



# agriculture, forestry & fisheries

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Department:  
Agriculture, Forestry and Fisheries  
**REPUBLIC OF SOUTH AFRICA**

## **2018/19 Audit Matrix: Monitoring of the 2017/18 audit findings**

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## 1. General Information

1.1 The Audit Matrix for 2018/19 is based on the Final Management Report (pages 36-41) issued by the Auditor-General (AG) on 31 July 2018 for the financial year 2017/18.

1.2 Audit findings are classified as follows:

- Annexure A: Matters affecting the Auditor's report.
- Annexure B: Other important matters.

1.3 The following programme will be implemented to address the 2017/18 audit findings:

Action	Timeframe/due date:
D/CD/DDG's to submit the <b>first progress</b> report in relation with the <b>action plan</b> as provided in the management comments of the audit finding.	31 August 2018.
D/CD/DDG's to submit the <b>second</b> and <b>final progress</b> report in relation with the <b>action plan</b> as provided in the management comments of the audit finding.	30 September 2018.
D/CD/DDG's to submit <b>monthly progress reports where action plans are not implemented by 30 September 2018.</b>	31 October 2018 30 November 2018 31 December 2018 31 January 2019 28 February 2019 31 March 2019

1.4 Abbreviations:

- SMART: Specific, measurable, achievable, relevant, time-bound
- FMPPI: Framework for Managing Programme Performance Information (National Treasury)
- APAP: Agriculture Policy Action Plan
- DORA: Division of Revenue Act
- CIPC: Companies and Intellectual Property Commission
- SLA: Service level agreement
- MSP: Master Systems Plan
- MCS: Modified Cash Standard
- FAR: Fixed asset register

## 2. Office of the Director-General

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
<b>DG: – Mr. MM Mlengana</b>							
<b>Annexure B: Other important matters</b>							
11	190	<p><b>Audit finding:</b> Non-compliance noted in risk management activities of the department.</p> <ul style="list-style-type: none"> <li>RMC meetings were not held at least four times per year as required by the RMC Charter. Only the minutes for the meeting held on 17 August 2017 could be provided.</li> <li>By inspection of the minutes of the RMC held on 17 August 2017 and the attendance register, it was noted that not all risk owners i.e. the DDG's attended the RMC meeting. This however, led to the following questions being posed per the minutes of the meeting: <ul style="list-style-type: none"> <li>Is the non-attendance of DDGs not perhaps the reason why the required four meetings did not take place?</li> <li>Is it a matter that the RMC meetings are not regarded as important?</li> </ul> </li> </ul> <p><b>Internal Control deficiency:</b></p> <ul style="list-style-type: none"> <li>The processes with regard to the risk management activities performed</li> </ul>	Agree	<p>That the accounting officer of the department ensure compliance with the requirements of section 38(1)(a)(i) of the PFMA, Treasury Regulation 3.2.1 as well the requirements of the risk management charter of the department by performing the following:</p> <p>a) Ensure that consequence management processes are in place for non-adherence to the requirements of risk management charter. Consequence management processes could involve updating the performance contracting of DDG's to ensure matters of non-compliance with the PFMA, Treasury Regulations and the RMC are assessed. Non-compliance in this regard could involve issuing of warning letters where necessitated.</p> <p>b) The accounting officer and the RMC chairperson should work collaboratively in ensuring that the terms of reference reflected on the RMC charter are effectively monitored and executed throughout the financial year.</p>	3	<ul style="list-style-type: none"> <li><b>Due with the management comments:</b></li> <li>Memorandums signed by the DG, to be sent to the DDG's emphasizing the importance of linking risk management to performance management.</li> <li>All DDG's will be required to submit plans to the DG indicating how they are going to prioritize or institutionalize risk management at their respective branches.</li> <li>A monitoring tool will be developed to assess the implementation of the Risk Management Committee Charter.</li> <li>Risk Management Committee Charter will be reviewed to include the responsibility of the Accounting Officer.</li> <li><b>Implementation date of action plan:</b></li> <li>31 July 2018</li> <li><b>Official responsible for implementation</b></li> <li>1. Mr. MM Mlengana, DG &amp; Ms. L Pike, D: RMI</li> <li><b>Reasons for not implementing action plan within 3 months:</b></li> <li>N/A</li> <li><b>Budget required for action plan (where applicable):</b></li> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		<p>at the department must be reviewed in terms of the effectiveness without the necessary participation of the DDG's of the department because of the prioritization and risk appetite.</p> <ul style="list-style-type: none"> <li>The commitment of Executive Management on risk management.</li> </ul>		<p>c) The RMC charter should be reviewed and updated to include the roles and responsibilities of the accounting officer and the RMC members. There should also be an assessment of the performance of the accounting officer annually with regard to overseeing the effectiveness of risk management activities within the department.</p>			<ul style="list-style-type: none"> <li>Monthly progress reports where actions plan is not implemented by 30 September 2018.</li> </ul>
<b>CD: Operations Support – Ms. AP Stevens</b>							
<b>Annexure B: Other important matters</b>							
4.1	194	<p><b>Audit finding</b> The department did not sign shareholder's compact with its state own entities as required by section 29.2 of the Treasury regulations</p> <p><b>Internal Control deficiency</b> The department did not update the framework for cooperative governance upon restructuring of the department, which resulted in roles and responsibilities not clearly outlined.</p>	Agree	<p>Management should update the framework, which will include roles and responsibilities that each directorate is responsible for to ensure that the shareholders compact is signed between the department and its SOEs. This will ensure oversight governance over the SOEs.</p>	0	<ul style="list-style-type: none"> <li><b>Due with the management comments:</b></li> <li>Coordination to be done through the DG's office:</li> <li>Draft a <i>Terms of Reference</i> for the review of the Framework for Cooperative Governance by 30 April 2018.</li> <li>Co-ordinate consultative meetings with relevant stakeholders for the review of the Framework by 30 July 2018.</li> <li>Compilation of the Framework finalized by 30 September 2018.</li> <li><b>Implementation date of action plan:</b></li> <li>30 September 2018</li> <li><b>Official responsible for implementation</b></li> <li>Chief Director: Operations Support – Ms. A Stevens</li> <li><b>Reasons for not implementing action plan within 3 months:</b></li> <li>The Technical and Legal Issues will require broad consultation before the finalization of the Framework.</li> <li><b>Budget required for action plan (where applicable):</b></li> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
<b>D: Risk Management and Investigations – Ms. L Pike</b>							
<b>Annexure B: Other important matters</b>							
12.1	179	<p><b>Audit finding</b> Supplier (Mearnsii Training Centre) failed to declare relationship with an employee in the service of the Department of Agriculture, Forestry and Fisheries on the SBD 4 form.</p> <p><b>Internal Control deficiency</b> The supplier submitted a false declaration per the SBD4 declaration that could not be verified on account of reliance being placed by the department on what is submitted and there being no integrated system available that links PERSAL, CIPC, LOGIS, etc. in order to verify instances that needs further investigation. This is nevertheless a transversal issue across all departments and public entities.</p>	Agree	<p>a) Investigate and provide evidence whether the employee whose close family member (spouse): (i) participated in the award; and (ii) had an undue influence in the award of in order to ensure consequence management processes are initiated if so necessitated. Evidence of the investigation must be provided for follow-up during the 2018-19 audit of the department; and</p> <p>b) Investigate the reasons for the false declarations being submitted by the supplier so that the necessary action can be taken as required in terms of Treasury Regulation: 16A9.1 and 16A9.12 if so necessitated. Evidence of the investigation must be provided for follow-up during the 2018-19 audit of the department.</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• This case will be referred to the Directorate: Risk Management and Investigations to investigate this matter as per the recommendations by the AG.</li> <li>• Once the investigation is finalized the report will be submitted to the AG.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 31 August 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. L Pike, Director: Risk Management and Investigations</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• Investigation process</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>
14	182	<p><b>Audit finding:</b> Remunerative work outside the employment of the department and employee's disclosure of interest to the department</p> <p><b>Internal Control deficiency:</b> Management issued warning letters to the employees previously identified as having</p>	Agree	<p>a) Improve controls in detecting false and incomplete declarations by employees by performing an annual search per the Companies and Intellectual Property Commission (CIPC) database and comparing the results against declarations submitted by employees. Exceptions</p>	3	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The department will apply for access to the CIPC database so that it is able to do an annual verification.</li> <li>• A circular will be issued to the officials reminding them of the process that they need to follow when intending to do remunerative work outside the employment of the department.</li> <li>• Management is unable to agree with recommendations C and D, because they require capacity, which the responsible Directorate does not have. Currently the Director: Risk Management and</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		performing or engaging themselves in remunerative work outside their employment of the department and or doing business with other state organs, however the matter still reoccurred with different employees during the current financial year.		<p>noted in this regard should be further investigated;</p> <p>b) Employees identified during the audit should be investigated to determine reasons for false and or incomplete declarations in order for them to be subjected to consequence management processes within the department such as a disciplinary hearing in terms of the Public Service Coordinating Bargaining Council (PSBC) Resolution No.1 of 2003 (Disciplinary Code and Procedures) if so necessitated;</p> <p>c) Issue a circular to all staff as a reminder with regard to the requirements of section 30(1), of section 31(1)(a) of the PSA, of chapter 3, section C.1. of the PSR, etc. and the consequence management processes in place within the department to address matters of non-compliance as a deterrent to prevent future non-compliance by staff; and</p> <p>d) Investigate and determine the applicability of section 31(1)(a) of the PSA for an amount equal to the amount of such remuneration received by the employee in connection with the</p>		<p>Investigations (RMI) is working alone and there is a moratorium on filling of vacancies.</p> <ul style="list-style-type: none"> <li>• <b>Implementation date of action plan:</b></li> <li>• November 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. Pike</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• Human capacity constraints within the responsible Directorate: Risk Management and Investigations.</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• COE budget</li> </ul>	

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
				performance of such unapproved work be recovered from the employee and be paid into revenue, if not, the department should recover the amount through legal proceedings.			
23	187	<p><b>Audit finding:</b> Suppliers failed to declare their relationship with employees in the service of other state institutions on the SBD 4 form</p> <p><b>Internal Control deficiency:</b> The suppliers submitted false SBD4 declarations that could not be verified by the department on account of reliance being placed on what is submitted and there being no integrated system available that links PERSAL, CIPC, LOGIS, etc. in order to verify instances that needs further investigation. This is nevertheless a transversal issue across all departments and public entities.</p>	Agree	<p>a) Investigate and provide evidence that suppliers which submitted false SBD 4 declarations where relationship with employees in the service of other state institutions were not declared were investigated in order to ensure consequence management processes are initiated if so necessitated. Evidence of the investigation must be provided for follow-up during the 2018-19 audit of the department; and</p> <p>b) Investigate the reasons for the false declarations being submitted by the suppliers so that the necessary action can be taken as required in terms of Treasury Regulation: 16A9.1 and 16A9.12 if so necessitated. Evidence of the investigation must be provided for follow-up during the 2018-19 audit of the department.</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The audit finding will be referred to the Director: RMI to institute an investigation</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 31 December 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. Pike, Director: RMI.</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• Capacity constraints</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• COE budget</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>

### 73. Policy, Planning and Monitoring & Evaluation

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
<b>DDG: Policy, Planning &amp; Monitoring and Evaluation – Mr. J Kgobokoe</b>							
<b>CD: Monitoring &amp; Evaluation – Mr. D Phuthi</b>							
<b>D: Strategic Planning – Ms. G Mashigo</b>							
<b>Annexure A: Matters affecting the Auditor's report</b>							
22	48	<p><b>Audit finding</b> Reliability of indicator 2.2.3: Number of regulatory compliance and monitoring interventions implemented.</p> <p><b>Internal Control deficiency</b></p> <ul style="list-style-type: none"> <li>Although there was oversight by the monitoring unit, the oversight did not perform a reconciliation to determine whether the numbers per the report (Annual Report signed and dated by CD and D with spreadsheet on the data used to compile the report) is complete.</li> <li>The action plan developed in the internal audit report: Quarantine inspections, was not adequately monitored and implemented to address matters reported. This resulted in an impact on the completeness of reported performance.</li> </ul>	Agree	<p>a) Implement action plans to address the pervasive weakness in the control environment and the design and implementation of controls at ports of entry and regional offices which was found to be deficient and not sound resulting in the indicator 2.2.3: Number of regulatory compliance and monitoring interventions implemented not being reliable;</p> <p>b) Improve oversight and record keeping of performance reporting to prevent and detect whether the numbers per the reports, e.g. the Annual Report signed and dated by CD and D with spreadsheet on the data used to compile the report is complete;</p> <p>c) Ensure that action plans developed are monitored on a regular basis to determine whether the root causes reported by all oversight assurance providers are addressed; and</p> <p>d) Address controls noted in record keeping with regard to filing and reconciliation and review of information supporting reported performance. The latter</p>	0	<ul style="list-style-type: none"> <li><b>Due with the management comments:</b></li> <li>Training of officials responsible for capturing, processing and storing of information used for performance and financial reporting by 31 July 2018.</li> <li>Implementation of checklist from 31 July 2018, to assist managers/heads of office to verify the reporting information in compliance with the Standard Operating Procedure for reporting.</li> <li>Adequate filing space to be procured for ports of entry and inland offices' information by 31 December 2018.</li> <li>Managers (Director &amp; Deputy Directors) to visit their offices quarterly from 01 July 2018 to ensure that internal controls on financial and performance information are upheld.</li> <li><b>Implementation date of action plan:</b></li> <li>31 December 2018</li> <li><b>Official responsible for implementation</b></li> <li>Director: Inspection Services: Mr. KE Phoku</li> <li><b>Reasons for not implementing action plan within 3 months:</b></li> <li>The plan includes procurements and approvals by relevant authorities.</li> <li><b>Budget required for action plan (where applicable):</b></li> <li><b>Personnel:</b> R5 346 000 pa</li> <li><b>Filing:</b> R12 000 000 pa</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
				must prevent and detect misstatements on a monthly basis to ensure complete and accurate reporting at year-end.			
25	64	<p><b>Audit finding:</b> Reliability of indicator 2.2.3: Number of regulatory compliance and monitoring interventions implemented</p> <p><b>Internal Control deficiency:</b> Discrepancies were identified in the recalculation of the mathematical accuracy of the listings that were submitted to support the information contained per the report. The action plan developed to address the internal audit report: Quarantine inspections was not adequately monitored and implemented to address matters reported. This resulted in an impact on the accuracy of reported performance.</p>	Agree	<p>a) Implement action plans to address the pervasive weakness in the control environment and the design and implementation of controls at ports of entry and regional offices which was found to be deficient and not sound resulting in the indicator 2.2.3: Number of regulatory compliance and monitoring interventions implemented not being accurate;</p> <p>b) Improve oversight and record keeping of performance reporting to prevent and detect whether the numbers per of reports which serve as evidence of reported performance are accurate and valid, e.g. listings reconcile and are accurate in terms of mathematical calculation, no inconsistencies within the reports exists and all amounts and matters disclosed can be supported with reliable and credible evidence;</p> <p>c) Ensure that action plans developed are monitored on a regular basis to determine whether the root causes reported by all oversight assurance providers are</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• Training of officials responsible for capturing, processing and storing information used for performance and financial reporting by 31 July 2018.</li> <li>• Implementation of checklist from 31 July 2018, to assist managers/heads of office to verify the reporting information in compliance with the Standard Operating Procedure for reporting.</li> <li>• Adequate filing space to be procured for ports of entry and inland offices' information by 31 December 2018.</li> <li>• Managers (Director &amp; Deputy Directors) to visit their offices quarterly from 01 July 2018 to ensure that internal controls on financial and performance information are upheld.</li> <li>• <b>Implementation date of action plan:</b> 31 December 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Director: Inspection Services: Mr. KE Phoku</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• The plan includes procurements and approvals by relevant authorities, thus takes time</li> <li>• <b>Budget required for action plan (where applicable):</b> <b>Personnel:</b> R5 346 000 pa <b>Filing:</b> R12 000 000 pa</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>

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				addressed; and d) Address controls noted in record keeping with regard to filing and reconciliation and review of information supporting reported performance. The latter must prevent and detect misstatements on a monthly basis to ensure complete and accurate reporting at year-end			
<b>Annexure B: Other important matters</b>							
18	81	<p><b>Audit finding:</b> Reliability and presentation of indicator number 2.1.1: Number of animal improvement schemes for prioritised value chain commodities implemented</p> <p><b>Internal Control deficiency:</b> Although there was oversight by the monitoring unit, the oversight did not perform a reconciliation between the relevant supporting documents i.e. the targets set and the listings supporting reports against the reports submitted as evidence resulting in reported performance per the APR not being accurate</p>	Agree	<p>a) Amend the variance column for the indicator to indicate that the Annual report of 2 Animal Improvement Schemes was prepared and approved during April 2018 and the reasons for it not being approved during March 2018; and the department did not meet its targets set as 4,513 farmers (4,693 – 180) were supported instead of the 8,500 farmers that were planned to be supported; and</p> <p>b) Improve oversight and record keeping of performance reporting by ensuring that there is a reconciliation between the relevant supporting documents i.e. the targets set and the listings supporting reports against the reports submitted as evidence.</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The Department to reconcile reported information to the relevant supporting documents on a monthly basis for accuracy.</li> <li>• <b>DAFF will amend the APR as follows:</b> <b>The AIS report was produced and approved in April 2018.</b></li> <li>• The department will amend the variance column for the indicator to indicate that the Annual report of 2 Animal Improvement Schemes was prepared and approved during April 2018 and the reasons for it not being approved during March 2018. <b>Listings supporting the AIS report and duplicates were noted as an overstatement for poultry.</b></li> <li>• The APR and the approved report on AIS will be amended accordingly. <b>8500 target versus 4693 achieved for KYD.</b></li> <li>• The APR and the approved report on AIS will be amended accordingly</li> <li>• <b>Implementation date of action plan:</b> 1<sup>st</sup> June 2018</li> <li>• <b>Official responsible for implementation</b> Mr J Mamabolo, Director Animal Production.</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
24	92	<p><b>Audit finding:</b> Reported indicators as per the APP and APR not consistent when compared to planned indicators</p> <p><b>Internal Control deficiency:</b> Compliance monitoring with the requirements of section 40(3)(a) of the PFMA, Treasury Regulation 5.2.4, NT Instruction Note 33: Implementation of the FSAPP and section 25(1) of the PSR was inadequate resulting in there been a lack of consistency between the APP and the APR.</p>	Agree	<p>a) Report performance in respect of transversal indicators: 3.1.2, 3.1.3, 3.3.2 and 3.2.4 separately instead of reporting performance with performance indicators: 3.1.1 and 3.2.3; and</p> <p>b) Improve compliance monitoring with the requirements of section 40(3)(a) of the PFMA, Treasury Regulation 5.2.4, NT Instruction Note 33: Implementation of the FSAPP and section 25(1) of the PSR was inadequate resulting in there been a lack of consistency between the APP and the APR.</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• Adjust the DAFF 2019/20 APP to reflect the consolidated provincial indicators as an annexure in Part D that will then ensure that DAFF responds in the APR according to how we have planned.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 1st draft 2019/20 APP by 31 August 2018</li> <li>• <b>Official responsible for implementation</b> Ms. Grace Mashigo, acting Director: Organization Performance and Ms. Mimi Molotsi, Director: Strategic Planning.</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• The 2018/19 APP is currently reflecting the consolidated provincial transversal indicators similar to the 2017/18 APP. DAFF will therefore implement the AGSA's recommendations even in the 2018/19 APR. Changes can only be done in the 2019/20 APP that is still to be developed. The 2018/19 APP has already been tabled and approved by Parliament.</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>
26	96	<p><b>Audit finding:</b> Reliability of programme 3 transversal indicators.</p> <p><b>Internal Control deficiency:</b> Although there was oversight by the monitoring unit, the oversight did not perform a reconciliation to determine whether the numbers reported in respect of listing do not contain duplicates, were in respect of the current financial year and were correctly classified in the correct indicator</p>	Agree	<p>a) Update reported performance of indicator number: 3.3.2: Number of smallholder producers supported, as a result of overstatements due to duplicate farmers not detected by the controls within the department; and</p> <p>b) Improve oversight and record keeping of performance reporting to prevent and detect misstatements in the evidence of reported performance to ensure accurate and valid reporting, e.g. duplicate farmers, classification to incorrect indicators, reporting where</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b> All data will be checked by FSAR branch and M&amp;E. The branch will have to provide proof signed off by the director to assure M&amp;E that data submitted have been checked properly. M&amp;E will also recheck the data.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• July –August 2018 (Q1 reporting)</li> <li>• <b>Official responsible for implementation</b> Evans Kgasago, M&amp;E specialist and Roger Tuckledoo, acting Director: Small Holder Development.</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
				performance took place in the prior financial year, etc.			
<b>CD: Policy Development and Planning – Ms. B Bopape</b>							
<b>D: Strategic Planning – Ms. P Molotsi</b>							
<b>Annexure B: Other important matters</b>							
21	89	<p><b>Audit finding:</b> Completeness of planned performance indicators relevant to the mandate of the department: Indicators for the outcome were not included in the APP. This will result in the department not achieving the MTSF targets.</p> <p><b>Internal Control deficiency:</b> Compliance with the requirements of paragraph 3.3 of the FMPPI was not monitored. The APP indicators were also not aligned to the MTSF.</p>	Agree	<p>a) Ensure that all indicators/measures and targets arising from the department's mandate, applicable legislation, strategic goals, MTSF, sector plans, and objectives are included in the planning documents i.e. APP; and</p> <p>b) Improve controls with regard to monitoring the requirements of paragraph 3.3 of the FMPPI and alignment of the MTSF to the APP (strategic objectives, indicators and targets).</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The issue will be addressed with DAFF management at EXCO so that the indicators and targets could be included with specific commodities in the APP going forward and to allocate the mandate to the relevant branch to implement the indicator and targets relating to "Increase gross income generated".</li> <li>• <b>Implementation date of action plan:</b></li> <li>• July – August 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. M Molotsi, Director: Strategic Planning.</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>
17	110	<p><b>Audit finding:</b> Completeness of planned performance targets relevant to the mandate (4.1.3: Number of projects to support revitalisation of irrigation schemes implemented). The target for the outcome for the indicator</p>	Not agree	<p>a) Ensure that all indicators/measures and targets arising from the department's mandate, applicable legislation, strategic goals, MTSF, sector plans, and objectives are included in the planning</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• None</li> <li>• <b>Implementation date of action plan:</b></li> <li>• None</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. M Molotsi, Director: Strategic Planning &amp; Ms. M Gabriel, Director: Water Use and Irrigation.</li> <li>• <b>Reasons for not implementing action</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		<p>was not complete. This will result in the department not achieving the MTSF targets</p> <p><b>Internal Control deficiency:</b>  Compliance with the requirements of paragraph 3.3 of the FMPPI was not monitored. The APP targets were also not aligned to the MTSF.</p>		<p>documents i.e. APP; and</p> <p>b) Improve controls with regard to monitoring the requirements of paragraph 3.3 of the FMPPI and alignment of the MTSF to the APP (strategic objectives, indicators and targets).</p>		<p><b>plan within 3 months:</b></p> <ul style="list-style-type: none"> <li>•</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>

#### 4. Food Security and Agrarian Reform

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
<b>Acting DDG: Food Security and Agrarian Reform – Dr. JK Moeng</b>							
<b>CD: CASP – Ms. E Mtshiza</b>							
<b>Annexure B: Other important matters</b>							
5	125	<p><b>Audit finding</b> Transfer payments for Q1 - 2017/18 were paid on dates later than was stipulated by the National Treasury.</p> <p><b>Internal Control deficiency</b> Management did not establish and enforce controls and procedures to ensure that the payments are effected before the payment due date in a manner such that the payments would occur on or before the date stipulated in the approved payment schedule.</p>	Agree	<ul style="list-style-type: none"> <li>Management should design and implement policies and procedures to ensure that transfer payments are made on time so that payments are not made later than the date stipulated in the approved schedule and to avoid non-compliance with laws and regulations</li> </ul>	3	<ul style="list-style-type: none"> <li><b>Due with the management comments:</b></li> <li>To ensure timeous transfers to the provinces a schedule will be compile, listing the appropriate due dates for submitting the instruction memorandums to the Directorate: Budgets.</li> <li>The transferring officers and the Directorate: Budgets will manage the scheduled.</li> <li><b>Implementation date of action plan:</b></li> <li>First week in April 2018</li> <li><b>Official responsible for implementation</b></li> <li>Chief Director: CASP - Ms. E. Mtshiza</li> <li>Acting Director: Land Use and Soil Management - Mr. K Mampholo</li> <li><b>Reasons for not implementing action plan:</b></li> <li>N/A</li> <li><b>Budget required for action plan (where applicable):</b></li> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018.</b></li> <li></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September 2018.08.</b></li> <li></li> </ul>
15	121	<p><b>Audit finding:</b> Non-compliance with the grant framework in terms of monitoring of projects. As per the internal report issued (report number: BZ-Q3-MA-08, issued on 23 May 2018), the prior year management report and during the current year planned monitoring of projects scoped did not take place.</p> <p><b>Internal Control deficiency:</b></p> <ul style="list-style-type: none"> <li>Non-compliance with the grant framework is as a result of capacity within the department that exists not evaluated adequately to determine whether the requirements of the grant framework are adequately</li> </ul>	Agree	<ul style="list-style-type: none"> <li>Assess the capacity of the CASP unit to ensure effective and efficient use of the additional funding made available by National Treasury. This will ensure that the requirements of the monitoring responsibilities of the department per the grant framework are achieved. The action plans developed to ensure the root causes that led to the finding should also be assessed;</li> <li>Implement recommendations of Internal Audit particularly with regard</li> </ul>	2	<ul style="list-style-type: none"> <li><b>Due with the management comments:</b></li> <li>The CASP Structure as proposed by FSAR must be approved and CASP institutionalised within DAFF;</li> <li>The identification of relevant employees with relevant skill to be moved to the CASP chief directorate, and where not applicable, posts should be advertised.</li> <li>The proposed CASP structure falls within the COE of DAFF.</li> <li><b>Implementation date of action plan:</b></li> <li>31 December 2018</li> <li><b>Official responsible for implementation</b></li> <li>Dr. BM Modisane, Acting DDG: FSAR</li> <li><b>Reasons for not implementing action plan within 3 months:</b></li> <li>The process to recruit or shift personnel may take longer than 2 months.</li> <li><b>Budget required for action plan (where applicable):</b></li> <li>COE budget.</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September 2018</b></li> </ul>

		<p>addressed. The latter must be noted in context of prioritization of limited resources for competing priorities.</p> <ul style="list-style-type: none"> <li>• Although improvements were noted during the prior year, the action plans to address prior audit findings were inadequate and resulted in a reoccurrence of the matters previously reported.</li> </ul>		<p>to reporting where monitoring of CASP projects are performed by different directorates; and</p> <ul style="list-style-type: none"> <li>• Improve reporting to address aspects related to value for money in how funds are disbursed. Conclusions from the diverse panel of experts utilised during the site visits must be adequately reported. Responses and action plans by provincial departments must also be included so that there can be follow-up on implementation of recommendations and action plans prepared to address findings from monitoring visits.</li> </ul>		
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## 5. Chief Financial Office

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
<b>CFO – Mr. J Hlatshwayo</b>							
<b>CD: Financial Management – Ms. Z Lufele</b>							
<b>D: Supply Chain Management: Mr. R Danster</b>							
<b>Annexure B: Other important matters</b>							
28	176	<p><b>Audit finding:</b> Non-submission of SDB 4 declaration forms in respect of suppliers appointed via deviation</p> <p><b>Internal Control deficiency:</b> Non-compliance with the National Treasury Practice note 07 of 2009/2010 took place because of declarations form (SDB 4) not being submitted by suppliers appointed via deviations. This was because of deficiencies in compliance monitoring.</p>	Agree	The department to improve compliance monitoring with all the relevant SCM requirements. The latter should include submission of SDB 4 declaration of interest by suppliers appointed via deviations approved by National Treasury. Failure to do so might result in irregular expenditure incurred by the department particularly if interest was identified not being detected.	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• SDB 4 forms will be obtained before an order is issued for suppliers appointed via deviation.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• With immediate effect (9 July 2018)</li> <li>• <b>Official responsible for implementation</b></li> <li>• R Danster</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018</b></li> </ul>
<b>D: Financial Accounting: Ms. S Sambo</b>							
<b>Annexure B: Other important matters</b>							
No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
27	113	<p><b>Audit finding:</b> Overstatement of non-current assets and non-current liabilities as result of incorrect accounting treatment of DAFF Trust Funds.</p> <p><b>Internal Control deficiency:</b> Compliance monitoring with the requirements of all applicable laws and regulations impacting the fair presentation of the annual financial statements was inadequate and as such did not detect misstatements noted with the requirements of</p>	Not agree	<p>a) Adjust the annual financial statements to ensure that the overstatement of non-current assets and non-current liabilities for all Trust Funds are corrected;</p> <p>b) Prepare separate financial statements for the current and prior years in respect of all Trust Funds in line with Standard of Generally Recognised Accounting Practice. This must be in respect of all Trust Funds taking into consideration GRAP</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The 2017/18 AFS will be adjusted and submitted to the AG for re-audit before the final submission of the AFS on 31 July 2018.</li> <li>• DAFF will consult with NT on the compilation of separate financial statements in terms of GRAP. The process will be finalized before the submission of the September 2018 IFS to NT. The latter will be subjected to the interim AGSA audit.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 31 October 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. S Sambo</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>• The 2017/18 AFS was adjusted and accordingly submitted to NT on 31 July 2018.</li> <li>• Discussions were held with NT on 14 August 2018 where guidance was provided.</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		Treasury Regulation 14.3.1(c) and (d). This resulted in material misstatement in the non-current assets and non-current liabilities for the current and prior years.		directive 5 and the AG Directive; and c) Improve compliance monitoring with the requirements of all applicable laws and regulations affecting the fair presentation of the annual financial statements. This will ensure that all misstatements are detected prior to submission for audit.		<ul style="list-style-type: none"> <li>• Budget required for action plan (where applicable):</li> <li>• N/A</li> </ul>	
20.2	172	<p><b>Audit finding:</b> Understatement of irregular expenditure in respect of payments made to Advocate Memani as Ministry legal advisor</p> <p><b>Internal Control deficiency:</b> Compliance monitoring with the requirements of section 64 of the PFMA, Treasury Regulation 16A6.1, 16A6.4 and TR16A3.2(a) "fairness", Treasury Instruction 4A of 2016/17 (Quotations were obtained from suppliers that are registered in the prospective supplier's list or NT's central supplier database, if not, the providers meet the listing criteria in the SCM policy), and the relevant Treasury Instruction notes on deviations was inadequate resulting in material non-compliance with the PFMA, Treasury Regulations and Treasury Instruction notes.</p>	No management comments provided	<p>a) Disclose all payments to Advocate Memani as irregular expenditure under investigation;</p> <p>b) Implement controls to strengthen compliance monitoring with the requirements of the PFMA which should include section 64 PFMA, Treasury Regulation 16A6.1, 16A6.4 and TR16A3.2(a) "fairness", Treasury Instruction 4A of 2016/17, and the relevant Treasury Instruction notes on deviations; and</p> <p>c) Determine whether the policies and procedures presently in place are adequate to address compliance with the PFMA particularly with regard to matters such as section 64 of the PFMA.</p>	0	<ul style="list-style-type: none"> <li>• Due with the management comments:</li> <li>• Ministry: No management comments provided by the Ministry.</li> <li>• D: FA:</li> <li>• The irregular expenditure of R369 682 was included in the final 2017/18 AFS.</li> <li>• Investigate current controls to prevent re-occurrence of processing of payments not adhering to SCM prescripts.</li> <li>• Implementation date of action plan:</li> <li>• 30 September 2018.</li> <li>• Official responsible for implementation</li> <li>• Ms. S Sambo</li> <li>• Reasons for not implementing action plan within 3 months:</li> <li>• N/A</li> <li>• Budget required for action plan (where applicable):</li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</li> <li>• 2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</li> <li>• Monthly progress reports where actions plan is not implemented by 30 September 2018</li> </ul>

## 6. Forestry & Natural Resources Management

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
<b>Act DDG: Forestry &amp; Natural Resources Management: Ms. MS Leseke</b>							
<b>CD: Forestry Development &amp; Regulations – Ms. P Nodada</b>							
<b>Acting D: Commercial Forestry: Mr. M Luvhimbi</b>							
<b>Annexure B: Other important matters</b>							
ICT 1.3	211	<p><b>Audit finding</b> Inadequately designed user access management procedure document for Microforest</p> <p><b>Internal Control deficiency</b> The user access management procedure document for the Microforest system was only recently developed and did therefore not yet include the process relating to the review of system controllers' activities on a regular basis and also due to the fact that the system was maintained by a service provider</p>	Agree	The user access management procedure document should be revised and updated to include the process relating to the review of system controllers' activities on a regular basis. It should also indicate the frequency of such reviews, by whom the reviews should be performed and the evidence to be maintained of such reviews performed	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• Microforest to design an audit trail report for system controllers.</li> <li>• ICT and Directorate: Commercial Forestry to update the user account management standards and procedure document.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 7 May 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Deputy Director: Commercial Forestry - Ms. ZL Mthlane</li> <li>• <b>Reasons for not implementing action plan:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 9 April 2018</b></li> <li>• Microforest is currently amending the audit trail report for system controllers and testing the reports as requested in a Test environment.</li> <li>• The user account management standards and procedure document is in process of being updated.</li> <li>• <b>2<sup>nd</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>• <b>3<sup>rd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>
ICT 1.4	213	<p><b>Audit finding</b> User access management review processes inadequately implemented on Microforest</p> <p><b>Internal Control deficiency</b> User access management review processes were not being performed on the Microforest system such as access and login violation reviews, reviews of the appropriateness of users' access rights, and system controller activity reviews as the user access management procedure document for the Microforest system was</p>	Agree	User access management review processes should be formally implemented on the Microforest system to ensure that access and login violation reviews, reviews of the appropriateness of users' access rights, and system controller activity reviews are performed periodically. Evidence of such reviews performed should be maintained	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• Microforest (Pty) Ltd to develop user access rights report for all users.</li> <li>• Microforest (Pty) Ltd to develop a login and logout report for all users.</li> <li>• Directorate: Commercial Forestry will review and file the reports</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 7 May 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Deputy Director: Commercial Forestry - Ms. ZL Mthlane</li> <li>• <b>Reasons for not implementing action plan:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 9 April 2018</b></li> <li>• Microforest is currently amending the user access rights report and developing a login and logout report for all users, which will be tested in a Test environment prior to implementation.</li> <li>• <b>2<sup>nd</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>• <b>3<sup>rd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018.</b></li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		only recently developed and also due to the fact that the system was maintained by a service provider					•
ICT 1.7	215	<p><b>Audit finding</b> Inadequately documented change management procedures</p> <p><b>Internal Control deficiency</b> The department's change management procedures was not updated yet to cover the process and procedure for managing application system program changes to application systems such as Microforest as Microforest was only implemented during the year and a service provider was maintaining the system</p>	Not agree	<p>The change management procedures should be reviewed and updated to include the process and procedures for managing application system program changes to application systems such as Microforest and other in-house application systems to ensure that all changes are coordinated, scheduled, authorised and properly tested before implementing it into the production environment</p> <ul style="list-style-type: none"> <li>• Microforest applications are not internally managed. DAFF has a contract with Microforest (Pty) therefore; changes are managed according to the contract. Microforest does inform DAFF of any version updates.</li> </ul>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• ICT to request Microforest (Pty) Ltd to share their change management procedures.</li> <li>• The Directorate: Commercial Forestry will keep record of the Release Notes of version updates.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 7 May 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Deputy Director: Commercial Forestry - Ms. ZL Mthlane</li> <li>• <b>Reasons for not implementing action plan:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 9 April 2018</b></li> <li>• Microforest will communicate via email for new releases or changes pertaining change management procedures. The updates made to the system are accessible on the Microforest system. Version updates will be checked monthly by the Directorate and filed.</li> <li>• <b>2<sup>nd</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>• <b>3<sup>rd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>
31.1	69	<p><b>Audit finding:</b> Misstatement in valuation and accuracy of biological assets, totalling to R38, 765 million.</p> <p><b>Internal Control deficiency:</b></p> <ul style="list-style-type: none"> <li>• Adequate and sufficiently skilled resources do not always exist because of vacancies and budget constraints. A position of a forestry valuator does not exist within the department. Furthermore, there appears to be</li> </ul>	Agree	<ul style="list-style-type: none"> <li>• Adjust the overstatement of biological assets</li> <li>• Perform an assessment of the existing resources required within the forestry branch in order to determine the adequacy thereof. A needs assessment is also required to determine whether existing resources and positions are adequate e.g. forestry valuator (own staff or consultants appointed), maintenance</li> </ul>	3	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• Adjust the total value of biological assets.</li> <li>• Furthermore, there will be a comprehensive analysis of the resources available with a view of identifying resources required to adequately manage the forest resource.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• None specified.</li> <li>• <b>Official responsible for implementation</b></li> <li>• ZL Mthlane, Acting Director Commercial Forestry &amp; Cyril Ndou, Acting Chief Director Forestry Operations</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• Resources to sustainably management</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018.</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018.</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		<p>issues related to succession planning and vacancies that exist within the Forestry branch that will need to be investigated further. Additional training on the Microforest system must also be assessed to determine whether an understanding of the functionalities of the system is adequate to ensure credible reporting.</p> <ul style="list-style-type: none"> <li>The action plan developed to ensure a re-occurrence of the finding was inadequate and not adequately monitored to ensure a repeat finding does not take place.</li> </ul>		<p>of equipment, weed control, road maintenance, security, fire prevention, etc. This must be noted in context of the potential opportunities in adequately managing the forestry assets and the economic impact thereof with regard to employment creation and achievement of the NDP goals;</p> <ul style="list-style-type: none"> <li>Assess matters regarding succession planning and critical vacancies that might exist within Forestry plantations impeding plantation management that will need to be investigated further;</li> <li>Determine whether additional training on the Microforest system is required so as to ensure an understanding of the functionalities of the system;</li> <li>Assess whether the action plan prepared during the prior year was adequate both in terms of the plan and the monitoring thereof;</li> <li>Improve controls regarding record keeping of the Microforest system to address the matters reported. Oversight by the department must be strengthened to ensure that this indeed takes place; and</li> <li>Ensure that interim reports prepared is</li> </ul>		<p>the plantations is a long term project and it is not practical to implement it in a short space of time</p> <ul style="list-style-type: none"> <li><b>Budget required for action plan (where applicable):</b></li> <li>To be determined.</li> </ul>	

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
				evidenced by complete and accurate reporting of biological assets that is subjected to oversight to prevent and detect errors in reporting.			
<b>Acting CD: Forestry Operations – Mr. T C Ndou</b>							
<b>Annexure A: Matters affecting the Auditor's report</b>							
33	42	<p><b>Audit finding:</b> Non-compliance with TR on revenue management. The income that should have been derived from harvesting in the plantations shows a figure of R198,812,592 from a total volume of 478,287m<sup>3</sup> (these figures have been obtained from the respective harvesting schedules submitted by the Provinces). The income reported by DAFF amounts to R36,946,097</p> <p><b>Internal Control deficiency:</b></p> <ul style="list-style-type: none"> <li>• Oversight by the Forestry directorate of plantations were inadequate to determine whether the controls at the various plantations are adequate to prevent and detect non-compliance with TR impacting financial and compliance reporting.</li> <li>• Adequate and sufficiently skilled resources do not always exist because of vacancies and budget constraints. Security personnel at plantations appear to be inadequate to safeguard forestry assets and revenue.</li> <li>• The action plan developed by the internal audit report was not adequately</li> </ul>	Agree	<ul style="list-style-type: none"> <li>• Investigate the extent of the under collection of forestry revenue in respect of the current and prior financial years. The department must evaluate whether specialised resources exist within the department for the latter to be performed. Consequent management processes must be initiated if so necessitated;</li> <li>• Improve oversight by the Forestry directorate of plantations to determine whether the controls at the various plantations are adequate to prevent and detect non-compliance with TR's impacting financial and compliance reporting;</li> <li>• Implement action plans to address the pervasive weakness in the control environment and the design and implementation of controls at plantations which was found to be deficient and not sound resulting in non-compliance with TR's on revenue collection;</li> <li>• Ensure that action plans developed are monitored on a regular basis to</li> </ul>		<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• Investigate all gaps and ensure that where possible resources are accordingly deployed to ensure that there is no similar occurrences.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 31<sup>st</sup> August 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• C. Ndou, Acting Chief Director Forestry Operations</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• The plan is long term in nature, as it requires resources such as staff or employees. The Department has a moratorium on the employment of additional staff due to inadequate budget for compensation of employees</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• COE budget</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		monitored and implemented to address matters reported. This resulted in non-compliance with the TR.		determine whether the root causes reported by all oversight assurance providers are addressed; and <ul style="list-style-type: none"> <li>Determine all critical resources required for approval and for recruitment and selection of employees so that posts can be prioritised with due consideration of scarce resources available. The latter should include posts in respect of safeguarding the assets i.e. security guards, etc.</li> </ul>			
<b>Annexure B: Other important matters</b>							
31.2	76	<p><b>Audit finding:</b> Management and delivery of key programmes: Forestry</p> <p><b>Internal Control deficiency:</b></p> <ul style="list-style-type: none"> <li>Adequate and sufficiently skilled resources do not always exist because of vacancies and budget constraints. A position of a forestry valuator does not exist within the department. Furthermore, there appears to be issues related to succession planning and vacancies that exist within the Forestry branch that will need to be investigated further. Additional training on the Microforest system must also be assessed to determine whether an understanding of the functionalities of the system is adequate to ensure credible reporting.</li> </ul>	Agree	<ul style="list-style-type: none"> <li>Perform an assessment of the existing resources required within the forestry branch in order to determine the adequacy thereof. A needs assessment is also required to determine whether existing resources and positions are adequate e.g. forestry valuator (own staff or consultants appointed). This must be noted in context of the potential opportunities in adequately managing the forestry assets and the economic impact thereof with regard to employment creation;</li> <li>Assess matters regarding succession planning and critical vacancies that might exist within Forestry plantations impeding plantation management that will need to be</li> </ul>	3	<ul style="list-style-type: none"> <li><b>Due with the management comments:</b></li> <li>An integrated action plan will be developed to ensure step by step remedial actions towards implementation of the recommendations</li> <li><b>Implementation date of action plan:</b></li> <li>31 August 2018</li> <li><b>Official responsible for implementation</b></li> <li>C. Ndou, Acting Chief Director Forestry Operations</li> <li><b>Reasons for not implementing action plan within 3 months:</b></li> <li>None</li> <li><b>Budget required for action plan (where applicable):</b></li> <li>Existing operational budget to be used</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September 2018</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		<ul style="list-style-type: none"> <li>The action plan developed to ensure a reoccurrence of the finding was inadequate and not adequately monitored to ensure a repeat finding does not take place.</li> </ul>		<ul style="list-style-type: none"> <li>investigated further; and</li> <li>Assess whether the action plan prepared during the prior year was adequate both in terms of the plan and the monitoring thereof.</li> </ul>			

## 7. Corporate Services

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
<b>DDG: Corporate Services: Mr. SIS Ntombela</b>							
<b>Chief Information Office – Ms. PT Schoole</b>							
<b>Annexure B: Other important matters</b>							
ICT 1.1	197	<p><b>Audit finding</b> Lack of funding for Information Communication Technology Master System Plan initiatives and projects</p> <p><b>Internal Control deficiency</b> There was still a lack of funding for ICT Master System Plan initiatives and projects as the requests submitted for funding of ICT projects and initiatives were still not successful.</p>	Agree	The CIO should continue to engage the Executive Management team of the department to make them aware of the latest ICT management best practices as well as implications for not implementing key ICT initiatives. These implications, amongst others, include missing out on efficiencies brought about by the effective use of ICT	2	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The CIO will continue to engage the executive to obtain funding for the other prioritised initiatives.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 31 March 2019</li> <li>• <b>Official responsible for implementation</b></li> <li>• CIO - Ms. PT Schoole</li> <li>• <b>Reasons for not implementing action plan:</b></li> <li>• Budget constraints</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• R55 million</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>
ICT 1.2	217	<p><b>Audit finding</b> The department did not yet establish a primary fail-over or disaster recovery site, which should enable the resumption of business operations in case of a disaster and/or to facilitate testing of the disaster recovery plan on regular intervals.</p> <p><b>Internal Control deficiency</b> The department did not yet establish a primary fail-over or disaster recovery site as there was a lack of funding of ICT projects and the department was therefore still in the process of acquiring a disaster recovery site</p>	Agree	The CIO should continue to engage the Executive Management team of the department to make them aware of the implications of not implementing the disaster recovery site. Some of the implications include non-compliance to various regulatory requirements.	1	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• Procurement of infrastructure and configuration at the ICT DR site will be done as phase 1 depending on budget availability.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 31 March 2019</li> <li>• <b>Official responsible for implementation</b></li> <li>• Director ICT SDO - Ms CC Hlungwani</li> <li>• <b>Reasons for not implementing action plan:</b></li> <li>• Budget availability and procurement process need to be followed.</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• R10 million year on year</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>
<b>Chief Information Office – Ms. PT Schoole</b>							
<b>D: ICT Service Delivery and Operations – Ms. CC Hlungwani</b>							
<b>Annexure B: Other important matters</b>							
ICT 1.5	199	<p><b>Audit finding</b> Evidence of the review of some (April to September 2017) antivirus exception reports could not be provided</p> <p><b>Internal Control deficiency</b></p>	Agree	The Departments' information security team should ensure that antivirus exception reports are reviewed on a timely basis and that evidence of such reviews are available	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• During October 2017, the directorate upgraded and migrated the Antivirus Management Server (McAfee) and security database (server 2003 to</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments</b></li> <li>• Finalized</li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		The lack of evidence for the review of some of the antivirus exception reports was due to the McAfee Antivirus Management Console Database not being able to generate some of the exception reports for the specified periods due to a problem with the database and the migration of the management console to the latest one				server 2012R2) to the latest versions running from a new server. <ul style="list-style-type: none"> <li>• <b>Implementation date of action plan:</b></li> <li>• October 2017</li> <li>• <b>Reasons for not implementing action plan:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	
ICT 1.6	201	<b>Audit finding</b> Evidence of the review of some of the firewall events and threat prevention reports could not be provided <b>Internal Control deficiency</b> Evidence of the review of some of the firewall reports could not be provided due to the old log files that were moved from the Firewall Management Server to the Backup Server and these reports take up a lot of space and is time consuming to retrieve and upload	Agree	The Departments' information security team should ensure that firewall reports are reviewed on a timely basis and that evidence of such reviews are available	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The DAFF ICT team have subsequently automated all weekly and monthly reports and it is being saved as evidence for review before the archiving can be done. The latter procedure was demonstrated to the AG team.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 6 March 2018</li> <li>• <b>Reasons for not implementing action plan:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments</b></li> <li>• Finalized</li> </ul>
ICT 2.1	203	<b>Audit finding</b> Inadequate patch management processes. <b>Internal Control deficiency</b> There are currently inadequate monitoring mechanisms implemented to ensure compliance to patch management processes. In addition, no hardening standards or tools exist to monitor attacks or to discover vulnerabilities on the DAFF network environment.	Agree	ICT management should ensure that the patch management process is updated, approved and implemented. In addition, monitoring controls should be implemented to ensure compliance to the standards. Security monitoring tools may be procured to ensure regular risk assessments are performed on the network.  ICT management should also ensure the following: <ul style="list-style-type: none"> <li>• Initiate a complete system evaluation to detect and update/upgrade out dated/ unsupported systems. Test and apply the applicable security update for</li> </ul>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The weaknesses identified will be fully resolved by the end of the first quarter. The identified servers are 2003 servers, which D: ICT SDO is currently busy with the migration. All these old servers will be decommissioned. Segregated VLANs will be developed for DAFF.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 30 June 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms Alta Vermaak, Deputy Director: ICT SDO NST.</li> <li>• <b>Reasons for not implementing action plan:</b></li> <li>• The delivery of new servers to enable migration was delayed.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018.</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li>•</li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
				<p>your Windows version.</p> <ul style="list-style-type: none"> <li>Consider updating the affected operating systems to a supported version (version 7.6 or later). If these systems are no longer in use, ICT should consider decommissioning these servers.</li> <li>Test and apply the latest software version available. System management updates should be in accordance with the patch management process.</li> <li>Test and apply the Apache and PHP updates / upgrades according to the patch management policy.</li> </ul>		<ul style="list-style-type: none"> <li><b>Budget required for action plan (where applicable):</b></li> <li>N/A</li> </ul>	
ICT 2.2	208	<p><b>Audit finding</b> Inadequate configuration settings in the network environment.</p> <p><b>Internal Control deficiency</b> There are currently inadequate monitoring mechanisms implemented to ensure compliance to patch management processes. In addition, no hardening standards or tools exist to monitor attacks or to discover vulnerabilities on the DAFF network environment.</p>	Agree	<p>Management should ensure that Information security hardening standards are developed, approved and implemented. In addition, monitoring controls should be implemented to ensure compliance to the standards. Security monitoring tools should be made available to ensure regular risk assessments are performed on the network. ICT management should ensure the following:</p> <ul style="list-style-type: none"> <li>Disable the SNMP service on the systems identified. Alternatively, the default or easily guessable strings should be changed to stronger community strings.</li> <li>Telnet, FTP and TFTP should be disabled if not required. If they are required, more secured services such as secure shell (SSH) or secure file transfer protocol (SFTP+) should be used.</li> <li>Consider disabling the Trace/ and Trace method. Restrict interaction with the service to</li> </ul>	0	<ul style="list-style-type: none"> <li><b>Due with the management comments:</b></li> <li>The directorate has already initiated the assessment of the identified issues and action is being taken accordingly as per the recommendations after ensuring that there is no impact on the running of the systems. Priority will be given to the critical areas. <ul style="list-style-type: none"> <li>Telnet on routers and switches will be disabled and changed to SSH.</li> <li>The track and trace will be disabled.</li> <li>DAFF will change the SMTP from open relay to authenticated relay.</li> <li>The Secure File Transfer Protocol (SFTP+) will be enabled once the assessment is done.</li> </ul> </li> <li><b>Implementation date of action plan:</b></li> <li>31 March 2019</li> <li><b>Official responsible for implementation</b></li> <li>Ms Alta Vermaak, Deputy Director: ICTSDO:NST.</li> <li><b>Reasons for not implementing action plan:</b></li> <li>The budget for the project need to be sourced where after the procurement process will commence.</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018.</b></li> <li></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018.</b></li> <li></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> <li></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
				<p>trusted machines. Only the clients and servers that have a legitimate procedural relationship with the service should be permitted to communicate with it.</p> <ul style="list-style-type: none"> <li>Reconfigure your SMTP server so that it cannot be used as an indiscriminate SMTP relay. Make sure that the server uses appropriate access controls to limit the extent to which relaying is possible.</li> </ul>		<ul style="list-style-type: none"> <li><b>Budget required for action plan (where applicable):</b></li> <li>R1 million to purchase the switches for Delpen and Silverton.</li> </ul>	
<b>Chief Director: Human Resources Management &amp; Development – Ms. K Kgang</b>							
<b>Annexure B: Other important matters</b>							
10.1	127	<p><b>Audit finding:</b> The monthly compensation for overtime constitutes greater than 30% of the employee's monthly salary</p> <p><b>Internal Control deficiency:</b> There is no adequate monitoring over overtime policy to ensure that overtime claims comply with the overtime policy. This resulted in excessive overtime hours paid which is greater than 30% of the employee's basic salary indicating a possible abuse of overtime which will need to be investigated</p>	Not agree	<p>a) Determine the extent of overtime paid that was greater than 30% of the employees' basic salaries (for the current and prior years) in order for disclosure as irregular expenditure under investigation;</p> <p>b) Improve oversight controls with the requirements of the overtime policy to ensure overtime hours claimed are less than 30% of basic salaries;</p> <p>c) Implement consequence management to hold the relevant management approving overtime claims greater than 30% of employees' basic salaries; and –</p> <p>d) Improve controls with regard to the daily and monthly processing of overtime claims to ensure that overtime approved is valid i.e. comply with all the requirements of the PSR and the overtime policy of the department.</p>		<ul style="list-style-type: none"> <li><b>Due with the management comments:</b></li> <li>All submissions from line management to pass through Directorate: IHRM/HRM to ensure that remunerative overtime claims are not greater than 30% of employees' basic salaries as per the MPSA determination dated 7 February 2018, the HRM&amp;D Circular 6 of 2018 dated 12 March 2018 as well as the approved submissions.</li> <li>The D: IHRM/HRM will embark on engagements with line managers of the respective areas to empower them on the MPSA determination dated 7 February 2018.</li> <li>The D: IHRM/HRM will strengthen collaboration with line management and the D: FM to enhance control measures and that remunerative overtime claims are not greater than 30% of employees' basic salaries as per the MPSA determination dated 7 February 2018.</li> <li>In the event that remunerative overtime, claims are paid in excess of the 30% of employees' basic salaries, the D: IHRM will institute investigations and disciplinary measures where applicable.</li> <li><b>Implementation date of action plan:</b></li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September 2018</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
						<ul style="list-style-type: none"> <li>• 30 September 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. Kgang, CD: HRMD</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	
<b>Director: Human Resources Management – Ms. L Bouwer</b>							
<b>Annexure B: Other important matters</b>							
30	152	<p><b>Audit finding:</b> Non-compliance with PFMA HR related legislation for which the non-compliance thereof, will result in irregular expenditure – SMS contract of employment not concluded</p> <p><b>Internal Control deficiency:</b> Compliance monitoring with the HR related requirements did take place, however there were override of controls rendering the oversight being ineffective. Consequence management processes were also ineffective to hold staff accountable for repeated non-submission of the signed employment contracts</p>	Agree – consequence management	<p>a) Disclose all payments to PERSAL number 22871616 in contravention to the requirements of section 87(2) of the Public Service Regulation, 2016 as irregular expenditure;</p> <p>b) Determine whether the policies and procedures presently in place are adequate to address compliance with the PFMA particularly with regard to matters such as section 64 of the PFMA. The latter should address matters where there are overriding of controls; and</p> <p>c) Implement consequence management processes if so necessitated with regard to non-compliance with laws and regulations applicable to the department.</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The 2017/18 AFS was amended to included the irregular expenditure of R1 068 654.</li> <li>• With regard to the establishment and communication of policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities, the Directorate: Employee Relations will be requested to investigate the possibility of inclusion of section 64 of the PFMA.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 30 September 2018</li> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. L Bouwer</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• N/A</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li>•</li> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>
<b>Director: Employee Relations – Ms. Mashahele</b>							
<b>Annexure B: Other important matters</b>							
16	160	<p><b>Audit finding:</b> Late capturing of all categories of leave of which the late capturing of annual leave resulted in an overstatement of the leave provision disclosure note</p> <p><b>Internal Control deficiency:</b></p>	Not agree – overstatement of leave provision	<p>a) Determine the full extent of annual leave taken within the current and previous financial years which was not recorded as required so that the leave provision can be adjusted. Evidence in this regard must be provided as evidence;</p>	0	<ul style="list-style-type: none"> <li>• <b>Due with the management comments:</b></li> <li>• The revised <i>Management of Leave policy</i> has been tabled at the Departmental Bargaining Chamber (DBC) and awaits approval.</li> <li>• <b>Implementation date of action plan:</b></li> <li>• 30 September 2018</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> progress report: 30 days from submission of management comments: 31 August 2018</b></li> <li>•</li> <li>• <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		<ul style="list-style-type: none"> <li>• Compliance monitoring with the requirements of the PSR and the MCS was inadequate to ensure that all leave was recorded on a timely basis.</li> <li>• Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities</li> <li>• Whilst noting that the leave policy is still in draft and the requirements of the PSA and PSR are used in the absence of an approved leave policy, the lack of and approved leave policy does not support the understanding and execution of internal control objectives, processes and responsibilities. In this regard, management would not be effectively hold staff accountable for failure to adequately execute their responsibilities.</li> </ul>		<p>b) Strengthen compliance monitoring with the requirements of the PSR so that non-compliance with all requirements applicable are detected by management so that corrective action can be taken where applicable;</p> <p>c) Finalise the approval of the leave policy to enable and support the understanding and execution of internal control objectives, processes and responsibilities; and</p> <p>d) Improve controls to ensure proper record keeping processes are in place over the daily and monthly processing and reconciling of leave transactions. Controls in place to ensure the completeness of leave forms submitted for capturing on PERSAL must be strengthened, i.e. reconciling of attendance registers to leave forms captured on PERSAL, etc.</p>		<ul style="list-style-type: none"> <li>• <b>Official responsible for implementation</b></li> <li>• Ms. Mashele</li> <li>• <b>Reasons for not implementing action plan within 3 months:</b></li> <li>• The finalization of the policy is dependent on the agenda of the DBC.</li> <li>• <b>Budget required for action plan (where applicable):</b></li> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>

## 8. Fisheries Management

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
<b>Acting DDG: Fisheries Management: Mr. B Semoli</b>							
<b>Acting Director: – Mr. C vd Westhuizen and Director: Integrated Human Resources Management</b>							
<b>Annexure B: Other important matters</b>							
10.2	141	<p><b>Audit finding</b> Overpayment of overtime because of the accuracy of overtime schedules submitted for payment</p> <p><b>Internal Control deficiency</b> There is inadequate monitoring over overtime approval per the overtime policy.</p>	Agree	<p>a) Determine the extent of overtime schedules submitted and approved by supervisors that were incorrectly casted (for the current and prior years) that resulted in the overpayment of overtime as fruitless and wasteful expenditure under investigation;</p> <p>b) Improve oversight controls with the requirements of the overtime policy to ensure matters related to overtime hours claimed are valid;</p> <p>c) Implement consequence management to hold the relevant management approving overtime claims without ensuring proper due diligence accountable; and</p> <p>d) Improve controls with regard to the daily and monthly processing of overtime claims to ensure that overtime approved is valid i.e. hours worked were worked and should be paid.</p>	0	<p><b>Due with the management comments:</b></p> <ul style="list-style-type: none"> <li>The line management that approves the claims will be engaged on management level in management meetings. A circular, with reference to the overtime policy, together with D: HRM input will be disturbed to reiterate the audit finding's corrective action.</li> <li>A refreshment training initiative will be rolled out first to D: FM staff and then to the rest of directorates.</li> <li>Management will conduct monthly spot checks.</li> <li>A full population analysis will be done as a special project. After hours, overtime expenditure will have to be claimed.</li> </ul> <p><b>Official responsible for implementation</b></p> <ul style="list-style-type: none"> <li>Ms. V Mogolla, Acting D: SCM and Mr. C van der Westhuizen, Acting D: FM.</li> </ul> <p><b>Implementation date of action plan:</b></p> <ul style="list-style-type: none"> <li>30 September 2018</li> </ul> <p><b>Reasons for not implementing action plan:</b></p> <ul style="list-style-type: none"> <li>N/A</li> </ul> <p><b>Budget required for action plan (where applicable):</b></p> <ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments</b></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b></li> </ul>
10.3	146	<p><b>Audit finding</b> Non-compliance with the requirements of paragraph 9.3 and 9.4 of the overtime policy – no evidence of attendance registers.</p> <p><b>Internal Control deficiency</b> There is no adequate monitoring over overtime</p>	Agree	<p>a) Improve oversight controls with the requirements of the overtime policy to ensure matters related to submission and review of overtime claims are supported with attendance</p>	0	<p><b>Due with the management comments:</b></p> <ul style="list-style-type: none"> <li>The managers approving the claims will be engaged with in management meetings.</li> <li>A circular, with reference to the overtime policy will be disturbed to reiterate the audit finding's corrective action.</li> <li>A refreshment training initiative will be rolled out to all directorates.</li> <li>The respective director will conduct monthly</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> progress report: 30 days from submission of management comments</b></li> <li><b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b></li> <li><b>Monthly progress reports where actions plan is not implemented by 30 September</b></li> </ul>

No. of Audit finding	Page (AG MR)	Audit finding/Internal Control deficiency	Management Comments	AG Recommendations	Repeat finding	Action plan	Progress
		policy to ensure that overtime claims is in compliance with the overtime policy.		registers; b) Implement consequence management to hold the relevant management approving overtime claims without ensuring proper adherence to the policy accountable; and c) Improve controls with regard to the daily and monthly processing of overtime claims to ensure that it complies with the requirements of the overtime policy i.e. evidenced by attendance registers.		spot checks. • <b>Official responsible for implementation</b> • Ms. S Melanie/Mr. C vd Westhuizen, Directors: Integrated Human Resources Management and Financial Management (Acting). • <b>Implementation of registers and monthly monitoring:</b> Directors: Fisheries Management. • <b>Implementation date of action plan:</b> • 30 September 2018 • <b>Reasons for not implementing action plan:</b> • N/A • <b>Budget required for action plan (where applicable):</b> • N/A	2018. •
10.4	149	<b>Audit finding</b> Overtime claims not submitted within seven days after the month of the overtime worked as per the overtime policy <b>Internal Control deficiency</b> There is no adequate monitoring over overtime policy to ensure that overtime claims is in compliance with the overtime policy i.e. submitted within seven days.	Agree	a) Determine the extent of overtime incurred within the 2017-18 financial year that was not paid within the 2017-18 financial year for disclosure as Accruals at year-end; b) Improve oversight controls with the requirements of the overtime policy to ensure matters related to submission are as per the approved policy; and c) Implement consequence management to hold the relevant management approving overtime claims without ensuring proper adherence to the policy accountable	0	• <b>Due with the management comments:</b> • The managers approving the claims will be engaged with on management level in management meetings. A circular, with reference to the overtime policy will be disturbed to reiterate the audit finding's corrective action. • A refreshment training initiative will be rolled out to all directorates. • Management will conduct monthly spot checks. • <b>Implementation date of action plan:</b> • 30 September 2018 • <b>Official responsible for implementation</b> • Ms. V Mogolla, Acting D: SCM and Mr. C van der Westhuizen, Acting D: FM. • <b>Reasons for not implementing action plan:</b> • N/A • <b>Budget required for action plan (where applicable):</b> • N/A	• <b>1<sup>st</sup> progress report: 30 days from submission of management comments</b> • • <b>2<sup>nd</sup> and final progress report: 60 days from submission of management comments: 30 September 2018</b> • • <b>Monthly progress reports where actions plan is not implemented by 30 September 2018.</b> •