



AUDITOR - GENERAL  
SOUTH AFRICA

# BUDGETARY REVIEW AND RECOMMENDATIONS REPORT (BRRR)

Portfolio Committee on  
Home Affairs

*10 October 2023*

*Briefing document on the  
audit outcomes for the  
home affairs portfolio:  
2022-23*



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## 1. Introduction

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

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

### 1.2 Role of the AGSA

Our role as the AGSA is to reflect on the audit work performed to assist the portfolio committee in its oversight role of assessing the performance of entities, taking into consideration the committee's objective to produce a budgetary review and recommendations report (BRRR).

### 1.3 Role of the portfolio committee

Section 5(2) of the Money Bills Procedures and Related Matters Amendment Act 9 of 2009 allows for each committee to compile a BRRR, which must be tabled in the National Assembly. Section 5(3) provides for a BRRR to contain the following:

- An assessment of entities' service delivery performance given available resources
- An assessment on the effectiveness and efficiency of entities' use and forward allocation of available resource
- Recommendations on the forward use of resources

## 1.4 Mandate of the AGSA and the portfolio committee

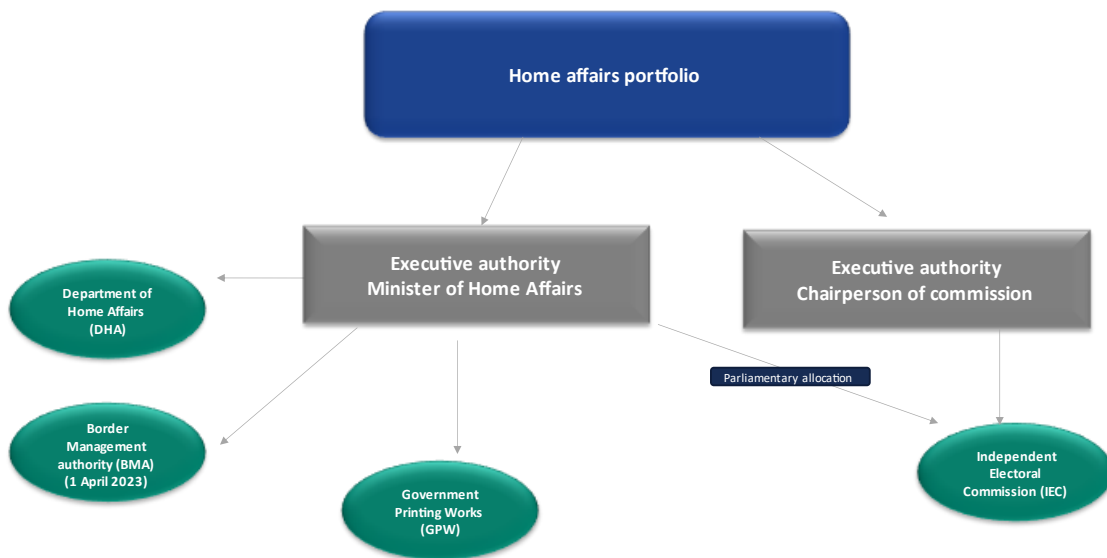
AGSA mandate	Portfolio committee mandate
<p><b>Section 188 of the Constitution</b></p> <p>The AGSA must audit and report on the accounts, financial statements and financial management of government institutions.</p> <p><b>Section 20(2) of the Public Audit Act (PAA)</b></p> <ul style="list-style-type: none"> <li>• The AGSA must prepare an audit report containing an opinion/conclusion on the: <ul style="list-style-type: none"> <li>○ fair presentation of the financial statements</li> <li>○ compliance with applicable legislation</li> <li>○ reported performance against predetermined objectives.</li> </ul> </li> <li>• Discretionary audits (including special audits, investigations and performance audits)</li> </ul> <p><b>Section 5(1B) of the PAA</b></p> <p>The auditor-general has the power to:</p> <ul style="list-style-type: none"> <li>• issue a material irregularity,</li> <li>• include recommendations in the audit report,</li> <li>• take an appropriate remedial action,</li> <li>• issue a certificate of debt, as prescribed, where an accounting officer/authority has failed to comply with remedial action.</li> </ul>	<p><b>National Assembly Rule 227</b></p> <p>Portfolio committees may, amongst other things, perform the following functions:</p> <ul style="list-style-type: none"> <li>• Deal with bills and other matters falling within their portfolio, as referred to them in terms of the Constitution, legislation or rules, or by resolution of the assembly.</li> <li>• Maintain oversight of their portfolios of national executive authority, including implementation of legislation, any executive organ of state falling within its portfolio, any constitutional institution falling within its portfolio, and any other body or institution in respect of which oversight was assigned to it.</li> <li>• Consult and liaise with any executive organ of state or constitutional institution.</li> <li>• Monitor, investigate, enquire into and make recommendations concerning any such executive organ of state, constitutional institution or other body or institution, including the legislative programme, budget, rationalisation, restructuring, functioning, organisation, structure, staff and policies of such organ of state, institution or other body or institution.</li> <li>• Consult and liaise with any executive organ of state or constitutional institution.</li> <li>• Perform any other functions, tasks or duties assigned to it in terms of the Constitution, legislation, these rules, the Joint Rules or resolutions of the Assembly, including functions, tasks and duties concerning parliamentary oversight or supervision of such executive organs of state, constitutional institutions or other bodies or institutions.</li> </ul>

## 2. Purpose of this document

The purpose of this briefing document is for the AGSA to reflect on the 2022-23 audit outcomes to assist the portfolio committee in its oversight role of assessing the performance of entities, taking into consideration the objective of the committee to produce a BRRR.

### Home affairs portfolio

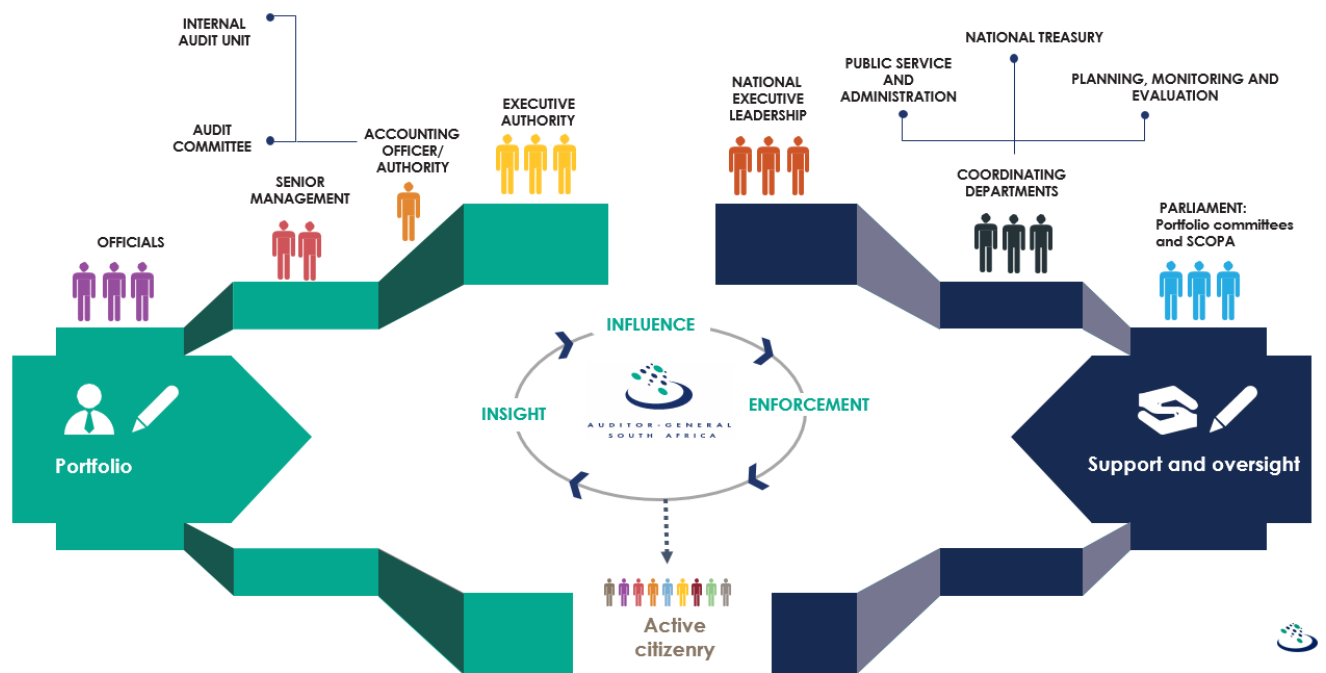
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### 3. Shifting the public sector culture through the accountability ecosystem

Slide 3

All have role to play in national government accountability eco-system 3



All have a role to play in the accountability ecosystem, whether it is at a leadership and decision-making level, or at a support, intervention or oversight level.

The accountability ecosystem is the network of stakeholders that have a mandate and/or responsibility, whether legislative or moral, to drive, deepen and/or insist on public sector accountability.






A more active and engaged accountability ecosystem would add to the much-needed effort of shifting public sector culture and would alleviate the overreliance on the AGSA to assume responsibility for improving audit outcomes and enforcing consequences.

Shifting the public sector culture towards one that is characterised by performance, accountability, transparency, and integrity can only be accomplished if all role players in the broader accountability ecosystem fulfil their respective responsibilities and mandates.

Given the nature of the AGSA's mandate, by the time that we audit the financial statements of auditees and report on adverse findings, multiple failures have already occurred along the accountability value chain. After our audits, other steps are required to complete the accountability cycle.

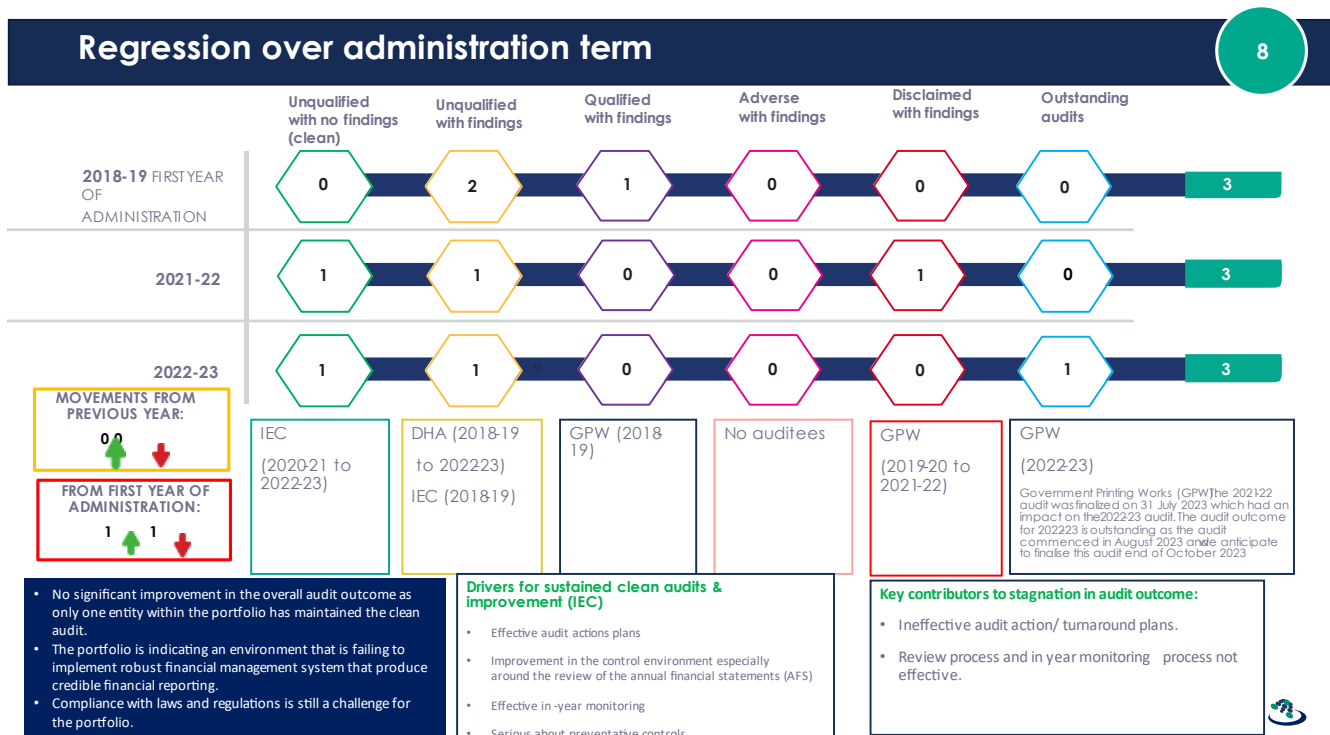
Improvement in sound financial management to enhance the lives of citizens does not only reside within the domain and responsibility of the accounting officer or authority and the auditors. It depends on the entire accountability ecosystem to enable a culture of accountability in a sustainable and meaningful way.

### 3.1 Audit outcomes explained

Unqualified opinion with no findings (clean audit)	Financially unqualified opinion with findings	Qualified opinion	Adverse opinion	Disclaimed opinion
 <p>Auditee:</p> <ul style="list-style-type: none"> <li>produced credible and reliable financial statements that are free of material misstatements</li> <li>reported in a useful and reliable manner on performance as measured against predetermined objectives in the annual performance plan (APP)</li> <li>complied with key legislation in conducting their day-to-day operations to achieve their mandate</li> </ul>	 <p>Auditee produced financial statements without material misstatements or could correct the material misstatements, but struggled in one or more area to:</p> <ul style="list-style-type: none"> <li>align performance reports to the predetermined objectives they committed to in APPs</li> <li>set clear performance indicators and targets to measure their performance against their predetermined objectives</li> <li>report reliably on whether they achieved their performance targets</li> <li>determine the legislation that they should comply with and implement the required policies, procedures and controls to ensure compliance</li> </ul>	 <p>Auditee:</p> <ul style="list-style-type: none"> <li>had the same challenges as those with unqualified opinions with findings but, in addition, they could not produce credible and reliable financial statements</li> <li>had material misstatements on specific areas in their financial statements, which could not be corrected before the financial statements were published.</li> </ul>	 <p>Auditee:</p> <ul style="list-style-type: none"> <li>had the same challenges as those with qualified opinions but, in addition, they had so many material misstatements in their financial statements that we disagreed with almost all the amounts and disclosures in the financial statements</li> </ul>	 <p>Auditee:</p> <ul style="list-style-type: none"> <li>had the same challenges as those with qualified opinions but, in addition, they could not provide us with evidence for most of the amounts and disclosures reported in the financial statements, and we were unable to conclude or express an opinion on the credibility of their financial statements</li> </ul>

## 4. Movement in audit outcomes over administration term

### Slides 8



### 4.1 Overview

Clean administration that is characterised by favourable audit outcomes is the fundamental base for service delivery and an ultimate improvement in the lived experiences of citizens. At the start of the current administration (2018-19), the audit outcomes for the portfolio were as follows:

- DHA: unqualified with findings on compliance
- IEC: unqualified with findings on compliance
- GPW: qualified with findings on compliance

The DHA has maintained the same audit outcome, the IEC has maintained a clean audit.

We commend the IEC for maintaining an audit outcome that is characterised by reliable financial statements, a reliable performance report and compliance with applicable legislation for the past two years. The 2022-23 audit of GPW is still outstanding and GPW has regressed to a disclaimed audit opinion from 2019-20 to 2021-22.





## 5. Update on GPW

### Slides 10 - 11

As a result of system crashes at the GPW, the financial statements for the 2021-22 financial year were only received a year late on 29 December 2022, and the audit was finalised in July 2023, the 2022-23 commenced in August 2023 and is anticipated to be finalised on 30 November 2023.

The overall audit outcome of the GPW for 2021-22 remained stagnant on a disclaimer. This can be attributed to the impact that the data losses that occurred in February 2021 and March 2022 had on the organisation. The data loss severely affected GPW in that the supporting schedules for the 2020-21 financial year were lost, which prevented the entity from addressing the material audit finding of the previous year, in preparation of the 2021-22 audit. The status of the information technology (IT) controls continues to require intervention and has had an extremely negative impact on operations.

The process followed by management in recapturing the data and appropriately analysing the data within Dynamic AX once the system was resuscitated was not adequately documented and no sufficient controls were implemented to review the data recaptured into the system, which led into some other components not being audited.

Great improvement is still required over IT system as well as institutionalising normal controls after the data crash to enhance financial reporting. It was however noted that some strides were being made to reduce the extent of limitations including involvement of National treasury support.

Since the 2022-23 audit outcome of the GPW is outstanding, this document does not further analyse the GPW.

## 6. DHA

### *Overview*

The audit opinion remained unchanged from the prior year as financially unqualified with findings on compliance.

Material misstatements were identified in the financial statements submitted for auditing, which were subsequently corrected by management. However, the misstatement related to an isolated incident relating to the classification of Transfer payments that was gazetted on 31 March 2023 and the misstatement did not result in material non-compliance with laws and regulations.

## 6.1 Findings on the audit of financial statements

### Slide 23

Material misstatements were identified in the financial statements submitted for auditing relating to:

- Accruals and payables not recognised (transfer payment allocated on 31 March 2023).

The material misstatement identify was due reviews performed that were not adequate to detect the misstatements These misstatements were later corrected, resulting in an unqualified audit opinion on the financial statements.

## 6.2 Financial health risk

### Slide 24

Our audit included a high-level assessment of the financial position and key financial ratios of the department based on its financial results to assess its going concern and to highlight to management those issues that may require corrective action to maintain financial stability. The assessment is intended to complement, rather than substitute, management's own financial assessment.

#### Revenue

On average the debt-collection period (after impairment) for the department of Home Affairs is 35 days which is an improvement from 48 days from the previous year.

The debtors' impairment provision for DHA is 90% of accrued departmental revenue due to the department failing to timeously collect money due. Most of the accrued departmental revenue relates fines and penalties. The significant impairment also resulted in potential financial loss.

#### Expenditure

On Average it takes the department 29 days to pay its creditors, therefore DHA paying its suppliers within the legislated timelines of 30 days.

### 6.3 Findings on the audit of the annual performance report (DHA)

#### Slide 13-15

In the current financial year two programmes were selected for audit purposes, Program 2 and 4

The audit conclusion on the audited performance information remains unchanged as compared to the prior year as there were material misstatements corrected on programme 4.

#### 6.3.1 Programme 2 – citizen affairs

No material misstatements identified.

#### 6.3.2 Programme 4 – institutional support and transfers

We identified material misstatements in the annual performance report submitted for auditing that were subsequently corrected. Program 4 was not audited in the prior year.

##### Material misstatements corrected

Description	Prior-year misstatements	
	2021-22	2020-21
<b>Indicator 1 : Number of ports of entry with BMA rollout per year</b>		
Initially, the APR reported that BMA was rolled out at 46 ports of entry by incorporating frontline Immigration, Port Health, Agriculture and Environmental functions into the BMA".  However, the audit evidence did not support this achievement. This has since been corrected.		]
<b>Indicator 2: BMA rolled out in phases along 3 segments of the land border law enforcement area (Border Guard).</b>		
Initially the APR reported, "the BMA has been rolled-out along 3 segments of the land border law enforcement area"  However, the audit evidence showed the actual achievement to be only 1 segment. Consequently, the target was not achieved. This has since been corrected.		

**Slide 15****6.3.3 Achieving key performance targets against the medium-term strategic framework – summarised information from performance report.**

The medium-term term strategic framework identifies several priority interventions and related targets for the DHA, as listed below. It is important for all role players (including the portfolio committee) to track these targets in line with the department's reported performance for a particular year.

- Automated biometric identification system (ABIS) implemented by 2022-23
- BMA established by 2021-22
- BMA operational by 2023-24 at 18 ports of entry, 6 segments of the land border law enforcement area and 1 community crossing point
- BMA rolled out to an additional 7 ports of entry and 1 additional segment of the land border law enforcement area by 2024.
- 100% of identified ports of entry equipped with biometric functionality by March 2024 (BMCS)

**Key targets not achieved (as per annual performance report)**

Performance indicator	Target	Actual performance	Reason for non-achievement
ABIS in operation by 2022-23	ABIS phase 2 operational	Not achieved	ABIS phase 1 was delayed which impacted on the timelines for ABIS phase 2
Percentage (%) of critical skills visas per year adjudicated within 4 weeks for applications processed within the RSA.	95%	Not achieved	Percentage (%) of critical skills visas per year adjudicated within 4 weeks for applications processed within the RSA.
Number of ports of entry, land border law enforcement area segments and community crossing points with incremental BMA rollout	BMA rolled out in phases along three segments of the land border law enforcement area (Border Guard)	Not achieved	Budget constraints for the recruitment of 60 Border Guards
	BMA rolled out at 46 ports of entry by incorporating frontline	Not achieved	The policy departments which transferred functions to the BMA were not offering services across all

Performance indicator	Target	Actual performance	Reason for non-achievement
	immigration, Port Health, Agriculture and Environmental functions into BMA		72 ports of entry due to capacity challenges and the BMA

One of the targets above relates to the department's IT modernisation programme, which is a key enabler for building a capable state and critically important to drive improvement in security, business process efficiency and the provision of access to services.

The non-achievement of targets relating to the operations of the BMA risks further delays in resolving structural and systematic challenges of border security, control, and coordination in the border law enforcement environment.

### ***Overall achievements of targets***

In the annual report DHA reported that 22 of the 31 planned targets were achieved for 2022-23 which represents a 71% achievement based on the annual performance report. The reasons for non-achievements are disclosed in the annual report.

## **6.4 Key messages and IT observations**

### **6.4.1 Safety, Security Theme – Border security and control**

#### **Slide 16 - 17**

### **BMA key insights**

The BMA is intended to provide sustainable solution to the structural and systematic challenges of the border security, control, and coordination by offering integration of the different functions, roles, and responsibilities in the Border Law Enforcement environment. The BMA is currently incrementally established to deal with the issues of uncontrolled migration.

Most of the BMA targets in the DHA APR were not achieved, which may cause delays in realising the entity's overall objective to curb the non-integrated border management at the ports of entries and border lines.

The following challenges were identified that have impacted on the full establishment and functioning of the BMA in fulfilling its mandate from 1 April 2023:

- Budget: Budget proposal was prepared based on the needs of BMA for it to be fully functional amounting to R8 billion in the next three years, however in the MTSF 2023-2025 BMA was only allocated 50% of the required budgets.
- Only 221 border guards were appointed, against a 3-year target of 11 220 this represents a 1,97% on the required capacity.
- The approved organisational structure is in place however key positions remains vacant as of July 2023.
- Coordination between the BMA and other affected departments/ agencies has not been effective to ensure timeous transfer of functions as of July 2023 the assets were not transferred to BMA

***Impact:***

- BMA will need to re-evaluate its priorities in the next three years in line with the approved allocation the 2023-25 MTSF, and some of the projects relating to Border management will be deferred.
- The 53 land ports will not be fully capacitated by border guards and will have an impact on the migration control.
- The National Targeting Centre (NTC) which will serve as the central risk management and intelligence hub for the border environment in South Africa and will assist in identifying and mitigating high-risk travellers, goods and conveyancers passing through South Africa's borders. The NTC will therefore not be fully capacitated and established as per proposed operating model.

## 6.4.2 Foreign Mission Key Observations

The movement of people through the ports of entry into and out of the Republic of South Africa must be done in a regulated and secure manner with compliance to the country's immigration rules.

The Department of Home Affairs has a role of facilitation of movement of people into the country and it requires efficient VISA processing and adjudication systems. Efficient facilitation of movement requires timely processing and adjudication of VISA applications – timely approval of qualifying VISA applications and timely rejections of non-compliant applications.

- For countries experiencing large volumes of applications, we noted delays in the VISA adjudications, which results in VISA applications being rejected because at the time of adjudication the purpose of the visit would have lapsed due to delays at the mission.

- Manual VISA labels were utilised for extended period (between 4 and 12 months) and manual labels should be used on emergency (where a printed visa label cannot be used) as the manual VISA are susceptible to fraud due to their nature.

### **Implementation of the E-Visa System**

We note the ongoing implementation of the e-visa system which is aimed to be an efficient and secure system that will improve service delivery, security and turnaround times for issuance of visas to deserving clients, however we noted that the e-VISA system is not utilised. Applicants continue to utilise VFS.

The following were indicated to be the reason for not utilising the e-visa system:

- VISA applications submitted through e-visa system takes long to be adjudicated and the adjudication process is done here in South Africa. Capacity to cater for applications received through e-visa system was not increased.

### **Root cause**

Adjudication delays are due to the missions that are not sufficiently capacitated on the VISA processing and adjudication. Head office capacity was not increased to cater for the applications received through e-visa system.

Delays in delivering computerised visa labels to the missions by DHA head office as well as the visa adjudication system breakdown (attended by head office IT technicians) resulting in missions issuing hand-written visa labels.

## **6.4.3 DHA modernisation programme and related information and communication technology (ICT) environment/projects**

### **Slide 18**

The modernisation programme is a key enabler for building a capable state and critically important to drive improvement in security, business process efficiency and the provision of access to services. Some projects within the modernisation programme are significantly behind schedule and may require additional budget allocation to ensure successful implementation – if the weaknesses identified and related delays are not effectively rectified.

Some of the weaknesses identified are summarised below.

### **ABIS**

The ABIS project is a fundamental baseline of the DHA's modernisation programme. The ABIS project has been plagued with delays since its inception in the previous contract. The current engagement with IDEMIA has also borne a number of delays which the department has consistently been monitoring and has levied penalties on IDEMIA where applicable. In the current setup, ABIS synchronises with HANIS and this ensures that should one become unavailable the other will be able to take over and continue to process. For example, when the go-live for Phase 1 release 2 was not successful, the department reverted to HANIS which became the primary system and services to the citizens continued to be provided.

The delays are negatively impacting the department's ability to modernise its operations through the use of the biometric functions provided by ABIS. These delays also have a negative impact on the department's ability to provide these enhanced services to Departments within the integrated justice system (IJS) cluster that would benefit and enhance their operations by being able to access other biometric features other than fingerprints. Furthermore, the capabilities to interface to the IJS are planned for Phase 2 and will be impacted further by the delays being experienced with Phase 1.

### **Recommendations**

The ABIS project is of national importance. To avoid material losses to the state, the project needs to be closely monitored by all assurance providers to ensure that there is adequate project management, the project is seen to finality, and set deadlines are met.

With the speed at which information system technology is progressing, management should also assess if the technology being implemented in the ABIS project is still relevant.

### **Biometrics Movement Control System (BMCS)**

#### **Positive insights**

The BMCS' main objective was to provide enhanced functions over the Movement Control System (MCS) which has reached end-of-life with the addition of biometric capabilities amongst other improvements. The project achieved its 2022-23 milestone of rolling out to 34 ports of entry.

### **Branch Appointment Booking System**

Several initiatives are being carried out by the department under the Modernisation programme which started in 2011 after the settlement of the WAIO (Who Am I Online) Project in March 2011. The





objective of the project is to deliver the original scope of WAIO with the additional scope of Smart ID Cards as well as provide further modernisation initiatives across Civic Services; Immigration Management Services; and Corporate Services to enable a secure yet citizen-centric Home Affairs. The Branch Booking Appointment System (BABS) was designed to be the initial phase of the war on queues as well as a response to the COVID pandemic. It was designed to enable the booking of appointments with the department's branches over different platforms. A lesson learnt and close-out report was compiled in December 2022 as well as a Handover and close-out report dated the 22nd of February 2023, signifying the completion of the current phase of the project with the system rolled out to 198 Modernised offices across the country operating in these offices. This is a positive achievement as it means that the initial phase of rolling it out to all the modernised offices is complete.

## 6.5 Findings on compliance with legislation

### Slides 24

There was slight improvement in the area compliance with key legislation as compared to the prior year. One compliance subject matter had material non-compliance as compared to three areas in the prior year.

The following material non-compliance issues were identified and reported:

#### Revenue Management

Effective and appropriate steps were not taken to collect all money due for accrued departmental revenue, as required by section 38(1) (c)(i) of the PFMA. This resulted in a significant portion of the amount being impaired.

**Impact:** This non-compliance has resulted in a likely financial loss. Material Irregularity has been issued of which the response was received from the Accounting officer and it is still under assessment.

The department did not have policies and procedures to govern the process around the collection of revenue arising as a result of fines and penalties issued at the ports of entries in terms of the Immigration Act Section 50(3) and 50(4). The debt management policy was not fully implemented in terms of following up with conveyors.

This non-compliance highlights fundamental weaknesses in the enforcement of the Immigration Act. The department's inability to collect these fines and penalties renders them ineffective in combating the contravention of the Immigration Act.

## 6.6 Irregular expenditure analysis

Slide 27-28

**PFMA Compliance and Reporting Framework**
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National Treasury Instruction No. 4 of 2022/2023: **PFMA Compliance and Reporting Framework** (Instruction) which came into effect on **03 January 2023** was issued in terms of section 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA

Public objective of the Instruction note is to prescribe the **principles and compliance reporting requirements** for PFMA institutions to the Public Finance Management Act, 1999 regarding **unauthorised, irregular and fruitless and wasteful expenditure (UIF&WE)**.

Framework

The new framework brought **significant changes** in relation to the disclosure of **irregular, and fruitless and wasteful expenditure (IFWE)**. These changes are as follows:

- 1 **Movement** in the disclosure note of IFWE has been moved from annual financial statements to the annual report.
- 2 **PFMA institutions** will only disclose IFWE incurred in the current year, with a one-year comparative analysis.
- 3 **Historical balances (i.e., opening balances)** have been completely removed from the annual financial statements

Message to portfolio committee

The change to **remove the disclosure of historical balances for IFWE** means that the **oversight structures may not be able to fully exercise their oversight roles**. Furthermore, **no audit assurance** will be provided on the additional disclosures that have been moved from the AFS.

AGSA refined its audit approach to uphold transparency by continuing to audit the IFWE disclosure in the annual report

There is a clear messaging in the audit report on reliability of the IFWE disclosure in the annual report

The objective was to ensure that we could still be in a position to report to users of the AFS in cases where these historic balances of IFWE are not complete and accurate. This had no impact on the audit opinion.

During the year under review, the department incurred irregular expenditure of R32 million (2021-22: R47 million), which is disclosed in note 24 to the annual financial statements. The irregular expenditure incurred in the current year is from multi-year contracts that were deemed to be irregular in the past and are continuing in the current financial year.

The expenditure can be broken down as follows:

Description and root cause	Amount
Irregularities in ABIS procurement	R18 million
Mandatory IT goods not procured through SITA	R14 million
<b>Total disclosed</b>	<b>R32 million</b>



## 6.7 Dealing with irregular expenditure

### Slide 29

As at 31 March 2023, the department had an irregular expenditure balance of R578,9 million. From the closing balance of the prior year R513 million has been investigated and the loss control committee has recommended that the irregular expenditure be condoned, and the department is awaiting condonation, R32 million of irregular expenditure is under investigations. These processes must be monitored to ensure timely consequence management for those who caused or permitted irregularities and to collect any losses that might have been incurred.

## 7.IEC

### *Overview*

The IEC maintained an unqualified opinion with no findings relating to scoped-in compliance matters and predetermined objectives.

Management submitted annual financial statement that were free from material misstatement, these indicates that the IEC environment has robust financial management systems, that generates credible financial reporting. Management is commended for this achievement and should ensure that the best practice of enhanced reviews of the annual financial statements is maintained.

There was a regression in the preparation of the annual performance report as material misstatements were identified that required correction that were subsequently corrected. Management is required to assess the root causes that led to material misstatements and ensure that they are addressed to prevent the re-occurrence of misstatements.

No material findings were reported on the audit of supply chain management, which was the status in the prior year. Management is commended for maintaining the status quo. Though we did not identify any material non-compliance through the audit work done, management's internal controls identified instances of non-compliance which resulted in the irregular expenditure disclosed for the current year. There is therefore still work to be done in monitoring compliance with supply chain management regulations to ensure that non-compliance and irregular expenditure are prevented as required by the PFMA.

## 7.1 Findings on the audit of the annual performance report

### Slides 13– 15

#### 7.1.1 Programme 2 – electoral operations

No material findings were identified on the reported performance information for programme 2.

#### 7.1.2 Programme 3 – Outreach

We identified material misstatements in the reported performance information in the annual performance report submitted for auditing that were subsequently corrected.

### Slide 15

#### 7.1.3 Achieving key performance targets against the medium-term strategic framework – summarised information from performance report.

The medium-term term strategic framework identifies several priority interventions and related targets for the IEC, as listed below. It is important for all role players (including the portfolio committee) to track these targets in line with the constitutional entity's reported performance for a particular year.

- Number of registered voters reflected on the voters' roll as at 31 March each year - 2023/2024 26,900,000 voters
- Election results declared within 7 days after Election Day
- Percentage of voters who turn out in local government elections
- Number of face to face Civic and democracy education campaigns (CDE) events held per annum - 80 000 by March 2024

#### *Key targets not achieved (as per annual performance report)*

Performance indicator	Target	Actual performance	Reason for non-achievement
Number of registered voters reflected on the voters' roll	26 180 000	26 048 668	The variance is largely ascribed to the 2021/22 gap, which resulted in a reduced baseline and there being no voting station-based registration drives in 2022/23 owing to the period being a non-election period.

**Overall achievements of targets**

IEC reported that 10 of the 14 planned targets for this programme were achieved for 2022-23, which represents a 71% achievement based on the annual performance report.

**7.2 Financial health risk****Slide 24**

Our audit included a high-level assessment of the financial position and key financial ratios of the department based on its financial results to assess its going concern and to highlight to management those issues that may require corrective action to maintain financial stability. The assessment is intended to complement, rather than substitute, management's own financial assessment.

**Expenditure management**

IEC on average settles amounts due to creditors within 39 days. The turnaround time is as a result of on-going disputes between IEC and its suppliers. IEC needs to reduce the number of days it takes to pay its suppliers.

**7.3 Irregular expenditure analysis****Slide 28**

During the year under review, the IEC incurred irregular expenditure amounting to R4 million (R28.2 million 2021-22), which was disclosed in the financial statements. Irregular expenditure decreased by 70% compared to the prior year. The expenditure can be broken down as follows:

Description and root cause	Amount
Non-existence of contracts for office space rental	R4,1 million
<b>Total disclosed</b>	<b>R4,1 million</b>

## 7.4 Findings on compliance with legislation

### Slides 25

There were no material findings on compliance with key legislation.

## 7.5 Dealing with irregular expenditure.

### Slide 29

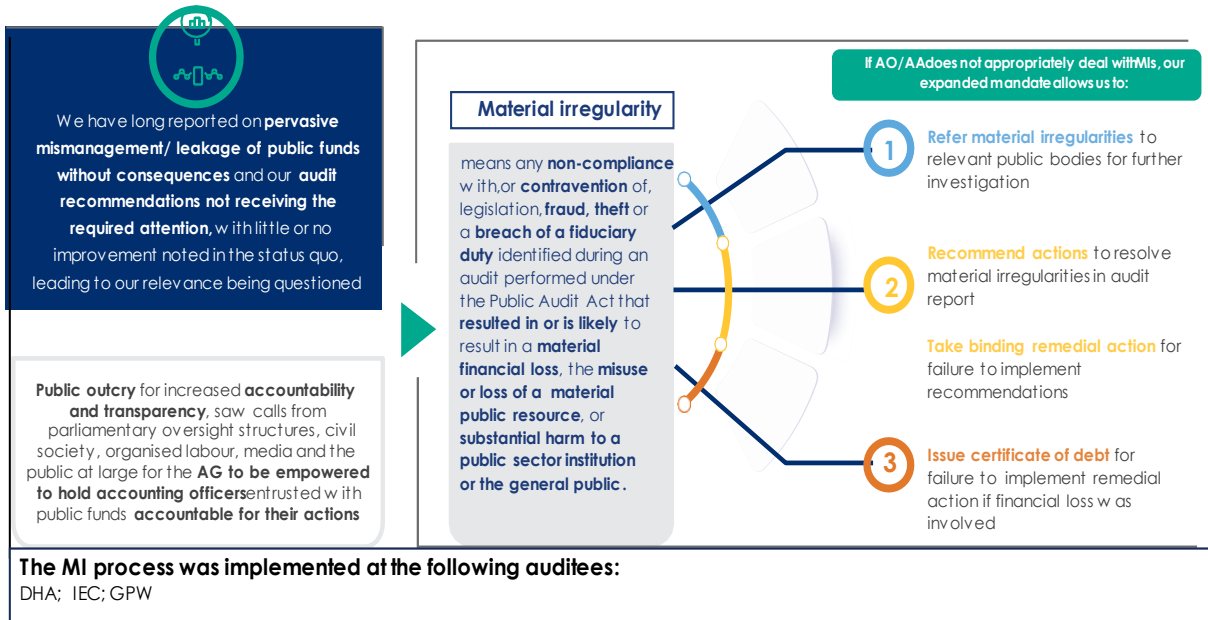
As at 31 March 2023, the IEC had an irregular expenditure balance of R70 million. From the closing balance of the prior year R66 million has been investigated and is awaiting condonation.

## 8. Material irregularities

**Definition:** A material irregularity means any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty identified during an audit performed under the PAA that resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public.

**Slide 20**

### Implementation of material irregularity (MI) process

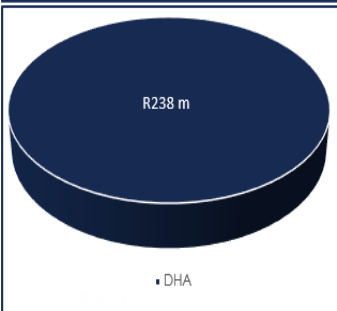


Slide 21

MIs identified

20

MATERIAL IRREGULARITIES



MI DESCRIPTION

Inability to collect monies due to the state from fines issued in terms of the immigration act. Which resulted in potential financial loss.

The department responded to the MI with proposed remedial actions, and the proposed remedial actions are being assessed to determine if they will address the MI.

ACTIONS TAKEN BY AUDITEES

Responded to the MI. Outlining the steps already taken and steps to be taken to address the MI.

Observations from MI process

We are currently in the process of assessing the proposed steps and plans to resolve the MI by the Accounting officer.

The proposed remedial actions to collect monies due from fines and penalties and the strengthening of the border controls under assessment includes the following:

- Development of policies and procedures on fines and penalties
- Engagements with key stakeholders present at the ports of entries (Cross border road transport agency (CBRTA), Department of Transport, and Airports Company of South Africa (ACSA) to ensure compliance with the existing provisions of the Immigration Act,2002
- Establishment of the BMA

Recommendations for portfolio committee

Portfolio committee should follow up with the department on the outcome of the assessment of the steps taken and or to be taken to address the MI.





## 9. Main root causes, recommendations, and commitments for the portfolio

### Slide 31

All role players should continue to work together to strengthen the capacity, processes and controls of entities in the portfolio, which will enable credible financial and performance reporting, compliance with key legislation, sound financial management and improved service delivery.

#### *Overall root causes and key recommendations to accounting officers and authorities.*

Root cause	Recommendation
Inadequate monitoring of implementation of action plans, as plans did not effectively address repeat audit findings relating to IT, annual financial statements and compliance with laws and regulation (DHA and GPW)	DHA management and executive authority to continue with defined monitoring and oversight activities on DHA ABIS project – to ensure that the project milestones are achieved.
Inadequate business continuity plan and processes combined with a lack of adequate backup processes leading to the data loss of critical financial data (GPW)	Regular monitoring and implementation of the action plans to improve GPW's ICT environment to ensure that adequate IT systems and related control measures are implemented in a timely manner.  Capacitate IT division to ensure that critical skills are maintained and current recommendations are implemented (GPW & DHA)  ICT directorate is capacitated to support ICT services and that the key ICT initiatives arising from the DHA strategic plans are executed and monitored within the DHA programme and project management processes. (DHA)
Reviews performed were inadequate to detect and correct material errors in the AFS, and therefore material adjustments were made to the financial statements (DHA)	Regularly Monitor the implementation of action plans to ensure improved audit outcomes
No documented policies and procedures to guide the collection of fines and penalties issued in terms of the Immigration act, 2002. (DHA)	Regularly follow up on the steps the department proposed to resolve the non recoverability of fines issued under Immigration Act,2002 and ultimately border protection

Root cause	Recommendation
	<b>Executive authority</b> to influence optimal cooperation and support from other agencies/ departments through Cabinet on funding, capacitation and effective operationalization of the BMA

### *Commitments by executive authority*

Commitment	Status
Minister is the Chairperson of the Inter-Ministerial Committee that tasked with monitoring establishment and operationalisation of the BMA – the committee will be used to drive optimal cooperation from other organs of state.	In progress
The modernisation project is one of the ley projects being closely monitored by the Minister.	In progress
To strengthen capacity of the DHA's ICT environment, the Minister is engaging with other another organ of state to seek support with skills and capacity.  GPW: Minister to continue to monitor implementation of recommendation from the Ministerial review panel report on GPW (MRP)	In progress

## 10. Portfolio committee overall message

### Slide 32

Success would be attained when the portfolio is characterised by robust financial management systems, credible financial and performance reporting, compliance with applicable legislation and commitment to ethical conduct by all. In this regard:-

- The IEC is commended for maintaining their clean audit status;
- The department still has to improve internal controls on the preparation of annual performance reports and strengthening the compliance management systems.
- The GPW financial information remains unreliable due to continued impact of the systems crashes.

We noted positive progress in the ABIS project for the current financial year, however, continued adequate oversight is required to avoid reoccurrence of delays previously experience.

Most of the performance targets relating to operationalization of the BMA were not achieved (as per DHA APR). This is likely to cause delays and weaknesses in realising the entity's overall objective to curb the non-integrated border management at the ports of entries and border lines.

The ICT environments for DHA and GPW were found to have multiple IT security vulnerabilities due to unsupported/legacy systems which increases the risk of compromise in the network environments and may result in unexpected system crashes and cyber-attacks.

### *Proposed commitments*

Commitment	Date of commitment