

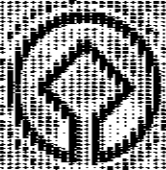
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ANNUAL REPORT

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Robben Island



Robben Island Museum
ANNUAL REPORT

for the period 1 April 2009 to 31 March 2010

**AUDITOR GENERAL OF S.A
LIBRARY**

2010 -09- 22

TABLED REPORT

**AUDITOR GENERAL
2010 -08- 31
LIBRARY**

**AUDITOR - GENERAL
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AG08911

Report of the Auditor-General to Parliament on the financial statements of the Robben Island Museum for the year ended 31 March 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Robben Island Museum (RIM) which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 63.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). 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.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 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 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009*. 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.

Basis for qualified opinion

Property, plant and equipment

7. As disclosed in note 23 to the financial statements, the corresponding figure for property, plant and equipment has been restated by R11 189 565 in order to address a prior year qualification misstatement. No supporting documentation was available for the restatement. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, rights, completeness, and valuation and allocation of the property, plant and equipment corresponding figure of R76 396 596.

Opinion

8. In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Robben Island Museum as at 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with the SA Standards of GRAP and in the manner required by the PFMA.

ANNUAL FINANCIAL STATEMENTS

Emphasis of matter

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Fruitless, wasteful and irregular expenditure

9. As disclosed in note 25 to the financial statements, RIM incurred irregular expenditure to the amount of R117 884, as the expenditure was not appropriately approved. As disclosed in note 25 to the financial statements, fruitless and wasteful expenditure to the amount of R2 003 680 was incurred as RIM did not have proper procedures in place to ensure no expenses are made in vain.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the PFMA, Preferential Procurement Policy Framework Act (PPPFA) and financial management (internal control).

Predetermined objectives

Submission of strategic plan

11. The accounting authority of the Robben Island Museum did not submit the proposed strategic plan at least six months before the start of the financial year to the designated department as required by Treasury Regulation 30.1.1.
12. The accounting authority did not prepare a three-year strategic plan for the 2009-2011 financial years as required by Treasury Regulation 30.1(c). The strategic plan presented for audit purposes only covers a one-year period.

Presentation of reported performance information

Reasons for major variances between planned and actual reported targets were not supported by adequate and reliable corroborating evidence.

13. Adequate and reliable corroborating evidence to support the reasons for major variances between the planned and the actual reported targets could not be obtained. 86% of the reasons for major variances could not be verified for audit purposes.

The following is an example:

Predetermined objectives	Performance measure / indicator	Target	Actual Performance Achieved
To successfully implement the restoration and upgrade of facilities on Robben Island	A restored and upgraded building ready for use	March 2010	Work 95 % complete. Delays were caused by no boat situations due to bad weather or non-availability of cargo boat
	A complete new floating jetty	March 2010	Additional funding secured from DAC and work in progress

Reasons for major variances between planned and actual reported targets were not explained

14. Adequate explanations for major variances between the planned and the actual reported targets for the following programmes were not reported as required in terms of the relevant reporting guidance. In total 63% of the reported targets with major variances had no explanations for those variances.

The following is an example:

Predetermined objectives	Performance measure / indicator	Target	Actual Performance Achieved
To finalize Site management plans of built fabric	Specifications documents ready for tendering	March 2010	At tender documentation stage. Awaiting consultant's finalization by DPW
To implement Roll of Honour for Robben Island Ex-Political Prisoners	Design of memory wall with names of EPPs	March 2010	Not achieved during reporting period

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Usefulness of reported performance information

The following criteria were used to assess the usefulness of the planned and reported performance:

- **Measurability:** Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

Planned and reported performance targets not specific or measurable

15. For the selected program 2, the following was noted:

- 50% of the targets were not specific in clearly identifying the nature and the required level of performance. The following serves as an example:

Performance measure / indicator
Complete safe area for cargo movement
Use Agreement signed

- 45% of targets were not measurable in identifying the required performance. The following serves as an example:

Performance measure / indicator	Target
Use Agreement signed	March 2010
MoU in place	March 2010

Planned and reported indicators/measures not well defined

16. For the selected program 41% of the planned and reported indicators/measures were not clear, with an unambiguous definition to allow for data to be collected consistently.

The following serves as an example:

Performance measure / indicator
Complete safe area for cargo movement
Use Agreement signed

Planned and reported indicators/measures not verifiable

17. For the selected program 27% of the planned and reported indicators/measures were not verifiable, as it was not possible to validate/adequately validate the processes and systems that produce the indicator.

The following serves as an example:

Performance measure / indicator
Adoption and implementation of policies
Narrative developed and agreed upon by main stakeholders

Reliability of reported performance information

The following criteria were used to assess the reliability of the planned and reported performance:

- **Validity:** Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- **Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- **Completeness:** All actual results and events that should have been recorded have been included in the reported performance information.

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The following audit findings relate to the above criteria:

Reported indicators not reliable as no/inadequate supporting source information was provided

18. Sufficient appropriate audit evidence in relation to 73% of the indicators of the selected program 2 could not be obtained. There were also no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported information.

The following serves as an example:

Predetermined objectives	Performance measure / indicator	Target	Actual Performance Achieved
To finalize Site management plans of built fabric	Approved permits and job specifications	March 2010	No new permit application made. Project rolled over to new financial year due to lack of researchers to develop content for specifications
	Specifications documents ready for tendering	March 2010	At tender documentation stage. Awaiting consultant's finalization by DPW

Compliance with laws and regulations

Public Finance Management Act NO 1 of 1999 and Treasury Regulations of 2005

Non-adherence to legislation

19. Contrary to the requirements of TR 27.2.1 the accounting authority did not ensure that a risk assessment is performed and that a risk management strategy and fraud prevention plan was approved and implemented.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA and PPPFA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

- **Leadership**

The accounting authority did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting of performance information.

- **Financial and performance management**

Adequate supporting documentation relating to prior year error adjustments on journals were not kept to ensure a proper audit trail exists.

- **Governance**

The accounting authority has not designed and implemented a fraud prevention policy or plan to mitigate the risk of fraud. In addition, there was no risk assessment conducted and there was no risk management strategy in place.

Auditor-General

Pretoria
30 July 2010



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Auditing to build public confidence