

AUDITOR-GENERAL OF SOUTH AFRICA**NO. 1401****15 DECEMBER 2017****DIRECTIVE ISSUED IN TERMS OF THE PUBLIC AUDIT ACT, 2004**

Under the powers vested in me by section 13(3)(b) of the Public Audit Act, 2004 (Act No. 25 of 2004) (hereafter referred to as the PAA), I, Thembekile Kimi Makwetu, Auditor-General of the Republic of South Africa (hereafter referred to as the AGSA), hereby issue the following directive.

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AUDIT FUNCTIONS PERFORMED IN TERMS OF THE PAA

ANNUAL AUDIT

1. Financial and performance management and compliance with legislation are audited as part of the annual audit process. The auditor's report reflects an opinion or material findings on the following:
 - The financial statements or similar financial reporting.
 - Reported performance information if applicable.
 - Compliance with specific matters in key legislation
 - Internal control deficiencies that resulted in:
 - qualifications of the opinion on the financial statements
 - findings on the reported information on performance against predetermined objectives
 - findings on compliance with legislation.

AUDITING STANDARDS AS WELL AS THE NATURE AND SCOPE OF AUDITS – SECTION 13(1)(a) AND (b) OF THE PAA

Auditing standards

2. The International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements issued by the International Auditing and Assurance Standards Board (IAASB)¹ of the International Federation of Accountants (IFAC), as well as the *Code of ethics for professional accountants* issued by IFAC's International Ethics Standards Board for Accountants (IESBA)² are applied in the audits.
3. In addition, relevant principles contained in the International Standards of Supreme Audit Institutions (ISSAIs) published by the International Organization of Supreme Audit Institutions (INTOSAI)³ are applied.

Audit of financial statements or similar financial reporting – section 20(2)(a) of the PAA

4. In terms of section 20(2)(a) of the PAA, the auditor's report must reflect whether the annual financial statements fairly present, in all material respects, the financial position and results of operations and cash flow in accordance with the applicable financial reporting framework and legislation. This assurance is provided in the auditor's report.
5. The audit is performed in accordance with the International Standards on Auditing (ISAs).

Audit of compliance with applicable legislation relating to financial matters, financial management and other related matters – sections 20(2)(b) and 28(1)(b) of the PAA

6. In terms of sections 20(2)(b) and 28(1)(b) of the PAA, the auditor's report must reflect an opinion or conclusion on the auditee's compliance with any applicable legislation relating

¹ <http://www.ifac.org/IAASB>

² <https://www.ifac.org/ethics>

to financial matters, financial management and other related matters. Currently, the auditor's report reflects material findings on noncompliance with specific matters in key legislation but does not provide assurance by way of an opinion or conclusion.

7. The audit of compliance with legislation is performed in accordance with principles in the applicable ISSAIs and the International Standard on Assurance Engagements (ISAE) 3000, *Assurance engagements other than audits or reviews of historical financial information*.
8. The determination of compliance subject matters to be included in the scope of the compliance audit is undertaken on an annual basis as follows:
 - Predetermined at AGSA level for each category of auditee.
 - Further refinement at engagement level taking into account the specific circumstances of the auditee, including the nature and extent of its business and operations, and the impact of specific actions, transactions or events.
9. The AGSA applies the following scoping criteria in selecting the subject matters for the audit of compliance:
 - Specific areas of relevance to intended users; matters of significant national, community or public interest – as identified through consultation with internal and external parties.
 - Government priorities in all three spheres of government – as communicated in the state of the nation address, the national budget speech, the Medium Term Strategic Framework or other similar documents.
 - Results of previous assurance engagements (i.e. past experience) and how this may affect intended users' expectations about compliance, including improvement.
 - Enhancement of effective legislative oversight; enhancement of transparency, accountability and good governance; focus on continuous improvement and public confidence.
10. The auditor's report reflects material findings on compliance with relevant legislation in respect of the following subject matters selected in accordance with the criteria in paragraph 9:
 - Strategic planning and performance management
 - Financial statements, performance reports and annual reports
 - Procurement and contract management – including procurement and contract management functions performed on behalf of another organ of state (e.g. as procurement or implementing agents)
 - Human resource management and compensation
 - Expenditure management
 - Utilisation of conditional grants
 - Revenue management
 - Asset management
 - Liability management
 - Consequence management
 - Governance and oversight
11. Annexure A contains details on the applicability of the subject matters to the different categories of auditees. Where there is nothing to be reported for any of the applicable subject matters, a statement to this effect will be included in the auditor's report.

12. The criteria used to evaluate the above subject matters are derived from the applicable legislation, with specific focus on the following:
- Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and regulations and instructions issued in terms of the act
 - Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulations issued in terms of the act
 - Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009) (FMPPLA) and regulations issued in terms of the act
 - Division of Revenue Act (DoRA)
 - Appropriation Act
 - Municipal Structures Act, 1998 (Act No. 117 of 1998) and regulations and instructions issued in terms of the act
 - Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and regulations and instructions issued in terms of the act
 - Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and regulations and instructions issued in terms of the act
 - Companies Act, 2008 (Act No. 71 of 2008) and regulations and instructions issued in terms of the act
 - Public Service Act, 1994 (Act No. 103 of 1994) and regulations issued in terms of the act
 - Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations and instructions issued in terms of the act
 - Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) and regulations issued in terms of the act
 - State Information Technology Agency Act, 1998 (Act No. 88 of 1998) and regulations issued in terms of the act
 - Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)
 - Auditee-specific enabling legislation

Audit of reported information on performance against predetermined objectives – sections 20(2)(c) and 28(1)(c) of the PAA

13. In terms of sections 20(2)(c) and 28(1)(c) of the PAA, the auditor's report must reflect an opinion or conclusion on the auditee's reported information on performance against predetermined objectives. Assurance in the form of an audit opinion or conclusion on the usefulness and reliability of the reported information on performance against predetermined objectives is currently included in the report to management, with material findings being reported in the auditor's report.
14. The level of assurance provided may be reasonable or limited as predetermined by the AGSA based on the following:
- The importance of the mandate of the auditee
 - The size and nature of the auditee's business
15. Where the entity is not required to report of its performance or where it has nothing to report in the case of a dormant entity, a statement to this effect will be included in the auditor's report.

16. The audit of reported information on performance against predetermined objectives is performed in accordance with ISAE 3000 and the criteria developed from the Performance Management and Reporting Framework (PMRF), consisting of the following:
- Legislation applicable to performance planning, management and reporting, which includes the following:
 - PFMA
 - Treasury Regulations (TR), 2005, issued in terms of the PFMA
 - National Treasury (NT) Practice Note 4 of 2009/10
 - Public Service Act, 1994 (PSA)
 - Public Service Regulations, 2016, issued in terms of the PSA
 - MFMA
 - Municipal Systems Act, 2000 (MSA)
 - Regulations for Planning and Performance Management, 2001, issued in terms of the MSA
 - Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, issued in terms of the MSA
 - FMPPLA
 - Regulations for reporting by public higher education institutions, 2014, issued in terms of the Higher Education Act, 1997 (applicable to universities only).
 - Framework for the Managing of Programme Performance Information (FMPPI), issued by the NT. This framework is applicable to all spheres of government.
 - Framework for Strategic Plans and Annual Performance Plans (FSAPP), issued by the NT. This framework is applicable to all national and provincial departments, constitutional institutions and those public entities listed in parts A and C of schedule 3 of the PFMA.
 - Circulars and guidance issued by the NT, Department of Public Service and Administration (DPSA) and supported by the Department of Planning, Monitoring and Evaluation (DPME) regarding the planning, management, monitoring and reporting of performance against predetermined objectives.
17. The criteria applicable to the different categories of auditees, as derived from the PMRF, are detailed in annexure B. Material findings on the completeness of planned performance information and overall presentation of reported information will only be included in the management report and not in the auditor's report.
18. The AGSA applies the following scoping criteria in selecting the subject matters (programmes / objectives / development priorities) for the audit:
- Qualitative and quantitative considerations such as the following considered individually and in combination:
 - Subject matters that are a requirement of a law, regulation or sector determination.
 - Subject matters that relate to the primary functions or purposes of the entity, i.e. its reason for being.
 - Subject matters that could be of significant national, community or public interest.

- Subject matters that relate to outputs of significant importance to the public, such as those with an impact on public health, safety as well as social, economic or environmental well-being.
- Any individual subject matter with a budgeted or actual expenditure or revenue amount constituting 30% or more of the total budgeted or actual expenditure or revenue amount.

Internal control deficiencies, as indicated by the reference to financial management in section 4(1) and (3) of the PAA

19. In terms of section 4(1) and (3) of the PAA, financial management must be audited and reported on. Deficiencies in internal control that resulted in the qualification of the opinion on the financial statements and in material findings on the reported performance information and compliance with legislation are included in the auditor's report.
20. The criteria used to evaluate internal control are set out in annexure C.

Focus areas – section 13(1)(b) of the PAA

21. Additional specific audit focus areas are identified based on an annual risk assessment. Guidance on the scoping of the focus areas is provided annually in a technical update. Significant findings arising from the audits are included in the reports to management and in the AGSA's general reports.

Discretionary engagements – section 5(1)(a) and (d) of the PAA

22. The AGSA may, at its discretion, perform audit-related services and special audits, including performance audits, investigations and other defined types of engagements. In addition to the International Standard on Quality Control (ISQC) 1, *Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements*, the following standards guide these audits:
 - Performance audits

These audits are conducted in accordance with ISSAI 300, *Fundamental principles of performance auditing* and the *Performance audit manual* developed by the AGSA.
 - Investigations

Investigations are conducted in accordance with *Standards and guidelines: Investigations* developed by the AGSA.
 - Other defined engagements

These audits are conducted in accordance with ISA 805, *Audits of single financial statements and specific elements, accounts or items of a financial statement*, ISAE 3000, *Assurance engagements other than audits or reviews of financial information* or International Standard on Related Services (ISRS) 4400, *Engagements to perform agreed-upon procedures regarding financial information*, as appropriate.

Complaints against the AGSA - section 13(1)(c) of the PAA

23. The AGSA's complaints mechanism in terms of section 13(1)(c) of the PAA accommodates complaints pertaining to the following:

- The exercising of powers, the performance of duties and the administration of the AGSA pertaining to the performance of audits and any other functions in terms of section 11 of the PAA.
 - Work performed during an audit by the AGSA, authorised auditors and other personnel where it is alleged that such work does not meet professional standards and regulatory and legal requirements.
 - Complaints of non-compliance by the AGSA, authorised auditors and other personnel with the AGSA's internal system of quality control.
 - Complaints pertaining to the auditor-general as a person.
24. Complaints against the AGSA should be addressed in writing to the:
- Complaints manager, Auditor-General of South Africa
- Physical address: 300 Middel Street, New Muckleneuk, Pretoria
- Postal address: PO Box 446, Pretoria, 0001
- Email: ethics@agsa.co.za

AUDITS OF PUBLIC ENTITIES AND OTHER INSTITUTIONS NOT PERFORMED BY THE AGSA – SECTION 4(3) OF THE PAA

Audits that the AGSA has opted not to perform – section 25(1)(a) of the PAA

25. In terms of section 4(3)(a) and (b) of the PAA, the AGSA may audit and report on the accounts, financial statements and financial management of any public entity listed in the PFMA and any other institution not mentioned in section 4(1) of the PAA and which is:
- funded from the national revenue fund or a provincial revenue fund or by a municipality, or
 - authorised in terms of any legislation to receive money for a public purpose.
26. In terms of section 25(1)(a) of the PAA, the AGSA opts not to perform the audits of any auditees within the ambit of section 4(3) of the PAA, which are not already being audited by the AGSA for the 2018-19 financial year, unless the auditee is advised otherwise before the start of that financial year.

Appointment of registered auditors – section 25(1)(b), (2), (3) and (4) of the PAA

27. An auditee should proceed to appoint an audit firm registered with the Independent Regulatory Board for Auditors (IRBA) as stipulated by section 25(1)(b), read with section 25(4), of the PAA, if not advised before the start of the financial year that the AGSA will perform the audit.
28. The auditee may not appoint alternative auditors if the AGSA has opted to perform the audit or if auditee-specific legislation prescribes that the audit should be conducted by the AGSA.
29. Before appointing the auditor, the auditee must, in terms of section 25(2) of the PAA, notify the AGSA via email to section4@agsa.co.za of the suggested appointment in order to obtain concurrence of the AGSA with the appointment. In this regard, part 1 of the document entitled *Consultation with the Auditor-General of South Africa on the appointment or discharge of the registered auditor*, attached as annexure E, must be completed and submitted together with the required supporting documentation. The AGSA may consult with the responsible executive authority on the appointment of the

audit firm. Should the auditee not comply with this requirement on the appointment of auditors the matter will be reported to the executive authority.

30. If the AGSA, within 14 days of receiving a notice by the auditee of the suggested appointment of an auditor, or such longer period as may be agreed to, rejects the auditee's appointment, the auditee must in terms of section 25(3) of the PAA recommence the process to appoint another person as its auditor.
31. If an audit firm is contracted by the auditee for a period longer than one financial year, the appointment must be reaffirmed with the AGSA for each financial year in terms of section 25(4) of the PAA by submission of Part 2 of annexure E to section4@agsa.co.za.

Discharge of registered auditors – section 26 of the PAA

32. In terms of section 26(1) of the PAA, an auditee may discharge an auditor before the term of appointment expires with the consent of the AGSA and the relevant executive authority, where applicable.
33. Before discharging the auditor, the auditee must provide the auditor with:
 - a written notice setting out the reasons for the discharge
 - an opportunity to make written representations to the AGSA within 20 days of receipt of the notice.
34. The auditee must at the same time notify the AGSA of its intention to discharge the appointed auditor by completing part 3 of the document entitled *Consultation with the Auditor-General of South Africa on the appointment or discharge of the registered auditor*, attached as annexure E, and submit it via email to section4@agsa.co.za.
35. The AGSA will consider the document and communicate its consent or otherwise to the auditee. The AGSA may consult with the relevant executive authority on this matter.
36. The AGSA will report any discharge of an audit firm to the relevant legislature.

Responsibilities of registered auditors – part 2 of chapter 3 of the PAA

37. When auditing in the public sector, the auditor must do so in accordance with the requirements, duties and responsibilities as legislated and assigned to him/her in part 2 of chapter 3 of the PAA. The auditor must take cognisance of the content of the PAA and must adhere to the following requirements when auditing auditees where the AGSA has opted not to perform the audit:
 - Appointment of auditors – section 25 of the PAA
 - Discharge of auditors – section 26 of the PAA
 - Duties and powers of auditors – section 27 of the PAA
 - The format and content of the auditor's report, as set out in the AGSA's *Reporting guide*, Auditor's report template, and any other guidance that may be published by the AGSA from time to time concerning the conducting of audits in the public sector– section 28(1) and (2) of the PAA
 - Submission of the auditor's report to the AGSA – section 28(3)(c) of the PAA
 - The requirements of this notice, as applicable
38. To assist auditors in conducting audits in the public sector, they should consider the following documents made available by IRBA that provide a perspective on auditing in the public sector:
 - *A guide for registered auditors: Auditing in the public sector*

- *Guide for registered auditors: Guidance on performing audits on behalf of the AGSA*
 - *Guide for registered auditors: Guidance on performing audits where the AGSA has opted not to perform the audit*
 - *South African Auditing Practice Statement (SAAPS) 2, Financial reporting frameworks and the auditor's report*
 - *SAAPS 3, Illustrative reports*
39. The AGSA makes available all information on the AGSA audit methodology to audit firms on the AGSA's website⁴.
40. The AGSA monitors compliance with the provisions of the PAA and this notice concerning the performance of an audit in terms of section 25(1)(b) of the PAA. In this regard, the appointed auditor must complete the document entitled Monitoring checklist for audits not conducted by the AGSA, attached as annexure D.

Request for information – sections 27(5) and 28(3)(c) of the PAA

41. The AGSA may request information regarding the audit from an auditor appointed in terms of section 25(1)(b) of the PAA.
42. The AGSA interacts proactively with executive authorities and oversight bodies, such as the parliamentary portfolio and accounts committees. The aim of these engagements is to promote and encourage clean audit outcomes and enhance effective public governance.
43. The audit firm may be invited to attend such meetings. In terms of section 27(5) of the PAA, the AGSA may further request the audit firm to submit any information regarding the audit relevant to such meetings, including the auditor's communications with those charged with governance. The invitation to meetings and/or request for information will be communicated by the contact person at the AGSA business unit responsible for the audit of the controlling department to which the auditee reports.
44. Due to the role of the AGSA in establishing the duties and powers of appointed auditors in the public sector, the AGSA may, in addition to the above, request to attend meetings with those charged with governance of the auditee.
45. In terms of the requirements of section 28(3)(c) of the PAA, read with section 55(1)(d) of the PFMA, and in order to facilitate analysis in the AGSA's general reports, the audit firm must submit, either in hard copy or electronically, the following as soon as the annual report of the auditee has been tabled but not later than five months after the financial year-end:
- Three copies of the auditee's annual report that contain the auditor's report and audited financial statements of the auditee
 - The completed monitoring checklist (annexure D)
46. The information should be addressed to Section 4(3), 300 Middel Street Brooklyn, Pretoria, 0001, or be submitted electronically to section4@agsa.co.za.

Complaints against registered auditors

47. Should a registered auditor appointed in terms of section 25(1)(b) of the PAA be found to be in contravention of the requirements in this notice or any provision of the PAA, the Auditing Profession Act, 2005 (Act No. 26 of 2005) (APA) or any act with which it is

⁴ <http://www.agsa.co.za>

his/her duty to comply in his/her capacity as a registered auditor, the AGSA may lodge a complaint of improper conduct against such auditor with IRBA.

48. In addition, a complaint of improper conduct may be lodged with IRBA against a registered auditor appointed in terms of section 25(1)(b) of the PAA if it comes to the attention of the AGSA that the auditor has conducted himself/herself in a manner that is improper, discreditable, unprofessional, dishonourable or unworthy or which brings the accounting profession into disrepute.

AUDITEES FOR WHICH LEGISLATION IS NOT PRESCRIPTIVE IN RESPECT OF THE FINANCIAL STATEMENTS – SECTION 14(2)(b) OF THE PAA

49. The financial statements of an auditee, as defined in section 1(1) of the PAA, that are not subject to the PFMA, the MFMA or any other legislation that is prescriptive in respect of the financial statements, must:
- be prepared in accordance with the Generally Recognised Accounting Practice (GRAP) reporting framework issued by the Accounting Standards Board (ASB)⁵
 - comply with the PFMA requirements applicable to entities as they pertain to the information to be contained in the financial statements, as well as the period within which the financial statements are to be submitted for auditing.
50. The above requirement regarding the application of the GRAP reporting framework is not applicable where the auditee is not required to prepare full financial statements comprising a statement of financial position, a statement of financial performance, a statement of changes in net assets, a cash flow statement and notes, including a summary of significant accounting policies and other explanatory notes.
51. Where an entity is not listed in the PFMA, even though they appear to comply with the criteria of a public entity, they should comply with paragraph 49.

TIMING AND SUBMISSION OF INFORMATION FOR AUDIT PURPOSES – AND CONFIDENTIALITY OF INFORMATION - SECTION 15(2)(b) and 50 OF THE PAA

52. In compliance with applicable legislated submission, auditing and tabling deadlines in the PFMA and the MFMA, as well as to allow adequate time for conducting the audit in accordance with the relevant auditing standards, auditees must adhere to the following:
- The annual performance reports must be submitted not later than the legislated submission date for the financial statements.
 - The trial balance and general ledger that agree with the financial statements, together with the supporting asset register, inventory register and subsidiary ledgers for receivables and payables, must be submitted together with the financial statements. All information in support of disclosures in the financial statements not included in the general and subsidiary ledgers must also be submitted concurrently with the financial statements.
 - The strategic development plan and all other documentation and information in support of the annual performance report must be submitted at the latest with the annual performance report.
 - All documentation and information in support of the financial statements, reported performance against predetermined objectives and compliance with legislation must be available on request and be retrievable within a reasonable time, as agreed per the engagement letter. If this information is not provided in the time agreed, it will be

⁵ <http://www.asb.co.za>

regarded as a limitation on the audit, which could result in a modification of the audit opinion.

- As agreed in the audit engagement letter, the other financial and non-financial information to be included in the annual report should be made available on or before the date contained therein. If this other information is not provided before the date of the auditor's report, management will be requested to provide written representation that the information will be provided as soon as possible and before the annual report is published; this confirmation will be referred to in the auditor's report. The fact that the other information is not provided before the date of the auditor's report does not prevent the auditor from issuing the auditor's report, but the other information will be read and considered when it becomes available, which may require amendments to the auditor's report if inconsistencies or material misstatements are identified.
 - The withdrawal and re-submission of financial statements and performance reports submitted for auditing are not permitted; the financial statements and performance reports may only be adjusted for matters identified during the audit.
53. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the code of ethics, the AGSA or an audit firm appointed in terms of section 25 of the PAA, will not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a state institution and the disclosure has been approved by the auditee and the auditor-general.

ASSESSMENT AND RECOGNITION OF THE FINANCIAL REPORTING FRAMEWORKS APPLICABLE IN THE PUBLIC SECTOR – SECTION 20(2)(a) OF THE PAA

54. The applicable financial reporting framework provides the criteria against which the auditor audits the financial statements. As one of the preconditions for an audit, the auditor is required to determine whether the financial reporting framework applied in preparing the financial statements is acceptable. This is done by considering the requirements of the ISAs and the guidance set out in SAAPS 2, Financial reporting frameworks and the auditor's report. The following financial reporting frameworks are recognised in the public sector and are considered fair presentation frameworks:
- International Financial Reporting Standards (IFRS)
 - South African Statements of Generally Accepted Accounting Practice (SA GAAP) only for those specific entities as set out by the ASB. SA GAAP will no longer be available after the 2017-18 financial year.
 - Standards of GRAP
 - Modified Cash Standard (MCS) prescribed by the NT
55. Departures or exemptions from the applicable financial reporting framework are granted in terms of sections 79 and 92 of the PFMA, respectively, and sections 170 and 177 of the MFMA, respectively.
56. Should an auditee be granted a departure or exemption from the applicable financial reporting framework in accordance with the requirements of the PFMA or the MFMA, additional disclosure of the nature and reasons for, the period of, and the items affected by, the departure or exemption from the applicable financial reporting framework is required in the financial statements to mitigate any possible misunderstanding by the users of the financial statements.
57. The departure or exemption or use of a financial reporting framework other than that prescribed, may affect the acceptability of the financial reporting framework and, as a

consequence, the wording of the audit opinion. This is assessed on a case-by-case basis in terms of the ISAs.

REPEAL OF PREVIOUS GOVERNMENT GAZETTES

58. General Notice 618, issued in Government Gazette No. 40515 of 23 December 2016, is hereby withdrawn and replaced by the requirements as set out in this notice.

EFFECTIVE DATE

59. This notice is effective for financial periods beginning on or after 1 April 2017 and is applicable until further notice. A similar notice will not necessarily be issued annually.

ENQUIRIES

60. Any enquiry related to this notice should be addressed to the following office:

Business executive: Audit Research and Development, Auditor-General of South Africa

Telephone: 012 426 8000

Fax: 012 426 8333

Email: ARDsupport@agsa.co.za

Signed and approved:

TK Makwetu

Auditor-General

ANNEXURE A: APPLICABILITY OF COMPLIANCE SUBJECT MATTERS TO DIFFERENT CATEGORIES OF AUDITEES

SUBJECT MATTER	OBJECTIVE	APPLICABLE TO							
		(General applicability rule: compliance audits do not apply to dormant entities) (All references to materiality include both quantitative and qualitative aspects)							
		Departments	Constitutional institutions	Trading entities	Public entities	Parliament & legislatures	Municipalities	Municipal entities	Higher learning institutions
Annual financial statements, performance reports and annual reports	Transparency and accountability through reporting on an annual basis on the state of affairs of the institution, its business, its financial results, its performance against predetermined objectives and its financial positions for the year.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Expenditure management	Management of expenditure to ensure that resources are used in an effective, efficient, economical and transparent manner and that all expenditure is necessary, appropriate and paid promptly and is adequately recorded and reported. Effective / reasonable measures to prevent unauthorised, irregular as well as fruitless and wasteful expenditure.	Yes	Yes	Yes	Yes – except if total expenditure is not material	Yes	Yes	Yes – except if total expenditure is not material	Yes
Revenue management	Effective and efficient revenue management that provides for the identification, collection, recording and reconciliation of revenue.	Yes – only departments that generated material revenue other than voted and donor funds	No	Yes – only entities that generated material revenue other than voted and donor funds	Yes – only public entities that generated material revenue	No	Yes – only municipalities that generated any revenue from municipal services	Yes – only municipal entities that generated revenue from municipal services	Yes – only institutions that generated material revenue
Asset management	Effective asset management, including the safeguarding and maintenance of assets to eliminate theft, losses, wastage and misuse and a management and	No	No	No	Yes – except if it is a small auditee	No	Yes	Yes – except if it is a small auditee	Yes

SUBJECT MATTER	OBJECTIVE	APPLICABLE TO							
		(General applicability rule: compliance audits do not apply to dormant entities) (All references to materiality include both quantitative and qualitative aspects)							
		Departments	Constitutional institutions	Trading entities	Public entities	Parliament & legislatures	Municipalities	Municipal entities	Higher learning institutions
	accounting information system that accounts for the assets. The disposal of significant assets is properly dealt with in terms of applicable legislation.								
Liability management	Effective liability management, including an accounting information system that accounts for liabilities. The focus is on borrowings (long term and short term), credit cards, guarantees, indemnities and securities.	No	No	No	Yes – except if the entity has no liabilities or liabilities are not material	No	Yes – except if the municipality has no liabilities or liabilities are not material	Yes – except if the entity has no liabilities or liabilities are not material	No
Strategic planning and performance management	Strategic planning that identifies strategically important outcome-orientated goals and objectives against which the institution's medium-term results can be measured and evaluated. Effective system for performance planning, monitoring, measurement, review, reporting and improvement.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Procurement and contract management	Procurement of goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost effective.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Human resource management	Effective human resource management to ensure that adequate and sufficiently skilled resources are in place.	No	No	No	No	No	Yes	Yes – unless if it is a small auditee	Yes
Utilisation of conditional grants (DoRA)	Utilisation of grants in accordance with the conditions of the allocation.	Yes – only departments that received / utilised DoRA conditional grants	No	No	No	No	Yes – only municipalities that received DoRA conditional grants	No	No

SUBJECT MATTER	OBJECTIVE	APPLICABLE TO							
		(General applicability rule: compliance audits do not apply to dormant entities) (All references to materiality include both quantitative and qualitative aspects)							
		Departments	Constitutional institutions	Trading entities	Public entities	Parliament & legislatures	Municipalities	Municipal entities	Higher learning institutions
Consequence management	Allegations of financial misconduct (including possible fraud and improper conduct relating to supply chain management); unauthorised, irregular as well as fruitless and wasteful expenditure; and other transgressions are investigated and appropriate action is taken based on the outcome of the investigation.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance and oversight	Exercise of ethical and effective leadership by governing and oversight bodies towards the achievement of ethical culture, good performance, effective control, and legitimacy	No	No	No	Yes- only schedule 2 entities	No	No	No	No

ANNEXURE B: APPLICABILITY OF CRITERIA DEVELOPED FROM THE PERFORMANCE MANAGEMENT AND REPORTING FRAMEWORK TO DIFFERENT CATEGORIES OF AUDITEES

The criteria developed from the above framework are applicable to audits in all three spheres of government unless otherwise indicated.

Criteria	References to PMRF per type of institution					
	Departments/ Constitutional institutions / Trading entities	Public entities	Municipalities	Municipal entities	Parliament / Provincial legislatures	Universities
Consistency: Objectives, performance indicators and targets are consistent between planning and reporting documents.						
1. Reported strategic or development objectives are consistent or complete when compared to planned objectives	Section 40(3)(a) of the PFMA TR 5.2.4 NT Instruction Note 33: Implementation of the FSAPP Section 25(1) and 31(1) of the PSR	Section 55(2)(a) of the PFMA TR 28.2.2 Applicable to 3A & 3C public entities: TR 30.1.3(g) NT Instruction Note 33: Implementation of the FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 121(3)(f) of the MFMA Section 41 (a) - (c) & 46 of the MSA	Section 121(4)(d) of the MFMA	Section 55(3)(d) of the FMPPLA	Section 5(2)(k) & 7(4)(a) of the regulations for reporting by Public Higher Education Institutions
2. Changes to strategic or development objectives are approved	TR 5.1.1 NT Instruction Note 33: Implementation of the FSAPP Section 4 of FSAPP	Applicable to 3A & 3C public entities: TR 30.1.1 NT Instruction Note 33: Implementation of the FSAPP Section 4 of FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 25(2) of the MSA	Section 54(1)(c) of the MFMA	Section 15(1) & (2)(b) of the FMPPLA	Section 5(2)(m) & 7(4)(a) of the regulations for reporting by Public Higher Education Institutions

Criteria	References to PMRF per type of institution					
	Departments/ Constitutional institutions / Trading entities	Public entities	Municipalities	Municipal entities	Parliament / Provincial legislatures	Universities
3. Reported indicators are consistent or complete when compared to planned indicators	Section 40(3)(a) of the PFMA TR 5.2.4 NT Instruction Note 33: Implementation of the FSAPP Section 25(1) of the PSR	Section 55(2)(a) of the PFMA TR 28.2.2 Applicable to 3A & 3C public entities: TR 30.1.3(g) NT Instruction Note 33: Implementation of the FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 121(3)(f) of the MFMA Section 41 (a) - (c) & section 46 of the MSA	Section 121(4)(d) of the MFMA	Section 55(3)(d) of the FMPPLA	Section 5(2)(k) & 7(4)(a) of the regulations for reporting by Public Higher Education Institutions
4. Changes to indicators are approved	TR 5.1.1 NT Instruction Note 33: Implementation of the FSAPP Section 4 of FSAPP	Applicable to 3A & 3C public entities: TR 30.1.1 NT Instruction Note 33: Implementation of the FSAPP Section 4 of FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 25(2) of the MSA	Section 54(1)(c) of the MFMA	Section 15(1) & (2)(b) of the FMPPLA	Section 5(2)(m) of the regulations for reporting by Public Higher Education Institutions
5. Reported targets are consistent or complete compared to planned targets	Section 40(3)(a) of the PFMA TR 5.2.4 NT Instruction Note 33: Implementation of the FSAPP Section 25(1) of the PSR	Section 55(2)(a) of the PFMA TR 28.2.2 Applicable to 3A & 3C public entities: TR 30.1.3(g) Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 121(3)(f) of the MFMA Section 41 (a) - (c) & section 46 of the MSA	Section 121(4)(d) of the MFMA	Section 55(3)(d) of the FMPPLA	Section 5(2)(k) & 7(4)(a) of the regulations for reporting by Public Higher Education Institutions

References to PMRF per type of institution						
Criteria	Departments/ Constitutional institutions / Trading entities	Public entities	Municipalities	Municipal entities	Parliament / Provincial legislatures	Universities
6. Changes to targets are approved	TR 5.1.1 NT Instruction Note 33: Implementation of the FSAPP Section 4 of FSAPP	Applicable to 3A & 3C public entities: TR 30.1.1 NT Instruction Note 33: Implementation of the FSAPP Sec 4 of FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 25(2) of the MSA	Section 54(1)(c) of the MFMA	Section 15(1) & (2)(b) of the FMPPLA	Section 5(2)(m) of the regulations for reporting by Public Higher Education
7. Reported achievements are consistent with the planned and reported indicator and target	Section 40(3)(a) of the PFMA	Section 55(2)(a) of the PFMA	Section 121(3)(f) of the MFMA	Section 121 (4)(d) of the MFMA	Section 55(3)(d) of the FMPPLA	Section 7(4)(a) of the regulations for reporting by Public Higher Education Institutions
Measurability: Performance indicators are well defined and verifiable, and targets are specific, measurable and time bound.						
8. A performance indicator is well defined when it has a clear, unambiguous definition so that data will be collected consistently and is easy to understand and use	FMPPI chapter 3.2				Criteria not applicable	Section 1(d) of the regulations for reporting by Public Higher Education Institutions
9. A performance indicator is verifiable when it is possible to validate or verify the processes and systems that produce the indicator	FMPPI chapter 3.2				Criteria not applicable	
10. A target is specific when the nature and required level of performance of the target is clearly identifiable.	FMPPI chapter 3.3				Criteria not applicable	Section 1(a) of the regulations for reporting by Public Higher Education Institutions

Criteria	References to PMRF per type of institution				
	Departments/ Constitutional institutions / Trading entities	Public entities	Municipalities	Municipal entities	Parliament / Provincial legislatures
11. A target is measurable when the required performance can be measured.	FMPPi chapter 3.3				Criteria not applicable
12. A target is time bound when the timeframes for achievement of targets are indicated.	FMPPi chapter 3.3				Criteria not applicable
Relevance: Performance indicators relate logically and directly to an aspect of the institution's mandate and the realisation of its strategic goals and objectives.					
13. The performance indicator and target relates logically and directly to an aspect of the institution's mandate and the realisation of its strategic goals and objectives	FMPPi chapter 3.2				Criteria not applicable
Presentation and disclosure: Performance information in the annual performance report are presented and disclosed in accordance with the requirements contained in the legislation, frameworks, circulars and guidance.					
14. Reasons for variances between planned and actual performance are disclosed in the annual performance report.	NT annual report guide for national and provincial departments Section 31(1) of the PSR	Applicable to 3A & 3C public entities: NT annual report guide for schedule 3A and 3C public entities	Criteria not applicable		Section 1(e) of the regulations for reporting by Public Higher Education Institutions
15. Reasons for variances are corroborated by source documentation.	NT annual report guide for national and provincial departments Chapter 5 of the FMPPi	Applicable to 3A & 3C public entities: NT annual report guide for schedule 3A and 3C public entities Chapter 5 of the FMPPi	Criteria not applicable		

Criteria	References to PMRF per type of institution					
	Departments/ Constitutional institutions / Trading entities	Public entities	Municipalities	Municipal entities	Parliament / Provincial legislatures	Universities
16. Changes to objectives, performance indicators and performance targets are disclosed in the annual performance report	NT annual report guide for national and provincial departments Section 31(1) of the PSR	Applicable to 3A & 3C public entities: NT annual report guide for schedule 3A and 3C public entities	Criteria not applicable	Criteria not applicable		
17. Actual performance compared to planned targets and prior year performance is disclosed in the annual performance report.	Criteria not applicable		Section 46 of the MSA	Section 46 of the MSA	Criteria not applicable	
18. Measures taken to improve performance are disclosed in the annual performance report.	Criteria not applicable		Section 46 of the MSA	Section 46 of the MSA	Criteria not applicable	
19. Measures taken to improve performance are corroborated with audit evidence.	Criteria not applicable		Section 46 of the MSA	Section 46 of the MSA	Criteria not applicable	
Reliability: Recording, measuring, collating, preparing and presenting information on actual performance achievements is valid, accurate and complete.						
20. Reported performance occurred and pertains to the reporting entity.	Section 40(3)(a) of the PFMA Chapter 5 of the FMPPPI	Section 55(2)(a) of the PFMA Chapter 5 of the FMPPPI	Section 45 of the MSA Chapter 5 of the FMPPPI	Section 45 of the MSA Chapter 5 of the FMPPPI	Section 55 of the FMPPPIA	Section 7 of the regulations for reporting by Public Higher Education Institutions
21. Amounts, numbers and other data relating to reported performance is recorded and reported correctly.	Section 25(1)(e) of the PSR					
22. All actual performance that should have been recorded is included in the reported performance information.						

ANNEXURE C: CRITERIA USED TO EVALUATE INTERNAL CONTROL

LEADERSHIP

- Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the auditee.
- Exercise oversight responsibility regarding financial and performance reporting, compliance and related internal controls.
- Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.
- Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.
- Develop and monitor the implementation of action plans to address internal control deficiencies.
- Establish an information technology (IT) governance framework that supports and enables the business, delivers value and improves performance.

FINANCIAL AND PERFORMANCE MANAGEMENT

- Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
- Implement controls over daily and monthly processing and reconciling of transactions.
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
- Review and monitor compliance with applicable legislation.
- Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

GOVERNANCE

- Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.
- Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively.
- Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation.

ANNEXURE D: MONITORING CHECKLIST FOR AUDITS NOT CONDUCTED BY THE AUDITOR-GENERAL OF SOUTH AFRICA

INSTRUCTIONS

1. This checklist should be completed by the appointed audit firm for each audit it has conducted and should be submitted together with the information required in terms of section 27(5) and 28(3)(c) above within five months after the financial year-end, i.e. 31 August.

DETAILS OF AUDITEE	
Name of auditee	
Controlling department	
Type of auditee (schedule number)	
Holding company (if applicable)	
Subsidiaries (if applicable)	
DETAILS OF AUDIT FIRM	
Engagement firm	
Engagement firm's address	
Engagement firm's contact details	
Engagement partner	
Engagement partner's contact details	
AGSA DETAILS	
Audit business unit	
Business executive	

No.	Requirements	Complied Yes / no* / not applicable	Remarks / comments
Public Audit Act, 2004 (Act No. 25 of 2004) (PAA)			
1.	All the requirements of the PAA and this general notice were complied with		
2.	The auditor's report to the accounting authority was submitted within the time frame prescribed by the PFMA		
3.	Three copies of the annual report, containing the auditor's report and the audited financial statements were submitted to the AGSA by 31 August		

No.	Requirements	Complied Yes / no* / not applicable	Remarks / comments
Audit			
4.	The auditor's report complied with the template and reporting guide provided by the AGSA.		
5.	Other technical guidance provided by the AGSA as applicable to the auditee has been complied with		
6.	Separate financial statements were audited and an auditor's report was submitted for all subsidiaries		
* Where a 'no' answer is provided, comments must be included.			

7. General comments:

Insert details

Completed by engagement partner:	Signature:
	Name:
	Date:

CONCLUSION (to be completed by the audit business unit after receipt of all information)

No.	Requirements	Complied Yes / no*	Remarks / comments
1.	Did the auditors and the auditee satisfy the requirements of sections 25 to 27 of the PAA, relating to the following:		
	• Appointment of auditors		
	• Discharge of auditors		
	• Duties and powers of auditors		
2.	Has the engagement firm satisfied the		

No.	Requirements	Complied Yes / no*	Remarks / comments
	reporting requirements of the following:		
	• The PAA		
	• This general notice		
	• The AGSA's <i>Reporting</i> guide and reporting template		
	• Other technical guidance applicable to the auditee		
* Where a 'no' answer is provided, comments must be included			

3. General comments:

Insert details

4. Recommended further action in terms of this notice:

Insert details

**Evaluated by AGSA
business executive
/senior manager**

Signature:

Name:

Date:

ANNEXURE E: CONSULTATION WITH THE AUDITOR-GENERAL OF SOUTH AFRICA ON THE APPOINTMENT OR DISCHARGE OF THE REGISTERED AUDITOR IN TERMS OF SECTIONS 25 AND 26 OF THE PUBLIC AUDIT ACT

INSTRUCTIONS

The auditee should submit the following details and complete the applicable sections as follows:

- PART 1 - When the auditee has not received confirmation that the AGSA has opted to perform the audit prior to the commencement of the financial year and is appointing a new audit firm
- PART 2 - When the auditee has not received confirmation that the AGSA has opted to perform the audit prior to the commencement of the financial year and the current audit firm is to be reappointed
- PART 3 - When the auditee wishes to discharge the current audit firm

Particulars of auditee	
Name	
Postal address	
Physical address	
Fax number	
Telephone number	
Email address of chief financial officer	
Accounting authority chairperson	Name Contact details
Responsible minister (executive authority)	Name Contact details
Responsible department	
Contact person at department	
Financial year in question	
PFMA schedule (2, 3A, 3B, 3C or 3D)	
Name of holding entity (if applicable)	

PART 1 - Appointment of new audit firm**Information to be supplied**

1. Submit the following via email to section4@agsa.co.za:
 - Completed information sheet (see below)
 - Declaration of independence from the proposed audit firm (see section 3 below)
 - Confirmation and details of the process followed for procurement of the external audit services
 - BBBEE certificate of the audit firm
 - Confirmation of the IRBA registration of the audit firm
 - Approved minutes of the meeting where the appointment of the auditors was discussed
 - Proposal received from the audit firm

Information sheet

Particulars of audit firm	
Name of audit firm	
Address and contact details	
Engagement partner	
Proposed audit fee	

2. Details of how the quality of the audit firm's work has been assessed, e.g. results of IRBA reviews, as well as confirmation from IRBA that the appointed audit firm is in good standing at IRBA:

Insert details

3. Matters that may influence a decision regarding the independence, objectivity or perceived independence of the audit firm:

Insert details

4. Confirmation from the accounting authority / board that a procurement process was followed and no exceptions were noted:

Insert details

5. Costs of any audit or non-audit services provided by the audit firm during the last three years:

Financial year			
Audit fees			
Fees for other services			

Total fees			
Non-audit fees as a percentage of total fees			
Nature of services performed			

Declaration of independence by audit firm

Particulars of audit firm	
Name of audit firm	
Address and contact details	
Engagement partner	

We hereby confirm the following concerning our proposed appointment as auditors of for the financial year

- We, nor any related network firm, undertake any audit or non-audit services at the auditee and have not done so for the preceding five years.
- We have the necessary competencies and capabilities to undertake the audit.

Completed by engagement partner:	Signature:
	Name:
	Date:

Information submitted by:

Completed by auditee:	Signature:
	Name and designation:
	Date:

PART 2 – Reappointment of audit firm**Information to be supplied**

6. In this regard the following information should be submitted via email to section4@agsa.co.za:

Information sheet

Particulars of audit firm	
Name of audit firm	
Address and contact details	
Engagement partner	
Financial years previously audited	

7. Details of the audit committee's assessment of the effectiveness and efficiency of the performance of the external auditors, including IRBA review results:

Insert details

8. Details of significant disagreements between the external auditors and the accounting authority during the preceding financial year, if any:

Insert details

9. Indicate any matter that may influence a decision regarding the independence, objectivity or perceived independence of the auditors:

Insert details

10. Name of partner in charge of the audit for the last five years:

Year	Name of partner
1	
2	
3	
4	
5	

11. Name of senior audit manager in charge of the audit for the last five years:

Year	Name of senior audit manager
------	------------------------------

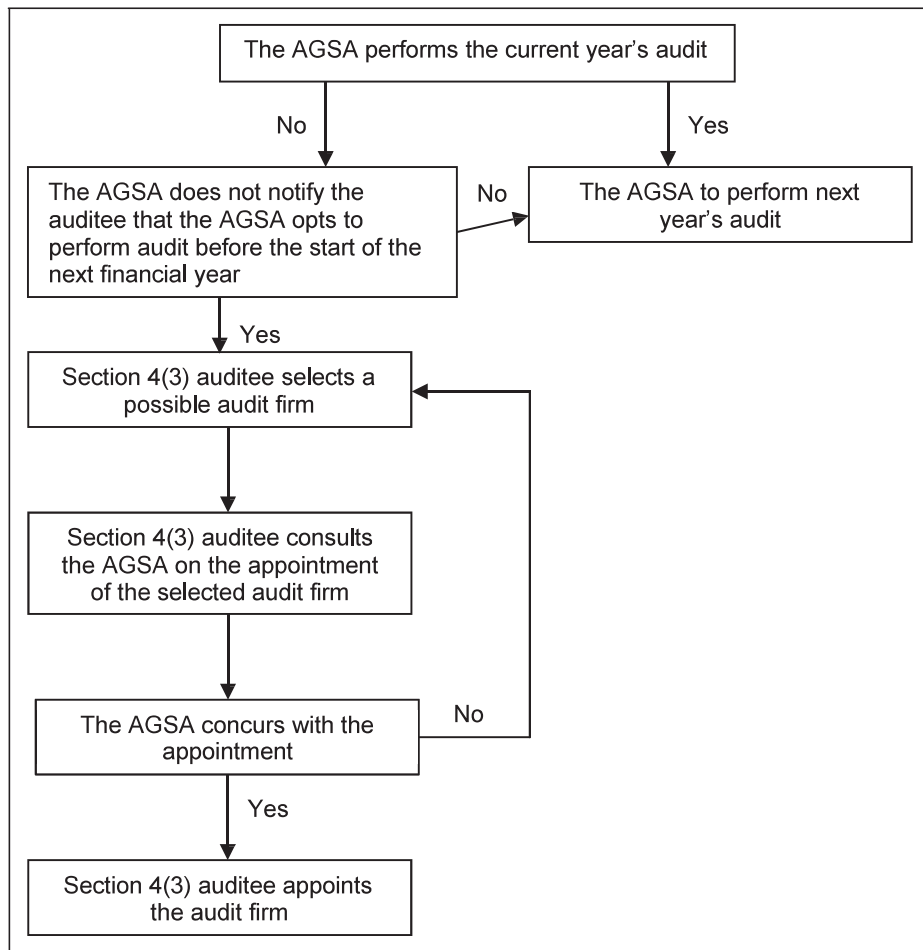
Year	Name of senior audit manager
1	
2	
3	
4	
5	

12. Costs of audit and non-audit services provided by the audit firm during the last three years:

Financial year			
Audit fees			
Fees for other services			
Total fees			
Non-audit fees as a percentage of total fees			
Nature of services performed			

Information submitted by:

Completed by auditee:	Signature:
	Name and designation:
	Date:

SCHEMATIC ILLUSTRATION OF THE AUDITOR APPOINTMENT PROCESS

PART 3 – Discharge of audit firm**Information to be supplied**

13. In this connection the following information should be submitted via email to section4@agsa.co.za:

- Information sheet
- Notice to the auditor, giving the reasons for the impending discharge
- Written concurrence by the executive authority for the planned discharge.

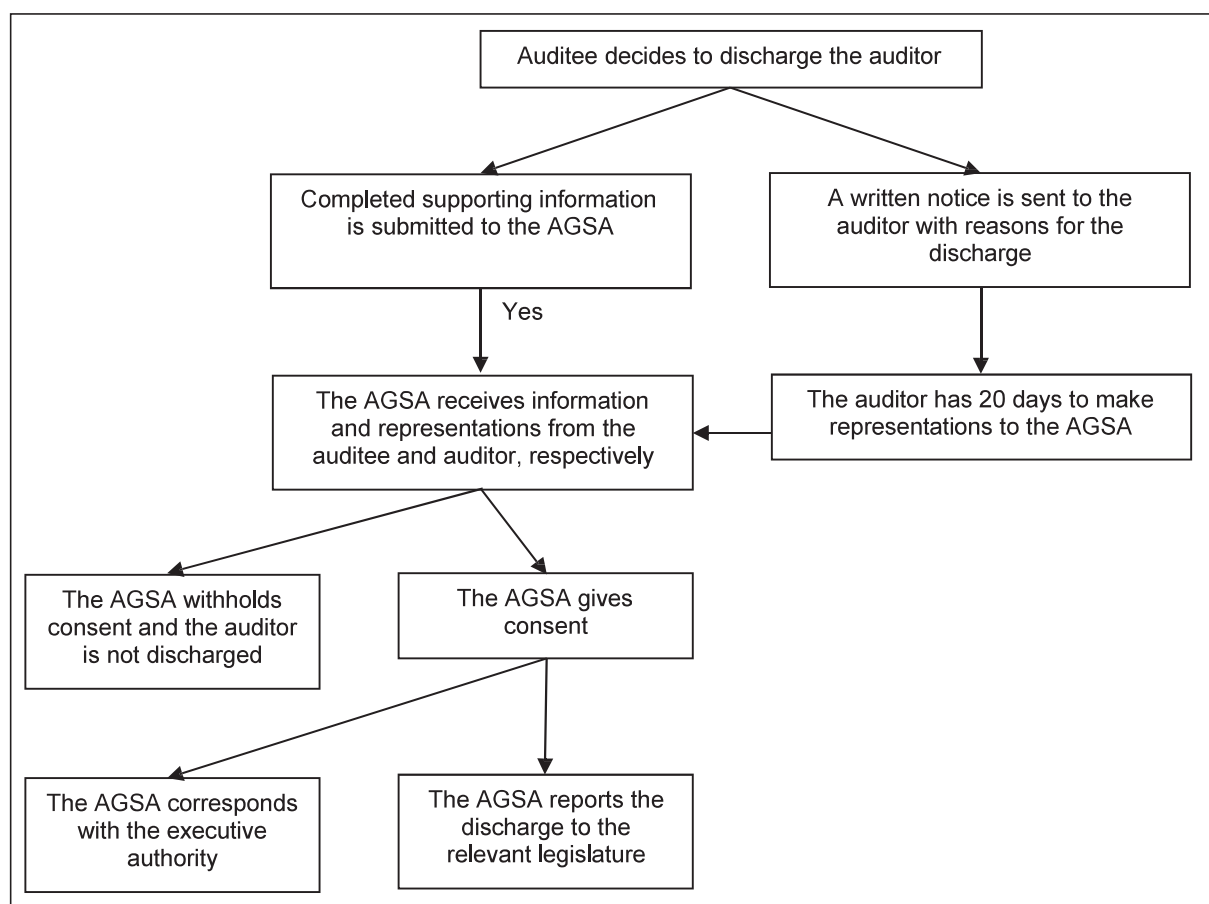
Information sheet

Particulars of audit firm	
Name of audit firm	
Address and contact details	
Engagement partner	
Financial years previously engaged on the audit	

14. Costs of audit and non-audit services provided by the audit firm during the last three years:

Financial year			
Audit fees			
Fees for other services			
Total fees			
Non-audit fees as a percentage of total fees			
Nature of services performed			

Completed and submitted by:	Signature:
	Name and designation:
	Date:

SCHEMATIC ILLUSTRATION OF THE AUDITOR DISCHARGE PROCESS

ANNEXURE F: RELEVANT EXTRACTS FROM THE PUBLIC AUDIT ACT**2. Objects of this act**

The objects of this Act are -

- (b) to provide for the auditing of institutions and accounting entities in the public sector;

4. Constitutional functions

- (1) The Auditor-General must audit and report on the accounts, financial statements and financial management of -
 - (a) all national and provincial state departments and administrations;
 - (b) all constitutional institutions;
 - (c) the administration of Parliament and of each provincial legislature;
 - (d) all municipalities;
 - (e) all municipal entities; and
 - (f) any other institution or accounting entity required by other national or by provincial legislation to be audited by the Auditor-General.
- (2) The Auditor-General must audit and report on the consolidated financial statements of -
 - (a) the national government as required by section 8 of the PFMA;
 - (b) all provincial governments as required by section 19 of the PFMA; and
 - (c) a parent municipality and all municipal entities under its sole or effective control as required by section 122 (2) of the MFMA.
- (3) The Auditor-General may audit and report on the accounts, financial statements and financial management of -
 - (a) any public entity listed in the PFMA; and
 - (b) any other institution ... which is -
 - (i) funded from the National Revenue Fund or a Provincial Revenue Fund or by a municipality; or
 - (ii) authorised in terms of any legislation to receive money for a public purpose.

5. Other functions

- (1) The Auditor-General may, at a fee, and without compromising the role of the Auditor-General as an independent auditor, provide -
 - (a) audit-related services to an auditee ... or other body, which is commonly performed by a supreme audit institution on condition that -
 - (i) no services may be provided in respect of any matter that may subsequently have to be audited by the Auditor-General;
 - (ii) such service will not directly result in the formulation of policy; and

- (iii) there must be full and proper disclosure of (the categories of) such services (in the report annually submitted by the Auditor-General to the National Assembly).
 - (d) carry out an appropriate investigation or special audit of any institution ..., if the Auditor-General considers it to be in the public interest or upon the receipt of a complaint or request.
- (3) The Auditor-General may, in the public interest, report on any matter within the functions of the Auditor-General and submit such a report to the relevant legislature and to any other organ of state with a direct interest in the matter.

11. Application of this part

This part applies to all audits of auditees which the Auditor-General -

- (a) must perform in terms of section 4 (1) or (2); or
- (b) opts to perform in terms of section 4 (3).

13. Standards for audits

- (1) The Auditor-General, after consulting the oversight mechanism, must determine -
 - (a) the standards to be applied in performing audits ...
 - (b) the nature and scope of such audits; and
 - (c) procedures for the handling of complaints when performing such audits.
- (3) The Auditor-General may -
 - (a) make different determinations on the matters mentioned in subsection (1) for different categories of audits based on recognised best practice; or
 - (b) issue specific directives on those matters in any specific case.

14. Submission of financial statements

- (2) Financial statements submitted by an auditee which is not subject to the PFMA or the MFMA must be submitted within the period, be in a format, contain the information and otherwise comply with any requirements determined -
 - (a) by any legislation applicable to that auditee; or
 - (b) in the absence of such legislation, by the Auditor-General.

15. General auditing powers

- (2) The Auditor-General or an authorised auditor may for the purpose of an audit -
 - (b) direct a person to produce or to deliver at a specified place and time and in a specified format -
 - (i) any such document, book or written or electronic record or information ...

20. Audit reports

- (2) An audit report must reflect such opinions and statements as may be required by any legislation applicable to the auditee which is the subject of the audit, but must reflect at least an opinion or conclusion on -
 - (a) whether the annual financial statements of the auditee fairly present, in all material respects, the financial position at a specific date and results of its operations and cash flow for the period which ended on that date in accordance with the applicable financial framework and legislation;
 - (b) the auditee's compliance with any applicable legislation relating to financial matters, financial management and other related matters; and
 - (c) the reported information relating to the performance of the auditee against predetermined objectives.
- (3) In addition, the Auditor-General may report on whether the auditee's resources were procured economically and utilised efficiently and effectively.

25. Appointment of auditors

- (1) If the Auditor-General has opted not to perform the audit of an auditee ...
 - (a) the Auditor-General must give notice of his or her decision to that auditee before the start of the auditee's financial year for which the appointment is to be made; and
 - (b) the auditee must appoint as its auditor a person registered in terms of the Public Accountants' and Auditors' Act as an accountant and auditor and engaged in public practice as such.
- (2) Before appointing an auditor in terms of subsection (1), the auditee must give notice of the suggested appointment to the Auditor-General, including information on the extent to which the auditor would provide other services than audit services during the duration of the appointment, and any other information required by the Auditor-General.
- (3) If the Auditor-General, within 14 days of receiving a notice in terms of subsection (2) or such longer period as may be agreed to, rejects the auditee's appointment, the auditee must in terms of that subsection recommence the process to appoint another person as its auditor.
- (4) Appointments in terms of this section may not be for a longer period than one financial year of the auditee.

26. Discharge of auditors

- (1) An auditee ... may discharge an auditor ... before the expiry of that auditor's term of appointment, but only with the consent of the Auditor-General and, if that auditee has an executive authority within the meaning of the PFMA, also of the relevant executive authority.
- (2) If such an auditee intends discharging an auditor in terms of subsection (1), it must -
 - (a) give the auditor notice, in writing, setting out the reasons for the discharge; and
 - (b) give the auditor an opportunity to make representations, in writing, to the Auditor-General within 20 days of receipt of the notice.
- (3) The Auditor-General must report any discharge of an auditor in terms of subsection (1) to the relevant legislature.

27. Duties and powers of auditors

- (1) An auditor ... must perform the functions of office as auditor in terms of section 20 of the Public Accountants' and Auditors' Act.
- (2) In performing those functions as the auditor of an auditee, the auditor has the powers assigned to the Auditor-General in terms of section 15 (of the PAA).
- (3) An auditor may consult the Auditor-General or a person designated by the Auditor-General concerning any matter relating to the auditing of the auditee concerned.
- (4) An auditor -
 - (a) must be given notice of every meeting of the auditee's audit committee, if the auditee has such a committee; and
 - (b) may attend, and participate in, any meeting of such an audit committee at the expense of the auditee.
- (5) The Auditor-General or a person designated by the Auditor-General may request information regarding the audit from an auditor ...

28. Audit reports and other reports

- (1) The report of an auditor ... must reflect such opinions and statements as may be required by any legislation applicable to the auditee which is the subject of the audit, but must reflect at least an opinion or conclusion on -
 - (a) whether the financial statements of the auditee fairly present, in all material respects, the financial position at a specific date and results of its operations and cash flow for the period which ended on that date in accordance with the applicable financial framework and legislation;
 - (b) the auditee's compliance with any applicable legislation relating to financial matters, financial management and other related matters; and
 - (c) the reported information relating to the performance of the auditee against predetermined objectives.
- (3) The auditor must submit copies of the audit report referred to in subsection (1) -
 - (a) to the auditee;
 - (b) if the auditee has an executive authority within the meaning of the PFMA, to that executive authority for submission to the relevant legislature;
 - (c) to the Auditor-General; and
 - (d) to the National Treasury or the relevant provincial treasury, as may be appropriate.

50. Disclosure of information

No authorised auditor, person assisting an authorised auditor or a member of the staff of the Auditor-General may, without the permission of the Auditor-General, disclose information obtained in the course of an audit or the carrying out of duties in terms of this Act otherwise than in an audit report or in accordance with section 18(4).