

# Portfolio Committee on Mineral Resources

Presentation on audit outcomes by the AGSA

*11 October 2011*



*Auditing to build public confidence*



AUDITOR-GENERAL  
SOUTH AFRICA

## Reputation promise/mission

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



# Clean administration

Audit report with NO

Material misstatements not corrected on the financial statements (Qualifications)

Audit findings on reported predetermined objectives

Audit findings on noncompliance to laws and regulations

Internal control deficiencies





# AGSA contribution to Clean Administration

## Simplicity, Clarity and Relevance of Messages

- Identifying stakeholder needs and expectations of AGSA reports
- Ensuring AGSA reports are written in simple, plain, non-technical language that the target audience will understand
- Contextualising audit messages to enhance understanding

## Visibility of the Leadership

- Ensuring efficiency and effectiveness of Stakeholder interactions
- Developing required leadership competencies through mentoring, coaching and leadership programs and processes for effectively managing change

## Governance Structures

- Strong oversight structures such as audit committees and internal audit units





# Audit outcomes for DMR portfolio 2010/2011

| Auditee                 | Financial Statements | Report on Pre-determined objectives | Compliance with Laws and Regulations | Material misstatements corrected | Movement from 2009-10 audit outcome                      |
|-------------------------|----------------------|-------------------------------------|--------------------------------------|----------------------------------|--|
| DMR                     | Qualified            | No findings                         | Non-compliance with the PFMA.        | Yes (corrected and uncorrected)  | N/A – first year of operations as a separate department. |
| Council for Geo-science | Unqualified          | No findings                         | No findings                          | No                               | Unchanged  |



# Audit outcomes for DMR portfolio 2010/2011

| Auditee                                 | Financial Statements | Report on Pre-determined objectives | Compliance with Laws and Regulations | Material misstatements corrected | Movement from 2009-10 audit outcome |
|---|----------------------|-------------------------------------|--------------------------------------|----------------------------------|-------------------------------------|
| Council for Mineral Technology (MINTEK) | Unqualified          | No findings                         | No findings                          | No                               | Unchanged                           |
| Mine Health and Safety Council          | Unqualified          | No findings                         | Non-compliance with the PFMA.        | Yes                              | Unchanged                           |





# Audit outcomes for DMR portfolio 2010/2011



| Auditee   | Financial Statements | Report on Pre-determined objectives | Compliance with Laws and Regulations  | Material misstatements corrected | Movement from 2009-10 audit outcome |
|---|----------------------|-------------------------------------|---|----------------------------------|-------------------------------------|
| South African Diamond and Precious Metals Regulator | Unqualified          | No findings                         | Non-compliance with the PFMA and Treasury Regulations (Supply chain management) | Yes                              | Unchanged                           |
| State Diamond Trader                                | Unqualified          | No findings                         | No findings   | No                               | Unchanged                           |





# Legislative requirements for predetermined objectives

Public Finance Management Act

Treasury Regulations

Framework for managing programme performance information  
(Issued by National Treasury in May 2007)

Framework for strategic plans and annual performance plans  
(Issued by National Treasury in August 2010)

National Treasury Instruction notes

Available on Treasury website  
[www.treasury.gov.za/legislation](http://www.treasury.gov.za/legislation)





# Audit criteria

Main criteria

Sub-criteria

Compliance with regulatory requirements

Existence

Timeliness

Presentation

Usefulness

Measurability

Relevance

Consistency

Reliability

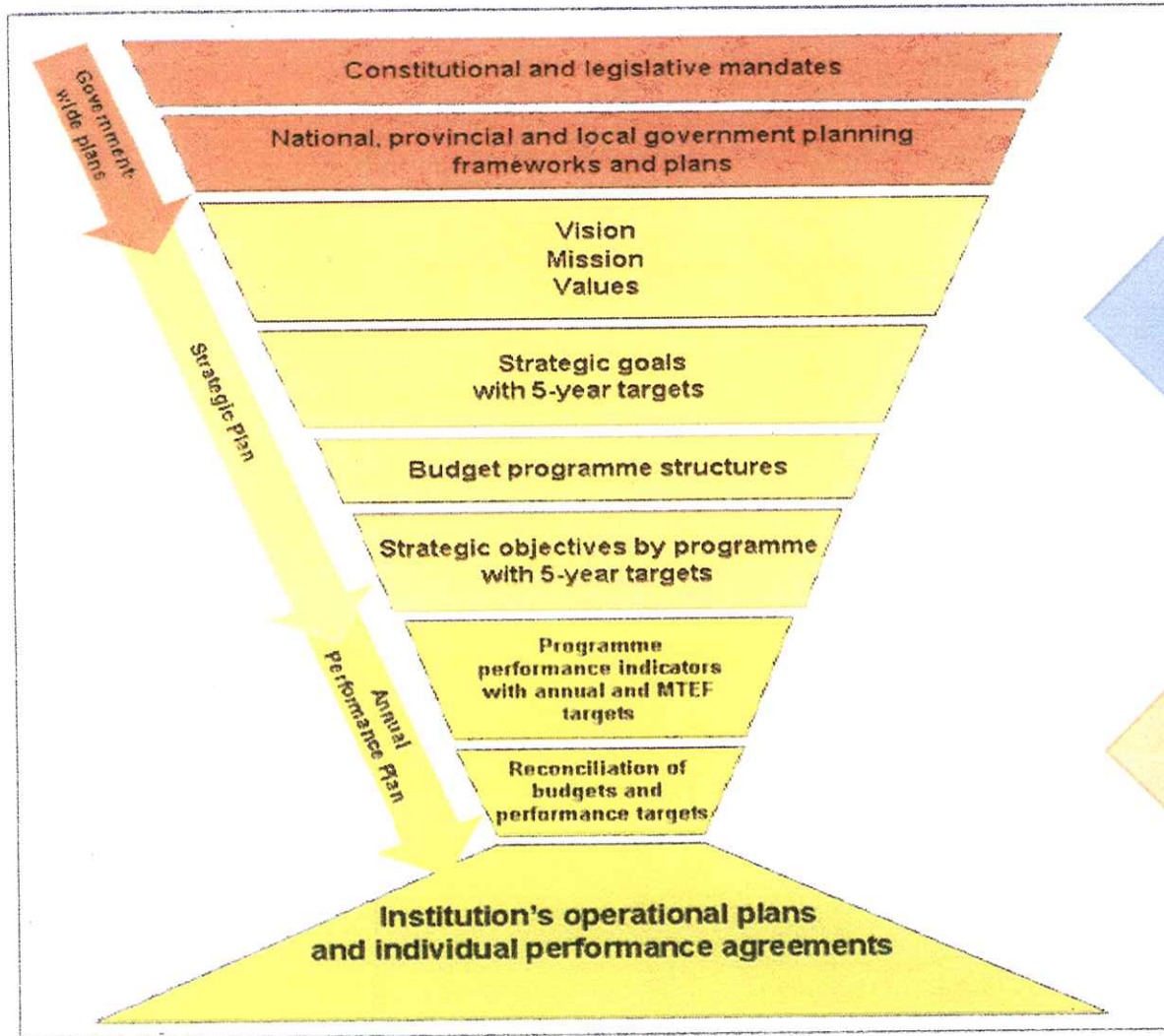
Validity

Accuracy

Completeness



## The hierarchy of the relationship between planning concepts (determined by legislation)



Audit considerations

