



**PFMA
2021-22**

Budgetary review and recommendations report

Portfolio committee on Public Service and Administration

October 2022



AUDITOR-GENERAL
SOUTH AFRICA



MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution 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

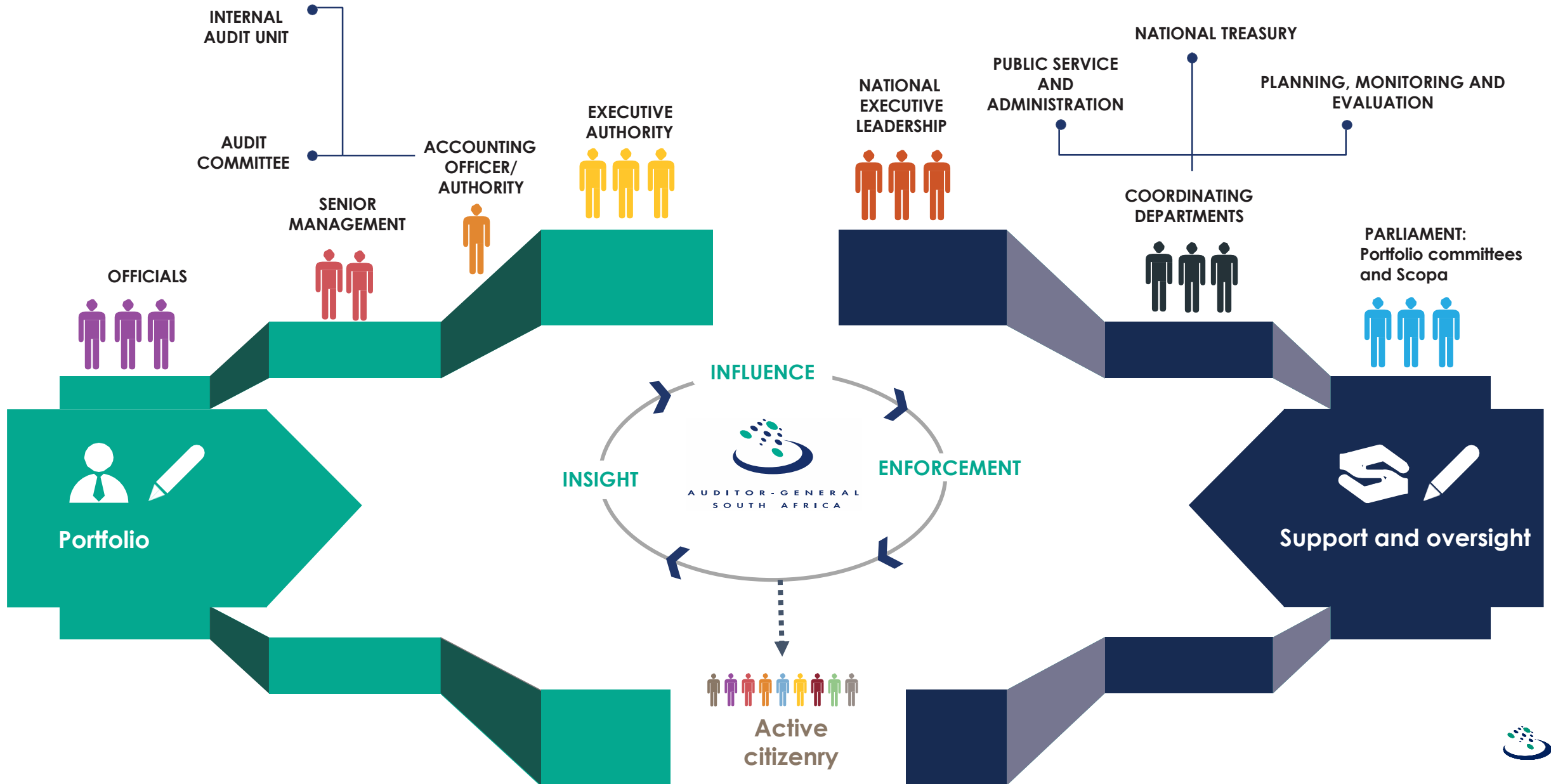


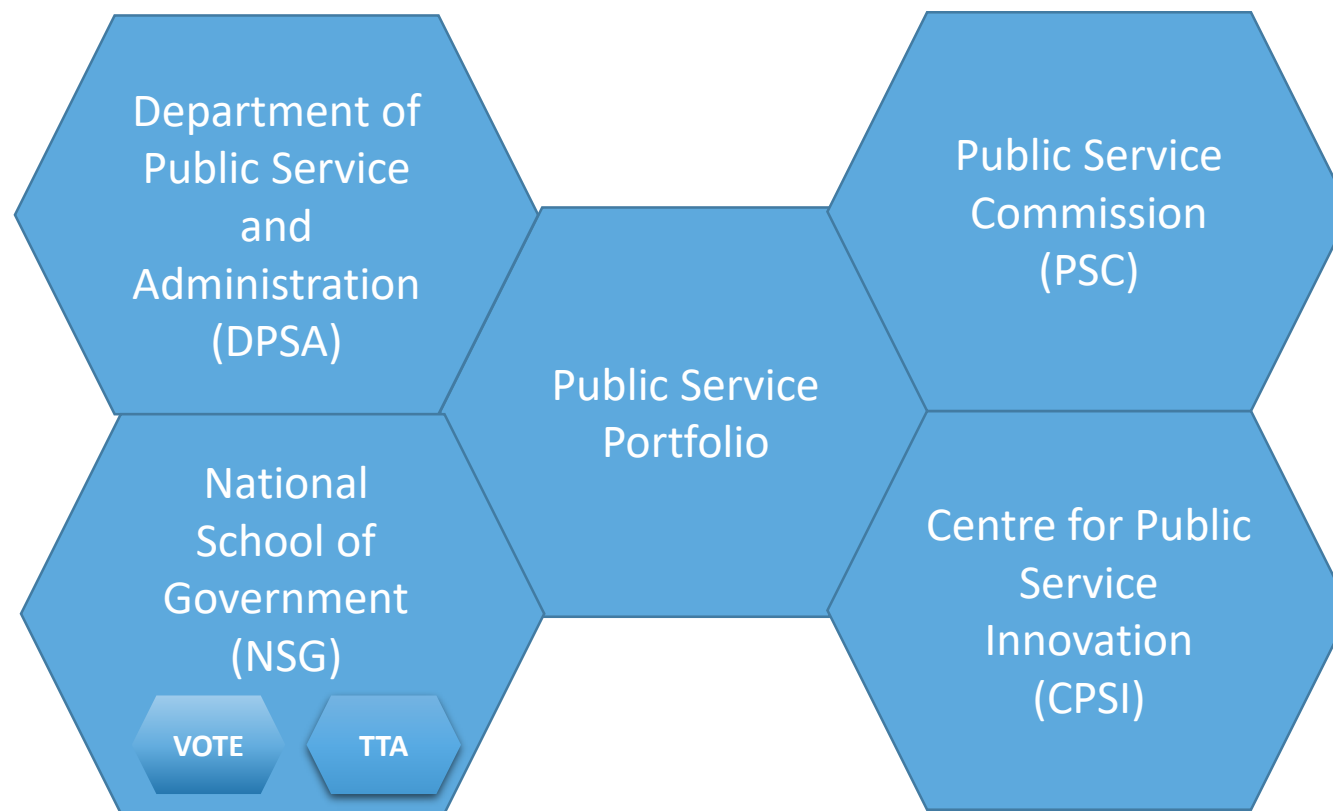
VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability

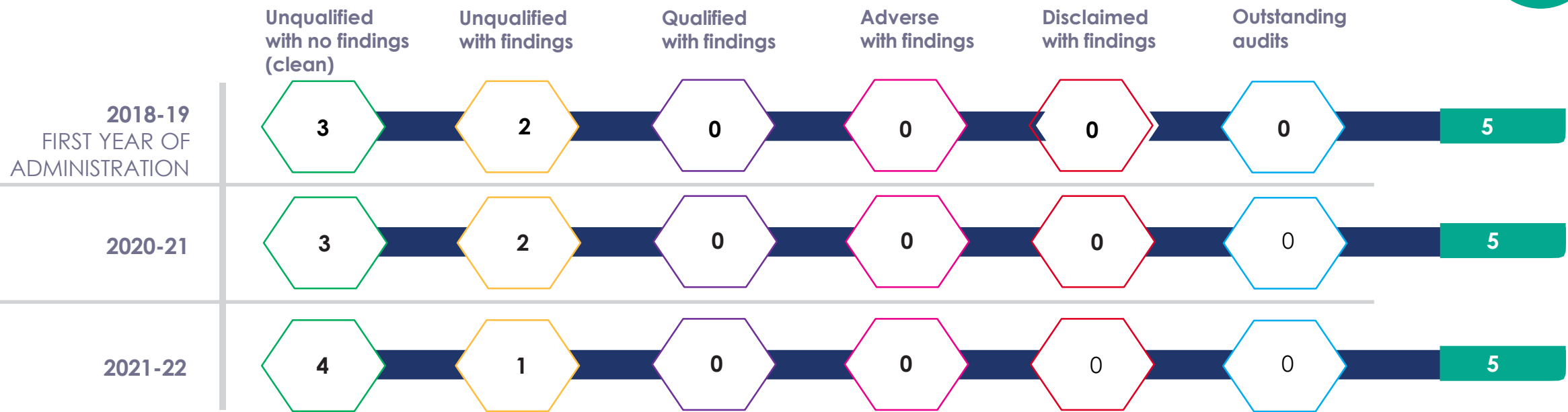


All have role to play in national government accountability ecosystem





Improvement over administration term



MOVEMENTS FROM PREVIOUS YEAR:
1 ↑ 0 ↓

FROM FIRST YEAR OF ADMINISTRATION:
1 ↑ 0 ↓

- 2018-19**
 - NSG-Vote
 - PSC, CPSI
- 2019-20**
 - NSG-Vote
 - DPSA
 - PSC
 - CPSI
- 2020-21**
 - PSC
 - NSG-Vote
 - CPSI
- 2021-22**
 - DPSA
 - NSG-Vote
 - PSC
 - CPSI

- 2018-19**
 - DPSA
 - NSG- TTA
- 2019-20**
 - NSG-TTA
- 2020-21**
 - DPSA
 - NSG-TTA
- 2021-22**
 - NSG-TTA

None

None

None

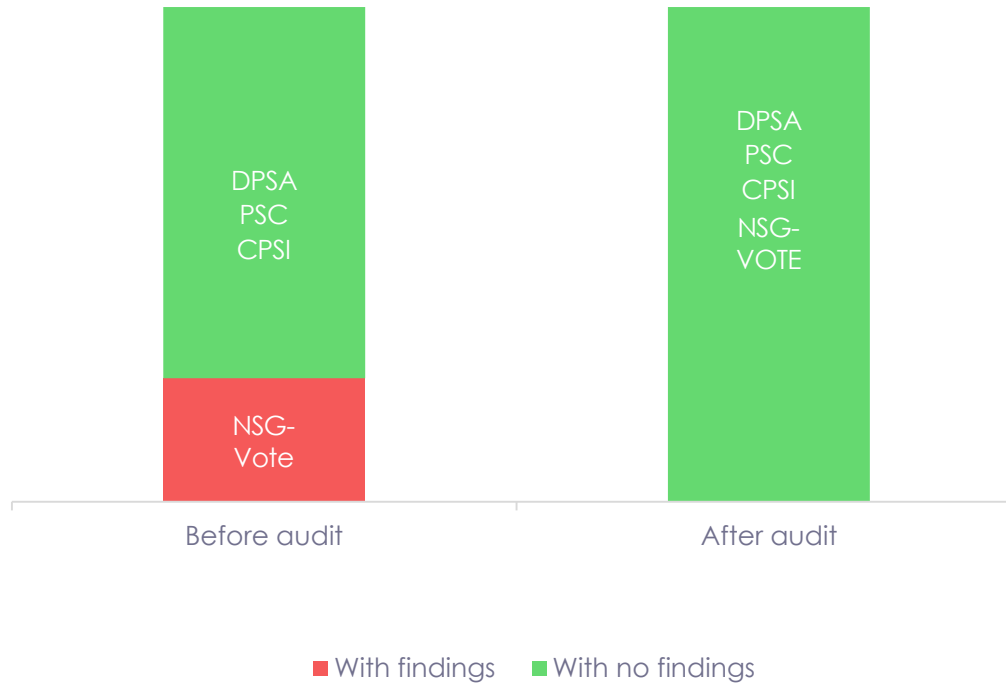
None



Portfolio performance



Quality of performance reports before and after audit



Findings corrected

Misstatements identified on APR submitted for auditing were corrected

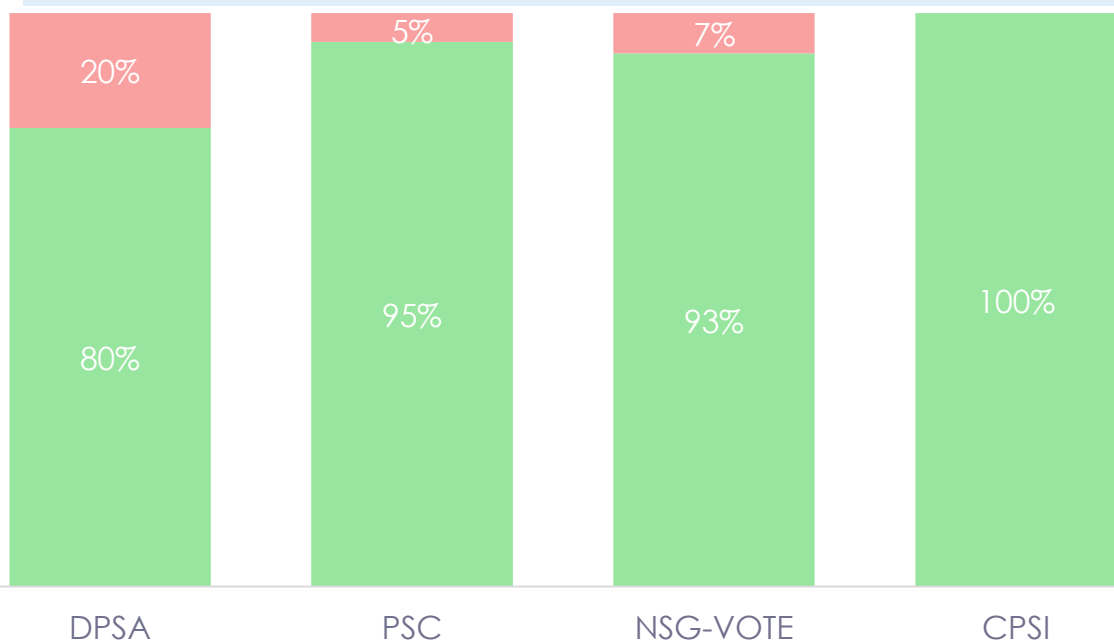


Key targets in medium-term strategic framework (MTSF) for portfolio

- 1. Improved Implementation of administration policies
- 2. A stabilised public service
- 3. Fight against corruption intensified
- 4. Full implementation of Public Administration Management Act
- 5. Improved implementation of Batho Pele

Priority 1:
A capable, ethical and developmental state

Achievement of annual targets as reported in annual performance report (all indicators) – 2021-22



■ Achieved ■ Not achieved

Public service portfolio achieved **92%** of its annual targets

Key targets not achieved include:

DPSA

- 1. Legislative framework on mandatory in-service training framework for public service developed
- 2. Revised Public Service Amendment Bill
- 3. Public Administration Management Act amendment consulted on
- 4. Personnel expenditure review conducted
- 5. Job evaluation system for the public service developed

PSC

- 6. Percentage of valid invoices paid within 7–14 working days

NSG VOTE

- 7. Percentage of senior managers in the public service trained on how to deal with all forms of discrimination
- 8. Amount of revenue generated and other funding sources in NSG-TTA as part of the cost recovery.



Achieving key performance targets – summarised information from performance report

Auditee	Performance indicator	Target	Actual performance
DPSA	Batho Pele programme monitored	To monitor	Monitored
	Public Stakeholder participatory strategies and plan implemented	To implement	Implemented
	Guidelines on conducting lifestyle audits developed	To develop	Developed
PSC	Percentage of public administration investigations finalised within 90 working days upon receipt of all relevant information	60%	93%
	Percentage of grievances finalised within 30 days (for levels 2-12) of receipt of all relevant information	65%	83%
	Number of inspection reports on the implementation of service standards at selected facilities	9	9
NSG	Number of learners trained on compulsory and demand-led ETD interventions	38 460	86 687
	Number of active online learning ETD interventions	36	43
	Number of online courses component developed	2	12
CPSI	Number of innovative solutions replicated in the public sector	2	2



Material irregularities



The material irregularity (MI) process was not implemented within the public service portfolio.
In 2023, MI process will be implemented at DPSA

means any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty identified during an audit performed under the Public Audit Act that resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource, or substantial harm to a public sector institution or the general public

If accounting officer / authority does not appropriately deal with material irregularities, our expanded mandate allows us to:



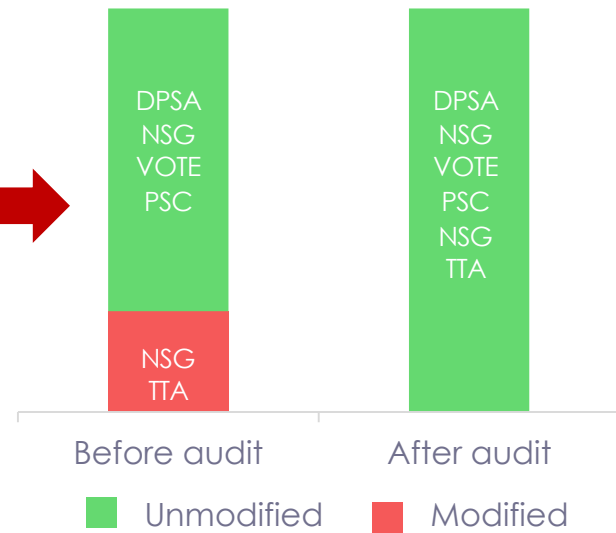
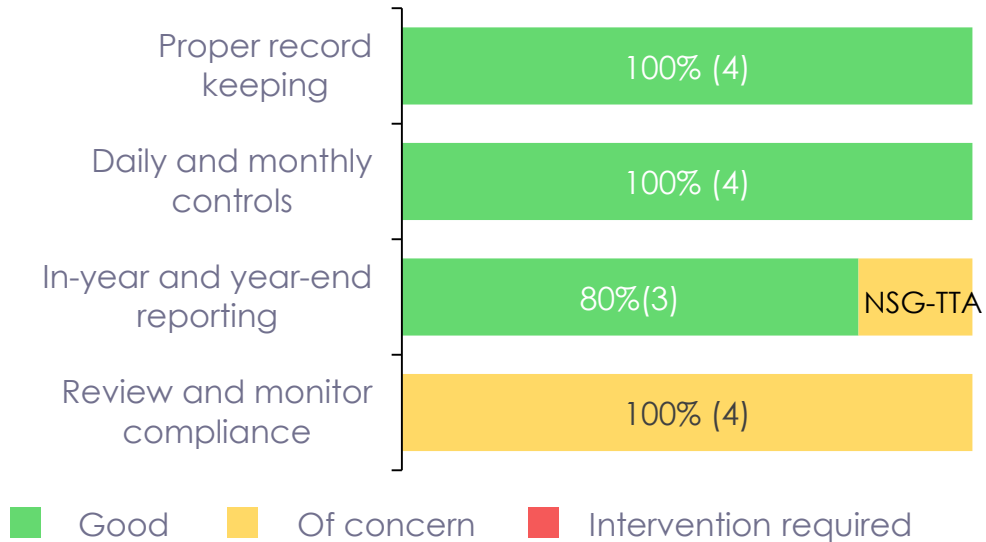


Financial management and compliance



Impact on quality or financial statements submitted for audit

Financial management controls



NSG TTA – Misstatements

- Related parties
- Financial Instruments

*Financial management controls data excludes CPSI as it is classified as a small auditee



Revenue



Expenditure



Average debt-collection period:

NSG-TTA – 19 days

NSG-TTA revenue amounted to R97 million – an increase of 242% from the prior year

Average creditor-payment period:

DPSA – 16 days

NSG-Vote – 10 days

NSG-TTA – 13 days

PSC – 9 days

Impact



None of the auditees **ended the year in deficit** (expenditure more than revenue)

None of the auditees incurred **unauthorised expenditure**

All of the auditees within the public service portfolio will continue **operating as a going concern** for the foreseeable future





2021-22



DPSA NSG-TTA

No material findings Material findings

Most common areas of non-compliance	NSG-TTA	DPSA	PSC	NSG-Vote	CPSI
Quality of financial statements	X	X			
Revenue Management	X				

Previous year's finding addressed

New finding identified in 2021-22

Repeat finding



Status of compliance with legislation on procurement and contract management

2021-22 **DPSA, NSG VOTE, NSG TTA, PSC, CPSI** NSG-TTA 

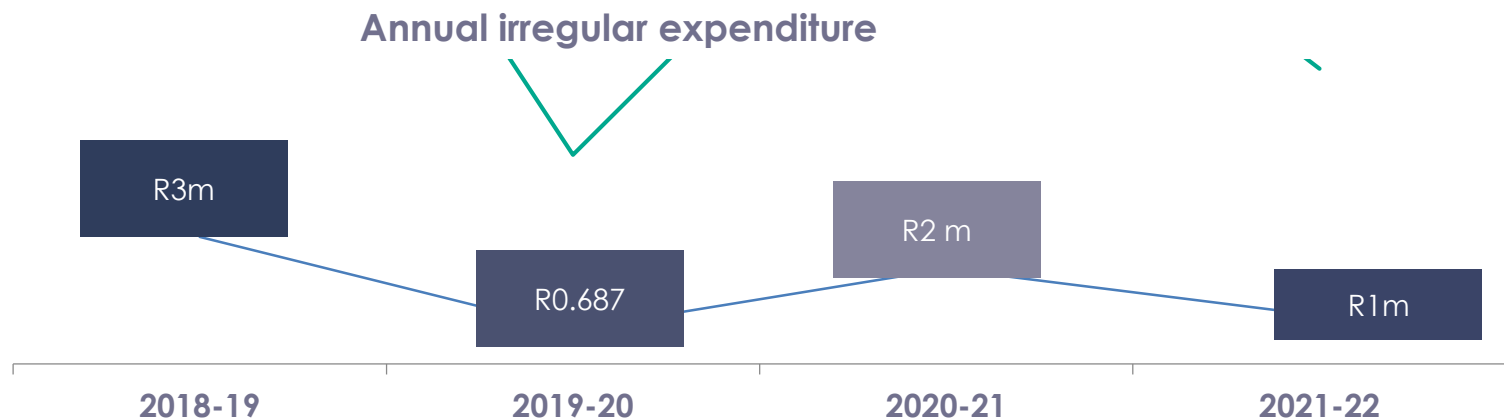
 With no findings  With findings  With material findings

Details of procurement findings – prior year NSG-TTA

Quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by treasury regulation 16A9.1(d).

X





Top contributors

- R772 000 (PSC)
- R186 000 (NSG)



R11 000 for DPSA is still under investigation

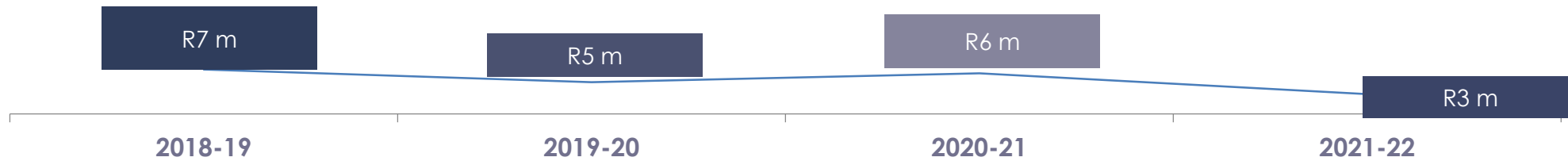
Impact assessment of irregular expenditure incurred

- Other:**
- NSG-Vote: R54 000 – Non-renewal of cash in transit contract – payments to G4
 - NSG-TTA: R132 000 – NSG showcased its course offering before paying exhibition costs (no order was issued prior to exhibition)
 - PSC: R772 000 – IT-related services that are mandatory to be procured through the State Information Technology Agency (SITA) were not procured through SITA
 - DPSA: R11 000 (Case failure to comply with treasury regulation 16A6s)



Consequence management – dealing with irregular expenditure

Closing balance of irregular expenditure **decreased** by 50%



How have auditees dealt with irregular expenditure

- R8.5 m DPSA
- R2.8m NSG-combined
- R2.6m PSC
- R0.716m CPSI



	Money recovered or in process of recovery	R0 m (0%)
	Condoned	R14.872 m (67%)
	Written off	R0 m (0%)
	Not dealt with	R0 m (0%)

The irregular expenditure reflected is for the period from 2018/19 to 2021/22



Conclusions and recommendations



Overall root causes of significant findings in portfolio

There must be timely, adequate review of quarterly reports, annual performance reports and financial statements (NSG-Vote and NSG-TTA)

Key recommendations to and commitments by Accounting officers and authorities

- Develop and implement effective action plans to address audit findings (NSG-Vote and NSG-TTA)
- Monitor compliance with laws and regulations (DPSA, PSC, NSG-TTA and NSG-Vote) to ensure that there is no regression

Commitments by executive authority

- XXXXXX
- XXXXXX
- XXXXXX



Overall message

1

The quality of submitted annual financial statements and annual performance report remains a concern as material misstatements identified during the audit were subsequently adjusted by management (TTA). Management should ensure that the departments prepare regular, accurate and complete financial statements and annual performance reports. DPSA has improved its audit outcomes, while PSC, CPSI and NSG-Vote sustained their clean audits.

2

Departments should attend to information technology systems deficiencies to ensure that the systems can produce sufficient data for management review, which affects management's ability to implement certain controls (NSG and PSC).



THANK YOU



www.agsa.co.za



@AuditorGen_SA



Auditor-General of South Africa



Auditor-General of South Africa



AUDITOR-GENERAL
SOUTH AFRICA