

# SCOPA BRIEFING NOTE



PFMA audit outcomes of the 2020-21 financial year for

**Casidra SOC Ltd**

1 February 2022

*Issued under embargo until  
SCOPA is briefed on the audit outcome*



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

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## 1. Introduction

### 1.1 Reputation promise of the Auditor-General of South Africa

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

### 1.2 Purpose of this document

The purpose of this document is to provide an executive summary of the audit outcomes of the financial audit, the audit of performance information and the audit of compliance with key legislation of the Casidra SOC Ltd for the 2020-21 financial year.

### 1.3 Overview

Casidra is a public entity resorting under the oversight responsibility of the Western Cape Minister of Economic Opportunities. Casidra's mission is to maximise agriculture and economic opportunities in rural communities through project management excellence.

### 1.4 Organisational structure

Designation	Incumbent
MEC	Minister Ivan Meyer
Accounting authority (chairperson of the board)	Mr Ainsley Moos
Chief executive officer	Mr Stuart Symington
Chief financial officer	Mr Freek van Zyl

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## 1.5 Funding

As disclosed in the detailed financial statements on page 52 of the entity’s annual report, Casidra spent R39 242 766 (2019-20: R43 059 598) on operating expenditure. This excludes project expenditure of R285 958 977 (2019-20: R275 829 195) as disclosed in the annexure to the financial statements on page 74 of the entity’s annual report.

## 2. Audit opinion history

Details	2020-21	2019-20	2018-19
Audit opinion			
Findings on compliance with key legislation	No	Yes	Yes
<ul style="list-style-type: none"> <li>Material misstatements in financial statements submitted</li> </ul>	No	No	No
<ul style="list-style-type: none"> <li>Procurement and contract management</li> </ul>	No	Yes	Yes
<ul style="list-style-type: none"> <li>Revenue management</li> </ul>	No	No	No
<ul style="list-style-type: none"> <li>Expenditure management</li> </ul>	No	No	No
<ul style="list-style-type: none"> <li>Strategic planning and performance management</li> </ul>	No	No	No
<ul style="list-style-type: none"> <li>Consequence management</li> </ul>	No	No	No
Findings on predetermined objectives	Yes	Yes	Yes
Internal control deficiencies	Yes	Yes	Yes

### Audit opinions

	CLEAN AUDIT OPINION (no findings on performance information or compliance with laws & regulations)
	UNQUALIFIED with findings on performance information and/or compliance
	QUALIFIED AUDIT OPINION (with or without findings)
	DISCLAIMER/ADVERSE AUDIT OPINION

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## 2.1 Additional matter

**Unaudited supplementary schedules:** The supplementary information set out on pages 69 to 74 of the entity's annual report, does not form part of the annual financial statements and is presented as additional information. We have not audited these schedules and we will not express an opinion on them.

## 3. Key focus areas

### 3.1 Compliance focus areas

No material findings were raised on any of the compliance focus areas indicated in paragraph 2 of this document.

### 3.2 Performance information

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3: rural infrastructure development and poverty alleviation	24 to 26

#### 3.2.2: Number of projects contracted with government departments and private institutions implemented from previous financial years

- I was unable to obtain sufficient appropriate audit evidence for the achievement of 51 items for indicator 3.2.2 (Number of projects contracted with government departments and private institutions Implemented from previous financial years) reported against target of 36 items in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.
- I did not identify any material findings on the usefulness of the reported performance information for this programme.

#### Other matters

- I draw attention to the matters below:

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### Achievement of planned targets

- Refer to the annual performance report on pages 24 to 26 for information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement of targets. This information should be considered in the context of the material finding on the reliability of the reported performance information in relating to indicator 3.2.2 above.

### Adjustment of material misstatements

- I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 3: rural infrastructure development and poverty alleviation. As management subsequently corrected only some of the misstatements, I raised a material finding on the reliability of the reported performance information. Those that were not corrected are reported above.

### 3.3 Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

- The annual performance report contained misstatements that were not corrected. For indicator 3.2.2 there was insufficient evidence to substantiate when the projects were implemented in the previous financial years.

## 4. SCOPA resolutions

Page 31 of the company's annual report details feedback on the resolutions or matters of concern included/raised in the prior year's *Report of the Standing Committee on Public Accounts*.

## 5. Emerging risks

### 5.1 New pronouncements

**Standards of GRAP:** The ASB, on a regular basis, issues new GRAP standards and interpretations. These standards only become effective once an effective date has been gazetted by the Minister of Finance. A number of GRAP standards and interpretations have been issued by the ASB, but the effective dates have not yet been gazetted. Entities are encouraged to familiarise themselves with such standards to ensure that adequate processes are put in place to ensure full compliance once the standards become effective.

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## 5.2 Audit findings on the annual performance report that may have an impact on the audit opinion in future

The planned and reported performance information of selected programme was audited against the following additional criteria as developed from the performance management and reporting framework:

- **Presentation and disclosure – overall presentation:** Overall presentation of the performance information in the annual performance report is comparable and understandable.
- **Relevance – completeness of relevant indicators:** Completeness of relevant indicators in terms of the mandate of the auditee, including:
  - relevant core functions are prioritised in the period under review
  - relevant performance indicators are included for the core functions prioritised in the period under review
  - customised indicators related to the core functions prioritised for the year under review are included in planning documents.

Material audit findings arising from the audit against the additional criteria do not have an impact on the audit opinion of the selected programme in this report. However, it may impact on the audit opinion in future.

No material findings were identified in respect of the additional criteria.

## 5.3 Possible impact of the judgment handed down by the Supreme Court of appeal regarding the principal – agent classification for auditees

The impact of the judgement handed down on 4 October 2021 by the Supreme Court of Appeal (SCA) in favour of the MEC for Economic Opportunities, Western Cape regarding the classification of principal-agent relationship when transfer payment occur will be assessed for all auditees within the business unit.

The principles of the judgement will be applied through technical consultations and will be applied prospectively as applicable.

This may have an impact on disclosures within the financial statements where similar findings have been raised in the past.