

**PROGRESS ON THE IMPLEMENTATION OF THE ARC CONTROLS AND EFFICIENCIES IMPROVEMENT PLAN (ACE.IP)**

<b>FILE NUMBER</b>	ACE.IP Progress – 31 Dec 2021
<b>ARC OUTCOME</b>	A High-Performing and Sustainable Organisation
<b>ARC OUTPUT</b>	Funding and Revenue Generation Cost Efficiencies
<b>SPECIFIC PROJECT DETAILS</b>	Governance and Financial Management
<b>PURPOSE OF SUBMISSION</b>	To provide progress on the implementation of the ARC' Controls and Efficiencies Improvement Plan for the period ended 31 December 2021
<b>WHAT THE SUBMISSION IS RECOMMENDING</b>	The committee recommends the progress report on the implementation of the ARC' Controls and Efficiencies Improvement Plan: (a) Audit & Risk Committee recommends to Council for Approval
<b>APPENDICES</b>	1. Finance AIP 2. SCM AIP 3. Infrastructure AIP 4. ICT AIP 5. FMD Project Report
<b>WHO IS THE SUBMISSION INTENDED FOR</b>	Audit and Risk Committee Council
<b>SUPPORTED BY:</b>	
<b>COMPOSER / DRAFTER OF THE SUBMISSION</b>	Ms Maureen Manyama Chief Financial Officer
<b>DATE OF SUBMISSION</b>	05 January 2022 18 January 2022 [updated after EMC]

**PROGRESS REPORT ON THE IMPLEMENTATION OF THE AGRICULTURAL  
RESEARCH COUNCIL' S CONTROLS AND EFFICIENCIES IMPROVEMENT PLAN  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

## **1. PURPOSE**

The purpose is to provide progress report on the implementation of the Agricultural Research Council's Controls and Efficiencies Improvement Plan for the period ended 31 December 2021.

## **2. BACKGROUND**

The Agricultural Research Council (ARC) has received a Qualified Audit Opinion for five (5) consecutive financial years since 2016/17 Financial Year to date.

### **2.1 Analysis of Qualification Areas over the five years**

An analysis of the audit findings raised over the years is outlined below:

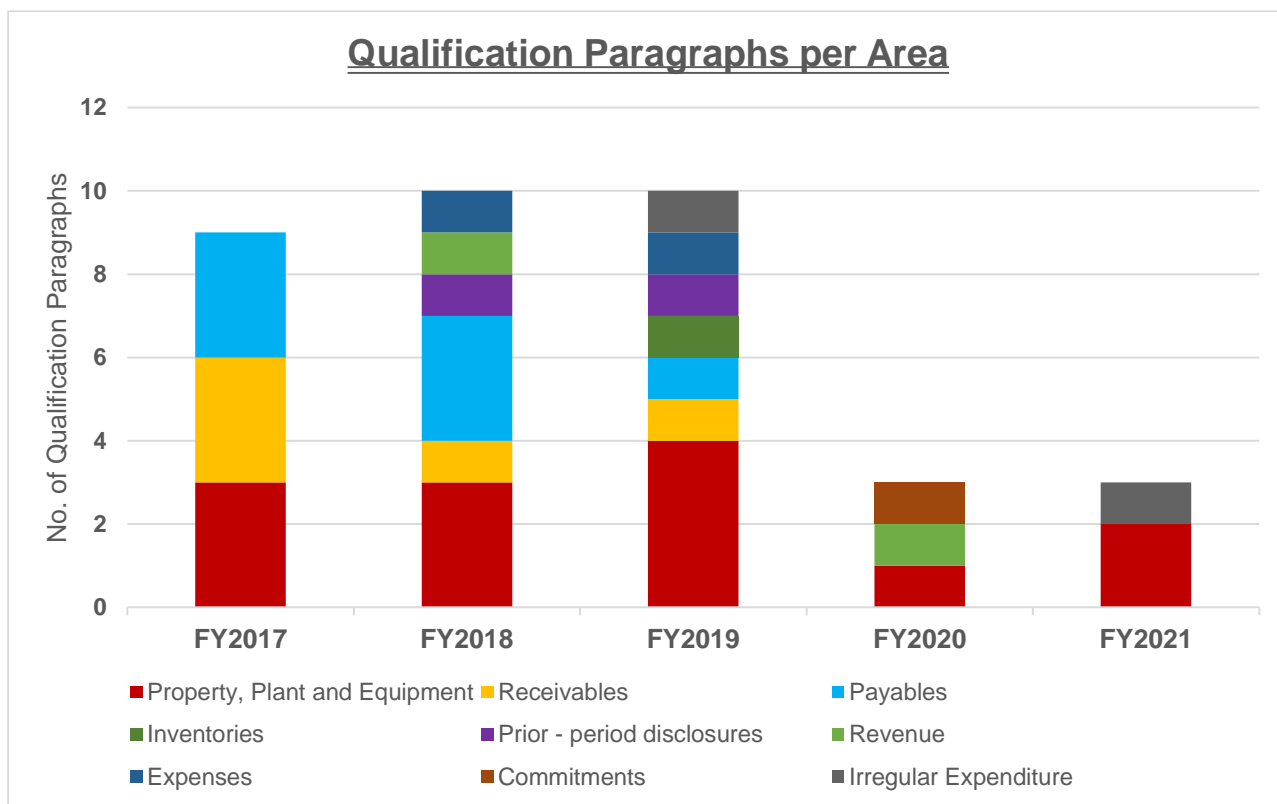
<b>Basis for Qualified Opinion</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
Property, Plant and Equipment					
Receivables					
Payables					
Inventories					
Prior - period disclosures					
Revenue					
Expenses					
Commitments					
Irregular Expenditure					

**Legend:**

	Audit findings raised
	No Audit Findings raised

## 2.2 Number of qualifications paragraphs per area per financial year

The number of qualifications paragraphs per area over the financial year:



### The Basis of Qualification paragraphs unpacked:

Property, Plant and Equipment:	
FY2017	<p><b>(a)</b> Recognition of property, plant and equipment when they are available for use, Prior year additions to property plant and equipment were incorrectly recognised in current financial year, Assets under construction from prior years were not capitalised and depreciated when they are available for use.</p> <p><b>(b)</b> Property, plant and equipment were depreciated without taking in account the useful lives and residual values of the assets as determined in the accounting policy.</p> <p><b>(c)</b> Furthermore, items of property, plant and equipment disposed and/or destroyed and assets still in transit could not be verified because of inadequate processes to maintain the fixed asset register.</p>
FY2018	<p><b>(a)</b> The ARC did not have adequate systems to record and maintain proper accounting records and maintain proper accounting records of property, plant and equipment, which was identified between the net carrying value of property , plant and equipment , the reconciliation for the movement and the fixed asset register.</p>

<b>Property, Plant and Equipment:</b>	
	<p><b>(b)</b> Recognition of property, plant and equipment when they were available for use. Assets under construction were not capitalised and depreciated when they were available for use and some expenses were incorrectly recognised as assets.</p> <p><b>(c)</b> The ARC did not review the residual values and useful lives of property, plant and equipment at each reporting date. In addition, did not correctly apply the requirements of Directive 7 "Application of deemed cost", the cost price of multiple items of property plant and equipment was incorrectly valued.</p>
FY2019	<p><b>(a)</b> The ARC did not review the residual values and useful lives of property, plant and equipment in accordance. In addition, some of the items of property, plant and equipment recorded at zero and R1 values, however these assets were still in use.</p> <p><b>(b)</b> The public entity did not measure assets acquired through non-exchange transactions at fair value at the date of acquisition.</p> <p><b>(c)</b> Furthermore, I was unable to obtain sufficient appropriate audit evidence to confirm assets under construction balances.</p>
FY2020	<p><b>(a)</b> I was unable to obtain sufficient appropriate audit evidence to confirm the prior period (restatement) cost of property, plant and equipment (Land) and corresponding revaluation surplus.</p>
FY2021	<p><b>(a)</b> The ARC did not have adequate systems to record and maintain proper records for all classes of property, plant and equipment.</p> <p><b>(b)</b> There were material differences between the financial statements and the fixed assets register.</p> <p><b>(c)</b> Furthermore, I was unable to obtain sufficient appropriate evidence on prior year adjustment to the corresponding cost of the building, related depreciation, impairment reversal and revaluation surplus, arising from change in accounting policy.</p>
Comments:	<p><b>(a)</b> The ARC started on the back foot with the differences between FAR and AFS due to late submission of scrapping and impairment journals which were only processed through the GL, this should not be allowed going forward.</p> <p><b>(b)</b> The revaluation also took place outside the asset master, which should be avoided at all costs in future. The planning should be better in future, and the SCM delays should be addressed and taken into account.</p> <p><b>(c)</b> There is an urgent need to improve the layout of the current FAR and bring on board capacity to clean it up (verification, merging assets, tagging) and also ensure the credibility of the FAR is not questioned.</p> <p><b>The internal processes are not fully supported to clean-up the FAR and cannot be relied upon due to the issue of skills and also the lack of clarity on the roles between the Facility Dept. and Finance Dept.</b></p>

<b>Receivables:</b>	
FY2017	<p><b>(a)</b> The ARC did not have adequate systems to maintain records of the other debtors.</p> <p><b>(b)</b> The public entity offset other payables against other debtors, contrary to requirements of GRAP 1.</p> <p><b>(c)</b> Trade debtors with evidence of impairment were not provided for and some trade debtors were further recorded at incorrect amounts.</p>
FY2018	<b>(a)</b> The ARC did not have adequate systems to maintain proper records of staff debtors and did not ensure adequate reconciliation of outstanding staff advances.
FY2019	<b>a)</b> The ARC did not maintain proper accounting records on trade debtors, staff debtors and the revenue from services rendered.
Comments:	<b>(a)</b> It's important that this is maintained, proper filing is emphasized and the ARC do not regress.

<b>Payables from exchange transactions:</b>	
FY2017	<p><b>(a)</b> The ARC did not have adequate systems to maintain records of the other payables and payments received in advance.</p> <p><b>(b)</b> The public entity offset other payables against other debtors, contrary to requirements of GRAP 1 (WIP).</p> <p><b>(c)</b> Recognised amounts as liabilities which did not meet the definition of liabilities.</p>
FY2018	<p><b>(a)</b> The ARC did not have adequate systems to maintain records of the other payables and payments received in advance.</p> <p><b>(b)</b> The public entity offset other payables against other debtors, contrary to requirements of GRAP 1 (WIP).</p> <p><b>(c)</b> Short-term employee benefits in the form of accrued leave pay was not accurately and completely recognised, therefore overstated.</p>
FY2019	<b>(a)</b> The ARC did not maintain proper accounting records on other payables, the operating and administrative expenditure and payments received in advance.
Comments:	<b>(a)</b> It's important that this is maintained, proper filing is emphasized and the ARC do not regress.

<b>Inventories</b>	
FY2019	<b>(a)</b> The ARC recognises all living resources as inventories, and not only the items used for research purposes, as required by GRAP 27 Biological assets. .The bearer plants remain unaccounted for as property, plant and equipment as they were expensed. The public entity did not maintain proper accounting records, of the bearer plants, and non-research livestock.
Comments:	<b>(A)</b> It's important that this is maintained, proper filing is emphasized and the ARC do not regress.

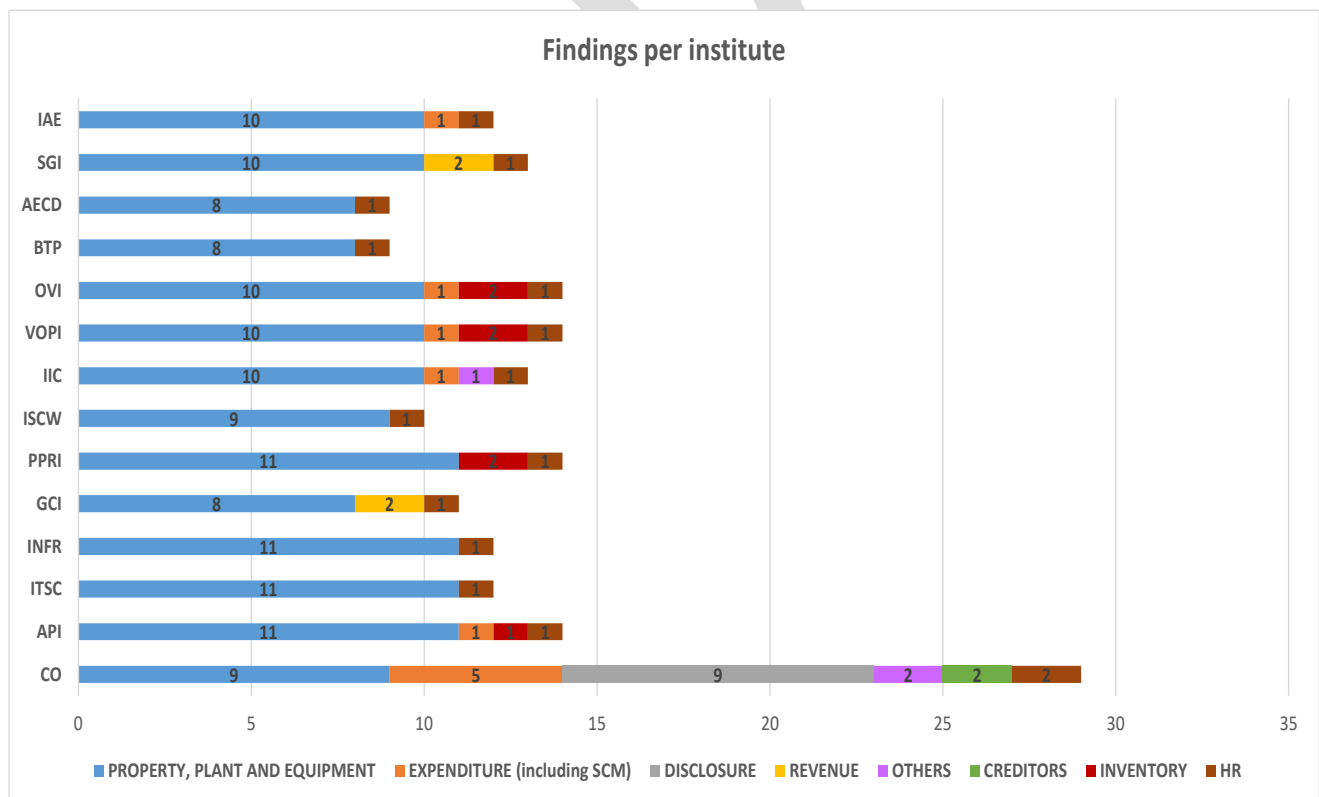
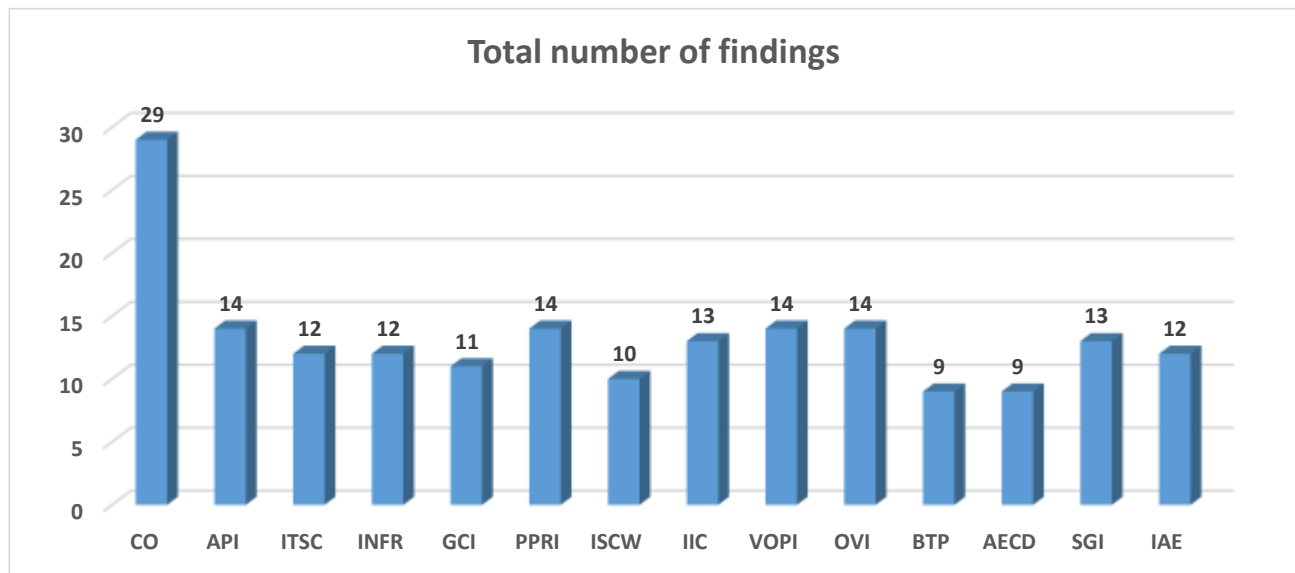
<b>Prior Period Disclosure</b>	
FY2018	<b>(a)</b> The ARC did not have adequate systems to maintain proper records on restatement of the receivables from exchange transactions, property, plant and equipment, payable from exchange transactions and accumulated surplus.
Comments:	<b>(a)</b> It's important that this is maintained, proper filing is emphasized and the ARC do not regress.

<b>Revenue from exchange transactions</b>	
FY2018	<b>(a)</b> Uncorrected material misstatements on sale of goods, rental of facilities and equipment, other income and rendering of services.
FY2019	<b>(a)</b> Revenue from rendering of services did not meet the recognition criteria and also not recognised in the correct period.
FY2020	<b>(a)</b> Revenue from rendering of services did not meet the recognition criteria and also not recognised in the correct period. Consequently, income received in advance being understated.
Comments:	<b>(a)</b> It's important that this is maintained and the ARC do not regress.

<b>Expenses</b>	
FY2018	<b>(a)</b> Uncorrected material misstatements on operating and administrative expenses and depreciation.
Comments:	<b>(a)</b> The ARC must continue to do all the cut-off process, and ensure that expenses are recorded in the correct period and fully supported.

<b>Commitments:</b>	
FY2020	<b>(a)</b> The commitments disclosed included cancelled contracts as well as payments already made on confirmed orders.
Comments:	<b>(a)</b> It's important that this is maintained and the ARC do not regress.

## 2.3 Total Number of findings raised per Institute, and related area FY2021



# Others – refers to IIC (Lease agreements which could not be submitted for audit purposes) and CO [(a) CEO performance agreement FY2021 not signed; (b) Internal Audit Quality Assurance not performed].

## 2.4 FY2021 Audit Improvement Plan as at year – end

The Audit Improvement Plan has been drafted to serve as a framework for the ARC to embark on, to ultimately achieve a clean audit outcome. An audit improvement plan was developed for the FY2020/21 and the status of implementation as reviewed by Internal Audit [per report issued was outlined as follows:

No.	Commitment	Made by	Status @ 30/04/2021	Status as at to - date
1	Conclude all long – outstanding Disciplinary cases relating to Irregular Expenditure; Fruitless and Wasteful Expenditure, from Prior Financial years (up to FY2018/19)	GE: HR & Legal (Lead) & Relevant executives	In progress	Resolved
2	Conclude Disciplinary cases relating to Irregular Expenditure and Fruitless & Wasteful expenditures, for FY2019/20.	GE: HR & Legal (Lead) & Relevant executives	In progress	In progress
3	Ensure the Financial Statements, reconciliations are reviewed and supported by adequate supporting documentation. Focus on the following: - Income Received In Advance - Rendering of Services - Prior Year Error: PPE [Land revaluation] - Commitments	CFO GM: Finance	Resolved	Resolved
4	Institute Trial Balances to be signed off	Institute FMs	Resolved	Resolved
5	CAPEX Open Purchase Order report - Report script to be documented and locked - Monthly review of the Open POs report	CFO GM: Finance SM:SCM	Resolved	Resolved
6	Revaluation of all ARC Buildings, land and/or properties identified for sale and determining the market related rentals.	SM: Infrastructure [GE: ICT & Infrastructure] GM: Finance [CFO]	In progress	Resolved
7	Request for condonation to National Treasury	CEO CFO	In progress	Resolved
8	National Treasury support to be sought prior approval of any single source selection above R500k	SM: SCM CFO	Resolved	Resolved



No.	Commitment	Made by	Status @ 30/04/2021	Status as at to - date
9	Set – up a panel of Repairs and Maintenance service providers, through a tender process	SM: SCM CFO	Resolved	Resolved
10	Monthly reviews of Open Purchase Order reports, GRNs not yet invoiced.	SM: SCM CFO	Resolved	Resolved
11	False declarations and non-declaration by suppliers on SBD4 forms	SM: SCM CFO	In progress	Resolved
12	Late submission of Procurement Plan internal control deficiencies	SM: SCM CFO	In progress	Resolved
13.	Monthly reviews of Contract Register	SM: SCM CFO	Not resolved	Not resolved
13	Assets under construction not transferred in the correct period	GM: Finance CFO	In progress	Resolved

## 2.5 Status of FY2020 Qualification Paragraphs, on the Auditors Report

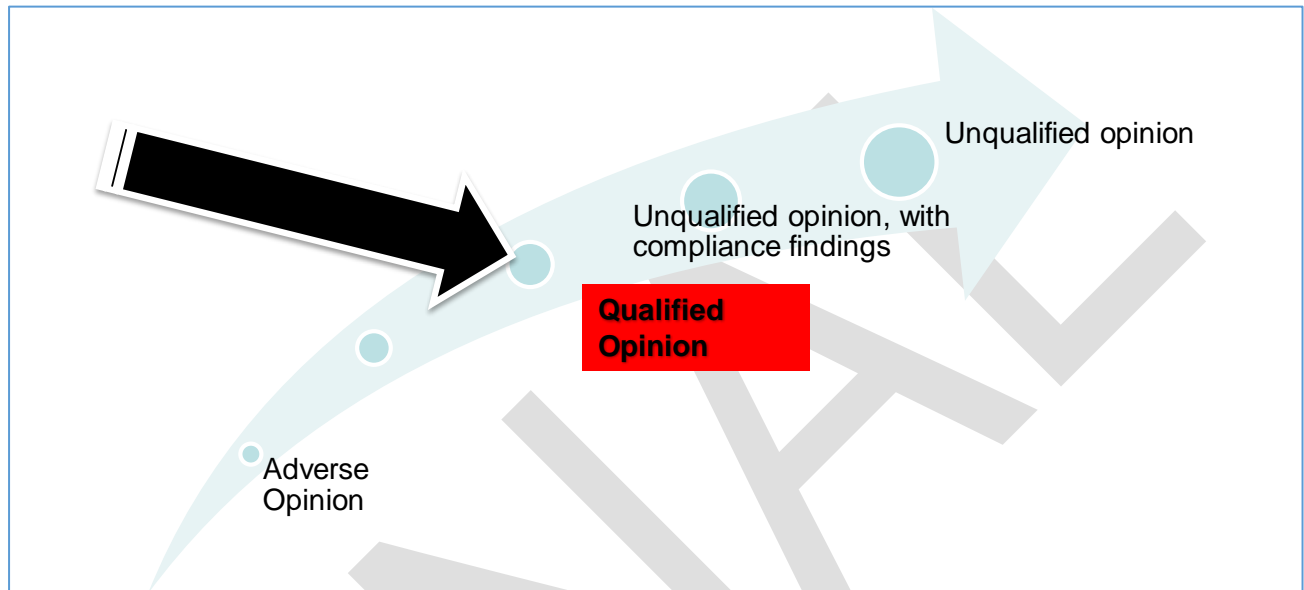
The Auditors Report for FY2020 indicated a Qualification outcome, which is based on the areas outlined below:

Area	Status as at 31 March 2021
<b>Property, Plant and Equipment</b> Land prior year adjustment	Resolved
<b>Revenue from Rendering of Services</b> <ul style="list-style-type: none"> <li>Revenue recognition</li> <li>Income received in advance</li> </ul>	Resolved
<b>Commitments</b> <ul style="list-style-type: none"> <li>Capital commitments</li> </ul>	Resolved

### 3. MOTIVATION/S FOR CONSIDERATION

#### 3.1 FY2021 AUDIT OUTCOME

The ARC has received a Qualified Audit Opinion for five (5) consecutive years since FY2016/17 to date.



#### 3.2 INTERNAL CONTROL DEFICIENCIES OUTLINED IN THE MANAGEMENT REPORT

The internal control deficiencies outlined in the Management Report issued by the Auditor General of South Africa (AGSA) are as follows:

Area	Deficiencies
Leadership	Oversight responsibility
	Policies and Procedures
	Action plans to address internal controls deficiencies
Financial and Performance Management	Proper record keeping
	Processing and reconciling control
	Regular reporting

Area	Deficiencies
	Compliance monitoring
	IT systems controls
Governance	Internal Audit
	Audit Committee

The following initiatives are recommended by the external auditors to address the root causes:

- Implement stringent controls over the processing and reconciling of transaction to ensure uniformity across all institutes.
- Emphasise the importance of proper record – keeping throughout the year of the basic accounting records at least.
- Organise regular compliance and GRAP training for all officials to improve interpretations.
- Strengthen the review and authorization of transactions at Institute and Central Office level.

### 3.3 UNCORRECTED MISTATEMENTS AS PER THE REPRESENTATION LETTER

Information NOT provided		
	Instance	Reason
<b>Uncorrected misstatements relating to the audit of the financial statements (2021)</b>		
	Financial statement item	Misstatement (R)
1.	Property, Plant and Equipment	Not quantifiable
2.	Revaluation Surplus	16 585 941
3.	Assets that could not be verified for existence	8 572 577
4.	Impairment reversal	4 253 751
5.	Buildings leased out to tenants classified as investment property	5 484 585
6.	Assets that could not be verified: movable assets	1 588 261
7.	Depreciation and amortisation	Not quantifiable
8.	Misstatements noted on depreciation	54 949 604
9.	Impairment reversal	4 253 751
10.	Sale of goods in agricultural activities	1 445 036
11.	Rendering of services	(543 916)

Uncorrected misstatements relating to the audit of the financial statements (2020)			
1.	Property, Plant and Equipment		Not quantifiable
2.	Revaluation Surplus		364 238 266
3.	Depreciation		Not quantifiable
4	Prior period error note: impairment (Accumulated surplus)		46 746 461
	Uncorrected misstatements relating to the audit of predetermined objectives		
	Subject matter	Indicator	Misstatement
1.	Not applicable, no misstatements identified		
	Instances of non-compliance relating to the compliance audit		
	Subject matter	Reference to legislation	Description of non-compliance
1.	Annual financial statements	PFMA55(1)	<p>The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.</p> <p>Material misstatements of contingencies and financial instruments identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.</p>
2.	Expenditure management	PFMA section 51(1)(b)(ii)	Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R2 488 097 as disclosed in note 44 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance to treasury regulations.

### 3.4 ROOT CAUSES

Findings Number	Root Causes	Page x of 330 on the MR	Initiatives addressing the Root Causes
1 – 8	No root causes mentioned on the MR	8 - 89	Initiative 6 [6.1 to 6.8]
9	The approval to remove the irregular expenditure did not occur within the reporting period and the resolution was passed as at 31 May 2021.	90	Initiatives 1.3 and 22.1.1
10	<p>Management did not ensure accurate carrying amounts were calculated to compare to the valuation amounts at 31 March 2019.</p> <p>Management further did not ensure the calculations for the revaluation gain or loss for 31 March 2021 is accurate due to the issues noted in issue ii and iii above.</p>	106	Initiative 6 [6.1 to 6.8]
11	<p>Management only instructed the valuation experts in March 2021, which was not sufficient time for the change in accounting policy to be presented and disclosed in accordance with the GRAP standards.</p> <p>Management was further not clear in instructing the valuation experts regarding what period –(s) should be covered by the valuation, as the year – ending 31 March 2019'2 valuation was requested whilst the valuation experts were about to finalise the 2021 valuations.</p> <p>Management further did not oversee and ensure the valuation expert performs an</p>	118	Initiative 6 [6.1 to 6.8]

<b>Findings Number</b>	<b>Root Causes</b>	<b>Page x of 330 on the MR</b>	<b>Initiatives addressing the Root Causes</b>
	adequate valuation for the appropriate reporting period, and the valuation takes into account the guidance provided in GRAP 17, particularly reference to the March 2019 valuation.		
12	<p>Management did not allow sufficient time for the change in accounting policy for buildings and due to time constraints, accounted for the effects of the change only in the general ledger and trial balance and not in the Fixed Asset Register.</p> <p>Management has also failed to account for bearer plants in the Fixed Asset Register for the current and the prior year, since the effects of the changes in the valuations are only going to be updated in the new financial year, as was the case at the end of the prior year.</p>	130	Initiative 6 [6.1 to 6.8]
13	Management did not perform their own reconciliation between the annual financial statements to identify inaccuracies before submission of the annual financial statements and supporting schedules for audit purposes.	145	Initiative 6 [6.1 to 6.8]
14	Management did not ensure the disclosure for prior period errors contains the descriptions required by GRAP 3	159	Initiatives 5.1; 5.5 and 4.2
15	Management did not separate the disclosure notes relating to changes in accounting policy from the disclosure note dealing with prior period errors / adjustments and this led to the omissions and duplication issues noted in this communication	166	Initiatives 5.1; 5.5 and 4.2

<b>Findings Number</b>	<b>Root Causes</b>	<b>Page x of 330 on the MR</b>	<b>Initiatives addressing the Root Causes</b>
16	Management did not ensure the disclosure for prior period errors contains the descriptions required by GRAP 3	174	Initiatives 5.1; 5.5 and 4.2
17	Management did not ensure adequate review of the financial instruments disclosure note prior to the finalisation of the annual financial statements and subsequent submission for audit purposes	180	Initiatives 5.1; 5.5 and 4.2
18	There was no proper review to ensure that the disclosure of the retention of surplus is included in the contingencies note.	189	Initiatives 5.1; 5.5 and 4.2
19	No root cause mentioned	194	Initiative 11 [11.1 and 11.4]
20	Management did not ensure all significant line items have an accounting policy as required by GRAP 01	202	Initiative 23
21	<p>Management did not take heed of the multiple reminders sent out, including reasons given by the AGSA on the purpose of the information requested.</p> <p>Executive management also failed to ensure staff in their respective units endeavour to provide requested information to the AGSA in accordance with the agreed terms in the engagement letter.</p>	207	Initiative 10 [10.1 to 10.8]
22	Management did not ensure the institutes reconcile and eliminate internal transactions from their individual general ledger accounts in preparation for the year-end reporting	218	Initiative 4.1 and 4.2

<b>Findings Number</b>	<b>Root Causes</b>	<b>Page x of 330 on the MR</b>	<b>Initiatives addressing the Root Causes</b>
23	Management did not ensure all revenue transactions at the Small Grain Institute (SGI) are accrued for as and when all activities are finalised by the researchers.	226	Initiative 9 [9.1 to 9.3]
24	Management did not ensure all significant line items have an accounting policy as required by GRAP 01	229	Initiative 23
25	No root cause included in the MR	233	Initiative 9 [9.1 to 9.3]
26	No audit finding included in the MR		N/A
27	<p>The outgoing council did not ensure that there was a signed performance agreement prior to the expiry of their term, nor did the incoming council draw up a performance contract once appointed.</p> <p>The Human Resources division did not take adequate measures to ensure there is a signed performance agreement for the CEO, as they are responsible for the storage of all completed performance agreements for the entity.</p> <p>This is so despite the fact that the tenure of Council came to end during the financial year and the new members were appointed in July 2020.</p>	238	The new performance management system has been implemented and training is finally being concluded. The progress or status on the performance contracts including the management will be provided on a quarterly basis to the HR Committee.
28	No root cause mentioned in the MR	242	Initiative 2.2 (b) and 9.1



<b>Findings Number</b>	<b>Root Causes</b>	<b>Page x of 330 on the MR</b>	<b>Initiatives addressing the Root Causes</b>
29	Inventory items that might be written off due to stock obsolescence or issued inventory items are not removed from the inventory listing as at 31 March 2021.	246	Initiative 2.2 (b) and 9.1
30	Either non – sufficient or no supporting documentation have been received to substantiate these movements.	250	Initiative 2.2 (b); 9.1 and 10
31	Management did not thoroughly review each prepayment transaction to identify instances where the pre-paid expenses will relate to periods beyond 12 months	254	Initiative 9.3
32	<p>Management did not apply the requirements of GRAP 17 and 31 adequately in accounting for derecognition of assets.</p> <p>Management also prepared the presentation and disclosure of derecognition of assets in accordance with the mapping in the entity's financial systems rather than what is required by the GRAP standards and the guidance from the document from the National Treasury.</p>	257	Initiative 6 [6.1 to 6.8]
33	Management did not ensure that general ledger accounts are mapped to the correct items in the Statement of Financial Position, having regard to the closing balances.	266	Initiatives 4.1 to 4.2
34	<p>Management did not make adequate attempts to identify all entities within the same control from the department exercising executive authority over them.</p> <p>Management further did not correctly apply the requirements of paragraph 27 of GRAP 20 as</p>	270	Initiatives 4.2; 5.1 and 5.5

<b>Findings Number</b>	<b>Root Causes</b>	<b>Page x of 330 on the MR</b>	<b>Initiatives addressing the Root Causes</b>
	not all related party balances were disclosed in the note.		
35.	No root cause mentioned in the MR	280	Not addressed. The ARC do not have the systems and tools to use for assessing the authenticity of bidders' declarations
36.	No root cause mentioned in the MR	292	Initiative 15.3
37.	Management did not have controls in place to ensure the entity complies with all applicable laws and regulations, which led to the non-compliance noted in this communication.	294	Initiative 15.1
38	<p>The entity has insufficient processes in place to ensure the internal audit function complies with all applicable standards set out by the Institute of Internal Auditors.</p> <p>The Internal audit function is on a co-sourcing model, with only one internal official and there is no plan in place transfer skill in order for the entity to directly oversee internal audit functions</p>	296	Initiative 15.2
39	No root cause mentioned in the MR	298	Initiatives 14 [14.1 to 14.3]
40	No root cause mentioned in the MR	299	
41	No root cause mentioned in the MR	300	

Findings Number	Root Causes	Page x of 330 on the MR	Initiatives addressing the Root Causes
42	Management did not review the documents passed to ensure that the journals passed are supported by accurate schedules	302	Initiative 10.2 (Journals)
43	<p>Management did not ensure compliance with the requirements of Treasury Regulations 3.1.6 and 20.2 in the remuneration of members of Council and the Audit and Risk Committee.</p> <p>Management also did not ensure there is proper record keeping to evidence meeting attendances and approval of all remuneration to members of Council and the Audit and Risk Committee.</p>	309	Initiative 26

### 3.5 RESPONSIBILITIES OF THE VARIOUS ASSURANCE PROVIDERS

#### 3.5.1 Accounting Authority (Council)

Section 51 of the Public Finance Management Act (PFMA) outlines the General responsibilities of accounting authorities as:

- (1) An accounting authority for a public entity –
  - (a) Must ensure that the public entity [Agricultural Research Council] has and maintains –
    - (i) Effective, efficient and transparent systems of financial and risk management and internal control;
    - (ii) A system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77; and
    - (iii) An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost – effective;
  - (b) Must take effective and appropriate steps to –
    - (i) Collect all the revenue due to the public entity (Agricultural Research Council) concerned; and

- (ii) Prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity (Agricultural Research Council)
- (iii) Manage available working capital efficiently and economically.
- (c) Is responsible for the management, including the safeguarding of the assets and for the management of revenue, expenditure and liabilities of the public entity;
- (d) Must comply with any tax, levy, pension and **audit commitments as required by legislation**;
- (e) Must take effective and appropriate disciplinary steps against any employee of the public entity who –
  - (i) Contravenes or fails to comply with a provision of this Act;
  - (ii) Commits an act which undermines the financial management and internal control systems of the public entity ; or
  - (iii) Makes or permits an irregular expenditure or a fruitless and wasteful expenditure;
- (f) Is responsible for the submission by the public entity (Agricultural Research Council) of all reports, returns, notices and other information to Parliament or the relevant executive authority or treasury as may be required by the PFMA
- (g) Must promptly inform the National Treasury on any new entity which that public entity intends to establish or in the establishment of which it takes the initiative, and to allow the National Treasury a reasonable time to submit its decision prior to formal establishment, and
- (h) Must comply and ensure compliance by the public entity (Agricultural Research Council), with the provisions of this Act and any other legislation applicable to the public entity

### **Annual Financial Statements**

The accounting authority is responsible (**through management**) for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice as required by section 55(1)(b) of the PFMA.

The preparation of the financial statements requires:

- (a) Identification of the applicable reporting framework, in the context of any relevant laws or regulations.
- (b) The inclusion of an adequate description of that framework in the financial statements
- (c) The preparation of the financial statements in accordance with that framework
- (d) The selection and application of appropriate policies
- (e) The application of judgement in making accounting estimates that are reasonable in the circumstances.

### 3.5.2 Audit and Risk Committee

The Audit Committee is established in terms of Section 76(4) (d) and 77 of the PFMA. The National Treasury Regulations 3.1 outline further details relating to the Audit committees.

The responsibilities of the Audit Committee as outlined in NT Regulation 3.1.10 are outlined below.

**The audit committee must, amongst other, reviews the following:**

- (a) The effectiveness of the internal control systems.
- (b) The effectiveness of the internal audit function.
- (c) The risk areas of the institution (Agricultural Research Council)'s operations to be covered in the scope of internal and external audits.
- (d) The adequacy, reliability and accuracy of the financial information provided to management and other users of such information.
- (e) Any accounting and auditing concerns identified as a result of internal and external audits.**
- (f) The institution (Agricultural Research Council)'s compliance with legal and regulatory provisions and
- (g) The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

NT 3.1.11 The audit committee must have explicit authority to investigate matters within its powers, as identified in the written terms of reference.

***NT 3.1.15 An audit committee may communicate any concerns it deems necessary to the executive authority, the relevant treasury and the Auditor – General.***

***NT 3.1.16 The audit committee must meet at least annually with the Auditor – General to ensure that there are no unresolved issues of concern.***

### 3.5.3 Internal Audit Responsibilities

**The National Treasury Instruction 3.2** – Internal controls and internal audit. [Sections 38(1)(a)(i) and 76(4)(e) of the PFMA]

NT 3.2.11 outlines the responsibility of the internal audit function as follows:

*The internal audit function must assist the entity in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness, efficiency and by developing recommendations for enhancements or improvement. The controls subject to evaluation should encompass the following: -*

- (a) The information systems environment*
- (b) The reliability and integrity of financial and operational information.*
- (c) The effectiveness of operations.*
- (d) Safeguarding of assets; and*
- (e) Compliance with laws, regulations and controls.*

*NT 3.2.12 The internal audit function must assist the accounting officer in achieving the objectives of the institution (Agricultural Research Council) by evaluating and developing recommendations for the enhancements or improvements of the processes through which –*

- (a) Objectives and values are established and communicated.*
- (b) The accomplishment of objectives is monitored.*
- (c) Accountability is ensured.*
- (d) Corporate values are preserved.*

### 3.5.4 Responsibilities of management

**Management is responsible for maintaining records that:**

- (a) Correctly record and explain the transactions of the ARC
- (b) Enable the ARC to monitor the resources, activities and entities under its control
- (c) Enable determination of the ARC's financial position with accuracy at any time.
- (d) Enable the preparation of financial statements and the annual performance report that comply with PFMA and any other applicable legislation

**Responsibilities as outlined by section 57 of the PFMA:**

An official of a public entity (Agricultural Research Council) –

- (a) Must ensure that the system of financial management and internal control established for the public entity is carried out within the area of responsibility of that official.
- (b) Is responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility
- (c) Must take effective and appropriate steps to prevent, within that official's area of responsibility, any irregular expenditure and fruitless and wasteful expenditure and any under collection of revenue due.
- (d) Must comply with the provisions of this Act to the extent applicable to that official, including any delegations and instructions in terms of section 56, and
- (e) Is responsible for the management, including the safeguarding of the assets and the management of the liabilities within that official's area of responsibility.

**3.5.5 External Auditors responsibilities**

The overall objective of an external audit process is to:

- (a) Provide an opinion on the financial statements
- (b) Report findings regarding reported performance information against predetermined objectives for the selected outcomes as presented in the annual performance report.
- (c) Report findings regarding instances of non – compliance with specific legislation in terms of selected subject matters as applicable.
- (d) Report deficiencies in internal controls.

#### 4. CONTROLS AND EFFICIENCIES IMPROVEMENT PLANNED INITIATIVES

Legend	Meaning
Green	Complete
Orange	Ongoing, initial deadline missed
Yellow	Ongoing, within deadline
Red	Not done

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
1.	<b>Improve the overall Corporate Governance within the Agricultural Research Council, to ensure that the ARC performs positively and achieves the following governance outcomes:</b> <ul style="list-style-type: none"> <li>▪ <b>Ethical Culture</b></li> <li>▪ <b>Good Performance</b></li> <li>▪ <b>Effective Control</b></li> <li>▪ <b>Legitimacy with stakeholders (Trust and good reputation)</b></li> </ul>					
1.1	<p>Implement the areas of improvement, arising from 360 degree assessment and Culture Survey</p> <p>The ARC will enhance Employee Engagement activities to transform the ARC from where we are to where we want to be and improve the survey results and prioritise the following activities under the Employer Value Proposition:</p> <ol style="list-style-type: none"> <li>1. Organisational Culture               <ol style="list-style-type: none"> <li>a. Develop and implement feedback mechanisms</li> </ol> </li> </ol>	<p>The Culture change implementation plan has been drafted, submitted and monitored at the HR Committee effective from FY2021.</p> <p>There is a new 360 degree assessments that has been initiated which had a due date of 24 September 2021.</p> <p><b><u>Status as at 30 September 2021:</u></b></p> <p>An action plan to be developed based from the common theme / areas of development as</p>	Addressing root cause	All Executives	Ongoing	Improved Culture Assessment and Overall 360 degree messaging into areas of development



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
	<ul style="list-style-type: none"> <li>b. Internal communication and employee consultation</li> <li>2. Change Management Implementation Plans               <ul style="list-style-type: none"> <li>a. Activities to shift current state to the desired state</li> </ul> </li> <li>3. Business Acumen Awareness               <ul style="list-style-type: none"> <li>a. ARC Strategy awareness workshops and communication</li> </ul> </li> <li>4. Performance Management</li> <li>5. Benefits &amp; Compensation</li> <li>6. Work environment and Employee Well-being</li> <li>Automation &amp; Digitization</li> </ul>	<p>identified from the recently concluded 360 degree assessment</p> <p><b><u>Status as at 31 October 2021:</u></b></p> <p>The 360-degree leadership assessment was cascaded down to GG13 Managers to further capacitate leadership capacity within the ARC. A Teams Feedback Session was also introduced this year, where all Line Managers, including those that were not participant but respondents, were invited to receive full feedback reports. This is done with the aim of developing all Line Managers as a Team to work collectively towards a common goal. This will also assist in addressing areas that require improvement.</p> <p><b><u>Status as at 30 November 2021</u></b></p> <p>360-degree leadership assessment and feedback sessions concluded for all 3 levels (GG13 Managers, Senior</p>				

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>Managers and Group Executives), development areas identified together with recommendations.</p> <p><u>Status / Progress as at 22 December 2021</u>  No further progress to report for the period under review.  The action plan will be developed immediately after final 360-degree results presentation to EMC scheduled for 25 January 2022.</p>				
1.2	Conclude Disciplinary cases relating to Irregular Expenditure and Fruitless & Wasteful expenditures, for FY2019/20.	<p>The disciplinary processes has been initiated and are at various stages.</p> <p><u>Status as at 30 September 2021:</u>  The two (2) disciplinary hearing cases against the Facility Manager: OVR and SCM Accountant: OVR has been concluded, with both individuals dismissed from the ARC.</p> <p>The other IRE cases are at the various stages of the</p>		GE: HR & Legal (Lead) & Relevant executives	30 November 2021	Disciplinary cases concluded and request for condonation sent to the National Treasury

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>consequence management process, and feedback will be provided as and when concluded.</p> <p><b><u>Status as at 31 October 2021:</u></b></p> <p>1 cases outstanding from the FY2018/2019 at OVR</p> <p>2 case outstanding from FY2017/2018 at OVR</p> <p>2 cases outstanding FY2019/2020 at TSC and should be finalised by 15 December.</p> <p>3 Cases outstanding FY2021/2021 at TSC should be finalised by 15 December 2021</p> <p><b><u>Status as at 30 November 2021</u></b></p> <p>TSC has issued 1 written warning to date. The feedback on the remaining cases are yet to be received by Employee Relations.</p>				

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<u>Status / progress as at 31 December 2021</u> No further progress to report for the period under review.				
1.3	Irregular expenditure reporting to be differentiated between confirmed and unconfirmed cases	The Supply Chain Management Quarterly report to include Annexure A register and Annexure B checklist in line with the Irregular Expenditure framework. This has been implemented effective Quarter 1 FY2021/22.	Addressing root cause	CFO Senior Manager: SCM	Immediately [Q1 FY2021/22]	Two IRE registers for Confirmed and Unconfirmed cases, which will be annexures to the SCM Reports (Monthly and Quarterly)
2.	<b>Finance and SCM reorganisation for operational efficiencies</b>		Addressing root cause	CFO		
2.1	Finance (incl. SCM) reorganisation to address audit issues, concerns from Core Business and improving the overall operational efficiencies of the Finance function / Service. Develop a new Operating Model	The new operating model from decentralisation to centralisation has been approved at SEMPSCO meeting held 10 September 2021, which is effective immediately. Divisional SLA will be developed and signed off by 30/09/2021.  <u>Progress or status as at 31 November 2021</u>	Addressing root cause	CFO GE: HR & Legal	30 September 2021	SEMPSCO Resolution

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
2.2	(a) Implementation of the new operating model from decentralisation to centralisation, which is accompanied by defined service levels that will form part of the Divisional SLA.	<p>The SLA is in circulation for approval by SEMPCO members.</p> <p>The new operating model for Finance and SCM has been effective from 13 September 2021.</p> <p><b><u>Progress or status as at 30 September 2021:</u></b></p> <p>The service levels for Finance and SCM has been defined, shared with SEMPCO for their inputs, reviewed by the CFO.</p> <p>The SLAs (a) Finance and Divisions; (b) SCM and End-user were approved at an Executive Management Committee Meeting held on 13 October 2021. This will be signed with the Group Executives and respective Senior Managers.</p> <p><b>Annexure 1 (a) – Finance and Divisions</b></p> <p><b>Annexure 2 (a) – SCM and End – User</b></p> <p><b><u>Progress or Status as at 30 November 2021</u></b></p>	Addressing the root causes	CFO GE: HR & Legal GM: Finance SM: SCM	30 September 2021	Operating per new model And Divisional SLA submitted to EMC for approval And EMC resolution And Signed Divisional SLA

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>The SLA's are in circulation for approval by SEMPCO members.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b></p> <p>The SLAs are yet to be signed by some SEMPCO members, the documents are still on the Signing Hub awaiting signatures.</p>				
	(b) Implement a SLA between Finance and SCM	<p><b><u>Progress as at 30 September 2021:</u></b></p> <p>A service level agreement has been signed between Finance and SCM.</p> <p><b><u>Progress or Status, October to December 2021</u></b></p> <p>The monitoring is on-going</p>	Addressing the root cause	GM: Finance Senior Manager: SCM	30 October 2021	A signed SLA and monthly monitoring & evaluation
2.3	Conduct Skills Audit on Finance and SCM	<p>The initiative has been approved at SEMPCO meeting held on 10/09/2021, and will be completed not later than 31/10/2021.</p> <p>A formal request has been sent to GE: HR &amp; Legal on 14</p>	Addressing root cause	GE: HR & Legal CFO	31 October 2021	Skills Audit Report

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>September 2021 to lead the process, and advise on the information (if any) that will be required from Finance</p> <p><b><u>Progress / status as at 30 September 2021:</u></b></p> <p>HR has indicated that they do not have internal capacity to conduct the aforementioned skills audit as communicated on 12 October 2021. A procurement process will be initiated to procure services of a professional firm / organisation to assist with conducting the skills audit for Finance and Supply Chain Management.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The RFQ has closed on 4 November 2021, evaluation of proposals received underway.</p> <p><b><u>Status as at 30 November 2021</u></b></p> <p>Preparing an evaluation report to be submitted to the Bid Adjudication Committee</p>				

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>The bid evaluation for a potential service provider is completed</p> <p>The RFQ is in the process of evaluation and adjudication. Appointment will be done on or before 15 December 2021. The project will commence on 15 January 2022 due festive season.</p> <p><u>Progress or status as at 31 December 2021</u></p> <p>The BAC for Central Office did not have a quorum to consider the adjudication of the skills audit recommendation.</p>				
2.4	Develop Finance and SCM structures, new / redefined Job profiles & job evaluation; and obtain necessary approvals	<p><b><u>Progress / Status as at 30 September 2021:</u></b></p> <p>The Finance (including SCM) structure has been developed and submitted to the Executive Management Committee held on 13 October 2021. The item could not be discussed as Acting GE: HR &amp; Legal Services couldn't attend the meeting. The matter has been deferred to the</p>	Addressing root cause	CFO GE: HR & Legal GM: Finance SM: SCM	30 November 2021	New Finance and SCM structure And EMC Resolution



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>upcoming EMC scheduled for the 26 October 2021</p> <p><b><u>Progress/ Status as at 31 October 2021:</u></b></p> <p>The proposed structure has been approved in principle at the Executive Management Committee meeting held on 26 October 2021. The implementation plan which aligns to the HR policies and related labour relations legislation has been drafted, and timelines are yet to be included. The implementation plan will serve at the November 2021 EMC meeting, and the consultation will then commence afterwards.</p> <p><b><u>Status as at 30 November 2021</u></b></p> <p>The proposed structure is approved by EMC.</p>				

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
2.5	Implement the new structure	<p>To be implemented as soon as EMC approval is obtained during October 2021.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The implementation will commence after the approval of the Implementation Plan is granted by EMC during its November 2021 meeting.</p> <p><b><u>Status as at 30 November 2021 Nov 2021</u></b></p> <p>The proposed structure is approved by EMC and its implementation will be through HR guidance, to ensure compliance with the Labour relations act and related legislation.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b></p> <p>A meeting between HR and Finance has been held to outline the way forward on the implementation of the new</p>	Addressing root cause	CFO GM: Finance Senior Manager: SCM	31 January 2021	New Structure implemented And New vacancies advertised

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>structure. A task team has been appointed to lead the consultation with Organised Labour. A presentation for the case for change as well as the revised job profiles will be compiled and finalised by mid – January 2022.</p> <p><b>Not yet due.</b></p>				
3.	<b>Training, capacity building and skills enhancements Interventions</b>					
3.1	<p>GRAP Training [annually]</p> <ul style="list-style-type: none"> <li>▪ Certificate of competence to be issued for successful completion of the training course. [To be attended by all employees within Finance].</li> </ul>	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The Procurement process will be initiated during November 2021, to ensure that the service provider is appointed on time for the January 2022 implementation date.</p> <p><b><u>Status as at 30 November 2021</u></b></p> <p>It is expected that the course will start in January 2022.</p> <p><b><u>Status or progress as at 31 December 2021</u></b></p>	Addressing root cause	CFO GM: Finance	31 January 2022	Certificate of Competence for all the attendees

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>An approval has been granted to enrol 44 finance staff, for a short course at the University of Cape Town; whereby a certificate of competence will be issued upon successful completion of the course including meeting the requirements. The short course has 12 modules, which touches on the key GRAP standards.</p> <p><b>Not yet due</b></p>				
3.2	Quarterly in-house training (i.e. GRAP; Internal Financial Controls; etc.)	<p><b><u>Progress / Status as 30 September 2021:</u></b></p> <p>GRAP 16 Investment Property training is scheduled for 20 October 2021.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>Training has been completed.</p> <p>Status as at 31 November 2021</p> <p>The business processes are being reviewed for adequacy and effectiveness by Internal Audit.</p>	Addressing root cause	CFO GM: Finance	<p>30 September 2021</p> <p>31 January 2022</p>	<p>Register of attendance And Reduction in day – to – day errors by respective finance teams</p>

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
3.3	Finance for non- finance managers training for the core business staff (i.e. from Research Team Managers upwards)	<p><b><u>Progress / Status as at 30 September 2021:</u></b> The RFQ has been drafted, with a procurement process to be initiated soon.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b>  The RFQ not yet reviewed by CFO and will be finalised during the course of the month, November 2021.</p> <p><b><u>Status as at 30 November 2021</u></b>  A list of the project managers for the respective institutes has been compiled. RFQ not yet issued. Training is anticipated to take place during January 2022.</p> <p><b><u>Progress or status as at 31 December 2021</u></b> A quotation has been obtained from the National School of Government. The training will be scheduled for end of January 2022. It is estimated that approximately 50 staff will attend</p>	Addressing root cause	CFO	30 November 2021	Register of attendance by RTMs upwards

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		the training which consists of the RTMs, key officials managing various projects within the ARC and the Finance Staff responsible for the project accounting.				
3.4	Quarterly in- house training relating to new developments within Supply Chain Management	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>Supply Chain personnel will be trained, no later than mid – December 2021.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The majority of ARC officials have indicated that they are not available in December 2021. They will be available in January 2022.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b></p> <p>A meeting initiated by the CFO with Acting SM: SCM and all direct reports was held on the 1<sup>st</sup> December 2021, to discuss the state and status of SCM within</p>	Addressing root cause	CFO Senior Manager: SCM	30 September 2021  31 January 2022	Register of attendance And Reduction in day – to – day errors by respective SCM teams

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>the ARC. The Institutes' presentations were preceded by a presentation by CFO [copy of the presentation is available upon request] which had set the scene and focused on, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> <li>- SCM related audit issues which led to the Non – Compliance with legislation paragraph on the Audit Report;</li> <li>- Procurement plan implementation or failure thereof;</li> <li>- Probity audits which highlighted non – compliance issues;</li> <li>- High number of cancelled tenders, which are raising credibility issues on SCM;</li> <li>- High number of Open Purchase Orders;</li> <li>- Change in SCM Operating Model</li> <li>- SCM Service level agreement with business (including the need to</li> </ul>				

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>monitor productivity on a weekly basis).</p> <p>A follow-up meeting will be held during January 2022, with an aim to continue to unblock the bottlenecks as well as ensuring that the FY2022 Procurement Plan is implemented.</p>				
3.5	Training of the Bid Adjudication Members [i.e. those that serve at the Corporate Tender Committee (CTC); respective Institutes Bid Adjudication Committees (IBAC)]	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>Bid Committee members will be trained, no later than 31 December 2021.</p> <p><b><u>Status / Progress as at 30 November 2021</u></b></p> <p>The quotation has been obtained from the National School of Government; and the training will take place during January 2022 based on the availability of the respective employees.</p> <p><b><u>Status as at 31 December 2021</u></b></p> <p>The training will be held on 24-28 January 2022</p>	Addressing root cause	CFO Senior Manager: SCM	31 October 2021	Register of attendance And Improved compliance as well as governance



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
3.6	<p>Training on SEMPCO members (Quarterly)</p> <ul style="list-style-type: none"> <li>- PFMA</li> <li>- Other topics to be identified</li> </ul>	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>RFQ will be initiated in November and training to be concluded with the 4th quarter of the financial year.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>RFQ will be initiated in November and training to be concluded with the 4th quarter of the financial year.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p> <p>No further progress to report for this period.</p>		<p>CEO CFO GE: HR &amp; Legal</p>	<p>15 December 2021</p> <p>28 February 2022</p> <p>31 July 2022</p> <p>30 October 2022</p> <p>31 March 2023</p>	<p>Register of attendance And Application of the learnings to day to day work</p>
3.7	<p>Training required by Council and its subcommittees (Quarterly)</p> <ul style="list-style-type: none"> <li>- Topics to be identified</li> </ul>	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>Topics for Council and subcommittee training have been identified through the Annual Evaluation process (see attached training needs matrix) and a training plan has been developed (see attached plan) to address both group and</p>		<p>Company Secretariat</p>	<p>15 December 2021</p> <p>28 February 2022</p> <p>31 July 2022</p> <p>30 October 2022</p>	<p>Register of attendance And Application of the learnings to the oversight responsibilities / work</p>

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>individual training needs of the members. The IoDSA has been approved as the single supplier to deliver on the training identified (see approval)</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> Ongoing</p> <p><b><u>Progress or Status as at 31 December 2021</u></b> No further progress to report for this period.</p>			31 March 2023	
3.8	<p>End – User Training [SEMPCO and respective Institute’s management committee meetings]</p> <p>(a) SCM process (b) Accounts Payables (c) Accounts Receivables</p> <p>This is to ensure that the end user understand the importance of timeous submission of invoices for payments.</p>	<p>The presentation/(s) has been made to the SEMPACO meetings dedicated for Finance as follows:</p> <p>(a) 02 September 2021. [Presentation of SCM and Assets].</p> <p>(b) 10 September 2021 [presentations on Accounts Receivables; Accounts Payables; and Responses to the services concerns raised by core business]</p>	Addressing the root causes	CFO GM: Finance Senior Manager: SCM Finance Managers – Accounts Payables & Accounts Receivables	30 November 2021	Presentations delivered at SEMPACO and Institutes’ management committee meetings

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
4.	Improve the quality of the financial statements					
4.1	<p>Prepare Quarterly Financial Statements to be subjected to detailed review by Internal Audit</p> <p>(a) September 2021</p> <p>(b) December 2021</p> <p>(c) February 2022</p>	<p><b><u>Progress / Status as at 30 September 2021:</u></b></p> <p>The Mock Year-end Schedule with timelines and related deliverables has been drafted and shared with the finance and SCM colleagues.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The interim AFS have been prepared and currently under review.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The interim AFS are currently under review by Internal Audit.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b></p> <p>A meeting to discuss the observations from Internal Audit</p>	20,16, 15, 14, 17, 18, 24, 32, 34	CFO GM: Finance	Finance plan to be developed for the Sept 2021; Dec 2021; Feb 2022 Financials	Valid, Accurate and Complete Financial Statements. And Reduction / minimal audit findings

NO.	INTERVENTION(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		is scheduled for January 2022. The review is ongoing.				
4.2	A detailed audit file to be prepared prior to submission of the Financial Statements to both Internal and External Auditors. All relevant schedules have to be submitted when the Financial Statements are submitted.	<p><b><u>Progress / Status as at 30 September 2021:</u></b> A plan has been drafted which outlines the schedules to be submitted for the different elements and components of the Financial Statements.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b>  The schedules are being filed on the shared point under Interim AFS Schedules.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b>  The filing is ongoing</p> <p><b><u>Progress or status as at 31 December 2021</u></b> The audit file was submitted with the Interim Financial Statements and we are awaiting feedback from Internal Audit. The monthly filing is ongoing.</p>	Addressing the root cause	CFO GM: Finance Finance Managers Institute FMs	Sept 2021  Dec 2021  Feb 2022  Mar 2022	Financial Statements that are accompanied by all relevant schedules

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
4.3	<p>Introduce an approval Memo to be signed – off</p> <p>(a) Preparation of the Annual Financial Statements</p> <p>(b) Reviewer 1 of the AFS [GM: Finance]</p> <p>(c) Reviewer 2 of the AFS [CFO]</p> <p>Track changes to the AFS disclosure notes and ensure that changes go through the approval process.</p>	<p><b><u>Progress or Status 30 September 2021:</u></b></p> <p>Will be aligned with the submission of the Quarterly AFS.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>Approval Memo will be signed for the Quarterly FS.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The signed off memo will incorporate the review by the Internal Audit.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p> <p>No further progress to report for this period.</p>	20,16, 15, 14, 17, 18, 24, 32, 34		Sept 2021; Dec 2021; Feb 2022 Financials	Signed – off MEMO by the preparer and reviewers
5.	<b>Compliance and Stakeholder Management plan</b>					
5.1	Disclosure/ Compliance checklist of GRAP and National Treasury / PFMA requirements [Tailored for ARC]	<p><b><u>Progress or status as at 30 September 2021:</u></b></p> <p>Not yet started and will be aligned with the submission of</p>	22 & Full AFS	GM: Finance	30 September 2021	Compliance Checklist

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>the 30 September 2021 Interim Financial Statements.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> GRAP Compliance Checklist to be filed with the with the interim FS schedules.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b>  GRAP Compliance checklist is on-going.</p> <p><b><u>Progress or status as at 31 December 2021</u></b> No further progress to report for this period.</p>				
5.2	Compliance requirements – PFMA and related regulations in relation to the Financial Statements, Budgets, quarterly financial performance reporting.	<p><b><u>Progress or status as at 30 September 2021:</u></b> The document is in draft format, to be reviewed and enhanced, and will be finalised by the 31 October 2021.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p>	Addressing the root causes	CFO	30 September 2021	Compliance Checklist

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>The finance and SCM compliance register has been compiled and submitted to Legal division for consolidation.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The finance and SCM compliance register has been compiled and submitted to Legal division for consolidation.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b></p> <p>No further progress to report for this period.</p>				
5.3	Compliance requirements – PFMA, PPPFA, BBBEE Act, CIDB Act and related SCM regulations, guidelines as well as instructions	<p><b><u>Progress or Status as at 30 September 2021:</u></b></p> <p>The compliance register for SCM has been developed, still in a draft format; and is yet to be reviewed, enhanced and finalised.</p> <p>The SCM Policy and Procedure Manual is currently being reviewed, draft policy is submitted en-route to EMC</p>	Addressing the root cause & 37	Senior Manager: SCM	30 September 2021	Compliance Checklist

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>meeting scheduled for 26 October 2021 and Council.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The Supply Chain Management Policy has been updated, and served at the EMC meeting held on 26 October 2021.</p> <p>The document will be submitted for recommendation and approval at the following committees and Council during the meetings scheduled for November 2021:</p> <ul style="list-style-type: none"> <li>- Finance, Investment, ICT Governance and Infrastructure Committee</li> <li>- Audit and Risk Committee</li> <li>- Council</li> </ul> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The documents were referred for internal audit review and management to outline &amp; link the</p>				



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>delegations to respective legislation.</p> <p><u>Progress or status as at 31 December 2021</u></p> <p>The SCM Delegations of authority framework and SCM Policy were considered and recommended to Council, by the Audit and Risk Committee.</p> <p>The final decision of Council is in progress and it is anticipated that it will be finalised during January 2022.</p>				
5.4	Stakeholder Management Plan for finance including linkages to the compliance requirements	<p><u>Progress / Status as at 31 October 2021:</u></p> <p>The Finance and SCM Finance Stakeholder Management plan is in a draft format and will be submitted to the EMC meetings to be held during November 2021</p> <p><u>Progress / Status as at 30 November 2021</u></p> <p>The Finance and SCM Stakeholder Plan was approved</p>	Addressing the root cause	CFO	30 October 2021	Finance and SCM Stakeholder Management Plan, to be tabled at EMC

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>at an EMC meeting held on 30 November 2021.</p> <p><u>Progress or status as at 31 December 2021</u> The Finance (including SCM) Stakeholder Plan was approved at the EMC meeting</p>				
5.5	Quarterly compliance reporting on both Finance and SCM requirements	<p>The Quarterly compliance reporting is yet to be finalised.</p> <p><u>Progress / Status as at 30 November 2021</u> To be tabled at the EMC scheduled for the 14<sup>th</sup> December 2021.</p>	Addressing the root cause	CFO GM: Finance Senior Manager: SCM	30 October 2021	Quarterly Compliance reporting – Finance and SCM
6.	<b>Property, Plant and Equipment</b>					
	<b>Assets verification and updating the Fixed Assets Register</b>					
6.1	<p>(a) Assets verification to be performed quarterly.</p> <p>[September 2021. December 2021. March 2022]</p>	<p><u>Progress or Status as at 30 September 2021:</u> A signed SLA is in place between Finance &amp; Facility to clarify the roles.</p>	1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13	GM: Finance Acting SM: Infrastructure Finance Managers	<p>30 September 2021</p> <p>31 December 2021</p>	Updated Fixed Assets Registers

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>The assets verification has not yet been completed as at 15 October 2021</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b>  September verification completed and awaiting recommendation from the results.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The consolidated submission is being put together for EMC approval. This will be tabled at the EMC scheduled for the 14 December 2021.</p> <p><b><u>Progress / Status as at 31 December 2021</u></b>  The submission will be tabled at the January 2022 EMC, which will be en-route to Council through the FIIGI for final approval.</p>		Facilities Managers	31 March 2022	

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
	(b) Updating the FAR on a monthly basis as assets are procured or disposed of to ensure that the FAR is up to date at all times.	Ongoing.		GM: Finance Acting SM: Infrastructure Finance Managers Facilities Managers SCM	31 December 2021 & 31 March 2022	Updated Fixed Assets Registers
	(c) A reconciliation is prepared at least on a quarterly basis between FAR and floor to list variances whilst ensuring that the variances are appropriately accounted for in Microsoft AX.	Ongoing.		GM: Finance Assets Manager Institutes FMs	30 September 2021  31 December 2021  31 March 2022	Updated FAR. Complete and accurate FAR. FAR that agrees to the General Ledger
6.2	(a) Hard close for processing of assets related transactions and implement consequence management for non-adherence [i.e. scrapping, impairment]	Not yet due	1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13	GM: Finance Acting SM: Infrastructure Finance Managers Facilities Managers	January 2022 month-end reporting	All assets adjustments concluded by 1 <sup>st</sup> week of February 2022
	(b) Consequence management in line with the ARC' Disciplinary Code for the non – adherence to set timelines (i.e. late submission of approvals for disposals)	Not yet due	Addressing the root causes	CFO GM: Finance	Feb 2022 Mar 2022	Consequence management implemented for non – adherence / non – compliance.

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
6.3	Full Interim Audit on Property, Plant and Equipment by the External Auditors	<p><b><u>Progress or Status as at 30 September 2021:</u></b> The ARC is working towards having the PPE ready for the interim audit to be conducted by the AGSA.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> The AGSA has started with the interim audit and information is provided as and when requested.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b>  The interim audit is still ongoing, and the Interim Management Report to be issued to management on the 14<sup>th</sup> December 2021.</p> <p><b><u>Progress or status as at 31 December 2021</u></b> The Interim Audit by AGSA has since been concluded. The Interim Management Report was presented to the Audit Steering</p>	1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13	GM: Finance Acting SM: Infrastructure Finance Managers Facilities Managers	31 October 2021	<p>Building Valuations are already submitted to the AGSA.</p> <p>Submission to the AGSA , updated FAR and accounting records for the entire PPE for the period ending 30 September 2021</p>

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>Committee held on 14<sup>th</sup> December 2021.</p> <p>The Interim Management Report will be presented at the following governance structures during January 2022 namely: EMC (11 Jan 2022); Audit &amp; Risk Committee (12 Jan 2022) and Council (20 Jan 2022).</p>				
6.4	Redesign the Fixed Assets Register (to be simplified and improve usability)	<p>The ICT team was briefed with the request and requirements outlined on the 30 August 2021.</p> <p><b><u>Progress or Status as at 30 September 2021:</u></b></p> <p>A follow-up meeting was held with the ICT on 23 September 2021 to agree on the script. An order is in the process of being issued to develop the FAR Power BI report. The report will be developed and ready for use by 18 October 2021, as committed by ICT subsequent to a follow-up meeting called by CFO on 12 October 2021.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p>	Addressing the root cause	GM: Finance	30 September 2021	Redesigned FAR

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>The Power BI FAR report has been developed and the testing is ongoing, and not yet signed-off.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>Testing of Power BI FAR is completed.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p> <p>Testing of Power BI FAR is completed and scrapping issues must still be addressed</p>				
6.5	<p>Appointment of a service provider (Assets verification and tagging – durable tags)</p> <p>Including the updating of the Fixed Assets Register</p>	<p><b><u>Progress or status as at 30 September 2021:</u></b></p> <p>The Terms of reference submission is since been approved by EMC and signed off on the 8<sup>th</sup> October 2021. The Procurement Process is being initiated with the anticipated appointment date of the successful bidder by 3 December 2021.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p>	Addressing the root cause	GM: Finance And Related Finance Managers	01 November 2021 & Completed by 31 January 2022	<p>Tender published. Service provider appointed. The rebuild FAR and new durable tags on all the Assets</p>

NO.	INTERVENTION(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>The SCM committees have been appointed and the SCM process is ongoing.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The specification document is circulating for signatures. The procurement process is ongoing.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b></p> <p>The specifications were approved during the period under review.</p>				
6.6	Review lease agreements (Investment properties) and ensure that all have been accounted for appropriately.	<p>The review is completed.</p> <p><b><u>Progress / Status as at 30 December 2021</u></b></p> <p>The review is completed and the reclassifications are ongoing.</p>	Addressing the root cause	GM: Finance	31 October 2021	All Investment properties appropriately accounted
6.7	Source the services of an asset management accounting expert, for an independent review of the retrospective application of the change in accounting policy to the revaluation model.	<p><b><u>Progress or Status as at 30 September 2021:</u></b></p> <p>The Terms of Reference was developed, and an RFQ is in the process of being sent out.</p>	Addressing the root cause	CFO GM: Finance	31 October 2021	A report to be submitted with the management information to



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p><b><u>Progress / Status as at 31 October 2021:</u></b> Quotations have been received from potential service providers are in the process of being evaluated.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b>  The appointment is made and the review is on-going.</p> <p><b><u>Progress or status as at 31 December 2021</u></b>  The high level overview report is received and management comments have been prepared for further discussion.</p>				the AGSA for the Interim Audit
6.8	Mapping of assets related transactions (i.e. scrapping losses and impairment of assets) to the correct account	<p><b><u>Progress or Status to date</u></b> Already implemented.</p>	Addressing the root cause	GM: Finance FM: Reporting FM: Assets	Effective immediately and performed at every month-end	All accounts are accurately mapped resulting in accurate Financial Statements.

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7.	<b>Payments and Commitments</b>					
7.1	Open purchase orders reports to be monitored weekly with signed – off proof of review by SCM	Already implemented	Addressing the root cause	Senior Manager: SCM	Effective immediately	No long outstanding Open Purchase Orders
7.2	Performance on the FY2022 Procurement Plan (RFPs and RFQs) to be reported on a monthly basis	Already implemented	Addressing the root cause	Senior Manager: SCM	Effective August 2021	Procurement projects implemented in line with the approved Procurement Plan
7.3	GRNs to be processed within 72 hours of receipt	Already implemented	28	Senior Manager: SCM	Effective immediately	No backlog on unprocessed GRNs
7.4	Accounts Payables team to run weekly ageing report; unrecorded liabilities report; accrued purchases report and ensure regular follow –ups for sufficient external support queries / adequate external audit trail.[to address payments not made within 30 days]	Already implemented	28	GM: Finance	Effective immediately	All payments made within 30 days

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
8.	Bank Accounts					
8.1	Bank Account Confirmation report to accompany the Financial Statements [ Detailed to include all bank accounts with related series; petty cash cards; institute bank accounts]	<p><b><u>Progress or status as at 30 September 2021:</u></b> Not yet started / due, to align with the interim Financial Statements submission.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b>  Completed for September 2021 reporting, and submitted as part of the Interim Financial Statements.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> Ongoing.</p> <p><b><u>Progress or status as at 31 December 2021</u></b> Ongoing.</p>	Addressing the root cause	GM: Finance	Financials Sept 2021;  Dec 2021;  February 2022; March 2022	A complete bank confirmation reports, for all active ARC bank accounts
9.	Business Processes review [ Detailed System Descriptions] And monthly reconciliations					
9.1	Review and detailed business processes [per Institute] on the following areas:	The following processes were presented at the SEMPCO	Addressing the root cause	GM: Finance	31 October 2021	Business processes with

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
	(a) Inventories. (b) Project accounting (Income received in advance) (c) Revenue from rendering of services with specific focus on the following: <ul style="list-style-type: none"> <li>▪ Research Services</li> <li>▪ Advisory Services</li> <li>▪ Diagnostic Services</li> <li>▪ Royalties</li> </ul> (d) Property, Plant and Equipment (e) Procure to Pay (f) Revenue to Receipts (g) Cash and Bank (including Petty Cash)	<p>meetings held at the beginning of September 2021:</p> <ul style="list-style-type: none"> <li>- Supply Chain Management</li> <li>- Assets Management</li> <li>- Accounts Payables</li> <li>- Accounts Receivables</li> </ul> <p><b><u>Progress or Status at 30 September 2021:</u></b></p> <p>This will be discussed during the weekly FM meetings starting from 13 October, to address the business processes.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The following business processes have been developed and submitted to Internal Audit for the walk through:</p> <ul style="list-style-type: none"> <li>- Revenue – Dividends and Interest Income.</li> <li>- Revenue: Non – exchange transactions</li> <li>- Revenue: Other Income</li> </ul>		Manager: FP&A Manager: Financial reporting (Compliance) Institute Finance Managers		control areas identified

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<ul style="list-style-type: none"> <li>- Revenue: Exchange Transactions</li> <li>- PPE</li> <li>- Inventory</li> <li>- Revenue to Receipts</li> <li>- Procure to Pay</li> <li>- Payroll</li> <li>- Cash and Cash Equivalents</li> </ul> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>Internal audit is busy with the review of the Finance Business processes.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>Internal audit is busy with the review of the Finance Business processes. The Requests for Information (RFIs) were issued during the period under review.</p>				
9.2	<p>Monthly reconciliations to be performed on the following key accounts within the Rendering of Services category namely:</p> <p>(a) Account number 541100 (Analytical services).</p>	<p><b><u>Progress/Status as at 31 October 2021:</u></b></p> <p>On-going (Reconciliations are not done on the Statement of Performance</p>	Addressing the root causes	GM: Finance Institutes FMs	Effective immediately and for the remainder of FY2022	<p>Monthly reconciliations</p> <ul style="list-style-type: none"> <li>- Consolidated ARC</li> </ul>

NO.	INTERVENTION(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
	(b) Account 545100 (Research Services) (c) Account 543100 (Royalties) (d) Account 530100 (Consultation) (e) Account 521100 (Training)	<p>accounts. However, reviews are done on the accounts via the signed TBs and variance analysis); including the monthly reviews on the Income Received in Advance.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> Ongoing</p> <p><b><u>Progress or status as at 31 December 2021</u></b> Ongoing.</p>				- Per Institutes
9.3	Monthly review of prepayments to ensure the classifications is in accordance with the GRAP standards.	<p><b><u>Progress or Status as at 30 September 2021:</u></b> Completed and on-going.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> Completed and on-going.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> Completed and on-going.</p> <p><b><u>Progress / Status as at 31 December 2021</u></b> Completed and on-going.</p>	Addressing the root cause	GM: Finance FM: Reporting FM: Accounts Payables Institutes FMs	Effective immediately and for the remainder of FY2022	Monthly reconciliations - Consolidated ARC Per Institutes

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
10.	<b>Digitisation of records and electronic records management (online filing)</b> <b>Benefits:</b> <ul style="list-style-type: none"> <li>a. Creating audit trails</li> <li>b. Creating one source of truth for each document or item of data or transaction</li> <li>c. Improving accessibility to information</li> </ul>	Ongoing	Addressing the root cause & 21		<b>31 October 2021</b>	All supporting documentation for transactions processed on AX, including SCM / procurement related documentation
10.1	Electronic filing of audit trail / supporting documentation on SharePoint <ul style="list-style-type: none"> <li>a. Revenue recognized relating to Rendering of Services</li> <li>b. Income received in advance</li> </ul>	<p><b><u>Progress / status as at 30 September 2021</u></b></p> <p>Implemented and on-going.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>Implemented and on-going</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>Implemented and on-going</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p> <p>Implemented and On-going.</p>	Addressing the root cause	<ul style="list-style-type: none"> <li>▪ Manager: FP&amp;A</li> <li>▪ Institute Finance Managers</li> </ul>	Effective April 2021	All supporting documentation for transactions processed on AX, including SCM / procurement related documentation

NO.	INTERVENTION(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
10.2	<p>All journals to be accompanied by the following before being posted on the GL:</p> <ul style="list-style-type: none"> <li>a. Reviewer and approver of the journal</li> <li>b. PDF journal</li> <li>c. The reason for the journal and correcting the error</li> <li>d. Auditable, reliable and reliable supporting documentation.</li> </ul>	<p><b><u>Progress / Status as at 30 September 2021:</u></b> Implemented and on-going.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> Implemented and on-going.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> Implemented and on-going.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b> Implemented and on-going.</p>	Addressing the root cause	GM: Finance (review) All Finance managers	Effective immediately	Journals with attached supporting documentation
10.3	<p>All Supply Chain Management records</p> <ul style="list-style-type: none"> <li>a. Tenders [all documentation relating to the tendering value chain (initiation until awarding); all tender proposals received]</li> <li>b. RFQ process [all documentation relating to the request for quotation value chain]</li> </ul>	<p><b><u>Progress / Status as at 31 October 2021:</u></b> On our CO unit meeting on Tuesday 2nd Nov 2021 with acting SM: SCM we were informed that our Buyer has sent out the RFQ for document management system and has not yet been finalised.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p>	Addressing the root cause	Senior Manager: SCM All SCM accountants	31 October 2021 & monthly	All supporting documentation for transactions processed on AX, including SCM / procurement related documentation



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
	<ul style="list-style-type: none"> <li>c. RFI process [all documentation relating to the request for information process]</li> <li>d. Deviation process [ all documentation relating to the deviation value chain including related invoices]</li> <li>e. Contracts management</li> <li>f. Correspondences with suppliers</li> <li>g. Database Managed(All required documents)</li> <li>h. Inventory Reports</li> </ul>	<p>The RFQ has been advertised at E-Tender. The closing date was on 30 November 2021. The SCM is busy with organizing the evaluation meeting of this RFQ.</p> <p><u>Status as at 31 December 2021</u>  The RFQ has been advertised at E-Tender. The closing date was on 30 November 2021. The SCM is busy with organizing the evaluation meeting of this RFQ.</p>				
10.4	<p>Debtors</p> <ul style="list-style-type: none"> <li>a. All supporting documentation relating to the monthly debtors ageing</li> <li>b. Monthly progress reports and related supporting documentation of the accounts handed over to Attorneys</li> <li>c. Automation of sending debtors' statements, invoices &amp; reminder e-mails.</li> </ul>	<p><b><u>Progress / Status as at 30 September 2021:</u></b>  Implemented and on-going.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b>  Implemented and on-going.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b>  Implemented and on-going.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b>  Implemented and on-going.</p>	Addressing the root cause	GM: Finance Credit Manager All Institute FMs	<p>31 October 2021 &amp; Monthly</p> <p>1 April 2022</p>	All supporting documentation for transactions processed on AX, including any follow-ups made to the customers

NO.	INTERVENTION(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
10.5	<p>Creditors</p> <p>a. All supporting documentation relating to the monthly supplier ageing.</p> <p>b. Institutes status feedback on monthly Unrecorded Liabilities</p> <p>c. Accounts payable portal to improve record management (Access available to Suppliers &amp; linked to ERP)</p>	<p><b><u>Progress / Status as at 30 September 2021:</u></b> Implemented and on-going.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> Implemented and on-going.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> Implemented and on-going.</p> <p><b><u>Progress or status as at 31 December 2021</u></b> Implemented and on-going.</p>	Addressing the root cause	GM: Finance Accounts Payables Manager All Institutes FMs	<p>31 October 2021 &amp; Monthly</p> <p>1 April 2022</p>	All supporting documentation for transactions processed on AX, including SCM / procurement related documentation
10.6	<p>Royalties</p> <p>a. License register [updated monthly]</p> <p>b. Agreements</p> <p>c. Invoices</p> <p>d. Correspondences with the licensees</p> <p>e. Any audit reports</p>	<p><b><u>Progress / Status as at 30 September 2021:</u></b></p> <p>The Unit is current conducting assessment of the license agreement as they appear on the Register.</p> <p><b><i>Two new agreements are attached.</i></b></p> <p>No audit report. <b>Annexure 10.6</b></p>	Addressing the root cause	GE: Impact & Partnerships Senior Manager: IP Management & Commercialization All Institute FMs	31 October 2021 & monthly	All supporting documentation for transactions processed on AX, including all correspondences with the IP licensees

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>One new agreements is attached. No audit report.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>a. No new license agreement was concluded.</p> <p>b. The license agreement assessment meetings are still in progress with respective licensees</p> <p>c. No invoices received from respective campuses</p> <p>d. No correspondences with licensees</p> <p>e. No audit report.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p>				

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		No further progress to report for the period under review.				
10.7	Subsistence and Travel Payments a. S&T online system improvements to allow advance and weekly payments.	<p><b><u>Progress / Status as at 30 September 2021:</u></b> S&amp;T Online Claim reconciliation is already in place and user-training is ongoing.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> User training is completed for all the institutes.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> Completed</p>	Addressing the root cause	GM: Finance	1 April 2022	A functional S&T system
10.8	Monthly Financial Statements schedules and/or reconciliations	<p><b><u>Progress / Status as at 30 September 2021:</u></b> Initiative started during FY2021, monthly monitoring continues.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> Implemented and on-going</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> Implemented and on-going.</p>	Addressing the root cause	GM: Finance All Finance Managers	Effective immediately	Reconciliations and schedules, supporting the Trial Balances

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<a href="#"><u>Progress or status as at 31 December 2021</u></a> Implemented and ongoing.				
11.	<b>Supply Chain Management</b>					
11.1	<p>Review and Revise SCM related Delegations of Authority and Policy including the related Standard Operating Procedures (SOPs), to be more explicit and detailed as it relates to the approvals on SCM transactions.</p> <p>Policy and DOA amendments:</p> <ul style="list-style-type: none"> <li>- Clear parameters to be set in the policy with regards to when a tender will be advertised with a shorter period than legislated.</li> <li>- Clear DOA to be in place, in line with the National Treasury with a clear distinction what the Accounting Authority (Council)'s responsibilities are and that of the Chief Executive Officer.</li> </ul>	<p><b><u>Progress / Status as at 30 September 2021:</u></b></p> <p>The SCM Policy and Procedure manuals has been updated and will be submitted to the relevant governance structures, EMC meeting scheduled for the 26 October 2021 and FIIGI, Council meetings scheduled for November 2021.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The updated SCM Policy and SCM Delegations of Authority Framework have served at the EMC meeting held on 02 November 2021 and are en-route to the following committees and Council:</p>	Addressing the root cause	CFO Senior Manager: SCM	30 November 2021	<p>The following approved by Council:</p> <ul style="list-style-type: none"> <li>(a) Revised SCM Policy</li> <li>(b) Revised Delegations of Authority</li> </ul> <p>The following approved by EMC:</p> <ul style="list-style-type: none"> <li>(a) SCM SOPs</li> </ul>

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<ul style="list-style-type: none"> <li>- Finance, Investment, ICT Governance and Infrastructure Committee</li> <li>- Audit and Risk Committee</li> <li>- Council</li> </ul> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The updated SCM Policy and SCM Delegations of Authority Framework served at both FIIGI, Audit and Risk Committee. Both documents were referred back for a review by Internal Audit, and for management to link the delegations to the legislation.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p> <p>The SCM Delegations of authority framework and SCM Policy were considered and recommended to Council, by the Audit and Risk Committee. The final decision of Council is in progress and it is anticipated that</p>				

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		it will be finalised during January 2022.				
11.2	Redesign the Contract Register, and update with latest contracts within ARC	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>A “refined” contract register with formulas to change colours when contract lapses or exceeds its initial value. Support from SCM accountants to be offered continuously to the person managing contract register.</p> <p>The above is work in progress, a new template was shared with all the institutes on the 25 Oct 2021. There is still some details need to be ironed up and issues with drop down menu is provided.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The SCM Division has started with implementing the contract register.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p>	Addressing the root cause	Senior Manager: SCM	30 November 2021	Accurate and complete Contract Register

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		Ongoing and not yet completed.				
11.3	The Contract Register must be linked to the ERP system used to update payments made against the contract	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>An initial meeting has been held on 20 October 2021 between CFO, SCM and ICT to discuss the areas of collaboration, including initiating the projects.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The contract register has been uploaded to the ARC Intranet.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p> <p>Ongoing.</p>	Addressing the root causes	CFO GE: ICT Senior Manager: SCM	28 February 2022	A Contract Register linked to the Microsoft AX system
11.4	Deviation Register to be linked to the Contract Register, to ensure deviations / variations on contract values are noted	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The Supply Chain Management division will consult with the ICT Division to find a suitable</p>	Addressing the root causes	Senior Manager: SCM	15 December 2021	Deviation register linked to Contract Register



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>solution on how best to integrate the two databases.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The contract register has been uploaded to the ARC intranet; we will test the integration between the Deviation Register and the Contract Register.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p> <p>The testing is underway.</p>				
11.5	The Supplier banking details to be signed off by SCM line manager	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The above matter has been resolved.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>Resolved</p>	Addressing the root causes	Senior Manager: SCM	30 November 2021	All banking details changes are appropriately approved

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
12.	<b>ARC Sustainability and Financial Turnaround Plan</b>					
	Continuous implementation of the ARC Sustainability and Financial Turnaround Plan approved in February 2019, to ensure that the material uncertainty relating to financial sustainability is addressed.	A progress / status is presented at all the Council Meetings	Addressing financial sustainability	All Executives	Continuous / Ongoing	
12.1	Implement personnel costs related initiatives	<p>To be reported on with the progress on Turnaround. Ongoing.</p> <p><b><u>Crop Sciences feedback:</u></b> Small Grain has five Research Fellows at zero salary to the ARC. They are fully active on research and development activities. Five to ten more Research Fellows are in the pipeline to be appointed.</p> <p>TSC have shared services with Infruitec for two RTM positions, the Soil Science and Agro-Processing and Postharvest RTM positions.</p> <p>ARC-VIMP in progress of finalisation, delays experienced w.r.t. consulation and</p>	Addressing financial sustainability	GE: HR & Legal & All Executives	Continuous / Ongoing	Personnel costs being 60% of Operational Parliamentary Grant

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>negotiations with Organised Labour and process not finalised yet.</p> <p><b>Animal Sciences feedback:</b>  The Animal Production campus made a saving on personnel costs of <b>R1 922 351 from 1 October to 31 December 2021</b> by deferring the filling of non-critical positions.  The Onderstepoort Veterinary Research campus made a saving on personnel costs of <b>R14 271 457 as of 1 October 2021</b> by differed filling of positions. However this is not a true saving because there may be costs associated with filling core positions which could have brought in revenue.</p>				
12.2	Implement new revenue generation initiatives And Existing revenue streams	<p>To be reported on with the progress on Turnaround.</p> <p>Ongoing.</p> <p>Detailed Divisional [Crop Sciences; Animal Sciences;</p>	Addressing financial sustainability	GE: Animal Sciences GE: Crop Sciences GE: Impact & Partnership	Continuous / Ongoing	New Revenue Streams and External Income being > 50% of Total Revenue

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		Impact & Partnership] feedback provided at the end of the table				
12.3	Consolidation of Pretoria Campuses	To be reported on with the progress on Turnaround  The Pre-feasibility study has been completed, with a report shared during the Council meeting held during November 2021.	Addressing financial sustainability	CEO GE: ICT & Infrastructure	Continuous / Ongoing	IIC, SCW, IAE moved to Roodeplaat (VOPI campus). & Central Office moved to any of the remaining campuses (Irene / Onderstepoort / Roodeplaat)
12.4	Amalgamation of ARC Campuses	To be reported on with the progress on Turnaround.  Not yet implemented.		CEO	Continuous / Ongoing	Amalgamated ARC campuses and reduced in number
12.5	Digital Transformation	To be reported on with the progress on Turnaround	Addressing financial sustainability	GE: ICT & Infrastructure	Continuous / Ongoing	
12.5.1	Develop Digital Transformation Roadmap / Strategy	To be reported on with the progress on Turnaround.  The Digital Transformation Roadmap was presented as part of the ICT Quarterly Report, presented at the relevant committees and Council as part of the November 2021 meetings.	Addressing financial sustainability	GE: ICT & Infrastructure	31 December 2021	Digital Transformation Strategy

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
12.5.2	Implement Document Management System	<p>To be reported on with the progress on Turnaround.</p> <p>The tender is closed and Bid evaluation will be conducted during January 2022.</p> <p>Not yet due.</p>	Increase Efficiency	GE: ICT & Infrastructure	31 November 2022	Document Management System
13.	Facilities / Infrastructure					
13.1	Ensure existence of signed lease agreements (internal and external).	<p><b><u>Progress / Status as at 30 September 2021:</u></b></p> <p>The tenants to be advised on the revised rates.</p> <p><b>No further update for the period ended 30 September 2021.</b></p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p><i>Please see attached Annexure Infrastructure AIP v3 for update</i></p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>All outstanding action items are not yet due.</p>	Addressing the root cause	GE: ICT & Infrastructure Senior Manager: Infrastructure GE: HR & Legal Manager: Employee Relations	31 March 2022	Signed leases for all tenants

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<a href="#"><u>Progress or status as at 31 December 2021</u></a> Not yet due.				
13.2	All lease agreements to be aligned to market related rentals, as per the valuation reports (Enterprises UP)	<p><b><u>Progress / Status as at 30 September 2021:</u></b> The valuation reports has been completed by the service provider to date. The implementation</p> <p><b>No further update for the period ended 30 September 2021.</b></p> <p><b><u>Progress / Status as at 31 October 2021:</u></b>  <i>Please see attached Annexure "Infrastructure AIP v3 for update</i></p> <p><b><u>Progress / Status as at 30 November 2021</u></b> All outstanding action items are not yet due.</p> <p><a href="#"><u>Progress or status as at 31 December 2021</u></a> Not yet due.</p>	Addressing the root cause	GE: ICT & Infrastructure Senior Manager: Infrastructure GE: HR & Legal Manager: Employee Relations	31 March 2022	All lease agreements rentals aligned to the valuation reports rates.

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
13.3	<b>Facilities / Infrastructure management assessment</b>					
13.3.1	Facilities Management assessment (Operating Model and areas of improvement its efficiencies). Report on the findings and recommendations for SEMPCO approval	<p><b><u>Progress / Status as at 30 September 2021:</u></b> The Service Provider has been appointed and the project has progressed with key stakeholders met to date <b>No further update for the period ended 30 September 2021.</b></p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> SEMPCO workshop was postponed to November 2021. The draft report is ready and will be presented during the session.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> All outstanding action items are not yet due.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p>	Addressing the root cause	GE: ICT & Infrastructure Senior Manager: Infrastructure	31 October 2021	New Operating Model for improved efficiencies

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		SEMPCO has provided inputs during November / December 2021. The final document will be presented at the January 2022 for final approval and implementation will follow afterwards.				
13.3.2	Implementation of the areas of improvement based on the outcome of the report	<p>Not yet started</p> <p><b>No further update for the period ended 30 September 2021</b></p>	Addressing the root cause	GE: ICT & Infrastructure Senior Manager: Infrastructure	01 April 2022	New improved operating model implemented
13.4	Lease agreements for employees – staff occupying buildings / houses/ facilities and not paying market related rentals qualify to be taxed on the fringe benefits they receive.	<p><b><u>Progress / Status as at 30 September 2021:</u></b></p> <p><b>No further update for the period ended 30 September 2021.</b></p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p><i>Please see attached Infrastructure AIP V3 for update</i></p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p>	Addressing the root cause	<p>Senior Manager: Infrastructure [GE:ICT &amp; Infrastructure]</p> <p>GM: Finance [CFO] Payroll Manager</p> <p>GE: HR &amp; Legal Manager: Employee Relations</p>	31 January 2022	Fringe benefit implemented for all employees paying below market related rentals



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>All outstanding action items are not yet due.</p> <p><u>Progress or Status as at 31 December 2021</u></p> <p>All outstanding action items are not yet due. It will be dealt with during January 2022.</p>				
14.	ICT related initiatives		39, 40, 41			
14.1	Implement the approved ARC data classification framework	<p><u>Progress / Status as at 30 September 2021:</u></p> <p>The Document has been developed and reviewed by ICT management and ARC Security team, will be presented to the next ICT Strategic Committee for approval.</p> <p><b>No further update for the period ended 30 September 2021.</b></p> <p><u>Progress / Status as at 31 October 2021:</u></p> <p><i>Please see attached Annexure ICT AIP V3 – update</i></p>	39	GE: ICT	31 December 2021	Approved ARC data classification framework

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p><u><i>Progress or status as at 31 December 2021</i></u></p> <p>It has been considered and approved during the Council meeting held during November 2021.</p>				
14.2	Procure and implement the security certificate on the firewall	<p><u><b>Progress / Status as at 30 September 2021:</b></u></p> <p>Completed – the certificate has been implemented.</p> <p><b>No further update for the period ended 30 September 2021.</b></p> <p><u><b>Progress / Status as at 31 October 2021:</b></u></p> <p><i>Please see attached Annexure ICT AIP V3 – update</i></p> <p><u><i>Progress or status as at 30 November 2021 and 31 December 2021</i></u></p> <p><i>Done.</i></p>	40	GE: ICT	30 July 2021	Done

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
14.3	(a) Implement functional DR infrastructure. (b) Perform comprehensive DR test	<p><b><u>Progress / Status as at 30 September 2021:</u></b> The infrastructure refresh project has started. <b>No further update for the period ended 30 September 2021.</b></p> <p><b><u>Progress / Status as at 31 October 2021:</u></b>  <i>Please see attached Annexure ICT AIP V3 - update</i></p> <p><b><u>Progress / Status as at 30 November 2021</u></b> All outstanding action items are not yet due.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b> All outstanding action items are not yet due.</p>	41	GE: ICT	31 March 2022	Functional DR infrastructure in place And Report from a comprehensive DR test
15.	<b>Legal Non – Compliance</b>					
15.1	BBBEE Compliance reporting (Annually upon completion of the ARC' BBBEE verification process)	<p><b><u>Progress / Status as at 30 September 2021:</u></b> FY2020 BBBEE report and accompanying ARC Annual</p>	37	CFO Senior Manager: SCM	31 October 2021	Submission to BBBEE commission

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>Reports (which includes the audited annual financial statement) was submitted to the BBBEE Commission on 05 August 2021.</p> <p>The BBBEE verification for FY2021 is underway, and a report will be submitted as soon as the latest BEE certificate is received.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> The BBBEE verification FY2021 is underway.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b> The BBBEE verification process has been finalised, and a certificate is expected to be issued by the 10 December 2021.</p> <p><b><u>Progress or Status as at 31 December 2021</u></b></p>				done by 31 October 2021

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		The BBBEE certificate is not yet issued, and outstanding information is been attended to.				
15.2	Internal Audit Assessment – Quality Assurance	Not yet started/ due	38	Chief Audit Manager	31 March 2022	Report on Internal audit QA assessment
15.3	Declaration of Interest by ARC employees <ul style="list-style-type: none"> <li>- FY2022</li> <li>- FY2023</li> </ul>	<b><u>Progress / Status as at 30 September 2021:</u></b> <ul style="list-style-type: none"> <li>- FY2022, completed.</li> <li>- FY2023 (not yet started)</li> </ul>	36	GE: HR & Legal	30 June 2021 30 June 2022	Completed declaration of interest
15.4	Annual Financial Statements to be prepared in accordance with the PFMA (i.e. no adjustments after 31 May submission)	- Not yet started / due	Addressing the root causes. (all findings which resulted in audit adjustments)	CFO GM: Finance All Finance Managers	31 May 2022	
16.	The ARC Executive Management Committee (EMC) to submit detailed (unaudited) monthly ACE.IP implementation reports by not later the 5 <sup>th</sup> of the following month to: <ul style="list-style-type: none"> <li>- Audit and Risk Committee</li> <li>- Council</li> <li>- AGSA</li> </ul>	<b><u>Progress / Status as at 31 October 2021:</u></b>  Effective 05 November 2021 and was submitted.  <b><u>Progress or status for the period under review</u></b>	Addressing the root causes	CEO CFO	5 <sup>th</sup> of every month effective from October 2021 reporting	Monthly ACE.IP implementation reports

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		The progress report for the period ended 30 November 2021 is submitted on the 06 December 2021 in line with the committed timelines.				
17.	<p>The Internal Audit to submit independent monthly ACE.IP reports by not later than 15<sup>th</sup> of the following month to:</p> <ul style="list-style-type: none"> <li>- Audit and Risk Committee</li> <li>- Council</li> <li>- AGSA</li> </ul>	<p><b><u>Progress / Status as at 30 September 2021:</u></b></p> <p>The original Plan has been reviewed by Internal Audit, with a report issued. The final ACE.IP has been tabled at the Audit &amp; Risk Committee meeting held on 11 October 2021.</p> <p>And</p> <p>Not yet started</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>Internal audit report on AIP for the 2nd quarter ending 30 September 2021 was tabled in the previous audit and risk committee meeting.</p> <p>Internal Audit report on AIP for period ending 31 October will be</p>	Addressing the root causes	Chief Audit Manager	- 27 September 2021 and 15 <sup>th</sup> of every month effective from October 2021 reporting.	Internal audit reports on ACE.IP implemented by management

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>tabled to the Audit and Risk Committee on the 15th of November 2021.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>Internal Audit will be reviewing the progress report on the ACE.IP for the period ended 30 November 2021, with a report submitted per the outlined timelines.</p> <p><b><u>Progress / Status as at 31 December 2021</u></b></p> <p>Internal Audit will be reviewing the progress report on the ACE.IP for the period ended 31 December 2021, with a report submitted per the outlined timelines.</p>				
18.	<p><b>Compliance Universe</b></p> <p>Completion of the compliance universe comprising of the following</p> <ul style="list-style-type: none"> <li>- Legal universe</li> <li>- The policy universe</li> <li>- Indicating the existence of written internal processes to be executed</li> </ul>	<p><b><u>Progress / Status to date</u></b></p> <p>The legislative Compliance Universe has been updated</p> <p>A RFQ has been issued to Service Providers to assist the ARC in developing a</p>	Addressing the root cause	GE: HR & Legal SM: Legal & Supported by all Executives	30 October 2021 And Quarterly reporting from henceforth	Up to date Compliance Universe register

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		comprehensive ARC Legislative Compliance Universe. This will assist in listing all relevant and legislations that impact ARC enterprise wide.  The Bid Specification Committee will sit on the 19 January 2022 to approve the specification.  Once Approved, it will be advertised with the assistance of Supply Chain Management.				
19.	<b>Continuous training on Compliance Universe</b>	In progress: Monthly/Quarterly workshops / training Legislative Compliance. Currently setting a timetable for this quarter.	Addressing awareness and compliance or non-compliance	Information Officer / Legal & Compliance Unit	Monthly and quarterly reporting.	Workshops / Training done on various ARC-Campuses on monthly and quarterly basis.
19.1	Training plan on all forms of continuous training on relevant parts of compliance universe	Monthly/Quarterly workshops / training Legislative Compliance.  Currently setting a timetable for this quarter.	Addressing lack of awareness of legislation and compliance.	GE: HR & Legal SM: Legal	30 October 2021	Completed training on various ARC-Campuses.
19.2	Continuous training on the compliance universe to be offered to the following: - Council	Progress / Status as at 30 September 2021:	Addressing lack of awareness of	GE: HR & Legal SM: Legal	30 November 2021 28 February 2022	Completed training at various



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
	<ul style="list-style-type: none"> <li>- Council Subcommittees</li> <li>- EMC</li> <li>- SEMPCO</li> <li>- Institutes / Divisions</li> </ul>	<p>Not yet started with Council Company Secretariat to advice on what should be prioritized for Council and Committees.</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>To get guidance from Council Secretariat on which compliance training would be required by Council.</p> <p>To get guidance as to which compliance training would be required from EMC members. Have completed POPIA Compliance on how to handle and access request for personal information.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>Not yet started with Council and Committees. Council &amp; Committee Secretariat has developed a training program on compliance for Council &amp;</p>	existing impactful legislation and implications of non-compliance.		30 June 2022 30 September 2022 15 December 2022 28 February 2023	campuses including members of EMC and SEMPCO.

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>Committees. To arrange dates with Secretariat on dates for Council and Committees training.</p> <p><u>Progress / Status as at 31 December 2021</u></p> <p>To arrange dates with Secretariat on dates for Council and Committees training.</p> <p>For Q3 (October – December) workshops/training have been conducted for ARC employees.</p> <p>Currently drafting a programme for Q4 for employees at Campus level.</p>				
20.	Delegations register and linked policies & processes	<p><u>Progress / Status as at 30 November 2021</u></p> <p>This has been extended to January 2022, with tabling to the relevant Council subcommittees by February 2022</p>		CEO CFO GE: Legal	<del>30 November 2021</del> January 2022 EMC February 2022 [Subcommittees & Council]	Delegations register
20.1	Updating of the delegation register and updating prevailing policies to reflect the delegated role, power, function, duty and specific relevant provisions in the approved applicable policy	Not yet started / due		CEO CFO GE: Legal All Executives	31 January 2022	Updated and approved Delegations framework

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
21.	Status of records review and monthly reports, by External Auditors (AGSA)	<b><u>Progress / Status as at 30 November 2021</u></b>  To be updated	Addressing the root causes	AGSA CEO CFO	30 November 2021 and monthly thereafter	Status of records review
22.	<b>AGSA – External audit governance model</b>					
22.1	Engagement letter for the Interim Audit, which outlines the scope of the Property, Plant and Equipment full audit. (a) To be discussed with Management (b) To be discussed and approved by Audit and Risk Committee (c) Approval by Council	<b><u>Progress / Status as at 30 September 2021:</u></b> The AGSA has committed to provide and discuss the Audit scope and engagement letter for the Interim Audit on the 19 October 2021, and the other dates remains the same.  <b><u>Progress / Status as at 31 October 2021:</u></b> In Progress  <b><u>Progress / Status as at 30 November 2021</u></b> The Interim Audit Strategy has since been considered and approved by both the Audit & Risk Committee; as well as Council. <b>Approved</b>	Addressing the root cause	AGSA	(a) 15 October 2021 (b) 22 October 2021 (c) 29 October 2021	Approved Engagement letter for Interim Audit

NO.	INTERVENTION(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
22.1.1	Perform an Interim Audit on PPE and all Irregular Expenditure investigations completed to date by Internal Audit, including consequence management implemented.	<p><b><u>Progress / Status as at 31 October 2021:</u></b></p> <p>The Interim Audit has already started and it's underway. The Interim Audit Steering Committee Weekly meetings have been scheduled. Audit evidence / supporting documentation continues to be submitted to the AGSA team as and when the RFIs are received.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The Interim Audit is underway. The Debrief Session / meeting was held on the 08 November 2021, to close – off the FY2021 audit process whilst identifying areas of improvements from both the ARC and AGSA. The Interim Audit Steering Committee meetings are held as per schedule. The auditors are on time to issue the Interim Management Report to Management by 14 December 2021.</p>	Addressing the root cause	AGSA ARC management	To be completed by 10 December 2021	Interim audit conducted and completed within timelines by AGSA

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<u><a href="#">Progress or status as at 31 December 2021</a></u> The Interim Management Report has been presented at the Audit Steering Committee held on 14 December 2021. The Interim Management Report will be presented at the EMC, Audit and Risk Committee and Council during January 2022.				
22.1.2	Interim Management Report to be tabled as follows: (a) To Management (b) To Audit & Risk Committee (c) To Council	The Interim Management Report will be presented at the EMC (11/01/2022); Audit and Risk Committee (12/01/2022) and Council (20/01/2022)	Addressing the root cause	AGSA	(a) 14 December 2021 (b) 12 January 2022 (c) 20 January 2022	Interim Management Report
22.2	Engagement letter for the Final Audit for approval by: (a) Audit & Risk Committee; (b) Council	Not yet started/due	Compliance requirement	AGSA	(a) February 2022 (b) February 2022	Approved Engagement Letter for Final Audit
22.2.1	Perform final audit for the year ending 31 March 2022 and Present the Management Report and Audit Report to the relevant Governance	Not started/due	Compliance requirement	AGSA ARC Management	01 June to 31 July 2022	Final audit conducted and completed within timelines

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
	structures within ARC [ Audit Steering Committee; EMC; Audit and Risk Committee; Council]					by AGSA, with Management Report and Audit Report issued.
23.	<p>Prepare and present the Accounting Policies to be applied to the Annual Financial Statements for the year ending 31 March 2022. [Ensure that all GRAP standards applicable to the ARC are included].</p> <p>To be presented to the following for consideration and approval:</p> <ul style="list-style-type: none"> <li>- Finance, Investment, ICT Governance and Infrastructure Committee</li> <li>- Audit and Risk Committee</li> <li>- Council</li> </ul>	Not yet started / due	Compliance requirement	CFO GM: Finance	February 2022	Accounting policies tabled and approved
24.	Preparing the Draft Annual Financial Statements for the year ending 31 March 2022	Not yet started/due	Compliance requirement	CFO GM: Finance	To be submitted to AGSA, NT, DALRRD by 31 May 2022	Draft AFS submitted
24.1	The Draft Annual Financial Statements to be subjected to the Internal Audit Review	Not yet started/due	Compliance requirement	CFO GM: Finance	06 May 2022	Draft AFS submitted

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
24.2	Draft Annual Financial Statements and Internal Audit Report to be considered by the Audit and Risk Committee	Not yet started/due	Compliance requirement	CFO GM: Finance Chief Audit Manager	23 – 27 May 2022	Draft AFS submitted
24.3	Approval by Council – Draft Annual Financial Statements to be submitted for audit	Not yet started/due	Compliance requirement	Audit and Risk Committee	30 May 2022	Draft AFS submitted
25.	Lifestyles audits to be conducted on staff which includes a level 2 probity review which identifies participation of the employee and immediate family members in business. (a) SEMPCO members (b) All SCM employees (c) All managers or employees at GG12 and above.	Not yet started/due	Addressing the root cause	CEO GE: HR & Legal Chief Audit Manager	30 September 2022	Lifestyle audit reports in place, for all the identified employees
26.	Develop a Council and Council Committees Remuneration Policy which is approved by the Executive Authority [Minister of Agriculture, Land Reform and Rural Development]	<p><b><u>Progress / Status as at 30 September 2021:</u></b> The policy has been drafted for input by Council, before it is submitted to the Minister for approval [status as at 28 September 2021]</p> <p><b><u>Progress / Status as at 31 October 2021:</u></b> The Remuneration Policy has been drafted, with inputs</p>	Addressing the root cause on Council & Audit committee remuneration	CEO CFO	<p>30 September 2021 (draft policy)</p> <p>01 November 2021 (submission to Minister)</p>	Approved Council and Council Committees Remuneration Policy

NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		<p>received from Council and is now being finalised to be submitted as an official document to the relevant governance structures for approval.</p> <p><b><u>Progress / Status as at 30 November 2021</u></b></p> <p>The Draft Remuneration Policy has served at a Council meeting held on 24 and 25 November 2021, and it is being reviewed and redrafted by Council. The submission to the Minister will be after the Remuneration Policy is endorsed by Council.</p> <p><b><u>Progress or status as at 31 December 2021</u></b></p> <p>Ongoing. The document is currently redrafted and finalised by Council.</p>				
27.	Monitoring of the progress on the Foot and Mouth Disease (FMD) Project	Council took a decision, on the 24 and 25 November 2021, to include the FMD project as an initiative on the ACE.IP, with progress monitored on a monthly basis.		Acting CEO GE: Animal Sciences	Due dates as per FMD Project Plan	Milestones achieved per the Progress on the Project Plan



NO.	INTERVENTION/(S)	PROGRESS / STATUS TO DATE	LINK TO AUDIT FINDINGS	RESPONSIBLE OFFICIAL	DUE DATE	OUTPUT (Measure of Success)
		Refer to Annexure 5.				
28.	Interim Audit Improvement Plan - initiatives	The initiatives are addressed in the respective AIP [Finance, SCM, and Infrastructure].		CFO GE: ICT & Infrastructure GM: Finance Acting SM: SCM Acting SM: Infrastructure	Due dates as outlined in the Interim Management Report.	No repeat audit findings

## INITIATIVE 12.2 DETAILED FEEDBACK PER DIVISION

### CROP SCIENCES FEEDBACK:

#### NEW PROPOSALS SUBMITTED FROM CROP SCIENCES

- Addressing the issue of shell skin marks (skin adherence) on macadamia kernel. SAMAC. Year 1 R75 042; Year 2 R233 580.00.
- Selection and evaluation of new cultivars for the South African Macadamia industry. SAMAC. Year 1 R773 463.60; Year 2 R497 090.40; Year 3 R583 622.40
- Avocado Pollen Consultation. Proposal submitted to SAAGA.12/11/2021. R142 071.55

4. Moths (Lepidoptera: Tortricidae) and fruit flies (Diptera: Tephritidae) on 'Carmen', 'Hass', 'Lamb Hass' and 'Maluma'. Proposal submitted to SAAGA. 12/11/2021. R346 800.00
5. Development of a rapid LAMP assay for in-field detection of ASBVd. Proposal submitted to SAAGA. 12/11/2021. R336 818.00
6. Impact of cover crops on insect biodiversity and soil health in avocado agroecosystems. Proposal submitted to SAAGA. 17/11/2021. Year 1 – R42 000.00; Year 2 – R49 000.00; Year 3 – R57 000.00
7. Determining the effect of ethephon application on "Beaumont" shelf life. Proposal submitted to SAMAC. 04/10/2021. Year 1 – R81 060.00, Year 2 – R610 290.00.
8. BERRIES ZA-Project Title-Screening of candidate entomopathogenic fungal isolates for efficacy against the blueberry bud mite, *Acalitus vaccinii* (Keifer) (Prostigmata: Eriophyidae) in South Africa-R 181 961' expected income date February 2022
9. BERRIES ZA Project Title-Development of a disease certification scheme for blueberry nurseries in South Africa-R 1 802 003 expected income date February 2022.
10. BERRIES ZA-Project Title-Development of a disease certification scheme for blueberry nurseries in South Africa-R258000 expected income date February 2022.
11. North-West Department of Agriculture and Rural Development (NWDARD) - Sweet potato trials and production promotion in for regions of North West (Brits, Potchefstroom, Mafikeng and Vryburg) - R921 277, 00 Date not communicated by funder.
12. Technology Innovation Agency (T Expansion of Orange Fleshed Sweet Potato (OFSP) enterprise development through improved production and agro-processing innovation: A food security solution IA) - R5 250 000,00.
13. DALRRD- Optimizing the micro propagation protocol of cassava for large-scale application- R1 840 000.
14. DALRRD- Agronomic performance of Bambara groundnut and nutritional quality- R1 811 250.
15. DALRRD- Participatory Okra Selection through Induced Mutation for Improvement of Yield and Nutritional Quality- R1 735 000.
16. DALRRD- Speed breeding using manipulation of temperature and moisture stress, and single seed decent selection to develop highly homozygous pure lines of cowpea possessing high and stable yield. - R377 000.
17. DALRRD- Selection of parental cowpea germplasm and bio fortification through crossing to develop population of progenies, for enhanced breeding gains and genetic improvement. - R 230 472.

18. DALRRD- The farmer-based cowpea seed production and marketing in South Africa- R1 656 000.
19. DALRRD- Establishing small-scale cassava propagation nursery for commercialization of the crop in South Africa- R2100 000.
20. DALRRD- Development of novel processed products from orange-fleshed sweet potatoes and traditional pulses- R1 725 690.
21. Submitted research proposals and awaiting feedback from the South African Winter Cereal Industry Trust for a value of R10.00 m per year. Received NRF grants to the value of 1,125 m for 3 years. Submitted 9 proposals to DALRRD to the value of R4 m for one year. There is opportunity of additional funding of R2 m a year on existing rice R&D which is 0.7m currently. AB-InBev currently funds a project of R7 m a year for barley R&D at Small Grain – the stakeholder has recently expressed interest to continue funding barley projects into the future. Royalty income (estimated at R3 - 4 m a year) has potential to double if cultivars released within the last 5 years are commercialized.

### **NEW CONTRACTS SIGNED FROM CROP SCIENCES**

1. Pineapple research. HPMA. R ARC-SAMGA License Agreement – Mango Varieties. Signed 11 October 2021.
2. Effects of modified atmosphere packaging and fungicides on the quality of selected litchi cultivars/selections. SALGA. R73 512.00
3. Litchi Cultivar Evaluation. SALGA. R259 174.00
4. Early detection of litchi graft incompatibility. SALGA. R84 000.00
5. Optimizing the management of Phytophthora root and stem canker on macadamia using phosphonates and seasonal Phytophthora root colonization patterns. SAMAC. R66 051.00

### **ANIMAL SCIENCES FEEDBACK:**

#### **New proposals submitted by Animal Production**

1. Oestrus synchronisation of goats in Limpopo Province. Anglo American. R1 858 915.20

2. The potential of seaweed as mineral and amino acid supplement and its effect in mitigating enteric methane production in dairy cows. International Atomic Energy Agency. R33 800.00
3. Improving resilience of smallholder livestock farmers with climate-smart planted pastures. Department of Agriculture Land Reform and Rural Development. R6 182 400.00
4. Sustainable rangeland management, fodder flow implementation and GHG emission mitigation. Department of Agriculture Land Reform and Rural Development. R8 517 219.24
5. Cattle in vitro embryo production and cryopreservation of oocytes and embryos. Department of Agriculture Land Reform and Rural Development. R364 500.00
6. Description of South African Bosveld sheep based on their morphological and semen characteristics. Department of Agriculture Land Reform and Rural Development. R386 400.00

#### **New proposals submitted by BTP**

1. Investigating goat kid mortality within an organised community project in KwaZulu-Natal. Department of Agriculture Land Reform and Rural Development. R450 000.00
2. Genomic diversity, risk of extinction and conservation of South African indigenous and village pig populations. Department of Agriculture Land Reform and Rural Development. R470 000.00

## **New proposals submitted by Onderstepoort Veterinary Research**

1. SAPPO- Evaluation of peptide ELISA and validation of tick ELISA for detection of tick proteins. R265 000
2. DSI- ARC National Public Good Assets (NPGA) Strategy Document: Discovery proposal (brief overview) Amount not yet known
3. SAPPO- Multi-locus sequence typing of African swine fever viruses (ASFV) from outbreaks to establish an ASFV Virusbank. Continued funding for project P10000189 R640 000
4. HORIZONCL6- 2021- FARM2FORK-01 Novel HVT vectored vaccine & AI system for protecting avian health in South Africa R4 780 000
5. ARISE-PP- Immune transcriptome comparison of attenuated to highly virulent African swine fever viruses for future vaccine development. African Research Initiative for Scientific Excellence pilot program (ARISE-PP). R7 500 000
6. EEID: NSF Multi-scale infection dynamics from cells to landscapes: FMD in African buffalo~USD 15 M (entire consortium budget)
7. OIE- Establishing core cells for a future Southern African rabies laboratory network. (Joint application with Friedrich Loeffler Institute, Germany) R750 000
8. DALRRD -Global source tracking of Salmonella enterica from imported foods in South Africa via whole-genome sequencing R1 380 000
9. USDA-APHA- Risk-based surveillance program for Zoonotic coronaviruses including SARS-CoV-2 at the human domestic-wildlife interface. R110 000 000
10. National University of Lesotho - Investigate the dosage and effectivity of a medicinal plant extract from Lesotho against treatment of COVID-19 in an animal model R819 382
11. SAPPO Multi-locus sequence typing of African swine fever viruses (ASFV) from outbreaks to establish an ASFV Virusbank- R640 000

12. ARISE-PP-Immune transcriptome comparison of attenuated to highly virulent African swine fever viruses for future vaccine development. African Research Initiative for Scientific Excellence pilot program (ARISE-PP) - R7 500 000

### **New contracts signed from by Animal Sciences**

1. Grant for small stock improvement scheme. Woolled Sheep Improvement Scheme Trust. R45 500.00
2. Effect of climate change on the distribution of heart water in South Africa. RMRD-SA. R152 097.00
3. Sibanye Stillwater livestock development project. R391 000.001. TIA- Addendum to funding agreement: Development of an attenuated live heartwater vaccine for use in cattle R2 970 795
4. FAO- Strengthening regional capacities to address negative impacts of COVID-19 on the animal health sector in Africa R250 000
5. DALRRD- National antimicrobial resistance (AMR) surveillance and monitoring program: Animal Health R9 917 072
6. EcoHealth Alliance- Reducing the risk of Rift valley fever (year 3) R458 095
7. WRC extended the scope of the SARS-COV testing in water samples by R600 000.00. The amended contract was signed in December 2021.

### **IMPACT AND PARTNERSHIP**

1. Biometry continued to offer external statistical services for R153 730, and also invoiced DoA Western Cape for R303 600.
2. Economics awarded FAO consultancy work for R372 000, and NAMC paid ARC R481 500 for the farmers skills audit project.
3. Commercialization received R685 000 from DSI/NIPMO
4. SHAD invoiced DALRRD R4 119 956 for NARYSEC training.

## **6. RECOMMENDATION**

It is recommended that the Audit and Risk Committee as well Council consider and approve the progress on the implementation of the ARC' Controls and Efficiencies Improvement Plan.

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## ANNEX A – LIST OF AUDIT FINDINGS AS OUTLINED IN THE MANAGEMENT REPORT

No.	Description	Repeat Findings	Page on MR Of 330 pages
	<b>ANNEXURE A – AUDIT FINDINGS</b>		
	<b>RE – AUDIT OF PROPERTY, PLANT AND EQUIPMENT</b>		
1.	Differences noted between the fixed asset register and the annual financial statements – [Re-audit COMAF 001]	0	9
2.	Misstatements noted on depreciation. [Re – audit COMAF 003]	0	14
3.	Accuracy and completeness of the fixed asset register [Re-audit COMAF 004]	0	21
4.	Findings noted during asset verifications [Re – audit COMAF 005]	0	24
5.	Misstatements on the prior period error adjustments. Limitations on the impairment loss and impairment reversal	0	40
6.	Findings noted during asset verifications [Re – audit COMAF 009].	0	45
7.	Findings noted during asset verifications and deficiencies on FAR [Re – audit COMAF 010]	0	52
8.	Revaluation reserve and revaluation gain	0	59
9.	Irregular expenditure removed in the incorrect period	0	90
	<b>Findings raised before Re - audit</b>		
10.	Property, plant and equipment, revaluation surplus, depreciation and impairment – inaccuracies identified on prior year and current year revaluation on buildings <b>(COMAF 24)</b>	0	106
11.	Property, plant and equipment, revaluation surplus, depreciation and impairment – issues identified on prior year and current year revaluation on buildings <b>(COMAF 25)</b>	0	118



No.	Description	Repeat Findings	Page on MR Of 330 pages
12.	Property, plant and equipment – Assets not in full working condition included in the FAR and inaccuracy of the FAR. <b>(COMAF 32)</b>	1	130
13.	Property, plant and equipment – Differences noted in the PPE note and Fixed Asset Register <b>(COMAF 34)</b>	1	145
14.	Note 39 – prior year adjustments note – prior period errors and adjustments not disclosed in accordance with GRAP 3 <b>(COMAF 36)</b>	0	159
15.	Property, plant and equipment (buildings) – change in accounting policy not disclosed in accordance with GRAP 3. <b>(COMAF 19)</b>	0	166
16.	Note 39 – prior year adjustments note – prior period errors and adjustments not disclosed in accordance with GRAP 3 <b>(COMAF 21)</b>	0	174
17.	Financial instruments disclosure – financial instruments not disclosed in accordance with GRAP 104 <b>(COMAF 40)</b>	0	180
18.	Retention of surplus not disclosed under the contingencies note <b>(COMAF 22)</b>	0	189
<b>ANNEXURE B</b>			
19.	Deviations not in accordance with stipulated requirements <b>(COMAF 27)</b>	0	194
20.	Revenue from rendering of services, bad debts recovered and Other Income – No accounting policies disclosed for significant items	0	202
21.	Scope limitation – requested documents not submitted for audit purposes (Various items including Rental agreements). <b>COMAF 3</b>	0	207
22.	Revenue and expenses – overstatement of revenue and expenses from internal transactions. <b>COMAF 4</b>	0	218
23.	Revenue from rendering of services – Revenue from Analytical services not completely recorded <b>COMAF 10</b>	0	226
24.	Revenue from rendering of services. Bad debts recovered and other income. No accounting policy disclosed for significant items	0	229

No.	Description	Repeat Findings	Page on MR Of 330 pages
25.	Revenue from sale of goods – Revenue from sale of goods not accounted for in the correct accounting period. <b>COMAF 12</b>	0	233
26.	No number 26 in the detailed Management Report		
27.	Performance management – no signed performance agreement in place for the CEO for 2020 – 21. <b>COMAF 5 – Interim audit</b>	0	238
28.	Operating and Administrative Expenditure – Payments not made within 30 days of receipt of invoice. <b>COMAF 7 (Final audit) AND COMAF – Interim Audit</b>	0	242
29.	Omission of stock items from year-end count sheet and not physically on site. <b>COMAF 16</b>	0	246
30.	Inventory count differences and rollback movements not supported. <b>COMAF 28</b>	0	250
31.	Prepayments – prepayments not presented in accordance with GRAP 1. <b>COMAF 9</b>	0	254
32.	Property, Plant and equipment, intangible asset, impairment loss and gain/ loss of disposal of assets – issues identified from testing derecognition and impairment of assets. <b>COMAF 30</b>	0	257
33.	Payables from exchange transactions – payables account with a debit account presented as a payable instead of a receivable. <b>COMAF 17</b>	0	266
34.	Related parties disclosure – issues identified from testing related parties' disclosure. <b>COMAF 31</b>	0	270
35.	False and non – declaration by suppliers on SDB 4 forms. <b>COMAF 1</b>	1	280
36.	Approval not obtained for additional remunerative work and non – declaration of interest by ARC employees. <b>COMAF 2</b>	0	292
37.	B-BBEE compliance – documents not submitted to the B-BBEE commission for the 2019-20 financial year. <b>COMAF 26</b>	0	294
38.	Internal Audit assessment – Quality assurance review on the internal audit function not performed. <b>COMAF 1 – Interim Audit</b>	0	296

No.	Description	Repeat Findings	Page on MR Of 330 pages
39.	Framework for the handling of sensitive information not yet approved and implemented.	0	298
40.	Insecure connection to login to the firewall.	0	299
41.	Comprehensive and integrated disaster recovery test not performed.	0	300
42.	Differences noted in the prior year adjustment for operating lease asset. <b>COMAF 39</b>	0	302
	<b>ANNEXURE C – OTHER IMPORTANT MATTERS</b>		
43.	Employee cost – issues identified on the validity of Council and ARC remuneration. <b>COMAF 18</b>	0	309
	<b>Other audit findings raised during the audit, not explicitly mentioned in the final MR</b>		
	Cash and cash equivalents – scope limitation on petty cash card facility confirmations. <b>COMAF 35</b>		
	Cash and cash equivalents – scope limitation on bank account 18582141-006. <b>COMAF 38</b>		
	Revenue from rendering of services and income received in advance – material issues raised in the prior year not corrected ( <b>COMAF 4 – Interim audit</b> )		
	Irregular expenditure removed in the incorrect period ( <b>COMAF 33</b> )		
	Irregular expenditure incorrectly disclosed ( <b>COMAF 20</b> )		
	Prior period adjustments – scope limitation on prior period adjustment journals and supporting documents ( <b>COMAF 37</b> )		