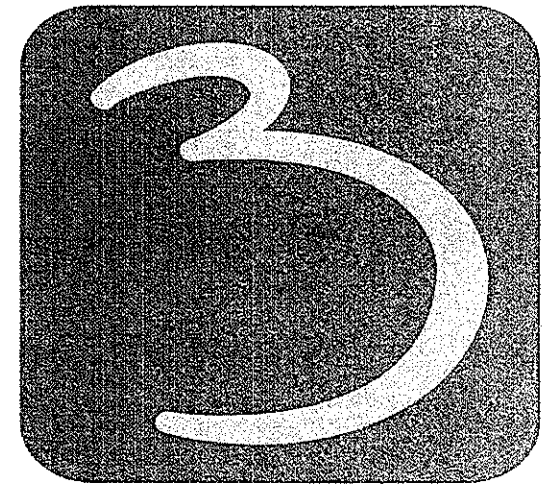


24/01/12 12/01/24
RC SPORT.

2011/2012

BSA EXTENDED MANCO 20/01/2012
Responses to AG's Report



***Boxing
South
Africa***

INDEX	Page
1. Purpose	3
2. Introduction	3
3. External audit findings and action plan	8
3.1 ANNEXURE A – Matter affecting audit report	4
3.2 ANNEXURE B – Other important matters	8
3.3 ANNEXURE C – Administrative matter	15
3.4 ANNEXURE D – Information systems audit	17
4. Method of implementing and monitoring action plan	18
5. Approval	18

1. Purpose

On an annual basis, the Auditor-General of South Africa performs an audit of Boxing South Africa (BSA). Audit outcomes are detailed in a management report consisting of all the deficiencies that exist at the entity.

The purpose of this action plan is to create strategies to mitigate the reported deficiencies to ensure that recurrence does not occur and to reduce risk to an acceptable level.

2. Introduction

The audit findings as set out in the annexure's that follow are taken from the 2010/2011 management report prepared by the Auditor-General of South Africa.

The audit findings and action plan's is divided into the following categories:

ANNEXURE A – Matters affecting the audit report

ANNEXURE B – Other important matters

ANNEXURE C – Administrative matters

ANNEXURE D – Information systems audit matters

3. External Audit Findings and Action Plan

3.1 ANNEXURE A – Matters affecting the audit report

No.	Audit finding	Action plan	Responsible person	Timeline
1.	11. Significant Uncertainties. i) Premises Lawsuit, ii) Marketing Agent Lawsuit, iii) Legal Fees Lawsuit. Outcome of these lawsuits cannot be determined.	<i>The minister was not consulted & the Board Bergen Khondo.</i> <i>BSA Act.</i> BSA Management must follow these up on these three matters. <i>as a sponsor did not care but she was expected to be paid the legal firm that represented BSA.</i>	<i>to see.</i> CEO <i>where E</i> <i>issues are ongoing or dead to map way forward</i>	27 February 2012
2.	13. Going Concern. BSA incurred a net deficit of R2 709 332 at the year end of March 2011 and Liabilities exceeded total assets by R6 248 040. <i>In BSA liabilities exceeds assets.</i> <i>There was no reconciliation by the finance department. The board did an offsetting exercise R3 27 000</i>	Management must do an off-setting exercise of debtors and creditors to reflect a true picture of going concern. <i>Before a fight a sponsor must deposit money to BSA after we BSA do an offsetting exercise. Promoters owe BSA money.</i>	CEO <i>it has been achieved</i>	Achieved. <i>An offsetting process has already been undertaken in 2011.</i>
3.	14. Irregular Expenditure. Failure to comply with Supply Chain Management Regulations.	BSA Management must develop a Supplier Database.	CEO	30/April 2012
4.	15 Fruitless and Wasteful Expenditure.	BSA Management must ensure	CEO	Ongoing 2012

2/3 million and all employees paid CEO

Rtd by keeping to pay CFO from the same amount.

Acknowledged the relevance of ACIS response.

Source 3 quotation by Ruma deep (2001 - 2011)

	<p>i) Failure to comply with internal policies and procedures regarding claim payments.</p> <p>ii) Interest and penalties were incurred as a result of late payments to SARS and AGSA.</p> <p>iii) Human Resource function was outsourced even though BSA staff received training to perform the function.</p>	<p>compliance with internal policies and procedures.</p> <p>BSA to ensure timeous payments to SARA and AGSA.</p> <p>BSA Management must ensure that trained personnel actually carry out the payroll function.</p>	<p>SARS 8, 7 mil in June. BSA was not paying money refer to Boxers to SARS dept</p> <p>Negotiated to SARS to waive the penalties - signed an agreement to SARS, BSA to that effect.</p> <p>AG-</p>	
5.	<p>16. Material Losses.</p> <p>Material losses to the amount of R132 335 were incurred as a result of shortfalls between cash received for license fees and cash banked.</p>	<p>All payments for license applications to be made directly to BSA's Account held at ABSA Bank and proof of payment to be faxed to BSA.</p> <p>Letters to be sent to all Provincial Managers where these shortfalls have occurred and necessary steps will be taken in terms of the PFMA of 1999.</p>	CEO	15/February 2012
6.	<p>Strategic Planning.</p> <p>20. Accounting Authority did not finalise and submit a Strategic Plan to the relevant executive Authority on or before 1 April as required by T. R. 30. 1. 1 and 30. 1. 2..</p> <p>21. The Accounting Authority did not ensure</p>	<p>The Board and Management of BSA must ensure that the Strategic Plan is submitted to the relevant Executive Authority on or before 01 April each year. This is a consequence of a dysfunctional Board.</p> <p>The Board and Management of BSA</p>	Chairperson and CEO	30 January 2012

	that entity has and maintained an effective system of internal control regarding performance management as required by the PFMA.	<i>must ensure that a performance management system is developed and implemented. This is a consequence of a dysfunctional Board.</i>	CEO	
7.	<p>Annual Financial Statements.</p> <p>22. Accounting Authority submitted financials statements that were not prepared in accordance with SA Standards of GRAP and the uncorrected material misstatements resulted in the BSA does no financial statements receiving a qualified audit opinion in contravention of S55(2)(a) of the PFMA.</p>	<p><i>dysfunctional board</i></p> <p><i>The Board and Management of BSA must ensure that financial statements are corrected of any material misstatements. This is a consequence of a dysfunctional Board.</i></p>	Devrani M (Fin.man.consult)	<p>30 June 2011 30 Sept 2011 31 Dec 2011 31 March 2012</p>
8.	<p>Audit Committee.</p> <p>23. The audit committee did not function as per the requirements of S77 of the PFMA and/or Treasury Regulation 27.1 in that::</p> <p>1) The audit committee was not constituted correctly.</p> <p>2) The audit committee did not review:</p> <p>i) The effectiveness of the internal audit function and,</p> <p>ii) The adequacy, reliability and accuracy of financial information provided to management.</p>	<p><i>BSA is in the process of correctly constituting an Audit Committee. BSA has advertised to the public for applications for members of a BSA Audit Committee. The advert closed on the 20/01/2012.</i></p> <p><i>* minimal of three Auditors according to PMP Regulation The chairperson & board must chose the candidates on Friday</i></p>	Chairperson and CEO	<p>20 January 2012 Audit Committee adverts close.</p> <p><i>BSA Board to constitute a panel for interviews by 15 February 2012.</i></p>
9.	Internal Audit.			

	<p>24. The internal audit function did not adhere to the requirements of S51(1)(a)(ii) of the PFMA.</p>	<p>BSA has contracted Mazars. The DG – SRSA is prepared to give BSA an internal Audit Official.</p> <p>The CEO will not approve purchase requisitions without the required 3 quotations.</p>	<p>Financial Manager CEO</p> <p><i>There are no resources to pay CFO, Auditor & other human resource</i></p>	<p>Ongoing</p> <p><i>I have talked to 7 director General to have auditors on temporary basis. The skills should reside within the org.</i></p>
10	<p>Procurement and Contract Management.</p> <p>25. Sufficient evidence could not be obtained that goods between R10 000 and R500 000 were procured by inviting three quotations.</p> <p>26. Awards were made to suppliers who failed to provide written proof from SARS that their tax matters are in order. (Tax Clearance Certificates not submitted by suppliers before award is made).</p> <p>27. Absence of a supplier database.</p>	<p>Three quotes per transaction in excess of R10 000 > R500 000 must be sourced.</p> <p>The financial manager will ensure that such certificates are obtained and filed accordingly. The financial management consultant will check the documents on a monthly basis.</p> <p>BSA must have a supplier database</p>	<p>Financial Manager & Financial Management Consultant & CEO</p>	<p>Ongoing</p>
11	<p>Expenditure Management.</p> <p>28. Accounting authority did not take effective measures to prevent irregular expenditure as per S51(1)(b) PFMA,</p> <p>29. Accounting Authority did not take effective steps to prevent fruitless and wasteful expenditure as per S51(1)(b) PFMA,</p> <p>30. Accounting Authority did not take</p>	<p><i>disciplinary hearing</i></p> <p>BSA Board will follow the provisions of S51(1)(b) and S51(1)(e) of the PFMA to the letter regarding all these matters.</p> <p><i>A report will be presented after two month</i></p>	<p><i>Board - dysfunctional</i></p> <p>Chairperson & CEO</p>	<p>30 January 2012</p>

	<p>effective steps to prevent losses through criminal conduct as per S51(1)(b) PFMA</p> <p>31. Accounting Authority did not take effective and appropriate disciplinary steps against officials who made or permitted irregular and wasteful expenditure as per S51(1)(e) PFMA.</p>			
--	---	--	--	--

4. Method of implementing and monitoring the action plan

- The Extended Management Committee's recommendations on the implementation of S51(1)(b) and S51(1)(e) of the PFMA of 1999 will be tabled to the Board of Boxing SA in January in 2012.
- The Extended Management Committee's recommendation to the Board of Boxing SA is that the AGSA takes up the investigation in terms of ANNEXURE E of the Auditor General's Management Report of 31 March 2011. ⁴
- Extended Manco instructs the CEO to write letters to Provincial Managers regarding the shortfalls on cash received and cash banked for licensing fees of 2010/2011. ⁵
- Each department at BSA i.e. Finance, Operations, HR & IT will create their own individual actions plans based on this overall action plan which will be reviewed by the financial management consultant and submitted to the CEO.
- Each department will submit to the financial management consultant and the CEO on a monthly basis, a report showing their progress on their individual action plans. *— monthly progress report & submitted to audit committee*
- Based on each departments progress report the financial management consultant will prepare a *Monthly Progress on Action Plan Report* which will be reviewed by the CEO and submitted to the audit committee.

5. Level of approval

Mr N. M. Balfour

Board Chairperson

Signature

_____20 January 2012_____

Date

