



INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# **Presentation to Parliamentary Portfolio Committee on Communications**

**ANNUAL REPORT: 2018-19FY**

**Dr Keabetswe Modimoeng  
Acting Chairperson  
15 October 2019**



# Presentation Outline



1. Organisational Mandate, Vision, Mission & Values
2. Strategic Outcome Oriented Goals: 2015/16 – 2019/20
3. Strategic Alignment - Government's Priority Outcomes
4. Overview of Performance 2018/19FY
5. Achievements per Programme
6. Areas of non-achievements
7. Governance
8. Human Resources
9. Complaints and Compliance Committee
10. Financial Performance
11. Audit Outcomes 2018/19FY



# Organisational Mandate



ICASA is established pursuant to section 192 of the Constitution and in terms of the ICASA Act of 2000, as amended

ICASA is mandated to -

- ☐ Regulate electronic communications, broadcasting and postal sectors in the public interest
- ☐ Ensure affordable services of high quality for all South Africans

ICASA's mandate is derived from:

- ☐ The Constitution, 1996
- ☐ ICASA Act, 2000
- ☐ EC Act, 2005
- ☐ Broadcasting Act, 1999
- ☐ Postal Services Act, 1998
- ☐ ECT Act, 2002



# Vision, Mission & Values



## Vision

*An inclusive digital society*

## Mission

*To ensure that all South Africans have access to a wide range of high-quality communication services at affordable prices*

## Organisational Values

### Innovation

- Willingness and ability to generate viable new approaches and solutions
- Finding different and better ways of applying best solutions to meet stakeholder needs

### Collaboration

- Eradicate 'silos' by developing a conscious mind-set that aligns our work to organisational vision and strategy
- Create synergies internally to fast-track organisational performance

### Accountability

- Execution of daily work in a proactive manner
- Taking full responsibility for the work that we do in collaboration with others

### Results Driven

- Achieving high quality results that are consistent with organisational standards
- Coaching and performance assessment against goals, as well as identifying areas of improvement

### Stakeholder Centric

Carrying out our duties with the stakeholders in mind. Stakeholders are central to what we do and we welcome their feedback for consistent and effective partnerships.



# Strategic Outcome Orientated Goals: 2016-2020



## **Investment in and access to broadband infrastructure**

1. Facilitate investment in broadband infrastructure
2. Increase access to broadband spectrum from 566MHz to 958MHz by 2020

## **Promote competition**

Promote competition and reduce costs of electronic communications, electronic communications networks, postal and broadcasting services by 2019/20

## **Common national identity and social cohesion**

Increase television broadcasting platforms from three to seven Digital Terrestrial Television Multiplexers and develop a regulatory framework by 2020

## **Independent and credible regulator**

Adherence to regulatory principles of transparency, accountability, independence, integrity and predictability in the public interest

## **Improve stakeholder and consumer experience**

Monitoring of quality of services, and improve stakeholder engagement from 10% to 80% by 2020

# Strategic Alignment: Government Priority Outcomes



## Outcome 4: inclusive economic growth

- Licensing and regulation that facilitates investment in the ICT sector, thus contributing to job creation
- Promotion and advancement of participation by previously disadvantaged individuals in the ICT sector.

## Outcome 6: economic infrastructure

- Promote and facilitate deployment of ICT infrastructure
- Undertake market reviews (competition assessment) and where relevant prescribe procompetitive remedies to encourage efficient infrastructure investment
- Promote competition in the ICT sector

## Outcome 12: empowered and inclusive citizenship

- Implement transparent and fair processes by adhering to administrative due process
- Promote and enforce consumer protection
- Capacity building and development of employees

## Outcome 14: social cohesion and common national identity

- Promote diversity and plurality of views through *inter alia* licensing of community, commercial and public broadcasting services and broadcast content regulation
- Implement regulation that contributes to democracy and nation building



INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# Overview of 2018-19FY Performance





# Performance Environment



**ICASA's performance environment was characterised by the following:**

(1) Increased demand / calls for release of additional spectrum

(2) Civil society campaigns for reduced data prices

(3) Relocation of ICASAs Headoffice during Q3 of the FY

(4) Reduced budget allocation over the MTEF period

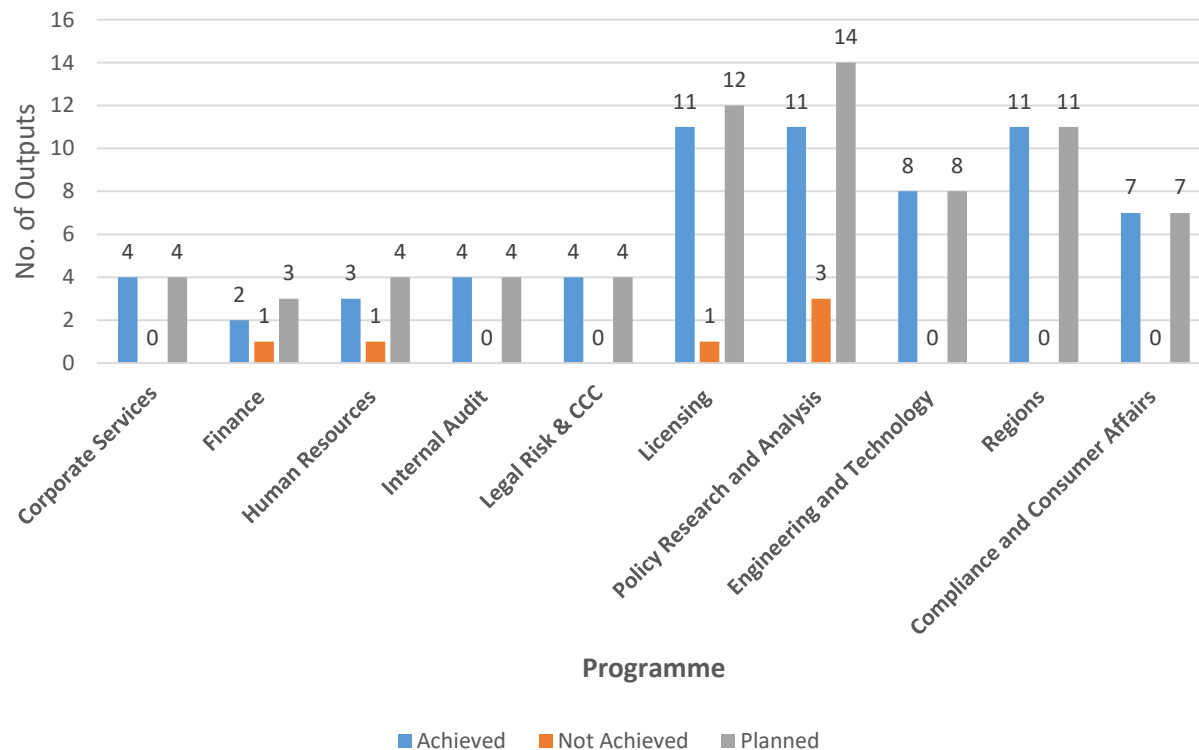
(5) Advancements in technology and innovation (focus on 4IR, 5G etc.)



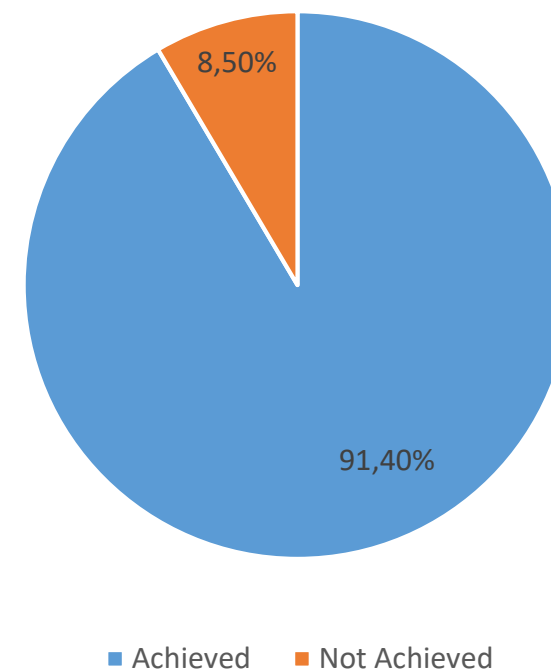


The Authority planned targets 71 for the 2018-19FY of which 65 were achieved and 11 were not achieved

Performance by Programme



Overall Performance

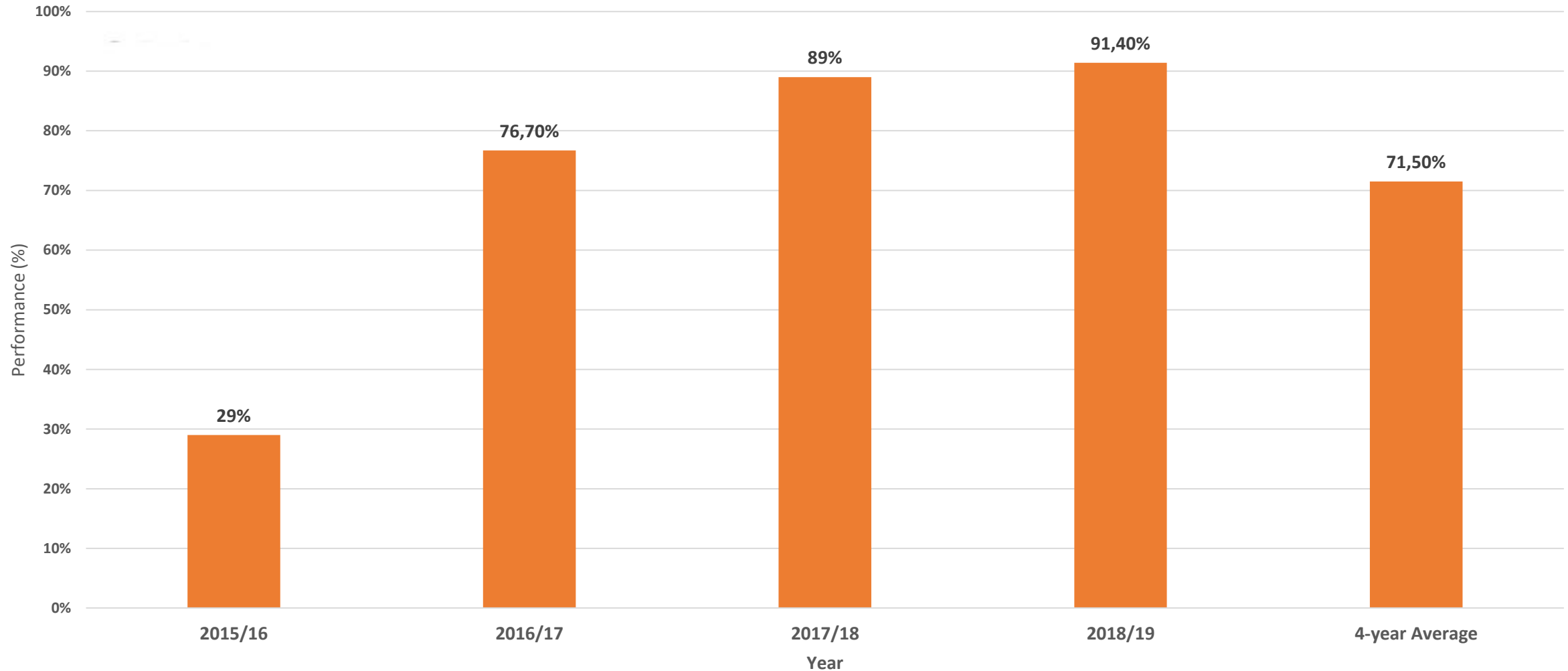




# Performance Comparison



Annual Performance over the Past Four Financial Years





## Access to Broadband Spectrum

- Revision of frequency migration plans
- International Mobile Telecommunications (IMT) Roadmap revised
- Radio Frequency Assignment Plans produced
- Notice on the 2<sup>nd</sup> Phase of licensing of IMT spectrum published

## Promotion of competition

- Licensing process for free-to-air TV broadcasting service completed
- Findings Document on Inquiry into Priority Markets published
- Amended Regulations on End-user and Subscriber Service Charter Regulations implemented
- Bi-annual tariff analysis reports published

## Social cohesion and national identity

- Regulations on Broadcasting of National Elections, 2019
- Revised Regulatory Framework of Community Broadcasting Services (CBS Regs 2019)
- Position Paper on Equity Ownership by Historically Disadvantaged Persons in the ICT Sector
- Execution of all NATJoints requests

## Institutional credibility

- Additional offices opened in the Northern Cape (last province to set-up an ICASA office)
- Additional services rolled out to Regional Offices (Type approval applications)
- Compliance maturity level improved from level 1 to level 2
- Collected in excess of **R1.5billion** for the National Revenue Fund

## Stakeholder & consumer experience

- 94% of consumer complaints resolved within set turnaround times
- More than 100 ECS/ECNS and 60 Broadcasting service licensees monitored
- More than 2000 high site investigations and type approval inspections conducted respectively



Programme	Achieved	Not Achieved	Planned	Percentage
<b>Programme 1: Administration</b>				
Corporate Services	4	0	4	100%
Finance	2	1	3	67%
Human Resources	3	1	4	75%
Internal Audit	4	0	4	100%
Legal, Risk & CCC	4	0	4	100%
<b>Programme 2: Licensing</b>				
Licensing	11	1	12	92%
<b>Programme 3: Policy Research and Analysis</b>				
Policy Research and Analysis	11	3	14	79%
<b>Programme 4: Engineering &amp; Technology</b>				
Engineering & Technology	8	0	8	100%
<b>Programme 5: Regions</b>				
Regions	11	0	11	100%
<b>Programme 6: Compliance and Consumer Affairs</b>				
Compliance and Consumer Affairs	7	0	7	100%
<b>Total</b>	<b>65</b>	<b>7</b>	<b>71</b>	<b>91.5%</b>



## Programme 1: Administration

- ☐ ICASA satisfaction rating increased from 30% to 40%
- ☐ Number of regional offices increased from 8 to 9 provinces
- ☐ 90% of suppliers were been paid within 30 days
- ☐ Staff vacancy has been reduced from 7% to 2.5%
- ☐ 28 internal audits completed compared to 27 last year
- ☐ The risk maturity level was maintained at level 2
- ☐ 100% cases referred by the CCC were successfully assessed for adjudication

## Programme 2: Licensing

- ☐ Publication of a notice for phase 2 of IMT licensing process
- ☐ Licensing process for Free to Air TV Broadcasting Services was finalised
- ☐ Licensing process for 45% of MUX4 for Subscription Television Broadcasting finalised
- ☐ Publication of a Position Paper on Equity Ownership by Historically Disadvantaged Persons in ICT Sector finalised



## Programme 3: Policy Research & Analysis

- ☐ A study completed on SAPO annual tariff increase
- ☐ A review of 2014 Call Termination Regulations completed
- ☐ Regulations developed on community broadcasting
- ☐ Regulations on broadcasting of national elections reviewed and amended
- ☐ A study on the role of the Authority on Cybersecurity completed
- ☐ 1 regulatory impact assessment study has been completed

## Programme 4: Engineering and Technology

- ☐ Quality of service monitoring increased from 6 provinces to 8
- ☐ Frequency migration plan revised
- ☐ Frequency assignment plans produced
- ☐ Report on South Africa's readiness for 5G completed
- ☐ A findings document has been completed on the use of digital sound broadcasting



## Programme 5: Regions

- ☐ 99% of all frequency interference cases were resolved, compared to 97% resolution rate last year
- ☐ 226 broadcasting compliance inspections were conducted compared to 191 last year
- ☐ 2029 high site investigations were completed compared to 1250 last year
- ☐ 9 NATJOINTS instruction were executed compared to 4 last year
- ☐ 96% of pre-assigned frequency applications were processed within 15 working days compared to 94% last year
- ☐ 100% of ECS/ECNS and unreserved postal licence applications were processed compared to 60% last year

## Programme 6: Compliance and Consumer Affairs

- ☐ Received one Consumer Advisory Panel report after the Panel was established last year
- ☐ 94% of consumer complaints were resolved this year compared to 85% last year
- ☐ 60 broadcasting licensees were monitored this year compared to 50 last year
- ☐ 100% of inter-licensees disputes were resolved compared to 60% last year
- ☐ A review of 93% of interconnection and facilities leasing agreements was done compared to 80% last year





The following were areas of non-achievement

- ☐ Development of Findings Document on Subscription Broadcasting Services
- ☐ Market review in terms of section 67(4) of the ECA
- ☐ Review of Regulations on Broadcasting of National Sporting Events
- ☐ Processing of applications for renewal, amendment and change of control of individual licences
- ☐ Implementation of training and development strategy
- ☐ Payment of suppliers within 30 days

# Contributing factors for areas of non-achievement



## Extensions granted on consultation processes

- Based on requests from various stakeholders Council granted extensions on deadlines set for responses on consultation processes for some of the regulatory processes (i.e. Regulations on Broadcasting of National Sporting Events, responses to questionnaire on market reviews in terms of section 67(4) of the ECA)

## Verification of delivery of services / goods prior to payment

- Out of a total of 542 invoices received in the financial period, 487 (90%) were paid within 30 days. The delays regarding the 10% was due to disputes regarding verification of delivery of services / goods by the various suppliers

## Modest operational disruption due to relocation

- Due to the HQ relocation (and staff shortages within SCM) the procurement of training was suspended in order to priorities relocations needs. As a result the training interventions could not be achieved and the associated target under Training and Development Strategy could not be met
- There is tracking of additional information pertaining to processing of applications for renewals, amendments etc. was also adversely affected



INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# **GOVERNANCE PERFORMANCE**

## Council and Governance Committees Performance



**Dr. Keabetswe Modimoeng**  
Acting Chairperson

**Nomonde Gongxeka - Seopa**

**Palesa Kadi**

**Thembeke Semane**

**Paris Mashile**

**Peter Zimri**

**Botlenyana Mokhele**

**Adv. Dimakatso Qocha**

Name	Date Appointed	Qualifications	No. of Council Meetings attended
*Rubben Mohlologa (Chairperson)	01/01/2018	MA Public Policy and Management BA degree majoring in Communication and International Politics Senior teachers' diploma Certificate in Information Technology Certificate in Public Relations Practice	36
Dr. Keabetswe Modimoeng (Acting Chairperson)	04/04/2016	PhD (Management Sciences) MBA Certificate in Applied Project Management (Cum Laude) National Diploma in Public Relations Management	39
Nomonde Gongxeka-Seopa	01/02/2018	MA in ICT Policy and Regulation Diploma in Journalism Management Advancement Programme Certificate in Broadcasting Policy and Regulatory Trends Certificate in Telecommunications Policy and Regulation	28
Palesa Kadi	26/09/2017	MA in Visual and Heritage Studies BA (Honours) in Political Studies and Comparative Economic Systems BA in Political Studies Advanced Post-Graduate Diploma in Public and Development Sector Monitoring and Evaluation Certificate in Scenario Planning	35
Paris Mashile	04/04/2016	MSc in Physics MSc in Electrical Engineering BSc (Honours) in Physics and Electronics Engineering Member of the Institute of Electrical and Electronics Engineers (IEEE)	37
Botlenyana Mokhele	04/04/2016	MA in Public Policy BA (Honours) in Counselling Psychology Postgraduate Diploma in Information Policy Postgraduate Diploma in Telecommunication Studies Advanced Project Management Diploma	36
Adv. Dimakatso Qocha	21/09/2017	LLB degree Postgraduate Diploma in Interpretation and Drafting of Contracts Admitted Advocate in 2006 Certificate in Telecommunications Policy, Regulation and Management Certificate in Broadcasting Policy, Regulation and Management	39
Thembeke Semane	01/02/2018	Post Graduate Diploma in Business Administration B. Com: Accounting Certified Associate of the Institute of Bankers	23
Peter Zimri	04/04/2016	MA in ICT Policy and Regulation Holds various electronic-engineering qualifications and credits in telecommunications and broadcasting-related programmes from Wits, the University of Pretoria, the United States Telecommunication Training Institute Telkom SA, Rohde & Schwarz and Oracle SA	31



# AREDC Members and Attendance



Member	Date of appointment	Date of termination of memebreship	Number of meetings due to attend	No. of meetings attended
Ms. M Mbonambi *(Chairperson)	01 July 2016	31 October 2018	4	4
Ms. M Mosweu *	01 July 2016	31 October 2018	4	4
Mr Nick Nicolls *	01 July 2016	31 October 2018	4	4
Mr S Maharaj *	01 July 2016	31 October 2018	4	2
Ms Jabulile Nkosi	01 December 2018	30 November 2021	2	2
Mr Z Myeza	01 December 2018	30 November 2021	2	2
Mr K Maja	01 December 2018	30 November 2021	2	2

\*Note Contract extended from 1 July 2018 to 31 October 2018

Member	26 April 2018	25 May 2018	26 July 2018	19 Oct 2018	24 Jan 2019	27 Mar 2019	Total attended
Ms. M Mbonambi (Chairperson until 31 Oct 2018)	✓	✓	✓	✓	N/A	N/A	4
Ms. M Mosweu	✓	✓	✓	✓	N/A	N/A	4
Mr Nick Nicolls	✓	✓	✓	✓	N/A	N/A	4
Mr S Maharaj	✓	✓	✓	✓	N/A	N/A	2
Ms Jabulile Nkosi (Chairperson wef Dec 2018)	N/A	N/A	N/A	N/A	✓	✓	2
Mr. Z Myeza	N/A	N/A	N/A	N/A	✓	✓	2
Mr. K Maja	N/A	N/A	N/A	N/A	✓	✓	2



# ITRC Members and Committee Performance



## MEMBERS

- ☐ Two Councillors
- ☐ Chief Executive Officer
- ☐ Executive: Corporate Services
- ☐ Chief Audit Executive
- ☐ Senior Manager: Information Technology

## Mandate and Functions of the Committee

Review of the ICASA IT strategy and provide recommendations

Review, identify gaps and make recommendation to the IT resource compliment and structure

IT resource skills assessment

Monitoring and tracking of major projects

Review of Disaster Recovery Policy and Plan

Review the Draft ICASA's Risk Appetite Framework

Review of IT Governance Framework



# Complaints and Compliance Committee Members and Meetings Attendance



Committee Member	Commencement of Term	Expiry date of Term
Prof. JCW Van Rooyen	18 December 2014	Until new member appointed
Dr. Keabetswe Modimoeng	April 2016	April 2020
Jack Tlokana	29 June 2017	28 June 2020
Mzimkulu Malunga	29 June 2017	28 June 2020
Peter Hlapolosa	29 June 2017	28 June 2020
Kasturi Moodaliyar	1 December 2014	Until new member appointed
Dr. Jacob Medupe	1 December 2014	Until new member appointed

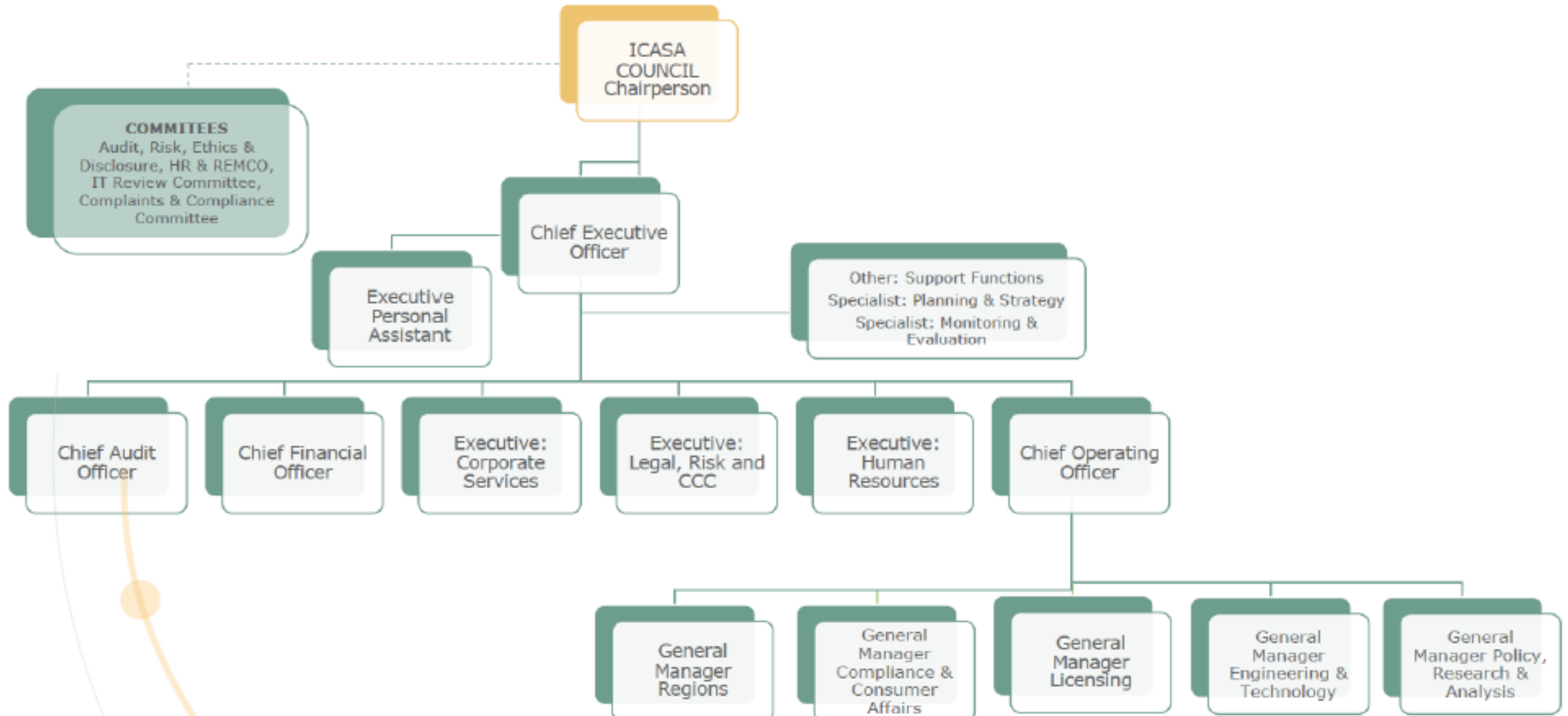
Member	12 Internal Meetings	1 Quarterly Meetings	5 Deliberations	21 Hearings	Total
Prof. JCW Van Rooyen	12	1	5	21	39
Dr. Keabetswe Modimoeng	-	1	4	20	25
Clr Dimakatso Qocha	-	-		1	1
Jack Tlokana	-	1	5	21	27
Mzimkulu Malunga	-	1	4	19	24
Peter Hlapolosa	-	1	5	20	26
Prof Kasturi Moodaliyar	-	1	5	16	22
Dr. Jacob Medupe	-	-	5	21	27





INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# **HUMAN RESOURCES MANAGEMENT**





# Staff Complement & Levels



## Staff Complement

Criteria	2017/18	2018/19	Variance	Movement
Approved posts	356	356	0%	0
Number of employees in approved structure	314	323	3%	9
Total number of employees	361	364	1%	3
Vacancies	21	9	-133%	-12
Vacancies (vacancy rate percentage)	5.90%	2.53%	98%	2.47

Salary Band	Employment at the beginning of the period	Internal Appointments	External Appointments	Terminations	Employment at the end of the period
Top Management	10	0	0	1	9
Senior Management	9	0	0	0	9
Professional qualified	102	2	4	5	103
Skilled	165	-2	10	10	163
Semi-skilled	74	0	5	2	77
Unskilled	3	0	0	0	3
Total	363	0	19	18	364



# Human Resources Costs by Division



## Divisional Staff Costs

Division	2017/18	2018/19	In(de)crease	In(de)crease %
Regions	52 270 675	53 807 360	1 536 685	2.9%
Compliance and Consumer Affairs	23 555 337	23 485 132	(70 205)	-0.3%
Corporate Services	23 133 423	26 039 826	2 906 403	12.6%
Engineering and Technology	13 323 842	12 767 924	(555 917)	-4.2%
Finance	26 532 434	26 160 512	(371 921)	-1.4%
Human Capital Management	44 022 248	46 089 739	2 067 491	4.7%
Internal Audit	10 455 647	10 197 566	(258 081)	-2.5%
Legal, Risk and CCC	13 216 500	12 818 550	(397 950)	-3.0%
Licensing	44 990 369	46 296 125	1 305 756	2.9%
Policy, Research and Analysis	16 470 549	19 078 798	2 608 249	15.8%
Council	14 462 922	21 227 020	6 764 098	46.8%
CEO	5 038 218	3 922 242	(1 115 976)	-22.2%
COO	2 693 163	1 109 387	(1 583 776)	-58.8%
Grand Total	290 165 327	303 000 183	12 834 856	4%

Personnel costs increased by 4% from R290 165 327 to R303 000 183.



# Staff Attrition



## Reasons for staff attrition

Reason	Number 2017/18	Number 2018/19	Variance	% of total no. of staff leaving
Dismissal	1	5	80%	28%
Deceased	1	1	0%	6%
Contract End	2			0%
Resignation	16	10	-60%	56%
Medical Boarding	0	1	100%	6%
Retirement	0	1	100%	6%
Total	20	18	-11%	100%



## Training Costs

Statistics

Business Unit	No. of employees trained	Training Expenditure R	Average of Training Cost per Employee R
COO Office	1	44 655.41	44 655.41
CEO Office	2	88 740.09	44 370.05
Council and Secretariat	16	1 139 586.10	71 224.13
Legal, Risk and CCC	10	335 530.70	33 553.07
Internal Audit	10	250 220.98	25 022.10
Engineering and Technology	9	304 707.31	33 856.37
Policy, Research and Analysis	19	405 775.10	21 356.58
Compliance and Consumer Affairs	20	368 943.79	18 447.19
Finance	33	1 003 243.72	30 401.32
Corporate Services	31	676 123.23	21 810.43
Regions	35	610 737.76	17 449.65
Licensing	36	685 913.16	19 053.14
Grand Total	235	6 623 203	33 518.45



## Equity Target and Employment Equity Status

Occupational Levels	Male								Female								Foreign National		Grand Total
	African	Target	Coloured	Target	Indian	Target	White	Target	African	Target	Coloured	Target	Indian	Target	White	Target	Male	Female	
Top management	3	4	1	0		0		2	5	3		0		1		0			9
Senior management	4	2		0	1	0		2	2	1		1		0	1	0		1	9
Professionally Qualified	53	24	3	3	6	3	7	2	28	16	2	1	1	1	1	1	4	2	107
Skilled Technician and academically qualified workers	64	54	11	4	2	4	10	14	66	47	7	3	4	1	4	5			168
Semi-skilled and discretionary decision-making	15	16	1	1	1	2	3	3	38	46	3	3	2	1	5	2			68
Unskilled and defined decision-making		0		0		0		0	3	0		0		0		0			3
Grand Total	139	100	16	8	10	9	20	23	142	113	12	8	7	4	11	8	4	3	364





## Disabled staff per gender

Occupational Level	Male	Female	Grand Total
Top management	0	0	0
Senior management	0	0	0
Professionally Qualified	1	0	1
Skilled Technician and academically qualified workers	2	1	3
Semi-skilled and discretionary decision-making	1	0	1
Unskilled	0	0	0
Grand Total	4	1	5



## Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	2017/18	2018/19	Variance
Labour Court	1	2	50%
High Court	0	1	100%
CCMA	5	5	0%
Disciplinary	8	2	-300%
Grievance	26	0	
Total	40	10	-300%



INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# **FINANCIAL PERFORMANCE**



R thousand '000	2018-2019	2017-2018
<b>Assets</b>		
Current Assets	1 357 967 955	1 499 927 969
Non Current Assets	160 025 916	134 416 059
<b>Total Assets</b>	<b>1 517 993 871</b>	<b>1 634 343 755</b>
<b>Liabilities</b>		
Current Liabilities	1 379 182 612	1 471 280 796
Non Current Liabilities	12 634 010	976 874
<b>Total Liabilities</b>	<b>1 391 816 622</b>	<b>1 472 257 670</b>
Accumulated surplus	<b>126 177 249</b>	<b>162 086 085</b>



# Statement of Financial Performance



R thousand '000	2018-2019	2017-2018
<b>Revenue</b>		
Revenue from exchange transactions	14 178 730	18 787 132
Revenue from non exchange transactions	445 509 726	432 772 042
<b>Total revenue</b>	<b>459 688 456</b>	<b>451 559 174</b>
<b>Expenditure</b>		
Employee-related costs	(306 448 139)	(290 165 330)
General expenses	(181 103 040)	(174 582 688)
<b>Total expenditure</b>	<b>(487 551 179)</b>	<b>(464 748 018)</b>
<b>(Deficit) surplus for the year</b>	<b>(27 862 723)</b>	<b>(13 188 845)</b>



# Cash Flow Statement



1. The bank balance of R 45 692 419 recorded on 31 March 2019 will not be sufficient to fund the total amount of R 94 813 637 required for all expenses accrued at the end of the financial year. This will mean, the Authority will finance a budget deficit of R 32 238 530 from the 2019-20 budget allocation.
2. To mitigate the adverse impact of the above, management implemented the following measures:
  - Operating expenditure budget for 2019-20 financial year was reduced further to allow sufficient budget for both rolled - over projects and new projects;
  - A moratorium on recruitment for vacant positions for the first nine months of the 2019-20 financial year was also implemented to manage the employee cost budget; and
  - The proposed budget reprioritisation will assist the Authority to achieve its targets as per the current APP for 2019/20 financial year within the limitations of the MTEF allocation.



# Cash Flow Statement



3. The annual financial statements for the 2018/19 financial year ended 31 March 2019 have been prepared on the basis that the Authority would continue to operate in the foreseeable future based on the following indicators:
- The Authority is wholly dependent on the grant allocation received from National Treasury through the Executive Authority (Department of Communications) to continue to operate as a going concern.
  - There are currently no indications that the approved grant allocation of R 452 645 000 for the financial year 2019/20 will be discontinued. This basis presumes that funds will be available to finance future operations and realisation of the assets and settlement of liabilities, contingent liabilities and commitment will occur in the ordinary course of the business.





R thousand '000	Approved Budget	Actual Amounts	Difference
<b>Revenue</b>			
Other income	23 000 000	14 178 730	(8 821 270)
Funding from the Department of Communications	443 961 000	443 961 000	-
Other Revenue from Non-exchange transactions	-	1 548 726	1 548 726
<b>Total revenue</b>	<b>466 961 000</b>	<b>459 688 456</b>	<b>7 272 544</b>

## *Reasons for Variance:*

- Income from investments declined during the financial year, the Authority did not have cash reserves at its disposal following a request from National Treasury to surrender surplus funds.
- Total Grant allocated for the current financial year was received from the Department of Communications.
- A total amount of R1 548 726 was realised from deferred grants during the financial year and Insurance claim settlements were also received by the Authority during the current financial year.



# Comparison of Budget and Actual Amounts – Expenditure



R thousand '000	Approved Budget	Actual Amounts	Difference
<b>Expenditure</b>			
Personnel	(309 426 768)	(306 448 139)	2 978 629
Depreciation and amortisation	(19 950 673)	(18 493 051)	1 457 622
Impairment loss/ Reversal of impairments	-	(7 500)	(7 500)
Finance costs	(2 744)	(115 192)	(112 448)
Repairs and maintenance	(739 803)	(8 403 214)	(7 663 411)
General Expenses	(171 437 048)	(154 084 083)	17 352 965
<b>Total expenditure</b>	<b>(501 557 036)</b>	<b>(487 551 179)</b>	<b>(14 005 857)</b>

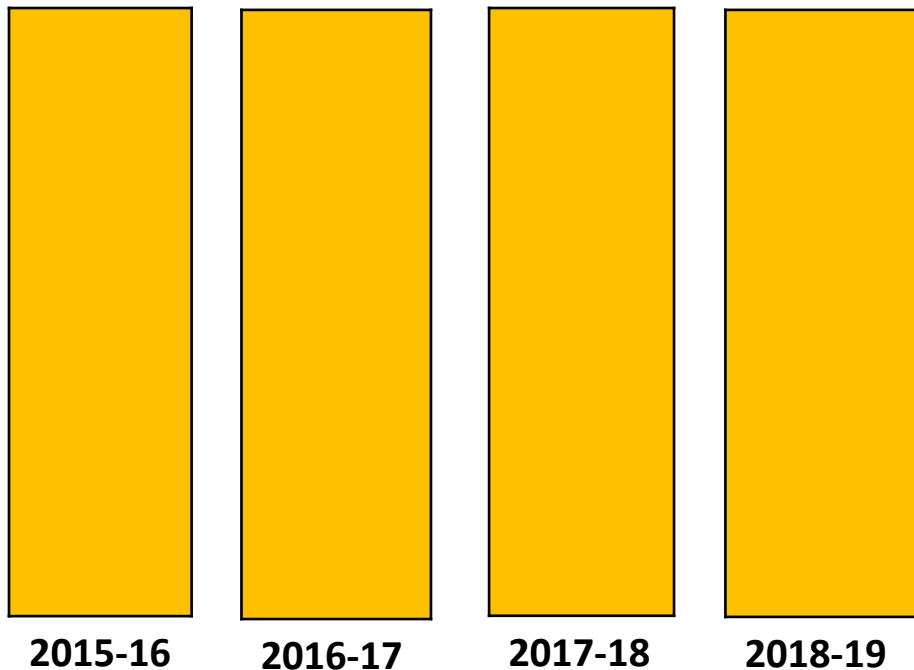


## *Reasons for Variance:*

- During the 2018-19 financial year, the Authority froze most of the vacant positions due to budgetary constraints.
- Due to funding constraints not all assets which were envisaged to be procured were procured, hence a decrease on depreciation and amortisation. This had a negative impact on the procurement of critical ICT infrastructure required for the new building.
- There was a significant increase in the expenditure for demolition of the previous Authority's Head office in Sandton, which was higher than expected.
- Savings in travel management costs were due to implementation of significant cost containment measures. Some of the Consumer activation programmes were done jointly with other divisions to reduce the cost and realise savings in the general expenditure budget.



Unqualified with findings



Types of audit outcomes

Unqualified with no findings

Unqualified with findings

Qualified with findings

Adverse with findings

Disclaimed with findings









# AGSA Audit Findings



- ☐ Effective and appropriate steps were not taken to prevent irregular expenditure disclosed in note 34 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.
- ☐ Disciplinary steps were not taken against officials who incurred or permitted irregular expenditure and fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA.
- ☐ Some of the losses resulting from fruitless and wasteful expenditure were not recovered from the liable persons, as required by treasury regulation 9.1.4.
- ☐ Payments are made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation for all service providers 8.2.3.
- ☐ Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.
- ☐ Some contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.
- ☐ Some contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations.



## Risk areas

<b>Quality of submitted financial statements</b> 	<b>Quality of submitted performance information</b> 	<b>Supply Chain management</b> 
<b>Financial health</b> 	<b>Human Resource management</b> 	<b>Information technology</b> 
Good	Concerning	Intervention required



## Progress on the Audit Action Plan



- ☐ The irregular expenditure of R 21 304 403 identified during the current year was investigated and disciplinary steps against relevant officials were taken where it was proven that the relevant officials led to the irregular expenditure incurred.
- ☐ The irregular expenditure of R66 255 502 identified in previous years was also investigated during the current year and a detailed report was prepared and submitted to National Treasury for condonation.
- ☐ The irregular expenditure of R 2 021 700 relating to previous years were identified by the Public Protector and was included in the current year disclosure. Expenditure was referred to Council for implementation of recommendations by the Public Protector.
- ☐ The Fruitless and Wasteful expenditure identified during the current year was also investigated and disciplinary steps against relevant officials were taken where it was proven the relevant officials led to the Fruitless and Wasteful expenditure incurred.
- ☐ Training on Supply Chain Management for the Public Service was provided to Executives, Council members and Managers involved in supply chain processes.
- ☐ New SCM policy was approved and implemented during the current financial year.
- ☐ Current controls were also reviewed and compliance is monitored on monthly and quarterly basis.





INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# Thank You