

SANBI

Biodiversity for Life

South African National Biodiversity Institute



POST EXTERNAL AUDIT ACTION PLAN

PORTFOLIO COMMITTEE ON FORESTRY, FISHERIES AND THE ENVIRONMENT

18 NOVEMBER 2021



EMPHASIS OF MATTER

Emphasis of matter by AG	Action Plan	Status
<p><u>Application of a new accounting standard and the related transitional provisions</u></p> <p>Management described the challenges faced during the first year of adoption of this new accounting standard and that transitional provisions guided through GRAP110 directive 2 have been applied which indemnified the entity from recognition and measurement of living resources for a period not exceeding three years</p>	<ul style="list-style-type: none"> • Perform an exercise to test the market for valuation of the zoological animals as part of living resources. • Retain appropriate evidence for audit purposes. <p style="text-align: right;">Target date: 31 Mar 2022</p> <p><i>*Transitional period Expiring March 2023</i></p>	<p>In progress</p>
<p><u>Material deficit for the year</u></p> <p>Material deficit of R 78 612 416 was incurred for the 2020-21 financial year as a result of a significant reduction of the entity's ability to generate its own revenue during the financial year. This was mainly due to lockdown regulations imposed by government throughout the year.</p>	<ul style="list-style-type: none"> • Request approval for Repurposing of the funds National Treasury had approved for the re-purposing of some of the funds that were being held towards infrastructure projects towards funding this deficit. 	<p>Completed</p>

ANNEXURE A – MATTERS AFFECTING THE AUDITOR’S REPORT

Audit Finding by AG	Action plan	Status
<p><u>Misstatements relating to the usefulness of indicators and targets within programme 1: NBG and NZG</u></p> <p>Indicators were not well defined as the indicator targets were not specific. Infrastructure projects for Kwelera and Thohoyandou botanical gardens implemented. Number of maintenance, development and capital infrastructure projects completed.</p>	<p>Targets for the 2021/22 financial year reviewed and further amendments be made on the TID descriptions.</p> <p>Target date: 30 Sep 2021</p>	<p>Completed.</p>
<p><u>Irregular, fruitless and wasteful expenditure not prevented as required by the PFMA</u></p> <p>Irregular expenditure incurred to the value of R16 147 702 during 2020/21 financial year.</p> <p>While Fruitless and wasteful expenditure incurred in same year is valued at R497 297</p>	<ul style="list-style-type: none"> Develop and implement preventative measures as detailed in the SOP manual for irregular and fruitless and wasteful expenditure. <p>Target date: 30 Oct 2021</p>	<p>Completed.</p>
<p><u>Disciplinary steps not taken against officials who made or permitted irregular expenditure based on outcome of investigation</u></p> <p>Disciplinary action not taken prior to the year end.</p>	<p>Institute disciplinary actions against officials responsible for the non-compliance within a reasonable time period.</p> <p>Target date: 31 Dec 2021</p>	<p>On-course</p> <p>98% Implemented.</p>

ANNEXURE A – MATTERS AFFECTING THE AUDITOR’S REPORT

Audit Finding by AG	Action plan	Status
<p><u>Deviation not approved at the appropriate level</u></p> <p>A deviation of above R500 000 was not approved at the appropriate level</p>	<ul style="list-style-type: none"> Update the irregular expenditure register and the disclose note on the AFS. Institute disciplinary action against officials responsible for the non-compliance within a reasonable time period. <p>Target date: 30 Sept 2021</p>	<p>Completed.</p>
<p><u>Contract extension not approved in accordance with delegations</u></p> <p>The non-compliance constitutes irregular expenditure amounting to R680 440.</p>	<ul style="list-style-type: none"> Update the irregular expenditure register and the disclose note on the AFS. Institute disciplinary action against officials responsible for the non-compliance within a reasonable time period. <p>Target date: 30 Sept 2021</p>	<p>Completed.</p>
<p><u>No SDB4 form – Declaration of interest from international supplier</u></p> <p>Sole source supplier awards made for software licenses and no SBD4 form was submitted by the supplier, thus being in contravention of the Treasury Regulations Correspondence with the bidder reflected that an independence declaration was requested on acceptance of the offer.</p>	<ul style="list-style-type: none"> Update the compliance checklist for sole source procurement. <p>Q7191 was cancelled and a new process followed.</p> <p>Target date: 31 Aug 2021</p>	<p>Completed.</p>

ANNEXURE A – MATTERS AFFECTING THE AUDITOR’S REPORT

Audit Finding by AG	Action plan	Status
<p><u>Understatement of fruitless and wasteful expenditure.</u></p> <p>Interest incurred was not included in fruitless and wasteful expenditure on the AFS.</p>	<ul style="list-style-type: none"> Processes between financial management and supply chain to timeously report on the interest expense will be put in place. <p>Target date: 31 Aug 2021</p>	<p>Completed</p>
<p><u>Investigation of prior year fruitless and wasteful expenditure not conducted</u></p> <p>Lack of evidence to verify fruitless and wasteful expenditure identified in the prior financial year were investigated.</p>	<ul style="list-style-type: none"> Implementation of consequence management. <p>Target date: 31 Dec 2021</p>	<p>In progress</p>
<p><u>Long outstanding debtors not followed up timeously and continuously</u></p> <p>Some debtors are long outstanding debtors however no follow ups made with debtors relating to the long outstanding debt in terms of the debt recovery procedures required by the debtor management policy.</p> <p>The entity had controls in place for the collection of revenue due to the entity, however management did not adequately implement the controls.</p>	<ul style="list-style-type: none"> Management will enforce compliance with the relevant policy. <p>Target date: 30 Sept 2021</p>	<p>Completed</p>

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Overstatement of Trade debtors</u></p> <p>Differences were noted between the balance amounts confirmed by the debtors against the SANBI balances</p>	<ul style="list-style-type: none"> • Frequent monitoring of the recoverability of debt during financial year to be able to reliably determine recoverability of each debt at financial year end during the AFS preparation process. • Put in place the agreement with the tenant SAEON <p style="text-align: right;">Target date: 30 Sept 2021</p>	Completed
<p><u>Services in kind - Discrepancies between the AFS and Auditors recalculations</u></p> <p>National Zoological Gardens (NZG) – Pretoria rental not paid for the buildings utilized by the NZG, which constitutes services in kind revenue.</p>	<ul style="list-style-type: none"> • The reliability of the source of information being used to be reviewed closely <p style="text-align: right;">Target date: 28 Feb 2022</p>	In progress
<p><u>Misstatements within Revenue from the NZG</u></p> <p>Rental income - some transaction amount was found to differ to the amount confirmed per inspection of the supporting invoice inspected.</p> <p>Sales income - some transactions could not be traced to the sales general ledger accounts.</p> <p>Admission fees and parking fees (NZG) - differences were identified between the revenue as per the report, and the revenue noted from the NZG GL related accounts.</p>	<ul style="list-style-type: none"> • Venue hire transactions be timeously received. • Formalize rental contracts with vendors. • Monthly review of Plankton retailing system reports and review of the current practice <p style="text-align: right;">Target date: 30 Sept 2021</p>	Completed

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Overstatement of accrued expenses</u> Overstatement of accrued expenses amount.</p>	<ul style="list-style-type: none"> Current processes will be reviewed and strengthened to avoid future errors. <p style="text-align: right;">Target date: 30 Nov 2021</p>	<p style="text-align: center;">In progress</p>
<p><u>Understatement of Trade Payables</u> Some of the accruals should be classified as trade payables.</p>	<ul style="list-style-type: none"> Current procedures be reviewed and strengthened. <p style="text-align: right;">Target date: 30 Nov 2021</p>	<p style="text-align: center;">In progress</p>
<p><u>Prior year prepaid expenses not processed as expenses during the current financial year</u> Prepaid expenses amounting to R546 839 were disclosed and were not transferred to the relevant expense accounts.</p>	<ul style="list-style-type: none"> Process the required audited adjustment <p style="text-align: right;">Target date: 31 Jul 2021</p>	<p style="text-align: center;">Completed.</p>
<p><u>Non-disclosure of provision utilisation as required by GRAP</u> The portion of the provision that has been utilised during the respective financial year was not disclosed within the provision reconciliation as required by GRAP19 paragraph 98.</p>	<p>Updating of the reconciliations to comply with GRAP 19.</p> <p style="text-align: right;">Target date: 30 Nov 2021</p>	<p style="text-align: center;">In progress</p>

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Understatement of Commitments</u></p> <p>Some of the items could not be traced to the capital commitments register. This results in the capital commitments being understate.</p>	<ul style="list-style-type: none"> Management to obtain guidance from the auditors on how the corrections can be effected without amending prior year's signed off reports. Target date: 30 Nov 2021 	<p>In progress</p>
<p><u>Misstatement of commitments disclosure</u></p> <p>The contractual commitment relating to intangible assets was not separately disclosed as a commitment relating to Intangible assets as required by GRAP 31.</p>	<ul style="list-style-type: none"> Process the required audited adjustment Target date: 31 Jul 2021 	<p>Completed.</p>
<p><u>Misstatements in commitments disclosed in the AFS</u></p> <p>The capital commitment amount disclosed in note 30 was found to be understated.</p>	<ul style="list-style-type: none"> Process the required audited adjustment Target date: 31 Jul 2021 	<p>Completed.</p>
<p><u>Overstatement of contingent liabilities</u></p> <p>Overstatement in the contingent liability disclosure.</p>	<ul style="list-style-type: none"> Process the required audited adjustment Target date: 31 Jul 2021 	<p>Completed.</p>
<p><u>Incomplete disclosures pertaining to contingencies</u></p> <p>A reliable estimate in terms of GRAP 19 could be established and was disclosed, yet the timing of the outflow of economic benefits was uncertain and disclosure regarding this uncertainty was not disclosed for the below disclosed contingencies.</p>	<ul style="list-style-type: none"> Process the required audited adjustment Target date: 31 Jul 2021 	<p>Completed.</p>

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Misallocation of the repayment of accumulated surplus.</u></p> <p>Garden operating expenses and cash flow from operating activities were overstated by the R13,8 million repayment made, which is a material misstatement.</p>	<ul style="list-style-type: none"> • Process the required audited adjustment <p style="text-align: center;">Target date: 31 Jul 2021</p>	<p style="text-align: center;">Completed.</p>
<p><u>Misclassification of management fees arising from Principal-agent agreements</u></p> <p>Revenue received for managing Principal-agent projects was disclosed as part of non-exchange revenue which qualifies as an exchange transaction as SANBI is receiving compensation for the services provided to the Principal in managing the projects.</p>	<ul style="list-style-type: none"> • Develop a standard operating procedures. <p style="text-align: center;">Target date: 30 Nov 2021</p>	<p style="text-align: center;">In progress</p>

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Overstatement of executive remuneration</u></p> <p>An overstatement on executive management emoluments was noted on comparison of the AFS disclosed amount with the underlying payroll report.</p>	<ul style="list-style-type: none"> • Process the required audited adjustment <p style="text-align: center;">Target date: 31 Jul 2021</p>	<p>Completed.</p>
<p><u>Overstatement of defined contribution plan contributions disclosed in terms of GRAP 25.</u></p> <p>On note 18 of the AFS on employee benefits, the amount disclosed at R21 655 359 was overstated with an amount of R1 896 053,96 as it included contributions made in relation to the defined benefit plan.</p>	<ul style="list-style-type: none"> • The Actuaries that provided the GRAP 25 calculations and disclosure notes are to discuss this with the auditors. Process the required audited adjustment <p style="text-align: center;">Target date: 31 Jul 2021</p>	<p>Completed.</p>
<p><u>Discrepancies noted on the AFS</u></p> <p>Reference to the financial statements being prepared in accordance with Section 122(3) of the PFMA instead of S 91(1).</p> <p>Land was stated part of the cumulative expenditure disclosure under PPE that was in the process of being constructed or developed whilst it should have read buildings.</p>	<ul style="list-style-type: none"> • Process the required audited adjustment <p style="text-align: center;">Target date: 31 Jul 2021</p>	<p>Completed.</p>

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Disclosure not aligned to GRAP requirements</u></p> <p>The risk management the summary of quantitative data and its exposure to the market risks pertaining to interest risks as required by GRAP 104 paragraph was not disclosed. The effect on the sensitivity analysis of the market risks at year-end were not disclosed.</p>	<ul style="list-style-type: none"> • Process the required audited adjustment <p style="text-align: right;">Target date: 31 Jul 2021</p>	Completed.
<p><u>Budget adjustments disclosed without evidence proving approval</u></p> <p>Statement of comparison of budget and actual amounts included in the financial statements included adjustments that could not be validated to approvals from the executive authority.</p>	<ul style="list-style-type: none"> • Process the required audited adjustment Target date: 31 Jul 2021 • Obtain Executive Authority approval of the budget going forward. Target date: 31 Nov 2021 	Completed.
<p><u>Expenditure incurred in excess of the approved budget</u></p> <p>Expenditure had exceeded the budget by R10 427 281 thus resulting in irregular expenditure</p>	<ul style="list-style-type: none"> • Update budget statement to include the approved Wrench bequest spending. <p style="text-align: right;">Target date: 31 Jul 2021</p>	Completed.
<p><u>Non-compliance with disclosure requirements on the presentation of budget information</u></p> <p>Non-compliance with disclosure requirements indicated in GRAP 24.</p>	<ul style="list-style-type: none"> • Process the required audited adjustment <p style="text-align: right;">Target date: 31 Jul 2021</p>	Completed.

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Understatement of heritage assets through non-disclosure of drawings and artwork valuations</u></p> <p>The heritage assets inclusive of the collection of watercolour plates, pen and ink drawings housed at the Pretoria and Cape Town herbaria were not valued as per the disclosure.</p> <p>This resulted in an understatement of the heritage assets value reflected at R18 646 324 on the AFS.</p>	<ul style="list-style-type: none"> • Conduct a full assessment of the extent of the items to be valued. • A prior period error adjustment will be processed as and when the valuation is conducted and finalized. <p style="text-align: center;">Target date: 31 Mar 2022</p>	In progress
<p><u>Discrepancies in inventory records</u></p> <p>SANBI scheduled inventory counts were attended to confirm the implementation of inventory count procedures at SANBI stores and inventory holding locations. Differences were identified on comparison of inventory quantities included in the inventory records, with the inventory quantities counted during the year-end inventory count attendance.</p>	<ul style="list-style-type: none"> • SCM provide further training to the various centres. • Quarterly inventory counts and reconciliations will be performed. <p style="text-align: center;">Target date: 30 Nov 2021</p>	In progress
<p><u>Overstatement of inventory</u></p> <p>An item was recognized at selling price and not at the lower of cost price or net realizable value in terms of GRAP 12. This has resulted in a factual overstatement of R299 276.80 and a projected overstatement of inventory by R2 414 209.68.</p>	<ul style="list-style-type: none"> • SCM provide further training to the various centres. • Review processes will be strengthened over the valuation of inventory items. <p style="text-align: center;">Target date: 30 Nov 2021</p>	In progress

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Discrepancies between the AFS and underlying records</u></p> <p>The total of inventory as per the AFS disclosure did not agree to the inventory value as per the supporting stock status (issue and receiving) reports at financial year end.</p>	<ul style="list-style-type: none"> Processes to review the supporting documentation to the financial statements will be reviewed and strengthened <p style="text-align: right;">Target date: 28 Feb 2022</p>	In progress
<p><u>Nursery inventory items were not accounted for in the AFS</u></p> <p>Some of the plants held in the various garden nurseries are propagated and grown for use in the landscaped and natural areas of the gardens in which the SANBI provides services to the public.</p> <p>These plants were not recognised and disclosed. This therefore resulted in the inventory value disclosed in note 5 of the AFS being understated by the auditor's estimate of R4,67million.</p>	<ul style="list-style-type: none"> SCM provide further training to the various centres. Include nursery inventory to the inventory management policy as a separate category of inventory held within the institute. <p style="text-align: right;">Target date: 30 Nov 2021</p>	In progress
<p><u>Information not provided for audit purposes</u></p> <p>Requested information has not been provided within the agreed upon timeframes. This has resulted in a limitation on the audit of inventory movements, which represent a net increase movement of R1 550 655.</p>	<ul style="list-style-type: none"> The information was submitted through the audit controller. The audit controller should be reprimanded for not submitting the information timeously. <p style="text-align: right;">Target date: 31 July 2021</p>	Completed

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Information not provided for audit purposes</u></p> <p>Supporting documentation for the assumptions relating to the services in kind disclosed on note 41 of the AFS in relation to the Mokopane Guesthouse was not submitted. The results is a limitation on the audit of services in kind revenue relating to the Mokopane building rentals which amounts to R2 083 800 disclosed within Use of buildings and facilities in note 41 of the AFS.</p>	<ul style="list-style-type: none"> • The current measurement of the administration building at Mokopane will be verified and evidence maintained. • Evidence of all variables used in the determination of the value of using the buildings at Mokopane will be maintained. <p style="text-align: right;">Target date: 28 Feb 2022</p>	<p style="text-align: center; background-color: yellow;">In progress</p>
<p><u>Limitation of scope on prepaid expenses</u></p> <p>An amount of R775 567.50 ineffectually detailed to allow selection of sample items that contribute to the disclosed prepaid expenses.</p>	<ul style="list-style-type: none"> • The processes around the retention of records on prepaid expenses will be reviewed. <p style="text-align: right;">Target date: 30 Nov 2021</p>	<p style="text-align: center; background-color: yellow;">In progress</p>
<p><u>Information not provided for audit purposes</u></p> <p>The requested information was not provided within the agreed upon timeframes. This resulted in in a limitation on the audit of services in kind which is disclosed at R314 397 on note 41 of the financial statements.</p>	<ul style="list-style-type: none"> • A refined and improved method of extracting information and evidence will be implemented retrospectively from the period beginning April 2021. <p style="text-align: right;">Target date: 30 Nov 2021</p>	<p style="text-align: center; background-color: yellow;">In progress</p>

ANNEXURE B – OTHER IMPORTANT MATTERS

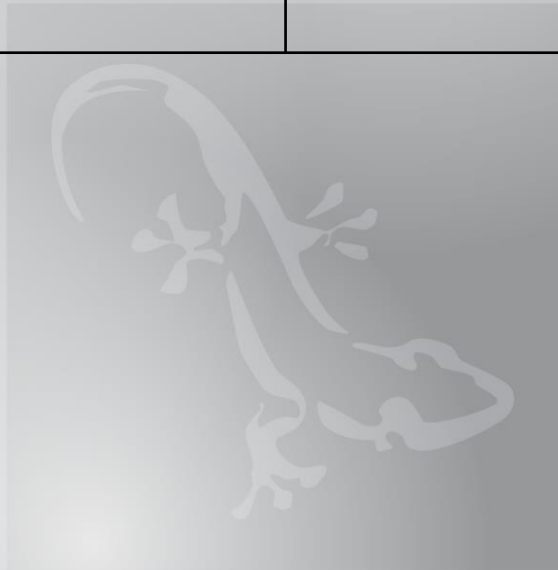
Audit Finding by AG	Action plan	Status
<p><u>Lack of contract performance monitoring</u></p> <p>The implementation of performance management controls was deficient as there was no performance management report completed for the year under review.</p> <p>Did not always implement the relevant controls that ensure that performance monitoring is performed on all the contracts consistently for every financial year as required.</p>	<ul style="list-style-type: none"> SCM will continue to enforce performance monitoring of contracts by project leaders <p style="text-align: center;">Target date: 30 Sept 2021</p>	<p>Completed</p>
<p><u>Internal Audit independent external quality assessment not performed</u></p> <p>No independent external quality assessment has been performed on the work of Internal Audit as required by the Treasury Regulations. This resulted in non-compliance with the Treasury Regulations</p>	<ul style="list-style-type: none"> The external quality assurance review process is in progress and due for completion in August 2021. <p style="text-align: center;">Target date: 30 Sep 2021</p>	<p>Completed</p>
<p><u>Non-compliance with the requirements of the Public Audit Act pending limitation of scope Audit Finding</u></p> <p>The submission on 31 May 2021 did not include prepaid expenses schedule, impairment loss schedule, accrued service bonus schedule and living resource register.</p>	<ul style="list-style-type: none"> The checklist for submission of the external audit file should be updated accordingly. <p style="text-align: center;">Target date: 30 Nov 2021</p>	<p>Completed</p>

ANNEXURE B – OTHER IMPORTANT MATTERS

Audit Finding by AG	Action plan	Status
<p><u>B-BBEE report not submitted to B-BBEE Commission</u></p> <p>B-BBEE compliance assessment for the 2019/20 financial year B-BBEE reporting, it was noted that there was no proof of submission of the B-BBEE 1 form as required by the act and regulations. This resulted in non-compliance with legislative requirements for B-BBEE compliance</p>	<ul style="list-style-type: none"> • BBBE report to be submitted and evidence retained. <p style="text-align: right;">Target date: 31 Oct 2021</p>	<p>Completed</p>
<p><u>Annual performance report not prepared in terms of the Annual Report Guide for public entities</u></p> <p>Reasons for targets revised during the financial year through approvals received from the executive authority were not provided.</p> <p>Disclosure of the performance achievements against the originally approved annual performance plan targets were not made as per the annual report guide.</p>	<ul style="list-style-type: none"> • Amend the annual performance report to ensure that it complies with the updated National Treasury guidelines on the reporting on predetermined objectives. <p style="text-align: right;">Target date: 31 Aug 2021</p>	<p>Completed</p>
<p><u>Payroll reconciliations</u></p> <p>Differences were noted between the AFS and TB on employee related costs. This resulted in an overstatement of employee related costs in the financial statements amounting to R135 557.</p>	<ul style="list-style-type: none"> • Review monthly reconciliations and strengthen to ensure alignment between records and the amounts disclosed. The capacity in the payroll unit will also be addressed. <p style="text-align: right;">Target date: 30 Nov 2021</p>	<p>In progress</p>

ANNEXURE C – ADMINISTRATIVE MATTERS

Audit Finding by AG	Action plan	Status
<p><u>Overtime Approval</u></p> <p>The signed overtime approval occurred after the overtime had been worked, and not before commencement of working overtime as required by the policy: This is regarded as an internal control deficiency through non-adherence to internal policies.</p>	<p>Supervisors will be reminded of the need to strictly adhere to the requirements of the policy.</p> <p>Target date: 30 Sep 2021</p>	<p>Completed</p>



CONSEQUENCE MANAGEMENT



CONSEQUENCE MANAGEMENT – IRREGULAR EXP INCURRED IN 2020/21 (AS PER NOTE 39 ON AFS)

No of Transactions	Total Value	Findings	Recommended Action	Status	Salary Levels
3	R1 341 640	<p>Employees did not adhere to the delegations of authority policy.</p> <p>The investigation found that the respective managers applied the incorrect clauses of the delegations of authority.</p>	Disciplinary action should be taken against the employees.	Disciplinary actions were concluded with warning letters. The transactions have been condoned by National Treasury. Completed.	1 x Level 15; 1 x Level 14; 1 x Level 13
6	R15 580 428	<p>Procurement processes were not followed.</p> <p>The investigation found that the respective managers did not pay attention to the expiry dates of respective contracts.</p>	Disciplinary action should be taken against the employees.	Disciplinary actions were concluded with warning letters. The transactions have been condoned by National Treasury. Completed.	1 X Level 13; 1 x Level 12
1	R176 820	Local content and production percentage not stipulated on the SBD 6.2 form	Investigation is still in progress. (End Feb 2022)	In progress	Not yet determined
1	R390 454	Procurement processes were not followed.	Investigation is still in progress. (End Feb 2022)	In progress	Not yet determined
	R17 489 342	Total			

CONSEQUENCE MANAGEMENT – IRREGULAR EXP INCURRED IN 2019/20 (AS PER NOTE 39 ON AFS)

No of Transactions	Total Value	Findings	Recommended Action	Status	Salary Levels
17	R84 760 906	<p>Procurement processes were not followed.</p> <p>The investigation found that the respective managers did comply with the SCM policy and processes.</p>	Disciplinary action should be taken against the employees.	Disciplinary actions were concluded with warning letters. The transactions have been condoned by National Treasury. Completed.	1 x Level 14; 1 X Level 13; 1 x Level 12; 1 x Level 11; 2 X Level 5
114	R38 153 310	<p>Local content and production percentage not stipulated on the SBD 6.2 form</p> <p>The investigation found that SCM did not pay attention to the requirements of local content.</p>	Disciplinary action should be taken against the employees. Training should be provided to SCM.	Disciplinary actions were concluded with warning letters. The transactions have been condoned by National Treasury. Completed.	1 x Level 13
	R 122 914 216	Total			

CONSEQUENCE MANAGEMENT – IRREGULAR EXP INCURRED IN 2019/20 (AS PER NOTE 39 ON AFS)

No of Transactions	Total Value	Findings	Recommended Action	Status	Salary Levels
4	R35 612 466	<p>Procurement processes were not followed.</p> <p>The investigation found that the respective managers did comply with the SCM policy and processes.</p>	Disciplinary action should be taken against the employees .	<p>Disciplinary actions were concluded with warning letters.</p> <p>The requests for condonation have been submitted to National Treasury..</p> <p>In progress (End Feb 2022)</p>	1 x Level 14
25	R2 071 903	Procurement processes were not followed	Investigation is still in progress. (End Feb 2022)	In progress	Not yet determined

CONSEQUENCE MANAGEMENT – FRUITLESS AND WASTEFUL INCURRED IN 2020/21 (AS PER NOTE 40 ON AFS)

No of Transactions	Total Value	Findings	Recommended Action	Status
4	R92 110	Interest charged on overdue accounts. Payments were not made timeously to suppliers.	Referred to the Loss Control Committee (End Feb 2022)	Investigation concluded. Awaiting recommendations of the Loss Control Committee. In progress
1	R395 655	Penalties and interest charged on late payment of UIF	The investigation is still in progress. (End Feb 2022)	In progress
14	R100 250	Expired stock at the NZG kiosks and stores due to low demand from customers	Referred to the Loss Control Committee (End Feb 2022)	Investigation concluded. Awaiting recommendations of the Loss Control Committee. In progress
	R588 015	Total		

THANK YOU

