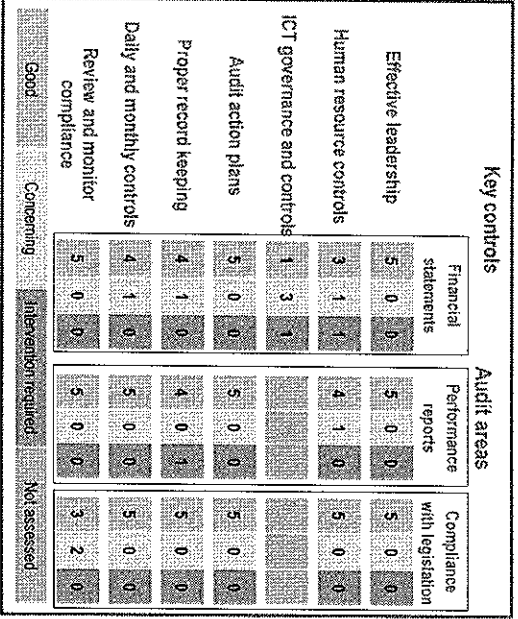
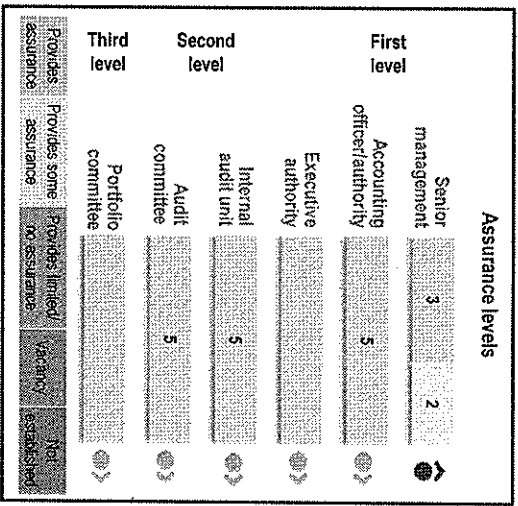
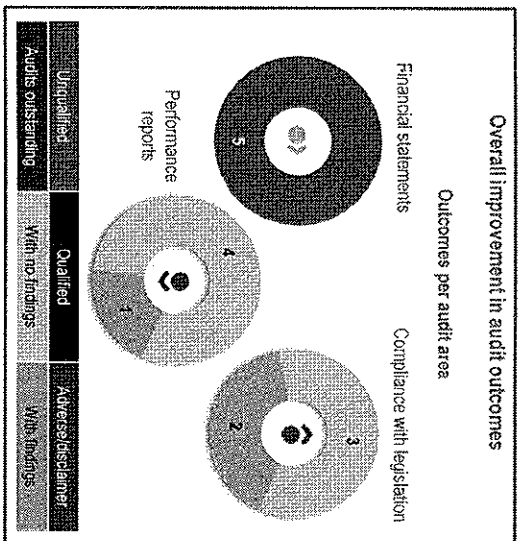


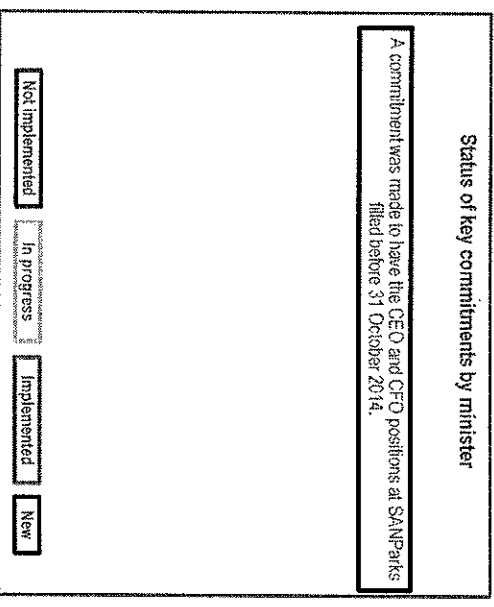
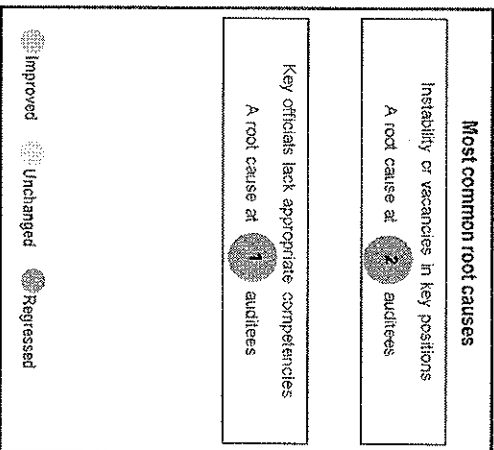
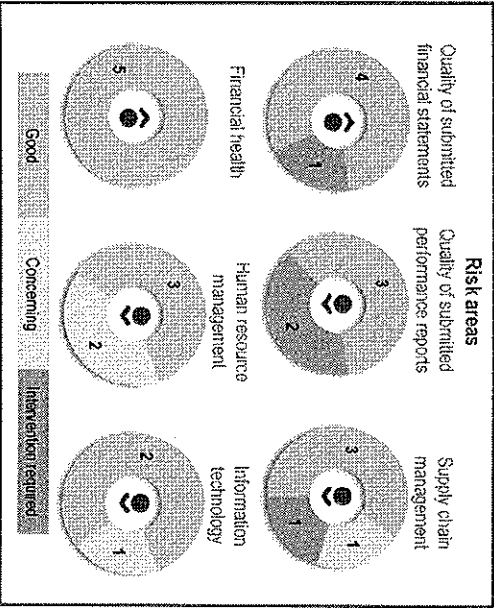
Vote 30: Environmental affairs



To improve/maintain the audit outcomes ...
... the risk areas and ...

... the key role players need to assure that ...
... the root causes are addressed ...

... attention is given to the key controls and ...
... and the commitments are honoured.



Auditees included in the portfolio

■ Department of Environmental Affairs (DEA) ■ iSimangaliso Wetland Park Authority ■ South African National Biodiversity Institute (SANBI) ■ South African National Parks (SANParks) ■ South African Weather Service (SAWS)

The total budgeted expenditure for the Department of Environmental Affairs was R5,2 billion for the 2013-14 financial year. The main expenditure was in respect of employee cost (R662 324 000), goods and services (R874 996 000), transfer payments (R3 447 747 000) and capital expenditure (R221 775 000).

Overall audit outcome

The net improvement in the overall audit outcome is due to the DEA and SANBI improving to financially unqualified with no findings after addressing previous findings on material compliance with legislation. SANParks' audit outcome regressed, as they had material findings on their annual performance report and compliance with legislation. SAWS did not improve their audit outcome, as they failed to prevent material findings on compliance with legislation. iSimangaliso Wetland Park Authority maintained its clean audit opinion.

The main findings arising from our audit, as reported in the audit reports, which should be addressed to improve the overall audit outcomes, are as follows:

Financial statements

SANParks submitted financial statements for auditing that contained material misstatements in the areas of non-current assets, liabilities, revenue and disclosure items. SANParks received an unqualified audit opinion because they corrected all the misstatements identified during the audit process.

The following control should be strengthened to support reliable financial reporting:

- SANParks should fill the vacant CFO position.

Annual performance report

The published annual performance report of SANParks was not reliable for objective 4: Growing societal support and providing access and benefit sharing, objective 5: Promoting customer focused responsible tourism, objective 7: Improving conservation estate and objective 9: Promoting research and development.

SAWS submitted an annual performance report for auditing that contained material misstatements. They avoided material findings in their audit report only because they corrected all the misstatements identified during the audit process. The following control should be strengthened to support useful and reliable reporting on the performance of SANParks and SAWS:

- Management should regularly undergo training to adequately review the annual performance report for accuracy, validity and completeness.

Compliance with legislation

We identified material non-compliance with legislation at SANParks and SAWS in the following areas:

- SANParks did not implement proper control systems to safeguard and maintain assets and they did not maintain an effective, efficient and transparent system and internal controls regarding performance management.
- SAWS accepted quotations from bidders who had not submitted a declaration on whether they are employed by the state or are connected to any person employed by the state, as their policy was not appropriately aligned.

Root causes

The minister should address the root causes and inadequate controls as follows:

- Address instability by ensuring that vacancies in key positions are filled.
- The CEOs and CFOs should address root causes and inadequate controls as follows:
- Ensure that key officials at SAWS have the appropriate competencies.

Impact of key role players on audit outcomes

The first and second levels of assurance should be improved by ensuring stability at the level of CEO and senior management. We met with the minister twice in the past year, which impacted the audit outcomes as the DEA and SANBI improved. Furthermore, the assurance provided through the oversight of the portfolio committee should be maintained.