



AUDITOR-GENERAL
SOUTH AFRICA



Auditing to build public confidence

Presentation to SCOPA

Western Cape Business Unit

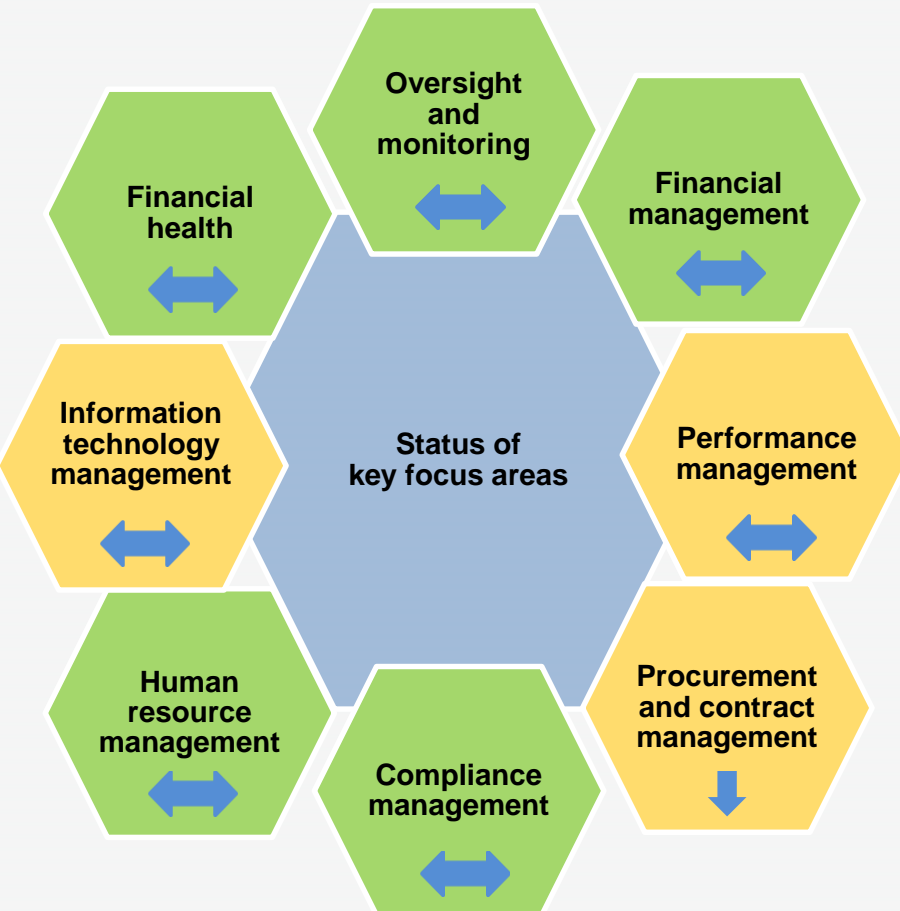
29 August 2018

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**.



Status of Records Review at PFMA auditees



Key matters for attention

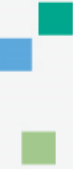
Procurement and contract management
Non-compliance in the areas of local content, preference points and competitive bidding processes.

Performance management
Findings include internal control deficiencies relating to recordkeeping, monitoring and review, material misstatements that require correction and adequacy of supporting evidence.

Information technology management
Findings relate to user access control, security management and IT service continuity.



Status of Records Review going forward



Status of Records Reviews going forward will take place as follows:

- Quarter ended 30 September
- Quarter ended 31 December

Process completed 45 days after the quarter ended



Emerging risks



MCS

- There will be a future requirement, a date has yet to be determined, for departments to componentise their assets.
- The effective date for the disclosure of inventory has not been determined therefore it is important that departments development and implement inventory management systems.

GRAP

The ASB has pronounced a list of standards that are effective next year and particular importance are those dealing with the accounting by principle and agents and statutory receivables.

B-BBEE Act

Paragraph 13G requires all spheres of government, public entities and organs of state to report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports required under the PFMA. Discussions are ongoing between the AGSA and B-BBEE Commission to scope this requirement into the audit for the 2018-19 financial year.

Local content

The compliance requirements of local content for commodities within designated sectors are applicable for all tenders. The term tender in terms of the Preferential Procurement Regulations of 2017 is attributed to all awards above R30 000.



Update:

Goods and services vs transfers and subsidies

- NT circular issued 28 May 2018
- What is being bought? i.e, the immediate use of funds to buy an item or service
- Transfers in kind must be accounted for based on true nature. E.g Department buys seeds and later transfers them to farmers.
- Funding an operation vs funding a project
- Account based on the responsibility of the activity



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