



Briefing to Portfolio Committee on Public Works and Infrastructure

PFMA
2019-20

17 November 2020



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.



Role of the AGSA in the reporting process

Our role as the AGSA is to reflect on the audit work performed to assist the portfolio committee in its oversight role of assessing the performance of the entities taking into consideration the objective of the committee to produce a *Budgetary Review and Recommendations Report (BRRR)*.



The 2019-20 audit outcomes



Our annual audit examines three areas

THE AG's
ANNUAL
AUDITS
EXAMINE

3

AREAS:



1 FAIR PRESENTATION AND
ABSENCE OF SIGNIFICANT
MISSTATEMENTS IN
FINANCIAL STATEMENTS

2 RELIABLE AND CREDIBLE
PERFORMANCE
INFORMATION FOR
PREDETERMINED OBJECTIVES

3 COMPLIANCE WITH ALL
LAWS AND REGULATIONS
GOVERNING FINANCIAL
MATTERS

The AGSA expresses the following different audit opinions

Unqualified opinion with no findings (clean audit)



Auditee:

- produced credible and reliable financial statements that are free of material misstatements
- reported in a useful and reliable manner on performance as measured against predetermined objectives in the annual performance plan (APP)
- complied with key legislation in conducting their day-to-day operations to achieve their mandate

Financially unqualified opinion with findings



Auditee produced financial statements without material misstatements or could correct the material misstatements, but struggled in one or more area to:

- align performance reports to the predetermined objectives they committed to in APPs
- set clear performance indicators and targets to measure their performance against their predetermined objectives
- report reliably on whether they achieved their performance targets
- determine the legislation that they should comply with and implement the required policies, procedures and controls to ensure compliance

Qualified opinion



Auditee:

- had the same challenges as those with unqualified opinions with findings but, in addition, they could not produce credible and reliable financial statements
- had material misstatements on specific areas in their financial statements, which could not be corrected before the financial statements were published.

Adverse opinion



Auditee:

- had the same challenges as those with qualified opinions but, in addition, they had so many material misstatements in their financial statements that we disagreed with almost all the amounts and disclosures in the financial statements

Disclaimed opinion



Auditee:

- had the same challenges as those with qualified opinions but, in addition, they could not provide us with evidence for most of the amounts and disclosures reported in the financial statements, and we were unable to conclude or express an opinion on the credibility of their financial statements



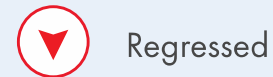
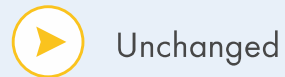
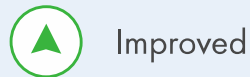
Important to note

The percentages in this presentation are calculated based on the **completed audits of five auditees**, unless indicated otherwise.

Audit outcomes are indicated as follows:

 Unqualified with no findings	 Unqualified with findings	 Qualified with findings	 Adverse with findings	 Disclaimed with findings	 Outstanding audits
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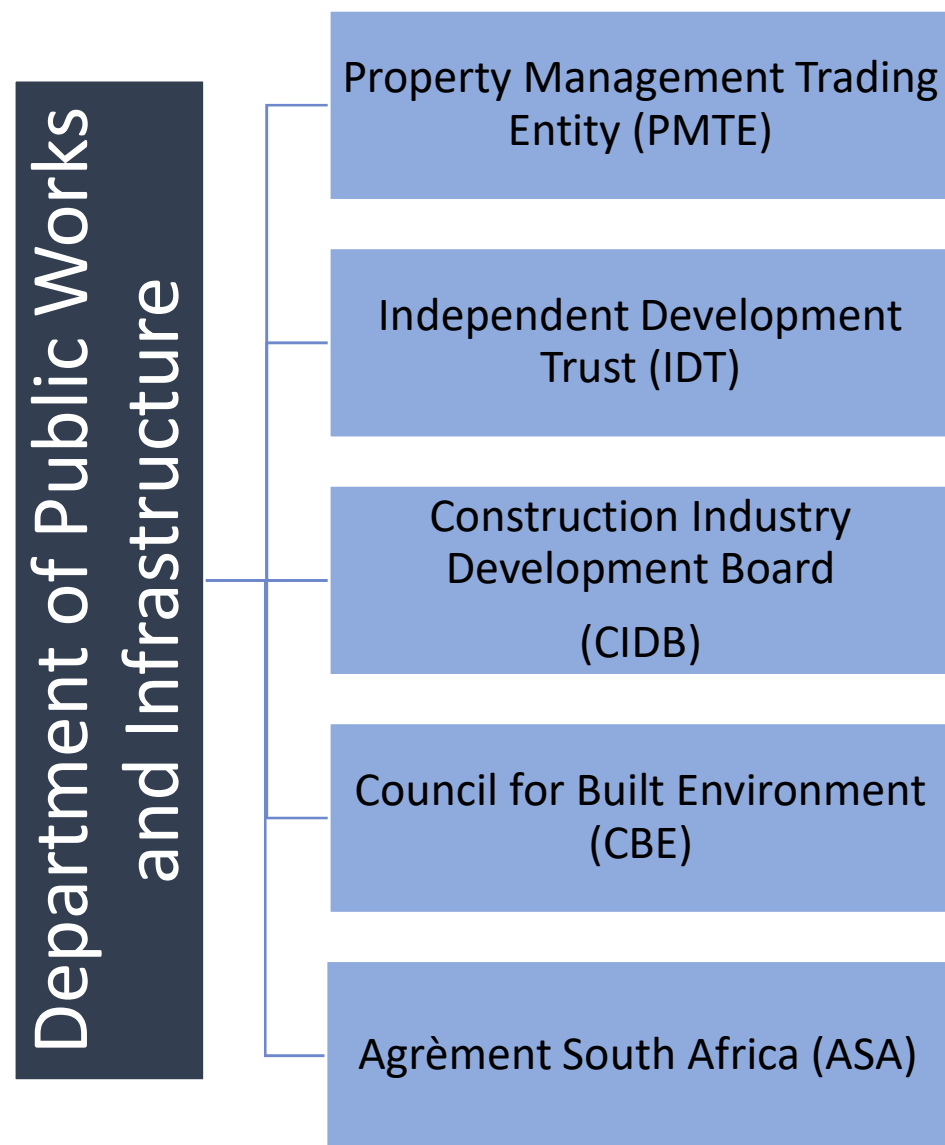
Movement over the previous year is depicted as follows:



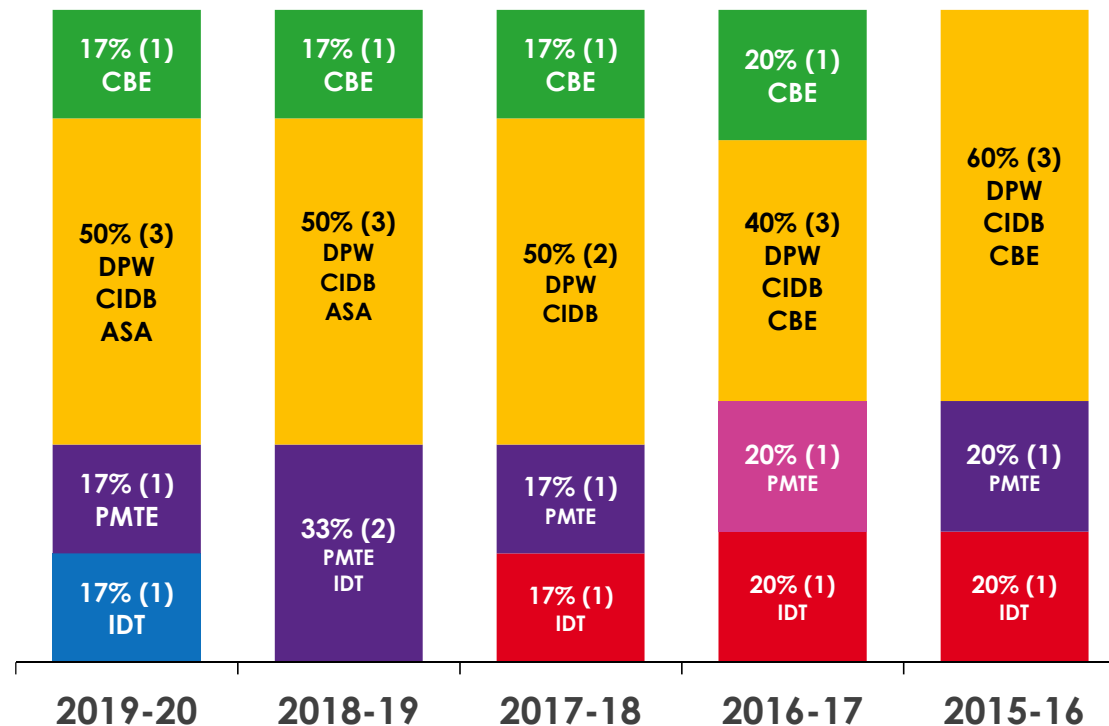
ACCOUNTABILITY = PLAN + DO + CHECK + ACT



Public Works and Infrastructure Portfolio



Audit outcomes of portfolio over five years



Movement	
▲	0
▼	0
▶	0
Outstanding audits	1

Outstanding audits	
IDT	

- Stability and competent assurance providers who do timely and effective checks and balances are the reason behind sustained desired outcomes at CBE.
- Instability or vacancies in key positions have led to submitted financial statements containing material misstatements that were subsequently corrected (ASA, CIDB)



Key concerns on the audit outcomes of the portfolio over five years

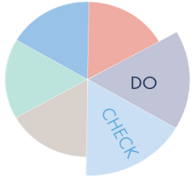
PMTE

- ❑ We commend the trading entity for resolving prior year qualification on properties recorded in its books, which it did not have title deeds as proof of ownership.
- ❑ However, a recurrence of a qualification on assets under constructions being expensed as oppose of capitalized and recorded in the asset register which was resolved in 2018-19 is concerning.
- ❑ In addition, efforts to determine how much properties owned by the trading entity are worth, remain unresolved as we still identified instances where source data was not correctly used in calculating the value of assets.
- ❑ It is pleasing to see the trading entity moved from manual processes to computerized systems for record keeping of over 2457 leases .
- ❑ However, due to inadequate review processes of the information migrated, numerous errors were identified where information on the system did not agree to actual lease agreements. This resulted in a new qualification which affected both revenue and expenditure from leases.
- ❑ In addition, internal control systems of processing, reviewing and approving lease payments were not adequate to prevent overpayments made to landlords.
- ❑ Furthermore, the trading entity has 714 leases that are running on a month to month, this could lead to a missed opportunity of savings that could be realized on renegotiated contracts.
- ❑ Lastly laws and prescripts were compromised in procurement of goods and services which resulted in irregular and fruitless expenditure identified through audit process.
- ❑ Poor contract management specifically related to construction related projects in certain instances resulted in the trading entity making payments that were not in line with the terms of the contracts.
- ❑ Internal controls(including action plans) around performance information were not effective in ensuring that the set targets for Construction Project Management are achieved and reported correctly.

DPWI

- ❑ The set prescripts (laws/regulations) were compromised in the department delivering services related to state events and state funerals.
- ❑ In addition, public services commission investigation found that further prescripts related to appointment of departmental officials were also compromised which resulted in irregular expenditure disclosed related to their salaries.
- ❑ Internal controls(including action plans) around performance information were not effective in ensuring that the set targets for Expanded Public Works Programme are achieved and reported correctly.





Credible financial reporting



Financial statements

Submission of financial statements by legislated date (DPW, ASA, CBE, CIDB, PMTE)

Movement



2019-20

2018-19

100%

83%

Quality of initial submission for auditing (DPW, CBE)



40%

33%

Quality of final submission after auditing (ASA, CIDB)



40%

33%



33% achieved unqualified opinions only because they corrected all misstatements identified during the audit

Analysis of credible financial reporting

PMTE—The trading entity did not have sufficiently skilled resources in place due to vacancies in the financial accounting division, which made the preparation of financial statements more susceptible to errors. In prior periods, the finance division depended on a number of contracted resources who played a key role in the preparation and review of the annual financial statements. These contracts ended in December 2019.

CIDB and ASA— Some amounts included in initial submission were not adequately supported, while other amounts contained calculation errors which were subsequently corrected.

Qualification areas

Property plant and equipment (PMTE)

Operating leases (expenditure and revenue) (PMTE)





Credible performance reporting



Performance report

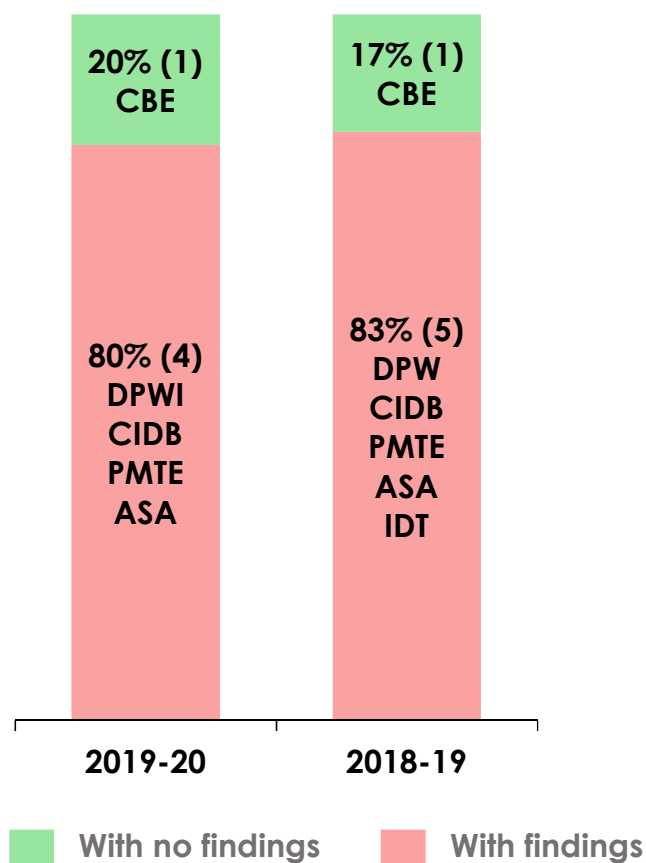
	Movement	2019-20	2018-19
Quality of initial submission for auditing (ASA, CBE)		40%	33%
Quality of final submission after auditing (CIDB)		20%	0%
<ul style="list-style-type: none"> We commend CBE and ASA for submitting annual performance reports that were free from material misstatements. PMTE and DPWI received material misstatements on reliability and usefulness of the performance indicators. 			
Reliable reporting of achievements (ASA, CBE, CIDB)		60%	33%
Usefulness of performance indicators and targets (DPWI, CIDB, CBE, ASA)		80%	67%





Disregard for compliance with legislation

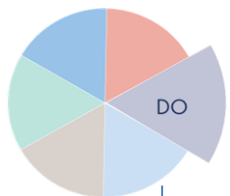
Findings on compliance with key legislation



Top non-compliance areas

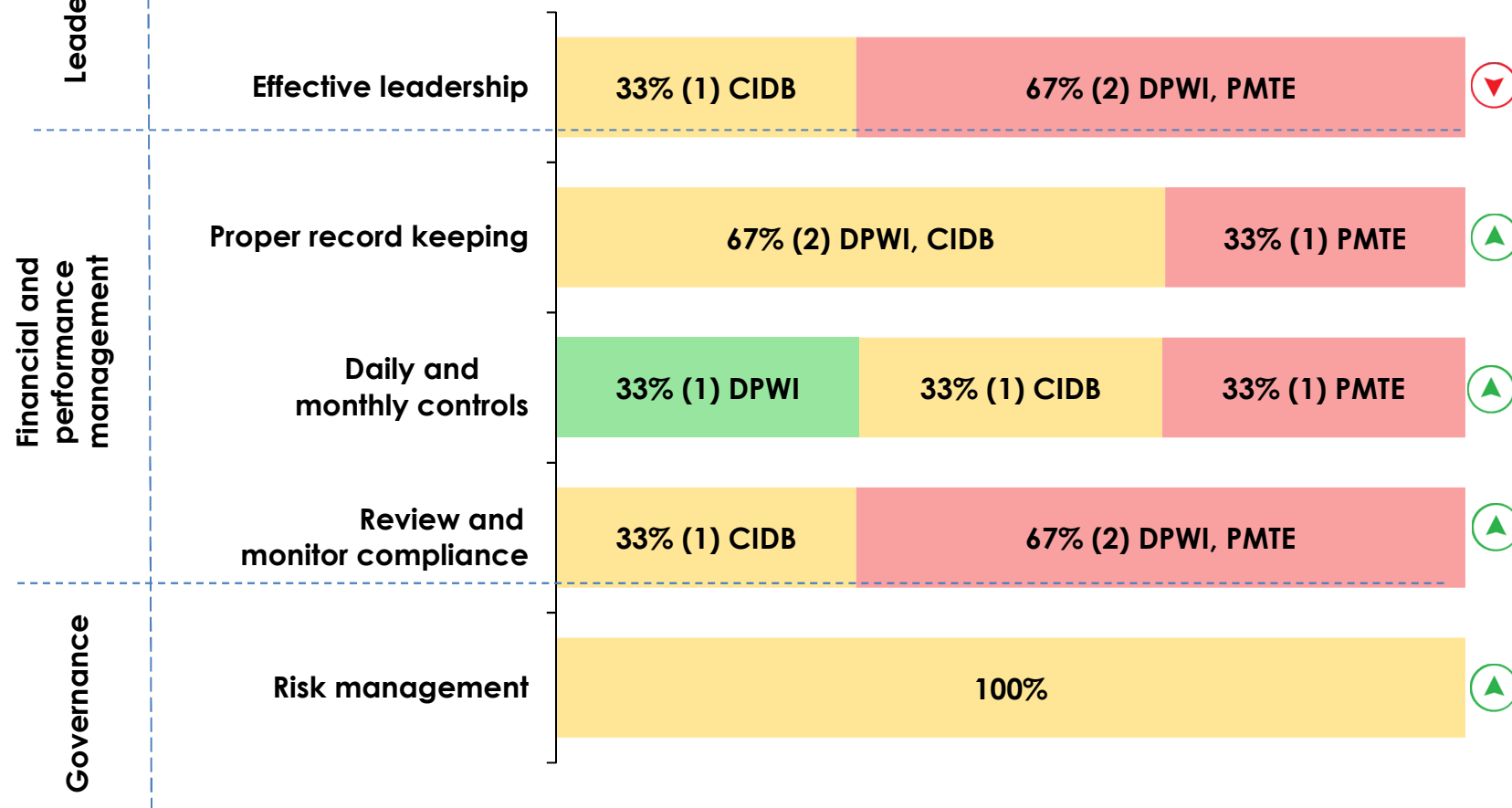
- Financial statement submitted for audit were materially misstated (PMTE, CIDB, ASA)
- Effective and appropriate steps were not taken to prevent irregular expenditure (PMTE, DPWI, ASA)
- Effective internal controls were not in place for approval and processing of payments (DPWI, PMTE).
- Sufficient appropriate evidence could not be obtained that goods, works or services were procured through a procurement process which is fair, equitable, transparent and competitive (ASA)
- Payments were not made within 30 days after receipt of an invoice in certain instances. (PMTE)
- The trading entity's resources were not used economically (PMTE)
- Payments were made before services were received (PMTE)





Leadership

Status of internal control (excluding CBE and ASA)



Good



Of concern



Intervention required





Key drivers of internal control

- ☐ **Inadequate skilled** resources in place, as a significant number of positions were still vacant at the financial accounting division
- ☐ Assets register was not **adequately reviewed** to identify and correct errors.
- ☐ Reported achievements on targets **not supported** by proof of delivery
- ☐ Payments of lease contracts not **monitored** to prevent overpayment
- ☐ **Review and monitoring** of compliance with applicable laws and regulations was ineffective in certain instances
- ☐ Leadership culture or tone at the top was impacted for irregular appointment of senior officials and several instances of irregularities such as unfair procurement process on Beitbridge project

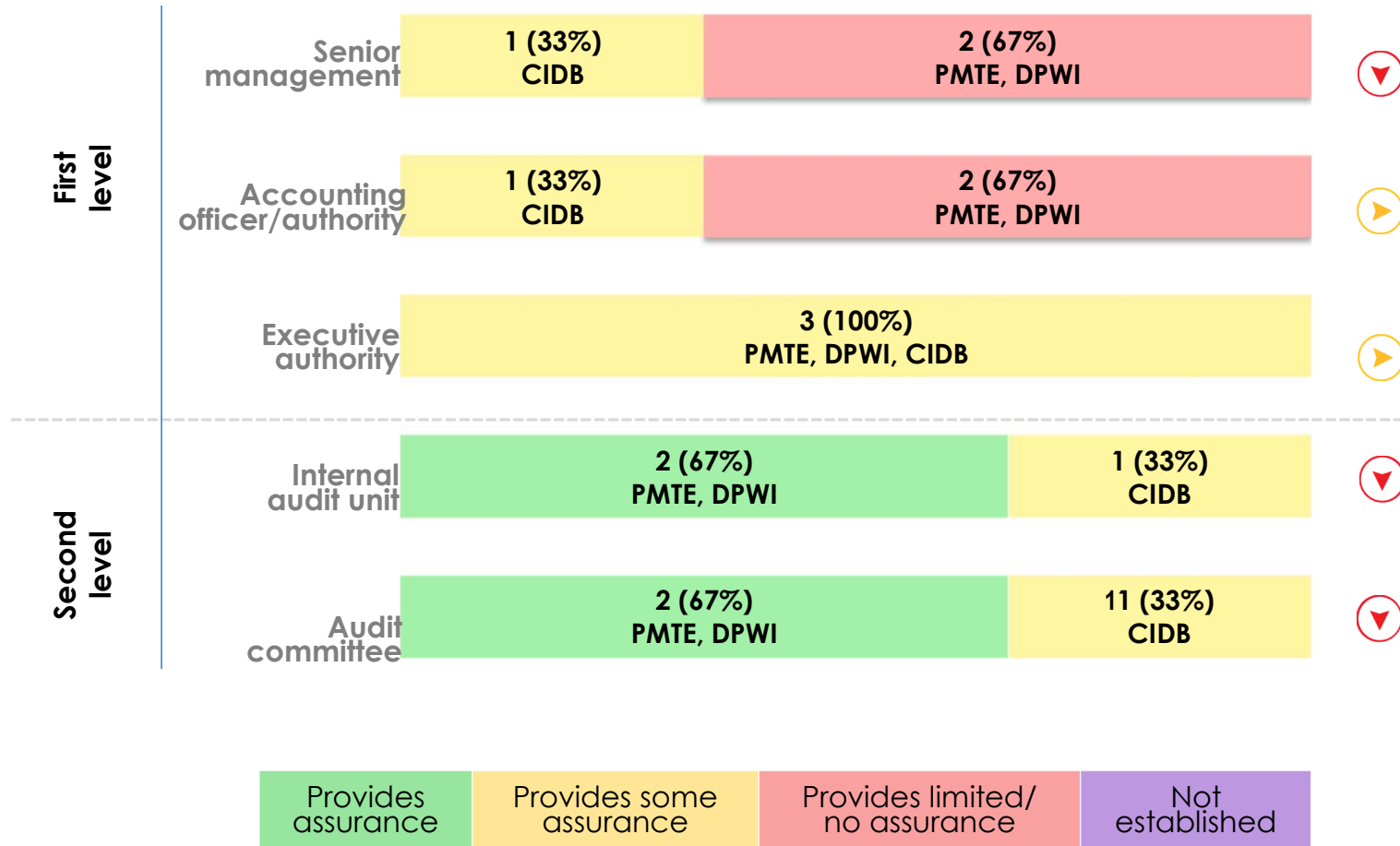
DPWI	<ul style="list-style-type: none"> <input type="checkbox"/> The department was impacted by a number of investigations which implicated officials occupying senior management positions. <input type="checkbox"/> Inadequate review and monitoring of compliance when approving payments to suppliers resulted in irregular expenditure. <input type="checkbox"/> Inadequate monitoring of action plans to address the previous year's findings resulted in similar findings on programme 3: expanded public works programme in the current year. <input type="checkbox"/> Leadership culture or tone at the top was impacted for irregular appointment of senior officials and several instances of irregularities such as unfair procurement process on Beitbridge project
CIDB	<ul style="list-style-type: none"> <input type="checkbox"/> Inadequate skilled resources in place, as a significant number of positions were still vacant at the finance division <input type="checkbox"/> Implementation of new financial accounting system resulted in delays in providing information for audit purposes.





Assurance provided

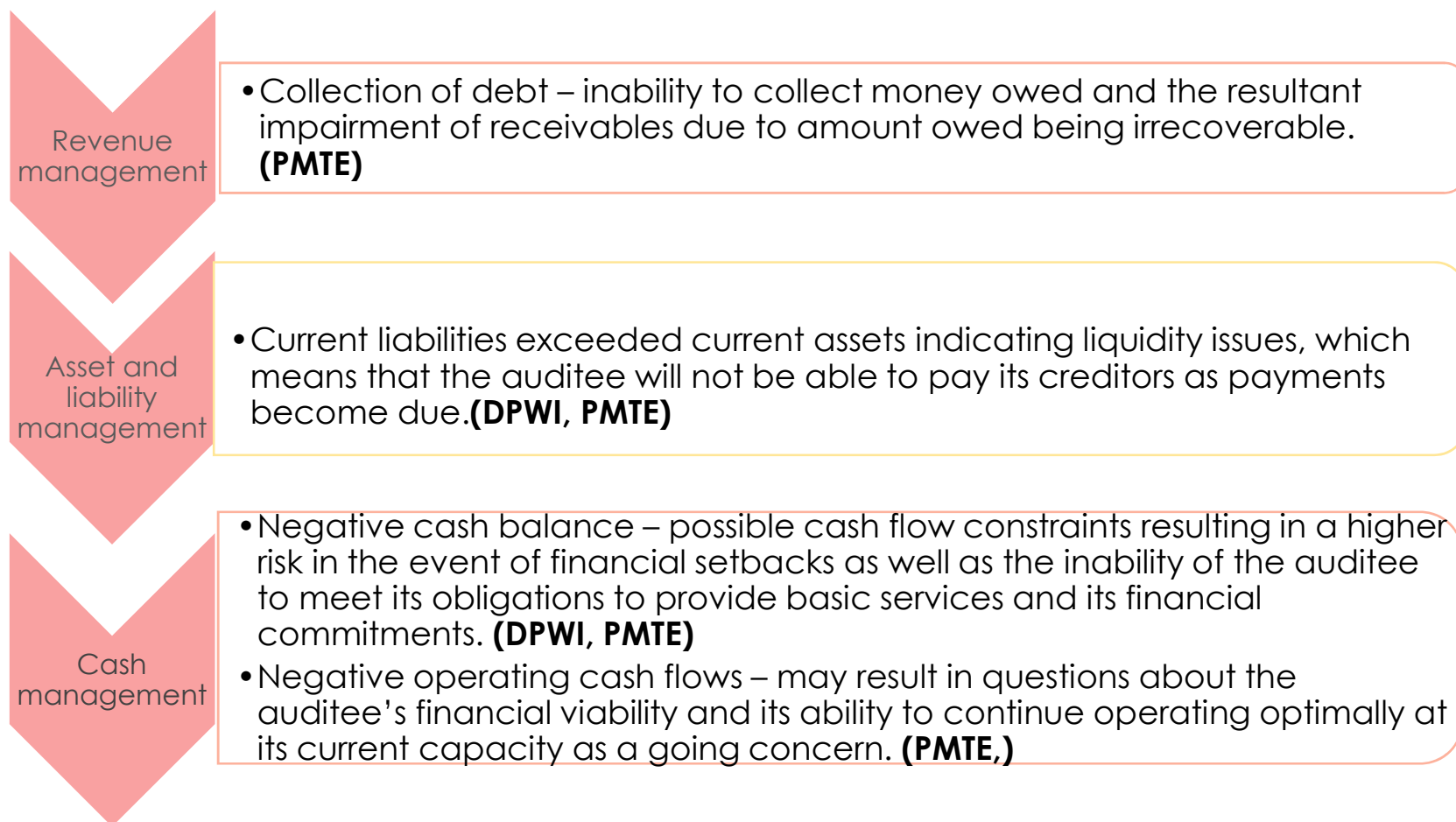
(excluding CBE and ASA as they are categorized as small auditees)



Financial health and financial management



Financial health



Of concern



Intervention required

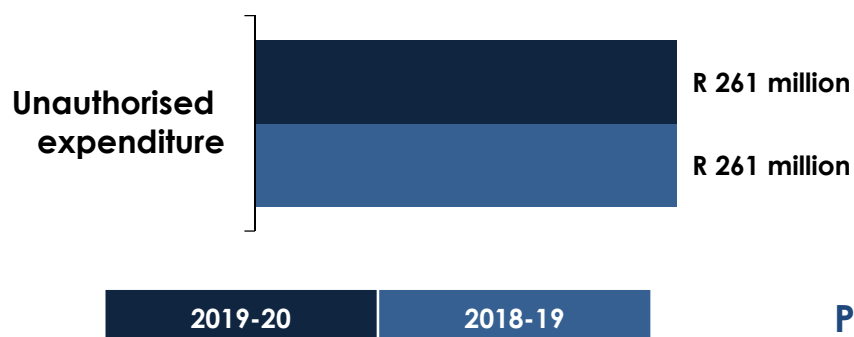


Unauthorised expenditure over two years (DPWI)

Definition

Expenditure not in accordance with the budget vote / overspending of budget or programme

Unauthorised expenditure incurred by entities in portfolio

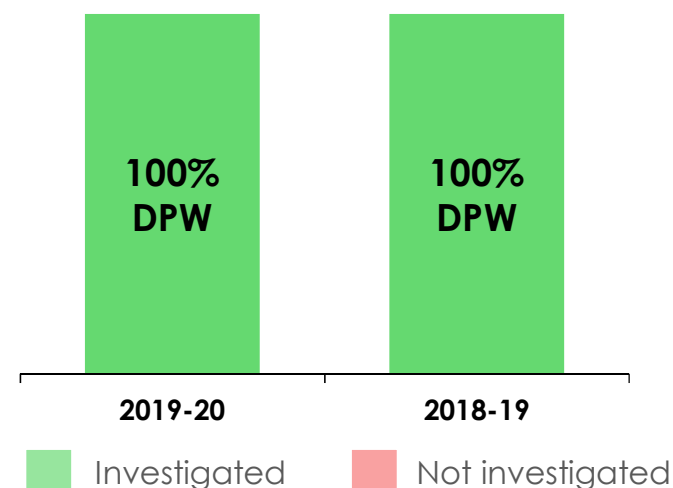


- The unauthorised expenditure relates to prior years which is not yet approved.*

Nature of unauthorised expenditure balance

- R83 million was due to overspending of the vote or a main division within a vote not approved by NT*
- R178 million was due to expenditure not in accordance with the purpose of the vote or main division not approved by NT*

Previous year unauthorised expenditure reported for investigation

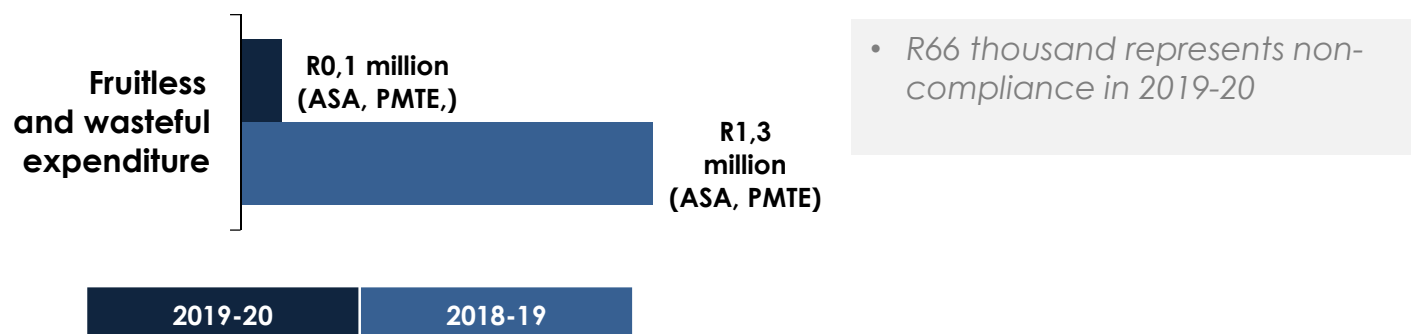


Fruitless and wasteful expenditure decrease over two years

Definition

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

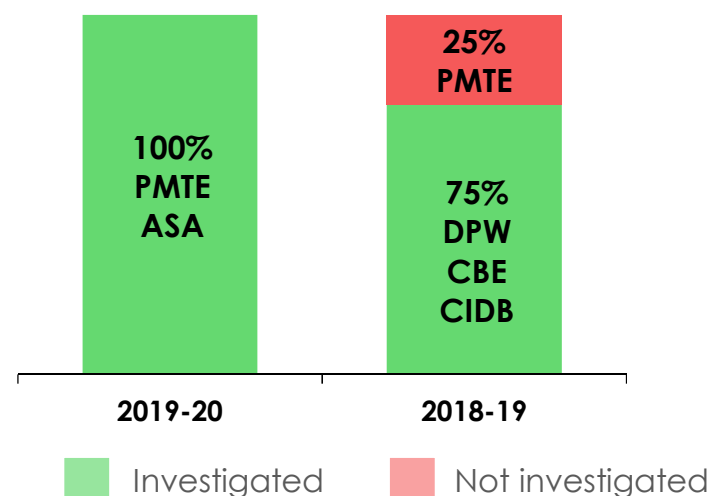
Fruitless and wasteful expenditure incurred by entities in portfolio



Nature of fruitless and wasteful expenditure

- The majority of F&W expenditure was caused by a motor vehicle accident claim that was repudiated, amounting to R60 736 (ASA)
- It should be noted that potential fruitless and wasteful expenditure amounting to R15 million relating to amounts paid to non performing suppliers, was under determination. (PMTE)

Previous year fruitless and wasteful expenditure reported for investigation

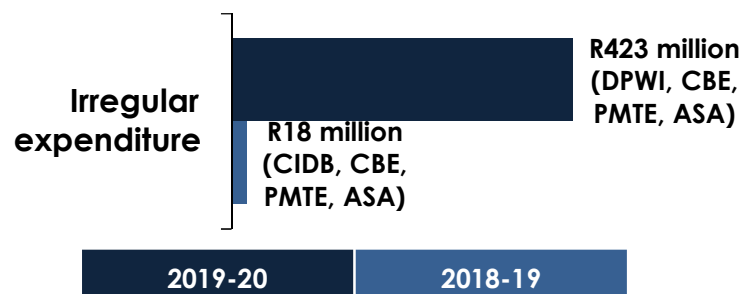


Irregular expenditure increase over two years

Definition

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

Irregular expenditure incurred by entities in portfolio

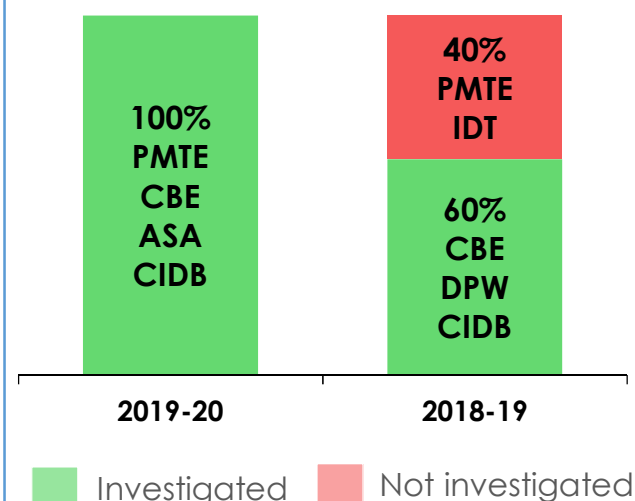


- R157 million represents non-compliance in 2019-20 (PMTE, CBE, ASA, DPWI)
- R265 million is expenditure on ongoing multi-year contracts

Nature of irregular expenditure

- R173 million relates to instances where lease procurement process not followed (PMTE).
- R110 million relates to expenditure incurred by the implementing agent due to non-application of designated sectors (PMTE).
- R70.7 million relates to investigations which were conducted into alleged overcharging on contract price schedules and unapproved deviations discovered during the procurement of services for State Funerals and Events. (DPWI)
- R23,6 million relates to Beitbridge border project where the emergency delegation was invoked and the investigation found the reasons to utilise the emergency delegation was not justifiable (PMTE).
- R23,3 million relates to irregular appointment of officials during 2017-18 as identified by Public Service Commission investigation. The irregular expenditure represents the salary of these officials for 2018-19 and 2019-20. (DPWI and PMTE)
- R2,8 million relates to a contract extension in excess of 15% not approved by delegated authority (CBE)
- The remaining R19,6 million relates to other irregularities in SCM processes (DPWI, PMTE, ASA).

Previous year irregular expenditure reported for investigation



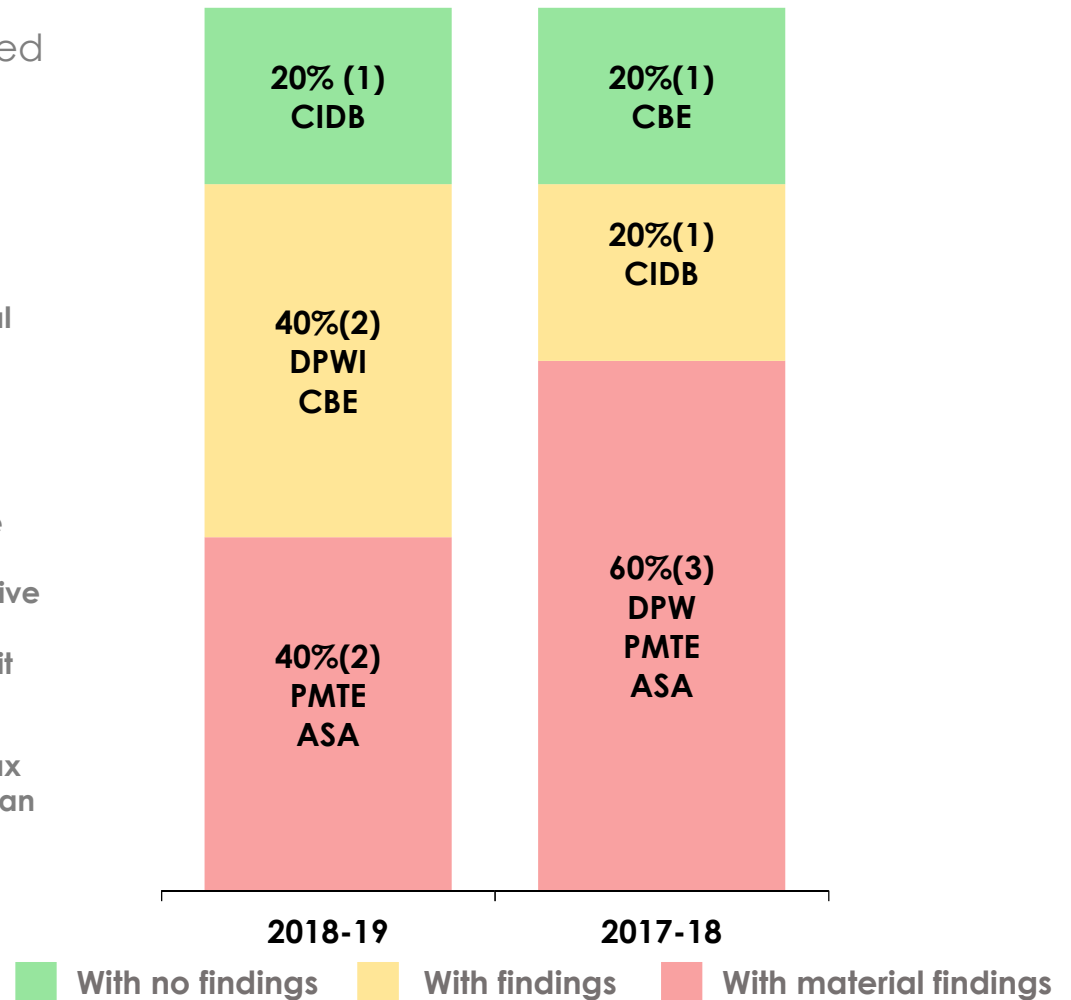
Supply chain management (SCM)

- ▶ Stagnation in SCM compliance
(2019-20: 20% with no findings)

All SCM findings should be investigated

Most common SCM findings

- Quotations were awarded to bidders who did not comply with specified pre-qualification criteria requirement (DPWI, PMTE)
- Contracts amended or extended without approval by a delegated official (CBE)
- Some of the awards could not be audited due to limitation of scope. (ASA)
- Awards were procured without inviting at least the minimum prescribed number of written price quotations from prospective suppliers or competitive bids, and the deviations were approved even though it was possible to obtain the quotations or it was practical to invite competitive bids. (PMTE)
- A contract was procured from a supplier whose tax matters had not been declared by the South African Revenue Service to be in order. (PMTE)
- A construction contract was awarded to a contractor whose CIDB grading was below the required grading for the value of the particular contract. (PMTE)



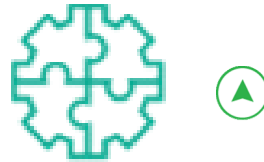
Portfolio snapshot (2019-20)



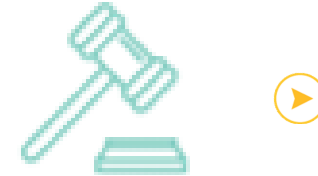
Clean audits: 20%
(2018-19: 20%)



**Financially unqualified
financial statements:
80%**
(2018-19: 80%)



**No findings on performance
reports: 60%**
(2018-19: 40%)

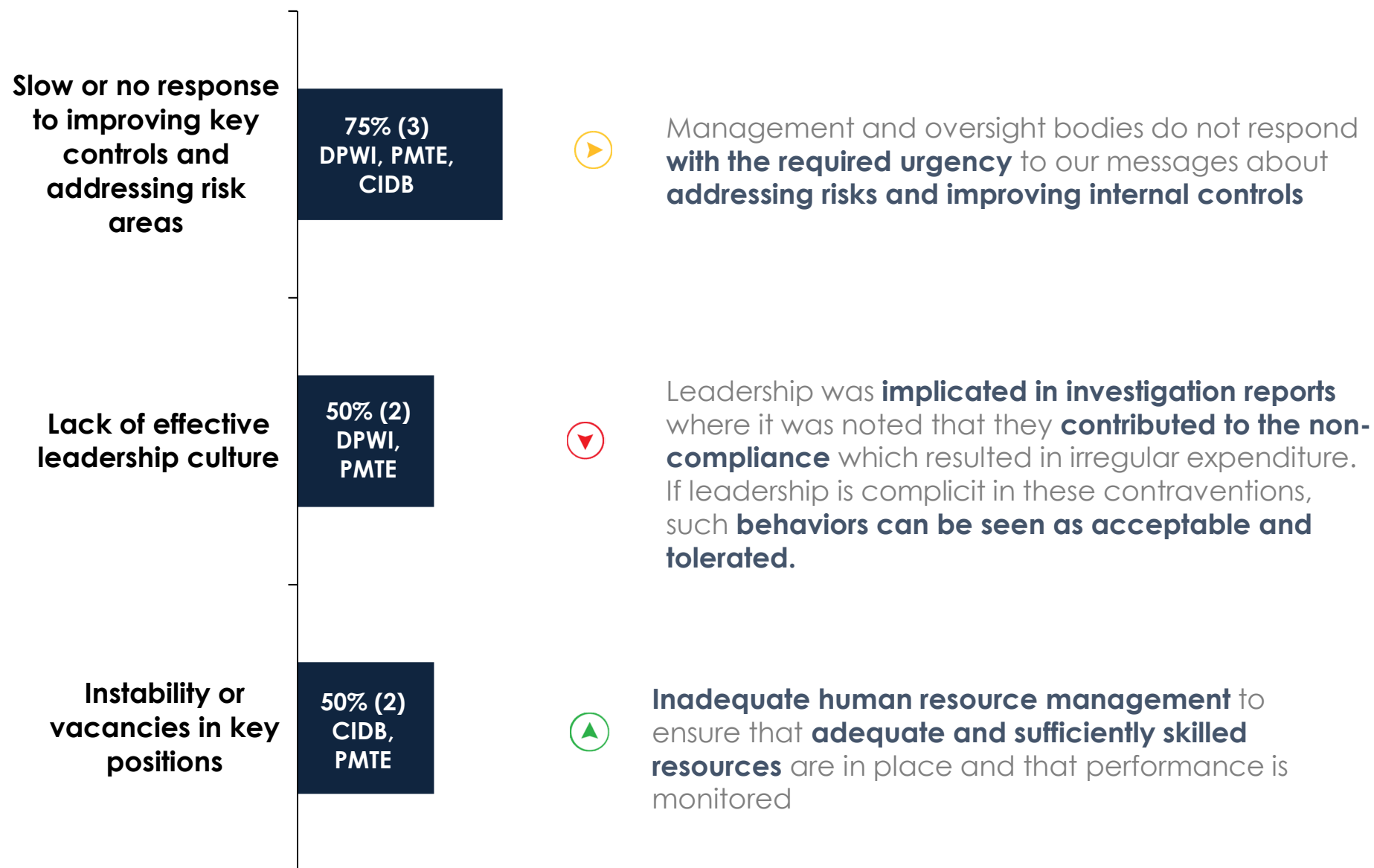


**No findings on compliance
with legislation: 20%**
(2018-19: 20%)



**Irregular expenditure:
R423m**
(2018-19: R48m)

Root causes (Excluding CBE and ASA)



Implementation of amended Public Audit Act



Key expansion of our mandate



Refer material irregularities to relevant public bodies for further investigations



Take binding remedial action for failure to implement the AG's recommendations for material irregularities



Issue a certificate of debt for failure to implement the remedial action if financial loss was involved

What is a material irregularity?

Irregularity



Material
irregularity

any **non-compliance** with, or contravention of, legislation,
fraud,
theft or
a breach of a fiduciary duty

identified during an audit performed under the PAA
that **resulted in or is likely** to result in ...

Impact

a **material financial loss,**
the **misuse or loss of a material public resource** or
substantial harm to a public sector institution or
the general public



Material irregularities

2 MIs identified from audits of DPWI

R9,96 million financial loss

(**R9,60 million known** and **R0,36 million estimated-**

(State funerals and events)

2 MIs identified from audits of PMTE

MI 1 : R17,05 million estimated financial loss(Beitbridge-appointment of contractor and consultant)

MI 2 : R1,09 million known financial loss (Beitbridge-site establishment cost)

Addressing the material irregularities

2 (50%) – The acting accounting officer already responded and is currently taking appropriate actions..

2 (50%) – The acting accounting officer has been notified, and expected to respond in 20 working days.

Nature of material irregularities



Lack of effective internal controls for approval and processing of payments resulting in **overpricing of goods and services procured on state funerals and state events**

50% (2)
R9,96 million



MI 1:

Unfair procurement processes in the appointment of a contractor and consultant for **construction of Beitbridge fence which resulted in the quality of the project compromised**

25% (1)

Unquantified estimated financial loss

MI 2:

The accounting officer did not ensure that internal control measures and procedures are in place to ensure that there are controls that will be able to detect that the establishment cost is not included in the BOQ and therefore that it will not be paid. This was in contravention with National Treasury Regulation (TR) 8.1.1

25% (1)

R1,09 million



Insights from First Special Report on Covid audit



Purpose of the real time audit



The objective of the real-time audit is to allow for **quick and responsive changes** to the processes and preventative controls to enable enhancements and necessary corrective actions by management, where necessary.



Identified Initiatives (Special Report Volume 1)



Quarantine sites and Field hospitals(QS &FH):

- To **identify and provide properties**, either state or privately owned, that the Department of Health (DoH) can use as quarantine and self-isolation sites for patients who cannot self-isolate at their own homes.
- Assist DoH as an implementing agent to refurbish or renovate centres, or build temporary structures, as field hospitals for patients for whom there is no room in normal hospitals

Expanded Public Works Programme:

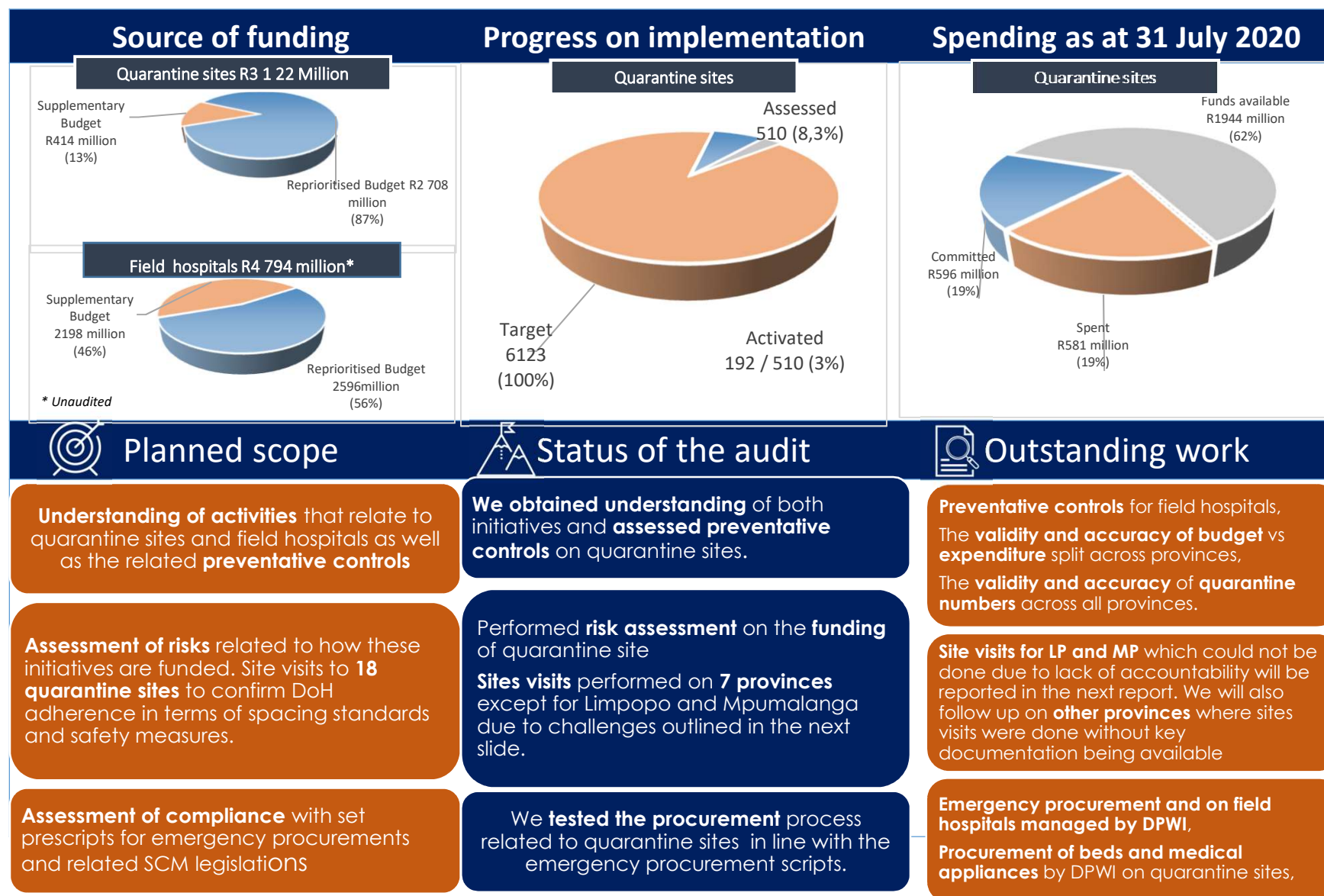
- To provide **additional 25 000 work opportunities**, through the EPWP, to be utilised in critical mass Covid-19 screening, testing and educational campaigns
- To **reduce the impact of Covid-19** on the livelihoods of the South African citizens.






Quarantine sites and Field hospitals



Focus of the audit



Observations, recommendations and commitments

 Audit Findings	 Recommendations	 Planned actions
<p>The processes in place were not adequate to monitor funds spent on quarantine sites in line with the budget (PMTE)</p>	<p>Regular record keeping and reconciliations to monitor spending against reprioritized budget</p>	<p>Unique code to track Covid-19 spending. To analyse Covid-19 spending against the reprioritised budget.</p>
<p>DPWI does not keep DoH compliance certificates to confirm that all sites listed as activated in the database have actually been activated (PMTE)</p>	<p>DPWI to keep records of DoH certificates for all sites activated</p>	<p>Obtain certificates from DoH for all activated sites. Incorporate record keeping of DoH certificates in the SCM process</p>
<p>Inadequacy of review and monitor invoices for quarantine sites to confirm that the amounts charged are in line with the rates agreed upon in the service-level agreement (EC/PMTE)</p>	<p>The AO to investigate to determine the full extent and impact and take corrective actions i.e. recoveries of funds on duplicate patients and rates above the agreed per SLA.</p>	<p>Include i.e special dietary requirement surcharges in future agreements. To establish extent of possible duplicate payments and to take corrective action</p>
<p>The department spent funds on quarantine sites that the DoH had not assessed or activated for use (PMTE, NC)</p>	<p>The AO to obtain compliance certificates for all sites activated SLA's should only be signed upon receipt of compliance certificate</p>	<p>Obtain certificates from DoH for all activated sites AO to update the database of sites and reconcile with DoH</p>
<p>The national DPWI did not coordinate or oversee the sector's provision of quarantine sites</p>	<p>AO's of DPWI and DoH to engage to streamline SOP. Enhance existing structures to play oversight and encourage accountability by all parties</p>	<p>Engage the AO of DoH to streamline processes through protocol document and to enhance accountability</p>



Overall message for Special report-1-QS &FH

The sector was entrusted with a responsibility to make **6123 quarantine sites** available, however, **poor coordination and accountability** led to delays in implementing this intervention as well as in our audit.

The accounting officers of DPWI and DoH to engage with the aim to improve **coordination and streamline implementation using the protocol document** signed by the Minister of DPWI

Record of DoH **certificates of compliance** were not always kept and reviewed prior to using quarantine sites **to confirm adherence to health compliance.**

Spending on quarantine sites was not always monitored in line with the SLAs signed with quarantine providers. This resulted in princes being charged not in line with the pre-agreed prices or possibly duplicate payments.

Monitoring of spending against the reprioritized budget remains a key tool to **prevent unintended financial constraints** and consequences which may affect service delivery in other areas.

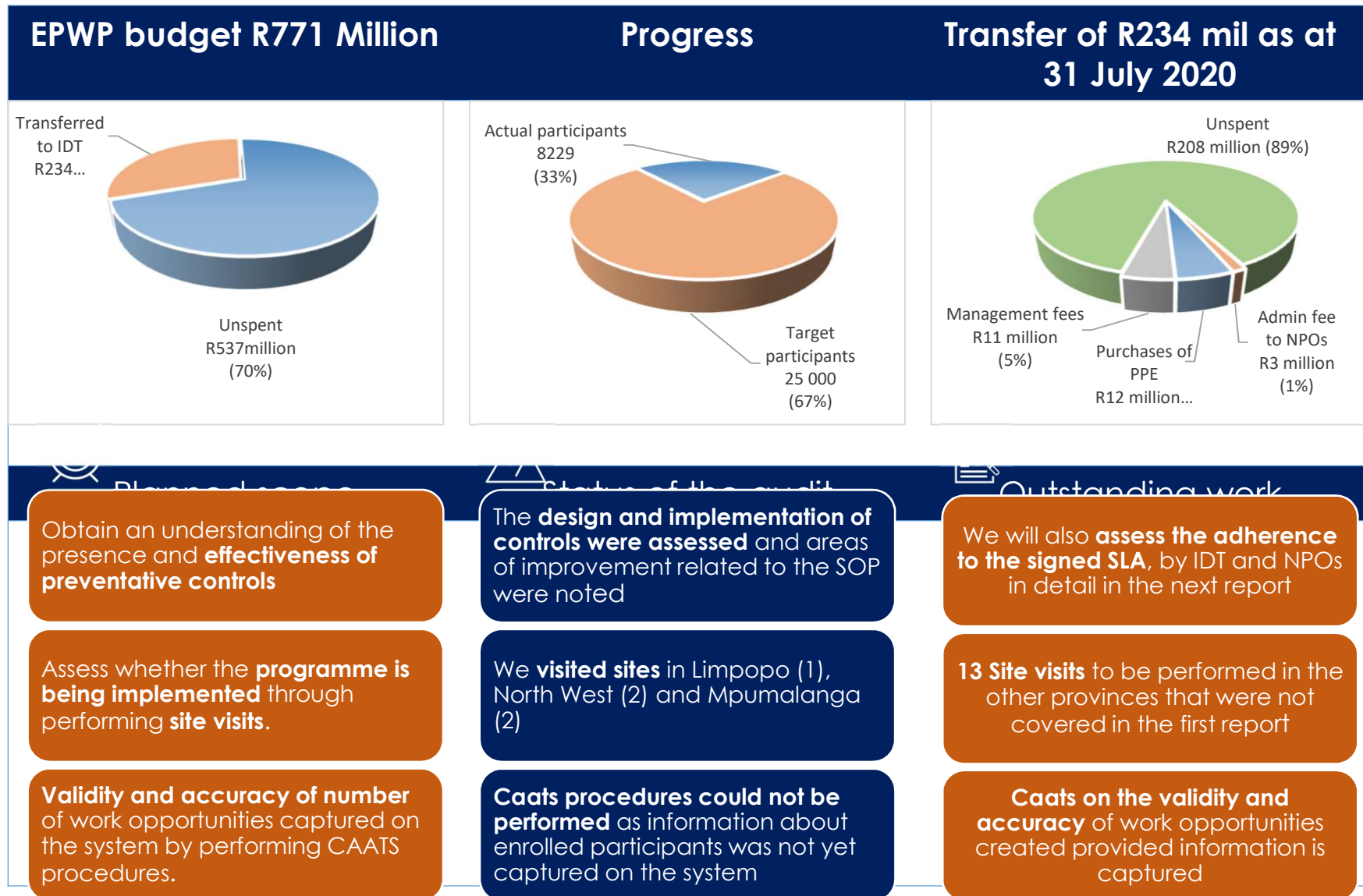
Record keeping, monitoring of budget and spending related to **field hospitals** will **require an enhanced coordinated** effort between all role players involved to enable accountability.



Expanded Public Works Programme



Focus of the audit



Observations, recommendations and commitments

 Observations	 Recommendations	 Planned actions
Beneficiaries not timeously captured on the system- risk of errors and fraud can only be detected at a later stage	Participants and hours worked to be captured by NPOs and verified by IDT at the start of the programme to prevent payments misappropriated based on invalid participants data	IDT to speed up the capturing and payment of participants on the EPWP reporting system to enable verification, validation and inclusion in the DPWI report.
Reporting not comprehensive enough to enable oversight- record of attendance to induction, training and work opportunities on site	The reporting and monitoring tools by NPOs should be enhanced to indicate all activities in line with the requirements of the SLA signed	The IDT to be held accountable for information required to be kept. NPO to include shortcomings in monthly reports i.e. on adherence of participants to health and safety protocols
Delays in starting the programme delayed support to DoH, Ultimately, intended EPWP participants continued to be unemployed and in financial distress.	DPWI should hold IDT and other implementing agents accountable on the weekly progress made on implementing the initiative in order for DPWI to timely resolve challenges causing the initiative to be delayed	With the programme being fully implemented and all training provided, it is expected that the programme will now move with necessary speed and delays will be cleared.
Training and induction not provided to all participants by NPOs-putting the lives of communities assisted by participants at risk if not technically trained.	Records that participants are being trained and inducted prior to deployment should be kept as required by the SLA.	AO committed to provide evidence that all participants being enrolled are now being trained before enrolment into the programme.
Inadequate monitoring of projects by NPOs-questions the validity of records that will only be verified at the end of the quarter.	The IDT should timeously monitor NPOs adherence to signed SLA's, which include keeping record of all activities and attendance by participants on site	The monitoring of NPOs has started , and serves as a mechanism for identifying deficiencies and the correction thereof i.e. withholding of payments where SLA is not adhered to



Overall message for Special report-1-EPWP

Funds were released upfront to **advance implementation in order to support DOH** while reducing unemployment and financial distress to the poor and marginalized communities.

Implementation of the programme was delayed and support to DoH only realized from mid June 2020 when the response to the pandemic was required from March 2020. To date **only 33% of intended participants have been enrolled**

The IDT **with its existing weak control** environment, key vacancies and lack of governance structures **contributed to the delay and lack of monitoring of NPOs to ensure successful implementation of the programme.** This resulted in NPOs not adhering to the set requirements in rolling out the programme on sites.

Due to the normal standard operating procedures of DPWI, **which were not enhanced to respond to the pandemic**, where participants information only get captured on the system at the end of the month and verified only after a quarter, **no information was available to test the validity** of such participants prior to payments being made.

The **control environment deficiencies** at IDT and the **absence of modified processes** to enhance monitoring and timeous record keeping **increased the fraud risk** whereby funds might be misappropriated may not reach the intended beneficiaries.



Reflection on Preventative Controls in Public Works Portfolio



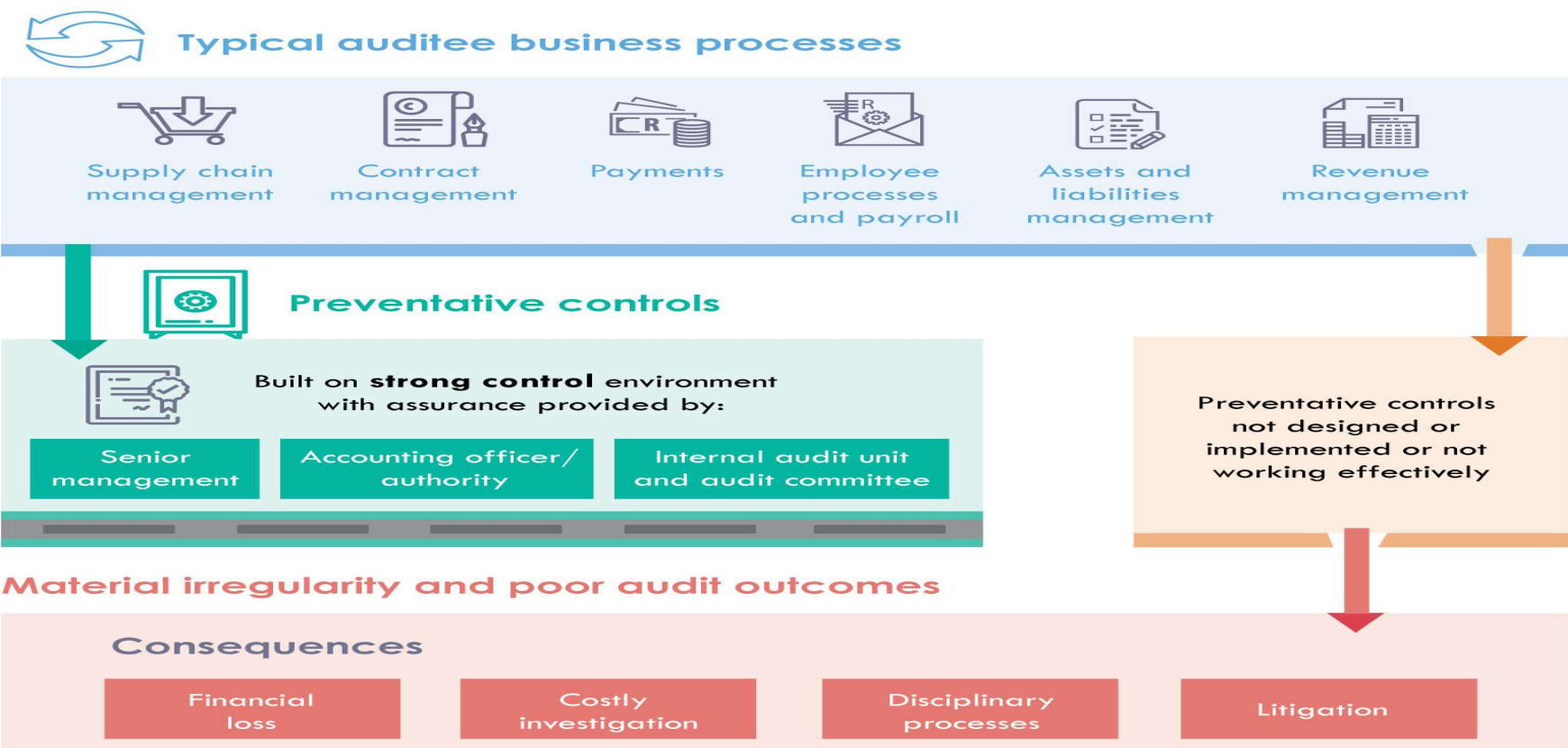


Definition of preventative controls

Preventative controls are measures designed and *implemented by management* to *avoid* threats to the objectives of the entity materialising.



Preventative controls



STATUS ON FUNDAMENTALS OF STONG PREVENTATIVE CONTROLS

Principles

Leadership that inspires a **culture of ethical behaviour and commitment** to good governance

Adequate and sufficiently skills officials who instill confidence toward effective and consistently functioning of internal controls

Comprehensive policies and procedures(including internal control systems) that empowers the employees to perform their day to day duties with ease

Mechanisms for officials to report any pressure or influence directed towards them not to act in line with the set policies and procedures

Regular risk assessment accompanied with **response** measures that are monitored on a regular basis

Combined assurance model where all assurance providers; i.e. Senior management, internal audit function and audit committee are working toward the same goal to strengthen controls through monitoring and oversight.

Status

Compromised by **senior officials implicated in irregularities as well as irregular appointments** of officials including those in senior positions (DPWI/PMTE)

Finance units **not resourced with skilled and qualified** officials to enable credible financial reporting(PMTE,CIDB,ASA)

Resulted in **overpayments of leases, material irregularities** on State funerals and State events, Beitbridge fence ,etc.(DPWI/PMTE)

Initiation of investigations by Minister, appropriate steps currently taken by AAO on identified material irregularities are few major steps into the right direction.

Repeat qualification areas are evidence that risk assessment process and action plans require to be improved.(DPWI/PMTE/CIDB/ASA)

Senior management and accounting officer **reviews, checks and balances not adequate** to prevent material non compliances and irregularities reported. i.e. overpayments on leases and state funerals.
Internal audit plans should also address key risks related to compliance with prescripts. (DPWI,PMTE)



Recommendations

To department and its entities

- There should be the required urgency by management in responding to our messages about addressing risks identified and improving internal controls at all auditees.
- Vacancies in key positions should timeously filled with relevant qualified and skilled personnel (PMTE, CIDB and ASA).
- DPWI should improve the monitoring and review processes of state funerals and events contracts to ensure compliance and prevent paying overcharged prices.
- PMTE should enhance consistent application of the immovable assets policies and procedures when calculating the value of properties. In addition, enhance review of the recording of assets under contraction to ensure that they are correctly accounted for.
- A thorough review should be performed on all leases information captured on the new system to ensure accurate recording of data, with monthly checks on amounts paid to prevent overpayments.
- Follow up on all instances of non compliances(irregular and fruitless expenditure) which were identified by auditors or management and implement timely take appropriate actions in order to address issues that may result in material irregularities.
- Enhance the use of internal audit function to monitor action plans and for better monitoring in order to improve audit outcomes.

To the portfolio committee

- To request accounting officers/authorities and the Minister to provide feedback on the implementation and progress of action plans to ensure improvement in the audit outcomes of the portfolio.



Follow up on all material irregularities identified to assess if appropriate actions are being taken.

Overall message

- We commend CBE on maintaining its clean audit. DPW, ASA and CIDB remained stagnant with unqualified audit outcomes with findings on other areas.
- PMTE remained stagnant with a qualified audit outcome. If drastic measures are not taken, given the increased areas of qualification this year, the entity might regress in the following year.
- Leadership should enhance oversight and adopt a zero tolerance approach when it comes to non-compliance with legislation. The starting point for this would be addressing the repeated non-compliance with laws and prescripts reported in prior years.
- Review of annual performance reports (APR) should be enhanced, and an additional review by internal audit should be performed prior to their submission for audit to prevent material adjustments.
- The effectiveness of the work performed by the various assurance providers such as audit committee and the internal audit has not yet yielded the desired results, due to management's failure to adequately implement their recommendations.
- Inadequate human resource management to enable filling of key position timely necessary for reviews of monitoring of performance was flagged as the main root cause for negative audit outcomes across the portfolio.



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