

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH AFRICA FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the National Electronic Media Institute of South Africa which comprise the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 28 to 49.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act, 1973 (Act No. 61 of 1973) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

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) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
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. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion these financial statements present fairly, in all material respects, the financial position of the National Electronic Media Institute of South Africa as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the PFMA and the Companies Act of South Africa.

Basis of accounting

8. Without qualifying my opinion, I draw attention to accounting policy note 1.1, which describes the basis of accounting. The public entity's policy is to prepare financial statements on basis of accounting determined by the National Treasury.

Other matter

Without qualifying my opinion, I draw attention to the following matter that relates to my responsibilities in the audit of the financial statements:

Governance framework

9. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below.

Key governance responsibilities

10. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS A PERFORMANCE INFORMATION OF NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH FOR THE YEAR ENDED 31 MARCH 2009 (continued)

NO	MATTER	Y	N
	Clear trail of supporting documentation that is easily available and provided in a timely manner		
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
	Quality of financial statements and related management information		
2.	The financial statements were not subject to any material amendments resulting from the audit.	✓	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
	Timeliness of financial statements and management information		
4.	The annual financial statements were submitted for auditing as per the legislated deadlines section 40/55 of the PFMA	✓	
	Availability of key officials during audit		
5.	Key officials were available throughout the audit process.	✓	
	Development and compliance with risk management, effective internal control and governance practices		
6.	Audit committee		
	• The type of entity had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in [section 77 of the PFMA and Treasury Regulation 27.1.8]	✓	
7.	Internal audit		
	• The Institute had an internal audit function in operation throughout the financial year.	✓	
	• The internal audit function operates in terms of an approved internal audit plan.	✓	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2	✓	
12.	Delegations of responsibility are in place, as set out in section 56 of the PFMA	✓	
	Follow-up of audit findings		
13.	The prior year audit findings have been substantially addressed.	✓	
14.	SCOPA/Oversight resolutions have been substantially implemented.	✓	

NO	MATTER
	Issues relating to the reporting of performance information
15.	The information systems were appropriate to facilitate the preparation of a pe report that is accurate and complete.
16.	Adequate control processes and procedures are designed and implemented to accuracy and completeness of reported performance information.
17.	A strategic plan was prepared and approved for the financial year under review fo of monitoring the performance in relation to the budget and delivery by NEMISA mandate, predetermined objectives, outputs, indicators and targets Treasury 29.1/30.1.
18.	There is a functioning performance management system and performance bi only paid after proper assessment and approval by those charged with governan

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

11. I have reviewed the performance information as set out on page 3

The accounting authority's responsibility for the performance infor

12. The accounting authority has additional responsibilities as requir of the PFMA to ensure that the annual report and audited finan present the performance against predetermined objectives of the

The Auditor-General's responsibility

13. I conducted my engagement in accordance with section 13 of the F Notice 616 of 2008, issued in Government Gazette No. 31057 of 1:

14. In terms of the foregoing my engagement included performing p nature to obtain sufficient appropriate evidence about the perform related systems, processes and procedures. The procedures se auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appro significant findings have been identified as a result of my review.

APPRECIATION

16. The assistance rendered by the staff of the National Electronic M Africa during the audit is sincerely appreciated.

Auditor-General

Pretoria

28 July 2009

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