

SOUTH AFRICAN HERITAGE RESOURCES AGENCY



arts and culture

Department:
Arts and Culture
REPUBLIC OF SOUTH AFRICA



AUDIT OUTCOMES 2009/2010

PORTFOLIO COMMITTEE
PRESENTATION

By: Chief Financial Officer
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Purpose

- ▣ To brief the Portfolio Committee of Arts and Culture on SAHRA's overall performance during the 2009/10 financial period.
- ▣ To provide an overview of the activities in response to the Audit Findings raised during the audit of 2009/10 financial year.



Budget

- ▣ INCOME (R37,4 million)
 - Grant R36,2 million
 - Interest R500K
 - Rent received R700K
 - Permit fees R12K
- ▣ EXPENDITURE (R37,4 million)
 - Office of the CEO R2,3 million
 - Office of the CFO R2,5 million
 - Professional/Heritage Services R2,5 million
 - National Sites R900K
 - Human Resources R1,6 million
 - Corporate Affairs R5,5 million
 - Salaries R21,8 million



Audit Opinion

- ▣ During the audit of the Annual Financial Statements for the financial year 2009/10, SAHRA obtained an unqualified audit opinion with emphasis of the matter and a disclaimer on Legal & Regulatory requirements



Emphasis of the matter

Land & Building – valuations (prior year error)

Finding:

- ▣ The portion of Old Fort in Durban was valued in the current year by expert valuers at R3.5mil. The valuation on the same property for the 2009 financial year was R17.3mil. The major fluctuation is due to property being included in the 2009 valuation which was not owned by the entity.



Remedial Action

- ▣ All valuations for SAHRA are prepared by expert 3rd party valuers. In future the EO:CA will compare values received and investigate significant deviations before forwarding the values to the CFO
- ▣ The CFO will review the values and authorize the revaluation journals prior to processing



Insurance Prepayment

(prior year error)

Finding:

- ▣ An insurance payment for the 01 August 2008 to 31 July 2009 was made in the 2009 financial year. The full payment amounting to R778 889 was raised as an insurance expense in the 2009 financial year. The portion of insurance which was prepaid in the 2009 financial year relating to the 2010 financial year amounted to R259 630.



Remedial Action

- ▣ Management will align the insurance term to the financial year months.
- ▣ CFO will ensure proper accounting applications



PPE: Inadequate Insurance Cover

Finding:

- ▣ It was established that property, plant & equipment is not adequately insured

Remedial action:

- ▣ Forward our FAR to our insurers to ascertain that all FA are insured at the correct replacement values.
- ▣ Every six months review the values of assets and inform insurers of any changes thereof



PPE: Depreciation Charge

Finding:

- ❑ Depreciation as per the FAR does not agree to depreciation as per the financial statements.

Remedial action:

- ❑ GL reconciled to the FAR on a monthly basis
- ❑ CFO to review the reconciliations



Trade Debtors:

- ▣ Debtors reflected on an age analysis do not exist

Finding:

During the audit of accounts receivables, it was established that the debtor's age analysis reflected an amount of R5,439.50 owed by L. Fivas. SAHRA debtors' personnel however confirmed that L. Fivas paid regularly and should only reflect an amount outstanding of R450.00 at year end



Remedial Action

- ▣ CFO & EO: CA will meet with the officials to develop processes and encourage regular communication between FO:AR & PO
- ▣ FO:AR to confirm rental amounts from the signed lease agreements
- ▣ Monthly reconciliations of rentals agreed to the Age analysis



Expenditure

Finding:

- ❑ There were no submissions to accompany the three expenses
- ❑ There were not quotations to support the four expenses

Remedial action:

- ❑ Conduct a workshop on SCM & procurement policies
- ❑ Payments without submission/quotation will not be paid
- ❑ CFO to review all payments for compliance before payment



Assessment of overall reporting of predetermined objectives

Findings:

- ▣ There was a lack of overall formal policies & procedures regarding the administration of PI management at SAHRA
- ▣ The objectives were tested and found not to have been determined using the SMART principles
- ▣ No audit evidence could be obtained for specific objectives set or audit evidence obtained did not relate to the specific measurement criteria set.



Remedial Action

- ▣ Appointment of the service provider to assist with the development of a system.



Siyabonga!

