

BUDGETARY REVIEW AND  
RECOMMENDATIONS REPORT | PFMA  
2018-19

Briefing to portfolio committee on the Public Protector  
South Africa



AUDITOR-GENERAL  
SOUTH AFRICA

## Reputation promise

The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the supreme audit institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

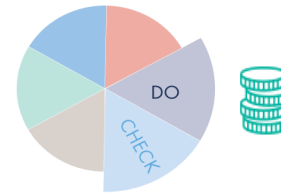
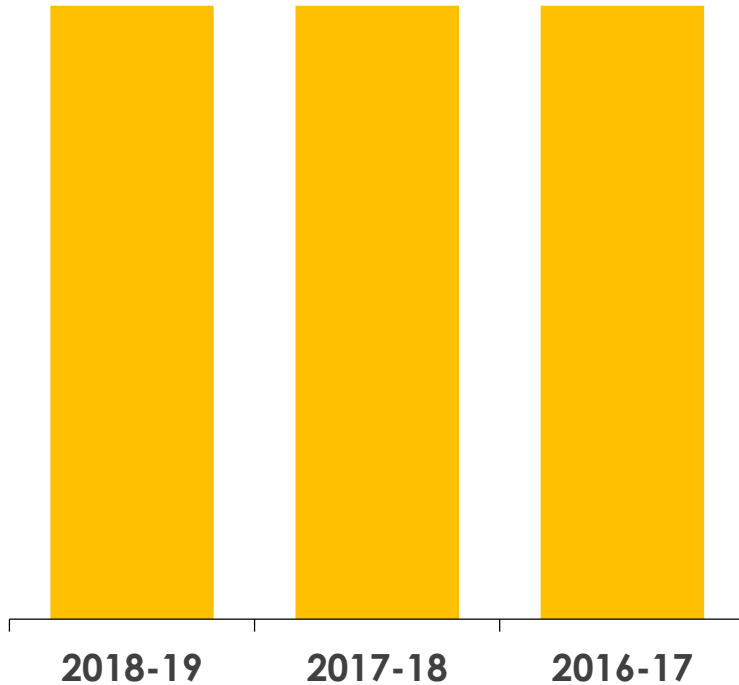


# The 2018-19 audit outcomes



# Audit outcomes of the Public Protector-SA over three years

## Unqualified with findings



## Financial statements

### Movement

Submission of financial statements by legislated date



Quality of initial submission for auditing



Quality of final submission after auditing



*The institution achieved unqualified opinions only because they corrected all misstatements identified during the audit*

- Financial statement preparation remains a concern, as material adjustments had to be made to the financial statements submitted for auditing at the Public Protector South Africa.
- The constitutional institution did not pay some of the suppliers within 30 days





# Credible performance reporting and compliance with legislation



## Performance report

Quality of initial submission for auditing

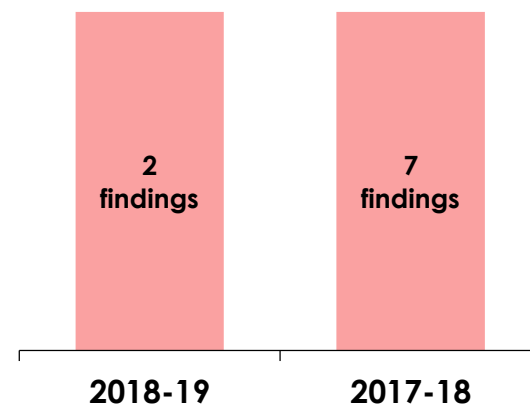
Quality of final submission after auditing

### Movement



*Performance reporting improved from the institution having findings in the prior financial year to no findings identified in the current financial year.*

## Findings on compliance with key legislation

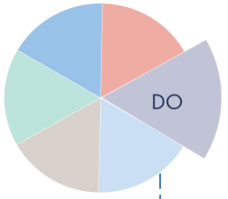


### non-compliance areas

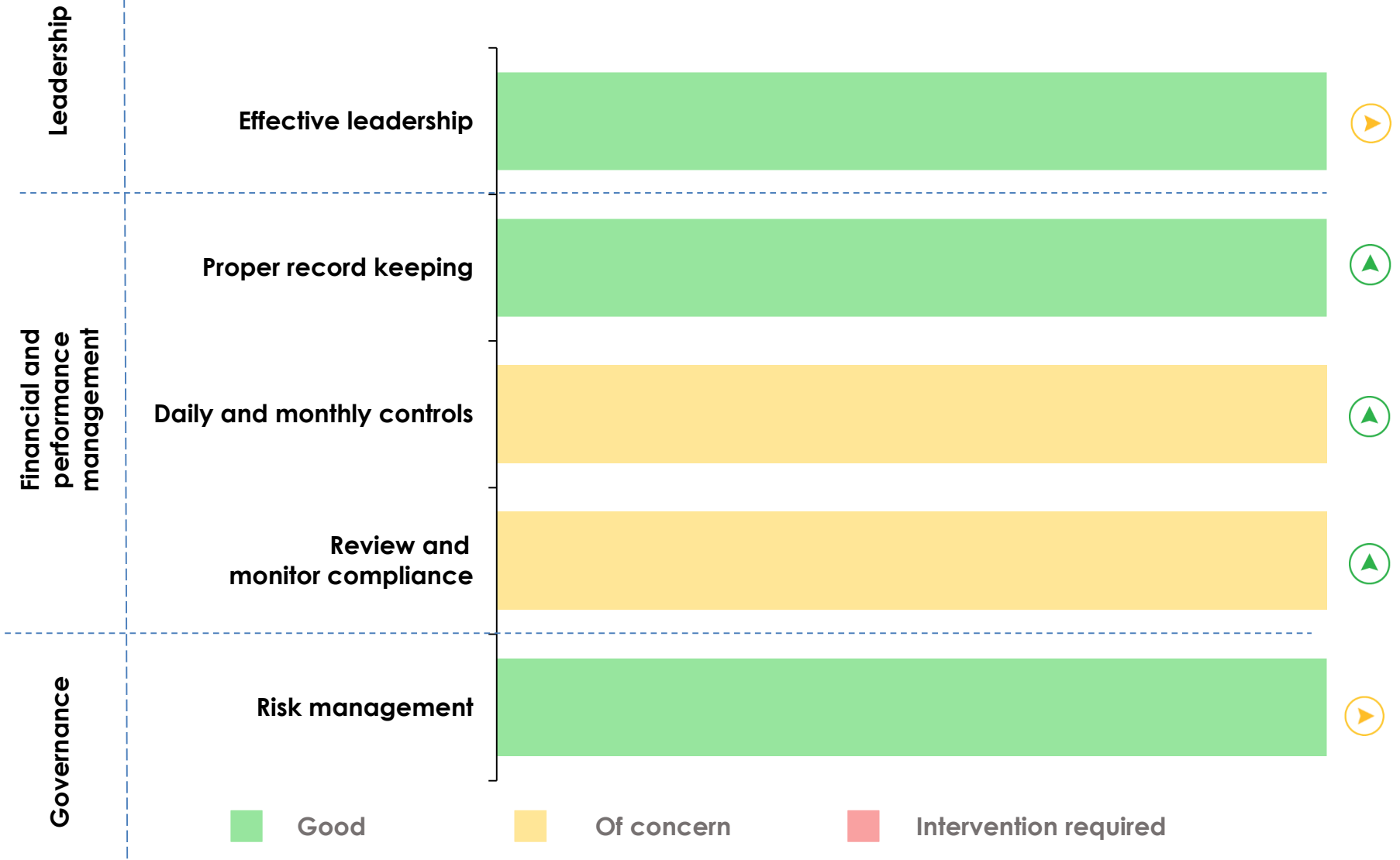
- Payments to some suppliers not made within 30 days.
- Material misstatements identified on the financial statements submitted for audit

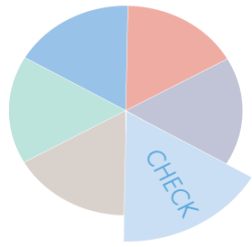
■ With no findings    
 ■ With findings



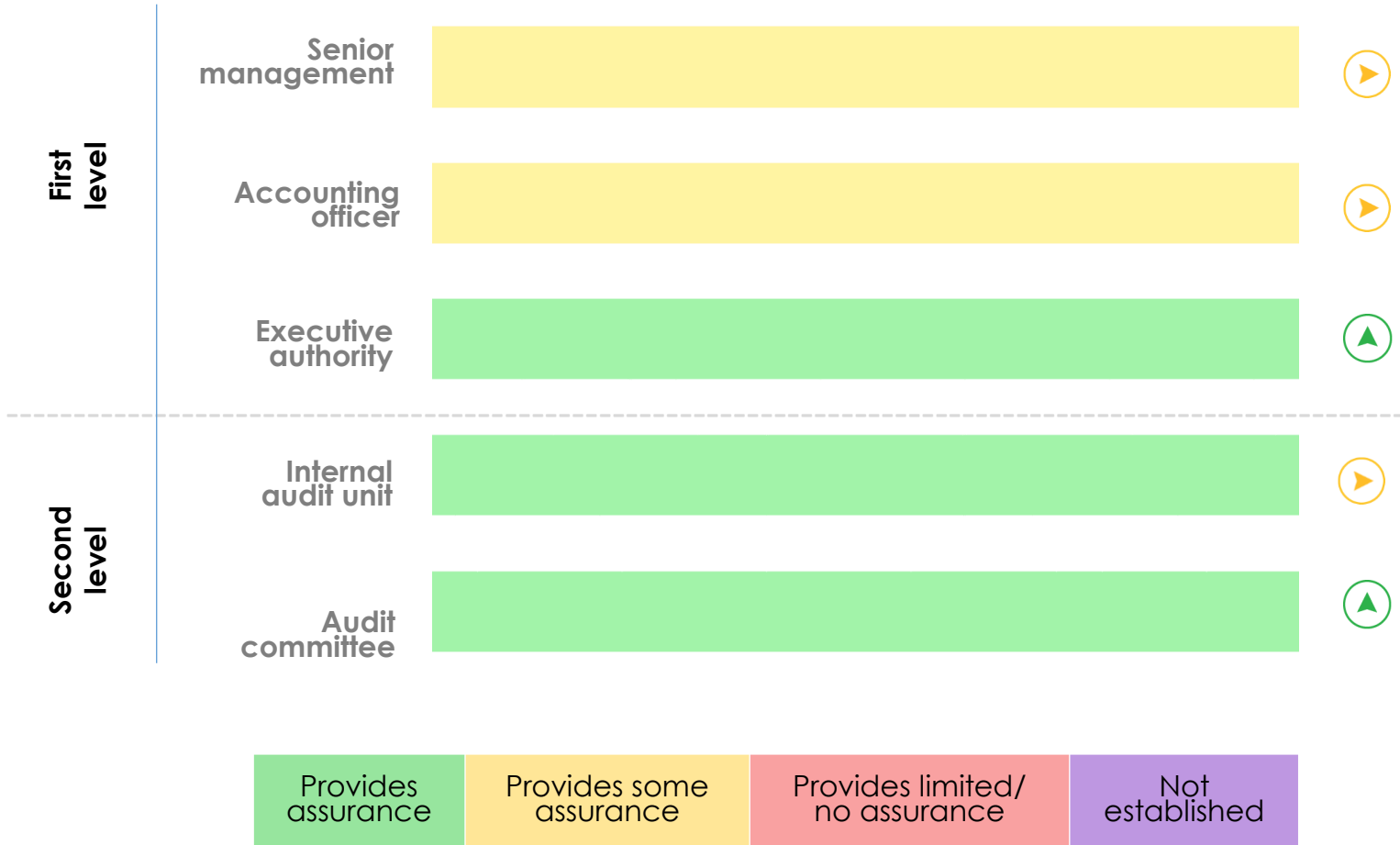


# Status of internal control





# Assurance provided



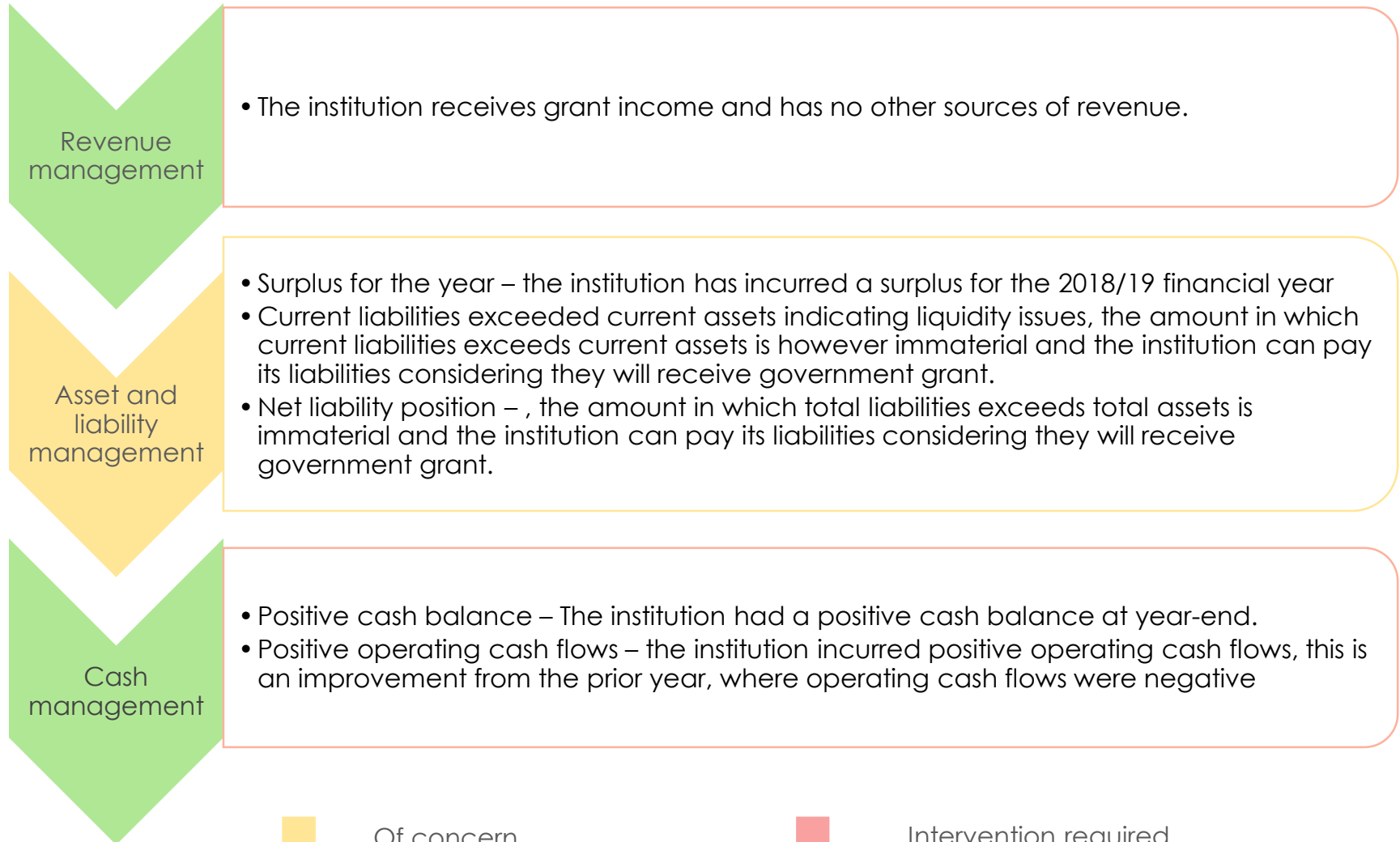
# Financial health and financial management





# Financial health

There is no material uncertainty on the going concern assumption

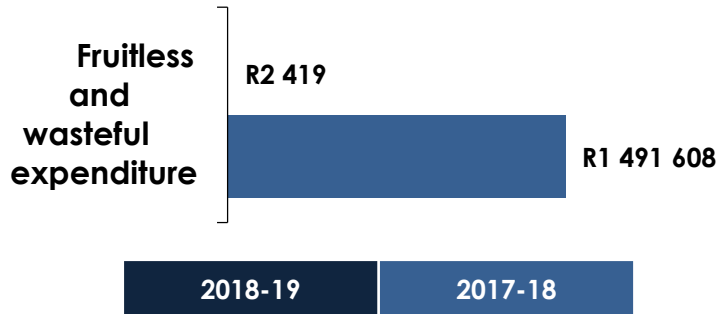


# Fruitless and wasteful expenditure decreases over two years

## Definition

*Expenditure incurred in vain and could have been avoided if reasonable steps had been taken – no value for money!*

## Fruitless and wasteful expenditure incurred by the institution

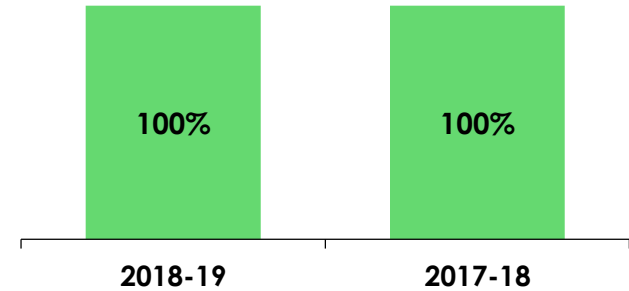


## Nature of fruitless and wasteful expenditure

- *Caused by contractor invoices not being paid within 30 days, resulting in interest of R2 419*

## Previous year fruitless and wasteful expenditure reported for investigation

### Investigated



Investigated Not investigated

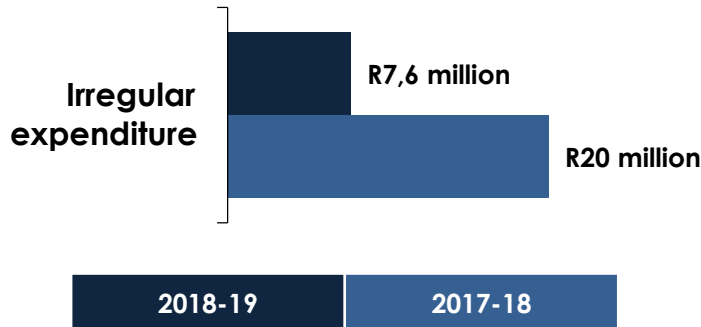


# Irregular expenditure decreases over two years

## Definition

*Expenditure incurred in contravention of key legislation; goods delivered but prescribed processes not followed*

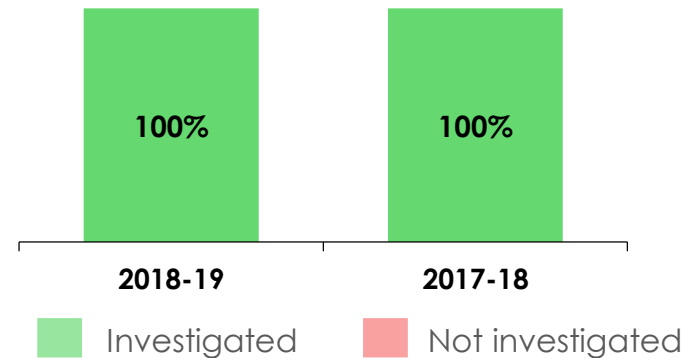
## Irregular expenditure incurred by the constitutional institution



- R130 372 represents non-compliance in 2018-19
- R7 514 835 is expenditure on ongoing multi-year contracts

## Previous year irregular expenditure reported for investigation

### Investigated



## Nature of irregular expenditure

- *Most of the irregular expenditure related to procurement of legal services and office space of above R500 000 without following the competitive bidding process.*



# Root causes and recommendations

## Root Causes

### Inadequate internal controls



Internal controls to ensure that all payments are made to suppliers within 30 days were only effectively monitored from the last quarter of the financial year, which resulted in some payments not made within 30 days during the first three quarters of the financial year.

### Inadequate review and monitoring



The review processes of the financial statements implemented were inadequate as there were material misstatements identified on the financial statements submitted for audit.

## Recommendations

### To the constitutional institution

- PPSA should strengthen processes in place to ensure that there is an adequate review of the financial statements.
- Controls to ensure that payments are made within 30 days from the receipt of the invoice should be monitored throughout the financial year



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