

OVERVIEW OF THE INTERNAL AUDIT FINDINGS FOR THE DAFF

**PORTFOLIO COMMITTEE ON THE DEPARTMENT OF
AGRICULTURE, LAND REFORM & RURAL
DEVELOPMENT
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agriculture,
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Department:
Agriculture, Forestry and Fisheries
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INTRODUCTION

The purpose of the presentation is to provide an overview of the Internal Audit findings and report on the implementation of the Internal Audit recommendations to the Portfolio Committee.



FOLLOW-UP AUDITS ON THE AGSA'S MANAGEMENT REPORT AND INTERNAL AUDIT REPORTS ISSUED

- The Department is making notable progress in addressing the AGSA findings. The total audit findings raised by AGSA for the 2017/18 financial year were thirty five (35). Internal Audit performed an independent follow up audit on twenty four (24) of these audit findings. Out of twenty four (**24 – 100%**) audit findings followed up, twelve (**12 – 50%**) audit findings were resolved, five (**5 – 21%**) audit findings were still in a process of being resolved and seven (**7 – 29%**) audit findings were unresolved.
- Internal Audit has raised critical and significant findings for the of which a summary from the 2016/17 FY to the period under review is outlined in the next slide. Control inadequacy and/or ineffectiveness was brought to the attention of management. Progress in addressing the internal audit findings has been slow.
- While repeat findings relate to most of the internal audit assignments performed, the DoRA (CASP), Forestry Operations, Occupational Health and Safety, and Risk Management findings were the most concerning.



CORRECTIVE MANAGEMENT ACTION IMPLEMENTED ON INTERNAL AUDIT REPORTS ISSUED SINCE THE 2016/17 FINANCIAL YEAR

Branch	Total Number Of Findings	Action Plan Date Not Yet Due	% Action Plan Date not yet Due	Unresolved Findings			% Un-resolved Findings	Resolved Findings	% Of Findings Resolved	Findings Not Implemented Due To Resource Constraints	% Un-resolved Findings Due to Resource Constraints
				60 Days	90 Days	More Than 90 Days					
ODG	12	5	41%	0	0	3	25%	2	17%	2	17%
CFO	36	0	0%	1	0	11	33.3%	21	58.3%	3	8.4%
Corporate Services	60	22	37%	0	0	20	33%	15	25%	3	5%
PPME	12	0	0%	0	3	1	33%	8	67%	0	0%
Program 2 – Animal Plant Health and Food Safety	47	7	15%	0	0	10	21%	4	9%	26	55%
Program 3 – Food Security and Agrarian Reform	77	50	65%	0	0	23	30%	4	5%	0	0%
Program 4 – Economic Development Trade and Marketing	7	0	0%	0	0	4	57%	1	14%	2	29%
Program 5 – Forestry and Natural Resource Management	23	3	13%	0	0	5	22%	9	39%	6	26%
TOTAL NEGATIVE FINDINGS	274	87	32%	81			30%	64	23%	42	15%

SPECIFIC CONCERNS ARISING FROM INTERNAL AUDIT FINDINGS

- Actual and potential losses have been reported in various functional areas of the Department including CASP, Land Care and Soil Management, Forestry Operations and Supply Chain Management due to lapses in internal controls.
- A performance audit of CASP and Ilima/Letsema was conducted between October and December 2018. The audit covered an audit sample drawn from the period 2013/14 to 2017/18 financial years, during which the total CASP and Ilima/Letsema transfers amounted to approximately **R7.2bn.** The outcome of the audit was disappointing albeit not surprising. The following crucial shortcomings were identified:
 - ✓ **Internal control weaknesses**
 - ✓ **Inadequate farmer capacity and commitment**



SPECIFIC CONCERNS ARISING FROM INTERNAL AUDIT FINDINGS CONTINUE

- ✓ **Lack of or inadequate post funding support**
 - ✓ **Gaps in monitoring and evaluation**
 - ✓ **Planning and risk management gaps**
 - ✓ **Coordination and reporting gaps**
 - ✓ **Poor safeguard and utilisation of acquired assets**
- The conclusion of the audit team on the CASP performance audit was that impact from the programme is very limited and not aligned with the value of resources invested. The team concluded that the objectives and outcomes of the programme had not been achieved and that compliance was not adequately enforced.



SPECIFIC CONCERNS ARISING FROM INTERNAL AUDIT FINDINGS CONTINUE

- Whilst Risk Management fundamentals are in place in the Department there is a concern with the level of maturity in the risk management processes. **There are persistent delays in the conclusion of the annual review of both the strategic and operational risk assessments, resulting in the development and monitoring of the risk mitigation action plans not effectively taking place.**
- Management response to a number of audits pointed to the under-funding. **The impact of this challenge has been visible on service delivery as the Department has on a number of occasions, been unable to speedily and sometimes effectively implement risk mitigation or prevention measures when faced by hazards such as outbreaks of animal, plant and food related disease as experienced in recent times.** Underfunding and/or improper prioritisation also impacts on the Department's ability to adequately pursue development opportunities within its area of mandate, or prevent loss.



CONCLUSION

- The Department has an independent Audit Committee structure which provides independent oversight over the financial management and reporting, governance, risk management, internal control, compliance, performance information management, internal and external audits, and information communications and technology functions of DAFF.
- The Audit Committee meets on a quarterly basis to receive and review reports from management, make recommendations and review progress on actions addressing findings of both the AGSA and Internal Audit. The Committee has had an opportunity of tabling its report to the new Minister on its activities for the 2018/19 financial year as well as on the 2018/19 Annual Report of the Department
- The Committee is supported by the Internal Audit Unit which undertakes risk based audit assignments to evaluate the adequacy and effectiveness of the internal controls and the control environment.



THANK YOU!



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