



Commission for Gender Equality

# **Parliamentary briefing on the Annual Financial Statements (AFS) for 2022/23 financial year –**

## **Financial performance**



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# **1. Financial performance**

## **1.1 Report on the audit of the Annual Financial Statements**

- The Commission for Gender Equality recorded a surplus of R7.3 million for the year ended 31 March 2023, with retention surplus of R14.9 million declared to the National Treasury, of this R14.9 million, only R9.3 million was approved by National Treasury, the remaining balance of R5.6 million will be returned to the Department of Women, Youth and Persons with Disabilities before 30<sup>th</sup> November 2023.
- CGE's annual allocation or transfers from DWYD for 2022/23 fy was R100.7 million versus the R94.9 million spent (94%).

## **1.2 The over and under expenditure was as a result of:**

- The primary contributor being an under-expenditure of R11 million on personnel costs due to positions that were vacant and not filled in the year under review. Commissioners four (4) positions vacant for four (4) months when the old term ended in October 2022 and new appointments started in March 2023.
- General expenses also reflected an over-expenditure of R3.7 million for the Commission's spending to achieve their mandate, was funded from savings as identified in the Adjustment budget.
- Furthermore, the Commission also received donor funding of R178 000, and the increase in the National transfer in the form of parliamentary grant of R9.35 million in 2022/23 financial year. This contributed to the surplus of R7.3 million as reported in the Audited Annual Financial Statements.
- Interest of R1.2 million earned on the positive balance of R19.2 million as at 31 March 2023.



### **1.3. Good and services (including use of consultants)**

- Goods and services amounted to R94 million, included in the R94 million relates to compensation for employees of R59 million. Use of consultants amounted to R1.9 million.

### **1.4. Transfers and subsidies**

- The Commission for Gender Equality recorded transfers of R100 million, whilst only R92m was received by end of March 2023 and the balance of R8m was only received in April 2023 from DWYD.

### **1.5. Unauthorised expenditure**

- No authorised expenditure was incurred in the year under review. Adjustment budget was approved by Plenary in February 2023 but could not be changed on the Sage 200 due to limitation. CGE is now rolling out Sage 300 which has an adjustment budget option.

### **1.6. Commitments, Deviations, Variance**

- Commitments in the year under review amounted to R13 million, inclusive in the R13 million relates to committed operational expenditure of R12.6 million.
- Deviations based on the audited outcome amounted to R212,142.37.



### **1.7. Irregular expenditure**

- Irregular expenditure was incurred in the current year amounting to 2022/23: R1 million (2021/22: R10 million), these expenditures we incurred in contravention with the PFMA.

### **1.8. Fruitless and wasteful expenditure**

- Fruitless and wasteful expenditure incurred amounted to 2022/23: R1.4 million (2021/22: R2.7 million), the majority of the expenditure being R1 million as in respect of payments made to the Part-time Commissioners in the current year.

### **1.9. Use of Consultants**

- Consulting and professional fees for 2022/23 fy = R1 937 346 and for 2021/22 fy = R1 492 423.
- These are mainly short term, less than 12 months as per assignment/ need, such as co-sourced internal audit services, Sage financial system support, ESS (Leave management system) support services and professional design of formal reports.

### **1.10. Report on financial misconduct & measures taken against officials guilty of misconduct, update on investigations i.r.t. 2022/23**

- No investigations were performed in the year of review relating to the irregular expenditure and fruitless and wasteful expenditure. As a result, no effective disciplinary steps were taken against officials who had incurred irregular expenditure and fruitless and wasteful expenditure.



## **2. Audit outcomes: 2022/23 fy**

- **The commission for Gender Equality received an unqualified opinion with material findings for the year ended 31 March 2023. The material finding was as a result of the following:**

### **2.1. Expenditure management (EM)**

- Insufficient oversight responsibility was exercised by management with regards to compliance and related internal controls, particularly in the area of expenditure management.
- The majority of the irregular expenditure was caused by payments made to employees who were not appointed in accordance with the recruitment policy.
- For fruitless and wasteful expenditure caused by payments made to parttime commissioners as a retainer with no timesheets submitted to vouch for actual time.

### **2.2. Consequence management (CM) for Irregular, Fruitless and wasteful expenditure**

- No investigations were conducted in the year under review relating to the irregular expenditure and fruitless and wasteful expenditure. As a result, no effective disciplinary steps were taken against officials who had incurred irregular expenditure, fruitless and wasteful expenditure in prior periods.
- The former CEO & CAE went through a disciplinary process at the end of March & June 2023, which is part of consequences Management.



## 2. Audit outcomes: 2022/23 financial year – Ctd....

### 2.3. Procurement and contract management

- Contracts awarded to bidders based on evaluation/adjudication criteria that differed from those stipulated in the original invitation for bidding as required by Treasury Regulation 16 A6.3(a) and (b).
- Deviations and procurement by other means which are not in line with the processes are managed & approved by the CEO, provided in the SCM policy under which the procurement can occur as required by PFMA instruction notes.
- Tenders which failed to achieve the minimum qualifying score for functionality criteria were disqualified as unacceptable in accordance with 2017 Preferential Regulation 5(6).
- A dispute with AG regarding the panel rotation management is still not resolved/addressed, as management is waiting for AG's technical review inputs for an assessment submission to National Treasury's Office of the Chief Procurement Office pronouncement. Internal control deficiency versus irregular expenditure matter.



### **3. An overview of the audit report - outstanding matters from previous audit action plan for 2021/22 fy**

#### **3.1. Part-time Commissioners' status of 100-hour flat rate as reflected in previous financial years**

- Management obtained a legal opinion from an independent party to confirm the assessment and classification from fruitless and wasteful expenditure to internal control deficiency.
- Part Commissioners submit time sheets for work done & are being used since November 2022. Before then, a baseline of 80 hours per month was used in line with the signed internal Circular.
- Management is waiting for an assessment outcome from National Treasury's Office of the Accountant-General (OAG) after a clarification meeting which was held with them towards the end of July 2023.

#### **3.2. The Auditor General's findings for 2021/22 financial year (fy) were addressed as follows:**

- Seventy five percent (75%) were resolved as at 31 March 2023;
- The remaining (25%) were due to the outstanding investigations which could not be conducted by Internal Audit during the 2022/23 fy, a response from OAG, the disputed legal panel allocation.





#### **4. Assets**

**CGE assets has a total carrying value of R10, 326,108 as at 31 March 2023, with the following breakdown:**

Office Furniture = R1, 110, 559  
Motor Vehicles = R6, 196, 925  
Office Equipment = R332, 710  
IT Equipment = R2, 376, 396  
Leased Assets = R309, 518.

#### **5. Audit Action Plan for 2022/23 financial year**

- Draft Audit Action Plan has been compiled after the audit in August 2023, to be presented at the next Audit and Risk Committee meeting.



Commission for Gender Equality

**THE END**

**THANK YOU**