



AUDITOR - GENERAL
SOUTH AFRICA



PFMA 2011-12

Audit outcomes of the Central Government Administration

The Presidency • Parliament • Cooperative Governance and Traditional Affairs • Home Affairs • International Relations and Cooperation • Public Works • Women, Children and People with Disabilities

CONSOLIDATED GENERAL REPORT
on NATIONAL and PROVINCIAL audit outcomes



Our reputation promise/mission

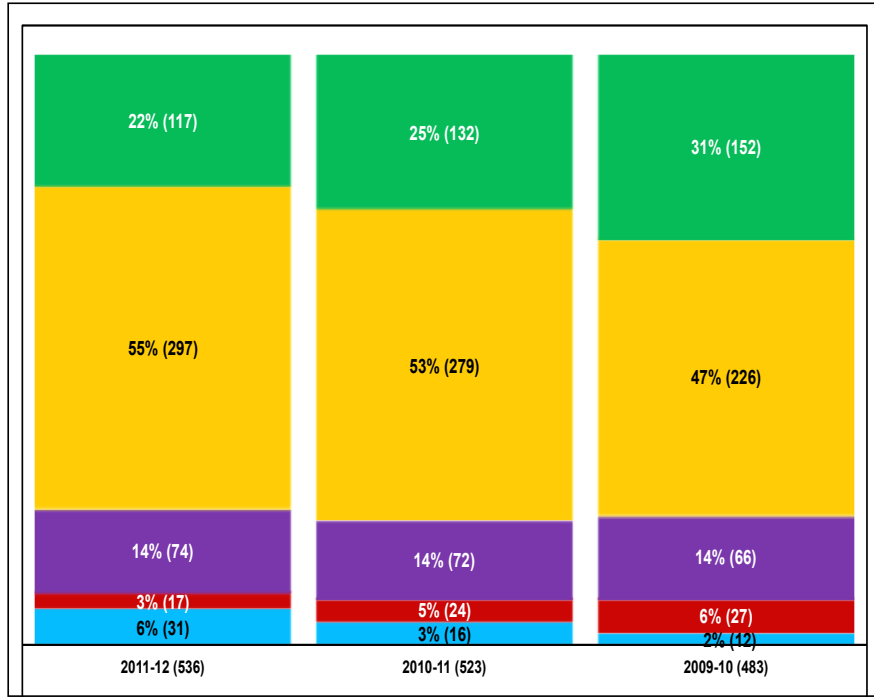
The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.





FOREWORD

Slow progress towards clean audits with slightly more regressions than improvements

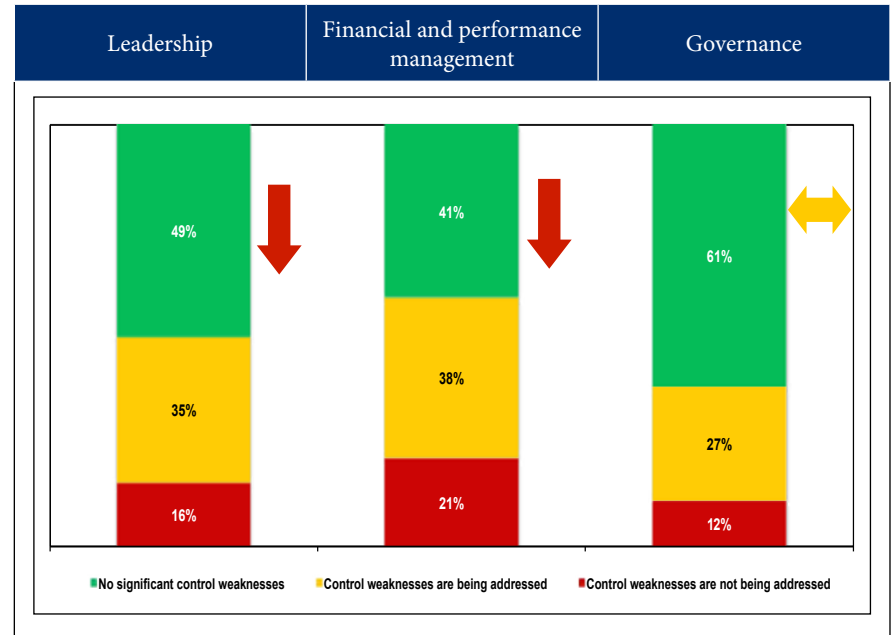


Limited progress made in addressing five key risk areas and regression in overall status of key controls

5 risk areas



Key controls



Pervasive root causes

- Vacancies in key positions, leadership instability and ineffective performance management
- Internal controls not effective – checks and balances not performed
- Not all role players are providing the level of assurance required

FOREWORD

It is a pleasure to present to Parliament my 2011-12 general report on audit outcomes of departments, legislatures, public entities and other entities in the national and provincial spheres of government.

In response to the 2010-11 audit outcomes, commitments were made by the executive and oversight bodies to intensify their efforts in bringing positive change within the administration.

Despite my expectation that these commitments would drive improvements towards clean audits, the audit outcomes for the year show a general stagnant trend, with less than a quarter of auditees obtaining clean audit opinions and 52 not able to sustain their prior year clean audit opinion. My report shows that many leaders did not own and drive these commitments, so the commitments are left to flounder until the next audit starts. In this regard, I single out two significant commitments made a year ago:

- The executive committed to meet with my office quarterly for at least an hour. About 78% of them have made time at least three times in the past year to meet and share the results of our assessment of the risks and controls and to consider the status of commitments made and make new commitments. Although the engagements were well received, only small movements in audit outcomes can be seen. This was due to frequent leadership changes resulting in disruption in the implementation of commitments, our message being ignored, or our conversation not being compelling and persuasive enough. We therefore undertake to continue with the quarterly engagements, but with greater emphasis on quality conversations leading to increased impact.



- Parliament and legislatures committed to improve the collaboration between their respective public accounts committees and portfolio committees. We have yet to see more concentrated efforts in this regard as an uncoordinated approach will continue to weaken the effectiveness of oversight.

Of special concern is the increase in auditees with material findings on non-compliance with legislation, bringing it to 74%. Even though I have stressed for the past three years the urgent need to address the quality of the financial statements submitted for audit and weaknesses in supply chain management, human resource management and information technology controls, there has been minimal improvement.

The usefulness and reliability of the annual performance reports continue to improve, which is gratifying. I am now able to make a clearer assessment of service delivery risks but not to the full extent necessary (as some key departments responsible for national outcomes, such as those in the health, education and human settlement sectors, continue to have material shortcomings). Based on the annual performance reports, about 42% of auditees achieved 80% or fewer of their planned service delivery targets, while some departments had significantly underspent their conditional grants and capital budgets. My report further highlights risks to the financial health of national and provincial government flowing from poor budget management, cash and debtors management of departments and the financial management of some public entities. These indicators reflect that the fiscus could be placed under further pressure if such risks are not addressed.

In this general report, I raise three areas that require corrective steps by those charged with governance to achieve improvements in the audit outcomes:

- **Vacancies in key positions** and **instability in leadership** positions affect the pace of sustainable improvements. **Ineffective performance management** is evident at some auditees, which means that officials who perform poorly are not dealt with decisively. A concerted effort is required to address the challenges in human resource capacity and productivity.

- **Effective internal controls** to prevent, detect and correct non-compliance with legislation and mistakes in the financial and performance reports are lacking. Overall the effectiveness of key controls has regressed, as they were not designed and implemented in a sustainable manner. Checks and balances for all key processes, monthly reporting and validation processes to ensure the credibility of all management information are basic controls which skilled professional should be able to implement.
- Government should be monitored in a thorough, diligent and collaborative manner. My office only provides independent assurance on the credibility of financial and performance information and compliance with selected legislation. We are not the only **provider of assurance** to the citizens that government is delivering services in a responsible and accountable manner. The monitoring functions vested in **senior management, accounting officers, internal audit, audit committees and executive authorities** should be better exercised so that audit outcomes and service delivery issues are dealt with through self-monitoring, while audit provides an external validation. The **treasuries, offices of the premiers, public service administration and other coordinating/monitoring institutions** should fulfil their role envisaged in legislation to guide, support, coordinate and monitor government. The **legislatures and Parliament** should be scrupulous and courageous in performing their oversight function in order to make an impact on clean administration. My assessment (detailed in this report) is that not all of these role players are providing the level of assurance required to create the momentum towards improve audit outcomes.

A common reaction to the audit outcomes is the question posed by many about the need for officials to be accountable, and for there to be consequences for poor performance, misappropriation of state resources and fraud. In response, we have highlighted in a separate booklet, the range of legislation at the government's disposal that enables remedies to be applied where there has been transgression. These must be used where necessary to reverse the culture of "business-as-usual". It is my assessment that the full power of the law is yet to be activated, leading to commentators asking "What can be done?" or saying "There are no consequences". Highlighting these remedies provides a starting point for our responsible leaders

and the relevant legislatures and departments to take action. All parties have to play their part.

Although progress towards clean audits is slow, I am encouraged by examples of commitments by leaders and officials which translated into improved audit outcomes and I am confident similar results can be achieved by all auditees. In conjunction with various key role players, my office has provided input towards the development of solutions to the challenges highlighted in this report, and will in future share assessments of progress in joint sessions with the Head of Government Business and Parliament and through similar engagements in the provinces.

It is through all our efforts and the work of auditors that we will contribute towards strengthening our democracy through auditing.

Auditor-General

Auditor-General
Pretoria
March 2013

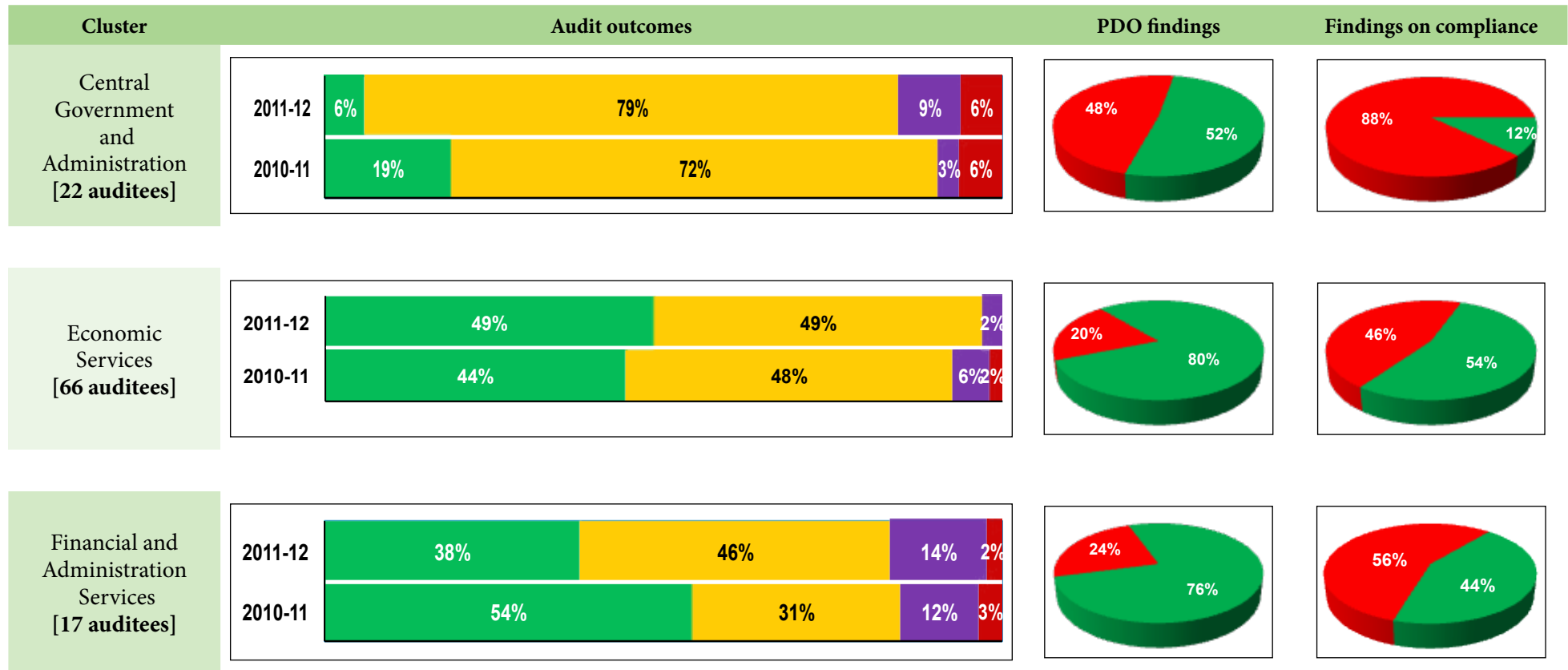


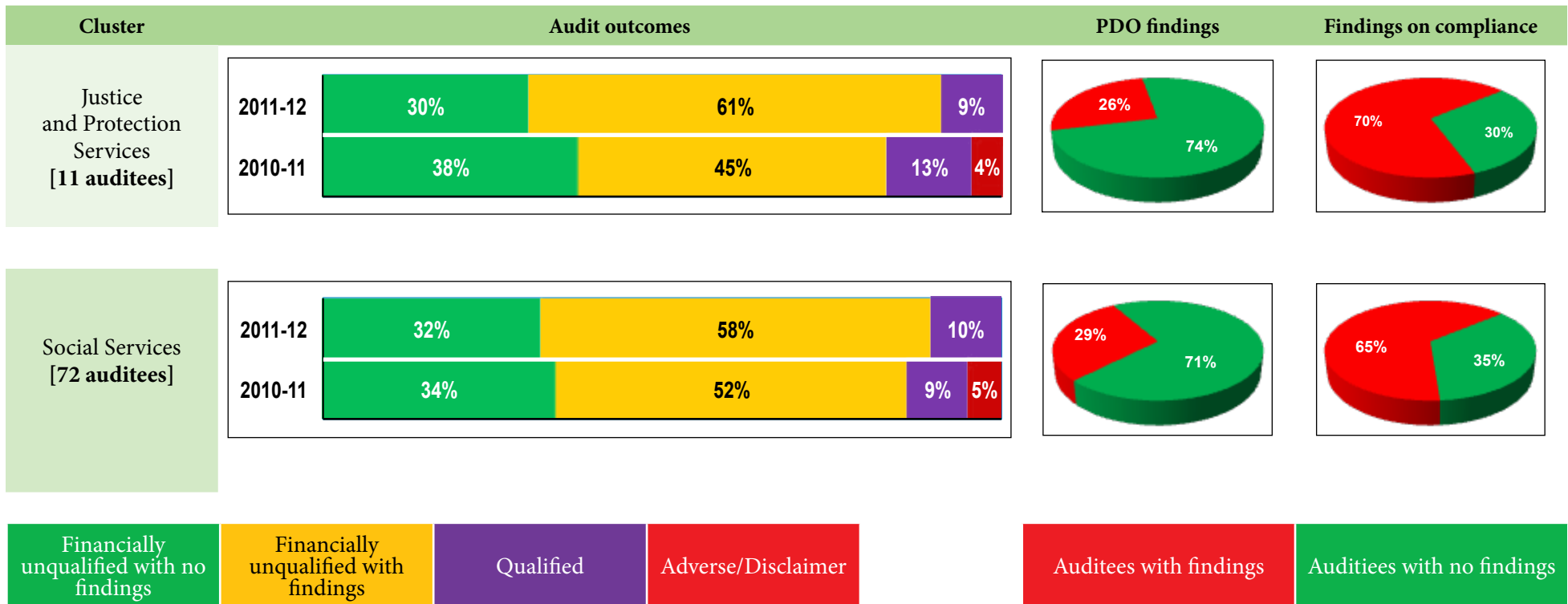
KEY ASPECTS OF AUDIT OUTCOMES OF GOVERNMENT CLUSTERS AND MINISTERIAL PORTFOLIOS

PART 2: AUDIT OUTCOMES OF MINISTERIAL PORTFOLIOS

SECTION 2.1: KEY ASPECTS OF AUDIT OUTCOMES OF GOVERNMENT CLUSTERS AND MINISTERIAL PORTFOLIOS

This section of the general report presents the 2011-12 audit outcomes of government clusters.





The audit outcomes of individual departments within these clusters as well as the status of the five risk areas at March 2012 are summarised below.

Cluster	Audit opinions on national departments' financial statements	Focus area findings				
		Material errors in AFS submitted for audit No		Supply chain management Some improvement	IT controls No improvement	HR Regressed
Central Government Administration [9 Departments]	The Presidency	•	•	•	•	•
	Parliament of the Republic of South Africa	•	•	•	•	•
	Cooperative Governance and Traditional Affairs	•	•	•	•	•
	Government Communications and Information System	•	•	•	•	•
	Home Affairs	•	•	•	•	•
	International Relations and Cooperation	•	•	•	•	•
	Performance Monitoring and Evaluation	•	•	•	•	•
	Public Works	•	•	•	•	•
	Women, Children and Persons with Disabilities	•	•	•	•	•
Financial and Administrative Services [4 Departments]	National Treasury (Finance)	•	•	•	•	•
	Public Enterprises	•	•	•	•	•
	Public Service and Administration	•	•	•	•	•
	Statistics South Africa	•	•	•	•	•

Cluster	Audit opinions on national departments' financial statements	Focus area findings				
		Material errors in AFS submitted for audit No		Supply chain management Some improvement	IT controls No improvement	HR Regressed
Social Services [7 Departments]	Arts and Culture	•	•	•	•	•
	Basic Education	•	•	•	•	•
	Health	•	•	•	•	•
	Higher Education and Training	•	•	•	•	•
	Labour	•	•	•	•	•
	Social Development	•	•	•	•	•
	Sport and Recreation South Africa	•	•	•	•	•
Justice and Protection Services [5 Departments]	Correctional Services	•	•	•	•	•
	Defence and Military Veterans	•	•	•	•	•
	Independent Complaints Directorate	•	•	•	•	•
	Justice and Constitutional Development	•	•	•	•	•
	Police	•	•	•	•	•

Cluster	Audit opinions on national departments' financial statements	Focus area findings				
		Material errors in AFS submitted for audit No		Supply chain management Some improvement	IT controls No improvement	HR Regressed
Economic Services and Infrastructure [13 Departments]	Agriculture, Forestry and Fisheries	•	•	•	•	•
	Communications	•	•	•	•	•
	Economic Development	•	•	•	•	•
	Energy	•	•	•	•	•
	Environmental Affairs	•	•	•	•	•
	Human Settlements	•	•	•	•	•
	Mineral Resources	•	•	•	•	•
	Rural Development and Land Reform	•	•	•	•	•
	Science and Technology	•	•	•	•	•
	Tourism	•	•	•	•	•
	Trade and Industry	•	•	•	•	•
	Transport	•	•	•	•	•
	Water Affairs	•	•	•	•	•
Financially unqualified with no findings	Financially unqualified with findings	Qualified	Adverse/Disclaimer	Repeat findings	No findings	New finding

The audit outcomes of individual ministerial portfolios, the impact of the AGSA's quarterly discussions with the executive authorities and key commitments received from ministers are presented in the remainder of this section.

The audit outcomes of Vote 6: Performance Monitoring and Evaluation and Vote 9: Government Communication and Information System are included under Vote 1: Presidency, while those of Vote 23: Independent Police Investigative Directorate (Independent Complaints Directorate) are included under



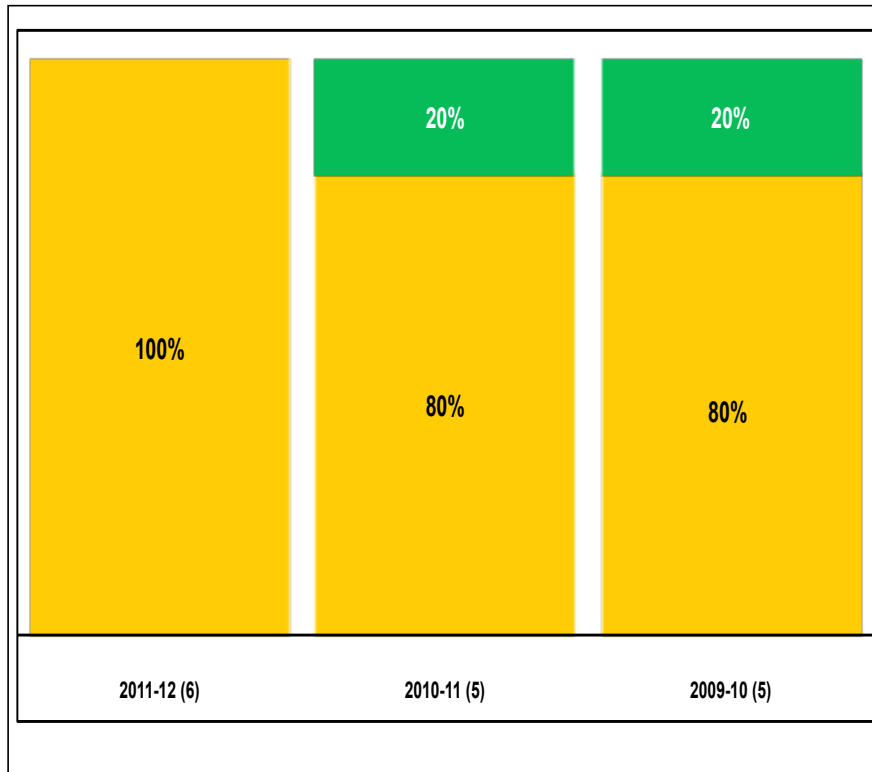
AUDIT OUTCOMES OF INDIVIDUAL MINISTERIAL PORTFOLIOS

2.2.1 CENTRAL GOVERNMENT ADMINISTRATION



VOTE 1: THE PRESIDENCY [including Performance Monitoring and Evaluation and Government Communication and Information Systems (GCIS)]

Three-year progress towards clean audits

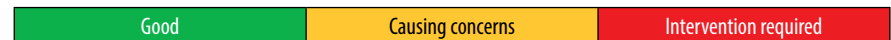
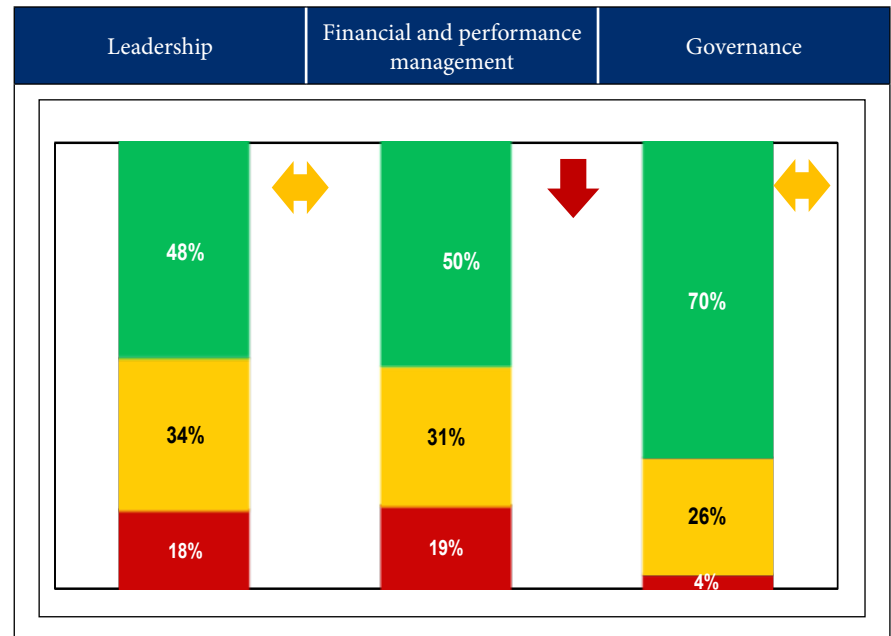


Legend (Audit outcomes)	Financially unqualified with no findings	Financially unqualified with findings

5 risk areas



Key controls



Root causes

- Inadequate review of financial statements and performance reports
- Action plans not effectively implemented
- Lack of monitoring and review of controls over daily processing and compliance with laws and regulations

VOTE 1: THE PRESIDENCY [including Performance Monitoring and Evaluation and Government Communication and Information Systems (GCIS)]

SIGNIFICANT ASPECTS OF THE AUDIT OUTCOMES

Audit outcomes and key reasons for movements

The audit outcomes relating to the departments and entities within this portfolio were financially unqualified with findings. Media Development and Diversity Agency (MDDA) regressed from financially unqualified with no findings on non-compliance with laws and regulations to financially unqualified with findings. The accounting authority at MDDA did not take adequate steps to prevent irregular expenditure.

The Presidency, Government Communication and Information System, National Youth Development Agency, Brand SA and MDDA only had findings on compliance, whereby the Department of Performance Monitoring and Evaluation (established 1 April 2011) had findings on both compliance and predetermined objectives.

Risk/focus areas

The main areas of concern are the non-adherence to SCM regulations and financial statements subject to material misstatements. The findings on predetermined objectives relate to targets not conforming to the SMART principles, i.e. Specific, Measurable, Achievable, Relevant and Time bound.

The Presidency portfolio should continue to focus on implementing monthly controls to eliminate material corrections to the annual financial statements, including preparation of a complete set of monthly financial statements and controls to ensure compliance with SCM regulations and the requirements of the Framework for managing programme performance information (FMPPI). The executive authority should intervene to ensure that all the departments and entities implement effective internal controls and that leadership is held accountable for their actions.

The executive authority should also focus on appointing a new board for the NYDA and remedial measures to manage the non-performing loan book.

VOTE 1: THE PRESIDENCY [including Performance Monitoring and Evaluation and Government Communication and Information Systems (GCIS)]

Status of key controls and root causes of audit outcomes

The failure to record improved outcomes was mainly due to the key messages which were communicated during the audit not being taken seriously and, consequently, key controls not being adequately implemented throughout the year.

Senior management and those charged with governance also failed to adequately review financial statements and the report on predetermined objectives prior to submission for auditing.

Although most of the departments and entities within the portfolio have Internal audit and governance structures, there still seems to be inadequate reviews over financial and performance reporting which resulted in material adjustments having to be made to the financial statements.

Poor procurement planning, inadequate checks, reviews and application of SCM regulations resulted in irregular expenditure within the presidency portfolio.

Commitments and initiatives by minister

Impact on 2011-12 audit outcomes

No impact

Impact of quarterly discussions with the executive authority

We did not meet with the minister for quarterly discussions.

Previous year

We could not secure any meetings with the minister and therefore did not obtain any commitments regarding his portfolio. The minister had also not provided any commitments in the prior year.

New

VOTE 1: THE PRESIDENCY [including Performance Monitoring and Evaluation and Government Communication and Information Systems (GCIS)]

NEXT PAGE: AUDIT OUTCOMES OF DEPARTMENTS AND PUBLIC ENTITIES IN PORTFOLIO

VOTE 1: THE PRESIDENCY [including Performance Monitoring and Evaluation and Government Communication and Information Systems (GCIS)]

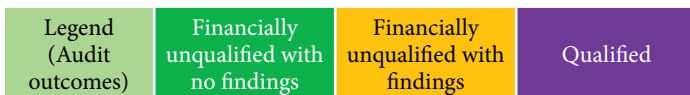
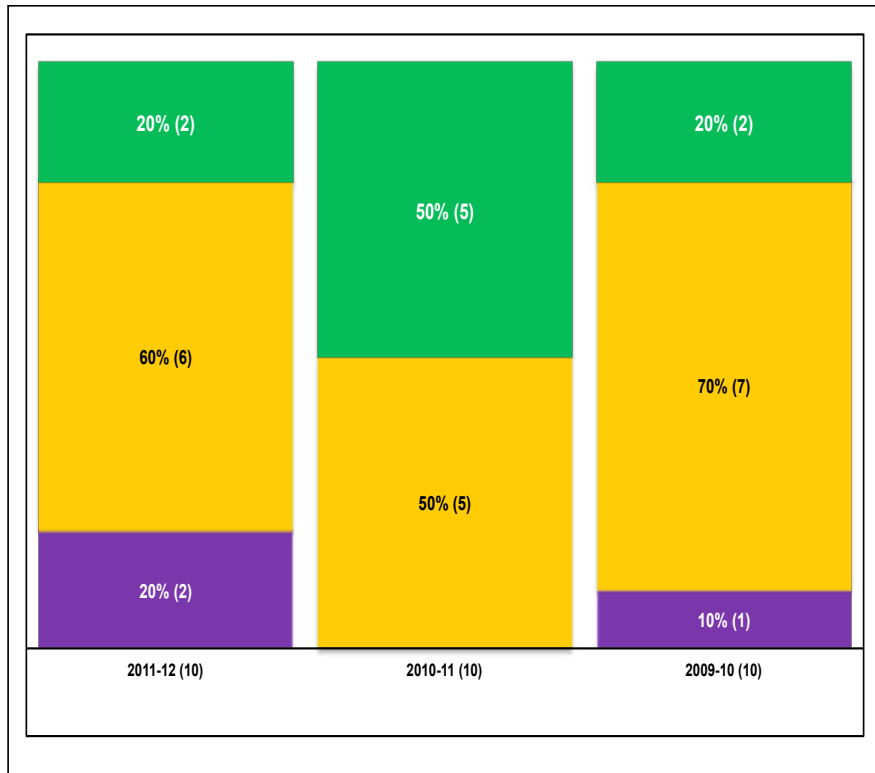
Number	Auditee	2011-12 Audit outcomes			2010-11 Audit outcomes			Financial statement qualification areas	Findings on predetermined objectives	Findings on areas of non-compliance									
		Audit opinion	Predetermined objectives	Compliance with laws and regulations	Audit opinion	Predetermined objectives	Compliance with laws and regulations	None	Reported information not useful	Material misstatement/limitations in submitted annual financial statements	Procurement and contract management	Human resource management	Revenue management	Asset management	Audit committees	AFS, performance report and annual report	Expenditure management	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Budget
Departments																			
1	Presidency								A	N	R	N					R	R	
2	Department of Performance Monitoring and Evaluation								N	N		N						N	
3	Government Communication Information Systems									N	R							A	
Public Entities																			
1	National Youth Development Agency									R	R		N	N	N	N	N	R	N
2	Brand SA								A	N								R	N
3	Media Development and Diversity Agency										N							N	

Legend (Audit outcomes)	Financially unqualified with no findings	Financially unqualified with findings	Findings
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Legend (Findings)	Addressed	New	Repeat
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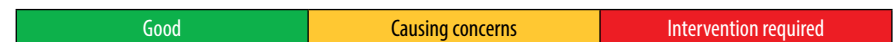
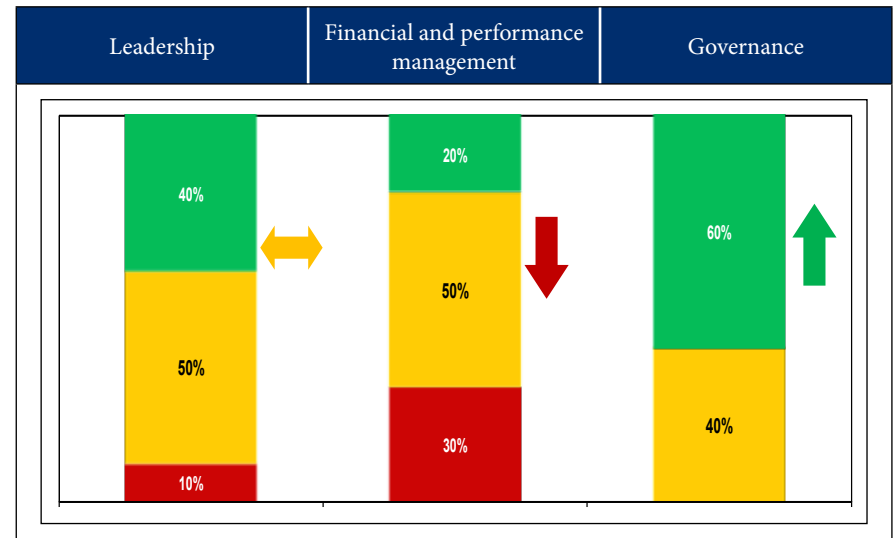
VOTE 2: PARLIAMENT (including provincial legislatures)



5 risk areas



Key controls



Root causes

- Vacancies in key positions and inadequate performance management
- Financial and performance reports not regularly prepared and reviewed
- Lack of proper leadership oversight

VOTE 2: PARLIAMENT (including provincial legislatures)

SIGNIFICANT ASPECTS OF THE AUDIT OUTCOMES

Audit outcomes and key reasons for movements

While the Western Cape legislature retained its clean audit outcome of the prior financial year and was joined by the Free State legislature in this category, the overall audit outcomes of the legislature cluster regressed, with the legislatures of Eastern Cape, Gauteng and KwaZulu-Natal regressing from clean audit outcomes to financially unqualified with findings on PDOs and/or compliance.

Parliament remained financially unqualified with findings on compliance with laws and regulations, which included money owing by Parliament not paid within 30 days and material corrections having to be made to the financial statements during the audit

The financial statements of Mpumalanga Legislature were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in elements making up the statement of financial position, the statement of financial performance and the notes to the financial statements. The financial statements of the Northern Cape Legislature were qualified due to the absence of sufficient and appropriate audit evidence to support goods and services and the existence and value of its debtors. The value of staff leave entitlement could likewise not be substantiated.

Risk/focus areas

Six (2010-11: 2) of the legislatures submitted financial statements for audit that contained material misstatements, five of which were corrected during the audit, thereby avoiding qualification of their financial statements.

The performance information of four legislatures (2010-11: 3) did not meet all the criteria for usefulness, while the information of three (2010-11: 2) was not reliable. The usefulness of reported information was measured against the criteria of presentation, consistency, measurability and relevance. As regards consistency, some of the findings related to targets not being specific or time bound. Indicators are not well defined or verifiable and there was no consistency between planned and reported objectives/targets. Performance could not be measured for some of the targets relevant to sub-programmes.

SCM findings were raised at two (20%) of the legislatures (2010-11: 2).

Findings on HR management were raised at six of the legislatures, which included vacancies in key posts, Performance management matters and the absence of an HR plan based on the strategic plan.

Weaknesses of varying levels of risk were identified in the management of information technology at all legislatures in one or more of the following areas: IT service continuity, data centre management, facilities and environmental control, user access control, program change management and security management. Section 3.4 of part 1 of this report provides more information on the IT audit focus areas.

The declaration of a provincial legislature's management actions as unconstitutional would have a far-reaching impact on the operations of provincial legislatures as well as the financial reporting framework.

Status of key controls and root causes of audit outcomes

Financial statement qualifications and PDO findings stem from matters that include the following:

- **Leadership:** The leadership did not perform sufficient monitoring and oversight in respect of financial and performance reporting and related internal controls, resulting in errors not being detected and corrected timeously. In addition, the leadership did not address identified internal control deficiencies and risks.
- **Financial and performance management :** The financial statements and performance reports were not adequately reviewed for completeness, validity and accuracy prior to submission for audit, resulting in material misstatements being identified during the audit. Findings on performance information are the result of a lack of proper systems of record management for maintaining information that supports the reported performance.
- **Governance:** Audit committees did not adequately review financial statements before submission for audit, while Internal audit coverage for the financial year did not adequately cover performance information and compliance with laws and regulations.

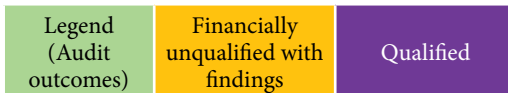
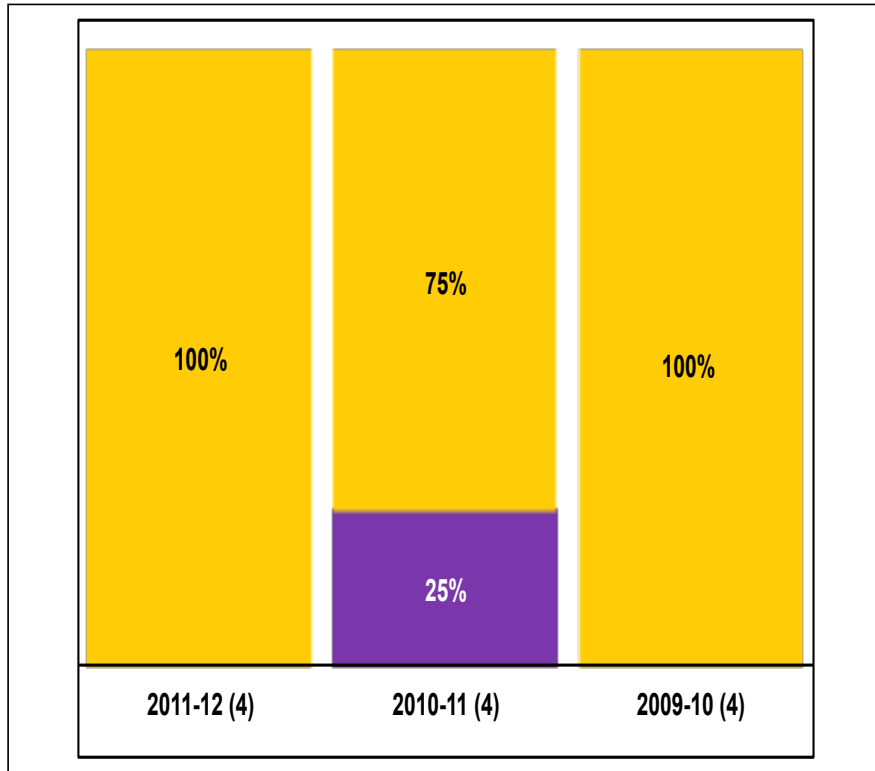
VOTE 2: PARLIAMENT (including provincial legislatures)

NEXT PAGE: AUDIT OUTCOMES OF LEGISLATURES

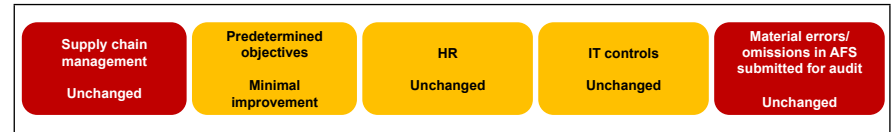


VOTE 3: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

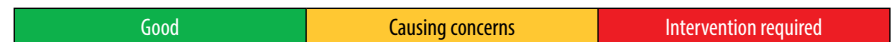
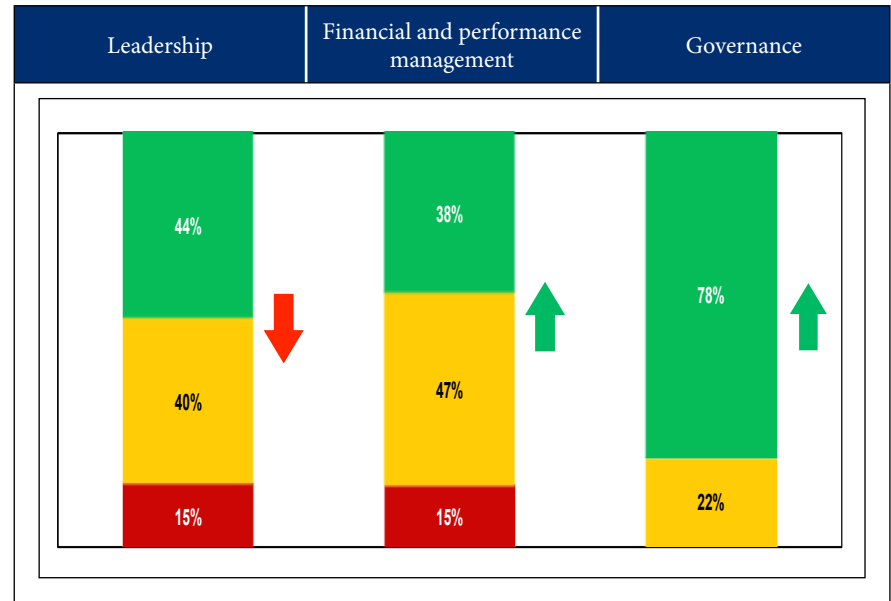
Three-year progress towards clean audits



5 risk areas



Key controls



Root causes

- Lack of understanding of laws, regulations and FMPPi as well as lack of key controls in system for collation, collection and filing of PDO and SCM documentation.
- Action plans are inadequate or not implemented correctly to address prior year matters reported.
- Lack of monitoring of commitments by oversight and adequate review of annual financial statements.
- Instability in leadership and vacancies in internal audit and supply chain management unit not filled timely.

VOTE 3: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

SIGNIFICANT ASPECTS OF THE AUDIT OUTCOMES

Audit outcomes and key reasons for movements

The overall improvement in the audit outcomes is due to the Department of Cooperative Governance and Traditional Affairs (**CoGTA**) improving from a financially qualified opinion with findings on compliance and predetermined objectives to a financially unqualified opinion with findings on compliance and predetermined objectives. Although the department cleared the qualification by focusing on the detection and disclosure of irregular expenditure, prevention thereof still has not been addressed. Thus, there has not been a reduction in the number of non-compliance findings, especially with regard to SCM, compliance with laws and regulations and material adjustments to the financial statements. The South African Local Government Association (**SALGA**) has remained financially unqualified with findings on compliance. Findings on predetermined objectives were reported at **CoGTA**.

Risk/focus areas

The key challenges to moving towards clean administration remain primarily in the areas of submission of financial statements which are free from material misstatements, compliance with SCM prescripts and compliance with the regulations and guidance on managing and reporting on performance against predetermined objectives.

The improvement in audit outcomes at the department cannot be attributed to an improvement in internal controls as numerous instances of non-compliance persist with regard to SCM laws and regulations. Adequate controls must now be implemented at **CoGTA** and **SALGA** to properly review and monitor compliance with laws and regulations, mainly in the area of SCM prescripts, to avoid incurring irregular expenditure. Monthly financial statements with all relevant disclosure notes should be prepared by both entities to avoid material corrections to financial statements submitted to audit. Proper record keeping supporting reported performance information should also be a focus at **CoGTA**.

Status of key controls and root causes of audit outcomes

Key controls have not improved significantly as a result of lack of oversight responsibility. This resulted in a lack of progression towards clean administration. Action plans implemented to address prior year audit outcomes were not fully implemented resulting in many repeat findings in the areas of non-compliance with SCM laws and regulations, material adjustments to financial statements and findings on predetermined objectives, especially at **CoGTA**. There is also a lack of adequate progress monitoring of the action plans. Financial statements submitted are not adequately reviewed by the leadership and those charged with governance at both **CoGTA** and **SALGA**.

The PDO findings at the department were mainly as a result of a lack of understanding of the FMPPI requirements resulting in indicators not being well defined and verifiable, targets not conforming to the SMART principle and reported indicators and targets not being consistent with planned indicators and targets. Further to this, a system to collect and collate information to support reported performance information was not implemented at **CoGTA**, resulting in reported performance not being supported by source information. The findings on compliance were mainly as a result of non-adherence to SCM prescripts, which was reported at the department and **SALGA**. **CoGTA** and **SALGA** also required material adjustments to their financial statements due to a lack of adequate review of financial statements.

VOTE 3: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

Commitments and initiatives made by minister	Impact on 2011-12 audit outcomes		
	Significant impact	No impact	Limited impact
<i>Impact of quarterly discussions with the executive authority</i>			
<p>The AGSA leadership met once with the new executive authority during the 2011-12 financial year. The discussion focused on the weaknesses reported as per the key control dashboards and on prior year qualification areas. We were not successful in securing meetings with the previous executive authority of the department and letters were sent regarding the key control assessments.</p> <p>The executive authority has a role in providing assurance in the public sector in terms of the combined assurance model. Based on our limited interactions, we have assessed that the executive authority of CoGTA does not yet provide the required level of assurance.</p>			■
<i>Previous year</i>			
No commitments were obtained from the previous minister in the prior year.		■	
<i>New</i>			
The minister of CoGTA undertook to ensure that proper systems are implemented to address non-compliance with laws and regulations, especially in the area of SCM, and to capacitate Internal audit to improve its effectiveness. Progress will be monitored by means of monthly reports provided to the minister.			

VOTE 3: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

Constitutional institutions

The Municipal Demarcation Board (**MDB**) and the **CRL** Rights Commission have remained financially unqualified with findings.

Findings on predetermined objectives were reported at the **CRL** Rights Commission, with no material findings reported at **MDB**. A system to collect and collate information to support reported performance information was also not implemented at the **CRL** Rights Commission, resulting in reported performance not being supported by source information. The findings on compliance were mainly due to non-adherence to SCM prescripts as a result of lack of understanding and incorrect interpretation of applicable laws and regulations at the **CRL** Rights Commission, a lack of capacity in the SCM unit and inadequate documentation storage processes at **MDB**. Both **MDB** and **CRL** Rights Commission required material adjustments to their financial statements. This was due to those charged with governance not adequately reviewing the financial statements.

MDB and the **CRL** Rights Commission's lack of progression towards clean administration can be attributed to management developing action plans which did not address the real root causes of the findings reported, actions not being specific and/or failure to assign responsibility for the tasks, and/or timelines not being determined for ultimate resolution of internal and external audit findings. There was also a lack of adequate monitoring of the action plans.

The executive authorities of these entities should focus on improving the key controls which impact on these areas, including the requirement to prepare monthly financial statements with all relevant disclosure notes that are properly reviewed by management and those charged with governance.

NEXT PAGE: AUDIT OUTCOMES OF DEPARTMENT AND PUBLIC ENTITIES IN PORTFOLIO

VOTE 3: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

Number	Auditee	2011-12 Audit outcomes			2010-11 Audit outcomes			Financial statement qualification areas				Findings on predetermined objectives				Findings on areas of non-compliance										
		Audit opinion	Predetermined objectives	Compliance with laws and regulations	Audit opinion	Predetermined objectives	Compliance with laws and regulations	Revenue	Contingent liabilities	Irregular expenditure	Other	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report	Material misstatement/limitations in submitted annual financial statements	Procurement and contract management	Human resource management	Asset management	Expenditure management	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Transfers and conditional grants	Strategic planning and performance management	Audit committee	Internal audit	
	Department of Cooperative Governance and Traditional Affairs								A			R	R			R	R	N	N	R	R	A	R		A	
Reporting auditees																										
1	South African Local Government Association											A				R	R				R		A			
2	Municipal Demarcation Board															R	R				R					
3	Commission for the promotion and protection of the rights of cultural, religious and linguistic communities										A	N				R	R		N	A	R		A	A	A	

Legend (Audit outcomes)	Financially unqualified with findings	Qualified	Findings
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Legend (Findings)	Addressed	New	Repeat
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VOTE 3: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

Unauthorised, irregular, as well as fruitless and wasteful expenditure						Procurement and contract management					Drivers of internal control										Human resource management					Information technology management			Root causes									
Unauthorised expenditure		Irregular expenditure		Fruitless and wasteful expenditure		Limitation on planned scope of audit of awards	Awards to employees	Awards to close family members of employees	Uncompetitive or unfair procurement processes	Inadequate contract management	Internal control deficiencies	Leadership					Financial and performance management					Governance			HR planning and organisation	Management of vacancies	Appointment process	Leave administration	Acting positions	Performance management	IT governance	Security management	User access management	IT service management	Human resource capacity and productivity	Attention to key controls	Effectiveness of assurance providers	
Movement	Amount R	Movement	Amount R	Movement	Amount R							Effective leadership culture	Oversight responsibility	HR management	Policies and procedures	Action plans	IT governance	Proper record keeping	Processing and reconciling controls	Reporting	Compliance	IT systems controls	Risk management	Internal audit														Audit committee
		↓	474,51m	↓	679k				R	R	A													N	R	A		N	N	R	R	R	R					
		↓	37,09m	↑	-				R															N			N											
		↑	628k						R																	N	N											
		↑	304k	↑	1k				R																													

Legend Reduction ↑ Increase ↓

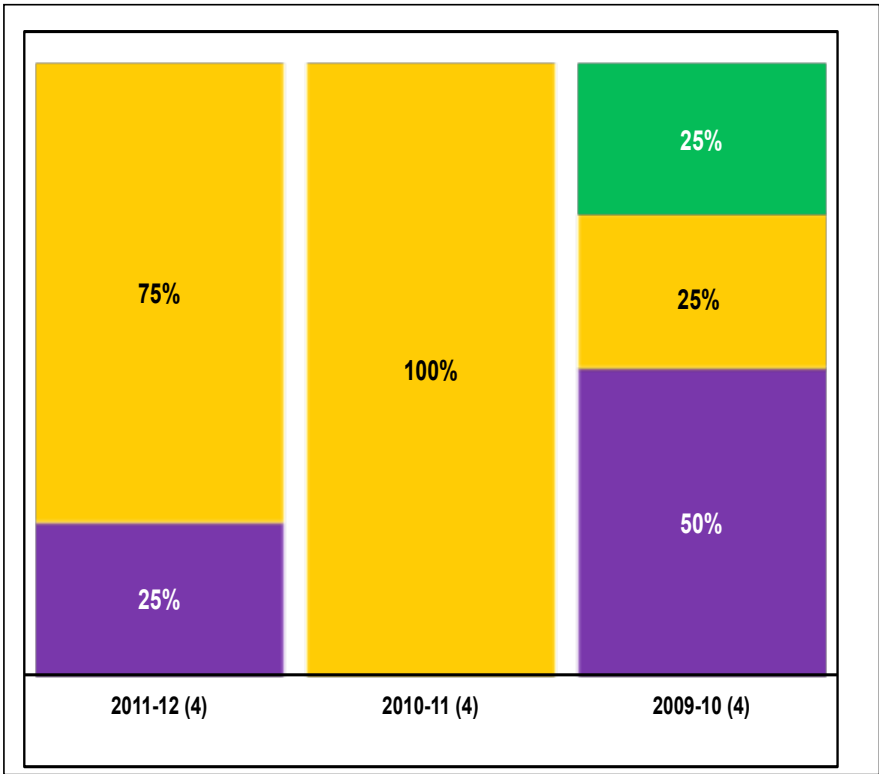
Legend (Drivers) Good Causing concern

Legend (Findings) New Repeat



VOTE 4: HOME AFFAIRS

Three-year progress towards clean audits

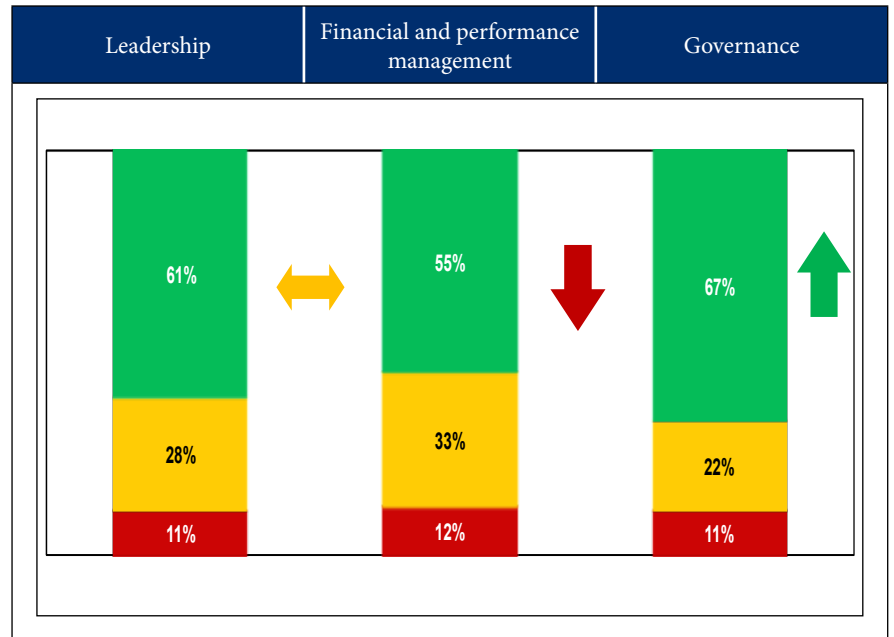


Legend (Audit outcomes)	Financially unqualified with no findings	Financially unqualified with findings	Qualified
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5 risk areas



Key controls



Good	Causing concerns	Intervention required
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Root causes

- Lack of monitoring and review of controls over monthly processing
- Vacancies in senior management positions within the portfolio
- Ineffective and poor record keeping from the point of source of information to the financial records.

VOTE 4: HOME AFFAIRS

SIGNIFICANT ASPECTS OF THE AUDIT OUTCOMES

Audit outcomes and key reasons for movements

Overall, the portfolio showed a regression, with the best-ever results for the portfolio being for the 2010-11 financial year. The DHA regressed to a financially qualified audit opinion with findings on predetermined objectives and compliance with laws and regulations. The audit outcome for the current year reflects a regression relative to the prior year and potentially a yo-yo effect over a three-year period, with the 2009-10 result also being qualified with other matters.

The deterioration in the department's results is driven by inconsistent application of the changed accounting policy because management has not implemented processes to adequately deal with the implications thereof; shortcomings in the skills level with respect to financial reporting; management not having implemented processes and controls to address internal control deficiencies identified in the previous year's audit; and a lack of proper record keeping.

Risks and focus areas

Asset management remains a concern even though there are no audit report findings on the matter. Regular asset counts must be performed at least twice annually on documented instructions so that there is consistency in the accounting treatment of items. The departmental processes for Revenue management must be standardised and should include documented processes with pre-numbered stationery and regular revenue reconciliations. Record keeping must be improved. A procedure manual must be developed for operations in foreign missions and this manual must be rolled out in conjunction with the Department of International Relations and Cooperation (DIRCO). The service level agreement with DIRCO needs to be revised in order to establish accountability arrangements between the two departments. The Internal audit unit must audit the processes to be implemented by the department and a robust audit must be performed on the financial statement preparation process with a view to understanding the internal control deficiencies in this process. The current accounting policy on foreign revenue could have significant negative consequences in respect of the migration to the GRAP framework.

Status of key controls and root causes of audit outcomes

Capacity issues in terms of the skills level pose a challenge to the department. There is a deficiency in management's understanding of financial accounting concepts (as contained in the National Treasury's Departmental financial reporting framework guide) and, in turn, a lack of appropriate processes to address the reporting requirements. Despite interventions by the accounting officer, such as senior management being held accountable for not implementing appropriate actions to address internal control deficiencies, there were still non-compliance findings, findings on material corrected and uncorrected misstatements as well as significant findings on predetermined objectives. The department's current internal control processes are not sustainable in that there is still much reliance on the audit process to identify and drive the correction of material errors and misstatements. Appropriate actions have not been implemented to address the internal control deficiencies identified in the current and previous audits.

VOTE 4: HOME AFFAIRS

Commitments and initiatives by the minister	Impact on 2011-12 audit outcomes		
	Significant impact	No impact	Limited impact
Impact of quarterly discussions with the executive authority			
<p>The AGSA leadership met with the executive authority four times during the 2011-12 financial year. These discussions focused on the weaknesses reported as per the key control dashboards.</p> <p>The executive authority has a role in providing assurance in the public sector in terms of the combined assurance model. Based on our interactions, we have assessed that the executive authority of the DHA provides some level of assurance.</p>			■
Previous year			
<p>The Minister of the DHA undertook to improve service delivery processes throughout the country. Significant progress has been made and this remains a focus area going forward.</p> <p>There was also a commitment to make full use of the Internal audit unit and the Audit committee to ensure the ongoing quality of financial information. Although progress has been made, it remains a challenge.</p>			■
New			
<p>Improve the relationship between DIRCO and the DHA to ensure better quality of information on the vouchers from foreign missions.</p> <p>Improve record keeping with regard to the capturing of vouchers in the financial records (monthly listings for both local and foreign revenue).</p> <p>Improve the process of Asset management with regard to maintenance of the asset register (improve the monthly reconciliations).</p>			
Constitutional institution (IEC)			
Audit outcomes and key reasons for movements			
<p>The IEC received an unqualified audit opinion with findings on compliance with laws and regulations. This is an improvement since the prior year, as there are no findings on predetermined objectives.</p>			
Risks and focus areas			
<p>Non-compliance with laws and regulations remains an issue at the IEC. Irregular expenditure was incurred by the commission and the evaluation criteria for equity ownership were not specified when quotations were invited.</p>			
Status of key controls and root causes of audit outcomes			

VOTE 4: HOME AFFAIRS

Although there has been an improvement in addressing internal control deficiencies and the root causes of audit outcomes, management should put measures in place to update staff on new laws and regulations and to apply them when they become effective.

NEXT PAGE: AUDIT OUTCOMES OF DEPARTMENT AND PUBLIC ENTITIES IN PORTFOLIO

VOTE 4: HOME AFFAIRS

Number	Auditee	2011-12 Audit outcomes			2010-11 Audit outcomes			Financial statement qualification areas				Findings on predetermined objectives				Findings on areas of non-compliance					
		Audit opinion	Predetermined objectives	Compliance with laws and regulations	Audit opinion	Predetermined objectives	Compliance with laws and regulations	Contingent assets	Contingent assets - Prior year	Receivables for departmental revenue - Prior year	Other	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report	Material misstatement/limitations in submitted annual financial statements	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Expenditure management	Internal audit	Revenue management	Procurement and contract management
	Department of Home Affairs						N	N	N		R	N			R	R	R	R	N	R	R
Reporting auditees																					
1	Independent Electoral Commission										A					R				R	
2	Government Printing Works										A					A	N	R	A		A
3	Film and Publication Board															R					

Legend (Audit outcomes)	Financially unqualified with findings	Qualified	Findings
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Legend (Findings)	Addressed	New	Repeat
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VOTE 4: HOME AFFAIRS

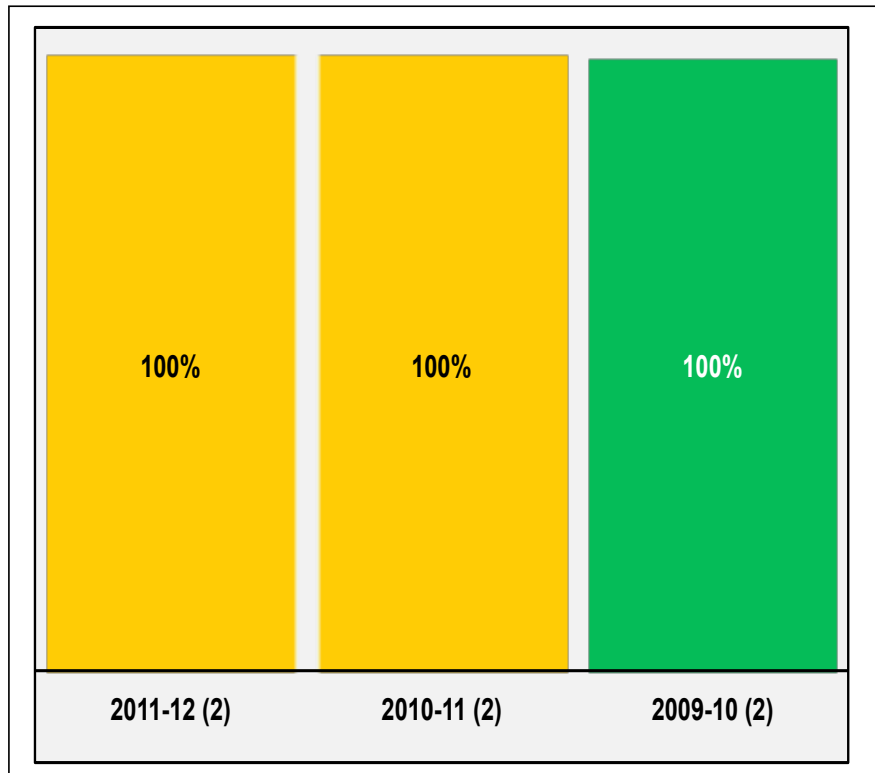
Unauthorised, irregular, as well as fruitless and wasteful expenditure						Procurement and contract management						Drivers of internal control										Human resource management				Information technology management				Root causes						
Unauthorised expenditure		Irregular expenditure		Fruitless and wasteful expenditure		Limitation on planned scope of audit of awards	Awards to employees	Awards to close family members of employees	Uncompetitive or unfair procurement processes	Inadequate contract management	Inadequate SCM controls	Leadership					Financial and performance management					Governance			Management of vacancies	Overtime	Performance management	HR planning and organisation	IT governance	Security management	User access management	IT service management	Human resources capacity & productivity	Attention to key controls	Effectiveness of assurance providers	
Movement	Amount R	Movement	Amount R	Movement	Amount R							Effective leadership culture	Oversight responsibility	HR management	Policies and procedures	Action plans	IT governance	Proper record keeping	Processing and reconciling controls	Reporting	Compliance	IT systems controls	Risk management	Internal audit												Audit committee
		↑	5,72m	↑	700k		R	N	R		A		S			S		S	S	S	S		S			R	A	R		R	R	R				
		↑	42,60m	↓	20,45k		R		R																	A			R	R	R	R	R			
		↑	1,85m			N			A																A	A			R	R	R	R				
				↓	200k				R	A																		R	N	N	N					

Legend	Reduction	↑	Increase	↓	Legend (Drivers)	Good	Causing concern	S = Significant control deficiency	Legend (Findings)	New	Repeat
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VOTE 5: INTERNATIONAL RELATIONS AND COOPERATION

Three-year progress towards clean audits



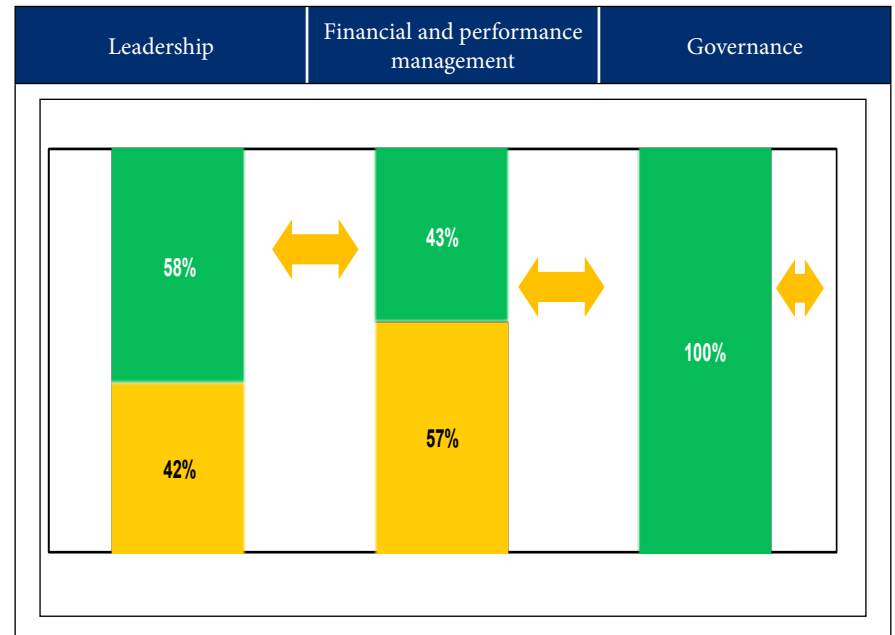
38

Legend (Audit outcomes)	Financially unqualified with no findings	Financially unqualified with findings

5 risk areas



Key controls



Root causes

- Lack of monthly preparation and proper reviews of financial statements
- Lack of timely updating of the fixed asset register
- Key performance indicators not useful

VOTE 5: INTERNATIONAL RELATIONS AND COOPERATION

SIGNIFICANT ASPECTS OF THE AUDIT OUTCOMES

Audit outcomes and key reasons for movements

Overall the portfolio regressed over the period of three years. In 2009-10 it was unqualified with no findings and in 2010-11 and 2011-12 it was qualified with findings on predetermined objectives and compliance.

The Department of International Relations and Cooperation (DIRCO) achieved a financially unqualified audit opinion with findings on compliance with laws and regulations and predetermined objectives.

The African Renaissance and International Cooperation Fund (ARF) achieved a financially unqualified audit opinion with findings on predetermined objectives. It cleared findings on compliance with laws and regulations (as it does not have SCM, annual financial statements were not materially adjusted).

The regression in the audit outcomes of the portfolio was due to lack of implementation of key controls, such as monthly preparation of financial statements and monitoring.

Risk/focus areas

Supply chain management remains a challenge in the department as it has embassies and missions in all countries. Some countries do not comply with South Africa's SCM legislation. The major challenge is the approval of deviations from SCM legislation. The oversight function of monitoring and implementation of controls as well as risk management relating to SCM processes should be improved.

Issues identified in relation to predetermined objectives included performance targets not being specific and measurable and performance indicators not being well defined. The major challenge is meeting the SMART principle due to the sensitivity of the information that the department has as key performance indicators (KPIs). The department should continue to engage with National Treasury on its challenges with regards to compliance with the requirements of the FMPPI. The oversight of the predetermined objectives process, including the implementation of action plans to address the issues raised should be closely monitored by the accounting officer.

IT governance should be elevated to an appropriate level of management and, in the absence of a government-wide framework, the department should develop its own framework which should then be evaluated for alignment to the government-wide framework once approved by Cabinet.

The oversight function of monitoring the implementation and effectiveness of controls over the financial statement processes, including the review function, should be substantially improved.

The department did not always ensure that the system of controls over Asset management was adequately implemented and functioned appropriately. This function requires substantial improvement.

Overall the portfolio remained the same as in the previous year.

VOTE 5: INTERNATIONAL RELATIONS AND COOPERATION

Status of key controls and root causes of audit outcomes

Deficiencies in the oversight, monitoring and review of the implementation and effectiveness of key controls resulted in the audit outcomes. There was no movement in the audit outcomes for DIRCO since the previous year while the ARF improved from findings on both compliance and predetermined objectives in 2010-11 to findings on predetermined objectives in 2011-12.

Some of the measures taken to address the issues raised previously were rolled out for implementation in the last quarter of 2011-12, resulting in repeat findings.

Commitments and initiatives by minister	Impact on 2011-12 audit outcomes		
	Significant impact	No impact	Limited impact
<i>Impact of quarterly discussions with the executive authority</i>			
The AGSA leadership met with the executive authority once during the 2011-12 financial year. These discussions focused on the weaknesses reported as per the key control dashboards.		■	
<i>Previous year</i>			
No commitments were made in the 2010-11.			
<i>New</i>			
Meeting with the minister took place on 9 February 2012. The minister undertook to follow up on the action plans that were being implemented by the department and to engage the accounting officer on the focus area issues raised by the AGSA.			

VOTE 5: INTERNATIONAL RELATIONS AND COOPERATION

NEXT PAGE: AUDIT OUTCOMES OF DEPARTMENTS AND PUBLIC ENTITIES IN PORTFOLIO

VOTE 5: INTERNATIONAL RELATIONS AND COOPERATION

Number	Auditee	2011-12 Audit outcomes			2010-11 Audit outcomes			Financial statement qualification areas				Findings on predetermined objectives				Findings on areas of non-compliance					
		Audit opinion	Predetermined objectives	Compliance with laws and regulations	Audit opinion	Predetermined objectives	Compliance with laws and regulations	Current asset	Capital and reserves	Revenue	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report	Material misstatement/limitations in submitted annual financial statements	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Expenditure management	Strategic planning and performance management	Procurement management	Financial misconduct
1	Department of International Relations and Cooperation										R				R	R	N	R	N	A	N
Reporting auditees																					
2	African Renaissance and International Cooperation Fund										R				A						

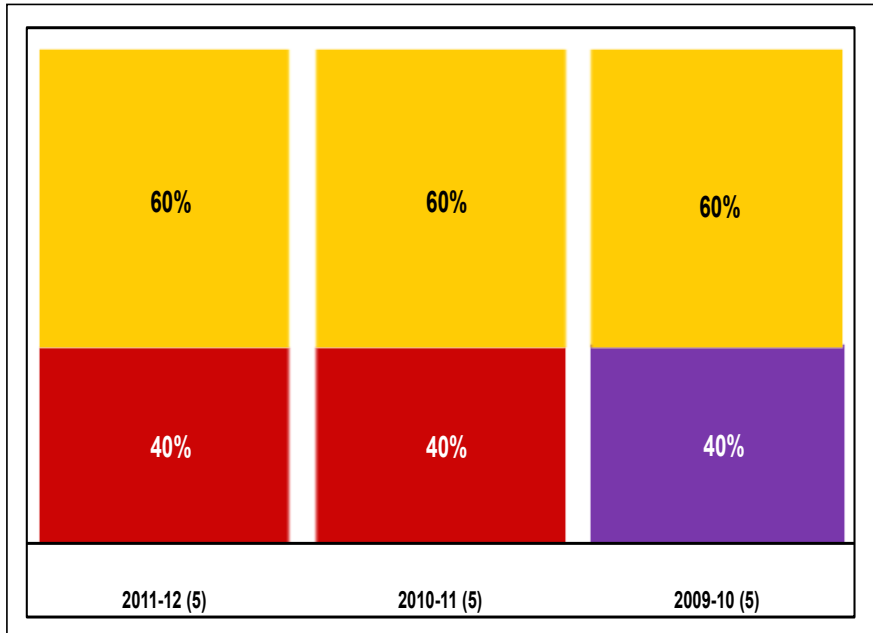
Legend (Audit outcomes)	Financially unqualified with findings	Findings
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Legend (Findings)	Addressed	New	Repeat
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VOTE 7: PUBLIC WORKS

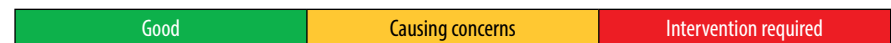
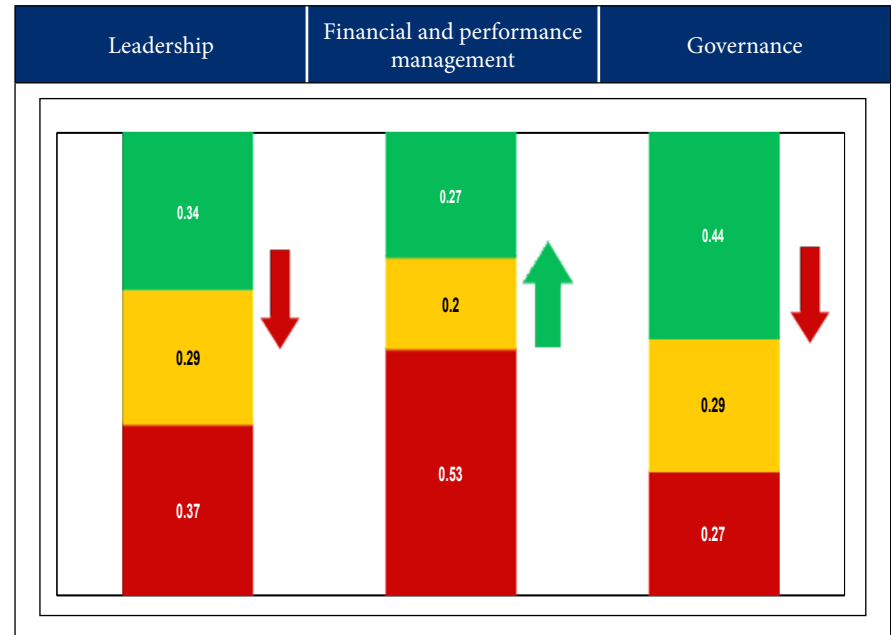
Three-year progress towards clean audits



5 risk areas



Key controls



Root causes

Instability in key leadership positions and a lack of human resource capacity had a negative impact in providing effective leadership in the department.

Implemented controls over daily and monthly processing and reconciling of transactions were ineffective.

The high level turnaround strategy did not timeously translate into a comprehensively documented audit action plan with deadlines and short and long term milestones and deliverables to sustainably address internal control deficiencies.

VOTE 7: PUBLIC WORKS

SIGNIFICANT ASPECTS OF THE AUDIT OUTCOMES

Audit outcomes and key reasons for movements

The audit outcomes of the department and all entities in the portfolio remained unchanged. The Department of Public Works (DPW) and the Property Management Trading Entity (PMTE) received disclaimers and the Independent Development Trust (IDT), Council for the Built Environment (CBE) and the Construction Industry Development Board (CIDB) received financially unqualified opinions with findings on predetermined objectives and compliance with laws and regulations. Although ultimately it did not influence the audit outcome, compliance in the area of procurement and contract management regressed for both IDT and CBE due to a lack of appropriate monitoring of compliance by leadership.

Risk/focus areas

Supply chain management remains a major risk area throughout the portfolio and it is critical that the department and entities focus on enhancing their oversight and monitoring functions in respect of SCM as well as adopting a zero tolerance stance on non-compliance and holding transgressors accountable. Furthermore, updating of SCM policies and procedures in line with latest laws and regulations should be ensured and training should be rolled out to all applicable staff members to enhance understanding of principles. At the department and PMTE a comprehensive contract management system must be implemented to enable proper procurement planning and avoid unjustified deviations.

With respect to reporting against predetermined objectives a minimal improvement was noted, with the CBE and CIDB improving the reliability of reported information. There is, however, a continued lack of understanding and incorrect implementation of guidance issued by the National Treasury, amongst others the FMPPI, which had a negative impact on the usefulness of reported information of all entities in the portfolio except for the IDT. The department and affected entities should implement corrective action during the crafting of targets and indicators for inclusion in the strategic plan to ensure that they conform to the required principles. Furthermore, the department and the IDT should improve their records management systems and ensure that appropriate audit evidence is available to substantiate all achievements recorded.

Human resource management is a concern at the DPW where the organisational structure must be aligned to the strategic plan of the department, the filling of vacancies with appropriately skilled people must be expedited and the essential basic control of certification of the payroll must be rigorously enforced.

Significant shortcomings were identified in the IT environment; specifically with respect to the Property Management Information System (PMIS) utilised by the department and PMTE, which must be addressed as a matter of urgency. The proposed implementation of the iE-Works system and procurement of a financial system which enables accrual accounting for the PMTE must also be expedited.

The focus must be on the preparation and adequate review by appropriate members of senior management of a full set of financial statements (including disclosure notes for the department) and reports on compliance with laws and regulations on a monthly basis. Similarly performance reports should also be updated and reviewed (including obtaining confirmation that sufficient and appropriate supporting evidence was in place) on a monthly basis to enable corrective action where achievement of targets is not on track. Those charged with governance should place significant focus on performing a proper review of financial statements submitted for auditing purposes to avoid material adjustments after submission.

VOTE 7: PUBLIC WORKS

Status of key controls and root causes of audit outcomes

The status of key controls in the portfolio remained unchanged since the previous financial year with DPW and PMTE experiencing a significant breakdown in all areas of internal control – leadership, Financial and performance management and governance. Key controls at the entities are largely implemented; however, improvement is required in the areas of leadership oversight of financial reporting, compliance with laws and regulations and reporting on performance against predetermined objectives to ensure a movement towards an unqualified opinion without findings.

The instability of leadership and lack of sufficiently skilled human resources in both the department and the PMTE, combined with the lack of implementation of corrective action in respect of prior year audit outcomes (by means of successful execution of an audit action plan/turnaround strategy), contributed to the repeated disclaimer. Furthermore, a comprehensive policy and procedure framework was not in place, which resulted in an inability to implement properly functioning daily controls. This was exacerbated by the absence of a proper records management system.

Oversight

Oversight procedures were conducted at the department. The department has established a directorate which facilitates the oversight and governance function at its public entities. Even though the department has adopted policies to facilitate its function of oversight and governance, it did not have policies and procedures to monitor, detect and mitigate risks affecting the business of the public entity.

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Commitments and initiatives by minister	Impact on 2011-12 audit outcomes		
	Significant impact	No impact	Limited impact
<i>Impact of quarterly discussions with the executive authority</i>			
<p>The AGSA leadership met with the Minister of Public Works three times during the 2011-12 audit cycle. These discussions focused on the critical weaknesses reported as per the key control dashboards and recommendations to address these shortcomings.</p> <p>The executive authority has a role in providing assurance in the public sector in terms of the combined assurance model. Based on our interactions, we assessed that the executive authority had provided some level of assurance for the year under review.</p>			■
<i>Previous year</i>			
The current executive authority was not with the DPW in the previous financial year, therefore the focus is on current commitments (see below).	Change in leadership, therefore not applicable.		

VOTE 7: PUBLIC WORKS

New

The executive authority committed to the implementation of a multi-year turnaround strategy for the department and the PMTE, as well as the implementation of a stabilisation project with a view of achieving clean audit outcomes. These initiatives will address critical areas of leadership stability and enhancement, a fairly presented immovable asset register by 31 March 2014, implementation of policies governing prestige procurement and addressing shortcomings in leasing. In addition, the accounting officer of DPW will report monthly on expenditure against the budget and the executive authority will review the report and take appropriate action.

NEXT PAGE: AUDIT OUTCOMES OF DEPARTMENT AND PUBLIC ENTITIES IN PORTFOLIO

VOTE 7: PUBLIC WORKS

Number	Auditee	2011-12 Audit outcomes			2010-11 Audit outcomes			Financial statement qualification areas						Findings on predetermined objectives				Findings on areas of non-compliance													
		Audit opinion	Predetermined objectives	Compliance with laws and regulations	Audit opinion	Predetermined objectives	Compliance with laws and regulations	Immovable assets	Current assets	Liabilities	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Revenue	Operating expenditure	Other	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report	Material misstatement/limitations in submitted annual financial statements	Strategic planning and performance management	Asset management	Procurement and contract management	Budgets	Expenditure management	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Financial misconduct	HR management	Revenue management	Internal audit		
	Department of Public Works	R	A	A	R	A	A	R			R		R	R				R	R	R	R	N	R	R	R	R	R	N	R		
Reporting auditees																															
1	Property Management Trading Entity	R	A	A	R	A	A	R	R	R	R	R	R					R			R		R	R	N						
2	Independent Development Trust	A	A	A	R	A	A								R			R			N										
3	Council for the Built Environment	A	A	A	R	A	A							R	A			R	N	N	N			N							
4	Construction Industry Development Board	A	A	A	R	A	A							R	A			R			R	N		R							

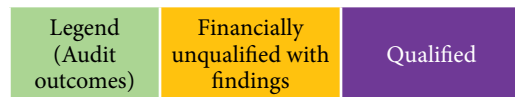
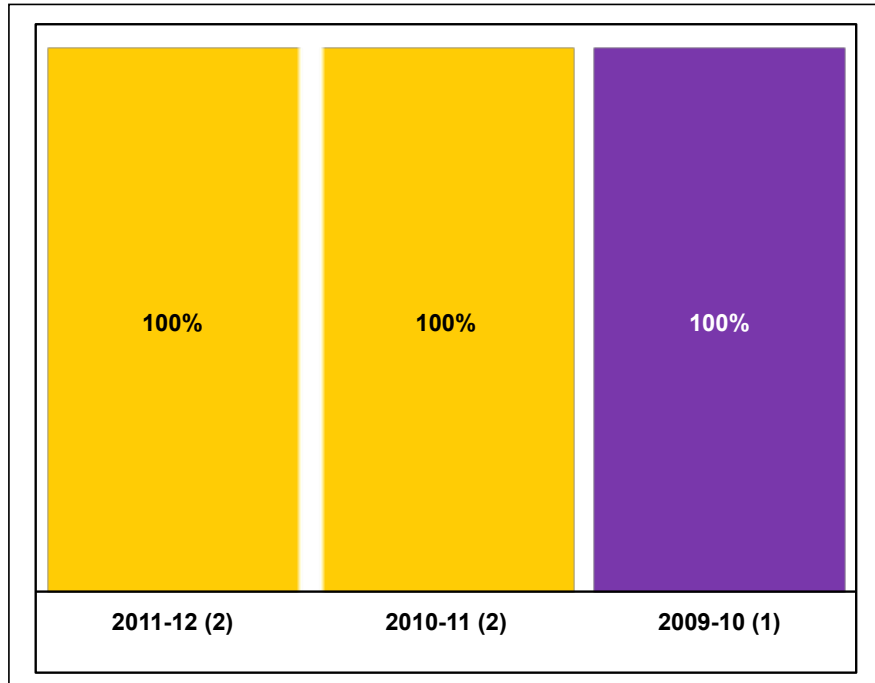
Legend (Audit outcomes): Financially unqualified with findings (Yellow), Disclaimer (Red), Findings (Blue)

Legend (Findings): Addressed (Green), New (Yellow), Repeat (Red)



VOTE 8: WOMEN, CHILDREN AND PEOPLE WITH DISABILITIES

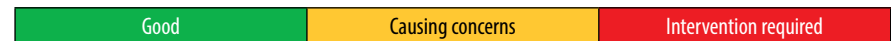
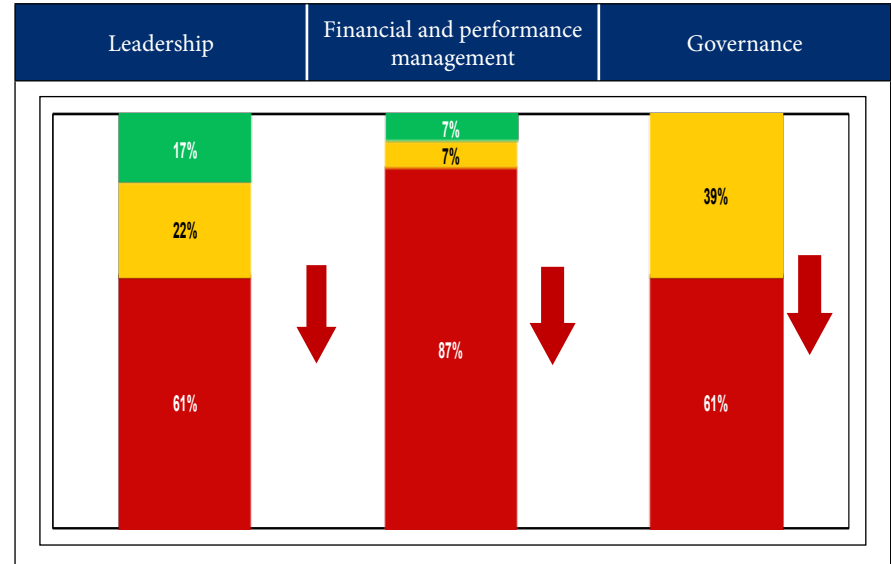
Three-year progress towards clean audits



5 risk areas



Key controls



Root causes

- Ineffective governance structures, no Internal audit appointed and the Audit committee was not effective.
- Leadership did not take action to address issues identified.
- Basic internal control procedures were not in place. Lack of understanding of the Framework for managing programme performance information.

VOTE 8: WOMEN, CHILDREN AND PEOPLE WITH DISABILITIES

SIGNIFICANT ASPECTS OF THE AUDIT OUTCOMES

Audit outcomes and key reasons for movements

The audit outcomes of the department remained unchanged. The Department of Women, Children and People with Disabilities (DWCPD) received a financially unqualified opinion with findings on compliance with laws and regulations and predetermined objectives. Although the department remained in the same category, the extent of non-compliance as well as unauthorised expenditure and irregular expenditure had increased since the prior year. This can be attributed to the failure by leadership to take action in addressing the issues raised in the prior year.

Risk/focus areas

The main area of concern at the department is compliance with laws and regulations, including the SCM prescripts and predetermined objectives. Inadequate expenditure management and in-year monitoring of the budget as well as a lack of oversight and monitoring mechanisms have resulted in the department incurring significant unauthorised and irregular expenditure. There were inadequate systems and processes in place for the identification and recording of irregular expenditure. The financial statements were not appropriately reviewed by senior management, which was exacerbated by a lack of discipline in preparing credible monthly financial, compliance and performance reports, resulting in material adjustments being made. The annual report was not consistent with the strategic plan and the indicators did not conform to the SMART principles.

The department should focus on implementing monthly controls to eliminate material corrections to the financial statements. These controls should include proper record keeping and full monthly financial statements with all relevant disclosure notes. SCM processes should also be improved. The department should focus on ensuring that the strategic plan is prepared in compliance with the guidelines issued by the National Treasury and that reporting is consistent between the strategic plan and the annual performance report.

Status of key controls and root causes of audit outcomes

The recurrent poor audit outcomes at the department can be attributed to a lack of committed leadership. Effective controls were not developed and implemented in the department, while governance structures such as Internal audit were not in place. The audit committee was appointed too late in the financial year to have any impact. In addition, leadership failed to timeously implement corrective action to address matters reported previously.

Findings on predetermined objectives were mainly as a result of a lack of understanding of the FMPPI requirements, resulting in the department's strategic plan not conforming to the SMART principles as well as inconsistent reporting between planning and reporting documents.

VOTE 8: WOMEN, CHILDREN AND PEOPLE WITH DISABILITIES

Commitments and initiatives by minister	Impact on 2011-12 audit outcomes		
	Significant impact	No impact	Limited impact
Impact of quarterly discussions with the executive authority			
<p>The AGSA leadership met with the executive authority at least four times during the 2011-12 financial year. These discussions focused on the weaknesses reported as per the key control dashboards.</p> <p>The executive authority has a role in providing assurance in the public sector in terms of the combined assurance model. Based on our interactions, we assessed that the executive authority of the DWCPD provides some level of assurance.</p>			■
Previous year			
<p>The filling of critical positions to ensure that the department establishes the governance structures as required by legislation.</p>		■	
New			
<p>The minister has undertaken to develop a turnaround strategy to address the identified internal control deficiencies. Such a plan will be monitored by the Audit committee, while the accounting officer will report quarterly to the minister on the progress thereof.</p>			
Constitutional institution: Commission on Gender Equality			
Constitutional institution			
<p>The audit outcomes of the constitutional institution remained unchanged. The Commission on Gender Equality (CGE) received a financially unqualified opinion with findings.</p> <p>At the CGE there has been no improvement in the environment with respect to predetermined objectives. Predetermined objectives findings have been raised again and five compliance matters recurred. The financial statements were again subject to material adjustments.</p> <p>Findings on predetermined objectives were raised mainly as a result of a lack of understanding of the FMPPI requirements resulting in the institution's strategic plan not conforming to the SMART principles as well as inconsistent reporting between planning and reporting documents.</p> <p>Although two areas of non-compliance had been resolved, the CGE leadership has to show more commitment and take audit findings and the key messages communicated during the audit process more seriously to move towards a positive outcome.</p>			

VOTE 8: WOMEN, CHILDREN AND PEOPLE WITH DISABILITIES

NEXT PAGE: AUDIT OUTCOMES OF DEPARTMENT AND PUBLIC ENTITY IN PORTFOLIO

VOTE 8: WOMEN, CHILDREN AND PEOPLE WITH DISABILITIES

Number	Auditee	2011-12 Audit outcomes			2010-11 Audit outcomes			Financial statement qualification areas				Findings on predetermined objectives				Findings on areas of non-compliance											
		Audit opinion	Predetermined objectives	Compliance with laws and regulations	Audit opinion	Predetermined objectives	Compliance with laws and regulations	Current assets	Capital and reserves	Revenue	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Reported information not useful	Reported information not reliable	Information not submitted in time for audit	No annual performance report	Material misstatement/limitations in submitted annual financial statements	Procurement and contract management	Human resource management	Asset management	Expenditure	Strategic planning and performance management	Budgets	Unauthorised, irregular, as well as fruitless and wasteful expenditure	Audit committee	Internal audit	Revenue	Borrowings
	Department of Women, Children and People with Disabilities										R				R	R	R			R	R	R	R	R	R		
Reporting auditees																											
1	Commission on Gender Equality										R				R	R		R	R	A		R					A

Legend (Audit outcomes)

Financially unqualified with findings	Findings
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Legend (Findings)

Addressed	Repeat
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overview of full report



Message from
the
Auditor-Gen-
eral

12

Slow progress towards clean audits
with more regressions than im-
provements
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