

South African Management Development Institute (SAMDI) - Vote 12

Report of the Auditor-General

to Parliament on the Financial Statements and
Performance Information of Vote No. 12 –

South African Management Development Institute

for the year ended 31 March 2007

Report on the Financial Statements

Introduction

1. I have audited the accompanying Financial Statements of the South African Management Development Institute: Vote 12 which comprise the Statement of Financial Position as at 31 March 2007, Appropriation Statement, Statement of Financial Performance, and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 79 to 109.

Responsibility of the Accounting Officer for the Financial Statements

2. The Accounting Officer is responsible for the preparation and fair presentation of these Financial Statements in accordance with modified cash basis of accounting, as prescribed by the National Treasury and in the manner required by the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). This responsibility includes:
 - Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error;
 - Selecting and applying appropriate accounting policies; and
 - Making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by Section 188 of the Constitution of the Republic of South Africa, 1996, read with Section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these Financial Statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 647 of 2007*, issued in *Government Gazette No. 29919* of 25 May 2007. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

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for the year ended 31 March 2007

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - Appropriateness of accounting policies used;
 - Reasonableness of accounting estimates made by management; and
 - Overall presentation of the Financial Statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of Accounting

8. The Department's policy is to prepare the Financial Statements on the modified cash basis of accounting determined by the National Treasury of South Africa, as set out in Note 1 to the Financial Statements.

Opinion

9. In my opinion, these Financial Statements present fairly, in all material respects, the financial position of Vote 12 South African Management Development Institute as at 31 March 2007, and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa and in the manner required by the PFMA.

Other Matters

I draw attention to the following matters which are ancillary to my responsibilities on the audit of the Financial Statements:

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10. Internal Control*Monitoring of Controls*

There was inadequate monitoring of controls to ensure proper recording and disclosure of fixed assets. This resulted in the correction referred to in paragraph 11 below.

11. Material Corrections Made to the Financial Statements Submitted for Audit
Tangible Capital Assets were adjusted upwards by an amount of R753,000.**12. Delay in Finalisation of Audit**

Due to the national public sector strike action during June 2007, the finalisation of the audit for the 2006/07 financial year was delayed until 25 August 2007.

Other Reporting Responsibilities**Reporting on Performance Information**

13. I have audited the performance information as set out on pages 11-59.

Responsibilities of the Accounting Officer

The Accounting Officer has additional responsibilities, as required by Section 40(3)(a) of the PFMA, to ensure that the Annual Report and Audited Financial Statements fairly present the performance against predetermined objectives of the Department.

Responsibilities of the Auditor-General

14. I conducted my engagement in accordance with Section 13 of the Public Audit Act, 2004 (Act 25 of 2004) read with *General Notice 646 of 2007*, issued in *Government Gazette No. 29919* of 25 May 2007.

15. In terms of the foregoing, my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

16. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

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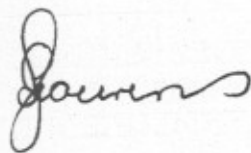
for the year ended 31 March 2007

Audit Findings

17. No audit findings came to the fore.

Appreciation

18. The assistance rendered by the staff of the South African Management Development Institute during the audit is sincerely appreciated.



GJ Lourens *for* Auditor-General

Pretoria

25 August 2007



AUDITOR-GENERAL