	Free State Tourism Authority		R	R		N	R									N		R	R	
<b>Public entities (not audited by the AGSA)</b>																				
20	Canton Trading 123 (Pty) Ltd t/a Jomago Health																			
21	Classic Number Trading 45 Pty (Ltd)																			
22	Confram Harrismith Properties (Pty) Ltd																			
23	Copper Moon Trading 429 (Pty) Ltd																			
24	Cross Point Trading 23 (Pty) Ltd																			
25	Golden Pond Trading 663 (Pty) Ltd																			
26	Highlands Furniture Factory (Pty) Ltd																			
27	Mafube Risk Insurance Consultants (Pty) Ltd																			
28	Orofino Africa Jewellery Manufacturers (Pty) Ltd																			
29	Phiritona Plastics (Pty) Ltd																			
30	Qwa-Qwa Datnis (Pty) Ltd																			
31	Rumar Manufacturing (Pty) Ltd																			
32	Satinsky 167 (Pty) Ltd																			
33	Scopefull 21 (Pty) Ltd																			
34	Synthopro Holdings (Pty) Ltd																			
35	Twin Cities (Pty) Ltd																			







## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
36	Welkom Diamond Cutting Works																			
<b>Gauteng</b>																				
<b>Departments</b>																				
1	Agriculture and Rural Development		R	R		R	R											R	R	
2	Community Safety		N	R			R												N	
3	Economic Development			R		A	R													
4	Finance		A	R		N	R											A		
5	Housing and Local Government		R	R		R	R					N						R	N	
6	Infrastructure Development		R	R		R	R											A	N	
7	Roads and Transport			R		A	R													
8	Sports, Arts, Culture and Recreation			A			R													
9	Education			R			R													
10	Gauteng Provincial Treasury																			
11	Health		N	N					N	N		N	N						N	
12	Office of the Premier		A			N												A		
13	Gauteng Provincial Legislature			A			N													
14	Social Development																			
<b>Public entities</b>																				
15	AIDC Development Centre			N			A													
16	Constitutional Hill Development Company			R		A	R													
17	Cost Recovery Trading Entity			R			R													
18	Cradle of Humankind Trading Entity			N		A	A													
19	Dinokeng World Heritage Trading Entity			N		A	A													



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure					
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
R	R		N										R	N		R	N	R	A	-	15,2m	0,01m	
R	R					N							R			R	N	R	N	-	14,0m	-	
A	R					R										R	N	R		69,0m	7,6m	2,4m	
R	A					A					A		A	R		R	R	R		-	0,03m	-	
R	N		R			R						N	N	N		R	A	R	A	-	31,8m	0,11m	
N	A		R		N	R				R			R	R		A	R	R	R	-	4,5m	0,66m	
R	R		R		A	R	A			A			A	A		R	R	R	A	-	2 357,2m	33,3m	
	A					A												R		-	-	-	
N	R					R							N			N	N	R	R	68,3m	233,3m	2,8m	
																N	N			-	-	-	
N	N				N	N				N			N	N		N	N	N	N	324,5m	1 524,2m	449,4m	
																N		R	A	-	-	-	
A	A												A			R	A	R		-	-	-	
																N	N	N		-	4,0m	-	
N															N				R	-	-	-	
	A										N		A		N	A			R	-	1,1m	-	
R	A									N										-	-	-	
N														N			N		N	-	-	-	
N	N													N			N	N	-	-	20,5m	-	

Legend (findings):

- Material misstatement or limitations in submitted AFS
- Unauthorised, irregular, as well as fruitless and wasteful expenditure
- Annual financial statements and annual report
- Asset management
- Liability management
- Budgets
- Expenditure management
- Financial misconduct
- Audit committees
- Internal audit
- Revenue management
- Strategic planning and performance management
- Transfer and conditional grants
- Procurement management
- HR management
- Other
- Procurement and contract management
- Human resource management and compensation
- Information technology controls
- Financial health

Legend (expenditure):

- Unauthorised expenditure
- Irregular expenditure
- Fruitless and wasteful expenditure

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
20	Gauteng Enterprise Propeller		A	R		N	N										A			
21	Gauteng Film Commission			R			N													
22	Gauteng Funding Agency			A			R													
23	Gauteng Gambling Board		A	R		N	N										A			
24	Gauteng Growth and Development Agency			N																
25	Gauteng Housing Fund			R			R													
26	Gauteng Liquor Board			R		A	R		R				R							
27	Gauteng Medical Supplies Depot			R		A	R													
28	Gauteng Partnership Fund																			
29	Gauteng Tourism Authority		A	R		R	N										A			
30	Gautrain Management Agency			A			N													
31	g-FleeT Management		A	R		R	R										A	A		
32	Greater Newtown Development Company			N			A													
33	Industrial Development Zone			N																
34	Supplier Park Development Co			R			R													
35	The Innovation Hub			N			A													
<b>KwaZulu-Natal</b>																				
<b>Departments</b>																				
1	Agriculture, Environmental Affairs and Rural Development			R			R													
2	Arts and Culture			N				N												
3	Community Safety and Liaison		R	R		N	R										A	R		
4	Cooperative Governance and Traditional Affairs			R		A	R													



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure					
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
R	R									R			R			R	N	R		-	4,5m	-	
N											A					N			N		-	-	-
A														A			N		A		-	-	-
N	R															N	A				-	0,59m	-
N											N				N						-	-	-
R																			R		-	-	-
R						R											R				-	12,7m	8,1m
N	R		R			R							N			N	N	R	A		-	1 494,3m	-
																					-	-	-
N	A															A		A			-	-	-
													A			R		N			-	3,0m	-
R	A					A							A	A		A	R	R	N		-	8,7m	8,9m
N															N				R		-	-	-
N															N						-	-	-
N	R												R		N	R	N				-	15,2m	2,1m
N															N				R		-	-	-
																					-	-	-
A	R												A			R	N	R	R		-	117,8m	-
N			N			N								N		N	N	R			-	2,0m	0,006m
R	R					N							R			R	N	R			-	13,8m	-
A	A					A					R		A			A		R			-	4,6m	5,3m



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
5	Economic Development and Tourism		A	R		R	R											A		
6	Education		N	R			R		N	R		N			N		N	N		
7	Health		R	R		R	R	R		N				A	A		N	R		
8	Human Settlements		R	R		R	R										N	A		
9	KwaZulu-Natal Provincial Treasury																			
10	Office of the Premier		R	R		N	N										R			
11	KwaZulu-Natal Provincial Legislature		A	A		N	N										A			
12	Public Works			R			R													
13	Social Development		A	R		R	R		N					N				A		
14	Sport and Recreation		N	R			R											N		
15	The Royal Household		A	R		N	R												A	
16	Transport			A			N													
<b>Public entities</b>																				
17	Agri-Business Development Agency			R			R													
18	Amafa AkwaZulu-Natali						A													
19	Dube Tradeport Company			A			R													
20	Ithala Development Finance Corporation Ltd		A	R		R	R											A		
21	Ithala Limited		A	R		R	R											A		
22	KwaZulu-Natal Business Rehabilitation Trust Fund					R	R													
23	KwaZulu-Natal Gaming and Betting Board		A	A		N	R											A		
24	KwaZulu-Natal Growth Fund Managers (Pty) Ltd			A			R													
25	KwaZulu-Natal Nature Conservation Board			R		A	R	R		N		R			R					
26	KwaZulu-Natal Provincial Pharmaceutical Supply Depot			R			R													



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
A	R					A						A	R	A		R	R	R		-	20,9m	0,7m
R	R	N				R				R			R			R	R	R	A	299,3m	358,4m	0,81m
R	R		R		A		A				N		A	N	N	R	R	R	R	117,6m	2 719,2m	0,11m
R	A					N			N			N	R			R	N	R	N	22,1m	11,0m	0,9m
																	N	R		-	0,1m	-
A	R					R							R	N		R	N	R		-	11,2m	0,08m
A																		R		4,5m	5,8m	0,14m
R	A					N							R			R	R	R	R	-	7,2m	0,03m
R	A	N				N						R	R			R	R	R		-	170,2m	0,07m
R	N					N	N						R	N		R	N	R		-	92,9m	-
R	R												R	A		R	R			-	3,1m	0,004m
						A										R	R	R		12,8m	7,6m	0,001m
R	R							A	A				A			R	R		A	-	5,4m	0,004m
																N				-	-	-
A													A			A				-	-	-
A						A					A		N			N		R	A	-	0,85m	0,16m
											A				N			N	R	-	0,18m	0,76m
A																	N			-	-	0,27m
A	A							A					A			A			N	-	0,08m	-
R	R		R										A			R		R	A	-	5,5m	1,5m
A	R							R	R				R			R	A	R		-	19,0m	-



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
27	KwaZulu-Natal Sharks Board			A		A	R													
28	KwaZulu-Natal Tourism Authority			A		A	R													
29	KZN Housing Fund		N	R			R	R		A			N	N				N		
30	KZN Liquor Authority		N	N													N		N	
31	KZN Political Parties' Fund																			
32	Mjindi Farming (Pty) Ltd			R			R													
33	Natal Joint Municipal Pension Fund (Provident)																			
34	Natal Joint Municipal Pension Fund (Retirement)																			
35	Natal Joint Municipal Pension Fund (Superannuation)																			
36	The KwaZulu-Natal Royal Household Trust		R	R		R	R													R
37	Trade and Investment KwaZulu-Natal			A			N													
38	Traditional Levies and Trust Account			R			R	A												
39	uMsekeli Municipal Support Services					R	A													A
<b>Public entities (not audited by the AGSA)</b>																				
40	Banzi Pan Devco (Pty) Ltd					N														A
41	Cowslip Investments (Pty) Ltd					N	A													A
42	Durban Wharfside Trust					N	A													A
43	La Mercy Property Investment						A													A
44	Mabibi Development Company (Pty) Ltd					N	A													A
45	Moses Kotana Institute						A													
46	Nongoma Plaza Ltd					N	A													A
47	Richards Bay Industrial Development Zone (Pty) Ltd					A	A													
48	Rocktail Bay Devco (Pty) Ltd					N	A													A





Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure					
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R	
A	A												A			A					-	-	-
A	A												A			A	A		A		-	-	-
R										R							N		X		13,6m		
N								N	N							N					0,17m	0,04m	
A		N																	R		-	-	-
R	R							A	A		N		R			R	N		N		2,4m		
A	A												A			A					-	-	-
N			A																				
																			R		-	-	-
																			A				
																			A				
																			A				

Legend (findings)

A

N

R

X

Legend (expenditure)

A

R

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives					
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report	
49	Sibaya Conservation Projects (Pty) Ltd					N	A														A
50	Sundumbili Plaza					N	A														A
51	Ubiciko Twines and Fabric (Pty) Ltd					N	A														A
<b>Limpopo</b>																					
<b>Departments</b>																					
1	Agriculture		N	R			N	N					N			N					
2	Cooperative Governance, Human Settlements and Traditional Affairs		N	R			N										N				
3	Economic Development, Environment and Tourism			R			R														
4	Education		R	R		R	R	R	R	A		R		R	R		R	R			
5	Health		R	R		R	R	R	R	R		R		A	R		N	R			
6	Office of the Premier			R		A	R														
7	Limpopo Provincial Legislature		N	R			R													N	
8	Limpopo Provincial Treasury		A	R		N	R													A	
9	Public Works		R	R		R	R	R	R	R		A		A			R	R			
10	Roads and Transport			R		A	R	A													
11	Safety, Security and Liaison			R			R														
12	Social Development			R		A	R	N	N				N								
13	Sport, Arts and Culture		N	R			R	R					N		N					N	
<b>Public entities</b>																					
14	Capital Hill Investment Company		N	N																	N
15	Corridor Mining Resources		R	R		R	R	R									R	R			
16	Fumani Green Stone		R	R		R	N										R	R			



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
																			A			
																			A			
N	N	N	N			N		N					R	N		R	R	R	R	-	37,3m	0,01m
A						N		N					R			R	N	R	A	-	0,26m	0,06m
A	R							N		R					N	N	R	A	-	0,01m	-	
R	A	N	R	N	R	R	R	N		R	R	R	R	R		R	R	R	X	99,7m	1 221,8m	320,7m
R	R		R	A	R	R		N	R	R		A	R	R	N	R	R	R	X	222,4m	571,2m	18,4m
A	R							N			N	A	R	N		R	N	R	A	-	0,23m	0,01m
N						A						N			A	N	R	R		-	-	-
A	A							N					N	R		N	R	R		-	-	-
R	R		R			R		N		R			R			R	R	R	X	-	21,9m	-
A	A					N		N		A			R			R	R	R		-	0,42m	0,06m
A	N			A		A		N		A			R			R	A	R		0,23m	-	-
R	R		N			R	N	N		R		A	R	R		R	R	R	A	-	67,8m	13,1m
R	R		R		N	R		N				A	R	R		R	R	R		2,7m	16,9m	0,04m
N											N								N	-	-	-
R		N							N		N						R		A	-	-	0,03m
A		N				A			N		N					A			R	-	-	-



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas									Findings on predetermined objectives			
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
17	Gateway Airport Authority Limited		R	R		R	R	R	A	A	A	A			A		R			
18	Great North Transport		R	R		N	N	A		A					A		N	R		
19	Khumong Chrome Mine		R	R		R	N										R	R		
20	Kulungisa		N	N																N
21	Limpopo Economic Development Agency		R	R		R	R	R	N	A	N		A		R		R	R		
22	Limpopo Gambling Board			R		A	R													
23	Limpopo Roads Agency						N													
24	Limpopo Tourism and Parks Board		R	R		R	R	R	N	A	A	N	R		A		R	N		
25	Mapulaneng Investments		N	N																N
26	Mokopane Kodumela Mining Investments		R	R		R	N										R	R		
27	Munumzwu Estate		A	R		N	R				N			A		A				
28	Risima Housing Finance Corporation		R	R		N	N										R	R		
29	Sefateng Chrome Mine		R	R		R	R										R	R		
30	Tribal and Trust Account																			
31	Tshepong Chrome Mine		R	R		R	N										R	R		
32	VDC Investments		N	N																N
33	Venteco		A	R		N	R				N					A				
<b>Mpumalanga</b>																				
<b>Departments</b>																				
1	Agriculture, Rural Development and Land Administration		R	R		R	R	N									R	R		
2	Community Safety, Security and Liaison			R			N													
3	Cooperative Governance and Traditional Affairs			R		A	R													
4	Culture, Sport and Recreation		A	R		R	R									A	A			



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R	N	R	R			A		R	R		N		A			A		N	A	-	2,1m	0,03m
A	R	N	A					N	R	R	N		R			R	R	R	R	-	30,3m	1,5m
A		N							N		N								R	-	-	-
											N								N	-	-	-
R	R		R			A			N	R	N		A			R	N	R	R	-	6,5m	0,93m
R	N					N							N			N	A			-	0,25m	-
R	R	R	R		R		A		N	R			R			R	R		X	-	20,0m	0,75m
N											N									-	-	-
A		N							N		N								R	-	-	-
R	A								A		N		A			A				-	-	-
A	A						A	R			N						N	A		-	-	-
A	A	N				A			N		N					A				-	-	-
A		N							N		N								R	-	-	-
											N									-	-	-
R	A								A		N		A			A				-	-	-
R		A	N			N		A			N		R	R		R	R	R		-	-	0,86m
N	A					N							A	R		R	R	R	N	-	-	0,04m
													A	N		A	N	R		-	-	-
R	A			A		A			A			A	R	R		R	R	R	A	-	-	5,2m

Legend (findings):

- Material misstatement or limitations in submitted AFS
- Unauthorised, irregular, as well as fruitless and wasteful expenditure
- Annual financial statements and annual report
- Asset management
- Liability management
- Budgets
- Expenditure management
- Financial misconduct
- Audit committees
- Internal audit
- Revenue management
- Strategic planning and performance management
- Transfer and conditional grants
- Procurement management
- HR management
- Other
- Procurement and contract management
- Human resource management and compensation
- Information technology controls
- Financial health

Legend (expenditure):

- Unauthorised expenditure
- Irregular expenditure
- Fruitless and wasteful expenditure

## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas									Findings on predetermined objectives			
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
5	Economic Development, Environment and Tourism		R	R		N	R	A										R		
6	Education			R		A	R													
7	Finance																			
8	Health		R	R		R	R	R										N	R	
9	Human Settlements		R	R		N	R											R	N	
10	Office of the Premier						A													
11	Mpumalanga Provincial Legislature			N						A					A					
12	Public Works, Roads and Transport		R	R		R	R											R	N	
13	Social Development		A	R		R	R												A	
<b>Public entities</b>																				
14	Mpumalanga Economic Growth Agency		R	R		R	R	R	R	R	N	R	R	A	A	A			R	
15	Mpumalanga Gambling Board																			
16	Mpumalanga Regional Training Trust		R	R		R	R												R	
17	Mpumalanga Tourism and Parks Agency		N	R			R											N		
<b>Northern Cape</b>																				
<b>Departments</b>																				
1	Agriculture, Land Reform and Rural Development			R		A	R	A						A						
2	Cooperative Governance, Human Settlements and Traditional Affairs		R	R		R	R											R	R	
3	Economic Development and Tourism		A	R		N	R	A		A				A				A	A	
4	Education		R	R		R	R	R										N	R	
5	Environment and Nature Conservation		A	R		N	R												A	
6	Health		R	R		R	R	R	R	R			A	A	A	R		R	R	



Findings on non-compliance															Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure			
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R	R					N				N	N		R	R		R	R	R		-	4,0m	1,1m
R	R					R	A				A	A	R	R		R	R	R		135,2m	40,0m	3,0m
																	N	R		-	0,23m	-
R	A	R	R			R		A		A	R	A	R	R		R	R	R	R	-	123,1m	2,0m
N											N			R		A	R	R	A	-	0,77m	-
																	A	R		-	0,05m	-
N					N	N				N						A	R	R		1,1m	-	0,1m
R	R					N				A	N		R	R	N	R	R	R		-	23,0m	0,04m
						N							A	N		R	N	R		-	-	0,07m
R	R		R						A	N			N			R	R	N		-	36,8m	2,8m
																		R		-	-	-
R		A	R		A	N				A	A		A			R	R	N		-	-	-
R	R	N			N	N		N	N				R			R	R	R	R	-	6,0m	1,3m
R	R		R		A	R		A	A				R	R		R	R	R		-	1,8m	0,41m
R	R		A		A	R		A	A			R	R	R	A	R	R	R	R	-	-158,6m	30,4m
R	A		A	A				A	A	A	A		R	R		R	R	R		-	0,4m	0,05m
R	R		R			R	N	A	A				R	R		R	R	R	A	16,9m	393,4m	0,69m
R	R					N		A	A				R	R		R	R	R		-	1,2m	0,004m
R	R	A	R	A	R	R	A	A	A	R	R	N	R	R	N	R	R	R		2,1m	1 064,5m	2,1m



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
7	Office of the Premier			R			R													
8	Northern Cape Provincial Legislature		R	R		R	R	N	R				R	N			R	R		
9	Northern Cape Provincial Treasury		A	R		N	R									A				
10	Roads and Public Works		R	R		R	R	A						A		R	R			
11	Social Development			A			R													
12	Sport, Arts and Culture			R			R	R												
13	Transport, Safety and Liaison		R	R		R	R					A				A	R			
<b>Public entities</b>																				
14	Kalahari Kid Corporation		R	R		N	N	R		A		R		R		N	N			R
15	McGregor Museum			A			R	A	A	A	A	R	A							
16	Ngwao Boswa Kapa Bokone																			
17	Northern Cape Arts and Culture Council																			
18	Northern Cape Economic Development, Trade and Investment Promotion Agency		R	R		R	R	N		N		N	N	N	N		A	A		N
19	Northern Cape Fleet Management		R	R		R	R	A	R		N	R	R	R						R
20	Northern Cape Gambling Board		A	R		N	N										A	A		
21	Northern Cape Housing Fund			A			R		A				A							
22	Northern Cape Liquor Board		R	R		N	N			A			A	A	A		A	R		
23	Northern Cape Political Party Fund						N													
24	Northern Cape Premier Education Trust Fund						R													
25	Northern Cape Tourism Authority		A	R		N	R									A				
<b>North West</b>																				
<b>Departments</b>																				





Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
A	R							A	A				R	R		R	R	R		-	6,7m	-
R	R				A	R		A	A	A		A	R			R	R	R		1,4m	9,5m	0,003m
A	R					A		A	A	A			R	R		R	R	R		-	16,1m	0,04m
R	R		R		A	A	N	A	A	A	N		R	R		R	R	R	A	-	237,5m	0,08m
	A					A		A	A				A			R	N	R		-	2,4m	3,1m
R	R		R			R		A	A				R	N		R	R	R		-	27,2m	0,09m
R	R		A		A	R		A	A	R			R	R		R	R	R	R	0,1m	112,9m	0,01m
R			R		R	A		R	R	A			N		A	N	N		R	-	-	-
A																A						
R	R		N	A	R		N	R	R	N			R			R			X	-	6,9m	0,11m
R	R	A				R		R	R	R				A						-	-	0,13m
R	R		A					N	R				N			R			R	-	2,3m	0,007m
A																			R	-	-	-
R	R	A	A		A			R	R				R			R	A		N	-	0,89m	0,006m
A				A	A			R	R					A		A			N	-	-	-



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
1	Agriculture and Rural Development		R	R		N	R										A	N		
2	Economic Development, Tourism, Conservation and Environment			R			R													
3	Education		R	R		R	R	R	R		R						R	N		
4	Health		R	R		R	R	A									R	R		
5	Human Settlements		A	R		R	R						A				A			
6	Local Government and Traditional Affairs		R	R		R	R		A								R	R		
7	Office of the Premier		R	R		R	R	A	A		A		A	R			R	R		
8	North West Provincial Legislature		R	R		R	R		N				N	N			R	R		
9	North West Provincial Treasury		N	R		A	R										N			
10	Public Safety		A	R		R	R			A		A		A			A	A		
11	Public Works, Roads and Transport		R	R		R	R	R	R	A		R		R	R		R	R		
12	Social Development		R	R		N	R	A			A		N				A	R		
13	Sport, Arts and Culture		R	R		R	R	N									R	R		
<b>Public entities</b>																				
14	Agribank					R	R													
15	Agribank Creditors Settlement Trust																			
16	Atteridgeville Bus Services		R	R		R	R										N	N		A
17	Dirapeng					R	R													
18	Golden Leopard Resorts		R	R		R	R	R	R	R	R	R	R	R						R
19	Invest North West		R			R	A										R	A		
20	Kgama Wildlife Operations		A	R		R	R										A			
21	Madikwe River Lodge		R	R		R	R	R	R	R	R	N	R	R	A					R



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
	N									A			N	R		R	R	R		-	144,5m	0,7m
	R					A							A	A		R	R	R		-	5,7m	0,17m
R	R		R		N	R	R			R		R	R	R		R	R	R		3,3m	25,6m	0,39m
A	R	N	R			R	N			R	N	R	R	R	N	R	R	R	A	-	971,3m	0,28m
R	R													N			N	R		-	-	0,01m
R	R		A		A	R	N			N	N	A	R	R	N	R	R	R		-	7,1m	0,36m
R	R		A	N	N	R	N			A	N	A	R	R		R	R	R		16,0m	13,3m	0,01m
R	R	R			N	R				R	R	R	R	A		R	R	R	A	4,5m	14,5m	0,01m
R	R							N	N				N	R		N	R	R		-	16,3m	0,009m
R	R		A		N		A			R	A	R	R	R		R	R	R		85,4m	32,5m	0,25m
R	R	A	R			R		A		A	R	N	R	R		R	R	R	X	-	229,7m	10,4m
R	R					R				R			R	N		R	R	R	N	3,5m	148,1m	0,05m
R	R		N			A					N		R	R		R	R	R		-	50,2m	0,24m
R	A	A					A		A		R						R			-	-	-
R	R	R	R	A	R	R	R	R	R	R	R		R			R	R		X	-	6,3m	1,2m
																				-	0,43m	-
R	R	A					N	N	R				A			A			R	-	2,7m	-
R	R	R	R	N	R	R	N	R	R	N	R		R			R	R		X	-	-	-



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
22	Mafikeng Industrial Development Zone		R	R		R	R	N	R	R	R	R		R	R	A	A	A		N
23	Mmabana Arts, Culture and Sport		R	R		R	R	R		R	R	N	N	N	R		R	R		
24	Nort West Housing Corporation																			
25	North West Parks and Tourism Board					R	R													
26	North West Directorate of Entrepreneurial Development in Natural Resources			R		R	R										A			
27	North West Gambling Board		N	N			A										N	N		
28	North West Provincial Arts and Cultural Council																			
29	North West Star					R	R													
30	North West Tribal and Trust Fund																			
31	North West Youth Development Trust		R	R		R	R		R					A		A		A	N	
32	NW Development Corporation			R		R	R													
33	NW Provincial Council on Aids		R	R		R	R			R				N		A	A			N
34	NW Transport Investments					A	R													
35	Signal Developments																			
<b>Western Cape</b>																				
<b>Departments</b>																				
1	Agriculture			A			N													
2	Community Safety																			
3	Cultural Affairs and Sport			A			R													
4	Economic Development and Tourism			A			R													
5	Education			R			R	A												
6	Environmental Affairs and Development Planning		N	N			A											N		



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
R	R	A	R					R	R		R		R			R	N		X	-	0,37m	0,04m
R	R	R	R		R		A	R	R	R	N		R			R	R		X	-	14,1m	1,2m
																			R	-	-	0,03m
N	N	N			N			N	N	N	A									-	-	-
N											N									-	-	-
R	R	R	A		R			R	R	R	R					A	R		R	-	-	0,02m
R		N														R	N	A	R	-	1,9m	-
R	R	A	A		N		N	R	R		R		R			R	R		N	-	0,5m	-
	A												A			R	R	R		-	1,6m	0,08m
																A	R	A		-	-	-
														A		R	R	R		-	0,74m	-
	A												A	A		A	R	A		-	0,52m	-
A	R		A							A			R			R	R	R	A	-	6,9m	0,04m
N	N		N													N	N	A		-	1,1m	-



## Annexure 1:

### Auditees' audit outcomes, areas qualified, findings on predetermined objectives, non-compliance, specific focus areas and unauthorised, irregular, as well as fruitless and wasteful expenditure

Number	Auditee	2012-13 audit outcomes			2011-12 audit outcomes			Financial statement qualification areas								Findings on predetermined objectives				
		Audit opinion	Predetermined objectives	Compliance with legislation	Audit opinion	Predetermined objectives	Compliance with legislation	Non-current assets	Current assets	Liabilities	Capital and reserves	Other disclosure items	Revenue	Expenditure	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Aggregate misstatements	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report
7	Health			R			R													
8	Human Settlements		R	R		R	R										R	R		
9	Local Government			R			R													
10	Office of the Premier		N	R			R										N	N		
11	Provincial Parliament		N	N													N			
12	Western Cape Provincial Treasury			N			A													
13	Social Development		R	R		R	N										A	R		
14	Transport and Public Works			A			R													
<b>Public entities</b>																				
15	Destination Marketing Org (TA Cape Town Routes Unlimited)																			
16	Government Motor Transport			A			R													
17	The Heritage Western Cape			N			A													
18	Western Cape Cultural Commission						A													
19	Western Cape Gambling and Racing Board					A	A													
20	Western Cape Housing Development Fund			R			R	N												
21	Western Cape Investment and Trade Promotion Agency			A			R													
22	Western Cape Language Committee						A													
23	Western Cape Liquor Authority																			
24	Western Cape Nature Conservation Board		N	R			N			N							N	N		
<b>Public entities (not audited by the AGSA)</b>																				
25	Cassidra (Pty) Ltd																			



Findings on non-compliance														Findings on specific focus areas				Unauthorised, irregular, as well as fruitless and wasteful expenditure				
Material misstatement or limitations in submitted AFS	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Annual financial statements and annual report	Asset management	Liability management	Budgets	Expenditure management	Financial misconduct	Audit committees	Internal audit	Revenue management	Strategic planning and performance management	Transfer and conditional grants	Procurement management	HR management	Other	Procurement and contract management	Human resource management and compensation	Information technology controls	Financial health	Unauthorised expenditure Amount R	Irregular expenditure Amount R	Fruitless and wasteful expenditure Amount R
	R												R	N	N	R	R	R		-	86,7m	0,06m
A	A											A	A	N		R	R	R		-	0,04m	-
	A					A							A	N		A	R	A	A	-	-	-
A	N															R	R	R	A	-	2,8m	0,04m
	N															R		R		-	0,9m	0,005m
														N		R	R	R		-	0,85m	0,02m
												N	A			R	N	A		-	0,01m	-
A	A											A	A	A		R	R	R	A	-	100,2m	0,89m
																			N	-	-	-
A		A						A						A			A	R		-	8,2m	-
N																				-	-	-
																				-	0,001m	-
																		A		-	-	-
N		A																	R	-	-	-
A																				-	-	0,003m
																				-	-	-
																				-	-	-
R	R												N			R		R	A	-	0,85m	0,04m
																				-	-	-



## Annexure 2: Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
<b>Sphere of government: National</b>						
<b>Portfolio: Agriculture, forestry and fisheries</b>						
<b>Department</b>						
1	Agriculture, Forestry and Fisheries					
<b>Public entities</b>						
2	Agricultural Research Council					
3	Marine Living Resources Fund					
4	National Agricultural Marketing Council					
5	Onderstepoort Biological Products Ltd					
<b>Public entities (not audited by the AGSA)</b>						
6	Ncera Farms (Pty) Ltd					
7	Perishable Products Export Control Board					
<b>Portfolio: Arts and culture</b>						
<b>Department</b>						
1	Arts and Culture					
<b>Public entities</b>						
2	Artscape					
3	Die Afrikaanse Taalmuseum					
4	Ditsong: Museums of South Africa					
5	Freedom Park					
6	Iziko Museums of Cape Town					
7	KwaZulu-Natal Museum					
8	Luthuli Museum					
9	Market Theatre Foundation					



## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
10	Msunduzi/Voortrekker Museum	Yellow	Green	Green	Green	Green
11	National Arts Council of South Africa	Yellow	Purple	Pink	Purple	Yellow
12	National English Literary Museum (Grahamstown)	Yellow	Yellow	Yellow	Yellow	Yellow
13	National Film and Video Foundation of South Africa	Green	Yellow	Yellow	Green	Green
14	National Heritage Council of South Africa	Yellow	Yellow	Yellow	Yellow	Yellow
15	National Library of South Africa	Yellow	Yellow	Yellow	Yellow	Yellow
16	National Museum	Green	Yellow	Green	Yellow	Yellow
17	Nelson Mandela National Museum (Mthatha)	Yellow	Yellow	Yellow	Yellow	Yellow
18	Pan South African Language Board	Purple	Purple	Yellow	Yellow	Yellow
19	Performing Arts Centre of the Free State	Yellow	Purple	Yellow	Purple	Purple
20	Robben Island Museum, Cape Town	Yellow	Yellow	Yellow	Purple	Purple
21	South Africa Heritage Resources Agency	Purple	Red	Purple	Yellow	Grey
22	South Africa Library for the Blind (Grahamstown)	Yellow	Yellow	Yellow	Yellow	Yellow
23	The Playhouse Company	Green	Green	Green	Yellow	Green
24	The South African State Theatre	Purple	Purple	Yellow	Yellow	Purple
25	War Museum of the Boer Republics	Green	Yellow	Yellow	Yellow	Green
26	William Humphreys Art Gallery	Purple	Yellow	Green	Green	Yellow
27	Windybrow Theatre	Yellow	Yellow	Yellow	Yellow	Yellow
<b>Portfolio: Basic education</b>						
<b>Department</b>						
1	Basic Education	Yellow	Yellow	Yellow	Blue	Blue
<b>Public entities</b>						
2	Education Labour Relations Council	Yellow	Yellow	Yellow	Green	Green

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
<b>Public entities (not audited by the AGSA)</b>						
3	South African Council of Educators	Yellow	Yellow	Yellow	Yellow	Blue
4	Umalusi QA on Further Training & Education	Green	Yellow	Green	Green	Blue
<b>Portfolio: Communications</b>						
<b>Department</b>						
1	Communications	Yellow	Yellow	Yellow	Purple	Yellow
<b>Public entities</b>						
2	Independent Communications Authority of South Africa	Grey	Purple	Purple	Purple	Purple
3	National Electronic Media Institute of South African	Yellow	Yellow	Yellow	Yellow	Green
4	South African Broadcasting Corporation	Red	Purple	Purple	Yellow	Blue
5	Universal Service and Access Agency of South Africa	Yellow	Yellow	Yellow	Yellow	Yellow
6	Universal Service and Access Fund	Purple	Yellow	Yellow	Yellow	Green
<b>Public entities (not audited by the AGSA)</b>						
7	Sentech Limited	Green	Yellow	Yellow	Purple	Blue
8	South African Post Office Limited	Yellow	Yellow	Yellow	Green	Blue
9	Telkom Limited	Green	Green	Green	Green	Blue
<b>Portfolio: Cooperative governance and traditional affairs</b>						
<b>Department</b>						
1	Cooperative Governance and Traditional Affairs	Yellow	Yellow	Purple	Yellow	Purple
<b>Public entities</b>						
2	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities	Yellow	Yellow	Yellow	Yellow	Yellow
3	Municipal Demarcation Board	Yellow	Yellow	Yellow	Yellow	Yellow
4	South African Local Government Association (SALGA)	Green	Yellow	Yellow	Yellow	Red

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
<b>Portfolio: Correctional services</b>						
<b>Department</b>						
1	Correctional Services					
<b>Portfolio: Defence and military veterans</b>						
<b>Department</b>						
1	Defence					
<b>Public entities</b>						
2	Armaments Corporation of South Africa Limited					
3	Armcor Defence Institutes (Pty) Ltd					
4	Castle Control Board					
5	South African National Defence Force Fund					
6	Special Defence Account					
<b>Portfolio: Economic development</b>						
<b>Department</b>						
1	Economic Development					
<b>Public entities</b>						
2	Competition Commission					
3	Competition Tribunal					
4	International Trade Administration Commission					
<b>Public entities (not audited by the AGSA)</b>						
5	Industrial Development Corporation of SA					
6	Small Enterprise Finance Agency					
<b>Portfolio: Energy</b>						
<b>Department</b>						

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Energy					
<b>Public entities</b>						
2	CEF (SOC) Ltd					
3	Electricity Distribution Industry (EDI) Holdings SOC Ltd					
4	Equalisation Fund					
5	National Energy Regulator of South Africa					
6	National Nuclear Regulator					
7	South African National Energy Development Institute (SANEDI)					
8	The South African Nuclear Energy Corporation SOC Ltd					
<b>Portfolio: Environmental affairs</b>						
<b>Department</b>						
1	Environmental Affairs					
<b>Public entities</b>						
2	iSimangaliso Wetland Park Authority					
3	South African National Biodiversity Institute (SANBI)					
4	South African National Parks					
5	South African Weather Services					
<b>Portfolio: Finance (Treasury)</b>						
<b>Department</b>						
1	National Treasury					
<b>Public entities</b>						
2	Co-operative Banks Development Agency					
3	Financial and Fiscal Commission					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
4	Financial Intelligence Centre	Yellow	Yellow	Yellow	Green	Yellow
5	Financial Services Board	Green	Green	Green	Green	Green
6	Government Pensions Administration Agency	Yellow	Yellow	Yellow	Blue	Blue
7	Independent Regulatory Board for Auditors	Green	Green	Green	Green	Yellow
8	Land and Agricultural Bank of South Africa	Green	Green	Green	Green	Yellow
9	Office of the Ombud for Financial Service Providers	Green	Yellow	Green	Green	Green
10	Office of the Pension Funds Adjudicator	Green	Yellow	Purple	Purple	Yellow
11	Project Development Facility	Green	Green	Yellow	Green	Yellow
12	Public Investment Corporation Limited	Green	Yellow	Green	Yellow	Green
13	South African Revenue Services (Administered Revenue)	Yellow	Green	Green	Green	Green
14	South African Revenue Services (Own Account)	Yellow	Green	Green	Green	Green
15	Technical Assistance Unit	Green	Green	Yellow	Green	Green
<b>Public entities (not audited by the AGSA)</b>						
16	Accounting Standards Board	Green	Green	Green	Green	Blue
17	DBSA - Development Fund	Green	Green	Green	Blue	Blue
18	Development Bank of Southern Africa	Green	Green	Green	Green	Blue
19	SASRIA Limited	Green	Green	Yellow	Yellow	Blue
<b>Portfolio: Health</b>						
<b>Department</b>						
1	Health	Yellow	Yellow	Purple	Yellow	Purple
<b>Public entities</b>						
2	Compensation Commissioner for Occupational Diseases	Grey	Grey	Red	Pink	Pink
3	Council for Medical Schemes	Yellow	Green	Yellow	Yellow	Yellow

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
4	Medical Research Council of South Africa	Green	Yellow	Yellow	Yellow	Purple
<b>Public entity (not audited by the AGSA)</b>						
5	National Health Laboratory Service	Yellow	Yellow	Yellow	Yellow	Blue
<b>Portfolio: Higher education and training</b>						
<b>Department</b>						
1	Higher Education and Training	Yellow	Yellow	Yellow	Blue	Blue
<b>Public entities</b>						
2	Agricultural Sector Education and Training (AGRISETA)	Yellow	Yellow	Green	Green	Green
3	Banking Sector Education and Training Authority (BANKSETA)	Green	Green	Green	Green	Green
4	Chemical Industries Education and Training Authority	Yellow	Green	Yellow	Yellow	Green
5	Construction Education and Training Authority	Yellow	Yellow	Yellow	Yellow	Purple
6	Council on Higher Education	Yellow	Green	Yellow	Green	Green
7	Culture, Arts, Tourism, Hospitality and Sports Education and Training Authority	Yellow	Yellow	Yellow	Green	Yellow
8	Education, Training and Development Practices Sector Education and Training Authority	Green	Green	Yellow	Green	Yellow
9	Energy and Water Sector Education and Training Authority	Purple	Yellow	Yellow	Red	Red
10	Fibre Processing Manufacturing Sector Education and Training Authority	Purple	Purple	Blue	Blue	Blue
11	Finance and Accounting Services Sector Education Training Authority	Green	Green	Green	Green	Green
12	Food and Beverages Manufacturing Industry Sector Education Training Authority	Yellow	Yellow	Yellow	Green	Yellow
13	Health and Welfare Sector Education and Training Authority	Yellow	Yellow	Yellow	Green	Green

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
14	Insurance Sector Education and Training Authority (INSETA)	Yellow	Yellow	Green	Yellow	Yellow
15	Local Government Education and Training Authority	Purple	Red	Yellow	Yellow	Yellow
16	Manufacturing Engineering & Related Services Education and Training Authority	Yellow	Yellow	Yellow	Green	Green
17	Media, Information and Communication Technologies Sector Education and Training Authority	Green	Green	Blue	Blue	Blue
18	Mining Qualifications SETA	Yellow	Green	Green	Green	Yellow
19	National Institute for Higher Education - NC	Grey	Grey	Red	Red	Grey
20	National Skills Fund	Yellow	Yellow	Yellow	Yellow	Yellow
21	National Student Financial Aid Scheme	Yellow	Yellow	Yellow	Red	Yellow
22	Public Service Sector Education and Training Authority	Purple	Purple	Red	Red	Red
23	Quality Council for Trades and Occupations	Yellow	Yellow	Blue	Blue	Blue
24	Safety and Security Sector Education and Training Authority (SASSETA)	Purple	Purple	Yellow	Yellow	Yellow
25	Services Sector Education and Training Authority (Services SETA)	Grey	Yellow	Purple	Green	Green
26	South African Qualifications Authority	Yellow	Green	Green	Green	Green
27	Transport Education and Training Authority (TETA)	Yellow	Yellow	Yellow	Green	Yellow
28	Wholesale & Retail Sector Education and Training Authority	Yellow	Purple	Green	Green	Yellow
<b>Public entities (not audited by the AGSA)</b>						
29	Boland FET College	Green	Green	Green	Green	Blue
30	Buffalo City FET College	Green	Yellow	Green	Green	Blue
31	Cape Peninsula University of Technology	Green	Green	Green	Green	Blue
32	Capricorn FET College	Grey	Green	Green	Green	Blue

## Annexure 2: Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
33	Central JHB FET College	Yellow	Yellow	Green	Green	Blue
34	Central University of Technology	Green	Green	Green	Green	Blue
35	Coastal FET College	Grey	Grey	Purple	Purple	Blue
36	College of Cape Town (FET)	Green	Yellow	Green	Green	Blue
37	Durban University of Technology	Green	Green	Green	Green	Blue
38	East Cape Midlands FET College	Yellow	Purple	Green	Red	Blue
39	Ehlanzeni FET College	Green	Green	Green	Green	Blue
40	Ekurhuleni East FET College	Yellow	Yellow	Green	Green	Blue
41	Ekurhuleni West FET College	Yellow	Green	Green	Green	Blue
42	Elangeni FET College	Grey	Grey	Green	Green	Blue
43	Esayidi FET College	Grey	Grey	Grey	Red	Blue
44	False Bay FET College	Green	Green	Green	Green	Blue
45	Flavius Mareka FET College	Grey	Green	Green	Purple	Blue
46	Gert Sibande FET College	Green	Green	Green	Green	Blue
47	Goldfields FET College	Grey	Yellow	Green	Green	Blue
48	Ikhala FET College	Pink	Purple	Green	Green	Blue
49	Ingwe FET College	Grey	Grey	Red	Red	Blue
50	King Hintsa FET College	Red	Green	Green	Purple	Blue
51	King Sabatha Dalindyebo FET College	Grey	Grey	Green	Purple	Blue
52	Lephalale FET College	Grey	Grey	Green	Green	Blue
53	Letaba FET College	Yellow	Yellow	Purple	Green	Blue
54	Lovedale FET College	Grey	Yellow	Green	Green	Blue



## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
55	Majuba FET College					
56	Maluti FET College					
57	Mangosuthu University of Technology					
58	Mnambithi FET College					
59	Mopani South East FET College					
60	Motheo FET College					
61	Mthashana FET College					
62	National Institute for Higher Education - MP					
63	Nelson Mandela Metropolitan University					
64	Nkangala FET College					
65	North West University					
66	Northern Cape Rural FET College					
67	Northern Cape Urban FET College					
68	Northlink FET College					
69	Orbit FET College					
70	Port Elizabeth FET College					
71	Rhodes University					
72	Sedibeng FET College					
73	Sekhukhune FET College					
74	South Cape FET College					
75	South West Gauteng FET College					
76	Taletso FET College					

## Annexure 2: Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
77	Thekwini FET College					
78	Tshwane North FET College					
79	Tshwane South FET College					
80	Tshwane University of Technology					
81	Umfolozzi FET College					
82	Umgungundlovu FET College					
83	University of Cape Town					
84	University of Fort Hare					
85	University of Johannesburg					
86	University of Kwa-Zulu Natal					
87	University of Limpopo					
88	University of Pretoria					
89	University of South Africa					
90	University of Stellenbosch					
91	University of the Free State					
92	University of the Western Cape					
93	University of the Witwatersrand					
94	University of Venda					
95	University of Zululand					
96	Vaal University of Technology					
97	Vhembe FET College					
98	Vuselela FET College					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
99	Walter Sisulu University for Technology and Science					
100	Waterberg FET College					
101	West Coast FET College					
102	Western College for FET					
<b>Portfolio: Home affairs</b>						
<b>Department</b>						
1	Home Affairs					
<b>Public entities</b>						
2	Film and Publication Board					
3	Government Printing Works					
4	Independent Electoral Commission					
<b>Portfolio: Human settlements</b>						
<b>Department</b>						
1	Human Settlements					
<b>Public entity</b>						
2	National Home Builders Regulatory Council					
<b>Public entities (not audited by the AGSA)</b>						
3	Estate Agency Affairs Board					
4	Housing Development Agency					
5	National Housing Finance Corporation Ltd					
6	National Urban Reconstruction & Housing Agency					
7	Rural Housing Loan Fund					
8	Servcon Housing Solutions (Pty) Ltd					
9	Social Housing Foundation					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
10	Social Housing Regulatory Authority					
11	Thubelisha Homes					
<b>Portfolio: International relations and cooperation</b>						
<b>Department</b>						
1	International Relations and Cooperation					
<b>Public entity</b>						
2	African Renaissance and International Cooperation Fund					
<b>Portfolio: Justice and constitutional development</b>						
<b>Department</b>						
1	Justice and Constitutional Development					
<b>Public entities</b>						
2	Criminal Asset Recovery Account					
3	Guardians Fund					
4	Legal Aid South Africa					
5	National Prosecuting Authority					
6	President's Fund					
7	South African Human Rights Commission					
8	Special Investigating Unit					
9	The Public Protector of South Africa					
10	Third Party Funds (Monies in Trust)					
<b>Public entity (not audited by the AGSA)</b>						
11	South African Board of Sheriffs					
<b>Portfolio: Labour</b>						
<b>Department</b>						

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Labour	Yellow	Yellow	Yellow	Purple	Purple
<b>Public entities</b>						
2	Commission for Conciliation, Mediation and Arbitration	Yellow	Yellow	Green	Yellow	Yellow
3	Compensation Fund	Red	Purple	Purple	Purple	Red
4	National Economic Development and Labour Council	Yellow	Purple	Yellow	Green	Blue
5	Sheltered Employment Factories	Purple	Yellow	Purple	Pink	Purple
6	Unemployment Insurance Fund	Green	Green	Green	Yellow	Green
<b>Public entity (not audited by the AGSA)</b>						
7	Productivity SA	Yellow	Yellow	Green	Green	Blue
<b>Portfolio: Mineral resources</b>						
<b>Department</b>						
1	Mineral Resources	Purple	Yellow	Purple	Blue	Blue
<b>Public entities</b>						
2	Council for Geoscience	Yellow	Yellow	Green	Green	Yellow
3	Council for Mineral Technology (Mintek)	Green	Green	Green	Green	Yellow
4	Mine Health and Safety Council	Yellow	Yellow	Yellow	Green	Yellow
5	South Africa Diamond and Precious Metals Regulator	Green	Green	Yellow	Yellow	Yellow
6	State Diamond Trader	Green	Green	Green	Yellow	Yellow
<b>Portfolio: Parliament</b>						
<b>Department</b>						
1	Parliament of the Republic of South Africa	Yellow	Yellow	Yellow	Green	Yellow
<b>Portfolio: Police</b>						
<b>Departments</b>						
1	Independent Police Investigative Directorate	Yellow	Yellow	Yellow	Yellow	Purple

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
2	Police	Yellow	Yellow	Yellow	Yellow	Green
<b>Public entity</b>						
3	Private Security Industry Regulatory Authority	Purple	Yellow	Yellow	Purple	Red
<b>Portfolio: Public enterprises</b>						
<b>Department</b>						
1	Public Enterprises	Yellow	Green	Green	Green	Green
<b>Public entities</b>						
2	South African Express Airways SOC Limited	Grey	Red	Red	Green	Blue
3	South African Forestry Company SOC Limited	Grey	Green	Green	Green	Blue
<b>Public entities (not audited by the AGSA)</b>						
4	Alexkor SOC Limited	Yellow	Yellow	Yellow	Yellow	Blue
5	Broadband Infracore SOC Ltd	Yellow	Yellow	Purple	Green	Blue
6	Denel SOC Ltd	Green	Green	Green	Green	Blue
7	Eskom Holdings SOC Limited	Yellow	Green	Green	Green	Blue
8	South African Airways SOC Limited	Grey	Yellow	Yellow	Yellow	Blue
9	Transnet SOC Limited	Yellow	Yellow	Yellow	Yellow	Blue
<b>Portfolio: Public service and administration</b>						
<b>Departments</b>						
1	Public Administration Leadership and Management Academy	Yellow	Yellow	Yellow	Yellow	Yellow
2	Public Service and Administration	Yellow	Yellow	Yellow	Yellow	Yellow
3	Public Service Commission	Green	Green	Yellow	Yellow	Yellow
<b>Public entities</b>						
4	Public Administration Leadership and Management Academy Training Trading Account	Yellow	Yellow	Yellow	Yellow	Grey

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
5	State Information Technology Agency SOC Limited					
<b>Portfolio: Public works</b>						
<b>Department</b>						
1	Public Works					
<b>Public entities</b>						
2	Construction Industry Development Board					
3	Council for the Built Environment (CBE)					
4	Independent Development Trust					
5	Parliamentary Villages Management Board					
6	The Property Management Trading Entity					
<b>Portfolio: Rural development and land reform</b>						
<b>Department</b>						
1	Rural Development and Land Reform					
<b>Public entities</b>						
2	Agricultural Land Holding Account					
3	Deeds Registration Trading Account					
4	Ingonyama Trust Board					
<b>Portfolio: Science and technology</b>						
<b>Department</b>						
1	Science and Technology					
<b>Public entities</b>						
1	Africa Institute of South Africa, Pretoria					
2	Council for Scientific and Industrial Research (CSIR)					
3	Human Sciences Research Council					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
4	National Research Foundation	Green	Green	Green	Green	Yellow
5	Technology and human resources for industry programme	Green	Green	Green	Blue	Blue
<b>Public entities (not audited by the AGSA)</b>						
6	Academy of Science of South Africa	Green	Green	Blue	Blue	Blue
7	South African National Space Agency	Yellow	Yellow	Yellow	Blue	Blue
8	Technology Innovation Agency	Yellow	Yellow	Pink	Blue	Blue
<b>Portfolio: Social development</b>						
<b>Department</b>						
1	Social Development	Green	Yellow	Purple	Purple	Yellow
<b>Public entities</b>						
2	Disaster Relief Fund	Green	Yellow	Green	Green	Green
3	National Development Agency	Yellow	Yellow	Yellow	Green	Yellow
4	Refugee Relief Fund	Green	Yellow	Green	Green	Green
5	Social Relief Fund	Green	Yellow	Green	Green	Green
6	South African Social Security Agency (SASSA)	Yellow	Green	Yellow	Red	Yellow
7	State President Fund	Green	Yellow	Green	Green	Green
<b>Portfolio: Sport and recreation South Africa</b>						
<b>Department</b>						
1	Sport and Recreation South Africa	Yellow	Yellow	Yellow	Yellow	Purple
<b>Public entities</b>						
2	Boxing South Africa	Yellow	Purple	Purple	Yellow	Purple
3	SA Institute for Drug-free Sport	Yellow	Yellow	Yellow	Yellow	Yellow
<b>Portfolio: Statistics South Africa</b>						
<b>Departments</b>						



## Annexure 2: Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Statistics South Africa	Yellow	Purple	Yellow	Green	Yellow
<b>Portfolio: The presidency</b>						
<b>Departments</b>						
1	Government Communications and Information System	Yellow	Yellow	Yellow	Yellow	Green
2	Performance Monitoring and Evaluation	Green	Yellow	Blue	Blue	Blue
3	The Presidency	Yellow	Yellow	Yellow	Yellow	Purple
<b>Public entities</b>						
4	Media Development and Diversity Agency	Green	Yellow	Green	Green	Yellow
5	National Youth Development Agency	Yellow	Yellow	Yellow	Yellow	Blue
6	The South African International Marketing Council Trust/Brand South Africa	Yellow	Yellow	Yellow	Yellow	Yellow
<b>Portfolio: Tourism</b>						
<b>Department</b>						
1	Tourism	Yellow	Yellow	Yellow	Blue	Blue
<b>Public entity</b>						
2	South African Tourism	Green	Yellow	Yellow	Green	Green
<b>Portfolio: Trade and industry</b>						
<b>Department</b>						
1	Trade and Industry	Yellow	Yellow	Yellow	Yellow	Yellow
<b>Public entities</b>						
2	Companies and Intellectual Property Commission	Yellow	Purple	Purple	Yellow	Purple
3	Companies Tribunal	Yellow	Green	Blue	Blue	Blue
4	National Consumer Commission	Purple	Yellow	Blue	Blue	Blue
5	National Consumer Tribunal	Green	Yellow	Yellow	Yellow	Green

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
6	National Credit Regulator	Yellow	Yellow	Green	Green	Green
7	National Gambling Board of South Africa	Yellow	Yellow	Yellow	Yellow	Yellow
8	National Lotteries Board	Yellow	Yellow	Yellow	Yellow	Yellow
9	National Lottery Distribution Trust Fund	Yellow	Yellow	Yellow	Green	Yellow
10	National Regulator for Compulsory Specifications	Yellow	Purple	Yellow	Yellow	Yellow
11	SA Bureau of Standards (SABS)	Green	Green	Green	Green	Yellow
12	Small Enterprise Development Agency	Yellow	Green	Green	Yellow	Yellow
<b>Public entities (not audited by the AGSA)</b>						
13	Export Credit Insurance Corporation of SA	Green	Green	Yellow	Green	Blue
14	National Empowerment Fund	Green	Green	Green	Green	Blue
15	National Metrology Institute of SA	Yellow	Yellow	Yellow	Green	Blue
16	SA National Accreditation System	Yellow	Green	Green	Green	Blue
<b>Portfolio: Transport</b>						
<b>Department</b>						
1	Transport	Yellow	Yellow	Yellow	Yellow	Yellow
<b>Public entities</b>						
2	Cross-Border Road Transport Agency	Yellow	Purple	Purple	Purple	Purple
3	Driving Licence Card Account	Green	Yellow	Yellow	Yellow	Yellow
4	Passenger Rail Agency of South Africa	Yellow	Yellow	Yellow	Yellow	Yellow
5	Ports Regulator of South Africa	Yellow	Yellow	Yellow	Yellow	Yellow
6	Railway Safety Regulator	Yellow	Yellow	Yellow	Yellow	Yellow
7	Road Accident Fund	Green	Yellow	Yellow	Green	Yellow
8	Road Traffic Management Corporation	Yellow	Yellow	Purple	Purple	Yellow

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
9	South African Civil Aviation Authority	Green	Yellow	Yellow	Yellow	Green
10	South African Maritime Safety Authority	Yellow	Yellow	Yellow	Yellow	Yellow
11	The South African National Roads Agency Limited	Yellow	Green	Green	Green	Yellow
12	Autopax (Pty) Ltd	Yellow	Yellow	Green	Yellow	Blue
13	Intersite Property Management Services (Pty) Ltd	Yellow	Yellow	Green	Green	Blue
14	Road Traffic Infringement Agency	Yellow	Yellow	Red	Blue	Blue
<b>Public entities (not audited by the AGSA)</b>						
15	Air Traffic Navigation Services	Green	Green	Green	Green	Blue
16	Airports Company of SA Limited	Green	Yellow	Green	Green	Blue
<b>Portfolio: Water affairs</b>						
<b>Department</b>						
1	Water Affairs	Purple	Purple	Purple	Purple	Yellow
<b>Public entities</b>						
2	Water Research Commission	Yellow	Yellow	Yellow	Green	Green
3	Water Trading Account	Purple	Purple	Red	Purple	Yellow
<b>Public entities (not audited by the AGSA)</b>						
4	Breede-Overberg Catchment Management Agency	Yellow	Green	Yellow	Green	Blue
5	Inkomati Catchment Management Agency	Green	Green	Green	Yellow	Blue
6	Trans-Caledon Tunnel Authority	Green	Green	Green	Green	Blue
<b>Portfolio: Women, children and people with disabilities</b>						
<b>Department</b>						
1	Women, Children and Persons with Disabilities	Yellow	Yellow	Yellow	Blue	Blue
<b>Public entity</b>						
2	Commission on Gender Equality	Yellow	Yellow	Yellow	Purple	Red

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
<b>Sphere of government: Provincial</b>						
<b>Eastern Cape</b>						
<b>Departments</b>						
1	Agriculture and Rural Development					
2	Economic Development and Environmental Affairs					
3	Education					
4	Health					
5	Human Settlements					
6	Local Government and Traditional Affairs					
7	Office of the Premier					
8	Eastern Cape Provincial Legislature					
9	Eastern Cape Provincial Treasury					
10	Roads and Public Works					
11	Safety and Liaison					
12	Social Development					
13	Sport, Recreation, Arts and Culture					
14	Transport					
<b>Public entities</b>						
15	East London Industrial Development Zone Corporation					
16	Eastern Cape Appropriate Technology Unit					
17	Eastern Cape Development Corporation					
18	Eastern Cape Gambling and Betting Board					
19	Eastern Cape Government Fleet Management Services					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
20	Eastern Cape Liquor Board	Yellow	Yellow	Yellow	Yellow	Yellow
21	Eastern Cape Parks and Tourism Agency	Yellow	Yellow	Yellow	Blue	Blue
22	Eastern Cape Provincial Arts and Culture Council	Yellow	Yellow	Yellow	Purple	Red
23	Eastern Cape Provincial Legislature Political Party Fund	Yellow	Purple	Blue	Blue	Blue
24	Eastern Cape Rural Development Agency	Yellow	Yellow	Yellow	Yellow	Yellow
25	Eastern Cape Socio Economic Consultative Council	Green	Yellow	Yellow	Green	Yellow
26	Mayibuye Transport Corporation	Red	Purple	Purple	Purple	Yellow
<b>Free State</b>						
<b>Departments</b>						
1	Agriculture and Rural Development	Yellow	Yellow	Purple	Yellow	Purple
2	Cooperative Governance and Traditional Affairs	Yellow	Yellow	Purple	Purple	Blue
3	Economic Development, Tourism and Environmental Affairs	Purple	Purple	Purple	Yellow	Yellow
4	Education	Yellow	Yellow	Purple	Purple	Yellow
5	Free State Provincial Treasury	Green	Green	Green	Green	Yellow
6	Health	Purple	Purple	Purple	Red	Purple
7	Human Settlements	Purple	Purple	Yellow	Purple	Blue
8	Police, Roads and Transport	Yellow	Purple	Purple	Red	Purple
9	Office of the Premier	Green	Green	Green	Yellow	Yellow
10	Free State Provincial Legislature	Yellow	Green	Yellow	Yellow	Yellow
11	Public Works	Purple	Purple	Purple	Purple	Purple
12	Social Development	Yellow	Yellow	Yellow	Yellow	Purple
13	Sport, Arts, Culture and Recreation	Green	Yellow	Yellow	Yellow	Purple
<b>Public entities</b>						

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
14	Central Medical Trading Account	Yellow	Yellow	Yellow	Yellow	Yellow
15	Free State Development Corporation	Purple	Red	Red	Red	Pink
16	Free State Fleet Management Trading Entity	Green	Yellow	Yellow	Green	Green
17	Free State Gambling and Liquor Authority	Yellow	Purple	Purple	Blue	Blue
18	Free State Political Party Fund	Grey	Grey	Grey	Grey	Grey
19	Free State Tourism Authority	Purple	Yellow	Yellow	Purple	Yellow
<b>Public entities (not audited by the AGSA)</b>						
20	Canton Trading 123 (Pty) Ltd t/a Jomago Health	Grey	Grey	Grey	Grey	Blue
21	Classic Number Trading 45 Pty (Ltd)	Grey	Grey	Grey	Blue	Blue
22	Confram Harrismith Properties (Pty) Ltd	Grey	Grey	Grey	Blue	Blue
23	Copper Moon Trading 429 (Pty) Ltd	Grey	Grey	Grey	Blue	Blue
24	Cross Point Trading 23 (Pty) Ltd	Grey	Grey	Grey	Grey	Blue
25	Golden Pond Trading 663 (Pty) Ltd	Grey	Grey	Grey	Blue	Blue
26	Highlands Furniture Factory (Pty) Ltd	Grey	Grey	Grey	Grey	Blue
27	Mafube Risk Insurance Consultants (Pty) Ltd	Grey	Grey	Grey	Grey	Blue
28	Orofino Africa Jewellery Manufacturers (Pty) Ltd	Grey	Grey	Grey	Blue	Blue
29	Phiritona Plastics (Pty) Ltd	Grey	Grey	Grey	Grey	Blue
30	Qwa-Qwa Datnis (Pty) Ltd	Grey	Grey	Grey	Grey	Blue
31	Rumar Manufacturing (Pty) Ltd	Grey	Grey	Grey	Grey	Blue
32	Satinsky 167 (Pty) Ltd	Grey	Grey	Grey	Blue	Blue
33	Scopefull 21 (Pty) Ltd	Grey	Grey	Grey	Grey	Blue
34	Synthopro Holdings (Pty) Ltd	Grey	Grey	Grey	Blue	Blue
35	Twin Cities (Pty) Ltd	Grey	Grey	Grey	Grey	Blue

## Annexure 2: Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
36	Welkom Daimond Cutting Works					
<b>Gauteng</b>						
<b>Departments</b>						
1	Agriculture and Rural Development					
2	Community Safety					
3	Economic Development					
4	Finance					
5	Housing and Local Government					
6	Infrastructure Development					
7	Roads and Transport					
8	Sports, Arts, Culture and Recreation					
9	Education					
10	Gauteng Provincial Treasury					
11	Health					
12	Office of the Premier					
13	Gauteng Provincial Legislature					
14	Social Development					
<b>Public entities</b>						
15	AIDC Development Centre					
16	Constitutional Hill Development Company					
17	Cost Recovery Trading Entity					
18	Cradle of Humankind Trading Entity					
19	Dinokeng World Heritage Trading Entity					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
20	Gauteng Enterprise Propeller					
21	Gauteng Film Commission					
22	Gauteng Funding Agency					
23	Gauteng Gambling Board					
24	Gauteng Growth and Development Agency					
25	Gauteng Housing Fund					
26	Gauteng Liquor Board					
27	Gauteng Medical Supplies Depot					
28	Gauteng Partnership Fund					
29	Gauteng Tourism Authority					
30	Gautrain Management Agency					
31	g-FleeT Management					
32	Greater Newtown Development Company					
33	Industrial Development Zone					
34	Supplier Park Development Co					
35	The Innovation Hub					
<b>KwaZulu-Natal</b>						
<b>Departments</b>						
1	Agriculture, Environmental Affairs and Rural Development					
2	Arts and Culture					
3	Community Safety and Liaison					
4	Cooperative Governance and Traditional Affairs					
5	Economic Development and Tourism					



## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
6	Education					
7	Health					
8	Human Settlements					
9	KwaZulu-Natal Provincial Treasury					
10	Office of the Premier					
11	KwaZulu-Natal Provincial Legislature					
12	Public Works					
13	Social Development					
14	Sport and Recreation					
15	The Royal Household					
16	Transport					
<b>Public entities</b>						
17	Agri-Business Development Agency					
18	Amafa AkwaZulu-Natali					
19	Dube Tradeport Company					
20	Ithala Development Finance Corporation Ltd					
21	Ithala Limited					
22	KwaZulu-Natal Business Rehabilitation Trust Fund					
23	KwaZulu-Natal Gaming and Betting Board					
24	KwaZulu-Natal Growth Fund Managers (Pty) Ltd					
25	KwaZulu-Natal Nature Conservation Board					
26	KwaZulu-Natal Provincial Pharmaceutical Supply Depot					
27	KwaZulu-Natal Sharks Board					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
28	KwaZulu-Natal Tourism Authority	Green	Yellow	Yellow	Green	Yellow
29	KZN Housing Fund	Red	Pink	Purple	Purple	Purple
30	KZN Liquor Authority	Yellow	Blue	Blue	Blue	Blue
31	KZN Political Parties' Fund	Green	Green	Green	Yellow	Purple
32	Mjindi Farming (Pty) Ltd	Yellow	Yellow	Yellow	Yellow	Yellow
33	Natal Joint Municipal Pension Fund (Provident)	Green	Green	Green	Green	Green
34	Natal Joint Municipal Pension Fund (Retirement)	Green	Green	Green	Green	Green
35	Natal Joint Municipal Pension Fund (Superannuation)	Green	Green	Green	Green	Green
36	The KwaZulu-Natal Royal Household Trust	Yellow	Yellow	Yellow	Blue	Blue
37	Trade and Investment KwaZulu-Natal	Green	Yellow	Green	Yellow	Yellow
38	Traditional Levies and Trust Account	Purple	Purple	Purple	Purple	Pink
39	uMsekeli Municipal Support Services	Green	Yellow	Yellow	Purple	Purple
<b>Public entities (not audited by the AGSA)</b>						
40	Banzi Pan Devco (Pty) Ltd	Green	Yellow	Green	Yellow	Blue
41	Cowslip Investments (Pty) Ltd	Green	Yellow	Yellow	Yellow	Blue
42	Durban Wharfside Trust	Green	Yellow	Yellow	Yellow	Blue
43	La Mercy Property Investment	Green	Green	Blue	Blue	Blue
44	Mabibi Development Company (Pty) Ltd	Green	Yellow	Yellow	Yellow	Blue
45	Moses Kotana Institute	Grey	Green	Yellow	Yellow	Blue
46	Nongoma Plaza Ltd	Green	Yellow	Yellow	Yellow	Blue
47	Richards Bay Industrial Development Zone (Pty) Ltd	Green	Green	Yellow	Yellow	Blue
48	Rocktail Bay Devco (Pty) Ltd	Green	Yellow	Yellow	Yellow	Blue
49	Sibaya Conservation Projects (Pty) Ltd	Green	Yellow	Yellow	Yellow	Blue

## Annexure 2: Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
50	Sundumbili Plaza					
51	Ubiciko Twines and Fabric (Pty) Ltd					
<b>Limpopo</b>						
<b>Departments</b>						
1	Agriculture					
2	Cooperative Governance, Human Settlements and Traditional Affairs					
3	Economic Development, Environment and Tourism					
4	Education					
5	Health					
6	Office of the Premier					
7	Limpopo Provincial Legislature					
8	Limpopo Provincial Treasury					
9	Public Works					
10	Roads and Transport					
11	Safety, Security and Liaison					
12	Social Development					
13	Sport, Arts and Culture					
<b>Public entities</b>						
14	Capital Hill Investment Company					
15	Corridor Mining Resources					
16	Fumani Green Stone					
17	Gateway Airport Authority Limited					
18	Great North Transport					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
19	Khumong Chrome Mine	Yellow	Yellow	Yellow	Blue	Blue
20	Kulungisa	Yellow	Blue	Blue	Blue	Blue
21	Limpopo Economic Development Agency	Purple	Purple	Purple	Yellow	Blue
22	Limpopo Gambling Board	Yellow	Yellow	Yellow	Yellow	Yellow
23	Limpopo Roads Agency	Grey	Yellow	Green	Yellow	Yellow
24	Limpopo Tourism and Parks Board	Red	Red	Red	Red	Red
25	Mapulaneng Investments	Yellow	Blue	Blue	Blue	Blue
26	Mokopane Kodumela Mining Investments	Yellow	Yellow	Yellow	Blue	Blue
27	Munumzwu Estate	Purple	Purple	Purple	Blue	Blue
28	Risima Housing Finance Corporation	Yellow	Yellow	Blue	Blue	Blue
29	Sefateng Chrome Mine	Yellow	Yellow	Yellow	Blue	Blue
30	Tribal and Trust Account	Grey	Grey	Grey	Grey	Grey
31	Tshepong Chrome Mine	Yellow	Yellow	Yellow	Blue	Blue
32	VDC Investments	Yellow	Blue	Blue	Blue	Blue
33	Venteco	Purple	Yellow	Purple	Blue	Blue
<b>Mpumalanga</b>						
<b>Departments</b>						
1	Agriculture, Rural Development and Land Administration	Purple	Yellow	Yellow	Yellow	Yellow
2	Community Safety, Security and Liaison	Yellow	Yellow	Green	Yellow	Yellow
3	Cooperative Governance and Traditional Affairs	Yellow	Yellow	Yellow	Yellow	Yellow
4	Culture, Sport and Recreation	Yellow	Yellow	Yellow	Yellow	Yellow
5	Economic Development, Environment and Tourism	Yellow	Purple	Yellow	Yellow	Yellow
6	Education	Yellow	Yellow	Yellow	Purple	Purple

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
7	Finance	Green	Green	Green	Green	Green
8	Health	Purple	Purple	Purple	Purple	Purple
9	Human Settlements	Yellow	Yellow	Yellow	Yellow	Yellow
10	Office of the Premier	Green	Green	Yellow	Yellow	Yellow
11	Mpumalanga Provincial Legislature	Yellow	Purple	Green	Yellow	Yellow
12	Public Works, Roads and Transport	Yellow	Yellow	Yellow	Yellow	Yellow
13	Social Development	Yellow	Yellow	Yellow	Yellow	Purple
<b>Public entities</b>						
14	Mpumalanga Economic Growth Agency	Purple	Red	Pink	Blue	Blue
15	Mpumalanga Gambling Board	Green	Green	Green	Green	Yellow
16	Mpumalanga Regional Training Trust	Yellow	Yellow	Yellow	Yellow	Yellow
17	Mpumalanga Tourism and Parks Agency	Yellow	Yellow	Yellow	Yellow	Yellow
<b>Northern Cape</b>						
<b>Departments</b>						
1	Agriculture, Land Reform and Rural Development	Yellow	Purple	Yellow	Yellow	Yellow
2	Cooperative Governance, Human Settlements and Traditional Affairs	Yellow	Yellow	Purple	Yellow	Purple
3	Economic Development and Tourism	Yellow	Purple	Yellow	Yellow	Yellow
4	Education	Purple	Purple	Purple	Purple	Red
5	Environment and Nature Conservation	Yellow	Yellow	Yellow	Yellow	Yellow
6	Health	Purple	Red	Red	Red	Red
7	Office of the Premier	Yellow	Yellow	Yellow	Yellow	Yellow
8	Northern Cape Provincial Legislature	Purple	Purple	Yellow	Yellow	Yellow

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
9	Northern Cape Provincial Treasury	Yellow	Yellow	Yellow	Yellow	Yellow
10	Roads and Public Works	Yellow	Purple	Yellow	Red	Purple
11	Social Development	Green	Yellow	Yellow	Yellow	Yellow
12	Sport, Arts and Culture	Purple	Purple	Purple	Purple	Purple
13	Transport, Safety and Liaison	Yellow	Purple	Purple	Yellow	Yellow
<b>Public entities</b>						
14	Kalahari Kid Corporation	Purple	Purple	Blue	Blue	Blue
15	McGregor Museum	Purple	Purple	Purple	Purple	Purple
16	Ngwao Boswa Kapa Bokone	Grey	Grey	Grey	Purple	Blue
17	Northern Cape Arts and Culture Council	Grey	Red	Red	Red	Red
18	Northern Cape Economic Development, Trade and Investment Promotion Agency	Red	Yellow	Purple	Blue	Blue
19	Northern Cape Fleet Management	Purple	Pink	Red	Pink	Purple
20	Northern Cape Gambling Board	Yellow	Yellow	Blue	Blue	Blue
21	Northern Cape Housing Fund	Green	Purple	Red	Red	Red
22	Northern Cape Liquor Board	Yellow	Purple	Blue	Blue	Blue
23	Northern Cape Political Party Fund	Grey	Yellow	Yellow	Yellow	Blue
24	Northern Cape Premier Education Trust Fund	Grey	Purple	Purple	Purple	Purple
25	Northern Cape Tourism Authority	Yellow	Yellow	Yellow	Yellow	Yellow
<b>North West</b>						
<b>Departments</b>						
1	Agriculture and Rural Development	Yellow	Yellow	Yellow	Yellow	Yellow
2	Economic Development, Tourism, Conservation and Environment	Yellow	Yellow	Yellow	Yellow	Yellow

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
3	Education					
4	Health					
5	Human Settlements					
6	Local Government and Traditional Affairs					
7	Office of the Premier					
8	North West Provincial Legislature					
9	North West Provincial Treasury					
10	Public Safety					
11	Public Works, Roads and Transport					
12	Social Development					
13	Sport, Arts and Culture					
<b>Public entities</b>						
14	Agribank					
15	Agribank Creditors Settlement Trust					
16	Atteridgeville Bus Services					
17	Dirapeng					
18	Golden Leopard Resorts					
19	Invest North West					
20	Kgama Wildlife Operations					
21	Madikwe River Lodge					
22	Mafikeng Industrial Development Zone					
23	Mmabana Arts, Culture and Sport					
24	Nort West Housing Corporation					

## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
25	North West Parks and Tourism Board					
26	North West Directorate of Entrepreneurial Development in Natural Resources					
27	North West Gambling Board					
28	North West Provincial Arts and Cultural Council					
29	North West Star					
30	North West Tribal and Trust Fund					
31	North West Youth Development Trust					
32	NW Development Corporation					
33	NW Provincial Council on Aids					
34	NW Transport Investments					
35	Signal Developments					
<b>Western Cape</b>						
<b>Departments</b>						
1	Agriculture					
2	Community Safety					
3	Cultural Affairs and Sport					
4	Economic Development and Tourism					
5	Education					
6	Environmental Affairs and Development Planning					
7	Health					
8	Human Settlements					
9	Local Government					



## Annexure 2:

### Auditees' five-year opinions

Number	Auditee	Audit opinions				
		2012-13	2011-12	2010-11	2009-10	2008-09
10	Office of the Premier	Yellow	Yellow	Yellow	Yellow	Yellow
11	Provincial Parliament	Yellow	Green	Green	Green	Yellow
12	Western Cape Provincial Treasury	Yellow	Green	Yellow	Green	Yellow
13	Social Development	Yellow	Yellow	Yellow	Yellow	Yellow
14	Transport and Public Works	Green	Yellow	Yellow	Yellow	Purple
<b>Public entities</b>						
15	Destination Marketing Org (TA Cape Town Routes Unlimited)	Green	Green	Green	Green	Yellow
16	Government Motor Transport	Green	Yellow	Yellow	Yellow	Yellow
17	The Heritage Western Cape	Yellow	Green	Yellow	Green	Yellow
18	Western Cape Cultural Commission	Green	Green	Yellow	Yellow	Yellow
19	Western Cape Gambling and Racing Board	Green	Green	Yellow	Green	Yellow
20	Western Cape Housing Development Fund	Purple	Yellow	Red	Yellow	Red
21	Western Cape Investment and Trade Promotion Agency	Green	Yellow	Yellow	Yellow	Yellow
22	Western Cape Language Committee	Green	Green	Yellow	Yellow	Yellow
23	Western Cape Liquor Authority	Green	Blue	Blue	Blue	Blue
24	Western Cape Nature Conservation Board	Purple	Yellow	Green	Green	Yellow
<b>Public entity (not audited by the AGSA)</b>						
25	Cassidra (Pty) Ltd	Green	Green	Green	Yellow	Blue

**Annexure 3:**  
**Assessment of auditees' key controls at the time of the audit**

Number	Auditee	Leadership												Financial and performance												Governance																														
		Movement			Effective leadership culture			Oversight responsibility			HR management			Policies and procedures			Action plans			IT governance			Movement			Proper record keeping			Processing and reconciling controls			Reporting			Compliance			IT systems controls			Movement			Risk management			Internal audit			Audit committee						
		F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F
<b>Sphere of government: National</b>																																																								
<b>Portfolio: Agriculture, forestry and fisheries</b>																																																								
<b>Department</b>																																																								
1	Agriculture, Forestry and Fisheries	↓	↓	↓																																																				
<b>Public entities</b>																																																								
2	Agricultural Research Council	↓	↔	↔																																																				
3	National Agricultural Marketing Council	↔	↓	↓																																																				
4	Onderstepoort Biological Products Ltd	↔	↑	↔																																																				
<b>Portfolio: Arts and culture</b>																																																								
<b>Department</b>																																																								
1	Arts and Culture	↔	↔	↑																																																				
<b>Public entities</b>																																																								
2	Ditsong: Museums of South Africa	↓	↓	↓																																																				
3	Freedom Park	↔	↔	↔																																																				
4	Market Theatre Foundation	↔	↓	↔																																																				
5	National Heritage Council of South Africa	↔	↔	↔																																																				
6	National Library of South Africa	↓	↓	↓																																																				
7	Pan South African Language Board	↔	↔	↔																																																				
8	Robben Island Museum, Cape Town	↓	↓	↓																																																				
9	The South African State Theatre	↔	↑	↔																																																				
10	Windybrow Theatre	↓	↓	↓																																																				
<b>Portfolio: Basic education</b>																																																								
<b>Department</b>																																																								
1	Basic Education	↓	↓	↓																																																				
<b>Public entity</b>																																																								
2	Education Labour Relations Council	↔	↑	↔																																																				
<b>Portfolio: Communications</b>																																																								
<b>Department</b>																																																								
1	Communications	↔	↓	↓																																																				
<b>Public entities</b>																																																								
2	Independent Communications Authority of South Africa	↑	↑	↑																																																				
3	National Electronic Media Institute of South African	↓	↓	↔																																																				
4	South African Broadcasting Corporation	↓	↓	↓																																																				
5	Universal Service and Access Agency of South Africa	↑	↑	↑																																																				
6	Universal Service and Access Fund	↑	↑	↑																																																				
<b>Portfolio: Cooperative governance and traditional affairs</b>																																																								
<b>Department</b>																																																								
1	Cooperative Governance and Traditional Affairs	↓	↓	↑																																																				
<b>Public entities</b>																																																								
2	Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities	↓	↔	↓																																																				
3	Municipal Demarcation Board	↔	↔	↔																																																				
4	South African Local Government Association (SALGA)	↑	↑	↑																																																				
<b>Portfolio: Correctional services</b>																																																								
<b>Department</b>																																																								
1	Correctional Services	↑	↑	↑																																																				
<b>Portfolio: Defence and military veterans</b>																																																								
<b>Department</b>																																																								
1	Defence	↑	↑	↔																																																				
<b>Public entities</b>																																																								
2	Armaments Corporation of South Africa Limited	↑	↑	↑																																																				

**Annexure 3:**  
**Assessment of auditees' key controls at the time of the audit**

Number	Auditee	Leadership												Financial and performance												Governance																													
		Movement			Effective leadership culture			Oversight responsibility			HR management			Policies and procedures			Action plans			IT governance			Movement			Proper record keeping			Processing and reconciling controls			Reporting			Compliance			IT systems controls			Movement			Risk management			Internal audit			Audit committee					
		F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C
3	Armcor Defence Institutes (Pty) Ltd	↑	↔	↑																			↓	↑	↔																														
4	South African National Defence Force Fund	↔		↔																			↔	↔																															
5	Special Defence Account	↑		↑																			↓		↔																														
<b>Portfolio: Economic development</b>																																																							
<b>Department</b>																																																							
1	Economic Development	↓	↓	↓																			↓	↔	↓																														
<b>Public entities</b>																																																							
2	Competition Commission	↔	↔	↔																			↓	↑	↓																														
3	Competition Tribunal	↑	↔	↔																			↔	↔	↔																														
4	International Trade Administration Commission	↔	↓	↑																			↔	↓	↑																														
<b>Portfolio: Energy</b>																																																							
<b>Department</b>																																																							
1	Energy	↑	↔	↑																			↑	↔	↑																														
<b>Public entities</b>																																																							
2	CEF (SOC) Ltd	↓	↓	↔																			↓	↓	↔																														
3	Electricity Distribution Industry (EDI) Holdings SOC Ltd	↔	↔	↔																			↔	↔	↔																														
4	Equalisation Fund	↓	↓	↓																			↓	↓	↓																														
5	National Energy Regulator of South Africa	↓	↔	↑																			↓	↔	↔																														
6	National Nuclear Regulator	↔	↔	↔																			↑	↑	↑																														
7	South African National Energy Development Institute (SANEDI)	↓	↔	↓																			↓	↔	↓																														
8	The South African Nuclear Energy Corporation SOC Ltd	↔	↓	↔																			↑	↑	↑																														
<b>Portfolio: Environmental affairs</b>																																																							
<b>Department</b>																																																							
1	Environmental Affairs	↔	↔	↑																			↔	↔	↓																														
<b>Public entities</b>																																																							
2	South African National Parks	↑	↔	↔																			↓	↔	↔																														
3	South African Weather Services	↑	↔	↔																			↓	↔	↔																														
<b>Portfolio: Finance (Treasury)</b>																																																							
<b>Department</b>																																																							
1	National Treasury	↑	↑	↑																			↑	↔	↑																														
<b>Public entities</b>																																																							
2	Co-operative Banks Development Agency	↑	↑	↑																			↑	↑	↑																														
3	Financial and Fiscal Commission	↔	↔	↓																			↓	↔	↓																														
4	Financial Intelligence Centre	↑	↓	↔																			↑	↓	↑																														
5	Financial Services Board	↓	↓	↔																			↔	↔	↔																														
6	Government Pensions Administration Agency	↑	↓	↑																			↔	↔	↑																														
7	Independent Regulatory Board for Auditors	↔	↑	↔																			↓	↔	↑																														
8	Land and Agricultural Bank of South Africa	↔	↔	↔																			↔	↔	↔																														
9	Office of the Ombud for Financial Service Providers	↑	↔	↑																			↑	↔	↔																														
10	Office of the Pension Funds Adjudicator	↔	↔	↔																			↑	↑	↔																														
11	Project Development Facility	↔	↑	↔																			↑	↔	↔																														
12	Public Investment Corporation Limited	↔	↔	↔																			↑	↓	↑																														
13	South African Revenue Services (Administered Revenue)	↑	↓	↓																			↓	↑	↓																														
14	South African Revenue Services (Own Account)	↔	↔	↔																			↑	↔	↔																														
15	Technical Assistance Unit	↔	↑	↔																			↔	↔	↔																														
<b>Portfolio: Health</b>																																																							
<b>Department</b>																																																							
1	Health	↑	↑	↑																			↑	↑	↑																														
<b>Public entities</b>																																																							
2	Compensation Commissioner for Occupational Diseases	↔	↔	↔																			↔	↔	↔																														
3	Council for Medical Schemes	↔	↑	↔																			↓	↔	↓																														



**Annexure 3:**  
**Assessment of auditees' key controls at the time of the audit**

Number	Auditee	Leadership												Financial and performance												Governance																														
		Movement			Effective leadership culture			Oversight responsibility			HR management			Policies and procedures			Action plans			IT governance			Movement			Proper record keeping			Processing and reconciling controls			Reporting			Compliance			IT systems controls			Movement			Risk management			Internal audit			Audit committee						
		F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F
<b>Portfolio: Higher education and training</b>																																																								
<b>Department</b>																																																								
1	Higher Education and Training	↓	↓	↔																																																				
<b>Public entities</b>																																																								
2	Agricultural Sector Education and Training (AGRISETA)	↔	↓	↓																																																				
3	Banking Sector Education and Training Authority	↔	↔	↔																																																				
4	Chemical Industries Education and Training Authority	↓	↑	↑																																																				
5	Construction Education and Training Authority	↑	↔	↔																																																				
6	Council on Higher Education	↑	↑	↑																																																				
7	Culture, Arts, Tourism, Hospitality and Sports Education and Training Authority	↓	↑	↔																																																				
8	Education, Training and Development Practices Sector	↑	↔	↔																																																				
9	Energy and Water Sector Education and Training Authority	↓	↓	↓																																																				
10	Fibre Processing Manufacturing Sector Education and Training Authority	↔	↔	↑																																																				
11	Finance and Accounting Services Sector Education Training Authority	↔	↔	↔																																																				
12	Food and Beverages Manufacturing Industry Sector Education Training Authority	↓	↔	↓																																																				
13	Health and Welfare Sector Education and Training Authority	↓	↓	↑																																																				
14	Insurance Sector Education and Training Authority	↔	↓	↓																																																				
15	Local Government Education and Training Authority	↑	↑	↑																																																				
16	Manufacturing Engineering & Related Services Education and Training Authority	↑	↓	↑																																																				
17	Media, Information and Communication Technologies Sector Education and Training Authority	↓	↔	↑																																																				
18	Mining Qualifications SETA	↔	↓	↔																																																				
19	National Institute for Higher Education - NC																																																							
20	National Skills Fund	↔	↓	↔																																																				
21	Public Service Sector Education and Training Authority	↑	↑	↑																																																				
22	Quality Council for Trades and Occupations	↔	↔	↔																																																				
23	Safety and Security Sector Education and Training Authority (SASSETA)	↔	↔	↔																																																				
24	Services Sector Education and Training Authority (Services SETA)																																																							
25	South African Qualifications Authority	↔	↔	↔																																																				
26	Transport Education and Training Authority (TETA)	↑	↑	↑																																																				
27	Wholesale & Retail Sector Education and Training Authority	↓	↑	↔																																																				
<b>Portfolio: Home affairs</b>																																																								
<b>Department</b>																																																								
1	Home Affairs	↓	↑	↔																																																				
<b>Public entities</b>																																																								
2	Film and Publication Board	↑	↔	↓																																																				
3	Government Printing Works	↑	↔	↔																																																				
4	Independent Electoral Commission	↑	↓	↔																																																				
<b>Portfolio: Human settlements</b>																																																								
<b>Department</b>																																																								
1	Human Settlements	↓	↓	↓																																																				
<b>Public entities</b>																																																								
2	National Home Builders Regulatory Council	↑	↔	↔																																																				
<b>Portfolio: International relations and cooperation</b>																																																								
<b>Departments</b>																																																								
1	International Relations and Cooperation	↓	↑	↓																																																				
2	African Renaissance and International Cooperation Fund	↓	↓	↓																																																				





**Annexure 3:**  
**Assessment of auditees' key controls at the time of the audit**

Number	Auditee	Leadership																		Financial and performance																		Governance																	
		Movement			Effective leadership culture			Oversight responsibility			HR management			Policies and procedures			Action plans			IT governance			Movement			Proper record keeping			Processing and reconciling controls			Reporting			Compliance			IT systems controls			Movement			Risk management			Internal audit			Audit committee					
		F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C			
4	National Youth Development Agency	↑	↓	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓			
Portfolio: Tourism																																																							
Department																																																							
1	Tourism	↑	↑	↑																																																			
Public entity																																																							
2	South African Tourism	↑	↑	↔																																																			
Portfolio: Trade and industry																																																							
Department																																																							
1	Trade and Industry	↑	↔	↑																																																			
Public entities																																																							
2	Companies and Intellectual Property Commission	↑	↓	↓																																																			
3	Companies Tribunal	↑	↓	↓																																																			
4	National Consumer Commission	↓	↓	↓																																																			
5	National Consumer Tribunal	↑	↑	↑																																																			
6	National Credit Regulator	↓	↑	↓																																																			
7	National Gambling Board of South Africa	↓	↑	↔																																																			
8	National Lotteries Board	↑	↔	↓																																																			
9	National Lottery Distribution Trust Fund	↑	↔	↓																																																			
10	National Regulator for Compulsory Specifications	↑	↑	↑																																																			
11	SA Bureau of Standards (SABS)	↑	↔	↔																																																			
12	Small Enterprise Development Agency	↑	↔	↔																																																			
Portfolio: Transport																																																							
Department																																																							
1	Transport	↑	↑	↑																																																			
Public entities																																																							
2	Autopax (Pty) Ltd	↓	↓	↓																																																			
3	Cross-Border Road Transport Agency	↑	↑	↑																																																			
4	Driving Licence Card Account	↑	↔	↓																																																			
5	Intersite Property Management Services (Pty) Ltd	↔	↔	↔																																																			
6	Passenger Rail Agency of South Africa	↔	↓	↔																																																			
7	Railway Safety Regulator	↔	↔	↔																																																			
8	Road Accident Fund	↑	↓	↔																																																			
9	Road Traffic Infringement Agency	↓	↑	↓																																																			
10	Road Traffic Management Corporation	↑	↓	↓																																																			
11	South African Civil Aviation Authority	↑	↓	↓																																																			
12	South African Maritime Safety Authority	↑	↑	↑																																																			
13	The South African National Roads Agency Limited	↓	↓	↔																																																			
Portfolio: Water affairs																																																							
Department																																																							
1	Water Affairs	↓	↓	↔																																																			
Public entities																																																							
2	Water Research Commission	↑	↔	↔																																																			
3	Water Trading Account	↑	↑	↑																																																			
Portfolio: Women, children and people with disabilities																																																							
Department																																																							
1	Women, Children and Persons with Disabilities	↑	↑	↑																																																			
Public entity																																																							
2	Commission on Gender Equality	↔	↑	↔																																																			
Sphere of government: Provincial																																																							
Eastern Cape																																																							
Departments																																																							

















**Annexure 3:  
Assessment of auditees' key controls at the time of the audit**

Number	Auditee	Leadership																					Financial and performance															Governance																	
		Movement			Effective leadership culture			Oversight responsibility			HR management			Policies and procedures			Action plans			IT governance			Movement			Proper record keeping			Processing and reconciling controls			Reporting			Compliance			IT systems controls			Movement			Risk management			Internal audit			Audit committee					
		F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C	F	P	C			
27	The Heritage Western Cape	↓	↔	↓																																																			
28	Western Cape Cultural Commission	↔	↔	↓																																																			
29	Western Cape Gambling and Racing Board	↔	↔	↑																																																			
30	Western Cape Housing Development Fund	↔	↔	↔																																																			
31	Western Cape Investment and Trade Promotion Agency	↑	↔	↑																																																			
32	Western Cape Language Committee	↔	↔	↓																																																			
33	Western Cape Liquor Authority																																																						
34	Western Cape Nature Conservation Board	↔	↓	↓																																																			

**Legend (root causes)**  
Good
Concerning
Intervention required
Not assessed

**Legend (root causes)**  
↑ Improved
↔ Unchanged
↓ Regressed

F = Financial      P = Performance      C = Compliance

## **GLOSSARY OF TERMS, ACRONYMS AND ABBREVIATIONS**

## Glossary of terms

### *Accounts payable (also referred to as creditors)*

Money owed by the auditee to companies, organisations or persons who have supplied goods and services.

### *Accounts receivable (also referred to as debtors)*

Money owed to the auditee by companies, organisations or persons who have received goods or services from the auditee.

### *Adverse audit opinion*

The financial statements contain misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

### *Asset*

Any item belonging to the auditee, including property, plant, cash, and debt.

### *Asset impairment*

The reduction in value of an asset below its normal value at which it can be converted into cash through sale or other means.

### *Assurance*

A positive declaration that is intended to give confidence. Through the audit report, we provide assurance on the credibility of auditees' financial and performance information as well as auditees' compliance with legislation. Other role players in the public sector also contribute to assurance and confidence by ensuring that internal controls are implemented. Such assurance providers include various auditee officials, committees and internal audit units, oversight structures as well as coordinating or monitoring departments.

### *Audit outcome*

The audit opinion on an auditee's financial statements, together with any material findings on that auditee's annual performance report and/or material findings on non-compliance by the auditee with applicable legislation.

### *Capital budget*

The estimated amount planned to be spent on capital items in a particular financial period; for example, fixed assets such as land and buildings with long expected lives and that produce income or support operations.

### *Cash flow*

The flow of money from operations: incoming funds are revenue and outgoing funds are expenses.

### *Clean audit outcome*

The financial statements of the auditee are free of material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

### *Commitments (from role players)*

Initiatives communicated to us by role players to improve audit outcomes.

### *Commitments (in financial statements)*

The cost of goods and services to be received in the following year, which the auditee has already contractually agreed to purchase in the current year.



<i>Conditional grants</i>	Money transferred from one sphere of government to another, subject to certain services being delivered or on compliance with specified requirements.
<i>Consolidated financial statements</i>	Financial statements that reflect the combined financial position and results of a department and those of the entities under its control.
<i>Contingent liability</i>	A potential liability, the amount of which will depend on the outcome of a future event.
<i>Current assets</i>	These assets are made up of cash and other assets, such as inventory or debt, which will be traded, used or converted into cash in less than 12 months. All other assets are classified as non-current, and typically include property, plant and equipment as well as long-term investments.
<i>Disclaimer of audit opinion</i>	The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.
<i>Financial and performance management</i>	The management of resources to achieve the financial and service delivery objectives of the auditee. (This is one of the three key overall drivers of internal control that should be addressed to improve audit outcomes or to sustain good audit outcomes.)
<i>Financially unqualified audit opinion</i>	The financial statements contain no material misstatements. Unless we express a clean audit opinion, material findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
<i>Fruitless and wasteful expenditure</i>	Expenditure that was made in vain and could have been avoided had reasonable care been taken. This includes penalties and interest on late payments as well as payments for services not utilised or goods not received.
<i>General ledger</i>	A record of all the financial transactions of the auditee.
<i>Going concern</i>	The presumption that an auditee will continue to operate in the foreseeable future, and will not go out of business and liquidate its assets. For this to happen, the auditee must be able to raise enough resources to stay operational.
<i>Governance</i>	The governance structures (audit committees) and processes (internal audit and risk management) of an auditee. (This is one of the three key overall drivers of internal control that is required to improve audit outcomes or to sustain good audit outcomes.)
<i>Human resource (HR) management</i>	The management of an auditee's employees, or human resources, which involves adequate and sufficiently skilled resources as well as the adequate management of employee performance and productivity.
<i>Information technology (IT)</i>	The computer systems used for recording, processing and reporting financial and non-financial transactions.

### *IT governance*

The leadership, organisational structures and processes which ensure that the auditee's IT resources will sustain its business strategies and objectives.

### *IT security management*

The controls preventing unauthorised access to the computer networks, computer operating systems and application systems that generate and prepare financial information.

### *IT service continuity*

The processes of managing the availability of computer hardware, system software, application software (computer programmes) and data to enable auditees to recover or establish information system services in the event of a disaster.

### *IT user access management*

The procedures through which auditees ensure that only valid, authorised users are allowed segregated access to initiate and approve transactions on the information systems.

### *Internal control (also referred to as key controls)*

The process designed and implemented by those charged with governance, management and other employees to provide reasonable assurance about the achievement of the auditee's objectives with regard to the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable legislation. It consists of all the policies and procedures implemented by auditee management to assist in achieving the orderly and efficient conduct of business, including adhering to policies, safeguarding assets, preventing and detecting fraud and error, ensuring the accuracy and completeness of accounting records, and timeously preparing reliable financial and service delivery information.

### *Inventory*

Goods held for resale or for internal use.

### *Irregular expenditure*

Expenditure incurred without complying with applicable legislation.

### *Key drivers of internal control*

The three components of internal control that should be addressed to improve audit outcomes, namely leadership, financial and performance management, and governance. (These three components are also defined individually in this glossary.)

### *Leadership*

The administrative leaders of an auditee, such as accounting officers and senior management. (This is one of the three key overall drivers of internal control required to improve audit outcomes and to sustain good audit outcomes.) It can also refer to the political leadership (including the members of the executive council) or the leadership in the province (such as the premier).

### *Liability*

Short-term and long-term debt owed by the auditee.

### *Material finding*

An audit finding on reporting on predetermined objectives or non-compliance with legislation that is significant enough in terms of its value, its nature or both its value and its nature that it requires to be reported in the audit report.

<i>Material misstatement</i>	A misstatement that is significant enough to influence the opinions of users of the reported information. Materiality is considered in terms of either the rand value or the nature and cause of the misstatement, or both these aspects.
<i>Misstatement</i>	Incorrect or omitted information in the financial statements or annual performance report.
<i>Modified opinion</i>	A qualified, adverse or disclaimer of opinion.
<i>Net current liability</i>	The amount by which the sum of all money owed by an auditee and due within one year exceeds amounts due to the auditee within the same year.
<i>Net deficit</i>	The amount by which an auditee's spending exceeds its income.
<i>Operational budget</i>	A short-term budget, usually prepared annually, based on estimates of income and expenses associated with the auditee's operations, such as administration and salaries.
<i>Payroll</i>	Data relating to employees' earnings.
<i>Property, plant and equipment</i>	Assets that physically exist and are expected to be used for more than one year, including land, buildings, leasehold improvements, equipment, furniture, fixtures and vehicles.
<i>Qualified audit opinion</i>	The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.
<i>Reconciliation</i>	The process of matching one set of data to another; for example, the bank statement to the cash book or the accounts payable balances to the corresponding general ledger account balance.
<i>Reporting against predetermined objectives (PDOs)</i>	Reporting by auditees in their annual performance plans on their actual achievements against the performance objectives they had set at the beginning of the period. The performance objectives relate mostly to service delivery.
<i>Root causes</i>	The underlying causes or drivers of audit findings; in other words, why the problem had occurred. Addressing the root cause helps to ensure that the actions address the real issue, thus preventing or reducing the incidents of recurrence, as opposed to simply providing a temporary or short-term fix.
<i>Supply chain management (SCM)</i>	Procuring goods and services through a tender or quotation process and monitoring the quality and timeliness of the goods and services provided.
<i>Unauthorised expenditure</i>	Expenditure that was in excess of the amount budgeted or allocated by government to the auditee, or that was not incurred in accordance with the purpose for which it was intended.

## Acronyms and abbreviations

<b>AFS</b>	<i>annual financial statements</i>
<b>AG</b>	<i>auditor-general (the person)</i>
<b>AGSA</b>	<i>Auditor-General of South Africa (the institution)</i>
<b>APAC</b>	<i>Association of Public Accounts Committees</i>
<b>bn (after an amount)</b>	<i>R'billion (rand)</i>
<b>BAS</b>	<i>Basic Accounting System</i>
<b>BCP</b>	<i>business continuity plan</i>
<b>CEO</b>	<i>chief executive officer</i>
<b>CFO</b>	<i>chief financial officer</i>
<b>CIDB</b>	<i>Construction Industry Development Board</i>
<b>CIO</b>	<i>chief information officer</i>
<b>CoGTA</b>	<i>Department of Cooperative Governance and Traditional Affairs</i>
<b>DoRA</b>	<i>Division of Revenue Act</i>
<b>DPSA</b>	<i>Department of Public Service and Administration</i>
<b>DRP</b>	<i>disaster recovery plan</i>
<b>FMS</b>	<i>Financial Management System</i>
<b>GAAP</b>	<i>Generally Accepted Accounting Practice</i>
<b>GITO</b>	<i>government information technology officer</i>
<b>GRAP</b>	<i>Generally Recognised Accounting Practice</i>
<b>HoD</b>	<i>head of department</i>
<b>HR</b>	<i>human resources</i>

<b>IDP</b>	<i>integrated development plan</i>
<b>IT</b>	<i>information technology</i>
<b>K (after an amount)</b>	<i>R'thousand (rand)</i>
<b>Logis</b>	<i>Logistical Information System</i>
<b>m (after an amount)</b>	<i>R'million (rand)</i>
<b>MEC</b>	<i>member of the executive council of a province</i>
<b>NCOP</b>	<i>National Council of Provinces</i>
<b>NT</b>	<i>National Treasury</i>
<b>PAA</b>	<i>Public Audit Act, 2004 (Act No. 25 of 2004)</i>
<b>PDO</b>	<i>predetermined objective</i>
<b>Persal</b>	<i>Personnel and Salary System</i>
<b>PFMA</b>	<i>Public Finance Management Act, 1999 (Act No. 1 of 1999)</i>
<b>PPPFA</b>	<i>Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)</i>
<b>PSA</b>	<i>Public Service Act, 1994 (Act No. 103 of 1994)</i>
<b>SALGA</b>	<i>South African Local Government Association</i>
<b>SARS</b>	<i>South African Revenue Service</i>
<b>SCM</b>	<i>supply chain management</i>
<b>SCOPA</b>	<i>Standing Committee on Public Accounts</i>
<b>SITA</b>	<i>State Information Technology Agency</i>
<b>SLA</b>	<i>service level agreement</i>
<b>VAT</b>	<i>value-added tax</i>



AUDITOR - GENERAL  
SOUTH AFRICA

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