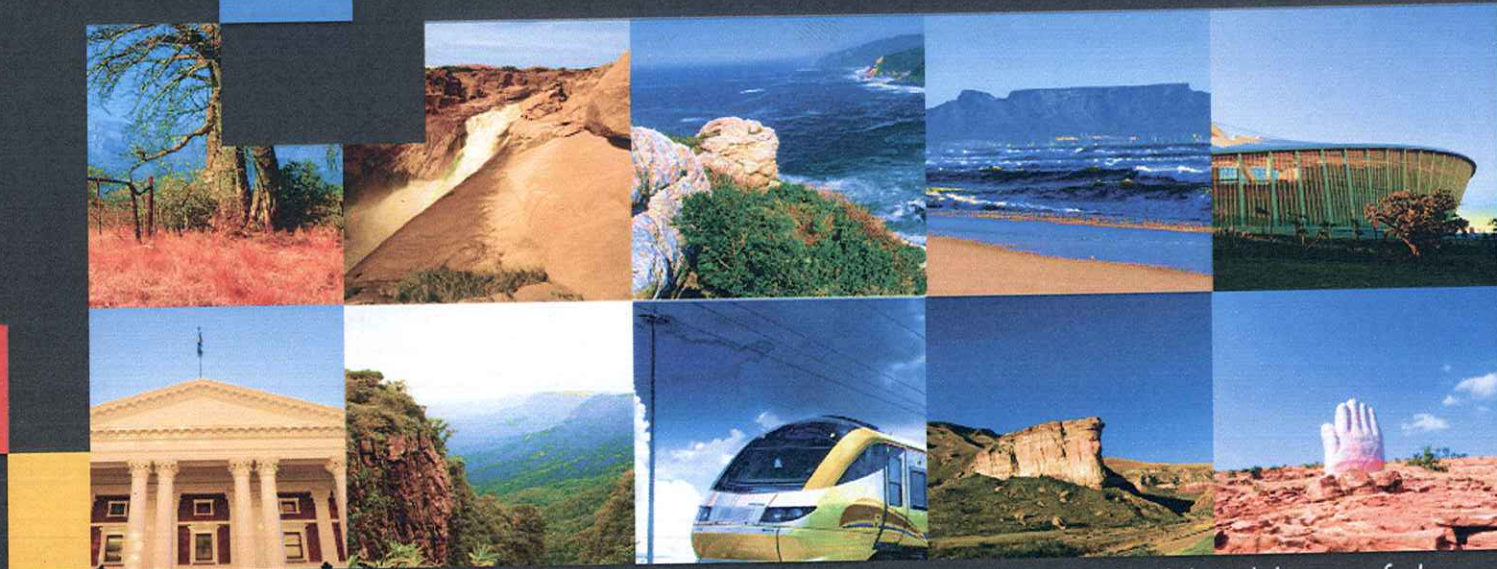




AUDITOR-GENERAL  
SOUTH AFRICA



*13 October 2015*

*Auditing to build public confidence*

**Briefing to the Portfolio Committee on the  
audit outcomes of the Environmental Affairs portfolio  
for the 2014-15 financial year**



# 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.





# Purpose of the presentation

Annually oversight committees set aside time to focus on assessing the performance of departments. On completion of the process, portfolio committees are required to develop department-specific reports, namely budgetary review and recommendations reports (BRRR) which express the committee's view on the department's budget for recommendation to the National Treasury ahead of the following year's budget period.

Our role as the AGSA is to reflect on the audit work performed to assist the portfolio committee in its oversight role in assessing the performance of the department taking into consideration the objective of the committee to produce a BRRR.







# The scope of AGSA audits

<p style="text-align: center; color: red; font-size: 2em;">X</p>	<p style="text-align: center; color: green; font-size: 2em;">✓</p>
<p>Do not provide assurance on the appropriateness of the departmental budgets</p>	<p>Provide assurance that AFS are free from misstatements that will affect users</p>
<p>Do not provide commentary on service delivery</p>	<p>Report on usefulness and reliability of the information in the annual performance report</p>
<p>Do not report on <u>ALL</u> legislations – only key selected requirements from relevant legislations are audited</p>	<p>Report on material non-compliance with relevant key legislations</p>
<p>We assess the risk of fraud, but we are not responsible for –</p> <ul style="list-style-type: none"> <li>• Fraud identification</li> <li>• Fraud prevention</li> </ul>	<p>Identifying the key internal control deficiencies to be addressed</p>





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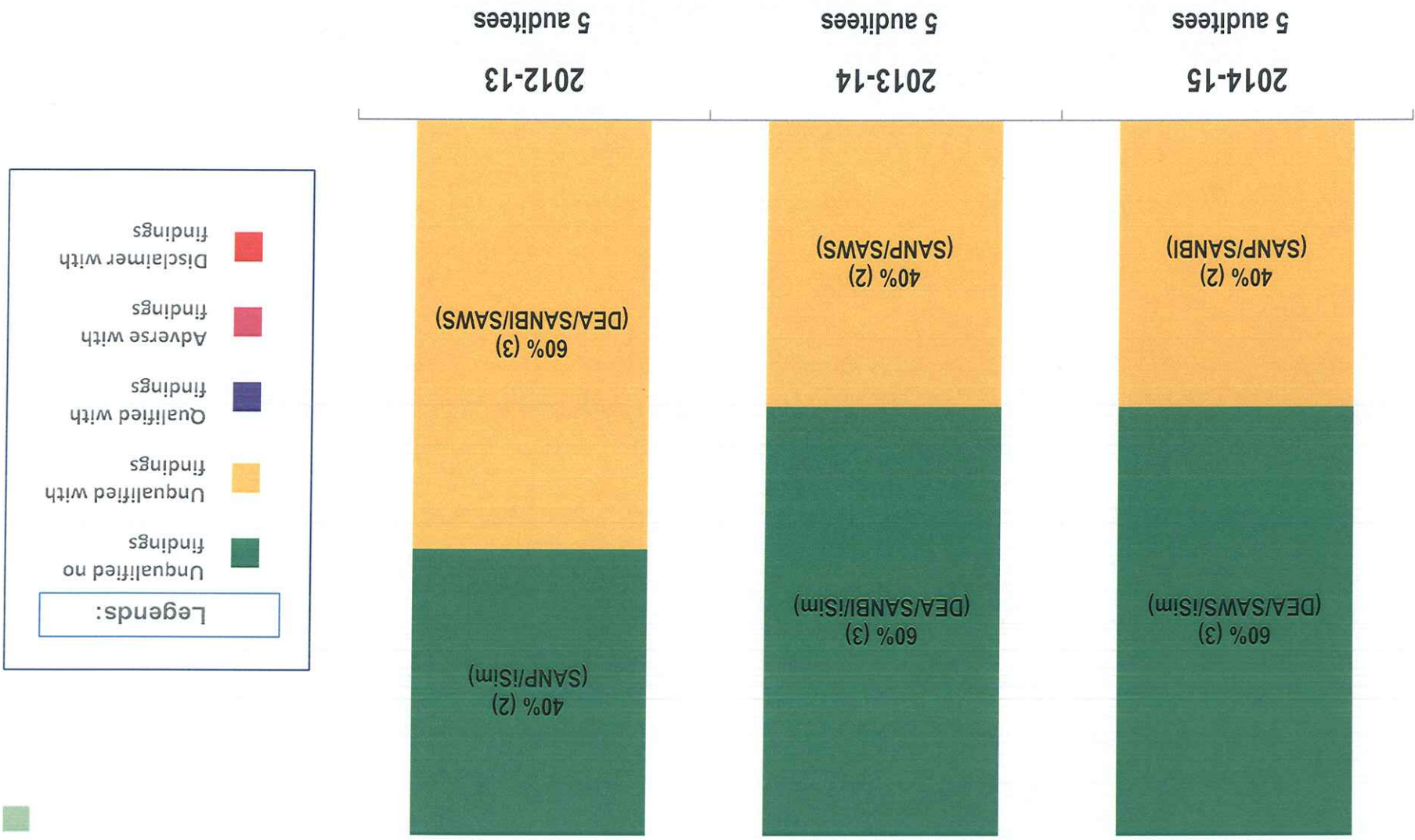


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# 1. Overall audit outcome for the Environmental Affairs portfolio



**Legends:**

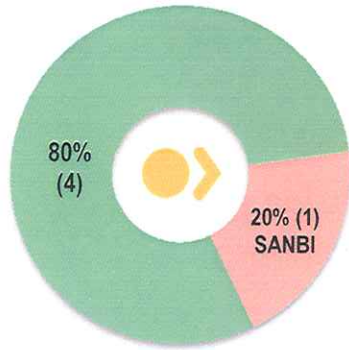
- Unqualified no findings
- Unqualified with findings
- Qualified with findings
- Adverse with findings
- Disclaimer with findings



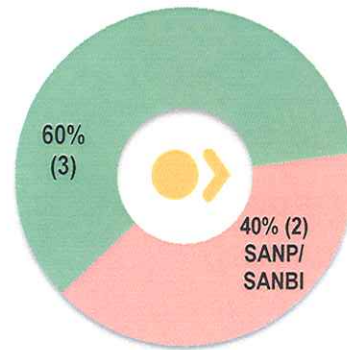
## 2. Auditor-General's six key focus areas



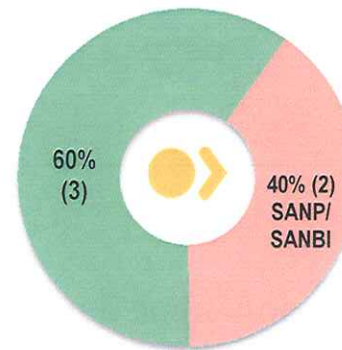
Quality of submitted financial statements



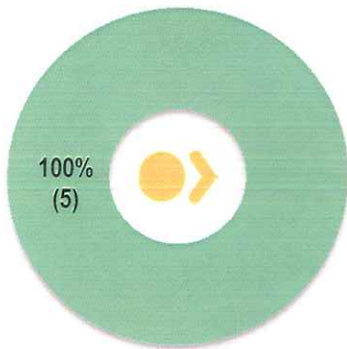
Quality of submitted performance reports



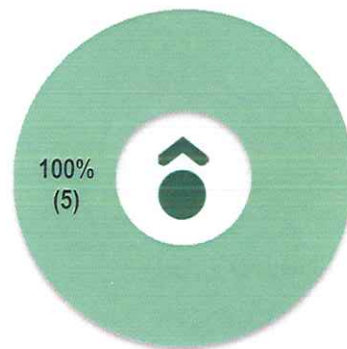
Compliance with legislation



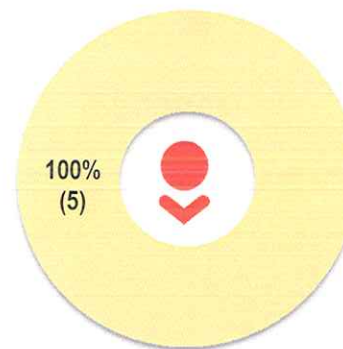
Financial health



Human resource management



Information technology

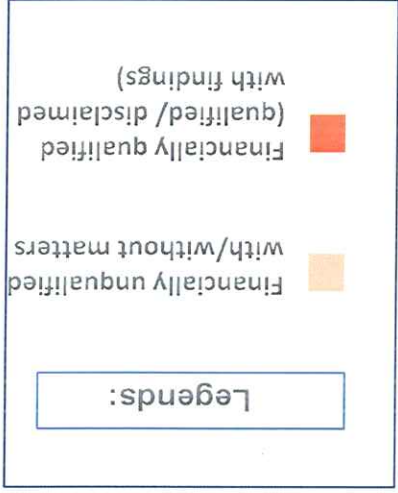


Legends:

- Good
- Concerning
- Intervention required
- ▲ Improvement
- Stagnant or limited progress
- ▼ Regressed



## 2.1 Quality of submitted financial statements

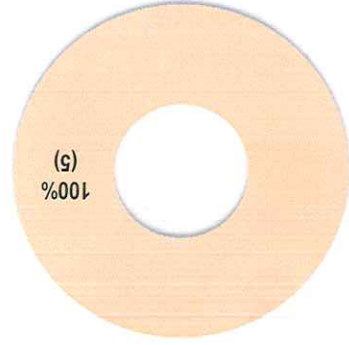


Avoided qualifications by correcting material misstatements during audit process

1 auditee



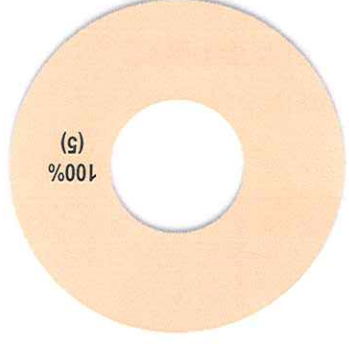
1 auditee



Outcome if NOT corrected



2014-15



Outcome if NOT corrected



2013-14

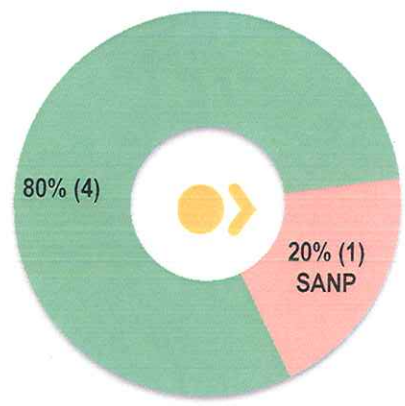
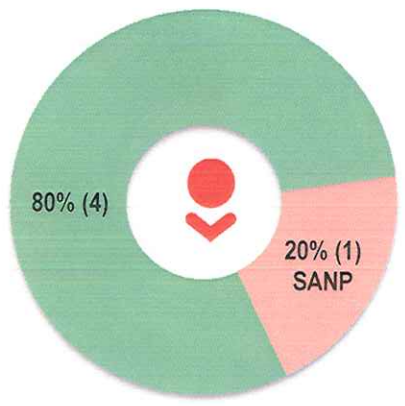
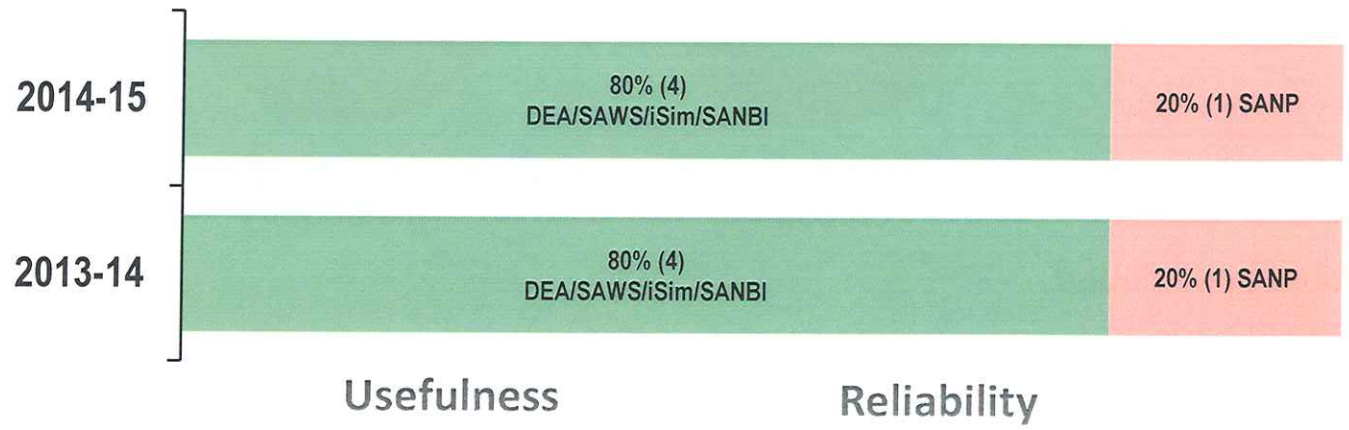




## 2.2 Quality of annual performance reports

80%(4) of reports were reliable and useful compared with 80%(4) in the previous year.

100%(5) of auditees that submitted information, did so in time for audit.



**Legends:**

- Improved
- Stagnant or little progress
- Regressed
- With no findings
- With findings

- ▲ Improved
- ▶ Stagnant or little progress
- ▼ Regressed





## 2.3 Quality of submitted annual performance reports



Avoided findings by correcting material misstatements during audit process

1 auditee



Outcome after corrections

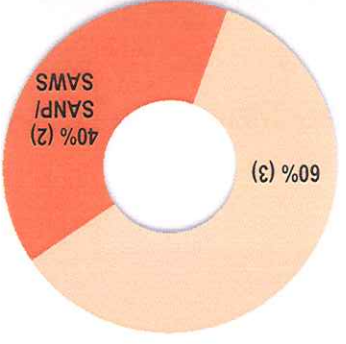
1 auditee



Outcome after corrections



Outcome if NOT corrected



Outcome if NOT corrected

2014-15

2013-14

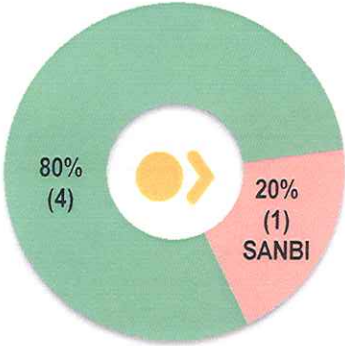




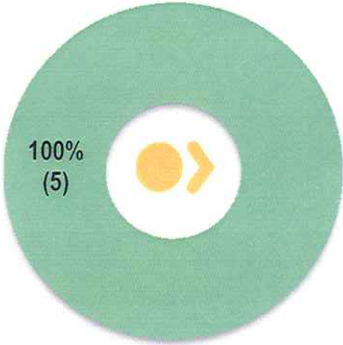
# 2.4 Auditees did not comply with legislation in the following areas:



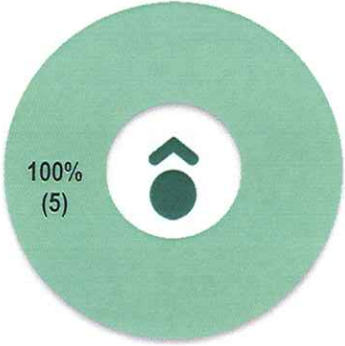
Quality of annual financial statements submitted



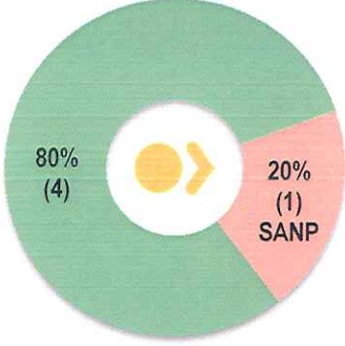
Prevention of unauthorised, irregular and/ or fruitless and wasteful expenditure



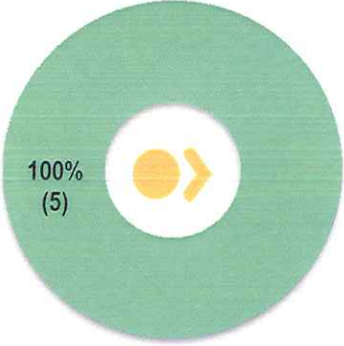
Management of procurement and or contracts



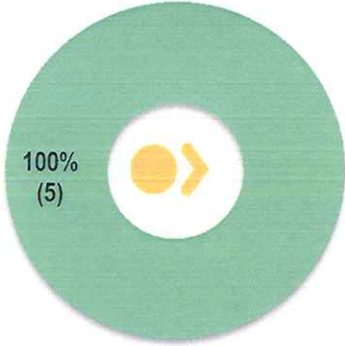
Management of strategic planning and performance



Human resource & consequence management



Internal audit & Audit committee



**Legends:**

- Good
- Concerning
- Intervention required
- ^  
●
 Improvement
- >>  
●
 Stagnant or limited progress
- v  
●
 Regressed



## 2.5 Information technology

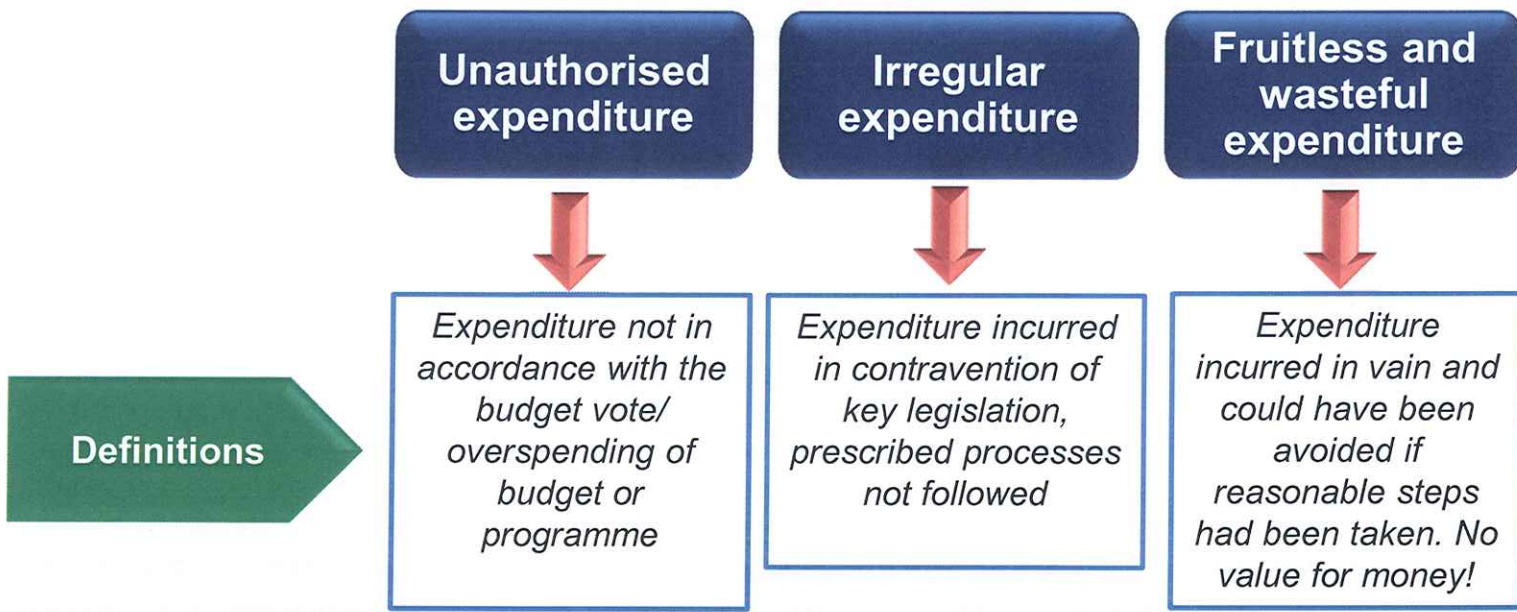
**Legends:**

- Good
- Concerning
- Intervention required
- Improved
- Stagnant or little progress
- Regressed





### 3. Unauthorised/Irregular/Fruitless and wasteful expenditure

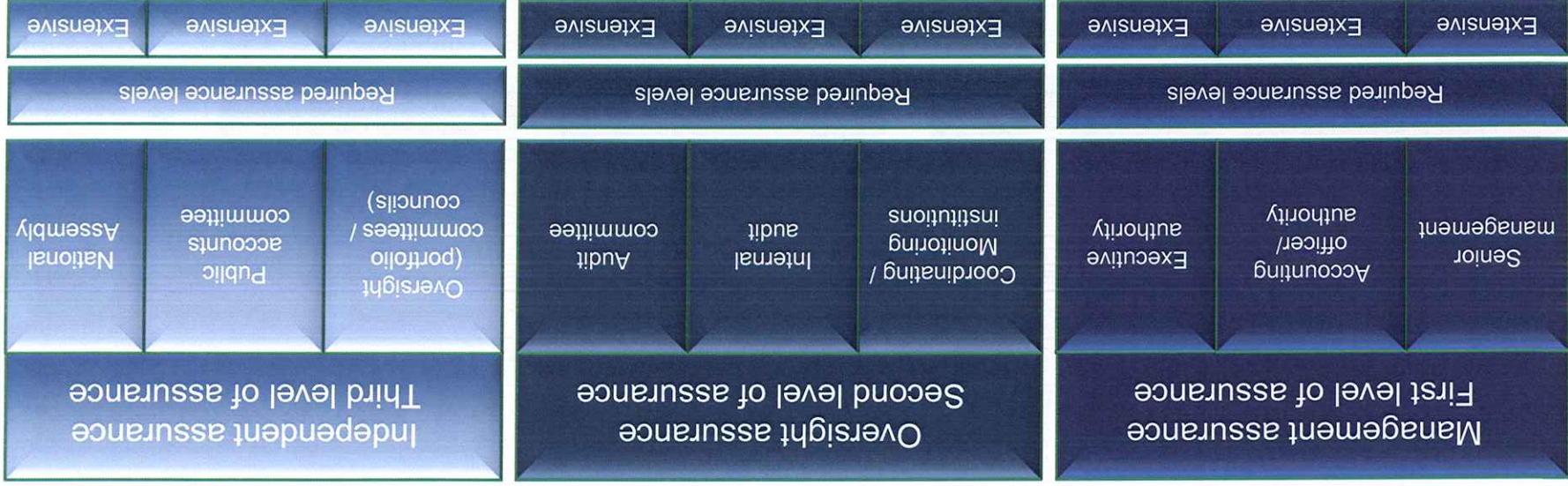


<b>SANParks</b>	-		R126 000	↑	R2 951 000	↑
<b>Totals</b>	NIL	➔	R126 000	↑	R2 951 000	↑

**Legends:**

- ↓ Decrease in incurred expenditure
- ➔ No change
- ↑ Increase in incurred expenditure

# 4. Combined assurance – complimentary mandate



## Management's assurance role

- **Senior management** – take immediate action to address specific recommendations and adhere to financial management and internal control systems
- **Accounting officer/ authority** – hold officials accountable on implementation of internal controls and report progress quarterly and annually
- **Executive authority** – monitor the progress of performance and enforce accountability and consequences

## Oversight's assurance role

- **National Treasury/ DPSA** – monitor compliance with laws and regulations and enforce appropriate action
- **Internal audit** – follow up on management's actions to address specific recommendations and conduct own audits on the key focus areas in the internal control environment and report on quarterly progress
- **Audit committee** – monitor risks and the implementation of commitments on corrective action made by management as well as quarterly progress on the action plans

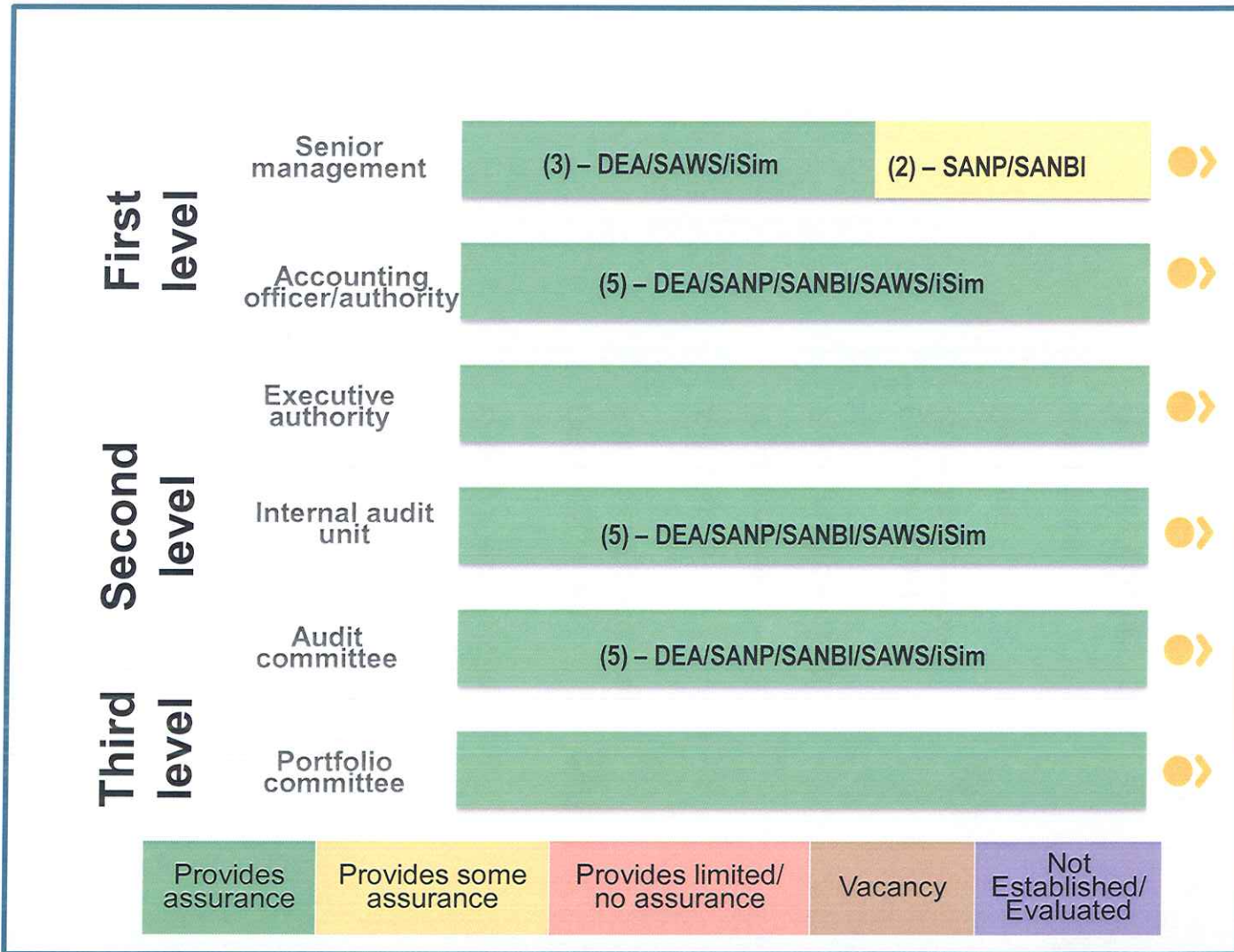
## Independent assurance role

- **Oversight (portfolio committees)** – review and monitor quarterly progress on the implementation of action plans to address deficiencies
- **Public accounts committee** – exercise specific oversight on a regular basis on any report which it may deem necessary
- **National Assembly** – provide independent oversight on the reliability, accuracy and credibility of National and provincial government





# 5. Assessment of assurance providers for portfolio



**Legends:**

- Improvement
- Stagnant or little progress
- Regressed



# 6. Drivers of key controls for portfolio

Drivers of internal control		Department & Entities				
		Department of Environmental Affairs	South African National Parks	South African Weather Service	South African National Biodiversity Institute	iSimangaliso Wetland Park
Leadership	Effective leadership culture	Good	Good	Good	Good	Good
	Oversight responsibility	Good	Good	Good	Good	Good
	HR management	Good	Good	Good	Good	Good
	Policies and procedures	Good	Good	Good	Concerning	Good
	Action plans	Good	Good	Good	Good	Good
	IT governance	Good	Concerning	Good	Good	Concerning
	Proper record keeping	Good	Good	Good	Good	Good
	Processing and reconciling controls	Good	Good	Good	Concerning	Good
	Reporting	Good	Intervention required	Good	Good	Good
	Compliance	Good	Good	Concerning	Good	Good
Financial & performance management	IT systems controls	Good	Concerning	Concerning	Concerning	Good
	Risk management	Good	Good	Good	Good	Good
	Internal audit	Good	Good	Good	Good	Good
Governance	Audit committee	Good	Good	Good	Good	Good

**Legends:**

- Good: Green square
- Concerning: Yellow square
- Intervention required: Red square
- Improvement: Green circle with downward arrow
- Stagnant or little progress: Yellow circle with downward arrow
- Regressed: Red circle with upward arrow



## 7. Key root cause and recommendations

### Root cause that should be addressed:

Key officials lack appropriate competencies



### Recommendations:

Management at SANParks and SANBI should regularly attend training to adequately review the annual performance report for accuracy, validity and completeness.

Management at SANBI should ensure that thorough review processes of financial statements are in place prior to submission on 31 May.





## 8. Minister's commitment to address root causes



Status of key commitments by minister

A commitment was made to have the CEO and CFO positions at SANParks filled.

Not implemented   In progress   Implemented   New





# Questions



