



**PFMA
2021-22**

Budgetary review and recommendations report (BRRR) **Portfolio Committee on Trade, Industry & Competition**

02 November 2022



AUDITOR-GENERAL
SOUTH AFRICA

MISSION



The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence



VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability



South African Bureau of Standards



South African Bureau of Standards (SABS)

Governance issues

The public entity is still operating **without a fully constituted and functional board of directors** (Board) as the executive authority has not finalised the appointment of a full-time board. This is in contravention of the Standards Act. The entity last had a full board in July 2018 and thus the entity has been operating under administration for the last four years. As reported in the first year of administration, the PFMA does not give authority to the executive authority to appoint administrators since only National Treasury can appoint another authority to perform as a board and this is only allowed in exceptional circumstances.

The entity has operated **without a permanent chief executive officer since 2018**. These circumstances have created instability within the entity which has a negative impact on sound governance principles and provision of oversight responsibility over financial and performance reporting of the entity.

Challenges currently experienced by SABS

- A Notice of Consultations in terms of Section 189 of the Labour Relations Act No 66 of 1995 was issued as part of **cost saving measure by reducing their staff** complement. The first phase was initiated in July 2021 whereby employee were offered Voluntary Severance Packages and Early Retirement Packages, the process was still in progress during 2021-22.
- **Vacancies in key positions** within the finance business unit as well as high staff turnover resulted in the late submission of the annual financial statements as well as the annual performance report.
- **The position of the Chief Executive Officer has been vacant** for four years.
- **Instability in leadership** since 2018 and overlapping of roles between executive management and governance and oversight.

Recommendation

It is **recommended** that the executive authority expedite the appointment of a full time competent and fully functional board, which must appoint a full time CEO to assist with improving the governance matters.



THANK YOU



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