

17/10/2023

Audit & Risk Committee Report to the Portfolio Committee

For the Annual Report 2022/23

Presented by:

**Ad. Mary Rosey
Interim ARC Chair and Audit Committee
Member (December 2022-July 2023)**

&

**Mr. Mbusiswa Ngcobo CA (SA)
Chairperson: Audit and Risk Committee
(From 7 July 2022-YTD)**



nyda

**NATIONAL YOUTH DEVELOPMENT AGENCY
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Background

Appointed in terms of and in compliance with:

Sections; 38, 51, 76 and 77 of the Public Finance Management Act
Treasury Regulations, King IV and IIA guidelines

Composition:

3 audit committee members

2 independent audit committee members, including audit committee Chairperson

Audit and Risk Committee Members:

Mr. Thulisa Ndlela (Member)

Advocate Mary Rosey (Independent Member)

Mr. Mbusiswa Ngcobo (Independent Chairperson: Appointed 7 July 2023)

Standing Invitees:

Per the Audit Committee Charter

Audit and Risk Committee (ARC)

Item	Key Oversight Responsibilities	
<p>Audit & Risk Committee (ARC) Oversight as per the PFMA and King IV</p> <p>Per the Audit Committee Charter</p>	<p>Oversight on Internal Control Environment and safeguarding of assets</p> <p>Internal Audit Supervision</p> <p>External Auditor Engagements and liaisons (where required)</p> <p>Oversight of the Risk Management Framework</p> <p>Oversight on the financial reporting framework</p> <p>Monitoring and tracking management action plans through Internal Audit</p>	<p>The Committee fulfilled its responsibilities as per ARC Charter by meeting at least four times a year, as per planned activities.</p> <p>Interactive meetings were also held between the Chairperson of the ARC and Management as and when the need arose.</p>

ARC Meeting Activities

The report serves to provide a debriefing session to the Portfolio Committee on the Annual Report of the National Youth Development Agency (NYDA) for the financial year 2022/23 in relation to the activities of the Audit and Risk Committee for the financial year under review.

The Committee met on the following dates in relation to the consideration of the report:

Meeting Date	Type of Meeting
23 May 2023	Ordinary Meeting (Recommendation to Board for external audit, draft AFS)
31 July 2023	Special Meeting (Audit opinion, findings and Management Report and performance information)
15 September 2023	Special Meeting (Review of the draft Annual Report, with Management Report and audit log issues)
19 September 2023	Special Meeting (Review of impact of budget cuts – 2023/24 financial year)

Assessed Effectiveness of Internal Control Environment

In the past financial year, audit findings that relate to the internal control environment such as leadership, financial and performance management, and governance are reflected as below:

Item	Key Outcome
Financial Management	Consistent on a year-on-year basis in financial management at 71%
Performance Management	Regression in performance information reporting from 100% to 93%
Compliance	Improvement in compliance from 93% to 100%

Irregular, Fruitless and Wasteful Expenditure

Item	Key Outcome
Irregular, Fruitless & Wasteful	<ul style="list-style-type: none"><li data-bbox="608 445 1889 686">• The Agency identified fruitless and wasteful expenditure of R93 000 wherein the supplier failed to deliver goods paid for by the Agency on behalf of two grant beneficiaries. In the latter regard, legal proceedings have been instituted to recover the funds from the suppliers.

Broad-Based Black Economic Empowerment (B-BBEE)

Key Outcome

The NYDA adherence and compliance to the Broad-Based Black Economic Empowerment (B-BBEE) is Level 7 status of compliance. Significant improvement is needed on:

- Supplier Development (SCM Started with this process of improving the points scored upwards during 2023-24 financial year).
- On Socio Economic Development the Agency to request letters of appreciation from the beneficiaries for the assistance received
- Skills Development - Co-Funded Learnership Programmes & Intake on people leaving with disabilities

Score card:

Management Control	16.98 points
Skills Development	5.51 points
Enterprise and Supplier Development	31.85 points
Social-Economic Development	1.64 points
Overall Score	55.98 Points

Overall Conclusion

Evaluation of the Annual Report

- Clean audit outcome 2022/23 results, the ARC welcomes this result.
- From the various reports by the Internal Auditors, the Management Reports and Audit Report by the Auditor-General of South Africa, it is noted that there has been a stabilisation in the internal controls environment which has culminated in the NYDA sustaining the clean audit for the 2022/23 financial year.
- In our review of the Annual Report, including the Performance Information and Financial Statements, the Audit and Risk Committee is satisfied with the content and quality of Annual Report prepared. Noting that there has been a significant improvement in the compilation thereof.
- B-BBEE Improvement plan to be tabled by Management and the next ARC meeting.
- In light of the above-mentioned, the Audit and Risk Committee is satisfied that it has fulfilled its responsibilities as per the Audit and Risk Committee Charter, by inter alia, playing the necessary prescribed oversight on the maintenance of a sound internal control and risk management systems within the NYDA.

Thank you.